



VEEJAY LAKSHMI ENGINEERING WORKS LIMITED

FORTY-FOURTH ANNUAL REPORT 2018-2019

CONTENTS

Notice	02
Directors' Report	18
Management Discussion and Analysis Report.....	40
Corporate Governance Report	42
Stand-alone Financial Statements	52-92
Auditors' Report.....	52
Balance Sheet	60
Profit & Loss Statement.....	61
Cash Flow Statement	62
Statement of Changes in Equity.....	63
Notes to Financial Statements	64-92
Consolidated Financial Statements.....	93-121
Auditors' Report.....	93
Balance Sheet	100
Profit & Loss Statement.....	101
Cash Flow Statement.....	102
Statement of Changes in Equity.....	103
Notes to Financial Statements	104-121

**BOARD OF DIRECTORS**

Sri V.J. JAYARAMAN
Chairman

Sri N. M. ANANTHAPADMANABHAN

Sri N. ATHIMOOLAM NAIDU

Sri J. ANAND
Managing Director

Sri B. SRIRAM

Sri D. RANGANATHAN
Whole Time Director

Smt ARTHI ANAND

Sri K. NARENDRA

COMPANY SECRETARY

Sri V.K. SWAMINATHAN

REGISTERED OFFICE

Sengalipalayam
N.G.G.O. Colony Post
Coimbatore 641 022
CIN: L29191TZ1974PLC000705

AUDITOR

M/s. Manohar Chowdhry & Associates
Chartered Accountants
No. 27, Subramaniam Street
Abiramapuram, Chennai - 600 018

SECRETARIAL AUDITOR

Sri K. MUTHUSAMY
Practicing Company Secretary
Coimbatore

WORKS**Engg. Units**

- a. Sengalipalayam
Coimbatore 641 022
- b. Athippalayam Road
Vellamadaï (P.O.)
Coimbatore 641 110

Textile Unit

Thekkampatti
Mettupalayam Taluk
Coimbatore 641 113

WIND MILLS

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

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



Regd. Office: Sengalipalayam, NGGO Colony PO, Coimbatore – 641 022

Phone: 0422 2460662 Fax: 0422 2461565

CIN: L29191TZ1974PLC000705

Email: accounts@veejaylakshmi.com | Website: www.veejaylakshmi.com

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Forty Fourth Annual General Meeting of the shareholders of Veejay Lakshmi Engineering Works Limited will be held on Wednesday, the 25th day of September 2019 at 10.00 A.M at Ardra Hall, 9, North Huzur Road, Coimbatore - 641 018 to transact the following business:

Ordinary Business:

1. To consider and adopt the Annual Financial Statements including Statement of Profit and Loss, Cash Flow Statement for the year ended 31st March 2019, the Balance Sheet as on that date, the Report of Board of Directors and the Auditors' Report thereon.
2. To appoint a Director in the place of Sri D. Ranganathan (DIN 00137566), who retires by rotation and being eligible, offers himself for re-appointment.

Special Business:

3. To consider and, if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:

'RESOLVED THAT in accordance with the provisions of Sections 196,197 and 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including statutory modification or amendment or re-enactment thereof and subject to such other approvals as may be necessary, consent of shareholders be and is hereby accorded for the reappointment of Sri. J. Anand (DIN 00137425) as Managing Director of the Company for a period of three years from 01/10/2019 to 30/09/2022 on the following terms and conditions:

Remuneration:

- i) Salary : Rs. 2,50,000/- per month

In addition to the above salary the Managing Director is entitled to perquisites and allowances as detailed below:

Category A:

- a) Medical Reimbursement:
Reimbursement of medical expenses incurred for self and family.
- b) Leave Travel Concession:
Once in a year for self and family.
- c) Personal Accident Insurance:
Premium not exceeding Rs.4000/- per annum.
- d) Club Expenses:
Reimbursement of Club Expenses, subject to a maximum of three clubs.

Category B:

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

Provision of car with driver and telephone facility at residence for use on company's business will not be considered as perquisites. Personal long distance calls on telephone and use of the car for private purposes shall be billed by the Company to the Managing Director.

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



ii) Commission:

Such remuneration by way of commission in addition to salary and perquisites and allowance shall be payable, calculated with reference to the net profits of the Company in a particular financial year, at such percentage as may be determined by the Board of Directors of the Company at the end of each financial year, subject to overall ceilings stipulated in section 197 of the Companies Act, 2013. The commission amount will be payable annually after annual accounts have been approved by the Board of Directors and adopted by the shareholders.

iii) Perquisites:

In addition to the salary the Managing Director shall also be entitled to interchangeable perquisites, like furnished accommodation and where accommodation is not provided HRA, gas, electricity, water, furnishings, medical reimbursement, LTA for self and family, club expenses, medical insurance, etc., in accordance with the rules of the Company, such perquisites being restricted to the amount equal to the salary drawn per annum.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules wherever applicable.

In addition, the Managing Director shall be entitled to Company's contribution to Provident Fund as per rules of the Company to the extent it is not taxable under the Income Tax Act, 1961. Gratuity payable shall not exceed half months salary for each completed year of service.

The Managing Director is entitled to encashment of leave at the end of the tenure. These benefits shall not be included in the computation of the ceiling on remuneration and perquisites.

"RESOLVED FURTHER THAT the minimum remuneration and perquisites to be paid in the event of loss or inadequacy of profit in any financial year during the tenure of office shall be as per Schedule V of the Companies Act, 2013."

4. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including statutory modification or amendment or re-enactment thereof and subject to such other approvals as may be necessary, consent of the shareholders be and is hereby accorded for the appointment of Sri D. Ranganathan (DIN 00137566) as Whole time Director of the Company for a period of three years from 24-06-2019 to 23-06-2022 on the following terms and conditions:

Remuneration:

i) Salary : Rs.90,000/- per month

ii) Perquisites:

The Whole-time Director shall also be entitled to Company's contribution to Provident Fund as per rules of the Company to the extent it is not taxable under the Income Tax Act, 1961. Gratuity payable shall not exceed half month's salary for each completed year of service.

He shall be provided with a car and telephone at residence for use on company's business.

In the event of loss or inadequacy of profits in any year the above remuneration shall be the minimum remuneration, subject to limits under Schedule V of the Companies Act, 2013.

5. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and



Qualification of Directors) Rules, 2014 (including any statutory modification(s) hereof for the time being in force) read with Schedule IV to the Act and Regulations 17,17(1A) & 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Sri N.M. Ananthapadmanabhan (DIN: 00014436), who has attained the age of 84 years, who holds office as an Independent Director up to 24th September 2019 and submitted a declaration that he meets the criteria for independence as provided in the Act and the Listing Regulations and who is eligible for re-appointment and upon recommendation of the Nomination and Remuneration Committee and the Board of Directors be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for a second term of five consecutive years with effect from 25th September 2019 to 24th September 2024 and not liable to retire by rotation".

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) hereof for the time being in force) read with Schedule IV to the Act and Regulations 17,17(1A) & 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Sri N. Athimoolam Naidu (DIN: 01410988), who has attained the age of 76 years, who holds office as an Independent Director up to 24th September 2019 and submitted a declaration that he meets the criteria for independence as provided in the Act and the Listing Regulations and who is eligible for re-appointment and upon recommendation of the Nomination and Remuneration Committee and the Board of Directors be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for a second term of five consecutive years with effect from 25th September 2019 to 24th September 2024 and not liable to retire by rotation".

7. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) hereof for the time being in force) read with Schedule IV to the Act and Regulations 17 & 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Sri B. Sriram (DIN: 00151097), who holds office as an Independent Director up to 24th September 2019 and submitted a declaration that he meets the criteria for independence as provided in the Act and the Listing Regulations and who is eligible for re-appointment and upon recommendation of the Nomination and Remuneration Committee and the Board of Directors be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for a second term of five consecutive years with effect from 25th September 2019 to 24th September 2024 and not liable to retire by rotation".

8. To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment, modification or re-enactment thereof), consent of the shareholders of the Company be and is hereby accorded to enter into related party transactions in excess of 10% of the annual Consolidated Turnover of the Company in any financial year with M/s. Augustan Knitwear Private Limited for a period of five financial years from the Financial Year 2019-2020."

Place : Coimbatore
Date : 29/05/2019

By order of the Board
(Sd/-) V.J. Jayaraman
Chairman

**NOTE:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY, DULY COMPLETED, MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM FOR THE AGM IS ENCLOSED.
2. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.
3. Members / proxies should present the duly filled attendance slip enclosed herewith to attend the meeting.
4. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
5. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
6. The Register of Members and share transfer books of the Company will remain closed from Thursday, the 19th September 2019 to Wednesday, the 25th September 2019 (both days inclusive) as per Sec.91 of the Companies Act, 2013 and Reg.42(1) of the Listing Regulations.
7. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updates of bank account details to their respective Depository participant(s).
8. Members are requested to address all correspondences, including change of address and dividend matters, to the Registrar and Share Transfer Agents of the Company, M/s S.K.D.C Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006.
9. Members who wish to claim dividends, which remain unclaimed, are requested to correspond with the Registrar and Share Transfer Agents of the Company. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, have, pursuant to Section 124 of the Companies Act, 2013 been transferred to the Investor Education and Protection Fund (IEPF).
10. As per provisions of Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 the Company has transferred unclaimed shares on which the beneficial owner has not encashed any dividend warrant during the last seven years, to the demat account of IEPF Authority. The members shall be entitled to claim the shares from IEPF authority in accordance with the procedure and after submission of documents as may be prescribed by IEPF authority from time to time.
11. The details of unpaid/unclaimed dividend and the details of shares transferred to the IEPF authority as required under rules in this respect are available on the website of the company www.veejaylakshmi.com.
12. Brief resume, details of shareholding and Directors' inter-se relationship of Director seeking election/re-election as required under Reg.36(3) of the Listing Regulations, are provided as Annexure to this notice.



13. As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register their e-mail address with the Company or the Registrars and Share Transfer Agent in respect of shares held in physical form and with the concerned Depository Participant in respect of shares held in electronic form to enable the Company to serve documents in electronic form.
14. As per the provisions of Section 72 of the Act, facility for making nominations is now available to Individual(s) holding shares in the Company. Members holding shares in physical form may obtain the Nomination Form from the Registrars and Share Transfer Agents of the Company. Members holding shares in electronic form have to approach their depository participants for completing the nomination formalities.
15. A member who needs any clarification on accounts or operations of the Company shall write to the Compliance Officer, so as to reach him at least 7 days before the meeting, so that the information required can be provided.
16. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
17. Electronic copy of the Annual Report and AGM Notice are being sent to all the members whose E-mail id is registered with the Company / Registrars and Share Transfer Agent unless any member has requested for a hard copy of the same. For members who have not registered their E-mail ID, physical copies of Annual Report and AGM Notice for the year 2018-19 are sent through the permitted mode separately.
18. The notice of the Annual General Meeting and this communication are also available on the website of the Company www.veejaylakshmi.com.

Voting Through Electronic Means

In compliance with the provisions of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Reg.44 of the Listing Regulations, the Company is pleased to provide members facility to exercise their votes for all the resolutions detailed in the Notice of the 44th Annual General Meeting scheduled to be held on Wednesday, the 25th September 2019 at 10.00 A.M by electronic means and the business may be transacted through remote e-voting. The Company has engaged the services of CDSL as the authorized agency to provide the remote e-voting facilities as per instructions below.

The Members, who have not voted through remote e-voting and present at the AGM in person or proxy, can vote through the ballot at the AGM. Kindly note that members can opt for only one mode of voting i.e., either by through remote e-voting or by ballot at the AGM .

In case of Members casting their vote by remote e-voting, then voting done through remote e-voting shall prevail. A member present at the AGM and voted by remote e-voting will not be permitted to vote at the AGM by Ballot.

Votes cast by members who hold shares on the cut off date 18.09.2019 alone will be counted.

The Board has appointed Sri. B. Krishnamoorthi, "Kanapathy Towers", III Floor, No. 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641006 as Scrutinizer for conducting the e-voting process and ballot at AGM.

The instructions for shareholders voting electronically are as under:

- i. The remote e-voting period begins at 09.00 AM on 22.09.2019 and ends on 24.09.2019 at 05.00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 18.09.2019, may cast their votes electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. The shareholders should log on to the e-voting website www.evotingindia.com.



- iii. Click on Shareholders.
- iv. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DPID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v. Next enter the Image Verification as displayed and Click on Login.
- vi. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vii. If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- viii. After entering these details appropriately, click on «SUBMIT» tab.
- ix. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in electronic form will now reach «Password Creation» menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi. Click on the EVSN for the Company Name, Choose ' Veejay Lakshmi Engineering Works Limited' to vote.
- xii. On the voting page, you will see «RESOLUTION DESCRIPTION» and against the same the option «YES/NO» for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii. Click on the «RESOLUTIONS FILE LINK» if you wish to view the entire Resolution Details.
- xiv. After selecting the resolution you have decided to vote on, click on «SUBMIT». A confirmation box will be displayed. If you wish to confirm your vote, click on «OK», else to change your vote, click on «CANCEL» and accordingly modify your vote.



- xv. Once you «CONFIRM» your vote on the resolution, you will not be allowed to modify your vote.
- xvi. You can also take out print of the voting done by you by clicking on «Click here to print» option on the Voting page.
- xvii. If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xviii. Note for Non - Individual Shareholders and Custodians
Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
After receiving the login details a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xix. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions («FAQs») and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Place : Coimbatore
Date : 29/05/2019

By order of the Board
(Sd/-) **V.J. Jayaraman**
Chairman

Announcement of Result of Voting :

The result of remote e-voting and voting by ballot at the Annual General Meeting will be announced at the Registered Office of the Company, by the Managing Director of the Company or by a Director authorized by him within 48 hours of the conclusion of the Meeting. A copy of the same will be posted on the Company's website: www.veejaylakshmi.com and a copy thereof will be forwarded to stock exchange where the shares of the Company are listed.

Explanatory Statement Pursuant To Section 102 of The Companies Act, 2013.

Item No. 3

Sri J. Anand, Managing Director was reappointed for a period of 3 years from 01/10/2016 to 30/09/2019 in conformity with Schedule V of the Companies Act, 2013. The Nomination and Remuneration Committee at its Meeting held on May 29, 2019 had fixed the remuneration as set out in the resolution and recommended his reappointment. His reappointment for another term of three years from --01/10/2019 to 30/09/2022 - as Managing Director and the remuneration payable as per Schedule V of the Companies Act, 2013 have been approved by the Board of Directors at the meeting held on 29-05-2019.

Sri J. Anand has been in the position of Managing Director for more than 10 years. He has two decades of experience in management and administration of corporates. His continued guidance with his rich knowledge and experience is essential for the Company. Sri J. Anand has given his consent to act as Managing Director on his reappointment by the Company.

As such the Board of Directors recommend the resolution for approval by the members.

**Interest of Directors**

None of the Directors other than Sri J. Anand himself, Sri V.J. Jayaraman and Smt Arthi Anand are interested in the resolution.

Item No. 4

Sri D. Ranganathan, Whole time Director was appointed for a period of three years from 24/06/2016 to 23/06/2019 in conformity with Schedule V of the Companies Act, 2013. The Nomination and Remuneration Committee at its meeting held on May 29, 2019 had fixed the remuneration as set out in the resolution and recommended his reappointment. His reappointment for another term of three years from 24/06/2019 to 23/06/2022 as Whole-time Director and the remuneration payable as per Schedule V of the Companies Act, 2013 have been approved by the Board of Directors at the meeting held on May 29, 2019.

Sri D. Ranganathan has been in the position of Whole time Director since 2005. He has more than 40 years of experience in management and administration in the Company. His continued service with his long experience is beneficial for the Company. Sri D. Ranganathan has given his consent to act as Whole time Director on his reappointment by the Company.

As such the Board of Directors have recommended the resolution for approval by the members.

Interest of Directors

No other director of the Company is interested in the resolution.

Item No. 5

In accordance with the provisions of Section 149 and Schedule IV of the Companies Act, 2013 read with Reg. 17, 17(1A) and 25 of SEBI (LODR) Regulations, 2015 and Companies (appointment and qualification of directors) Rules, 2014 Sri N.M. Ananthapadmanabhan (DIN 00014436) was appointed as independent Director for a period of five years from September 25, 2014. The Director holds office up to 24th September, 2019.

The director fulfils the standards laid down in the code for Independent Directors under Schedule IV to the Companies Act, 2013.

In the opinion of the Board, the Independent Director proposed to be appointed fulfils the conditions specified in the Companies Act, 2013, in the rules made thereunder and under the SEBI Listing Regulations. His reappointment for a further tenure of five years has been approved by the Board.

A brief profile of Sri N.M. Ananthapadmanabhan is annexed to this notice.

Accordingly the resolution is submitted for your approval.

Interest of Directors

Sri N.M. Ananthapadmanabhan is independent of the management and he is not related to any other director.

Item No. 6

In accordance with the provisions of Section 149 and Schedule IV of the Companies Act, 2013 read with Reg. 17, 17(1A) and 25 of SEBI (LODR) Regulations, 2015 and Companies (appointment and qualification of directors) Rules, 2014 Sri N. Athimoolam Naidu (DIN 01410988) was appointed as independent Director for a period of five years from September 25, 2014. The director holds office up to 24th September, 2019.

The director fulfils the standards laid down in the code for Independent directors under Schedule IV to the Companies Act, 2013.



In the opinion of the Board, the Independent Director proposed to be appointed fulfils the conditions specified in the Companies Act, 2013, in the rules made there under and under the SEBI Listing Regulations. His reappointment for a further tenure of five years has been approved by the Board. A brief profile of Sri N. Athimoolam Naidu is annexed to this notice.

Accordingly the resolution is submitted for your approval.

Interest of Directors

Sri N.Athimoolam Naidu is independent of the management and he is not related to any other director.

Item No. 7

In accordance with the provisions of Section 149 and Schedule IV of the Companies Act, 2013 read with Reg.17 and 25 of SEBI (LODR) Regulations,2015 and Companies (appointment and qualification of directors) Rules, 2014 Sri B. Sriram (DIN 00151097) was appointed as independent Director for a period of five years from September 25,2014. The director holds office up to 24th September, 2019.

The director fulfils the standards laid down in the code for Independent directors under Schedule IV to the Companies Act,2013.

In the opinion of the Board, the Independent Director proposed to be appointed fulfils the conditions specified in the Companies Act, 2013, in the rules made there under and under the SEBI Listing Regulations. His reappointment for a further tenure of five years has been approved by the Board. A brief profile of Sri B. Sriram is annexed to this notice.

Accordingly the resolution is submitted for your approval.

Interest of Directors

Sri B. Sriram is independent of the management and he is not related to any other director.

Item No. 8

As per Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 all Related Party Transactions shall require prior approval of the Audit Committee and all material Related Party Transactions shall require approval of the members. The Company sells cotton yarn and knitted fabric and provides conversion services to Augustan Knitwear Private Limited on arms length basis. The aggregate value of all sales and other services may exceed the 10% of Annual Consolidated Turnover of the Company in a financial year. As per provisions of SEBI Regulation mentioned above, all related party transactions which exceeds 10% of the Annual Consolidated Turnover need to be approved by the shareholders. As such the Directors recommend the resolution at item No.8 for the approval of the Members of the Company.

Interest of Directors:

None of the Directors or Key Managerial Personnel other than Sri. N. Athimoolam Naidu, Director is concerned or interested in the resolution.

Statement of Disclosures Pursuant to Schedule V to The Companies Act, 2013 in relation to Item No 3 of the Notice

I	(1)	Nature of Industry	Engineering and Textiles
	(2)	Date or expected date of commencement of commercial production	Year : 1974
	(3)	In case of new companies , expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Existing Company since 1974.
	(4)	Financial Performance based on given indicators	Furnished below.
	(5)	Foreign investment or collaboration, if any	No foreign collaboration
II	Information about the appointee		
	(1)	Background details	<p>Name : Sri J. Anand</p> <p>Date of Birth / Age : 23/09/1971 – 47 years</p> <p>Qualification : B.E, M.S. in Industrial Engg (USA) Industrialist</p> <p>Experience : More than 20 years of experience in management/ administration of textiles and textile machinery manufacturing companies.</p>
	(2)	Past remuneration	Furnished below.
	(3)	Recognition or awards	He has been a member of associations / councils like Textile Machinery Manufacturers Association and ITME Society. The company was selected for R & D award by Textile Machinery Manufacturers Association (India) in 2014-15 and secured an award for export performance from TEXPROCIL during his previous term.
	(4)	Job profile and his suitability	Sri J.Anand has rich experience of around 20 years - overall control of the management of the company. Involved in Corporate Planning and Business Strategy decisions.
	(5)	Remuneration proposed	As given in the resolution.
	(6)	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.	The proposed remuneration is as prevalent in the similar industry.
	(7)	Pecuniary relationship directly or indirectly with the company or relationship with managerial personnel, if any.	A company in which he is a Director and a firm in which he is a partner have business transactions with the company. Related to the Chairman



III	Other Information:		
	(1)	Reasons for loss or inadequate profits	The inadequacy of profit is mainly due to fall in demand consequent to general recession in the textile industry.
	(2)	Steps taken or proposed to be taken for improvement	Measures have been taken for cost reduction and technology improvement which will help the products to remain competitive in the market.
	(3)	Expected increase in productivity and profits in measurable terms	The inadequacy of profit is mainly due to fall in demand/ sales due to general recession in the textile industry. When the markets revive the productivity / production will increase accordingly.
IV	Disclosures: Under the heading Corporate Governance		
	(i)	All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc of all the directors;	Provided in Annexure-3 (Form MGT-9) to the Report of the Board of Directors.
	(ii)	Details of fixed component and performance linked incentives along with the performance criteria;	No performance linked incentive.
	(iii)	Service contract, notice period, severance fees;	No severance fees. Appointment of managerial personnel for a term of three years.
	(iv)	Stock option details , if any, and whether the same has been issued as a discount as well as the period over which accrued and over which exercisable;	Nil

Past Remuneration: (Value Rs.)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Salary	30,00,000	30,00,000	30,00,000	30,00,000	30,00,000
Perquisites	4,58,426	4,80,119	4,56,334	6,11,677	9,76,101
Commission	Nil	Nil	Nil	Nil	Nil

Financial Performance (consolidated) based on given indicators: Values : Rs. Lakhs

Financial Performance / Year	2014-15	2015-16	2016-17	2017-18	2018-19
Turnover – Total Income	11032	7938	9368.30	8386.99	8155.98
Profit / Loss as per P&L before tax	(19)	(485)	(110.77)	(773.67)	59.15
Profit / Loss as per P&L after tax	(19)	(395)	(171.50)	(544.96)	(8.52)
Dividend paid	–	–	–	–	–
Rate of dividend (in %)	–	–	–	–	–
Dividend paid including dividend tax	–	–	–	–	–

IN RELATION TO ITEM NO. 4 OF THE NOTICE

I	(1)	Nature of Industry	Engineering and Textiles
	(2)	Date or expected date of commencement of commercial production	Year : 1974
	(3)	In case of new companies , expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Existing Company since 1974.
	(4)	Financial Performance based on given indicators	Furnished below
	(5)	Foreign investment or collaboration, if any	No foreign collaboration
II	Information about the appointee		
	(1)	Background details	Name : Sri D. Ranganathan Date of birth / Age : 28/04/1952 - 67 years Qualification : B. Com., M B A Experience : More than 40 years of experience in Finance, Marketing and administration.
	(2)	Past remuneration	Furnished below.
	(3)	Recognition or awards	—
	(4)	Job profile and his suitability	Sri D . Ranganathan has a long experience of more than 40 years in the area of responsibilities assumed by him.
	(5)	Remuneration proposed	As given in the resolution
	(6)	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.	The proposed remuneration is as prevalent according to industry standards.
	(7)	Pecuniary relationship directly or indirectly with the company or relationship with managerial personnel, if any.	A company in which he is a Director has business transactions with the company.
III	Other Information:		
	(1)	Reasons for loss or inadequate profits	The loss is mainly due to fall in demand due to recession.
	(2)	Steps taken or proposed to be taken for improvement	Measures have been taken for cost reduction and technology improvement which will help the products to remain competitive in the market.
	(3)	Expected increase in productivity and profits in measurable terms	The loss is mainly due to fall in demand/ sales due to general recession in the textile industry. When the markets revive the productivity / production will increase accordingly.



