



VEEJAY LAKSHMI ENGINEERING WORKS LIMITED

FORTY-THIRD ANNUAL REPORT 2017-2018

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

Chairman cum Managing Director

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****Sri RAJIV A. NAIDU**

(Alternate to Sri N. Athimoolam Naidu)

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. Unit - I**

Sengalipalayam
Coimbatore 641 022

Engg. Units - II & III

Kariyampalayam, Annur
Coimbatore 641 653

Engg. Unit IV

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

Textile Division

Thekkampatti
Mettupalayam Taluk
Coimbatore 641 113

WIND MILLS

- I. Kethanur, Palladam
Tirupur 638 671
- II. Sinjuwadi, Pollachi
Coimbatore 642 007
- III. 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



CIN: L29191TZ1974PLC000705

Regd. Office: Sengalipalayam, NGGO Colony PO, Coimbatore – 641022

Phone: 0422 2460662 Fax: 0422 2460453

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

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Forty Third Annual General Meeting of the shareholders of Veejay Lakshmi Engineering Works Limited will be held on Thursday, the 27th day of September 2018 at 10.00 A.M at Nani Kalai Arangam, Mani Higher Secondary School premises, Coimbatore - 641 037 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 2018, 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 Smt Arthi Anand (DIN 07151584), who retires by rotation and being eligible, offers herself for re-appointment.

Special Business:

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

RESOLVED THAT pursuant to Regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the approval of the members of the Company be and is hereby accorded for the continuation of Sri V.J. Jayaraman (DIN 00137540), Chairman and Director, who has crossed the age of 75 years, as Director of the Company.

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

RESOLVED THAT pursuant to Regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the approval of the members of the Company be and is hereby accorded for the continuation of Sri N.M. Ananthapadmanabhan (DIN 00014436), who has crossed the age of 75 years, as an Independent Director of the Company for the remaining current tenure of his office.

RESOLVED FURTHER THAT except as aforesaid, all other terms and conditions of appointment of Sri N.M. Ananthapadmanabhan (DIN 00014436) as the Independent Director of the Company shall remain unaltered.

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

RESOLVED THAT pursuant to Regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the approval of the members of the Company be and is hereby accorded for the continuation of Sri N. Athimoolam Naidu (DIN 01410988), who has crossed the age of 75 years, as an Independent Director of the Company for the remaining current tenure of his office.

RESOLVED FURTHER THAT except as aforesaid, all other terms and conditions of appointment of Sri N. Athimoolam Naidu (DIN 01410988) as the Independent Director of the Company shall remain unaltered.

Place : Coimbatore

Date : 28/05/2018

By order of the Board

(Sd/-) V.J. Jayaraman

Chairman and Managing Director

**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 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 Friday, the 21st September 2018 to Thursday, the 27th September 2018 (both days inclusive) as per Reg.42 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 Company Secretary / 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, will, pursuant to Section 124 of the Companies Act, 2013 be transferred to the Investor Education and Protection Fund (IEPF).

The details of unpaid/unclaimed dividend are available on the website of the company www.veejaylakshmi.com. The shareholders whose unclaimed / unpaid dividend amount has been transferred to the 'Investor Education and Protection Fund' may claim the same from IEPF authority by filing Form IEPF-5 along with requisite documents.

Those shares in respect of which dividend was not claimed for seven consecutive years will be liable to be transferred to IEPF Authority as per provisions of the Act. As per the provisions of Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 the Company will be transferring 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. Details of shares due for transfer are available at the Company's website.



10. 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.
11. 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 with 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.
12. 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.
13. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
14. 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 2017-18 are sent through the permitted mode separately.
15. 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 43rd Annual General Meeting scheduled to be held on Thursday, the 27th September 2018 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 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 20.09.2018 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 24.09.2018 and ends on 26.09.2018 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 20.09.2018, 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 : 28/05/2018

By order of the Board

(Sd/-) V.J. Jayaraman

Chairman and Managing Director

ANNEXURE TO NOTICE OF AGM

Profile of Director Seeking Reappointment

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

Name	Smt Arthi Anand
Director Identification Number	07151584
Date of Birth and Nationality	11-05-1977 Indian
Inter-se relationship with other directors	Related to Chairman and Managing Director and Managing Director.
Qualification	B.Com., M.A(UK)
Expertise in area	Smt Arthi Anand has been Commercial Director in the Company for more than twelve years. Experienced in Corporate Administration.
Number of shares held in the Company	N I L
Board position held	Director – Non Executive.