IV	Disclosures: Under the heading Corporate Governance		
	(i)	All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc of all the directors;	Provided in Annexure -3 (Form MGT-9) to Report of the Board of Directors.
	(ii)	Details of fixed component and performance linked incentives along with the performance criteria;	No performance linked incentive.
	(III)	Service contract, notice period, severance fees;	No severance fees. Appointment of managerial personnel is for a term of three years.
	(IV)	Stock option details , if any, and whether the same has been issued as a discount as well as the period over which accrued and over which exercisable;	Nil

Past Remuneration: (Value Rs.)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Salary	928,800	1705,182*	9,69,079	9,59,917	7,94,800
Perquisites	111,456	–	1,14,456	1,17,277	95,380
Commission	Nil	Nil	Nil	Nil	Nil

*The remuneration includes superannuation benefits.

Financial Performance(consolidated) based on given indicators: Values : Rs. Lakhs

Financial Performance / Year	2014-15	2015-16	2016-17	2017-18	2018-19
Turnover – Total Income	11032	7938	9368.30	8386.99	8155.98
Profit / Loss as per P&L before tax	(19)	(485)	(110..77)	(773.67)	59.15
Profit / Loss as per P&L after tax	(19)	(395)	(171.50)	(544.96)	(8.52)
Dividend paid	–	–	–	–	–
Rate of dividend (in %)	–	–	–	–	–
Dividend paid including dividend tax	–	–	–	–	–



ANNEXURE TO NOTICE OF AGM
Profile of Director Seeking Reappointment

(Pursuant to Reg. 36 of the SEBI (LODR) Regulations, 2015)

Sri. J. Anand

Name	Sri J. Anand
Director Identification Number	00137425
Date of Birth and Nationality	23/09/1971 Indian
Inter-se relationship with other directors	Related to Sri V.J. Jayaraman, Chairman and Smt Arthi Anand, Director.
Qualification	B.E., M S (USA)
Expertise in area	Over 20 years of experience in management and administration of textiles and textile machinery manufacturing companies.
Number of shares held in the Company	1226137 shares – 24.175%
Board position held	Managing Director
Terms and conditions of appointment / Reappointment	Reappointment on same terms.
Number of board meetings attended during the year	Information furnished in Corporate Governance Report.
Directorships held in other companies	Director in Veejay Sales and Services Limited. Krishna Mills Private Limited S V Developers (Coimbatore) Private Limited Srivalli Properties Private Limited Veejay Holdings Private Limited
Chairman / Membership in other committees of the Board	NIL

Sri. D. Ranganathan

Name	Sri D. Ranganathan
Director Identification Number	00137566
Date of Birth and Nationality	28/04/1952 Indian
Inter-se relationship with other directors	Not related
Qualification	B.Com., M B A
Expertise in area	More than 40 years of experience in Finance, Marketing and Administration.
Number of shares held in the Company	300
Board position held	Whole time Director



Terms and conditions of appointment / Reappointment	Reappointment on same terms.
Number of board meetings attended during the year	Information furnished in Corporate Governance Report.
Directorships held in other companies	Director in Veejay Sales and Services Limited.
Chairman / Membership in other committees of the Board	Membership in Committees of the Board; Audit Committee Stakeholder Relationship Committee Share Transfer Committee

Sri. N.M. Anantha Padmanabhan

Name	Sri N.M. Anantha Padmanabhan
Director Identification Number	00014436
Date of Birth and Nationality	10/03/1935 Indian
Inter-se relationship with other directors	Not related
Qualification	B.Com.,(Hons)
Expertise in area	More than 50 years of managerial expertise in finance and administration in textile industry.
Number of shares held in the Company	N I L
Board position held	Director
Terms and conditions of appointment / Reappointment	Reappointment as independent director.
Number of board meetings attended during the year	Information furnished in Corporate Governance Report.
Directorships held in other companies	N I L
Chairman / Membership in other committees of the Board	Chairman in Committees of the Board; Audit Committee Stakeholder Relationship Committee Nomination and Remuneration Committee.

Sri. N. Athimoolam Naidu

Name	Sri N. Athimoolam Naidu
Director Identification Number	01410988
Date of Birth and Nationality	19/04/1943 Non-resident Indian
Inter-se relationship with other directors	Not related
Qualification	B.E



Expertise in area	Industrialist- Over 40 years of management and Technical expertise in textiles and textile processing.
Number of shares held in the Company	67840 shares 1.338%
Board position held	Director
Terms and conditions of appointment / Reappointment	Reappointment as independent director.
Number of board meetings attended during the year	Information furnished in Corporate Governance Report.
Directorships held in other companies	Director in Augustan Knitwear P. Limited. Augustan Colors P. Limited
Chairman / Membership in other committees of the Board	Membership in Nomination and Remuneration Committee

Sri. B. Sriram

Name	Sri B. Sriram
Director Identification Number	00151097
Date of Birth and Nationality	18/12/1970 Indian
Inter-se relationship with other directors	Not related
Qualification	B. E
Expertise in area	Over 20 years of experience in senior managerial position in textile and engineering companies.
Number of shares held in the Company	N I L
Board position held	Director
Terms and conditions of appointment / Reappointment	Reappointment as independent Director.
Number of board meetings attended during the year	Information furnished in Corporate Governance Report.
Directorships held in other companies	Director in Prathishta Weaving and Knitting Company Limited. Lakshmi Card Clothing Mfg. Company P. Limited
Chairman / Membership in other committees of the Board	Membership in Committees of the Board; Audit Committee Stakeholder Relationship Committee Nomination and Remuneration Committee

**DIRECTORS' REPORT TO SHARE HOLDERS**

Dear Shareholders,

Your Directors present the Forty Fourth Annual Report and the Company's audited financial statements for the financial year ended 31st March 2019.

FINANCIAL RESULTS

The Company's financial performance for the year ended March 31, 2019 is summarized below.

(Rs. In Lakhs)

Particulars	Year Ended 31.03.2019	Year Ended 31.03.2018
Sales Turnover	7,953.20	8,312.74
Profit/ (Loss) before Depreciation and taxes	364.59	(365.89)
Depreciation	317.15	407.78
Exceptional Items/ expenses profit(loss) before taxes	—	—
Profit / (Loss) before taxes	47.44	(773.67)
APPROPRIATIONS/ADJUSTMENTS		
Provision for Taxes - Current Tax	—	—
- Deferred Tax	67.67	(228.71)
Profit after tax - Transferred to retained earnings	(20.23)	(544.96)

Note: Previous years figures have been recast for compliance with IndAs.

OPERATIONS / RESULTS

There is a marginal reduction in sales turnover from Rs. 8313 lakhs to Rs. 7953 Lakhs. However, increase in margins and increase in other income on account of rent has resulted in surplus after providing for depreciation and interest. The tax outflow is on account of deferred tax and a major portion-Rs. 64.45 Lakhs is due to difference in Income tax rate.

No dividend is recommended in view of the losses.

FINANCE

The total working capital limits from the Banks have been reduced from Rs.3050 lakhs to Rs.2550 lakhs. This includes the Warehouse Receipt Finance facility which has been reduced from Rs.1000 lakhs to Rs.600 lakhs. The Non fund based limits for L/Cs and Guarantees remain at the same level of Rs.850 lakhs. The Company has serviced the interest obligations in time without any delay.

R & D

The existing products of the company are under continuous development to improve productivity and reduce cost of production.

INDUSTRIAL RELATIONS

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



DEPOSITS

The Company has not accepted any deposits from public during the year and there are no deposits from the public as at 31.3.2019. The Company has unsecured interest free loans from Promoter Directors. This loan has been treated as a compound Financial Instrument and accounted accordingly.

DIRECTORATE

Sri D. Ranganathan, Director will retire by rotation at the ensuing Annual General meeting and being eligible he offers himself for re appointment. Sri Rajiv A. Naidu, alternate Director to Sri N. Athimoolam Naidu has relinquished his directorship during the year.

The term of appointment of Messrs. N.M. Ananthapadmanabhan (DIN00014436), N. Athimoolam Naidu (DIN01410988) and B. Sriram (DIN00151097) as independent Directors on the Board expire on 24/09/2019. These Directors are eligible for reappointment for another term of five years consecutively under provisions of Section 149 of the Companies Act, 2013. The Board has found that the directors adhere to the standards stipulated under the code for independent directors and have fulfilled their responsibilities in a professional and faithful manner in the interest of the Company and as such they are proposed for reappointment for another term of five years.

INFORMATION STATUS OF THE COMPANY

Information on the performance of the company is given in the Management Discussion and Analysis which forms a part of the annual report and has been prepared in compliance with Reg.34(2) of the Listing Regulations.

ASSOCIATE COMPANY

The Company holds 26.2% shares in M/s Veejay Sales and Services Limited which falls under the category of Associate Company as per the provisions of the Companies Act. The main income of the company is from generation of power through wind mills and the details are furnished separately in this report under **Annexure-I**.

INFORMATION PURSUANT TO SECTION 134 OF THE COMPANIES ACT, 2013

The information pursuant to provisions of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with provisions of Section 134 of the Companies Act, 2013 are furnished in Corporate Governance Report under the title 'Details of Remuneration for the Year 2018-19'.

The Annual Report in Form No. MGT-7 shall be placed on the Company's web site www.veejaylakshmi.com

PARTICULARS OF EMPLOYEES

There are no employees within the meaning of sub rule (2) of rule (5) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 who are paid remuneration in excess of the amounts prescribed.

Other particulars relating to employees are furnished in the Report on Corporate Governance.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors hereby state that :

- in preparation of annual accounts for the financial year ended March 31,2019, the applicable Accounting standards have been followed along with proper explanation relating to material departures.
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the



state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year ended 31st March 2019.

- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the Directors have prepared the annual accounts for the Financial year ending March 31, 2019 on a going concern basis.
- the Directors had laid down internal financial controls to be followed by the company and that such internal controls are adequate and are operating effectively.
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

CORPORATE GOVERNANCE

The report on Corporate Governance as stipulated under the Listing Regulations forms an integral part of this report. The requisite certificate from the practicing Company Secretary confirming compliance with the conditions of corporate governance is attached to the report on Corporate Governance.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and were on arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material.

The prescribed Form AOC-2 in this respect is attached as **Annexure 2**.

Your Directors draw attention of the members to note No.31 to the financial statement which sets out related party disclosures.

CORPORATE SOCIAL RESPONSIBILITY

Not applicable to the Company under the relevant provisions of the Companies Act, 2013.

RISK MANAGEMENT

The Company's Risk Management Policy, approved by the Board is posted on the website of the Company. The Listing regulations in this respect (Reg.21(5)) is not applicable to the Company.

INTERNAL FINANCIAL CONTROLS

The Company has adequate internal financial controls in place with reference to financial statements. During the year such controls were reviewed and ensured that it had no material weakness.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The profiles of the Directors proposed to be reappointed are attached separately.

DISCLOSURES:

Audit Committee

The Audit Committee comprises Independent Directors Sri N.M. Ananthapadmanabhan (Chairman), Sri B. Sriram and Sri K. Narendra and Whole time Director Sri D.Ranganathan. All the recommendations made by the Audit Committee were accepted by the Board.

**Vigil Mechanism**

The Vigil Mechanism of the Company also incorporates whistle blower policy stipulated under the Listing Regulations. Execution of the responsibility in terms of the policy has been entrusted to the Audit Committee. Protected disclosures can be made by a whistle blower through an e-mail, or over telephone or by a letter to the Chairman of the Audit Committee.

The Policy on Vigil Mechanism and Whistle Blower may be accessed on the Company's website 'www.veejaylakshmi.com'.

Meetings of the Board

Four meetings of the Board of Directors were held during the year. Further details in this respect are provided under the report on Corporate Governance.

Policy on Director's Appointment and Remuneration

The appointment of Directors and fixation of their remuneration is as per the guidelines laid down in the Nomination and Remuneration Policy of the Company formulated in compliance with section 178 of the Companies Act, 2013 and rules in this respect under the Act. The policy lays down the role of the Nomination and Remuneration Committee, the criteria for appointment of managerial personnel and independent directors and other matters as provided under sub-section (3) of Section 178 of the Act. The Nomination and Remuneration Policy is available on the Company website www.veejaylakshmi.com.

Evaluation of Board Performance

The Nomination and Remuneration Committee of the Company has formulated the criteria for evaluation of the performance of each director, Board of Directors, Committees of the Board and Independent Directors. Based on this and the guidelines in this regard issued by SEBI the performance evaluation has been undertaken. A separate meeting of independent directors has been convened for this purpose during the year. The proceedings of evaluation has been submitted to the Chairman of the Board of Directors.

Declaration by Independent Directors

The independent directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as independent directors under the provisions of the above act and the relevant rules.

Disclosure under the Sexual Harassment of Women at Workplace (prevention, prohibition and redressal) Act, 2013

As per the provisions of Sexual Harassment of Women at Workplace (prevention, prohibition and redressal) Act, 2013, the Company has constituted a Complaints Committee within HR department. No complaints were received by the committee during the year 2018-19.

Particulars of Loans given, Investments Made, Securities provided and guarantees given

Particulars of loans given, investments made, securities provided and guarantees given, covered under the provisions of section 186 of the Companies Act, 2013 are contained under note No.8(e) of the Financial Statement.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo

The particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required to be disclosed under the Act, are provided in **Annexure-3** to this report.

**Other particulars as per Rule 8(5) of Companies (Accounts) Rules, 2014**

Sl. No.	Particulars	Related disclosures
1.	The change in the nature of business	The business of the Company is manufacture of cotton yarn, knitted fabric, Two for One Twisting Machines and Assembly Winders. There was no change in the business of the Company.
2.	The details of directors or key managerial personnel who were appointed or have resigned during the year	Sri Rajiv A. Naidu, alternate Director to Sri M. Athimoolam Naidu has relinquished his directorship during the year.
3.	The names of the Companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year	NIL
4.	Issue of equity shares with differential rights as to dividend, voting or otherwise.	No equity shares were issued during the year.
5.	Issue of equity shares (sweat equity shares) to the employees of the Company	No sweat equity issue during the year.
6.	Receipt of remuneration or commission by the Managing Director or Whole time Director from any of its subsidiaries	The Company has no subsidiary.
7.	The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.	No significant or material orders were passed by the regulators or courts or tribunals which impact the going concern status of the company.

Extract of Annual Return

Extract of Annual Return of the Company is annexed herewith as **Annexure-4** to this report.

Particulars of Employees and related disclosures

There are no employees within the meaning of sub rule (2) of rule (5) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 who are paid remuneration in excess of the amounts prescribed. Other particulars related to employees are furnished in the Report on Corporate Governance.

AUDITORS AND AUDITORS' REPORT**Statutory Auditors**

M/s. Manohar Chowdhry & Associates., Chartered Accountants, statutory auditors of the Company, hold office till the conclusion of the Annual General Meeting to be held in 2022. The Auditors' Report does not contain any qualification, reservation or adverse remark.

Secretarial Auditor

The Board has appointed Sri K. Muthusamy, Practicing Company Secretary to conduct Secretarial Audit for the Financial Year 2018-19.

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 as well. The Directors would take this opportunity to express their appreciation for the dedicated efforts of the employees and their contribution which is deeply acknowledged.

For and on behalf of the Board of Directors

Coimbatore
May 29, 2019

V.J. JAYARAMAN
Chairman



ANNEXURES TO DIRECTORS' REPORT

Annexure - 1

Form AOC -1

(Pursuant to first proviso to sub-section(3) of section 129 read with rule 5 of
Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries / associate Companies / joint ventures

PART A : SUBSIDIARIES

(Information with respect to each subsidiary to be presented with amount in Rs.)

Sl. No.	Particulars	Details
1	Sl. No.	—
2	Name of the subsidiary	No subsidiary
3	The date since when the subsidiary was acquired	—
4	Reporting period for the subsidiary concerned, if different from the company's reporting period	—
5	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	—
6	Share capital	—
7	Reserves and surplus	—
8	Total assets	—
9	Total liabilities	—
10	Investments	—
11	Turnover	—
12	Profit before taxation	—
13	Provision for taxation	—
14	Profit after taxation	—
15	Proposed dividend	—
16	Extent of shareholding (In percentage)	—

PART B : ASSOCIATES AND JOINT VENTURES

Statement pursuant to section 129(3) of the Companies Act, 2013
related to Associate Companies and Joint Ventures

Name of Associates / Joint Ventures	M/s. Veejay Sales and Services Limited
1. Latest audited balance sheet date	31-03-2019
2. Date on which the Associate or Joint Venture was associated or acquired	05-12-2011



Name of Associates / Joint Ventures	M/s. Veejay Sales and Services Limited
3. Shares of Associates/Joint Ventures held by the company on the year end	
No. of shares	13,100
Amount of investment in associates/ joint ventures	1,31,000
Extent of holding (in percentage)	26.2%
4. Description of how there is significant influence	Associate
5. Reason why the associate / joint venture is not consolidated	Consolidated
6. Net worth attributable to shareholding as per latest Audited Balance Sheet (Rs. In lakhs)	155.76
7. Profit / Loss for the year (Rs. In Lakhs)	44.71
i. Considered in consolidation	11.71
ii. Not considered in consolidation	33.00

Annexure - 2

FORM NO. AOC – 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of The Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

a.	Name(s) of the related party and nature of relationship	Nil	Nil
b.	Nature of contracts/ arrangements/ transactions	All contracts and arrangements with outside parties are in the course of business and at arms length basis.	All contracts and arrangements with outside parties are in the course of business and at arms length basis.
c.	Duration of contracts/ arrangements/ transactions	–	–
d.	Salient terms of the contracts or arrangements or transactions including the value if any.	–	–
e.	Justification for entering into such contracts or arrangements or transactions	–	–
f.	Date(s) of approval by the Board	–	–
g.	Amount paid as advances, if any.	–	–
h.	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	–	–



2. Details of material contracts or arrangement or transactions at arm's length basis

a.	Name(s) of the related party and nature of relationship	Veejay Sales and Services Limited	Augustan Knitwear P. Limited
b.	Nature of contracts/ arrangements/ transactions	Purchase of wind power in the ordinary course of business.	Sale of yarn and fabric in the ordinary course of the company's business.
c.	Duration of the contracts/ arrangements/ transactions	Valid up to 31-03-2019.	Valid up to 31-03-2019.
d.	Salient terms of the contracts or arrangements or transactions including the value, if any.	Purchase of wind power at prevailing market prices or less.	Sale of yarn and knitted fabric at market rates.
e.	Date(s) of approval by the Board, if any.	Approved on 28-05-2018 and specific transactions every quarter.	Approved on 28-05-2018 and specific transactions every quarter.
f.	Amount paid as advances, if any:	Nil	Nil

Annexure - 3

DISCLOSURE OF PARTICULARS AS REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014 (Rule 8(3))

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Sl. No.	Particulars	Related Disclosures
Conservation of Energy		
1.	Steps taken or impact on conservation of energy	All the lamps in the work halls and outside are progressively replaced with energy efficient LED lamps. Additionally whatever possible energy conservation measures are implemented.
2.	Steps taken by the company for utilizing alternate sources of energy	The Company has its own wind mills installed for a total capacity of 4050 KW.
3.	Capital investment on energy conservation equipments	Nil
Technology Absorption, Adaptation and Innovation		
1.	Efforts made towards technology absorption	In house Research and Development process is continuing one.
2.	Benefits derived like product improvement, cost reduction, product development or import substitution	Product development and cost reduction.



Sl. No.	Particulars	Related Disclosures
3.	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) a) Details of technology imported b) The year of import c) Whether technology has been fully absorbed d) If not fully absorbed, areas where absorption has not taken place and reasons thereof	No imported technology used.
4.	The expenditure incurred on Research and Development	Rs.29.42 lakhs

Foreign Exchange Earnings and Outgo

₹ Lakhs

		2018-19
1.	Foreign Exchange earned	2,329.76
2.	Foreign Exchange Outgo	351.01

Annexure 4

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31-03-2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN:-	L29191TZ1974PLC000705
ii) Registration Date	26-08-1974
iii) Name of the Company	VEEJAY LAKSHMI ENGINEERING WORKS LIMITED
iv) Category / Sub-Category of the Company	Public Limited
v) Address of the Registered office and contact details	SENGALIPALAYAM N G G O COLONY POST COIMBATORE - 641022, TAMIL NADU PHONE: 0422-2460662 FAX:0422-2460453 e-mail : compsec@veejaylakshmi.com
vi) Whether listed company	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	S K D C CONSULTANTS LIMITED KANAPATHY TOWERS 3rd FLOOR, 1391/A-1, SATHY ROAD GANAPATHY COIMBATORE - 641006 PHONE : 0422-2539835 FAX : 0422-2539837 e-mail : info@skdc-consultants.com



II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	TWO FOR ONE TWISTERS & ASSEMBLY WINDERS	29262	24.64
2	COTTON YARN	17111	75.36

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	VEEJAY SALES AND SERVICES LIMITED	U05150TZ1995PLC005705	ASSOCIATE	26.2	2(06)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
g) Individual/ HUF	3181411	0	3181411	62.726	3197741	0	3197741	63.048	0.322
h) Central Govt									
i) State Govt (s)									
j) Bodies Corp.	64706	0	64706	1.276	64706	0	64706	1.276	0
k) Banks / FI									
l) Any Other....									
Sub-total (A) (1):	3246117	0	3246117	64.002	3262447	0	3262447	64.324	0
(2) Foreign									
a) NRIs - Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other....									
Sub-total (A) (2):			0	0			0	0	
Total shareholding of Promoter (A) = (A) (1)+(A)(2)	3246117	0	3246117	64.002	3262447	0	3262447	64.324	0.322



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	200	200	0.004	0	0	0	0	-0.004
b) Banks / FI									
c) Central Govt	0	100	100	0.002	0	100	100	0.002	0
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies	500	0	500	0.010	500	0	500	0.010	0
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):	500	300	800	0.016	500	100	600	0.012	-0.004
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	43999	5600	49599	0.978	44542	3800	48342	0.953	-0.025
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	933069	245584	1178653	23.237	981524	148984	1130508	22.290	-0.947
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	422554	13000	435554	8.588	383039	0	383039	7.552	-1.036
c) Others (specify)									
i) Directors and their relatives	250	4670	4920	0.097	250	4670	4920	0.097	0.000
ii) Non resident Indians	14319	0	14319	0.283	14302	0	14302	0.282	-0.001



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
iii) Clearing members	8564	0	8564	0.169	4749	0	4749	0.094	-0.075
iv) Hindu Undivided families	65534	0	65534	1.292	58843	0	58843	1.160	-0.129
NRI directors	67840	0	67840	1.338	67840	0	67840	1.338	0.000
Sub-total (B)(2):	1556129	268854	1824983	35.982	1651399	157454	1712543	33.766	-2.216
Total Public Shareholding (B)=(B)(1)+ (B)(2)	1556629	269154	1825783	35.998	1651899	157554	1713143	33.778	-2.220
I E P F Authority			0	0.000	96310	0	96310	1.899	1.899
C. Shares held by Custodian for GDRs & ADRs			0				0		
Grand Total (A+B+C)	4802746	269154	5071900	100.00	4914346	157554	5071900	100.00	-

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged/ encum-bered to total shares No. of Shares	No. of Shares	% of total Shares of the company	%of Shares Pledged/ encum-bered to total shares No. of Shares	
1	Sri V.J.Jayaraman	1105350	21.794	0	1105350	21.794	0	0
2	Sri J. Anand	1209807	23.853	0	1226137	24.175	0	0.322
3	Sri J.Vidya	736110	14.513	0	736110	14.513	0	0
4	Sri V.J.Jayaraman HUF	130144	2.566	0	130144	2.566	0	0
5	Veejay Sales and Services Ltd.	64706	1.276	0	64706	1.276	0	0
	Total	3246117	64.002	0	3262447	64.324		0.322



(iii) Change in Promoters' Shareholding (please specify, if there is no change)

S. No.	Shareholder's Name	Shareholding at the beginning of the year		Date of transaction	Increase / decrease (-) in Shareholding	Reason	Cumulative Shareholding during/ (end of) the year	
		No. of shares	% of total				No. of shares	% of total
1	V.J. Jayaraman Chairman	1105350	21.794	1/4/2018	No change		1105350	21.794
				31/3/2019			1105350	21.794
2	J. Anand Managing Director	1209807	23.853	1/4/2018	16330	Bought	1226137	24.175
				31/3/2019			1226137	24.175
3	J. Vidya	736110	14.513	1/4/2018	No change		736110	14.513
				31/3/2019			736110	14.513
4	V.J. Jayaraman (HUF)	130144	2.566	1/4/2018	No change		130144	2.566
				31/3/2019			130144	2.566
5	Veejay Sales and Services Ltd.	64706	1.276	1/4/2018	No change		64706	1.276
				31/3/2019			64706	1.276

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	Shareholder's Name	Shareholding at the beginning of the year		Date of transaction	Increase / decrease in Shareholding	Reason	Cumulative Shareholding during/(end of) the year	
		No. of shares	% of total				No. of shares	% of total
1	Subramanian P	232450	4.583	1/4/2018			232450	4.583
				31/3/2019	10710	Bought	243160	4.794
2	Ajay Kumar Kayan	76101	1.500	1/4/2018			76101	1.500
				31/3/2019	-8000	Sold	68101	1.343
3	Investor Education and Protection Fund	0	0.000	1/4/2018			0	
				31/3/2019	96310	Transfer under law	96310	1.899
4	Tanvi Jignesh Mehta	38010	0.749	1/4/2018			38010	0.749
				31/3/2019	8111	Bought	46121	0.909
5	Bharat Mody	25657	0.506	1/4/2018			25657	
				31/3/2019		No change	25657	0.506



S. No.	Shareholder's Name	Shareholding at the beginning of the year		Date of transaction	Increase / decrease in Share-holding	Reason	Cumulative Shareholding during/(end of) the year	
		No. of shares	% of total				No. of shares	% of total
6	S R Gupta	17887	0.353	1/4/2018	0	No change	17887	
				31/3/2019			17887	0.353
7	Surendra Lamba	19936	0.393	1/4/2018	0		19936	0.393
				31/3/2019		No change	19936	0.393
8	Aditya Vikram Somani	16927	0.334	1/4/2018			16927	0.334
				31/3/2019	0	No change	16927	0.334
9	Magesh Kanooga S	16726	0.330	1/4/2018			16726	0.330
				31/3/2019	-8133	Sold	8593	0.169
10	Rikin Kirit Shah	13493	0.266	1/4/2018	0		0	0.266
				31/3/2019		No change	13473	0.266

(v) Shareholding of Directors and Key Managerial Personnel:

S. No.	Shareholder's Name	Shareholding at the beginning of the year		Date of transaction	Increase / decrease in Share-holding	Reason	Cumulative Shareholding during/(end of) the year	
		No. of shares	% of total				No. of shares	% of total
1	V.J. Jayaraman Chairman	1105350	21.794	1/4/2018			1105350	21.794
				31/3/2019	0	No change	1105350	21.794
	V.J. Jayaraman (HUF)	130144	2.566	1/4/2018	0		130144	2.566
				31/3/2019		No change	130144	2.566
2	J. Anand Managing Director	1209807	23.853	1/4/2018			1209807	23.853
				31/3/2019	16330	Bought	1226137	24.175
3	N.Athimoolam Naidu	67840	1.338	1/4/2018	0		67840	1.338
				31/3/2019	0	No change	67840	1.338
4	D. Ranganathan	300	0.006	1/4/2018	0		300	0.006
				31/3/2019	0	No change	300	0.006

– No other director or Key Managerial Personnel has any shareholding in the Company.



VI. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness (Rs)
Indebtedness at the beginning of the financial year				
i) Principal Amount	22,79,74,403	6,48,13,807	0	29,27,88,210
ii) Interest due but not paid	0	0	0	
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	22,79,74,403	6,48,13,807	0	29,27,88,210
Change in Indebtedness during the financial year				
– Addition	0	0	0	0
– Reduction	10,22,12,889	3,80,17,048	0	14,02,29,937
Net Change	10,22,12,889	3,80,17,048	0	14,02,29,937
Indebtedness at the end of the financial year				
i) Principal Amount	12,57,61,514	2,67,96,759	0	15,25,58,273
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	12,57,61,514	2,67,96,759	0	15,25,58,273

VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Directors		Total Amount
		Sri J. Anand Managing Director (CEO)	Sri D.Ranganathan Whole Time Director (CFO)	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	30,00,000	7,94,800	42,50,180
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	6,16,101	0	6,16,101
	(c) Profits in lieu of salary under section 17(3) Incometax Act, 1961	0	0	0
2	Stock Option	0	0	0

Sl. No.	Particulars of Remuneration	Directors		Total Amount
		Sri J. Anand Managing Director (CEO)	Sri D. Ranganathan Whole Time Director (CFO)	
3	Sweat Equity	0	0	0
4	Commission			
	– as % of profit	0	0	0
	– others, specify...	0	0	0
5	Others, please specify	0	0	
	Total (A)	36,16,101	7,94,800	44,10,901
	Ceiling as per the Act (excluding perquisites)	42,00,000	42,00,000	84,00,000

B. Remuneration to other Directors:

Sl. no.	Particulars of Remuneration	Name of Directors						Total Amount
		Sri V.J. Jayaraman	Sri N.M. Anantha Padmanabhan	Sri B. Sriram	Sri N. Athimoolam Naidu	Smt Arthi Anand	Sri K. Narendra	
1	Independent Directors							
	– Fee for attending board / committee meetings	10,000	45,000	45,000	15,000	0	35,000	1,50,000
	– Commission		0	0	0	0	0	0
	– Others, please specify		0	0	0	0	0	0
	Total (1)	10,000	45,000	45,000	15,000	0	35,000	1,50,000
2	Other Non-Executive Directors							
	– Fee for attending board / committee meetings	0	0	0	0	20,000	0	20,000
	– Commission	0	0	0	0	0	0	0
	– Others, please specify	0	0	0	0	0	0	0
	Total (2)	0	0	0	0	20,000	0	20,000
	Total (B)=(1+2)	10,000	45,000	45,000	15,000	20,000	35,000	1,70,000
	Total Managerial Remuneration							50,36,281
	Overall Ceiling as per the Act (Perquisites not included)							84,00,000



C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		CEO	CFO	Company Secretary
1	Gross salary	Provided under Para 'A'	Provided under Para 'A'	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			6,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			87,230
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			0
2	Stock Option			0
3	Sweat Equity			0
4	Commission			
	– as % of profit			0
	– others, specify			0
5	Others, please specify			0
	Total			6,87,230

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty		NIL			
Punishment		NIL			
Compounding		NIL			
B. DIRECTORS					
Penalty		NIL			
Punishment		NIL			
Compounding		NIL			
C. OTHER OFFICERS IN DEFAULT					
Penalty		NIL			
Punishment		NIL			
Compounding		NIL			



Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st March 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

**The Members,
Veejay Lakshmi Engineering Works Limited,
Sengalipalayam, NGGO Colony Post,
Coimbatore – 641 022.**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Veejay Lakshmi Engineering Works Limited (CIN NO: L29191TZ1974PLC000705) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2019 according to the provisions of:
 - (i) The Companies Act, 2013 (the Act) and the rules made there under and further amendments thereof.
 - (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
 - (iii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') as amended from time to time:-
 - a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client, and
2. I was informed that, for the financial year ended on 31st March 2019:
 - (i) The Company was not required to maintain books, papers, minute books, forms and returns or other records according to the provisions of the following Regulations and Guidelines prescribed under SEBI Act:
 - a) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, which is not applicable as no delisting was during the year; and
 - b) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, which is not applicable to the company as no buyback was during the year;



- c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / The Securities and Exchange Board of India (Share based Employee Benefits) Regulations 2014;
 - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
 - g) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - (ii) There are no other laws specifically applicable to the Company, the books, papers, minute books, forms and returns of which were required to be examined by us for the purpose of this report.
3. I have also examined compliance with the applicable clauses of the following:
- i. Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.
 - ii. The Listing Agreement entered into by the Company with BSE Limited and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 and further amendments thereof.
4. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.
5. I further report that:
- (i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
 - (ii) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent adequately in advance, and a system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings before majority decision is carried through. We are informed that there were no dissenting members' views on any of the matters during the year that were required to be captured and recorded as part of the minutes.
 - (iii) There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with other applicable laws, rules, regulations and guidelines.

Place : Coimbatore
Date : 29.05.2019

(Sd.) K. MUTHUSAMY
M No: F 5865; CP: 3176



To

**The Members,
Veejay Lakshmi Engineering Works Limited,
Sengalipalayam, NGGO Colony Post,
Coimbatore – 641 022.**

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to make a report based on the secretarial records produced for my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for our report.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Compliance with the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on a test basis.
5. While forming an opinion on compliance and issuing the secretarial audit report, I have also taken into consideration the compliance related action taken by the Company after 31st March 2019 but before issue of the report.
6. I have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
7. I have considered actions carried out by the Company based on independent legal / professional opinion as being in compliance with law, wherever there was scope for multiple interpretations.
8. My Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Coimbatore

Date : 29.05.2019

(Sd.) K.MUTHUSAMY

M No: F 5865; CP: 3176



**SECRETARIAL COMPLIANCE REPORT
OF
VEEJAY LAKSHMI ENGINEERING WORKS LIMITED
FOR THE YEAR ENDED 31st MARCH, 2019**

I have examined:

- (a) all the documents and records made available to us and explanation provided by Veejay Lakshmi Engineering Works Limited ("the listed entity"),
- (b) the filings/ submissions made by the listed entity to the stock exchanges,
- (c) website of the listed entity,
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended 31.03.2019 ("Review Period") in respect of compliance with the provisions of:

- (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, which is not applicable to the company;
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018, which is not applicable to the company as there was no buyback during the year;
- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, which is not applicable to the company;
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, which is not applicable to the company;
- (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013, which is not applicable to the company;
- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and based on the above examination, I hereby report that, during the Review Period:
 - (a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder,
 - (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my examination of those records.



- (c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr.No	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
NIL				

- (d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr.No	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended 31.03.2018	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
Not Applicable				

Place : Coimbatore

Date : 30.05.2019

(Sd.) K. MUTHUSAMY
Company Secretary in Practice
M No: F 5865; CP: 3176



MANAGEMENT DISCUSSION AND ANALYSIS

As required under Reg.34(2)(e) read with Schedule V-B(1) of SEBI (LODR) Regulations, 2015, a detailed report on the Management Discussion and Analysis is given below.

Industry Structure and Development

The Company started its operations in the year 1975 to produce yarn Twisting Machines. The Company diversified into textile spinning in the year 1993. Both the twisting machines produced and the yarn and fabrics produced in the textile units are used in the textile industry.

As one of the major employment providing industries, textile industry has been growing over the years with catering to domestic and export markets. The spinning sector has been suffering due to fluctuation in demand for the yarn both in the domestic and export markets. Added to this the vagaries in the price of raw materials and the end products have also affected the profits of the spinning units. The textile machinery manufacturing industry has also been growing with the textile industry and its prospects are directly related to the prospects of textile industry in India.

SEGMENTWISE PERFORMANCE

The Company has two reporting segments: 1) Textile Machinery Division producing Two for One Twisters (twisters) and Assembly Winders (winders), 2) Textile Division producing yarn and fabrics. The Segmentwise sales and profits are as given below:

(₹ In Lakhs)

	31.03.2019		31.3.2018	
	Engineering	Textile	Engineering	Textile
Revenue	1974.12	5,993.51	3,663.36	4,833.50
Segment Profit	63.86	38.02	(378.66)	(262.91)

Engineering Division:

Two for one Twister has been the main product of the engineering division contributing to the sales and profits. Assembly winders are sold in small volumes. The Company is the pioneer in the manufacture of Two for one Twister in India. Having started the production of Two for one Twisters in 1976, the Company had limited competition in the earlier period and had a large market share of over 80%. The market share has been coming down due to entry of new manufacturers. Two for One Twisters are used in post spinning process for value addition and the demand for this product is derived from the demand for twisted yarn in the textile industry. Any reduction in demand for local consumption or exports of twisted yarn affects the demand for this machine.

The market is segmented and a considerable portion of the demand of twisting machines from independent job workers of twisted yarn is catered by manufacturers from western India who offer very low prices. The demand from spinning units which produce good quality twisted yarn is met by the Company and other foreign manufacturers who offer machines made by them in India and China. While there may not be any threat from new entrants, existing manufacturers will continue to give stiff competition.

The sales of twisting machine has been declining in the last two years due to low demand and discounts offered due to competition have affected both the sales and profitability of the engineering division. The Company is taking all steps to maintain and improve its market share and also to improve the margins by cost reduction by making continuous improvement in the design of the twisting machines. The focus is on improving productivity and reduction in power consumption and operating costs. As the demand is declining/fluctuating, the in house manufacturing activities have been curtailed by increase in outsourcing. This is to reduce fixed costs and the units are now working on single shift. The component processing activities at Annur has been discontinued and the machines have been shifted to other units and unused machines are being disposed.



The building that was earlier used for Automatic cone Winder has been now rented. The Company will look for renting other vacant buildings also.

TEXTILE DIVISION

There has been a considerable increase in production / sales in the textile division. The purchase of cotton at low prices during the season has improved the margins / profits compared to previous year. The export turnover of the textile division during the year is Rs. 2260.33 Lakhs as against Rs. 2363.84 Lakhs in the previous year. Part of the production is also being sold with value addition in the form of twisted yarn and knitted fabrics. However, the capacity utilization has not been at the optimum level consistently due to demand constraints and intermittent fall in yarn prices..

As textile industry provides large employment and also in view of the scope for increasing the country's market share in world market for textiles, the Govt. is expected to take all measures for the growth of the textile industry and the company is confident that the prospects will improve in future.

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 authorized, recorded and reported correctly. A Chartered Accountant carries out the audit at regular intervals to monitor the effectiveness of the internal checks and controls in different areas and reports/suggests improvement measures for review by the management.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The margins have improved and the Company has been able to cover both interest and depreciation.

FINANCIAL RATIOS

Key Financial Ratios for operations during the year:

Debtors Turnover*	:	5.83
Inventory Turnover	:	1.41
Interest coverage Ratio*	:	1.40
Current Ratio	:	1.46
Debt Equity Ratio*	:	0.53
Operating profit Margin(%)*	:	2.03
Net Profit Margin(%)*	:	-1.71
Return on Net Worth(%)*	:	-0.36

The variation in ratios marked* over that of previous year has been due to increase in net profit, lower credit sales and reduction in borrowings.

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 undergo training programs conducted in house and also outside by other professional bodies. The industrial relationship was cordial throughout the year. The Company has a total of 606 employees at the end of the year.

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.



CORPORATE GOVERNANCE REPORT

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 Reg. 17(1) of Listing Regulations. The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the financial year 2018-19 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, 2019 are as under:

Name of the Director	Category	No. of Board Meetings		Attendance at the last AGM held on 27.09.2018	No. of Directorships in other companies*	Committee position #	
		Held	Attended			Member	Chairman
Sri.V.J.Jayaraman	Non-Executive (promoter)	4	4	YES	1	–	–
Sri.J.Anand	Executive (Promoter)	4	4	YES	5	–	–
Smt Arthi Anand	Non Executive Non-independent	4	4	Yes	Nil	–	–
Sri.N. Athimoolam Naidu	Non-Executive Independent	4	3	YES	2	1	–
Sri.B.Sriram	Non-Executive Independent	4	4	Yes	2	3	–
Sri.N.M. Ananthapadmanabhan	Non-Executive Independent	4	4	YES	Nil	–	3
Sri.D.Ranganathan	Executive Non- Independent	4	4	YES	1	3	–
Sri K. Narendra	Non-Executive Independent	4	3	Yes	1	1	–

* Includes private limited companies

In terms of Sch.V(C)(2)(e) of the Listing Regulations, it is hereby disclosed that the Chairman and Managing Director are related inter-se.

The Board met four times during the financial year 2018-19 Viz., on 28.05.2018, 09.08.2018, 12.11.2018, and 07.02.2019. The gap between any two consecutive Board Meetings did not exceed 120 days.

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees (as per Reg.26(1) of the Listing Regulations) 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. None of the directors is a director in any other listed company.



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 Reg.17(5) of the Listing Regulations. The Code of conduct has also been displayed on the Company's website. The independent directors have given declarations at the first meeting of the Board every year that they meet the criteria of independence as provided in the Act.

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.

SKILLS / EXPERTISE / COMPETENCE OF THE BOARD OF DIRECTORS

It has been assessed that the following core skills, expertise and competencies are required in the context of businesses of the Company for it to function effectively.

IDENTIFIED	ACTUALLY AVAILABLE
Knowledge to read and write in English and in the native language of the area of the main business activity.	Yes
Educational qualification – Bachelor degree or other Qualification relevant to the business of the Company.	Yes
Knowledge and expertise in administration / finance / technology or in an area of importance.	Yes
Integrity and confidentiality	Yes
Active participation in Board and Committee meetings	Yes
Independence of behaviour, judgement and commitment	Yes

COMMITTEES OF THE BOARD:

AUDIT COMMITTEE:

The Audit committee has been formed pursuant to Reg.18 of the Listing Regulations and Section 177 of the Companies Act, 2013.

Composition:

The Audit Committee of the Board that was formed in January 2001 has been reconstituted in 2015. The Members of the Committee comprises of the following Directors:

- Sri. N.M. Ananthapadmanabhan, Chairman (Independent)
- Sri. B. Sriram, Member (Independent)
- Sri. K. Narendra, Member (Independent)
- Sri D. Ranganathan, Member (Executive)

Terms of Reference:

- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- Review and monitor the auditor's independence, audit process, and effectiveness of audit process.
- Examination of the financial statement and the auditor's report thereon.
- Scrutiny and approval of transactions and any subsequent modification of transactions of the company with related parties.
- Scrutiny of inter-corporate loans and investments.



- Valuation of undertakings or assets of the company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Monitoring the end use of funds raised through public offers and related matters.
- Review of quarterly, half yearly and annual financial statements, company's financial reporting process and disclosures of financial information.
- Review of the internal control systems, scope of internal audit and the vigil mechanism in place.

MEETINGS OF THE AUDIT COMMITTEE

The Audit Committee met four times during the financial year 2018-19 on 28.05.2018, 09.08.2018, 12.11.2018 and 07.02.2019

Name of the Member	Position Held	No. of Meetings Held	No. of Meetings Attended
Mr. N.M. Ananthapadmanabhan	Chairman	4	4
Mr. B. Sriram	Member	4	4
Mr. D. Ranganathan	Member	4	4
Mr. K. Narendra	Member	4	3

The Statutory Auditors and the Internal Auditors are invited to attend the Meeting of the Committee. The Company Secretary of the company shall act as the Secretary of the Committee.

The Chairman of the Audit Committee was present at the last Annual General Meeting (AGM) held on 27.09.2018.

The Committee has reviewed the financial statements of the Company including consolidated financial statements and recommended the same to the Board for their adoption. All the recommendations by the Audit Committee were accepted by the Board.

The committee also reviews the internal audit report, internal control systems and related party transactions periodically.

NOMINATION AND REMUNERATION COMMITTEE

Composition:

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

- Sri. N.M. Ananthapadmanabhan, (Independent Director) Chairman
- Sri. B. Sriram, Member (Independent Director)
- Sri. N. Athimoolam Naidu, Member (Independent Director)

The terms of reference of the Nomination and Remuneration Committee include formulating the policies for appointment of Directors, fixing of remuneration to the Executive Directors, determining criteria for selection of executive and independent directors, for evaluation of the Board and individual directors and such other functions as may be delegated to it by the Board of Directors.

All recommendations of Committees of the Board which are mandatorily required have been accepted.

Total fees for all services paid to statutory auditor on a consolidated basis during the year is. Rs.245,500/-. The company has no subsidiary.

DETAILS OF REMUNERATION FOR THE YEAR 2018-19

The Company pays a sum of Rs.5000 per meeting as fee to non-executive and independent Directors for attending the meetings of the Board of Directors, Independent Directors and that of the Committees of the Board.



• **Non-Executive Directors**

Name of the Director	Sitting fees Paid in Rs.	Commission	No of Shares held
Sri. V.J. Jayaraman	10,000	NIL	1235494
Sri. N.M. Ananthapadmanabhan	45,000	NIL	NIL
Sri. B.Sriram	45,000	NIL	NIL
Sri. Athimoolam Naidu	15,000	NIL	67,840
Smt. Arthi Anand	20,000	NIL	Nil
Sri. K. Narendra	35,000	Nil	Nil

• **Executive Directors**

Name	Designation	Salary & Perquisites per annum in Rs.	Ratio to median remuneration
Sri. J.Anand	Managing Director	3976101	1 : 37.8
Sri. D. Ranganathan	Whole-time Director	890180	1: 8.47

The Directors' remuneration does not have variable component such as commission.

There has been no increase in the remuneration of key managerial personnel during the year.

The average increase in remuneration and that of key managerial Personnel are not comparable as there has been no increase in the remuneration of key managerial personnel.

No other employees receive remuneration higher than that received by a Director. Total number of permanent employees : 606. Increase in median remuneration over that in previous year : 1.74%.

The remuneration to each of Key Managerial Personnel is reasonable vis-a-vis the respective responsibilities and performance of the Company. No non director employee receives remuneration in excess of any whole-time director.

Ratio of remuneration of Directors to the median remuneration of the employees:

K M P	Managing Director	Chief Financial Officer	Company Secretary
Increase in Remuneration	Nil	Nil	Nil
Ratio to median remuneration	1 : 37.8	1: 8.47	1 : 6.42

The remuneration of directors and key managerial personnel is as per the remuneration policy of the Company.

Evaluation of the Board's Performance, that of Committees and Individual Directors

Evaluation by the Board of its own performance and that of individual directors has been made based on the criteria laid down under the Nomination and Remuneration Policy of the Company. On a review by the independent directors of the deliberations in the meetings of the Board and the Directors' attendance and their contributions to the decisions arrived at the meetings, the results of evaluation had been forwarded to the Chairman of the Board. All Directors of the Board are familiar with the business of the Company.

**Stakeholder Relationship Committee**

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

- Sri. N.M. Ananthapadmanabhan, Chairman
- Sri. B. Sriram, Member
- Sri. D. Ranganathan, Member

The Company Secretary acts as the Secretary to the Committee and has been nominated as the Compliance Officer of the Company.

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

Term of Reference:

- Redressal of shareholder and investors complaints including, but not limiting to, transfer of shares and issue of duplicate share certificates, non-receipt of annual report, non-receipt of declared dividends, etc.;
- Monitoring transfers, transmissions, dematerialisation, rematerialisation, splitting and consolidation of shares issued by the Company;
- And such other acts, deeds, matters and things as may be stipulated in terms of the Listing Agreement with the Stock Exchanges and / or under SEBI regulations and other regulatory provisions and also others as the Board of Directors may consider 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, as on March 31, 2019 there were no pending requests/complaints from any shareholder.

General Body Meetings:

The Date, time and venue of the last three annual general Meetings are given Below:

Financial Year	Date	Time	Location	Special Business Transacted
2017-18	27-09-2018	10.00 AM	Nani Palkhivala Auditorium, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore -641 037	Special Resolutions were passed for: 1) Approval for continuation by Sri V.J. Jayaraman as Director 2) Approval for continuation by Sri N.M. Ananthapadmanabhan as independent Director. 3) Approval for continuation by Sri N. Athimoolam Naidu as independent Director.
2016-17	27-09-2017	10.00 AM	Nani Palkhivala Auditorium, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore -641 037	No special business was transacted.

Financial Year	Date	Time	Location	Special Business Transacted
2015-16	26-09-2016	10.00 AM	Nani Palkhivala Auditorium, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore -641 037	Ordinary Resolutions were passed for: 1) reappointment of Sri J. Anand as Managing Director, 2) reappointment of Sri D. Ranganathan as Wholetime Director, 3) appointment of Sri K. Narendra as Independent Director, and 4) fixation of remuneration payable to Sri V. Sakthivel, Cost Accountant for auditing of cost records of the Company.