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	NIL
Chairman / Membership in other committees of the Board	NIL

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 Chairman and 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 statements pursuant to Section 102 of the Companies Act, 2013

Item No. 3

As per the new Regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from 1st April, 2019, every listed Company would require the approval of the shareholders, by way of a special resolution, for the appointment or continuation of the directorship of any person, who has attained the age of seventy five years, as a non-executive director of the Company.

Sri V.J. Jayaraman (DIN: 00137540), presently aged 76 years, was appointed as a Managing Director of the Company whose previous term of office would expire on August 24, 2018.

Sri V.J. Jayaraman is the promoter director of the Company and has been associated with it from its inception in 1974. The Company has grown by leaps and bounds under his leadership and expert guidance all these years.

He holds degrees in Textile Engineering and Engineering Administration from reputed universities in USA. He has held senior most positions in few other prominent textile engineering enterprises in addition to leading this Company. He has been instrumental in floating new companies and nurturing them as successful ventures. Although he continues to be fit in all respects to continue to lead this Company, he would voluntarily demit the office as Managing Director from the date of expiry of his current term.

His continuous guidance as a Director and Non-executive Chairman with his entrepreneurial skills and rich textile and engineering expertise will be for the benefit of the Company.

Sri J. Anand, Managing Director and Smt Arthi Anand, Director are, as relatives of Sri V.J. Jayaraman, interested in the resolution.

Item No. 4

As per the new Regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from 1st April, 2019, every listed Company would require the approval of the shareholders, by way of a special resolution, for the appointment or continuation of the directorship of any person, who has attained the age of seventy five years, as a non-executive director of the Company.



Sri N.M. Ananthapadmanabhan has been continuously associated with the Company as a Director since October 2001. He had been a director in Lakshmi Automatic Loom Works Limited and Veejay Lakshmi Textiles Limited. He was former Chairman of National Textile Corporation (TN & P) Ltd.

He was appointed as an Independent Director in the Company for a period of five consecutive years from September 25, 2014 with the approval of the shareholders. He is also member and Chairperson of Audit Committee, Stakeholder Relationship Committee and Remuneration Committee.

In order to ensure compliance with new Regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which is effective from 1st April, 2019, necessary special resolution has been set out under Item No.4 seeking the approval of the shareholders to continue the appointment of Sri. N. M. Ananthapadmanabhan (DIN 00014436) as an Independent Director of the Company for the remaining tenure of his office up to September 24, 2019.

Keeping in view the vast experience and skills possessed by Sri. N.M. Ananthapadmanabhan, the Board of Directors commend the resolution for approval.

No director of the Company is interested in the resolution.

Item No. 5

As per the new Regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from 1st April, 2019, every listed Company would require the approval of the shareholders, by way of a special resolution, for the appointment or continuation of the directorship of any person, who has attained the age of seventy five years, as a non-executive director of the Company.

Sri N. Athimoolam Naidu has been continuously associated with the Company as a Director since October 2000. He is an engineering graduate and is the Managing Director of Augustan Knitwear P. Ltd. and Augustan Textile Colors P. Ltd in addition to his business interests in USA.

He was appointed as an Independent Director in the Company for a period of five consecutive years from September 25, 2014 with the approval of the shareholders.

In order to ensure compliance with new Regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which is effective from 1st April, 2019, necessary special resolution has been set out under Item No.5 seeking the approval of the shareholders to continue the appointment of Sri. N. Athimoolam Naidu (DIN 01410988) as an Independent Director of the Company for the remaining tenure of his office up to September 24, 2019.

Keeping in view the vast experience and skills possessed by Sri. N.Athimoolam the Board of Directors commend the resolution for approval.

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



DIRECTORS' REPORT TO SHARE HOLDERS

Dear Shareholders,

Your Directors present the Forty Third Annual Report and the Company's audited financial statements for the financial year ended 31st March 2018.

FINANCIAL RESULTS

The Company's financial performance for the year ended March 31, 2018 is summarized below:

(₹ in Lakhs)

Particulars	Year Ended 31.03.2018	Year Ended 31.03.2017
Sales Turnover	8,312.74	9,298.02
Profit/(Loss) before Depreciation and taxes	(365.89)	357.81
Depreciation	407.78	468.58
Exceptional Items/ expenses profit(loss) before taxes	-	-
Net Loss	(773.67)	(110.77)
Balance brought forward from Profit and Loss account	(867.48)	(695.98)
Amount available for appropriation	(1641.15)	(806.75)
APPROPRIATIONS/ADJUSTMENTS		-
Provision for Taxes - Current Tax	-	-
- Deferred Tax	(228.71)	40.24
Prior year Taxes	-	20.49
Balance carried forward to Profit and Loss account	(1412.44)	(867.48)
Total	(1641.15)	(806.75)

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

OPERATIONS / RESULTS

The quantity of machines sold during the year is 156 Nos as against 222 Nos in the previous year. Utilisation of capacity in Textile Division could not be at the optimum level as production was curtailed to minimize loss in view of under recovery of costs.

Low capacity utilization and thin margins in the products sold have resulted in a loss of Rs.544.96 Lakhs during the year as against the loss of Rs. 171.50 Lakhs in the previous year. The details of operations are given the Management Discussion and Analysis Report. No dividend is recommended in view of the losses.

FINANCE

The Company has availed additional working capital limit of Rs.10.00 crores under the Ware House receipt Finance Scheme for bulk procurement of cotton. The total working capital limit now is Rs.39.90 crores including Non fund based limits for L/cs and Guarantees. The promoters have also arranged a credit facility of Rs.10.0 crores for the Company from ICICI Home Finance Ltd. by pledging their personal securities.

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.

FIXED DEPOSITS

The Company has not accepted any deposits from public during the year and there are no deposits from the public as at 31.3.2018. The Company has an amount of Rs.918.24 lakhs as unsecured interest free loans from Promoter Directors. Rs.900.00 lakhs of this Loan has been treated as a compound Financial Instrument and accounted accordingly.

DIRECTORATE

Smt Arthi Anand, Director will retire by rotation at the ensuing Annual General meeting and being eligible she offers herself for re appointment.

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 Note No.34 - Consolidated Financial Statement.

The statement containing salient features of the financial statements of the Associate Company pursuant to provisions of Sec.129 of the Companies Act, 2013 is attached in Form AOC-1 as Annexure – 1 to this report.

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 2017-18'.

The Annual Return 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 31,2018, 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 2018.
- 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, 2018 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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under SEBI (LODR) Regulation, 2015 is presented separately forming part of the Annual Report.

CORPORATE GOVERNANCE

The report on Corporate Governance as stipulated under the Listing Regulations forms an integral part of this report. The requisite certificate, confirming compliance with the conditions of Corporate Governance is provided as part of Secretarial Audit Report.

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.32 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 profile of the Director proposed to be reappointed is 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 dedicated telephone line or 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.

Meetings of the Board

Five 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 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 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 2017-18.

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.



Sl. No.	Particulars	Related disclosures
2.	The details of directors or key managerial personnel who were appointed or have resigned during the year	NIL
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 2017-18.

Acknowledgement

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

Place : Coimbatore
Date : 28/05/2018

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

**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	-
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	31-03-2018
2. Date on which the Associate or Joint Venture was associated or acquired	05-12-2011



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)	143.26
7. Profit / Loss for the year (Rs. In Lakhs)	80.81
i. Considered in consolidation	21.17
ii. Not considered in consolidation	19.64

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 31-03-2018.	Valid up to 31-03-2018.
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 26-05-2017 and specific transactions every quarter.	Approved on 26-05-2017 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.43.66 lakhs

Foreign Exchange Earnings and Outgo

		₹ in Lakhs
		2017-18
1.	Foreign Exchange earned	2,800.62
2.	Foreign Exchange Outgo	1,056.18

Annexure 4

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31-03-2018

[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:0422-6549995 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	41.76
2	COTTON YARN	17111	57.64

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	3181411	0	3181411	62.726	0	
h) Central Govt										
i) State Govt (s)										
j) Bodies Corp.	64706	0	61815	1.276	64706	0	64706	1.276	0	
k) Banks / FI										
l) Any Other....										
Sub-total (A) (1):	3246117	0	3246117	64.002	3246117	0	3246117	64.002	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	3246117	0	3246117	64.002	0	



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	200	200	0.004	0
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) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):	500	300	800	0.016	500	300	800	0.016	0
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	43989	5600	49589	0.978	43999	5600	49599	0.978	0
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	895921	252684	1148605	22.646	933069	245584	1178653	23.237	0.591
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	444237	13000	457237	9.015	422554	13000	435554	8.588	-0.427
c) Others (specify)									
i) Directors and their relatives	250	4670	4920	0.097	250	4670	4920	0.097	0.000
ii) Non resident Indians	19989	0	19989	0.394	14319	0	14319	0.283	-0.111