DISCLOSURES

A) Related Party Transactions

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 Standard 18 forms a part of Notes on accounts of the Financial Statements. All the related party transactions were in the course of business of the company.

B) Accounting Treatment

The company has followed accounting treatment as prescribed in Accounting Standard applicable to the company.

Credit Ratings

The credit rating for the company's working capital borrowings by CRISIL is as follows:

Year	Long Term	Short Term
2017-18	BB+/Stable	A4+
2018-19	BB+/Stable	A4+

The company has no debt instruments and deposits.

C) Compliance by the Company

The Company has complied with the requirements of the Listing Regulations as well as any other SEBI regulations and guidelines applicable. There were no penalties imposed or strictures passed on the Company by the stock exchange, SEBI or any other statutory authority on any matter related to capital markets, during last three years.

The Company has implemented the mandatory requirements of Corporate Governance as set out in the Listing Regulations.

Means of Communication

The Quarterly results as well as annual results as required under Reg.33 of the listing regulations are published in one daily English Newspaper "The Financial Express" and one regional Tamil newspaper "Malai Murasu"



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:

- Annual General Meeting**

AGM Date	September 25, 2019 Wednesday
Time	10.00 AM
Venue	ARDRA Hall, 9, North Huzur Road Coimbatore -641 018

- Financial Calendar for 2018-19**

Financial Year : 1st April, 2018 to 31st March, 2019

Board meeting dates for approval of quarterly financial results:

1 st Qtr. ended on June 30, 2018	: within 45 days from the close of quarter
2 nd Qtr. ended on September 30, 2018	: within 45 days from the close of quarter
3 rd Qtr. ended on December 31, 2018	: within 45 days from the close of quarter
4 th Qtr. ended on March 31, 2019	: within 60 days from the close of quarter
Book Closure dates	: 19/09/2019 to 25/09/2019 (both days inclusive)
Dividend Payment Date	: N A
Listing On Stock Exchanges	: BSE Limited

The Equity shares of the company are listed in BSE Ltd. (Bombay Stock Exchange). The Company has paid the listing fees to the stock exchanges for the Financial Year 2019- 20.

- Stock Code:**

Bombay stock Exchange limited : 522267 ISIN with NSDL and CDSL: Equity Shares: INE466D01019

- Stock Market price data**

Market price data (High/Low) during each month in the financial year 2018-2019 on BSE Limited are as under:

Month	High (Rs)	Low (Rs)
April - 2018	59.20	51.50
May - 2018	51.50	50.05
June - 2018	51.95	46.00
July - 2018	51.45	46.00
August - 2018	50.40	41.00
September - 2018	48.45	44.00
October - 2018	44.50	40.05
November - 2018	46.95	41.00
December - 2018	47.25	39.10
January - 2019	49.85	41.05
February - 2019	43.00	39.00
March - 2019	45.85	40.50

- Performance of company share price in comparison with BSE Sensex:**

The company’s share price is not comparable with the BSE Sensex in view of the volume of shares traded being less.



- Variations in the Market Capitalisation of the Company, Price Earnings Ratio as at the closing date of the current financial year and previous financial year:**

Particulars	March 31, 2019	March 31, 2018
Market Capitalisation of the Company (Rs. Lakhs)	2320	2511
Issued capital (in Nos)	5071900	5071900
Closing price at B S E Ltd. (Rs.)	45.75	49.50
Earning per share (Rs.)	-0.40	-10.31
Price Earning Ratio as at closing date	-114.38	-4.80

Note: Percentage increase over decrease in the market quotations of the shares in comparison to the rate at which the company came out with the last public offer : Not comparable in view of the last public offer having been made long back in 1998.

- 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 0422-4958995, 2539835,
 Email: info@skdc-consultants.com | Web: www.skdc-consultants.com

- 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.

- Distribution of Shareholding as on 31st March 2019**

Shareholding of Nominal value of Rs.10 each	No. of Shareholders	% of shareholders	Shareholding in Rs.	% of Shareholding
UPTO to 5,000	4309	92.21	51,69,740	10.19
5,001 to 10,000	172	3.68	14,00,270	2.76
10,001 to 20,000	80	1.71	12,10,910	2.39
20,001 to 30,000	40	0.86	9,99,860	1.97
30,001 to 40,000	21	0.45	7,48,500	1.48
40,001 to 50,000	12	0.26	5,65,540	1.12
50,001 to 1,00,000	20	0.43	14,73,050	2.90
1,00,001 AND ABOVE	19	0.40	3,91,51,130	77.19
GRAND TOTAL	4673	100.00	5,07,19,000	100.00

- Categories of shareholders as on 31st March 2019**

Category	No. of Shares Held	% of Shareholding
Promoter Holding		
• Promoter Holding	32,62,447	64.324



Category	No. of Shares Held	% of Shareholding
Public share Holding		
• Mutual Funds and UTI	Nil	Nil
• Banks, Fin. Institutions,	500	0.01
Insurance Companies	100	.001
• Govt. companies		
Others		
• Directors & Relatives	72,760	1.434
• Private Corporate Bodies	48,342	0.953
• Indian Public	15,77,139	31.097
• NRI/OBC's	14,302	0.282
• I E P F Authority	96,310	1.899

• **Dematerialization of Shares:**

Mode	No. of Shares	%
Demat	49,14,346	96.894
Physical	1,57,554	3.106
TOTAL	50,71,900	100.00

- 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.

• **Plant Locations**

The Company's plants are located as under:

- Unit A : Sengalipalayam, NGGO Colony Post, Coimbatore - 641 022
- Unit B : Athipalayam Road, Vellamadaï (p.o), Coimbatore - 641 110
- Textiles Division : Thekkampatti, Mattupalayam Taluk, Coimbatore - 641 113

Wind Mills:

- Kethanur, Palladam, Tirupur - 638 671
- Sinjuwadi, Pollachi, Coimbatore - 642 007
- Irukkanthurai, Radhapuram, Tirunelveli - 627 011

• **Address 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:

M/s. S K D C Consultants Limited Kanapathy Towers 3 rd Floor, 1391/A-1, Sathy Road Ganapathy, Coimbatore – 641 006 Phone : + 91 0422-4958995, 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- 2460 662 Email : accounts@veejaylakshmi.com compsec@veejaylakshmi.com
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DECLARATION PURSUANT TO REG. 34(3) AND CLAUSE D OF SCHEDULE V OF SEBI (LODR) REGULATIONS, 2015

Pursuant to Reg.34(3) and Part D of Schedule V of SEBI (LODR) Regulations, 2015, I hereby declare that for the financial year ended March 31, 2019 the Board of Directors and Senior management Personnel of the Company have affirmed compliance with the code of conduct stipulated by the Company. It is also confirmed that the Code of Conduct has been posted on the website of the Company.

Coimbatore
29-05-2019

(Sd.) J. Anand
Managing Director

CERTIFICATION BY CEO / CFO PURSUANT TO REG.17(8) AND PART B OF SCHEDULE II OF SEBI (LODR) REGULATIONS, 2015

To

The Board of Directors
Veejay Lakshmi Engineering Works Limited
Coimbatore - 641 022

ANNUAL CERTIFICATION BY CEO / CFO PURSUANT TO REG.17(8) AND PART B OF SCHEDULE II OF SEBI (LODR) REGULATIONS, 2015

As required under Reg. 17(8) and Part B of Schedule II of SEBI (LODR) Regulations, 2015

We hereby certify that :

We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2019 and that to the best of our 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 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 the responsibility of 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 and 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
29.05.2019

(Sd/-) D. Ranganathan
Wholetime Director(CFO)

(Sd/-) J. Anand
Managing Director(CEO)

**INDEPENDENT AUDITOR'S REPORT****To the Members of VEEJAY LAKSHMI ENGINEERING WORKS LIMITED
REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS****Opinion**

We have audited the accompanying standalone Ind AS financial statements of VEEJAY LAKSHMI ENGINEERING WORKS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in equity and the Statement of cash flows for the year then ended, and notes to the standalone Ind AS Financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS Financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their state of affairs of the Company as at March 31, 2019, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone Ind AS Financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS Financial statements of the current period. These matters were addressed in the context of our audit of the standalone Ind AS Financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the Key Audit matter to be communicated in our report.

KEY AUDIT MATTER	RESPONSE TO KEY AUDIT MATTER
Litigations – Contingencies The Company has ongoing litigations with various authorities and third parties which could have a significant impact on the results, if the potential exposures were to materialize. The amounts involved are significant, and the application of accounting standards to determine the amount, of any, to be provided as a liability or disclosed as a contingent liability, is inherently subjective.	Principal Audit Procedures: Our audit approach was a combination of test of controls and substantive procedures including: <ul style="list-style-type: none">Assessing the appropriateness of the design and implementation of the Company's controls over the assessment of litigations and completeness of disclosures.



KEY AUDIT MATTER	RESPONSE TO KEY AUDIT MATTER
Claims against the Company not acknowledged as debts are disclosed in the Financial Statements by the Company after a careful evaluation of the facts and legal aspects of the matter involved. The outcome of such litigation is uncertain and the position taken by management involves significant judgment and estimation to determine the likelihood and/or timing of cash outflows and the interpretation of preliminary and pending court rulings. Refer Note. 27 to the Standalone Financial Statements.	<ul style="list-style-type: none"> • We tested the design and operating effectiveness of the Company's key controls over the identification, estimation, monitoring, accounting/ disclosure of Provision for disputed matters and contingent liabilities. • For Significant cases, where the Company has recognized provision, we assessed the determination of amounts recognized. • For cases where provision was not recognized by the Company, we assessed the disclosure made in the financial statements.

Information other than the standalone Ind AS Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures thereto but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 with respect to the preparation of these Standalone Ind AS Financial statements that give a true and fair view of the financial position, financial performance, Changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are also responsible for overseeing the company's financial reporting process.

**Auditor's Responsibilities for the Audit of the standalone Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

- i) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- iii) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), The Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- iv) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- v) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- vi) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- vii) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- viii) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - 1) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note no. 27 to the standalone Ind AS financial statements;
 - 2) The Company didn't have any long term contracts including derivative contracts as such the question of commenting on any material foreseeable losses thereon does not arise;
 - 3) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **MANOHAR CHOWDHRY & ASSOCIATES**

Chartered Accountants
(Firm Registration No: 001997S)

(Sd/-) **M.S.N.M. Santosh**
Partner

(Membership No: 221916)

Place: Chennai

Date : 29.05.2019



ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

The Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Independent Auditors' Report to the members of VEEJAY LAKSHMI ENGINEERING WORKS LIMITED for the year ended March 31, 2019, we report that:

- i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Company has a regular program of physical verification of its fixed assets by which fixed assets are verified in a phased manner on a rotational basis. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets; and
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, we are of the opinion that the management has conducted the physical verification of inventory at reasonable intervals during the year. There are no material discrepancies noticed between book stock and physical stock on physical verification conducted by the management.
- iii) The Company has not granted any loans to parties covered in the register maintained under section 189 of the Act during the year. Accordingly, paragraph 3(iii)(a), (b) and (c) of the Order is not applicable.
- iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not granted loans and guarantees to any parties covered under Section 185 of the Act. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act.
- v) The Company has not accepted any deposits from the public within the meaning of sections 73 to 76 of the Act and the rules framed there under to the extent notified. Therefore, the provisions of clause (v) of the Companies (Auditors' Report) Order, 2016, are not applicable to the Company.
- vi) We have broadly reviewed the cost records maintained by the Company as specified by the Central Government under Section 148(1) of the Act and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii) (a) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Professional Tax, Income-tax, Customs Duty, Goods and Service tax, Cess and other statutory dues have generally been regularly deposited during the year by the company with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Professional Tax, Income-tax, Customs Duty, Goods and Service tax, Cess were in arrears as at March 31, 2019, for a period of more than six months from the date they became payable; and
- (b) As per the information and explanations given to us, the following are the details of statutory dues which have not been deposited by the Company on account of disputes:



Name of the Statute	Nature of Due	Amount (Rs. in Lakhs)	Period to which amount relates	Forum in which dispute is pending
Central Excise Act, 1944	Central Excise and Service tax	1.58	2005-07	Cust Customs, Central and Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Central Excise and Service tax	3.15	1995-96	Customs, Central and Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Central Excise and Service tax	64.33	2008-10	Customs, Central and Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Central Excise and Service tax	0.18	2014-15	Customs, Central and Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Central Excise and Service tax	2.00	2005-07	Customs, Central and Excise and Service Tax Appellate Tribunal..
Central Excise Act, 1944	Central Excise and Service tax	3.43	2004-05	Customs, Central and Excise and Service Tax Appellate Tribunal..

- viii) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not defaulted in repayment of loans or borrowings to any financial institutions or banks.
- ix) During the year the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loan. Accordingly paragraph 3(ix) of the order is not applicable.
- x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the year, nor we have been informed of such case by the management.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where ever applicable, and the details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- xv) According to the information and explanations given to us and based on our examinations of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.



xvi) In our opinion and according to the information and explanations given to us, the company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

For **MANOHAR CHOWDHRY & ASSOCIATES**

Chartered Accountants
(Firm Registration No: 001997S)

(Sd/-) **M.S.N.M. Santosh**
Partner

Place: Chennai

Date : 29.05.2019

(Membership No: 221916)

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

Report on the Internal Financial Controls under Clause (i) of sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of VEEJAY LAKSHMI ENGINEERING WORKS LIMITED ("the Company"), as of March 31, 2019, in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The



procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- i) pertain to the maintenance of records that, in reasonable details, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **MANOHAR CHOWDHRY & ASSOCIATES**

Chartered Accountants

(Firm Registration No: 001997S)

(Sd/-) **M.S.N.M. Santosh**

Partner

(Membership No: 221916)

Place: Coimbatore

Date : 29.05.2019



BALANCE SHEET AS AT 31ST MARCH 2019

Particulars	Note No.	As at 31.03.2019	As at 31.3.2018
ASSETS			
Amount ₹ in Lakhs			
I. Non Current Assets			
a) Property Plant and Equipment	2	3,873.66	4,155.57
b) Capital Work in Process		—	—
c) Investment Property	3	112.70	120.74
d) Intangible Assets	4	—	—
e) Financial Assets			
(i) Investments	5(a)	103.45	113.05
(ii) Loans	5(b)	161.78	161.02
f) Deferred Tax Asset (Net)	6	401.92	458.20
g) Other Non Current Assets	7	44.14	37.75
Total		4,697.65	5,046.33
II. Current Assets			
a) Inventories	8	3,102.93	3,482.98
b) Financial Assets			
(i) Investments	8 (a)	—	—
(ii) Trade Receivables	8(b)	568.46	257.28
(iii) Cash and Cash equivalents	8(C)	21.96	634.27
(iv) Bank balances other than (iii) above	8(d)	14.85	2.52
(v) Loans	8(e)	5.65	5.62
(vi) Other Financial Assets	8(f)	—	—
c) Other current assets	9	172.57	315.81
Total		3,886.42	4,698.48
III. Assets held for Sale		71.98	75.33
Total		71.98	75.33
TOTAL ASSETS		8,656.05	9,820.14
EQUITY AND LIABILITIES			
I. Equity			
a) Equity Share Capital	10	507.19	507.19
b) Other Equity	11	5,167.86	5,185.49
Total Equity		5,675.05	5,692.68
II. Non-Current Liabilities			
a) Financial Liabilities			
Borrowings	12	257.59	229.90
b) Provisions	13	59.73	55.17
Total		317.32	285.07
III. Current Liabilities			
a) Financial Liabilities			
(i) Borrowings	14 (a)	1,267.99	2,697.98
(ii) Trade Payables	14(b)	659.15	511.00
(iii) Other Financial Liabilities	14(c)	193.49	265.41
b) Other Current Liabilities	15	510.66	329.40
c) Provisions	16	32.39	38.60
Total		2,663.68	3,842.39
TOTAL LIABILITIES		8,656.05	9,820.14

Significant Accounting Policies

Notes to the Financial Statements

1
2-33

For and on behalf of the Board of Directors of
Veejay Lakshmi Engineering Works Limited

(SD/-) V.J. JAYARAMAN (SD/-) J. ANAND (SD/-) D. RANGANATHAN (SD/-) V.K. SWAMINATHAN
Chairman Managing Director Whole-Time Director Company Secretary

Place : Coimbatore
Date : 29.05.2019

As per our report of even date
For Manohar Chowdhry & Associates
Chartered Accountants, FRN No. 001997S

M.S.N.M. SANTOSH
Partner
M.No: 221916



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019

Particulars	Note No.	For the year ended 31.03.2019	For the year ended 31.03.2018
INCOME		Amount ₹ in Lakhs	
I. Revenue from operations	17	7,953.20	8,312.74
II. Other Income	18	202.78	74.25
III. Total Income (I+II)		8,155.98	8,386.99
IV. Expenses			
Cost of Materials consumed	19	4,658.37	5,783.75
Purchase of Stock-in-Trade		—	—
Changes in Inventories of Finished goods, Work-in process and Stock in trade	20	338.60	(488.31)
Excise Duty		—	177.00
Employee Benefits Expense	21	1,185.67	1,432.41
Finance Costs	22	118.12	111.08
Depreciation and amortization expenses	2&3	317.15	407.78
Other expenses	23	1,490.63	1,736.95
Total Expenses (IV)		8,108.54	9,160.66
V. Profit/(Loss) before exceptional items and tax (III-IV)		47.44	(773.67)
VI. Exceptional items [income(+), expenses(-)]		—	—
VII. Profit before tax after exceptional items (V-VI)		47.44	(773.67)
VIII. Tax Expense :			
1) Current Tax		—	—
2) Prior year taxes		—	—
3) Deferred Tax		67.67	(228.71)
IX. Profit and Loss for the period from continuing operations (VII-VIII)		(20.23)	(544.96)
X. Other comprehensive income			
Items that will not be reclassified to Profit or Loss			
1. Changes in Fair value of FVTOCI equity instruments		(9.60)	38.61
1a. Deferred-tax relating to above		12.31	(34.67)
2. Remeasurement of post-employment defined benefit plans + (income)/-(expense)		0.46	(8.66)
2a. Deferred-tax relating to these items		(0.80)	2.86
3. Other Comprehensive income on exchange gain		0.35	(0.35)
3a. Deferred-tax relating to these items		(0.12)	0.12
Items that will be reclassified to Profit or Loss		—	—
Total of Other Comprehensive income for the year		2.60	(2.09)
XI. Profit/loss from discontinuing operations		—	—
XII. Tax expense of discontinuing operations		—	—
XIII. Profit/loss from discontinuing operations(after tax)		—	—
XIV. Total Comprehensive Income for the year (IX + X)		(17.63)	(547.05)
EPS-Basic		(0.40)	(10.74)
EPS-Diluted		(0.14)	(3.87)

See Accompanying notes to the financial statements

Significant Accounting Policies

Notes to the Financial Statements

1
2-33For and on behalf of the Board of Directors of
Veejay Lakshmi Engineering Works LimitedAs per our report of even date
For Manohar Chowdhry & Associates
Chartered Accountants, FRN No. 001997S(SD/-) V.J. JAYARAMAN (SD/-) J. ANAND (SD/-) D. RANGANATHAN (SD/-) V.K. SWAMINATHAN
Chairman Managing Director Whole-Time Director Company Secretary**M.S.N.M. SANTOSH**
Partner
M.No: 221916Place : Coimbatore
Date : 29.05.2019



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2019

₹ in lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
I. Cash Flows from Operating Activities		
Net profit before taxation and extraordinary item	47.44	(773.67)
Adjustments for:		
Depreciation	317.15	407.78
Provision for doubtful debts	(0.90)	(15.11)
Provision for gratuity & leave encashment	5.02	(1.30)
Interest expenses	118.12	111.08
Interest income on Fixed Deposits	(12.91)	(10.01)
Dividend Income	(0.60)	(0.61)
Profit on sale of Fixed Assets	(50.94)	(49.73)
Profit on sale of Investments	—	—
Operating profit before working capital changes	374.94	442.10
Working capital changes:		
(Increase)/Decrease in Trade receivables	(309.93)	138.48
(Increase)/Decrease in Inventories	380.05	(433.77)
(Increase)/Decrease in loans	(0.03)	(0.15)
(Increase)/Decrease in other current assets	154.65	(31.77)
(Increase)/Decrease in other financial Assets	—	1.58
Increase/(Decrease) in trade payables	148.15	(90.18)
(Increase)/Decrease in Non current Assets	(6.39)	—
Increase/(Decrease) in other financial liabilities	(71.92)	256.44
Increase/(Decrease) in other current liabilities	181.26	(413.52)
Proceeds from short term borrowings	(1,429.99)	1,721.11
Increase/(Decrease) in provisions	(6.21)	5.81
Cash generated from operations	(585.42)	1,596.13
Income (taxes)/refund (paid)/received	(11.41)	0.93
Net cash provided by operating activities	(549.39)	823.39
II. Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(45.71)	(256.74)
Proceeds from sale of Fixed Assets	72.80	56.63
Interest received on Fixed deposits	12.91	10.01
Proceeds from/(Investment in fixed deposits)	(12.33)	(0.52)
Proceeds from Investments	—	—
Dividend Income	0.60	0.61
Loans & advances given	(0.76)	(35.09)
Net cash used in investing activities	27.51	(225.10)
III. Cash Flows from Financing Activities		
Interest paid	(90.43)	(86.37)
Proceeds from long term borrowings	—	—
Repayment of borrowings	—	—
Net cash provided by financing activities	(90.43)	(86.37)
Net increase/(decrease) in cash and cash equivalents	(612.31)	511.92
Cash and cash equivalents at the beginning of the year	634.27	122.35
Cash and cash equivalents at the end of the year	21.96	634.27
Significant Accounting Policies	1	
Notes to financial statements	2-33	

Notes: 1. Figures in brackets represent out flows of cash and cash equivalents.

For and on behalf of the Board of Directors of
Veejay Lakshmi Engineering Works Limited

As per our report of even date
For Manohar Chowdhry & Associates
Chartered Accountants, FRN No. 001997S

(SD/-) V.J. JAYARAMAN (SD/-) J. ANAND (SD/-) D. RANGANATHAN (SD/-) V.K. SWAMINATHAN
Chairman Managing Director Whole-Time Director Company Secretary

M.S.N.M. SANTOSH
Partner

Place : Coimbatore
Date : 29.05.2019

M.No: 221916



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2018

Particulars	Equity Share Capital	Reserves and Surplus				Equity Instruments through Other Comprehensive Income	Items of Other Comprehensive Income	Cash Flow hedge	Total
		General Reserve	Capital Reserve	Securities premium	Retained Earnings				
Balance at the beginning of reporting Period (01.04.2017)	507.19	3,599.49	100.82	2,116.43	(867.48)	716.87	(4.86)	-	6,239.73
Profit for the year	-	-	-	-	(544.96)	-	-	-	(544.96)
Remeasurement of net defined benefit Liability/Asset (net of tax)	-	-	-	-	-	-	(5.80)	-	(5.80)
Changes in fair value of equity instruments through FVTOC [net of tax]	-	-	-	-	-	-	-	-	3.94
Cash flow hedges (Net of tax)	-	-	-	-	-	-	-	(0.23)	(0.23)
Total Comprehensive Income	-	-	-	-	(544.96)	-	(5.80)	(0.23)	(547.05)
Transfer to Reserves	-	-	-	-	-	-	-	-	-
Balance at the end of reporting Period (31.03.2018)	507.19	3,599.49	100.82	2,116.43	(1,412.44)	716.87	(10.66)	(0.23)	5,692.68

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2019

Particulars	Equity Share Capital	Reserves and Surplus				Equity Instruments through Other Comprehensive Income	Items of Other Comprehensive Income	Cash Flow hedge	Total
		General Reserve	Capital Reserve	Securities premium	Retained Earnings				
Balance at the beginning of reporting Period (01.04.2018)	507.19	3,599.49	100.82	2,116.43	(1,412.44)	716.87	(10.66)	(0.23)	5,692.68
Profit for the year	-	-	-	-	(20.23)	-	-	-	(20.23)
Remeasurement of net defined benefit Liability/Asset (net of tax)	-	-	-	-	-	-	(0.34)	-	(0.34)
Changes in fair value of equity instruments through FVTOC [net of tax]	-	-	-	-	-	-	-	-	2.71
Cash flow hedges (Net of tax)	-	-	-	-	-	-	-	0.23	0.23
Total Comprehensive Income	-	-	-	-	(20.23)	-	(0.34)	0.23	(17.63)
Transfer to Reserves	-	-	-	-	-	-	-	-	-
Balance at the end of reporting Period (31.03.2019)	507.19	3,599.49	100.82	2,116.43	(1,432.67)	716.87	(11.00)	-	5,675.05

Significant Accounting Policies 1

Notes to the Financial Statements 2-33

For and on behalf of the Board of Directors of
Veejay Lakshmi Engineering Works Limited

(Sd/-) V.J. JAYARAMAN (Sd/-) J. ANAND (Sd/-) D. RANGANATHAN (Sd/-) V.K. SWAMINATHAN
Chairman Managing Director Whole-Time Director Company Secretary

As per our report of even date
For Manohar Chowdhry & Associates
Chartered Accountants, FRN No. 001997S

M.S.N.M. Santosh
Partner
M.No. 221916

Place : Coimbatore
Date : 29.05.2019

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019****1. CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES****1. Corporate Information**

Veejay Lakshmi Engineering Works Limited is a public company incorporated in India under the provisions of the Companies Act, 1956. Its shares are listed on the Bombay Stock Exchange [BSE]. The principal place of business is Coimbatore. The Company manufactures Textile machinery used in post spinning operations and also has a textile unit producing yarn and knitted fabrics. The products are sold in both domestic and international markets. The financial statements are approved for issue by the Company's Board of Directors on 29th May, 2019.

2. Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with section 133 of the Companies Act, 2013. Upto the year ended 31st March, 2017, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which included Standards notified under the Companies (Accounting Standards) Rules, 2006.

3. Basis of preparation of financial statements

The financial statements are prepared on accrual basis of accounting under historical cost convention except as otherwise provided in policy and in accordance with Indian Accounting Standard (Ind-AS) as notified by Ministry of Corporate Affairs under Companies (Indian Accounting Standards) Rules, 2015 and guidelines issued by the Securities and Exchange Board of India (SEBI) and subsequent amendments thereof as well as with the additional requirements applicable to the financial statements as set forth in the Companies Act. All items having material bearing on the financial statements are recognised on the accrual basis.

4. Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair values.

Items	Measurement Basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/liability	Fair value of plan assets less present value of defined benefit obligation

Measurement of Fair Values

A number of Company's accounting policies and disclosures require a measurement of their fair value, for both financial and non-financial assets and liabilities

The Company has an established control framework with respect to the measurement of fair values. This includes periodic review of all significant fair value measurement, including level 3 fair values.

The management regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the Other Notes to Accounts.

5. Use of estimates and judgment

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of assets, liabilities expenses and revenue during the reporting period. Although such estimates and assumptions are made on reasonable and prudent basis taking into all possible information, actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognized in the period in which the estimates are revised.

Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements are valuation of defined benefit obligations, and provisions and contingent liabilities, impairment of trade receivables.

a) Impairment of Trade Receivables:

The company estimates the credit allowance as per practical expedient based on historical credit loss experience.

b) Provisions:

Provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. The policy for the same has been explained under Note 14 of Significant Accounting policies.

6. Functional and Presentation Currency

These Financial Statements are presented in Indian Rupees, which is also Company's functional currency. All the amounts have been rounded off to the nearest rupee, unless otherwise indicated.

7. Property, plant and Equipments and Intangible Assets

Property, Plant and Equipment are stated at cost, net of accumulated depreciation and impairment loss, if any. Such costs comprises of purchase price and any directly attributable cost of bringing the assets to its working condition for intended use and also include any estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

The company depreciates property, plant & equipment using the straight line method on an estimated life as prescribed in Schedule II to the Companies Act, 2013.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are stated at cost less accumulated amortization and impairment if any.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019**

The estimated useful lives and residual values of the Property, Plant & Equipment and Intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of Property, Plant & Equipment and intangible assets is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant & Equipment and intangible assets are determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit or loss. Advance paid towards the acquisition of property, plant & equipment outstanding at each Balance sheet date is classified as capital advance under other non-current assets.

8. Impairment of Assets**Financial Assets:**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. IND AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

Non-Financial Assets:

Property, Plant and Equipment and Other Intangible Assets: The Company reviews at each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit & loss.

9. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Property, plant and equipment and Intangible assets are not depreciated or amortized once classified as held for sale.

10. Investment Property

Investment property is property held in the form of land/building which is mainly held for the purpose of capital appreciation, but not for sale in the ordinary course of business. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less impairment losses, if any. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

11. Borrowing Cost

Borrowing Cost specifically identified to the acquisition or construction of qualifying assets is capitalized as part of cost of such assets up to the period the project is commissioned or asset is put to use. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. The borrowing cost incurred on common funds borrowed generally and used for the purpose of obtaining the qualifying assets, is apportioned on rational basis, the remaining borrowing costs are charged to the Statement of Profit and Loss. Income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Finance cost-Interest expense is recognised using Effective interest rate method.

12. Revenue Recognition

- a. Revenue from Sale transaction is recognised when the risks and rewards in the goods sold are transferred to buyer for a definite consideration.
- b. Revenue from Service transactions is recognized based on service completed and billed to clients as per the terms of specific contract.
- c. Interest: Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.
- d. Dividend Income is recognized when the company's right to receive is established.
- e. Export Incentives under Duty Drawback scheme are recognized when the right to receive payments is established and there is no uncertainty regarding the amount of consideration or its collectability.

13. Employee Benefits

Employee benefits include salaries, wages, provident fund, gratuity, leave encashment, compensate absences and retirement benefits.

Short-term employee benefits

Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized undiscounted during the period employee renders services. These benefits include remuneration, bonus, incentives, etc.

Long-term employee benefits

Defined contribution plans

Retirement benefit plans in the form of Provident Fund are charged as an expense on an accrual basis when employees have rendered the service.

Defined benefit plans

Defined benefit plans comprises of Gratuity. For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Re-measurement, comprising actuarial gains and losses and the effect of the changes to the asset ceiling (if applicable), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019**

in which they occur and consequently recognised in retained earnings and is not reclassified to profit or loss.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of reductions in future contributions to the plans.

Other long term employee benefits

Other long term employee benefit comprises of leave encashment. The leave benefits are recognized based on the present value of defined obligation which is computed using the projected unit credit method, with actuarial valuations being earned out at the end of each annual reporting period. These are accounted either as current employee cost or included in cost of assets as permitted.

14. Provisions and Contingent Liabilities

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of past event, it is probable that the company will be required to settle the obligation and reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into the account the risks and uncertainties surrounding the obligation. When provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value money is material).

Contingent liabilities are disclosed in the financial statements by way of notes to accounts, unless possibility of an outflow resources embodying economic benefit is remote. Contingent Liabilities are possible obligations that arises from past events and whose existence will be confirmed only when occurrence or non-occurrence of one or more future events not wholly within the control of the company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably the obligations are disclosed as a contingent liabilities, unless the probability of outflow of economic benefits is remote. Contingent assets are not recognized but disclosed in the financial statements when an inflow of economic benefits is probable.

15. Foreign Currency Transactions

The Company translates all foreign currency transactions at Exchange Rates prevailing on the date of transactions. Exchange rate differences resulting from foreign exchange transactions settled during the year are recognized as income or expenses in the period in which they arise. Monetary current assets and monetary current liabilities that are denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognized in the profit and loss account.

16. Taxes on Income

Income Tax expense comprises current tax and deferred tax.

Current Tax

Current Tax is the expected tax payable on taxable income for the year, using tax rates (tax laws) enacted or substantively enacted by the end of reporting period and includes adjustment on the account of tax in respect of previous year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Deferred Tax

Deferred tax is recognized using balance sheet method, providing for temporary difference between the carrying amount of asset or liability in the balance sheet and its tax base. Deferred tax is measured at the rate that are expected to apply when the temporary differences are either realized or settled, based on the laws that have been enacted or substantively enacted by the end of reporting period. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilized. The carrying amount of Deferred tax assets are reviewed at each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Minimum alternate tax (MAT) is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of MAT credit is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal income tax during the specified period.

Current and Deferred Tax for the year

Income tax expense is recognized in the statement of profit or loss account except to the extent that it relates to items recognized in other comprehensive income.

17. Financial Instruments

Financial assets and financial liabilities are recognized when Company becomes a party to the contractual provisions of the Instruments.

Financial assets and financial liabilities are initially measured at fair value, except when the effect is immaterial. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the Statement of profit and loss.

Financial Assets

Cash and cash equivalents

The company considers all highly liquid financial Instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturity of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of cash on hand and cash balances with banks which are unrestricted for withdrawal and usage.

Financial Asset at amortised cost

Financial assets are subsequently measured at amortized cost using the effective interest method, except when the effect of applying it is immaterial, if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are subsequently measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019**

give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company, on initial application of IND AS 109 Financial Instruments, has made an irrevocable election to present subsequent changes in fair value of equity instruments not held for trading in other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are measured at fair values at the end of each reporting period, with any gains or losses arising on re-measurement recognized in Profit or loss.

Investment in Associates

Investment in Associates is measured at cost in separate financial statements. Dividend income from subsidiaries is recognised when its right to receive the dividend is established.

Derivative financial instruments and hedge accounting

The Company uses foreign currency forward contracts / options to hedge its risks associated with foreign Currency fluctuations relating to certain forecasted transactions. The Company designates some of these forward contracts / options as hedge instruments and account for as cash flow hedges applying the recognition and measurement principles set out in the Ind AS 109.

The counter party to the Company's foreign currency forward contracts is generally a bank. The Company does not use derivative financial instruments for speculative purposes. Foreign currency forward contract/option derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised in other comprehensive income and accumulated under effective portion of cash flow hedges. Amounts previously recognised in other comprehensive income and accumulated in effective portion of cash flow hedges are reclassified to the Statement of Profit or Loss in the same period in which gains/losses on the item hedged are recognised in the Statement of Profit or Loss. However when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in effective portion of cash flow hedges are transferred from effective portion of cash flow hedges and included in the initial measurement of the cost of the nonfinancial asset or non-financial liability. Profit or loss arising on cancellation or renewal of a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal occurs. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the Statement of Profit and Loss as they arise.

Impairment of Financial assets

The Company assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to 12 month expected credit losses or at an amount equal to lifetime expected losses, if the credit risk on the financial asset has increased significantly since initial recognition.

De-recognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On de-recognition of a financial asset in its entirety, (except



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

for equity instruments designated as FVTOCI), the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in statement of profit and loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities at amortized cost

Financial liabilities are subsequently measured at amortized cost using the effective interest method, except when the effect of applying it is immaterial.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue cost.

De-recognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Effective interest method

The effective Interest method is a method of calculating the amortized cost of a debt Instrument and of allocating interest Income over the relevant period. The effective Interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial Guarantee contracts

Financial guarantee contracts issued by the Company are initially measured at fair value and subsequently measured at the higher of the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18 Revenue.

18. Inventories

Inventories are valued at lower of cost and net realisable value after providing for obsolescence wherever necessary. Cost is determined on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

19. Statement of Cash Flows

Cash Flows are reported using indirect method, whereby profit/(loss) before tax is adjusted for the effect of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing of financing cash flows from operating, investing and financing activities of the company are segregated.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019****20. Leases****Operating lease**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term except where the increment in lease rentals is in line with general rate of inflation.

21. Earnings Per Share

Basic Earnings per share are computed by dividing the profit/loss after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing profit/loss after tax as adjusted for dividend, interest and other charges to expense or income relating dilutive potential equity share, by the weighted number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity.

22. Current vs Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

1. Expected to be realised or intended to be sold or consumed in normal operating cycle, or
2. Held primarily for the purpose of trading, or
3. Expected to be realised within twelve months after the reporting period, or
4. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

1. It is expected to be settled in normal operating cycle, or
2. It is held primarily for the purpose of trading, or
3. It is due to be settled within twelve months after the reporting period, or
4. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

23. Segment Reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components, and for which discrete financial information is available. Operating Segments are identified based on the nature of products and services. For reporting, the business has been split into two segments-Engineering and Textiles.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019****24. Accounting policy on revenue recognition**

The Company has adopted Ind AS 115 'Revenue from Contracts with Customers' with the date of initial application being April 1, 2018. Ind AS 115 establishes a comprehensive framework on revenue recognition. Ind AS 115 replaces Ind AS 18 'Revenue' and Ind AS 11 'Construction Contracts.'

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts. Revenue is recognised on the basis of despatches in accordance with the terms of sale when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of the goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably. The timing of transfers of risk and rewards varies depending on the individual terms of sale.

- a. Revenue from services is recognized in accordance with the specific terms of contract on performance.
- b. Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.
- c. Dividend Income is recognized when the company's right to receive is established.
- d. Export Incentives under Duty Drawback scheme are recognized when the right to receive payments is established and there is no uncertainty regarding the amount of consideration or its collectability.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

2. Property, Plant and Equipment

Particulars	Free Hold Land	Buildings	Plant and Equip-ment	Furniture and Fix-tures	Vehicles	Office Equip-ments	Total
Gross carrying Amount							
As at 01/04/2017	1,112.82	1,385.72	2,180.52	58.50	12.70	8.20	4,758.46
Additions	—	3.32	251.89	—	0.39	1.13	256.73
Elimination on Disposal	—	2.04	2.66	—	0.02	—	4.72
As at 31/03/2018	1,112.82	1,387.00	2,429.75	58.50	13.07	9.33	5,010.47
Additions	—	—	45.07	0.50	—	0.14	45.71
Elimination on Disposal	—	—	18.51	—	—	—	18.51
As at 31/03/2019	1,112.82	1,387.00	2,456.31	59.00	13.07	9.47	5,037.67
Depreciation and Impairment							
As at 01/04/2017	—	64.81	364.73	22.58	1.60	4.12	457.84
Depreciation Charge for the year	—	64.83	312.11	16.50	1.55	2.07	397.06
Eliminated on Disposal	—	—	—	—	—	—	—
As at 31/03/2018	—	129.64	676.84	39.08	3.15	6.19	854.90
Depreciation Charge for the year	—	67.61	222.61	16.56	1.53	0.80	309.11
Eliminated on Disposal	—	—	—	—	—	—	—
As at 31/03/2019	—	197.25	899.45	55.64	4.68	6.99	1,164.01
Net book value							
As at 31/03/2019	1,112.82	1,189.75	1,556.86	3.36	8.39	2.48	3,873.66
As at 31/03/2018	1,112.82	1,257.36	1,752.91	19.42	9.92	3.14	4,155.57

All factory land and buildings and movable fixed assets have been offered as security for the loans availed from banks. Refer Note No. 14(a) for details of outstanding balances

3. Investment property

Particulars	Free Hold Land	Buildings	Total
Gross carrying Amount			
As at 01/04/2017	7.27	134.92	142.19
Additions	—	—	—
Elimination on Disposal	—	—	—
As at 31/03/2018	7.27	134.92	142.19
Additions	—	—	—
Elimination on Disposal	—	—	—
As at 31/03/2019	7.27	134.92	142.19
Depreciation and Impairment			
As at 01/04/2017	—	10.73	10.73
Additions	—	10.72	10.72
Elimination on Disposal	—	—	—
As at 31/03/2018	—	21.45	21.45
Depreciation Expense	—	8.04	8.04
Eliminated on Disposal	—	—	—
As at 31/03/2019	—	29.49	29.49
Net book value			
As at 31/03/2019	7.27	105.43	112.70
As at 31/03/2018	7.27	113.47	120.74

The investment property was rented from 21-04-2018 and the rent received from the investment property during 2018-19 is Rs.102.77 Lakhs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

4. Intangible assets

Particulars	Software	Total
Gross Carrying Amount		
As at 1.4.2017	0.01	0.01
Additions/deletions	—	—
As at 31.3.2018	0.01	0.01
Additions/deletions	—	—
As at 31.3.2019	0.01	0.01
Amortisation and Impairment		
As at 1.4.2017	0.01	0.01
Amortisation	—	—
As at 31.3.2018	0.01	0.01
Amortisation	—	—
As at 31.3.2019	0.01	0.01
Net book value 31.03.2019	—	—
Net book value 31.03.2018	—	—

5. Financial Assets: Non Current

5(a) Investments

Name of the Coy/Security	3/31/2019		3/31/2018	
	Qty	Amount	Qty	Amount
Quoted Investments-fully paid up (A)				
Investments in equity instruments				
M/s Lakshmi Machine Works Limited-Face value of Rs 10/- each	1,500	91.40	1,500	103.35
M/s Precision Fasteners Limited-Face value of Rs 10/- each	10,000	—	10,000	—
M/s IFCI Limited- Face value of Rs 10/- each	200	0.03	200	0.04
M/s State Bank of India - Face value of Rs 1/- each	3,340	10.71	3,340	8.35
Unquoted Investments-fully paid up (B)				
Investments in equity instruments-Associate				
M/s Veejay Sales and Services Limited-Face value of Rs 10/- each	13,100	1.31	13,100	1.31
Total		103.45		113.05
Total Non-Current Investments				
Aggregate amount of quoted investments and market value		102.14		111.74
Aggregate amount of unquoted investments		1.31		1.31
Aggregate amount of impairment in value of investments.		—		—
		103.45		113.05
Category wise investments-as per IND AS 109 classification				
Financial Assets carried at Fair value through Profit or Loss (FVTPL)		—		—
Financial Assets carried at Amortised cost		1.31		1.31
Financial Assets carried at Fair value through Other Comprehensive Income (FVTOCI)		102.14		111.74
Total		103.45		113.05



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

5(b) Loans

Particulars	As at 31.03.2019	As at 31.03.2018
Unsecured and considered good		
Security Deposits	161.72	160.96
Rental Advances	0.06	0.06
Total	161.78	161.02

Loans do not include any due from directors/related parties/key managerial personnel.

6. Deferred Tax

Particulars	31.03.2019	31.03.2018
Total	401.92	458.20

Deferred Tax Assets/ (Liabilities):

Particulars	Opening balance	On a/c of rate diff recognised in p&l	On a/c of rate diff recognised in other comp income	Recognised in Profit & Loss	Recognised in OCI	Total
For the year ended 31 March 2018						
Disallowances under Income Tax Act	20.45	—	—	0.45	—	20.90
Provision for Doubtful debts	2.77	—	—	(2.47)	—	0.30
Gratuity	16.95	—	—	(2.24)	2.86	17.57
Leave encashment	0.45	—	—	0.29	—	0.74
VRS	14.01	—	—	(4.01)	—	10.00
Carryforward of losses	835.17	—	—	260.63	—	1095.80
Property, plant and equipment and Intangible asset	(522.20)	—	—	(17.08)	—	(539.28)
Equity portion of loan from Directors	(214.70)	—	—	(6.86)	—	(221.56)
Fair valuation of Investments	—	—	—	—	(34.67)	(34.67)
Cash flow hedge	—	—	—	—	0.12	0.12
Total	152.90	—	—	228.71	(31.69)	349.92
Mat Tax Credits	108.28	—	—	—	—	108.28
Total Deferred Tax	261.18	—	—	228.71	(31.69)	458.20
For the year ended 31 March 2019						
Disallowances under Income Tax Act	20.90	(3.31)	—	(9.98)	—	7.61
Provision for Doubtful debts	0.30	(0.05)	—	(0.25)	—	—
Gratuity	17.57	(2.12)	(0.67)	1.16	(0.13)	15.81
Leave encashment	0.74	(0.12)	—	(0.49)	—	0.13
VRS	10.00	(1.59)	—	(4.20)	—	4.21
Carryforward of losses	1,095.80	(173.77)	—	(5.04)	—	916.99
Property, plant and equipment and Intangible asset	(539.28)	85.52	—	6.13	—	(447.63)
Equity portion of loan from Directors	(221.56)	35.13	—	7.71	—	(178.72)
Fair valuation of Investments	(34.67)	(4.14)	9.64	1.74	2.67	(24.76)
Cash flow hedge	0.12	—	(0.02)	—	(0.10)	—
Total	349.92	(64.45)	8.95	(3.22)	2.44	293.64
Mat Tax Credits	108.28	—	—	—	—	108.28
Total Deferred Tax	458.20	—	—	(67.67)	11.39	401.92

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

7. Other Non current Assets (Unsecured considered good)

Particulars	31.03.2019	31.03.2018
Advance for Capital Expenditure	44.14	37.75
Total	44.14	37.75

Current Assets:

8. Inventories

Particulars	31.03.2019	31.03.2018
Raw Materials	1,911.29	1,912.37
Components	211.29	242.63
Scrap	11.81	8.30
Work-in-Progress	435.53	525.38
Stores and spares	67.66	76.69
Finished goods	465.35	717.61
Total	3,102.93	3,482.98

All the current assets including Inventories are offered as primary security for the loans availed from banks. Refer Note No. 14(a) for details of outstanding balances.

Amount of inventories recognised as expense during the year is Rs.4,658.37 lakhs (previous year -Rs 5,783.75 lakhs)

8(b) Trade Receivables

Particulars	31.03.2019	31.03.2018
Unsecured considered good	568.46	258.18
Unsecured and considered doubtful	—	—
	568.46	258.18
Less: Allowance for bad and doubtful debts	—	(0.90)
Total	568.46	257.28

Sale is generally made against payments received in advance or bills through banks with or without L/cs. Provision is made only for credit sales where bills have not been routed through bank. No allowance has been made for bad and doubtful debts as at 31/03/2019 as all book debts are considered good and expected to be realised in full.

Receivables do not include any dues from Directors and Key Managerial personnel. Dues from a company in which a director is interested is Rs. 127.78 Lakhs as at 31.3.2019 (PY Rs.104.51 Lakhs)

8(c) Cash and Cash equivalents

Particulars	31.03.2019	31.03.2018
Balance with Banks		
— in Current Accounts	20.24	614.56
— in Deposit Account with maturity less than 3 months	—	16.12
— in Deposit Accounts	—	—
Cash on hand	1.72	3.59
Total	21.96	634.27

8(d) Bank Balances other than above

Particulars	31.03.2019	31.03.2018
Deposits for Margin money or for other commitments/security	14.85	0.53
Ear marked balances with Banks-Unclaimed Dividends	—	1.99
Total	14.85	2.52



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

8(e) Loans

Particulars	31.03.2019	31.03.2018
Unsecured-considered good		
Advance to Staff and Workers	5.65	5.62
Total Loans	5.65	5.62

Loans do not include any dues from Directors, Key Managerial personnel or Related parties

9. Other Current Assets

Particulars	31.03.2019	31.03.2018
Prepaid Expenses	24.23	28.05
Advance to Suppliers	15.33	36.33
GST	81.39	209.33
IT refunds due	40.00	28.59
Duty draw back receivable	8.39	10.28
Tuf Subsidy Receivable	3.23	3.23
Total Other Current Assets	172.57	315.81

Advances do not include any dues from Directors, Key Managerial personnel or Related parties

10. Equity Share Capital

Particulars	31.03.2019	31.03.2018
(i) Authorised Capital		
180,00,000 equity shares of par value Rs. 10/- each	1,800.00	1,800.00
(ii) Issued, Subscribed and fully paid up Capital		
50,71,900 Equity shares of par value Rs. 10/- each	507.19	507.19
Subscribed but not fully paid	Nil	Nil

(i) Reconciliation of shares Outstanding at the beginning and at the end of the period

Particulars	31.03.2019	31.03.2018
	No. of shares	
No of shares paid up outstanding at the beginning of reporting period	50,71,900	50,71,900
Add : Issued or allotted during the year	Nil	Nil
Less : Shares bought back during the year	Nil	Nil
No of shares paid up outstanding at the end of reporting period	50,71,900	50,71,900

(ii) Terms/Rights and restrictions attached to the equity shares

The Company has only one class of equity shares having par value of Rs.10/- share. Each holder of equity shares is entitled to one vote per share.