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	8995	0	8995	0.177	8564	0	8564	0.169	-0.008
iv) Hindu Undivided families	67808	0	67808	1.337	65534	0	65534	1.292	-0.045
NRI directors	67840	0	67840	1.338	67840	0	67840	1.338	0.00
Sub-total (B)(2):	1549029	275954	1824983	35.982	1556129	268854	1824983	35.982	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)	1549529	276254	1825783	35.998	1556629	269154	1825783	35.998	0
C. Shares held by Custodian for GDRs & ADRs			0				0		
Grand Total (A+B+C)	4795646	276254	5071900	100.00	4802746	269154	5071900	100.00	0.00

(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/ encumbered to total shares No. of Shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered 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	1209807	23.853	0	0
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	3246117	64.002		0

**(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 and Managing Director	1105350	21.794	1/04/2017	No change		1105350	21.794
				31/03/2018			1105350	21.794
2	J. Anand Managing Director	1209807	23.853	1/04/2017			1209807	23.853
				31/03/2018			1209807	23.853
3	J. Vidya	736110	14.513	1/04/2017			725700	14.513
				31/03/2018			736110	14.513
4	V.J. Jayaraman (HUF)	130144	2.566	1/04/2017			130144	2.566
				31/03/2018			130144	2.566
5	Veejay Sales and Services Ltd.	64706	1.276	1/04/2017	64706	1.276		
				31/03/2018	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	169900	3.350	1/04/2017	232450	Bought	169900	3.350
				31/03/2018			232450	4.583
2	Ajay Kumar Kayan	100115	1.974	1/04/2017	-11015	Sold	100115	1.974
				31/03/2018			76101	1.500
3	Sudhir N	34200	0.674	1/04/2017	-34200	Sold	0	
				31/03/2018			0	0.000
4	Tanvi Jignesh Mehta	33377	0.658	1/04/2017	4633	Bought	38010	
				31/03/2018			38010	0.749
5	Bharat Mody	25657	0.506	1/04/2017		No change	25657	
				31/03/2018			25657	0.506
6	S R Gupta	20114	0.397	1/04/2017	-2227	Sold	17887	
				31/03/2018			17887	0.353



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
7	Surendra Lamba	19936	0.393	1/04/2017	0	No change	19936	0.393
				31/03/2018			19936	0.393
8	Aditya Vikram Somani	16927	0.334	1/04/2017		No change	16927	0.334
				31/03/2018	0		16927	0.334
9	Magesh Kanooga S	16726	0.330	1/04/2017			16726	0.330
				31/03/2018	-8133		Sold	8593
10	Parmeshwar Lal Rungta	13926	0.275	1/04/2017	-13926	Sold	0	0.000
				31/03/2018			0	0.000

(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 Shareholding	Reason	Cumulative Shareholding during/(end of) the year	
		No. of shares	% of total				No. of shares	% of total
1	V.J. Jayaraman Chairman and Managing Director	1105350	21.794	1/04/2017			1105350	21.794
				31/03/2018	0		No change	1105350
	V.J. Jayaraman (HUF)	130144	2.566	1/04/2017	0		130144	2.566
				31/03/2018			No change	130144
2	J. Anand Managing Director	1209807	23.853	1/04/2017	0		1209807	21.881
				31/03/2018	0		No change	1209807
3	N. Athimoolam Naidu	67840	1.338	1/04/2017	0		67840	1.338
				31/03/2018	0		No change	67840
4	D. Ranganathan	300	0.006	1/04/2017	0		300	0.006
				31/03/2018	0		No change	300

- 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	9,23,62,793	2,58,42,689	0	11,82,05,482
ii) Interest due but not paid	0	0	0	
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	9,23,62,793	2,58,42,689	0	11,82,05,482
Change in Indebtedness during the financial year				
– Addition	13,56,11,610	4,24,71,118	0	17,80,82,728
– Reduction	0	35,00,000	0	35,00,000
Net Change	13,56,11,610	3,89,71,118	0	17,45,82,728
Indebtedness at the end 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	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

VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Sri V. J. Jayaraman Managing Director	Sri J. Anand Managing Director	Sri D. Ranganathan Whole Time Director	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	30,00,000	9,59,917	39,59,917
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	14,062	6,11,677	1,17,277	7,43,016
	(c) Profits in lieu of salary under section 17(3) Incometax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0



Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Sri V. J. Jayaraman Managing Director	Sri J. Anand Managing Director	Sri D. Ranganathan Whole Time Director	
3	Sweat Equity	0	0	0	0
4	Commission				
	– as % of profit	0	0	0	0
	– others, specify...	0	0	0	0
5	Others, please specify	0	0	0	0
	Total (A)	14,062	36,11,677	10,77,194	47,02,933
	Ceiling as per the Act	48,00,000	42,00,000	10,80,000	1,00,80,000

B. Remuneration to other Directors:

Sl. no.	Particulars of Remuneration	Name of Directors					Total Amount
		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	45,000	35,000	20,000	0	45,000	1,45,000
	– Commission	0	0	0	0	0	0
	– Others, please specify	0	0	0	0	0	0
	Total (1)	45,000	35,000	20,000	0	45,000	1,45,000
2	Other Non-Executive Directors						
	– Fee for attending board / committee meetings	0	0	0	20000	0	20,000
	– Commission	0	0	0	0	0	0
	– Others, please specify	0	0	0	0	0	0
	Total (2)	0	0	0	20000	0	20,000
	Total (B)=(1+2)	45,000	35,000	20,000	20000	45,000	1,65,000
	Total Managerial Remuneration						48,67,933
Overall Ceiling as per the Act (Perquisites not included)						1,00,80,000	

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	6,00,000	0	6,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	87,826	0	87,826
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission				
	– as % of profit	0	0	0	0
	– others, specify	0	0	0	0
5	Others, please specify	0	0	0	0
	Total	0	6,87,826	0	6,87,826

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 2018**

[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 2018 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 2018 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 2018:
 - (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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) 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



- c) 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;
 - d) 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;
 - e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - g) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
 - h) 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 : 28.05.2018

(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 2018 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 : 28.05.2018

(Sd.) K. MUTHUSAMY

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 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 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 dependence on exports. 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

Engineering Division:

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 and is around 50% now. 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 who produce good quality twisted yarn is met by the Company and other foreign manufacturers who offer machines made by them in India and China.

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. Low demand and discounts offered due to competition have affected both the sales and profitability of the engineering division. The Company could sell only 156 machines of value Rs. 3426 Lakhs during the year against 222 Nos of value Rs.4413 Lakhs in the previous year. Of the total sale of machines during year, the sale in the second half is low. Same is the case with Assembly Winders. The sale during the year is 4 machines of value Rs.72 Lakhs. The Company had taken steps to increase the production in the last year. But it has to again curtail production by reducing the number of shifts and the work force.

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. A new model developed with features for low power consumption is under trials in the company's spinning unit and the Company is confident that this machine will be well accepted in the market and will also improve the margins with low cost of manufacture. There is also scope for improving the sale of the spare parts of this products. The manufacturing facilities available could also be used to do job works for other companies, when the capacity is not fully utilized for twisting/winding machines.

While there may not be any threat from new entrants, existing manufacturers will continue to give stiff competition. As textile industry provides large employment and also due to the scope for increasing the country's market share in world market for textiles, the Govt. will continue to support the textile industry and the Company is confident to maintain/improve its market share.



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

As in the previous year the disparity between Cotton and yarn prices rendered any long term plans unreliable. Unfavorable yarn prices coupled with lower demand resulted in under utilization of facilities. Measures for enhancing capacity for value added products such as twisted yarn and knitted fabric are in progress.

Instability and mismatch in the prices of cotton and yarn continue to haunt the spinning industry compelling under utilization of installed capacity to minimize the loss. It also suffers from locational disadvantage of being away from cotton growing areas, which pushes up the cost of the main raw material. Further, market for the product Cotton Yarn is not consistent whereby any long term planning is unreliable.

There is continuous increase in spinning capacity. The production capacity in India is in excess of the local demand for the yarn. This results in acute competition, fall in demand and lower price / margins in the textile division.

The Textile Division of the company is labour intensive. Required labour is sourced from other districts of the state and northern states ensuring uninterrupted production. Power situation during the year has been comfortable.

As regards the textiles division, the focus of the Company is to sell value added products for niche markets and also to make use of the full capacity available. As there is good scope for export of both fabrics and yarn, the Company is also exploring new markets overseas.

The sales turnover from textile division is Rs.4834 lakhs as against Rs.4355 lakhs in the previous year. The capacity utilization was not at the optimum level due to the yarn prices being below feasible operational level.

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 removal of bottle necks in production in engineering division has resulted in increase in the turnover of engineering division. However, the margins realized could not cover the operating cost.

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 833 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 2017-18 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, 2018 are as under:

Name of the Director	Category	No. of Board Meetings		Attendance at the last AGM held on 27.09.2017	No. of Directorships in other companies*	Committee position #	
		Held	Attended			Member	Chair-man
Sri.V.J.Jayaraman	Executive (promoter)	5	5	YES	1	--	--
Sri.J.Anand	Executive (Promoter)	5	5	YES	5	--	--
Smt Arthi Anand	Non Executive (Non-independent)	5	4	Yes	Nil	-	-
Sri.N. Athimoolam Naidu Sri Rajiv A. Naidu Alternate Director	Non-Executive Independent	5	3	YES	3	--	--
Sri.B.Sriram	Non-Executive Independent	5	3	Yes	2	--	--
Sri.N.M. Ananthapadmanabhan	Non-Executive Independent	5	4	YES	Nil	--	--
Sri.D.Ranganathan	Executive Non- Independent	5	5	YES	1	--	--
Sri K. Narendra	Non-Executive Independent	5	4	Yes	1	--	--

* Includes private limited companies

Committee Positions include positions in other companies only

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

The Board met five times during the financial year 2017-18 Viz., on 26.05.2017, 10.08.2017, 13.11.2017, 05.02.2018 and 05.03.2018. 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.

**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.

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.D.Ranganathan, Member (Executive)
- Sri K. Narendra, Member (Independent)

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 2017-18 on 26.05.2017, 10.08.2017, 13.11.2017 and 05.02.2018

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	3
Mr.D. Ranganathan	Member	4	4
Mr.K. Narendra	Member	4	4

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 27.09.2017.

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.

DETAILS OF REMUNERATION FOR THE YEAR 2017-18

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 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. N.M. Ananthapadmanabhan	45,000	NIL	NIL
Sri. B.Sriram	35,000	NIL	NIL
Sri. Athimoolam Naidu	20,000	NIL	67,840
Smt. Arthi Anand	20,000	NIL	Nil
Sri. K. Narendra	45,000	Nil	Nil

• Executive Directors

Name	Designation	Salary & Perquisites per annum in Rs.	Ratio to median remuneration
Sri.V.J.Jayaraman	Chairman-cum- Managing Director	14,062	1 : 0.13
Sri.J.Anand	Managing Director	36,11,677	1 : 34.3
Sri.D.Ranganathan	Whole -time Director	10,77,194	1: 10.2

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 : 833

The remuneration to each of Key Managerial Personnel is reasonable vis-a-vis the respective responsibilities and performance of the Company.

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 : 34.3	1: 10.2	1 : 6.5

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 appointed 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 such other regulatory provisions and also others as the Board of Directors may consider think fit for effective and efficient redressal of shareholders and / or investors' grievances.

Based on the report received from SKDC Consultants Limited, the Registrar & Share Transfer Agent, the Company received NIL requests / complaints during the year ended March 31, 2018. As on March 31, 2018 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
2016-17	27.09.2017	10.00 AM	Nani Palkhivala Auditorium, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore -641 037	No special business was 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.
2014-15	30.09.2015	10.00 AM	Nani Palkhivala Auditorium, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037	Special Resolution was passed for reappointment of Sri V.J. Jayaraman as Chairman and Managing Director 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

C) Compliance by the Company

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

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 Malar"

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 27, 2018 Thursday
Time	10.00 AM
Venue	Nani Palkhivala Auditorium, Mani Higher Secondary School premises, Coimbatore -641 037

• Financial Calendar for 2017-18

Financial Year : 1st April ,2017 to 31st March,2018

Board meeting dates for approval of quarterly results:

1st Qtr. ended on June 30, 2017 : within 45 days from the close of quarter

2nd Qtr. ended on September 30, 2017 : within 45 days from the close of quarter

3rd Qtr. ended on December 31, 2017 : within 45 days from the close of quarter

4th Qtr. ended on March 31, 2018 : within 60 days from the close of quarter

Book Closure dates : 21/09/2018 to 27/09/2018 (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 2018- 19.