(iii) The details of shareholders holding more than 5% of shares in the company

Particulars	31.03.2019		31.03.2018	
	No. of shares	% held	No. of shares	% held
Sri V.J. Jayaraman	12,35,494	24.36%	12,35,494	24.36%
Smt J. Vidya	7,36,110	14.51%	7,36,110	14.51%
Sri J.Anand	12,26,137	24.18%	12,09,807	23.85%



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

Preference Share Capital

Preference Share Capital (6% non cumulative redeemable preference shares of Rs. 10 each)

Particulars	31.03.2019	31.03.2018
Authorised Capital No of shares	3,60,00,000	3,60,00,000
Authorised Capital-Amount Rs. In Lakhs	3,600	3,600
Subscribed and Paid up	—	—

11. Other Equity

Particulars	31.03.2019	31.03.2018
i) Securities Premium Account	2,116.43	2,116.43
ii) Retained Earnings		
Opening	(1,412.44)	(867.48)
Add : Current year surplus	(20.23)	(544.96)
Transfer to Reserves	—	—
Closing	(1,432.67)	(1,412.44)
iii) Other Comprehensive Income		
Opening	64.32	66.41
Movement in OCI (Net) during the year	2.60	(2.09)
Closing	66.92	64.32
iv) Equity Component of compound Financial Instrument		
Opening	716.87	716.87
Movements during the year	—	—
Closing	716.87	716.87
v) General Reserve		
Opening	3,599.49	3,599.49
Additions During the year	—	—
Closing	3,599.49	3,599.49
vi) Capital Reserve		
Opening	100.82	100.82
Current year addition/deletion	—	—
Closing	100.82	100.82
Total Other Equity	5,167.86	5,185.49

12. Financial Liabilities-Non Current

Borrowings

Particulars	31.03.2019	31.03.2018
Unsecured		
Loans from Directors	257.59	229.90
Total	257.59	229.90

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019**

(All amounts are in ₹ lakhs, unless otherwise stated)

13. Provisions

Particulars	31.03.2019	31.03.2018
Provision for Employee benefits-Gratuity & Leave salary	59.73	55.17
Total	59.73	55.17

14. Financial Liabilities**14(a) Current Borrowings**

Particulars	31.03.2019	31.03.2018
Secured		
Loans repayable on demand	—	—
Working capital facilities	—	—
State Bank of India	884.62	1,418.04
Bank of Baroda	264.23	382.86
Indian Overseas Bank	108.77	478.84
Unsecured		
Loans from Directors repayable on demand	10.37	18.24
ICICI Home Finance Ltd	—	400.00
Total Short term Borrowings	1,267.99	2,697.98

All the secured Loans are secured by a first charge on current assets and movable fixed assets and Mortgage of factory land and buildings on pari passu basis.

14(b) Trade Payables

Particulars	31.03.2019	31.03.2018
Dues to Micro, Small and Medium Enterprises.	—	274.51
Dues to other than Micro, Small and Medium Enterprises.	659.15	236.49
Total Payables	659.15	511.00

14(c) Other Financial Liability

Particulars	31.03.2019	31.03.2018
Rental Advances	54.41	54.41
Unclaimed Dividends	—	1.99
Salary Payable	43.82	60.15
Expenses payable	95.26	148.86
Total Other Current Liabilities	193.49	265.41

15. Other Current Liabilities

Particulars	31.03.2019	31.03.2018
Advance Received from customers	495.22	304.96
Statutory Dues	15.44	24.44
Total	510.66	329.40

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

16. Provisions

Particulars	31.03.2019	31.03.2018
Provision for Employee benefits		
i) Provision for Bonus	27.34	31.04
ii) Leave encashment	0.48	0.23
iii) Provision for Warranty	4.57	7.33
Total	32.39	38.60

17. Revenue from Operations

Particulars	31.03.2019	31.03.2018
a) Sale of Products (Including Excise Duty)	7,891.60	8,208.96
b) Sale of Services	21.50	20.46
c) Other operating revenues	40.10	83.32
Total	7,953.20	8,312.74

18. Other Income

Particulars	31.03.2019	31.03.2018
Interest Income	12.91	10.01
Dividend Income	0.60	0.61
Foreign Exchange gain (net)	23.68	4.77
Profit on sale of Assets	50.94	49.73
Rental Income	102.77	—
Miscellaneous Income	11.88	9.13
Total	202.78	74.25

19. Cost of materials consumed

Particulars	31.03.2019	31.03.2018
Raw materials-Ferrous	278.03	713.67
Raw materials-Non-Ferrous	54.07	134.77
Raw materials-Castings	41.17	123.33
Raw materials-Non metals	50.13	107.58
Components & Others	279.47	773.79
Cotton Consumed	3,955.50	3,930.61
Materials consumed	4,658.37	5,783.75

20. Changes in Inventories of Finished goods, Work-in process and Stock in trade

Particulars	31.03.2019	31.03.2018
Opening stock	1,251.29	762.98
Closing stock	912.69	1,251.29
Change in inventory	338.60	(488.31)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019**

(All amounts are in ₹ lakhs, unless otherwise stated)

21. Employee Benefit expenses

Particulars	31.03.2019	31.03.2018
Salary and Allowances	1,006.67	1,169.18
Contribution to Provident Fund	37.06	73.82
Staff and Labour Welfare expenses	110.16	152.53
Bonus	24.40	30.58
Gratuity	7.38	6.30
Total	1,185.67	1,432.41

22. Finance costs

Particulars	31.03.2019	31.03.2018
Interest expense	98.65	88.47
Other borrowing costs (Loan Processing Charges, Commitment charges, Inspection fee etc., relating to loans)	19.47	22.61
Total	118.12	111.08

23. Other expenses

Particulars	31.03.2019	31.03.2018
Stores consumed	205.91	347.64
Fabrication Charges	81.36	250.30
Power and Fuel	554.83	450.74
Freight	116.80	118.14
Printing and Stationery	7.04	11.16
Postage and Telephone	14.08	13.67
Travelling and Vehicle Maintenance	77.13	65.89
Insurance	9.48	6.15
Rent	6.20	6.21
Bank Charges	9.96	11.13
Licences and Taxes	55.79	38.22
Sales commission	166.03	183.48
Sales promotion & Advertisement expenses	6.37	12.62
Subscription and periodicals	5.12	4.39
Directors' sitting fees	1.70	1.70
Audit fees	2.45	3.73
Legal and Professional charges	24.45	18.12
Repairs and Maintenance-Buildings	30.59	24.53
Repairs and Maintenance-Machinery	110.39	159.96
Repairs and Maintenance-Others	4.83	9.07
Donations	0.12	0.10
Total	1,490.63	1,736.95

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

24. Payments to Auditors

Particulars	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Audit Fees		
For Statutory Audit and Limited Review	2.45	2.91
For other services (Certifications etc)	—	0.82
Total	2.45	3.73

25. As defined under Micro, small and Medium Enterprises Development Act 2006, the disclosure in respect of the amount payable to such enterprises as at 31.03.2019 has been made in the financial statements based on information received and available with the company.

Particulars	As at 31-Mar-19	As at 31-Mar-18
a) The Principal amount due there on remaining unpaid to any supplier as at the end of each accounting year	—	274.51
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	—	—
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.	—	—
d) The amount of interest accrued and remaining unpaid at the end of each accounting year	—	—
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.	—	—

26. Reconciliation of effective tax rate

Particulars	31-Mar-19	31-Mar-18
Profit before Income tax	47.44	(773.67)
Estimated tax rate in India	27.82%	33.06%
Computed expected tax expense	13.20	—
Tax effects of amounts which are not deductible (taxable) in calculating taxable income	115.70	93.64
Tax effects of amounts which are deductible in calculating taxable income	(127.75)	(34.25)
Tax effects due to adjustment of losses-(current/brought forward)	(1.15)	(59.39)
Net tax payable	—	—
Effective tax rate	—	—

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019**

(All amounts are in ₹ lakhs, unless otherwise stated)

27. Contingent liabilities and Capital Commitments

Particulars	As at 31-Mar-19	As at 31-Mar-18
A. Contingent Liabilities		
Claims against the company not acknowledged as debts		
i) On Account of Central Excise and Service tax	74.68	9.64
ii) Duty liability and interest on account of pending export obligation against EPCG License.	35.00	35.00
iii) Arbitration awards were made in favour of two foreign cotton suppliers. This has been challenged by the company in the Court of law	74.08	69.65
iv) Claim from the buyer of the Textile unit sold by the company in respect of workers retrenched before sale of the textile unit at Udumalpet	31.60	32.00
v) Letter of Credit issued by Banks on behalf of company	—	—
Total	215.36	146.29
B. Capital Commitments	As at 31-Mar-19	As at 31-Mar-18
Estimated amounts of Capital contracts	—	—
	—	—

28. Earnings Per Share

Particulars	As at 31-Mar-19	As at 31-Mar-18
Profit after taxation	(20.23)	(544.96)
Equity shares outstanding at the end of the year (In No.'s)	50,71,900	50,71,900
Weighted average number of Equity shares outstanding during the year	50,71,900	50,71,900
Earnings per share (Basic) (In Rs)	(0.40)	(10.74)
Earnings per share (Diluted) (In Rs)	(0.14)	(3.87)
Nominal value per share (Rs)	10.00	10.00

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019**30 Segment information**

(All amounts are in ₹ lakhs, unless otherwise stated)

Primary segment information (business segments)

Particulars	2018-19					2017-18				
	Engineering	Textile	Unallocated	Inter Segment eliminations	Total	Engineering	Textile	Unallocated	Inter Segment eliminations	Total
a) Revenue	1,974.12	5,993.51	–	–	7,967.63	3,663.36	4,833.50	–	–	8,496.86
b) Inter Segment sales	–	–	–	(14.43)	(14.43)	–	–	–	(184.12)	(184.12)
Total Revenue	1,974.12	5,993.51	–	(14.43)	7,953.20	3,663.36	4,833.50	–	(184.12)	8,312.74
c) Result	63.86	38.02	–	–	101.88	(378.66)	(262.91)	–	–	(641.57)
Add: Unallocated income (net of expenditure)					63.68					(21.02)
Profit before interest and tax					165.56					(662.59)
Interest					118.12					111.08
Profit before tax					47.44					(773.67)
Tax expenses										
- Current tax					–					–
- Deferred tax					67.67					(228.71)
- Tax - Earlier years					–					–
- Total					67.67					(228.71)
Profit for the year					(20.23)					(544.96)
c) Assets	1,732.63	6,001.45	–	–	7,734.08	2,090.55	5,506.34	–	–	7,596.89
Add: Unallocated corporate assets					921.97					2,223.25
Total assets					8,656.05					9,820.14
d) Liabilities	810.96	590.05	–	–	1,401.01	765.84	376.98	–	–	1,142.82
Add: Unallocated corporate liabilities					1,579.99					2,984.65
Total liabilities					2,981.00					4,127.47
e) Capital assets acquired during the year	0.18	45.53	–	–	45.71	2.97	253.76	–	–	256.73
f) Depreciation, impairment and amortisation	69.46	235.53	12.16	–	317.15	103.26	264.07	40.45	–	407.78
g) Other non-cash charges except depreciation, impairment and amortisation	–	–	–	–	–	–	–	–	–	–

Revenue from Engineering division is on account of sales of textile machinery and spares and the textile division revenue is on account of cotton yarn and fabrics. Approximately INR Rs.2329.75 lakhs has been realised from exports (Engineering Division Rs.69.42 lakhs and Textile Division Rs.2260.33 lakhs). Previous year Total exports Rs.2800.62 lakhs. (Engineering Division Rs. 436.78 lakhs and Textile Division Rs.2363.84 lakhs). There are 4 customers contributing individually 10% or more of total revenue for 2018-19 and all customers contributed less than 10% in 2017-18. The largest sales turnover to a single customer in 2018-19 is Rs.1084.31 lakhs and Rs.738.77 lakhs in previous year.

Reconciliations to amounts reflected in the financial statements

Reconciliation of profit	31-Mar-19	31-Mar-18
Segment profit	101.88	(641.57)
Dividend Income	0.60	0.61
Net gain on disposal of property, plant and equipment	–	39.20
Income from Investments	–	–
Net foreign exchange gains	–	–
Depreciation on Corporate Assets	(1.44)	(40.45)

	31-Mar-19	31-Mar-18
Other Expenses-Audit fees stationery, Professional Charges etc.,	(29.85)	(30.39)
Income from Investment Property (net of expenses)	81.46	–
Interest Income	12.91	10.01
Profit before interest and tax	165.56	(662.59)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

Reconciliation of assets	31-Mar-19	31-Mar-18
Segment operating assets	7,734.08	7,596.89
Corporate Assets - Property & Investments	440.01	1,096.44
Interest & Other Receivables	3.23	3.23
Cash and Cash equivalents	36.81	636.79
TDS receivable	40.00	28.59
Deferred tax Asset (net)	401.92	458.20
Total assets	8,656.05	9,820.14

Reconciliation of liabilities	31-Mar-19	31-Mar-18
Segment operating liabilities	1,401.01	1,431.68
Long Term Borrowings	257.59	205.19
Short term Borrowings	1,267.99	976.87
Other Current Liabilities	54.41	–
Unpaid Dividends	–	1.99
Total liabilities	2,981.00	2,615.73

31. RELATED PARTY DISCLOSURES

(i) Companies/Firms with which the company had transactions during the year.

1. M/s Veejay Sales and Services Limited
2. M/s Veejay Marketing
3. M/s Team Tiger Enterprises Pvt Ltd
4. M/s Sree Meenakshi and Co
5. M/s Lakshmi Card Clothing Manufacturing Co. P. Ltd
6. M/s Augustan Knitwear P. Ltd.
7. Ms Sasirekha Vengatesh
8. M/s S.K.D.C Consultants Ltd.,

(ii) Companies/Firms with which the company had no transactions during the year.

1. M/s The Krishna Mills Private Limited
2. M/s Prathishta Weaving & Knitting Co. Limited
3. M/s Augustan Textile Colors Limited

(iii) Key Management Personnel

1. Sri V.J.Jayaraman, Chairman
2. Sri J.Anand, Managing Director
3. Sri D.Ranganathan, Whole Time Director
4. Sri V.K.Swaminathan, Company Secretary

(B) Related party transactions

Particulars	Associated Companies/ Firms	Key Managerial personnel	Relative of Key Managerial Personnel	Total
Purchase of goods and services-Wind power, spare parts and services/job works	155.83	–	–	155.83
	<i>190.13</i>	–	–	<i>190.13</i>
Sale of goods and job works	845.94	–	–	845.94
	<i>778.36</i>	–	–	<i>778.36</i>
Rent paid	4.80	–	1.23	6.03
	<i>4.80</i>	–	<i>1.23</i>	<i>6.03</i>
Managerial Remuneration	–	48.66	–	48.66
	–	<i>45.86</i>	–	<i>45.86</i>
Unsecured loans outstanding at year end	–	267.96	–	267.96
	–	<i>248.14</i>	–	<i>248.14</i>
Outstanding due from the company	270.90	–	–	270.90
	<i>187.86</i>	–	–	<i>187.86</i>
Outstanding due to the company	128.78	–	–	128.78
	<i>107.66</i>	–	–	<i>107.66</i>

Figures in Italics represent prior period figures.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

32. As per IND AS 19 “Employee Benefits,” the disclosure of Employee benefits are given below:

Defined benefit plan and other Long term Employee benefits

Gratuity Plan

The company operates gratuity plan wherein every employee is entitled to benefit equivalent to 15 days salary last drawn for each completed year of service. The same is payable at the earlier of retirement or termination. The benefit vests after five years of continuous service.

Reconciliation of opening and closing balance of the present value of defined benefit obligation

Particulars	Leave Encashment Unfunded		Gratuity Unfunded	
	As at 31-Mar-19	As at 31-Mar-18	As at 31-Mar-19	As at 31-Mar-18
Projected benefit obligation at the beginning of the year	2.25	1.47	55.31	49.98
Service cost	1.22	1.01	3.42	3.21
Interest cost	0.17	0.11	4.13	3.25
Past Service cost	—	—	—	—
Remeasurement (Gain)/Loss	(0.25)	(0.34)	(0.14)	8.50
Benefits paid	—	—	(3.73)	(9.63)
Projected benefit obligation at the end of the year	3.39	2.25	58.98	55.31

Amount recognised in Balance Sheet

Particulars	Leave Encashment Unfunded		Gratuity Unfunded	
	As at 31-Mar-19	As at 31-Mar-18	As at 31-Mar-19	As at 31-Mar-18
Projected benefit obligation at the end of the year	3.39	2.25	58.98	55.31
Fair value of plan assets at the end of the year	—	—	2.15	2.16
Amount of liability recognised in the Balance sheet	3.39	2.25	56.83	53.15
Current Liability	0.48	0.23	—	—
Non Current Liability	2.91	2.02	56.83	53.15

Expense Recognised in Statement of Profit and Loss Account

Particulars	Leave Encashment Unfunded		Gratuity Unfunded	
	Year ended 31-Mar-19	Year ended 31-Mar-18	Year ended 31-Mar-19	Year ended 31-Mar-18
Service cost	1.22	1.01	3.42	3.21
Interest cost	0.17	0.11	4.13	3.25
Past Service cost	—	—	—	—
Expected return on plan assets	—	—	(0.17)	(0.16)
Actuarial Gain/loss due to demographic Assumption changes in defined benefit obligation	0.03	0.26	—	—
Actuarial Gain/loss due to Financial assumption changes in defined benefit obligation	—	—	—	—
Actuarial Gain/loss due to Experience adjustment changes in defined benefit obligation	(0.28)	(0.60)	(0.31)	8.66
Return on plan assets (Greater)/lesser than Discount rate	—	—	—	—
Total cost recognised in Profit and Loss account and OCI	1.14	0.78	7.07	14.96
Cost recognised in Profit and loss Account	1.14	0.78	7.38	6.30
Remeasurement effect recognised in OCI	—	—	(0.31)	8.66
Total defined Benefit Cost	1.14	0.78	7.07	14.96



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

Summary of Actuarial Assumptions

Particulars	Leave Encashment Unfunded		Gratuity Unfunded	
	Year ended 31-Mar-19	Year ended 31-Mar-18	Year ended 31-Mar-19	Year ended 31-Mar-18
Mortality rate(LIC)	—	—	—	—
Discount rate p.a	7.62%	7.72%	7.62%	7.72%
Expected rate of return on plan assets p.a	7.62%	—	7.62%	7.72%
Rate of escalation of salary p.a	5%	5%	5%	5%
Attrition	2%	2%	2%	2%
Leave accounting and consumption technique	—	—	NA	NA
Proportion of leave availment	10%	10%	NA	NA
Proportion of encashment in Service/ Lapse	—	—	NA	NA
Proportion of encashment on separation	90%	90%	NA	NA

The estimate of rate of escalation in salary considered in actuarial valuation, taken into account inflation, seniority, promotion and other relevant factors. The discount rate has been chosen by reference to market yields on Government Bonds. The above information is certified by actuary.

The overall expected rate of return on assets is determined based on the market prices prevailing on the data applicable to the period over which the obligation is to be settled.

The expected cash flows over the next five years are as follows:

Year	Leave Encashment	Gratuity
1 year	0.07	1.83
2 to 5 years	0.58	10.80
6 to 10 years	2.15	23.68

Sensitivity Analysis of Significant Actuarial Assumptions

Particulars	Leave Encashment	
	March 31, 2019	March 31, 2018
	Change in Defined benefit Obligation	
Discount rate + 50 basis points	0.08	0.08
Discount rate - 50 basis points	0.07	0.07
Salary growth rate + 50 basis points	0.06	0.06
Salary growth rate - 50 basis points	0.05	0.05

Particulars	Gratuity	
	March 31, 2019	March 31, 2018
	Change in Defined benefit Obligation	
Discount rate + 50 basis points	0.08	0.08
Discount rate - 50 basis points	0.07	0.07
Salary growth rate + 50 basis points	0.06	0.06
Salary growth rate - 50 basis points	0.05	0.05

While one of the parameters mentioned above is changed by 100 basis points, other parameters kept unchanged for evaluating the defined benefit obligation. While there is no change in the method used for sensitivity analysis from previous period, the change in assumptions now considered are with reference to the current assumptions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

33. Financial Instruments and Risk Review

Financial Instruments

The carrying value and fair value of financial instruments by categories as of March 31, 2019 is as follows:

(Amount ₹ in Lakhs)

Particulars	Fair Value through P&L	Fair Value through Comprehensive Income	Amortised Cost	Total Carrying Amount
Assets:				
Cash and Cash Equivalents	–	–	21.96	21.96
Other Balances with Bank	–	–	14.85	14.85
Trade receivables	–	–	568.46	568.46
Loans	–	–	167.43	167.43
Investments	–	102.14	1.31	103.45
Other Financial Assets	–	–	–	–
Total	–	102.14	774.01	876.15
Liabilities				
Trade and Other Payables	–	–	659.15	659.15
Borrowings	–	–	1,525.58	1,525.58
Other Financial Liabilities	–	–	193.49	193.49
Total	–	–	2,378.22	2,378.22

The carrying value and fair value of financial instruments by categories as of March 31, 2018 is as follows:

(Amount ₹ in Lakhs)

Particulars	Fair Value through P&L	Fair Value through Comprehensive Income	Amortised Cost	Total Carrying Amount
Assets:				
Cash and Cash Equivalents	–	–	634.27	634.27
Other Balances with Bank	–	–	2.52	2.52
Trade receivables	–	–	257.28	257.28
Loans	–	–	166.64	166.64
Investments	–	111.74	1.31	113.05
Other Financial Assets	–	–	–	–
Total	–	111.74	1,062.02	1,173.76
Liabilities				
Trade and Other Payables	–	–	511.00	511.00
Borrowings	–	–	2,927.88	2,927.88
Other Financial Liabilities	–	–	265.41	265.41
Total	–	–	3,704.29	3,704.29

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019**

(All amounts are in ₹ lakhs, unless otherwise stated)

Fair Value Hierarchy

The following table shows the levels in the fair value hierarchy as at the end of reporting period.

	As at March 31, 2019	As at March 31, 2018
Assets		
Investments	Level 1	Level 1
Liabilities		
Borrowings-Optionally convertible loan	Level 2	Level 2

Financial Risk Management Objectives and Policies

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity, which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

The company is exposed to the following risks from its use of financial instruments:

- Market Risk
- Credit Risk
- Liquidity Risk

The company's Board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. This note presents information about the risks associated with its financial instruments, the company's objectives, policies and processes for measuring and managing risk, and the Company's management of Capital.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

a) Foreign Currency Exchange Rate Risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. The risks primarily relate to fluctuations in US Dollar, Euro, Great Britain Pound, and Australian Dollar against the respective functional currencies of Veejay Lakshmi Engineering Works Limited.

The following analysis has been worked out based on the net exposures for Veejay Lakshmi Engineering Works Limited as of the date of statements of financial position which could affect the Statements of profit or loss and other comprehensive income and equity.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

Liabilities at the end of the reporting period are as follows:

	USD	EURO	JPY	GBP
As at March 31, 2019				
Financial Assets				
Trade receivables	364.72	–	–	–
Total	364.72	–	–	–
Financial Liabilities				
Trade Payables	–	–	–	–
Total	–	–	–	–
As at March 31, 2018				
Financial Assets				
Trade receivables	89.48	–	–	–
Total	89.48	–	–	–
Financial Liabilities				
Trade Payables	12.79	–	–	–
Total	12.79	–	–	–

Credit Risk

The company is exposed to credit risk as a result of risk of counterparties defaulting on their obligations. The company's exposure to credit risk primarily relates to Cash and Cash Equivalents, other bank balances, trade receivables, loans and other financial assets.

The customer's credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management.

Credit quality of a customer is assessed based on the individual credit limits that are defined in accordance with the assessment and outstanding customer receivables are regularly monitored. The company monitors and limits its exposure to credit risk on a continuous basis.

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 876.15 Lakhs and Rs.1173.76 Lakhs, as of March 31, 2019 and March 31, 2018 respectively, being the total of the carrying amount of trade receivables, investments, cash and cash equivalents, other balance with banks, loans and other financial assets.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to Rs. 568.46 lakhs(31st March, 2018–Rs.257.28 lakhs). The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

(Amount ₹ in Lakhs)

	March 31, 2019	March 31, 2018
Allowance for doubtful debts		
Balance at year end	–	0.90

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019**

(All amounts are in ₹ lakhs, unless otherwise stated)

Liquidity Risk

The company is exposed to liquidity risk related to its ability to fund its obligations as they become due. The company monitors and manages its liquidity risk to ensure access to sufficient funds to meet operational and financial requirements. The company monitors cash balances daily. In relation to Company's liquidity risk, the company's policy is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions as they fall due while minimizing finance costs without incurring unacceptable losses or risking damage to Company's reputation.