• 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 2017-2018 on BSE Limited are as under:

Month	High (Rs)	Low (Rs)
April - 2017	62.35	51.50
May -2017	60.00	49.65
June - 2017	51.96	48.35
July - 2017	56.00	51.35
August - 2017	53.90	48.55
September - 2017	54.50	48.50
October - 2017	52.90	48.80
November - 2017	53.00	48.55
December - 2017	78.55	49.90
January - 2018	77.85	59.90
February - 2018	59.10	50.00
March - 2018	55.90	48.05



- 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, 2018	March 31, 2017
Market Capitalisation of the Company (Rs. Lakhs)	2511	2947
Issued capital (in Nos)	5071900	5071900
Closing price at B S E Ltd. (Rs.)	49.50	58.10
Earning per share (Rs.)	-10.31	-3.08
Price Earning Ratio as at closing date	-4.80	-18.86

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 0422-6549995, 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 2018**

Shareholding of Nominal value of Rs.10 each	No. of Shareholders	% of shareholders	Shareholding in Rs.	% of Shareholding
UPTO to 5,000	5252	93.18	6214760	12.25
5,001 to 10,000	189	3.35	1528840	3.02
10,001 to 20,000	86	1.53	1324720	2.61
20,001 to 30,000	40	0.71	985220	1.94
30,001 to 40,000	20	0.35	721730	1.42
40,001 to 50,000	12	0.21	555460	1.10
50,001 to 1,00,000	20	0.35	1469250	2.90
1,00,001 AND ABOVE	18	0.32	37919020	74.76
GRAND TOTAL	5637	100.00	5,07,19,000	100.00

- Categories of shareholders as on 31st March 2018**

Category	No. of Shares Held	% of Shareholding
Promoter Holding		
• Promoter Holding	32,46,117	64.002



Category	No. of Shares Held	% of Shareholding
Public Share Holding		
• Mutual Funds and UTI	200	0.01
• Banks, Fin. Institutions, Insurance Companies	500	0.01
• Govt. companies	100	0.001
• FII's		
Others		
• Directors & Relatives	72760	1.434
• Private Corporate Bodies	49589	0.978
• Indian Public	1682645	33.176
• NRI/OBC's	19989	0.394

• **Dematerialization of shares:**

Mode	No. of Shares	%
Demat	4802746	94.693
Physical	269154	5.307
TOTAL	5071900	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 I : Sengalipalayam, NGGO Colony Post, Coimbatore -641 022
- Unit II&III : Kariyampalayam, Annur, Coimbatore -641 653
- Unit IV : Athipalayam Road, Vellamadai (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 3rd Floor, 1391/A-1, Sathy Road Ganapathy, Coimbatore – 641 006 Phone : +91 0422-6549995, 2539835 Email : info@skdc-consultants.com Web : www.skdc-consultants.com	The Company Secretary, Veejay Lakshmi Engineering Works Ltd Sengalipalayam, NGGO Colony post, Coimbatore - 641 022 Phone : +91-422-2460 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 SEBO (LODR) Regulations, 2015, I hereby declare that for the financial year ended March 31, 2018 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
28.05.2018

(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, 2018 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
28.05.2018

(Sd/-) D. Ranganathan
Whole time Director (CFO)

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



**INDEPENDENT AUDITORS' REPORT
ON THE STANDALONE IND AS FINANCIAL STATEMENTS**

To the Members of VEEJAY LAKSHMI ENGINEERING WORKS LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Veejay Lakshmi Engineering Works Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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 ("the Act") with respect to the preparation and presentation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on standalone Ind AS financial statements.



Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2018, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended 31st March 2017 and the transition date opening Balance sheet as at 1st April, 2016 included in this standalone Ind AS Financial Statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March 2017 and 31st March 2016 dated 26th May, 2017 and 21st May, 2016 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2) As required by Section 143(3) of the Act, we report 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.
 - b. 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.
 - c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d. 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.
 - e. On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
 - f. 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; and
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with the 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:
 - i. 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;
 - ii. The Company didn't have any long term contracts including derivative contracts as such the question of commenting on any materials foreseeable losses thereon does not arise;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and



- iv. The disclosure in the Ind AS Financial Statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made since they do not pertain to the financial year ended March 31, 2018. However amounts as appearing in the audited Ind AS Financial Statements for the year ended 31 March 2017 have been disclosed in Note No. 29 of the standalone financial statements.