The Company's principle source of liquidity is cash and cash equivalents and the cash flow is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements and accordingly, no risk is perceived.

(Amount ₹ in Lakhs)

	Due in 1 year	1–2 years	3–5 years	>5 years
As at March 31, 2019				
Financial Liabilities				
Borrowings	1267.99	–	–	257.59
Trade payables	659.15	–	–	–
Other Financial Liabilities	193.49	–	–	–
Total	2120.63	–	–	257.59
As at March 31, 2018				
Financial Liabilities				
Borrowings	2,697.98	–	–	229.90
Trade payables	511.00	–	–	–
Other Financial Liabilities	265.41	–	–	–
Total	3474.39	–	–	229.90

For and on behalf of the Board of Directors of
Veejay Lakshmi Engineering Works Limited

As per our report of even date
For Manohar Chowdhry & Associates
Chartered Accountants, FRN No. 001997S

(Sd/-) V.J. JAYARAMAN (Sd/-) J. ANAND (Sd/-) D. RANGANATHAN (Sd/-) V.K. SWAMINATHAN
Chairman Managing Director Whole-Time Director Company Secretary

M.S.N.M.Santosh
Partner

Place : Coimbatore
Date : 29.05.2019

M.No: 221916

INDEPENDENT AUDITOR'S REPORT
To the Members of VEEJAY LAKSHMI ENGINEERING WORKS LIMITED
REPORT ON THE AUDIT OF THE IND AS
CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated Ind AS financial statements of VEEJAY LAKSHMI ENGINEERING WORKS LIMITED ("the Company") and, and its Associate (collectively referred to as "the group"), which comprise the consolidated Balance Sheet as at March 31, 2019, and the consolidated statement of Profit and Loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian accounting standards prescribed under section 133 of the Act read with the Companies (Indian Accounting standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of consolidated state of affairs of the Group as at March 31, 2019, of consolidated loss, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated Ind AS financial statements under the provisions of the Act and the rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the Key Audit matters to be communicated in our report.

KEY AUDIT MATTER	RESPONSE TO KEY AUDIT MATTER
Litigations – Contingencies: The Company has ongoing litigations with various authorities and third parties which could have a significant impact on the results, if the potential exposures were to materialize.	Principal Audit Procedures: Our audit approach was a combination of test of controls and substantive procedures including: <ul style="list-style-type: none"> Assessing the appropriateness of the design and implementation of the Company's controls over the assessment of litigations and completeness of disclosures.



KEY AUDIT MATTER	RESPONSE TO KEY AUDIT MATTER
<p>The amounts involved are significant, and the application of accounting standards to determine the amount, of any, to be provided as a liability or disclosed as a contingent liability, is inherently subjective.</p> <p>Claims against the Company not acknowledged as debts are disclosed in the Financial Statements by the Company after a careful evaluation of the facts and legal aspects of the matter involved. The outcome of such litigation is uncertain and the position taken by management involves significant judgment and estimation to determine the likelihood and/or timing of cash outflows and the interpretation of preliminary and pending court rulings. Refer Note 27 to the Standalone Financial Statements.</p>	<ul style="list-style-type: none"> • We tested the design and operating effectiveness of the Company's key controls over the identification, estimation, monitoring, accounting/ disclosure of Provision for disputed matters and contingent liabilities. • For Significant cases, where the Company has recognized provision, we assessed the determination of amounts recognized. • For cases where provision was not recognized by the Company, we assessed the disclosure made in the financial statements.

Other Matters

We did not audit the financial statements of Veejay Sales and Services Limited, an associate whose financial statements reflect total assets of Rs. 827.98 lakhs as at 31st March, 2019, total revenue of Rs. 102.51lakhs for the year ended. These financial statements have been audited by other auditor whose report have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the associate, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid associate, is based solely on the reports of the other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor and the financial statement / financial information certified by the Management.

Information Other than the Consolidated Ind AS Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures thereto but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we performed, we conclude that there is a material misstatement of this other information, we are required to report the fact.

We have nothing to report in this regard.

Management Responsibility for the Consolidated Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in term of the requirements of the Act, that give a true and

fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company and its associate company which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement and Consolidated Statement of changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.



- d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.
- e) On the basis of the written representations received from the directors of the Company as on March 31, 2019 taken on record by the Board of Directors of the Company and the reports of the other statutory auditor of its associate company, incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Consolidated Ind AS Financial Statements disclosed the impact of pending litigations on the consolidated financial position of the group refer Note no 27 to the consolidated Ind AS financial statements.
 - The Group did not have any long term contracts including derivative contracts; as such the question of commenting on any materials foreseeable losses thereon does not arise;
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its Associate Company incorporated in India.

For **MANOHAR CHOWDHRY & ASSOCIATES**

Chartered Accountants

(Firm Registration No: 001997S)

(Sd/-) **M.S.N.M. Santosh**

Partner

Place : Chennai

Date : 29.05.2019

(Membership No: 221916)

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Veejay Lakshmi Engineering Works Limited ("the Company") and its associate company which is a company incorporated in India, as of that date.

Management's Responsibility For Internal Financial Controls

The respective Board of Directors of the Company and its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based



on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("the Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in 'Other Matters' paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- a) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- b) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- c) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company and its associate company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to associate company incorporated in India, namely, Veejay Sales and Services Limited is based on the corresponding report of the auditor of such company incorporated in India. Our report is not qualified / modified in respect of other matters.

For **MANOHAR CHOWDHRY & ASSOCIATES**

Chartered Accountants
(Firm Registration No: 001997S)

(Sd/-) **M.S.N.M. Santosh**
Partner

(Membership No: 221916)

Place: Chennai
Date : 29.05.2019



CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET AS AT 31st MARCH, 2019 (Amount in ₹ Lakhs)

Particulars	Note No.	As at 31.03.2019	As at 31.3.2018
ASSETS			
I. Non-current Assets			
a) Property Plant and Equipment	2	3,873.66	4,155.57
b) Capital Work in Process		—	—
c) Investment Property	3	112.70	120.74
d) Intangible Assets	4	—	—
e) Financial Assets			
(i) Investments	5(a)	257.89	255.00
(ii) Loans	5(b)	161.78	161.02
(f) Deferred Tax Asset (Net)	6	401.92	458.20
(g) Other Non Current Assets	7	44.14	37.75
Total		4,852.09	5,188.28
II. Current Assets			
a) Inventories	8	3,102.93	3,482.98
b) Financial Assets			
(i) Investments	8(a)	—	—
(ii) Trade Receivables	8(b)	568.46	257.28
(iii) Cash and Cash equivalents	8(C)	21.96	634.27
(iv) Bank balances other than (iii) above	8(d)	14.85	2.52
(v) Loans	8(e)	5.65	5.62
(vi) Other Financial Assets	8(f)	—	—
c) Other current assets	9	172.57	315.81
Total		3,886.42	4,698.48
III. Assets Held for Sale		71.98	75.33
Total		71.98	75.33
TOTAL ASSETS		8,810.49	9,962.09
EQUITY AND LIABILITIES			
I. Equity			
a) Equity Share Capital	10	507.19	507.19
b) Other Equity	11	5,322.30	5,327.44
Total Equity		5,829.49	5,834.63
II. Non Current Liabilities			
a) Financial Liabilities			
Borrowings	12	257.59	229.90
b) Provisions	13	59.73	55.17
Total		317.32	285.07
III. Current Liabilities			
a) Financial Liabilities			
(i) Borrowings	14(a)	1,267.99	2,697.98
(ii) Trade Payables	14(b)	659.15	511.00
(iii) Other Financial Liabilities	14(c)	193.49	265.41
b) Other Current Liabilities	15	510.66	329.40
c) Provisions	16	32.39	38.60
Total		2,663.68	3,842.39
TOTAL LIABILITIES		8,810.49	9,962.09

Significant Accounting Policies

Notes to the Financial Statements

1
2-34

For and on behalf of the Board of Directors of
Veejay Lakshmi Engineering Works Limited

(SD/-) V.J. JAYARAMAN (SD/-) J. ANAND (SD/-) D. RANGANATHAN (SD/-) V.K. SWAMINATHAN
Chairman Managing Director Whole-Time Director Company Secretary

As per our report of even date
For Manohar Chowdhry & Associates
Chartered Accountants, FRN No. 001997S

M.S.N.M. SANTOSH
Partner

Place : Coimbatore
Date : 29.05.2019

M.No: 221916

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019

(₹ in Lakhs)

Particulars	Note No.	For the year ended 31.03.2019	For the year ended 31.3.2018
I. Revenue from operations	17	7,953.20	8,312.74
II. Other Income	18	202.78	74.25
III. Total Income (I+II)		8,155.98	8,386.99
IV. Expenses			
Cost of Materials consumed	19	4,658.37	5,783.75
Purchase of Stock-in-Trade		—	—
Changes in Inventories of Finished goods, Work-in process and Stock in trade	20	338.60	(488.31)
Excise Duty		—	177.00
Employee Benefits Expense	21	1,185.67	1,432.41
Finance Costs	22	118.12	111.08
Depreciation and amortization expenses	2 & 3	317.15	407.78
Other expenses	23	1,490.63	1,736.95
Total Expenses (IV)		8,108.54	9,160.66
V. Profit/(Loss) before exceptional items and tax (III-IV)		47.44	(773.67)
VI. Share of profit/(loss) of an associate		11.71	21.17
VII. Profit before exceptional and extraordinary items and tax (V+VI)		59.15	(752.50)
VIII. Exceptional items (income(+), expenses(-))		—	—
IX. Profit before tax after exceptional items (VII-VIII)		59.15	(752.50)
Tax Expense :			
1) Current Tax		—	—
2) Prior year taxes		—	—
3) Deferred Tax		67.67	(228.71)
X. Profit and Loss for the period from continuing operations		(8.52)	(523.79)
XI. Other comprehensive income			
Items that will not be reclassified to Profit or Loss			
1. Changes in Fair value of FVTOCI equity instruments		(9.60)	38.61
1a. Deferred-tax relating to above		12.31	(34.67)
2. Remeasurement of post-employment defined benefit plans		0.46	(8.66)
2a. Deferred-tax relating to these items		(0.80)	2.86
3. Other Comprehensive income on exchange gain		0.35	(0.35)
3a. Deferred-tax relating to these items		(0.12)	0.12
4. Share of other Comprehensive Income in Associates		0.78	(0.83)
5. Items that will be reclassified to Profit or Loss		—	—
Total of Other Comprehensive income for the year		3.38	(2.92)
XII. Total Comprehensive Income for the year (X+XI)		(5.14)	(526.71)
EPS-Basic		(0.17)	(10.33)
EPS-Diluted		(0.06)	(3.72)

See Accompanying notes to the financial statements

Significant Accounting Policies

Notes to the Financial Statements

1
2-34For and on behalf of the Board of Directors of
Veejay Lakshmi Engineering Works Limited(SD/-) V.J. JAYARAMAN (SD/-) J. ANAND (SD/-) D. RANGANATHAN (SD/-) V.K. SWAMINATHAN
Chairman Managing Director Whole-Time Director Company SecretaryPlace : Coimbatore
Date : 29.05.2019As per our report of even date
For Manohar Chowdhry & Associates
Chartered Accountants, FRN No. 001997SM.S.N.M. SANTOSH
Partner
M.No: 221916



CONSOLIDATED FINANCIAL STATEMENTS

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2019 (₹ in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
I. Cash flows from operating activities		
Net profit before taxation and extraordinary item	47.44	(773.67)
Adjustments for:		
Depreciation	317.15	407.78
Provision for doubtful debts	(0.90)	(15.11)
Provision for gratuity & leave encashment	5.02	(1.30)
Interest expenses	118.12	111.08
Interest income on Fixed Deposits	(12.91)	(10.01)
Dividend Income	(0.60)	(0.61)
Profit on sale of Fixed Assets	(50.94)	(49.73)
Profit on sale of Investments	—	—
Operating profit before working capital changes	374.94	442.10
Working capital changes:		
(Increase)/Decrease in Trade receivables	(309.93)	138.48
(Increase)/Decrease in Inventories	380.05	(433.77)
(Increase)/Decrease in loans	(0.03)	(0.15)
(Increase)/Decrease in other current assets	154.65	(31.77)
(Increase)/Decrease in other financial Assets	—	1.58
Increase/(Decrease) in trade payables	148.15	(90.18)
(Increase)/Decrease in Non current Assets	(6.39)	—
Increase/(Decrease) in other financial liabilities	(71.92)	256.44
Increase/(Decrease) in other current liabilities	181.26	(413.52)
Proceeds from short term borrowings	(1,429.99)	1,721.11
Increase/(Decrease) in provisions	(6.21)	5.81
Cash generated from operations	(585.42)	1,596.13
Income (taxes)/refund (paid)/received	(11.41)	0.93
Net cash provided by operating activities	(549.39)	823.39
II. Cash flows from investing activities		
Purchase of property, plant and equipment	(45.71)	(256.74)
Proceeds from sale of Fixed Assets	72.80	56.63
Interest received on Fixed deposits	12.91	10.01
Proceeds from/(Investment in fixed deposits)	(12.33)	(0.52)
Proceeds from Investments	—	—
Dividend Income	0.60	0.61
Loans & advances given	(0.76)	(35.09)
Net cash used in investing activities	27.51	(225.10)
III. Cash flows from financing activities		
Interest paid	(90.43)	(86.37)
Proceeds from long term borrowings	—	—
Repayment of borrowings	—	—
Net cash provided by financing activities	(90.43)	(86.37)
Net increase/(decrease) in cash and cash equivalents	(612.31)	511.92
Cash and cash equivalents at the beginning of the year	634.27	122.35
Cash and cash equivalents at the end of the year	21.96	634.27

Significant Accounting Policies 1

Notes to financial statements 2-34

Notes: 1. Figures in brackets represent out flows of cash and cash equivalents.

For and on behalf of the Board of Directors of
Veejay Lakshmi Engineering Works Limited

(SD/-) V.J. JAYARAMAN (SD/-) J. ANAND (SD/-) D. RANGANATHAN (SD/-) V.K. SWAMINATHAN
Chairman Managing Director Whole-Time Director Company Secretary

Place : Coimbatore
Date : 29.05.2019

As per our report of even date
For Manohar Chowdhry & Associates
Chartered Accountants, FRN No. 001997S

M.S.N.M. SANTOSH
Partner
M.No: 221916



CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Changes in Equity for the year ended 31st March 2018

Particulars	Equity Share Capital	Reserves and Surplus				Equity Component of Compound Financial Instrument	Equity Instruments through Other Comprehensive Income	Items of Other Comprehensive Income	Cash Flow hedge	Total
		General Reserve	Capital Reserve	Securities premium	Retained Earnings					
Balance at the beginning of reporting Period (01.04.2017)	507.19	3,599.49	100.82	2,116.43	(747.32)	716.87	72.72	(4.86)	-	6,361.34
Profit for the year	-	-	-	-	(523.79)	-	-	-	-	(523.79)
Remeasurement of net defined benefit Liability/Asset (net of tax)	-	-	-	-	-	-	-	(5.80)	-	(5.80)
Changes in fair value of equity instruments through FVTOCI [net of tax]	-	-	-	-	-	-	3.11	-	-	3.11
Cash flow hedges (Net of tax)	-	-	-	-	-	-	-	-	(0.23)	(0.23)
Total Comprehensive Income	-	-	-	-	(523.79)	-	3.11	(5.80)	(0.23)	(526.71)
Transfer to Reserves	-	-	-	-	-	-	-	-	-	-
Balance at the end of reporting Period (31.03.2018)	507.19	3,599.49	100.82	2,116.43	(1,271.11)	716.87	75.83	(10.66)	(0.23)	5,834.63

Consolidated Statement of Changes in Equity for the year ended 31st March 2019

Particulars	Equity Share Capital	Reserves and Surplus				Equity Component of Compound Financial Instrument	Equity Instruments through Other Comprehensive Income	Items of Other Comprehensive Income	Cash Flow hedge	Total
		General Reserve	Capital Reserve	Securities premium	Retained Earnings					
Balance at the beginning of reporting Period (01.04.2018)	507.19	3,599.49	100.82	2,116.43	(1,271.11)	716.87	75.83	(10.66)	(0.23)	5,834.63
Profit for the year	-	-	-	-	(8.52)	-	-	-	-	(8.52)
Remeasurement of net defined benefit Liability/Asset (net of tax)	-	-	-	-	-	-	-	(0.34)	-	(0.34)
Changes in fair value of equity instruments through FVTOCI [net of tax]	-	-	-	-	-	-	3.49	-	-	3.49
Cash flow hedges (Net of tax)	-	-	-	-	-	-	-	-	0.23	0.23
Total Comprehensive Income	-	-	-	-	(8.52)	-	3.49	(0.34)	0.23	(5.14)
Transfer to Reserves	-	-	-	-	-	-	-	-	-	-
Balance at the end of reporting Period (31.03.2019)	507.19	3,599.49	100.82	2,116.43	(1,279.63)	716.87	79.32	(11.00)	-	5,829.49

Significant Accounting Policies

Notes to the Financial Statements

For and on behalf of the Board of Directors of

Veejay Lakshmi Engineering Works Limited

(Sd/-) V.J. JAYARAMAN (Sd/-) J. ANAND (Sd/-) D. RANGANATHAN

Chairman Managing Director Whole-Time Director

(Sd/-) V.K. SWAMINATHAN

Company Secretary

As per our report of even date

For Manohar Chowdhry & Associates

Chartered Accountants, FRN No. 001997S

M.S.N.M. Santosh

Partner

M.No. 22/1916

Place : Coimbatore

Date : 29.05.2019

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019**

(All amounts are in ₹ lakhs, unless otherwise stated)

1. CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES**1. Corporate Information**

Veejay Lakshmi Engineering Works Limited is a public company incorporated in India under the provisions of the Companies Act, 1956. Its shares are listed on the Bombay Stock Exchange [BSE]. The principal place of business is Coimbatore. The Company manufactures Textile machinery used in post spinning operations and also has a textile unit producing yarn and knitted fabrics. The products are sold in both domestic and international markets. The financial statements are approved for issue by the Company's Board of Directors on 29th May, 2019.

2. Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with section 133 of the Companies Act, 2013. Upto the year ended 31st March, 2017, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which included Standards notified under the Companies (Accounting Standards) Rules, 2006.

3. Basis of preparation of financial statements

The financial statements are prepared on accrual basis of accounting under historical cost convention except as otherwise provided in policy and in accordance with Indian Accounting Standard (Ind-AS) as notified by Ministry of Corporate Affairs under companies (Indian Accounting Standards) Rules, 2015 and guidelines issued by the Securities and Exchange Board of India (SEBI) and subsequent amendments thereof as well as with the additional requirements applicable to the financial statements as set forth in the companies Act. All items having material bearing on the financial statements are recognised on the accrual basis.

4. Basis of Consolidation

The Consolidated Financial Statements comprise the financial statements of Veejay Lakshmi Engineering Works Limited and its associate (the Company and its associate constitute "the Group"). Investments in Associates are dealt in accordance with Indian Accounting Standard IND AS 28 'Investments in Associates and Joint Ventures'. An associate is an entity over which the company has significant influence.

The financial statements of the Group companies are consolidated by way of Equity method wherein the carrying amount of investment in associate is adjusted for the post-acquisition change in investor's share of Investees net assets. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income.

The financial statements of the associate company used in consolidation are drawn up to the same reporting period as of the company i.e., 31.03.2019.

5. Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair values.

Items	Measurement Basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/liability	Fair value of plan assets less present value of defined benefit obligation

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

Measurement of Fair Values

A number of Company's accounting policies and disclosures require a measurement of their fair value, for both financial and non-financial assets and liabilities

The Company has an established control framework with respect to the measurement of fair values. This includes periodic review of all significant fair value measurement, including level 3 fair values.

The management regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- **Level 1** : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3** : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the changes has occurred.

Further information about the assumptions made in measuring fair values is included in the Other Notes to Accounts.

6. Use of estimates and judgment

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of assets, liabilities expenses and revenue during the reporting period. Although such estimates and assumptions are made on reasonable and prudent basis taking into all possible information, actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognized in the period in which the estimates are revised.

Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements are valuation of defined benefit obligations, and provisions and contingent liabilities, impairment of trade receivables.

a) Impairment of Trade Receivables:

The company estimates the credit allowance as per practical expedient based on historical credit loss experience.

b) Provisions:

Provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. The policy for the same has been explained under Note: 14 of Significant Accounting policies

7. Functional and Presentation Currency

These Financial Statements are presented in Indian Rupees, which is also company's functional currency. All the amounts have been rounded off to the nearest rupee, unless otherwise indicated.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019**

(All amounts are in ₹ lakhs, unless otherwise stated)

8. Property, plant and Equipments and Intangible Assets

Property, Plant and Equipment are stated at cost, net of accumulated depreciation and impairment loss, if any. Such costs comprises of purchase price and any directly attributable cost of bringing the assets to its working condition for intended use and also include any estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

The company depreciates property, plant & equipment using the straight line method on an estimated life as prescribed in Schedule II to the Companies act, 2013.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are stated at cost less accumulated amortization and impairment if any.

The estimated useful lives and residual values of the Property, Plant & Equipment and Intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of Property, Plant & Equipment and intangible assets is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant & Equipment and intangible assets are determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit or loss. Advance paid towards the acquisition of property, plant & equipment outstanding at each Balance sheet date is classified as capital advance under other non-current assets.

9. Impairment of Assets**Financial Assets:**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. IND AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

Non-Financial Assets:

Property, Plant and Equipment and Other Intangible Assets - the Company reviews at each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit & loss.

10. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Property, plant and equipment and Intangible assets are not depreciated or amortized once classified as held for sale.

11. Investment Property

Investment property is property held in the form of land/building which is mainly held for the purpose of capital appreciation, but not for sale in the ordinary course of business. Upon initial recognition,

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less impairment losses, if any. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

12. Borrowing Cost

Borrowing Cost specifically identified to the acquisition or construction of qualifying assets is capitalized as part of cost of such assets up to the period the project is commissioned or asset is put to use. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. The borrowing cost incurred on common funds borrowed generally and used for the purpose of obtaining the qualifying assets, is apportioned on rational basis, the remaining borrowing costs are charged to the Statement of Profit and Loss. Income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Finance cost-Interest expense is recognised using Effective interest rate method.

13. Revenue Recognition

- a. Revenue from Sale transaction is recognised when the risks and rewards in the goods sold are transferred to buyer for a definite consideration.
- b. Revenue from Service transactions is recognized based on service completed and billed to clients as per the terms of specific contract.
- c. Interest: Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.
- d. Dividend Income is recognized when the company's right to receive is established.
- e. Export Incentives under Duty Drawback scheme are recognized when the right to receive payments is established and there is no uncertainty regarding the amount of consideration or its collectability.

14. Employee Benefits

Employee benefits include salaries, wages, provident fund, gratuity, leave encashment, compensate absences and retirement benefits.

Short-term employee benefits.

Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized undiscounted during the period employee renders services. These benefits include remuneration, bonus, incentives, etc.

Long-term employee benefits**Defined contribution plans**

Retirement benefit plans in the form of Provident Fund are charged as an expense on an accrual basis when employees have rendered the service.

Defined benefit plans

Defined benefit plans comprises of Gratuity. For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Re-measurement, comprising actuarial gains and losses and the effect of the changes to the asset ceiling (if applicable), is reflected immediately

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019**

(All amounts are in ₹ lakhs, unless otherwise stated)

in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur and consequently recognised in retained earnings and is not reclassified to profit or loss.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of reductions in future contributions to the plans.

Other long term employee benefits

Other long term employee benefit comprises of leave encashment. The leave benefits are recognized based on the present value of defined obligation which is computed using the projected unit credit method, with actuarial valuations being earned out at the end of each annual reporting period. These are accounted either as current employee cost or included in cost of assets as permitted.

15. Provisions and Contingent Liabilities

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of past event, it is probable that the company will be required to settle the obligation and reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into the account the risks and uncertainties surrounding the obligation. When provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value money is material).

Contingent liabilities are disclosed in the financial statements by way of notes to accounts, unless possibility of an outflow resources embodying economic benefit is remote. Contingent Liabilities are possible obligations that arises from past events and whose existence will be confirmed only when occurrence or non-occurrence of one or more future events not wholly within the control of the company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably the obligations are disclosed as contingent liabilities, unless the probability of outflow of economic benefits is remote. Contingent assets are not recognized but disclosed in the financial statements when an inflow of economic benefits is probable.

16. Foreign Currency Transactions

The Company translates all foreign currency transactions at Exchange Rates prevailing on the date of transactions. Exchange rate differences resulting from foreign exchange transactions settled during the year are recognized as income or expenses in the period in which they arise. Monetary current assets and monetary current liabilities that are denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognized in the profit and loss account.

17. Taxes on Income

Income Tax expense comprises current tax and deferred tax.

Current Tax

Current Tax is the expected tax payable on taxable income for the year, using tax rates (tax laws) enacted or substantively enacted by the end of reporting period and includes adjustment on the account of tax in respect of previous year.

Deferred Tax

Deferred tax is recognized using balance sheet method, providing for temporary difference between the carrying amount of asset or liability in the balance sheet and its tax base. Deferred tax is

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

measured at the rate that are expected to apply when the temporary differences are either realized or settled, based on the laws that have been enacted or substantively enacted by the end of reporting period. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilized. The carrying amount of Deferred tax assets are reviewed at each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Minimum alternate tax (MAT) is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of MAT credit is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal income tax during the specified period.

Current and Deferred Tax for the year

Income tax expense is recognized in the statement of profit or loss account except to the extent that it relates to items recognized in other comprehensive income.

18. Financial Instruments

Financial assets and financial liabilities are recognized when Company becomes a party to the contractual provisions of the Instruments.

Financial assets and financial liabilities are initially measured at fair value, except when the effect is immaterial. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the Statement of profit and loss.

FINANCIAL ASSETS**Cash and cash equivalents**

The company considers all highly liquid financial Instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturity of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of cash on hand and cash balances with banks which are unrestricted for withdrawal and usage.

Financial Asset at amortised cost

Financial assets are subsequently measured at amortized cost using the effective interest method, except when the effect of applying it is immaterial, if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are subsequently measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company, on initial application of IND AS 109 Financial Instruments, has made an irrevocable election to present subsequent changes in fair value of equity instruments not held for trading in other comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019**

(All amounts are in ₹ lakhs, unless otherwise stated)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are measured at fair values at the end of each reporting period, with any gains or losses arising on re-measurement recognized in Profit or loss.

Derivative financial instruments and hedge accounting

The Company uses foreign currency forward contracts / options to hedge its risks associated with foreign Currency fluctuations relating to certain forecasted transactions. The Company designates some of these forward contracts / options as hedge instruments and account for as cash flow hedges applying the recognition and measurement principles set out in the Ind AS 109.

The counter party to the Company's foreign currency forward contracts is generally a bank. The Company does not use derivative financial instruments for speculative purposes. Foreign currency forward contract/option derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised in other comprehensive income and accumulated under effective portion of cash flow hedges. Amounts previously recognised in other comprehensive income and accumulated in effective portion of cash flow hedges are reclassified to the Statement of Profit or Loss in the same period in which gains/losses on the item hedged are recognised in the Statement of Profit or Loss. However when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in effective portion of cash flow hedges are transferred from effective portion of cash flow hedges and included in the initial measurement of the cost of the nonfinancial asset or non-financial liability. Profit or loss arising on cancellation or renewal of a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal occurs. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the Statement of Profit and Loss as they arise.

Impairment of Financial assets

The Company assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to 12 month expected credit losses or at an amount equal to lifetime expected losses, if the credit risk on the financial asset has increased significantly since initial recognition.

De-recognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On de-recognition of a financial asset in its entirety, (except for equity instruments designated as FVTOCI), the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in statement of profit and loss.

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS**Classification as debt or equity**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities at amortized cost

Financial liabilities are subsequently measured at amortized cost using the effective interest method, except when the effect of applying it is immaterial.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue cost.

De-recognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Effective interest method

The effective Interest method is a method of calculating the amortized cost of a debt Instrument and of allocating interest Income over the relevant period. The effective Interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial Guarantee contracts

Financial guarantee contracts issued by the Company are initially measured at fair value and subsequently measured at the higher of the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18 Revenue.

19. Inventories

Inventories are valued at lower of cost and net realisable value after providing for obsolescence wherever necessary. Cost is determined on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

20. Statement of Cash Flows

Cash Flows are reported using indirect method, whereby profit/(loss) before tax is adjusted for the effect of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing of financing cash flows from operating, investing and financing activities of the company are segregated.

21. Leases**Operating lease**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term except where the increment in lease rentals is in line with general rate of inflation.

22. Earnings Per Share

Basic Earnings per share are computed by dividing the profit/loss after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing profit/loss after tax as adjusted for dividend, interest and other charges to expense or income relating dilutive potential equity share, by the weighted number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity.

23. Current vs Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019**

(All amounts are in ₹ lakhs, unless otherwise stated)

An asset is treated as current when it is:

1. Expected to be realised or intended to be sold or consumed in normal operating cycle, or
2. Held primarily for the purpose of trading, or
3. Expected to be realised within twelve months after the reporting period, or
4. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

1. It is expected to be settled in normal operating cycle, or
2. It is held primarily for the purpose of trading, or
3. It is due to be settled within twelve months after the reporting period, or
4. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

24. Segment Reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components, and for which discrete financial information is available.

Operating Segments are identified based on the nature of products and services. For reporting, the business has been split into two segments-Engineering and Textiles.

25. Accounting policy on revenue recognition

The Company has adopted Ind AS 115 'Revenue from Contracts with Customers' with the date of initial application being April 1, 2018. Ind AS 115 establishes a comprehensive framework on revenue recognition. Ind AS 115 replaces Ind AS 18 'Revenue' and Ind AS 11 'Construction Contracts'.

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts. Revenue is recognised on the basis of despatches in accordance with the terms of sale when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of the goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably. The timing of transfers of risk and rewards varies depending on the individual terms of sale.

Revenue from services is recognized in accordance with the specific terms of contract on performance.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend Income is recognized when the company's right to receive is established.

Export Incentives under Duty Drawback scheme are recognized when the right to receive payments is established and there is no uncertainty regarding the amount of consideration or its collectability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

2. Property, Plant and Equipment

3. Investment Property

4. Intangible assets

(Please refer to the respective notes in the Stand Alone Financial statements attached)

5. Financial Assets: Non Current

5(a) Investments

Name of the Coy/security	31/3/2019		31/3/2018	
	Qty	Value	Qty	Value
Quoted Investments - fully paid up (A)				
Investments in equity instruments				
M/s Lakshmi Machine Works Limited-Face value of Rs 10/- each	1,500	91.40	1,500	103.35
M/s Precision Fasteners Limited - Face value of Rs 10/- each	10,000	—	10,000	—
M/s IFCI Limited- Face value of Rs 10/- each	200	0.03	200	0.04
M/s State Bank of India - Face value of Rs 1/- each	3,340	10.71	3,340	8.35
Unquoted Investments - fully paid up (B)				
Investments in equity instruments - Associate				
M/s Veejay Sales and Services Limited - Face value of Rs 10/- each	13,100	155.75	13,100	143.26
Total		257.89		255.00
Total Non-Current Investments				
Aggregate amount of quoted investments and market value		102.14		111.74
Aggregate amount of unquoted investments		155.75		143.26
Aggregate amount of impairment in value of investments.		—		—
		257.89		255.00
Category wise investments - as per IND AS 109 classification				
Financial Assets carried at Fair value through Profit or Loss (FVTPL)		155.75		143.26
Financial Assets carried at Amortised cost		—		—
Financial Assets carried at Fair value through Other Comprehensive Income(FVTOCI)		102.14		111.74
Total		257.89		255.00

5(b) Loans

6. Deferred Tax

7. Other non current assets

8. Inventories

8(b) Trade Receivables

8(c) Cash and cash equivalents

8(d) Bank balances

8(e) Loans

8(f) Other financial assets

9. Other current assets

10. Equity share capital

(Please refer to the respective notes in the Stand Alone Financial statements attached)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019**

(All amounts are in ₹ lakhs, unless otherwise stated)

11. Other Equity

Particulars	31-Mar-19	31-Mar-18
i) Securities Premium Account	2,116.43	2,116.43
ii) Retained Earnings		
Opening	(1,271.11)	(747.32)
Add: Current year surplus	(8.52)	(523.79)
Transfer to Reserves	—	—
Closing	(1,279.63)	(1,271.11)
iii) Other Comprehensive Income		
Opening	64.94	67.86
Movement in OCI (Net) during the year	3.38	(2.92)
Closing	68.32	64.94
iv) Equity Component of compound Financial Instrument		
Opening	716.87	716.87
Movements during the year	—	—
Closing	716.87	716.87
v) General Reserve		
Opening	3,599.49	3,599.49
Additions During the year	—	—
Closing	3,599.49	3,599.49
vi) Capital Reserve		
Opening	100.82	100.82
Current year addition/deletion	—	—
Closing	100.82	100.82
Total Other Equity	5,322.30	5,327.44

(Please refer to the respective notes in the Stand Alone Financial statements for the following:)

12 Borrowings**13 Provisions****14(a) Borrowings****14(b) Trade payables****14(c) Other financial liability****15 Other current liabilities****16 Provisions****17. Revenue from operations****18. Other Income****19. Cost of Materials Consumed.****20. Changes in Inventories of Finished goods, Work-in process and Stock in trade****21. Employee benefit expenses****22. Finance costs****23. Other expenses****24. Payments to Auditors**

25. As defined under Micro, small and Medium Enterprises Development Act 2006, the disclosure in respect of the amount payable to such enterprises as at 31.03.2019 has been made in the financial statements based on information received and available with the company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

26. Reconciliation of effective tax rate

Particulars	31/03/2019	31/03/2018
Profit before Income tax	59.15	(752.50)
Estimated tax rate in India	27.82%	33.06%
Computed expected tax expense	16.45	—
Tax effects of amounts which are not deductible (taxable) in calculating taxable income	115.70	93.64
Tax effects of amounts which are deductible in calculating taxable income	(131.00)	(34.25)
Tax effects due to Brought forward business losses	(1.15)	(59.39)
Effective tax rate	—	—

27. Contingent liabilities and Capital Commitments

(Please refer to the respective notes in the Stand Alone Financial statements attached)

28. Earnings Per Share

Particulars	For the year ended 31-3-2019	For the year ended 31-3-2018
Profit after taxation	(8.52)	(523.79)
Equity shares outstanding at the end of the year (In No.'s)	50,71,900	50,71,900
Weighted average number of Equity shares outstanding during the year	50,71,900	50,71,900
Earnings per share (Basic) (In Rs)	(0.17)	(10.33)
Earnings per share (Diluted) (In Rs)	(0.06)	(3.72)
Nominal value per share (Rs)	10.00	10.00

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

30. Segment information

Primary segment information (business segments)

Particulars	2018-19					2017-18				
	Engineering	Textile	Unallocated	Inter Segment eliminations	Total	Engineering	Textile	Unallocated	Inter Segment eliminations	Total
a) Revenue	1,974.12	5,993.51	–	–	7,967.63	3,663.36	4,833.50	–	–	8,496.86
b) Inter Segment sales	–	–	–	(14.43)	(14.43)	–	–	–	(184.12)	(184.12)
Total Revenue	1,974.12	5,993.51	–	(14.43)	7,953.20	3,663.36	4,833.50	–	(184.12)	8,312.74
c) Result	63.86	38.02	–	–	101.88	(378.66)	(262.91)	–	–	(641.57)
Add: Unallocated income (net of expenditure)					75.39					0.15
Profit before interest and tax					177.27					(641.42)
Interest					118.12					111.08
Profit before tax					59.15					(752.50)
Tax expenses										
- Current tax					–					–
- Deferred tax					67.67					(228.71)
- Tax - Earlier years					–					–
- Total					67.67					(228.71)
Profit for the year					(8.52)					(523.79)
c) Assets	1,732.63	6,001.45	–	–	7,734.08	2,090.55	5,506.34	–	–	7,596.89
Add: Unallocated corporate assets					1,076.41					2,365.20
Total assets					8,810.49					9,962.09
d) Liabilities	810.96	590.05			1,401.01	765.84	376.98			1,142.82
Add: Unallocated corporate liabilities					1,579.99					2,984.64
Total liabilities					2,981.00					4,127.46
e) Capital assets acquired during the year	0.18	45.53	–	–	45.71	2.97	253.76	–	–	256.73
f) Depreciation, impairment and amortisation	69.46	235.53	12.16	–	317.15	103.26	264.07	40.45	–	407.78
g) Other non-cash charges except depreciation, impairment and amortisation	–	–	–	–	–	–	–	–	–	–

Revenue from Engineering division is on account of sales of textile machinery and spares and the textile division revenue is on account of cotton yarn and fabrics. Approximately INR Rs.2329.75 lakhs has been realised from exports (Engineering Division Rs.69.42 lakhs and Textile Division Rs.2260.33 lakhs). Previous year Total exports Rs.2800.62 lakhs. (Engineering Division Rs. 436.78 lakhs and Textile Division Rs.2363.84 lakhs). There are 4 customers contributing individually 10% or more of total revenue for 2018-19 and all customers contributed less than 10% in 2017-18. The largest sales turnover to a single customer in 2018-19 is Rs.1084.31 lakhs and Rs.738.77 lakhs in previous year.

Reconciliations to amounts reflected in the financial statements

Reconciliation of profit	31-Mar-19	31-Mar-18
Segment profit	101.88	(641.57)
Dividend Income	0.60	0.61
Net gain on disposal of property, plant and equipment	–	39.20
Income from Investments	11.71	21.17
Depreciation on Corporate Assets	(1.44)	(40.45)

	31-Mar-19	31-Mar-18
Other Expenses-Audit fees stationery, Professional Charges etc.,	(29.85)	(30.39)
Income from Investment Property (net of expenses)	81.46	–
Interest Income	12.91	10.01
Profit before interest and tax	177.27	(641.42)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

Reconciliation of assets	31-Mar-19	31-Mar-18	Reconciliation of liabilities	31-Mar-19	31-Mar-18
Segment operating assets	7734.08	7,596.89	Segment operating liabilities	1,401.01	1,142.82
Corporate Assets - Property & Investments	594.45	1,238.40	Long Term Borrowings	257.59	229.90
Interest & Other Receivables	3.23	3.23	Short term Borrowings	1,267.99	2697.98
Cash and Cash equivalents	36.81	636.79	Other Current Liabilities	54.41	54.77
TDS receivable	40.00	28.58	Unpaid Dividends	-	1.99
Deferred tax Asset (net)	401.92	458.20	Deferred tax liabilities (net)	-	-
Total assets	8,810.49	9,962.09	Total liabilities	2,981.00	4,127.46

31. RELATED PARTY DISCLOSURES

32. IND AS 19 Disclosure of Employee Benefits.

(Please refer to the respective notes in the Stand Alone Financial statements attached)

33. Additional Information, as required under Schedule III to the Companies Act, 2013 of entities Consolidated as Subsidiaries, Associates and Jointly Controlled Entity

Name of the Entity		Net assets i.e., total assets minus total liabilities		Share in Profit or Loss			
		As % of Consolidated Net Assets	Amount	As % of Consolidated Loss	Amount	As % of Consolidated Other Comprehensive Income	Amount
PARENT							
Veejay Lakshmi Engineering Works Limited	31.03.2019	97%	5,675.05	237%	(20.23)	77%	2.60
	31.03.2018	98%	5,692.68	104%	(544.96)	72%	(2.09)
ASSOCIATES							
Veejay Sales and Services Limited	31.03.2019	3%	154.44	(137%)	11.71	23%	0.78
	31.03.2018	2%	141.95	(4%)	21.17	28%	(0.83)
Total	31.03.2019	100%	5,829.49	100%	(8.52)	100%	3.38
	31.03.2018	100%	5,834.63	100%	(523.79)	100%	(2.92)

Interest in Other Entities

a) Associates

The group's Associates at 31st March, 2019 are set out below. Unless otherwise stated, they have Share capital consisting solely of equity share capital that are directly held by the group, and the proportion of ownership interests held equals to the voting right held by the group.

Name of the Entity	Principal Place of Business	Ownership Interest held by the group		Principal Activities
		31-Mar-19	31-Mar-18	
Veejay Sales And Service Limited	Coimbatore, Tamilnadu	26.20%	26.20%	Windmill Power Generation

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019**

(All amounts are in ₹ lakhs, unless otherwise stated)

34. Financial Instruments and Risk Review**Financial Instruments**

The carrying value and fair value of financial instruments by categories as of March 31, 2019 is as follows:

(Amount ₹ in Lakhs)

Particulars	Fair Value through P&L	Fair Value through Comprehensive Income	Amortised Cost	Total Carrying Amount
Assets				
Cash and Cash Equivalents	–	–	21.96	21.96
Other Balances with Bank	–	–	14.85	14.85
Trade receivables	–	–	568.46	568.46
Loans	–	–	167.43	167.43
Investments	155.75	102.14	–	257.89
Other Financial Assets	–	–	–	–
Total	155.75	102.14	772.70	1,030.59
Liabilities				
Trade and Other Payables	–	–	659.15	659.15
Borrowings	–	–	1,525.58	1,525.58
Other Financial Liabilities	–	–	193.49	193.49
Total	–	–	2,378.22	2,378.22

The carrying value and fair value of financial instruments by categories as of March 31, 2018 is as follows:

(Amount ₹ in Lakhs)

Particulars	Fair Value through P&L	Fair Value through Comprehensive Income	Amortised Cost	Total Carrying Amount
Assets				
Cash and Cash Equivalents	–	–	634.27	634.27
Other Balances with Bank	–	–	2.52	2.52
Trade receivables	–	–	257.28	257.28
Loans	–	–	166.64	166.64
Investments	143.26	111.74	–	255.00
Other Financial Assets	–	–	–	–
Total	143.26	111.74	1060.71	1315.71
Liabilities				
Trade and Other Payables	–	–	511.00	511.00
Borrowings	–	–	2,927.88	2,927.88
Other Financial Liabilities	–	–	265.41	265.41
Total	–	–	3,704.29	3,704.29

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

Fair Value Hierarchy:

The following table shows the levels in the fair value hierarchy as at the end of reporting period.

	As at March 31, 2019	As at March 31, 2018
Assets		
Investments	Level 1	Level 1
Liabilities		
Borrowings-Optionally convertible loan	Level 2	Level 2

Financial Risk Management Objectives and Policies

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity, which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

The company is exposed to the following risks from its use of financial instruments

- Market Risk
- Credit Risk
- Liquidity Risk

The company's Board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. This note presents information about the risks associated with its financial instruments, the company's objectives, policies and processes for measuring and managing risk, and the Company's management of Capital.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

a) Foreign Currency Exchange Rate Risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. The risks primarily relate to fluctuations in US Dollar, Euro, Great Britain Pound, and Australian Dollar against the respective functional currencies of Veejay Lakshmi Engineering Works Limited.

The following analysis has been worked out based on the net exposures for Veejay Lakshmi Engineering Works Limited as of the date of statements of financial position which could affect the Statements of profit or loss and other comprehensive income and equity.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019**

(All amounts are in ₹ lakhs, unless otherwise stated)

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary Liabilities at the end of the reporting period are as follows:

	USD	EURO	JPY	GBP
As at March 31, 2019				
Financial Assets				
Trade receivables	364.72	–	–	–
Total	364.72	–	–	–
Financial Liabilities				
Trade Payables	–	–	–	–
Total	–	–	–	–
As at March 31, 2018				
Financial Assets				
Trade receivables	89.48	–	–	–
Total	89.48	–	–	–
Financial Liabilities				
Trade Payables	12.79	–	–	–
Total	12.79	–	–	–

Credit Risk

The company is exposed to credit risk as a result of risk of counterparties defaulting on their obligations. The company's exposure to credit risk primarily relates to Cash and Cash Equivalents, other bank balances, trade receivables, loans and other financial assets.

The customer's credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management.

Credit quality of a customer is assessed based on the individual credit limits that are defined in accordance with the assessment and outstanding customer receivables are regularly monitored. The company monitors and limits its exposure to credit risk on a continuous basis.

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 1030.59 Lakhs and Rs.1315.71 Lakhs, as of March 31, 2019 and March 31, 2018 respectively, being the total of the carrying amount of trade receivables, investments, cash and cash equivalents, other balance with banks, loans and other financial assets.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to Rs. 568.46 lakhs(31st March, 2018–Rs.257.28 lakhs). The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

(Amount ₹ in Lakhs)

	March 31, 2019	March 31, 2018
Allowance for doubtful debts		
Balance at year end	–	0.90

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

Liquidity Risk

The company is exposed to liquidity risk related to its ability to fund its obligations as they become due. The company monitors and manages its liquidity risk to ensure access to sufficient funds to meet operational and financial requirements. The company monitors cash balances daily. In relation to Company's liquidity risk, the company's policy is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions as they fall due while minimizing finance costs without incurring unacceptable losses or risking damage to Company's reputation.

The Company's principle source of liquidity is cash and cash equivalents and the cash flow is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements and accordingly, no risk is perceived.

(Amount ₹ in Lakhs)

	Due in 1 year	1-2 years	3-5 years	>5 years
As at March 31,2019				
Financial Liabilities				
Borrowings	1267.99	—	—	257.59
Trade payables	659.15	—	—	—
Other Financial Liabilities	193.49	—	—	—
Total	2120.63	—	—	257.59
As at March 31,2018				
Financial Liabilities				
Borrowings	2,697.98	—	—	229.90
Trade payables	511.00	—	—	—
Other Financial Liabilities	265.41	—	—	—
Total	3474.39	—	—	229.90

For and on behalf of the Board of Directors of
Veejay Lakshmi Engineering Works Limited

As per our report of even date
For Manohar Chowdhry & Associates
Chartered Accountants, FRN No. 001997S

(Sd/-) V.J. JAYARAMAN (Sd/-) J. ANAND (Sd/-) D. RANGANATHAN (Sd/-) V.K. SWAMINATHAN
Chairman Managing Director Whole-Time Director Company Secretary

M.S.N.M.Santosh
Partner

Place : Coimbatore
Date : 29.05.2019

M.No: 221916

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Form No. MGT-11

(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies
(Management and Administration) Rules, 2014)

PROXY FORM

CIN : L29191TZ1974PLC000705
Name of the Company : VEEJAY LAKSHMI ENGINEERING WORKS LTD
Registered Office : Sengalipalayam, NGGO Colony Post, Coimbatore - 641 022

Name of the Member(s) :
Registered Address :
E-mail ID :
Folio No. / Client ID :
DP ID :

I / we, being the shareholder(s) of shares of the above named company, hereby appoint

1. Name :
Address :
E-mail ID :
Signature : _____ or failing him
2. Name :
Address :
E-mail ID :
Signature : _____ or failing him
3. Name :
Address :
E-mail ID :
Signature : _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 44th Annual General Meeting of the company, to be held on Wednesday, the 25th September, 2019 at 10.00 am at 'ARDRA HALL,' No.9, North Huzur Road, Coimbatore - 641 018 and at any adjournment thereof in respect of such resolutions as are indicated in the Notice for the meeting.

Signed this _____ day of _____ 2019.

(Affix Revenue Stamp)

Signature of Shareholder :

Signature of Proxy holder(s) :

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.



VEEJAY LAKSHMI ENGINEERING WORKS LIMITED

Regd. Office : Sengalipalayam, NGGO Colony Post, Coimbatore – 641 022
(CIN L29191TZ1974PLC000705)

ATTENDANCE SLIP

Name & Address of the Shareholder	No. of Shares held	Sequence No.	Folio No.

I hereby record my presence at the 44th ANNUAL GENERAL MEETING of the Company at 'Ardra Hall,' No.9, North Huzur Road, Coimbatore - 641 018 on Wednesday, the 25th September 2019 at 10.00 AM.

Signature of the member or Proxy

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ROUTE MAP TO MEETING HALL