For **MANOHAR CHOWDHRY & ASSOCIATES**
Chartered Accountants
(Firm Registration No: 001997S)

(Sd/-) **M.S.N.M. Santosh**
Partner
(Membership No: 221916)

Place: Coimbatore
Date : 28.05.2018

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, 2018, 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 were 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, Profession Tax, Income-tax, Sales-tax, Value Added Tax, Works Contract Tax, Service tax, Customs Duty, Excise 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.
- (b) 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 Income-tax, Sales-tax, Value Added Tax, Works Contract Tax, Service tax, Customs Duty, Excise Duty, Goods and Service tax, Cess were in arrears as at March 31, 2018, for a period of more than six months from the date they became payable; and
- (c) 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 Statute	Nature of Dues	Amount INR in Lakhs	Forum where the dispute is pending
Central Excise Act, 1944	Central Excise and Service Tax	1.58	Customs, Central Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Central Excise and Service Tax	3.15	Customs, Central Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Central Excise and Service Tax	64.33	Customs, Central Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Central Excise and Service Tax	0.18	Central Excise Department
Central Excise Act, 1944	Central Excise and Service Tax	1.83	Central Excise Department
Central Excise Act, 1944	Central Excise and Service Tax	0.90	Central Excise Department
Central Excise Act, 1944	Central Excise and Service Tax	2.00	Customs, Central 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 practices 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 him. 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
(Membership No: 221916)

Place : Coimbatore
Date : 28.05.2018

ANNEXURE B TO THE INDEPENDENT AUDITORS' 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, 2018, 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 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 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 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, 2018, 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 : 28.05.2018



BALANCE SHEET AS AT 31ST MARCH 2018

Particulars	Notes	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
ASSETS				
Amount in ₹ Lakhs				
I. Non Current Assets				
(a) Property, plant and equipment	2	4,155.57	4,300.62	4,472.63
(b) Capital Work In Progress		—	—	—
(c) Investment Property	3	120.74	131.46	142.19
(d) Intangible assets	4	—	—	0.01
(e) Financial assets				
(i) Investments	5(a)	113.05	74.43	57.88
(ii) Loans	5(b)	161.02	125.93	103.85
(f) Deferred Tax Assets (Net)	6	349.92	152.90	183.17
(g) Other non-current asset	7	37.75	37.75	42.39
Total		4,938.05	4,823.09	5,002.12
II. Current Assets				
(a) Inventories	8	3,482.98	3,049.21	1,720.79
(b) Financial assets				
(i) Investments	8(a)	—	—	896.48
(ii) Trade receivables	8(b)	257.28	381.00	281.48
(iii) Cash and cash equivalents	8(c)	634.27	122.35	108.93
(iv) Bank balances	8(d)	2.52	2.00	20.57
other than (ii) above				
(v) Loans	8(e)	5.62	5.47	8.06
(vi) Other Financial Asset	8(f)	—	1.58	11.36
(c) Other current assets	9	408.99	379.63	161.79
(d) Current tax Assets(Net)		15.10	13.62	196.53
Total		4,806.76	3,954.86	3,405.99
III. Assets Held for Sale				
Total		75.33	77.51	82.11
TOTAL ASSETS		9,820.14	8,855.46	8,490.22
EQUITY AND LIABILITIES				
I. Equity				
(a) Equity Share Capital	10	507.19	507.19	507.19
(b) Other Equity	11	5,185.49	5,732.54	5,884.92
Total Equity		5,692.68	6,239.73	6,392.11
II. Non Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	12(a)	229.90	205.19	218.61
(ii) Other Financial Liabilities		—	—	—
(b) Provisions	13	53.15	47.81	38.42
(c) Deferred tax liabilities (net)	6	—	—	—
(d) Other non-current liabilities		—	—	—
Total		283.05	253.00	257.03
III. Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	14(a)	2,697.98	976.87	182.75
(ii) Trade payables	14(b)	657.43	601.18	507.91
(iii) Other financial liabilities	14 (c)	139.64	8.97	270.91
(b) Other Current Liabilities	15	308.74	742.92	849.78
(c) Provisions	16	40.62	32.79	29.73
(d) Current tax liabilities (net)		—	—	—
Total		3,844.41	2,362.73	1,841.08
TOTAL LIABILITIES		4,127.46	2,615.73	2,098.11
TOTAL EQUITY AND LIABILITIES		9,820.14	8,855.46	8,490.22

Significant Accounting Polices 1
Notes to the Financial Statements 2-33

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 cum Managing Director Managing Director Whole-Time Director Company Secretary

M.S.N.M.Santosh
Partner

Place : Coimbatore
Date : 28.05.2018

M.No: 221916



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018

Particulars	Note No.	For the year ended 31.03.2018	For the year ended 31.03.2017
		₹ in Lakhs	
INCOME			
I. Revenue from operations	17	8,312.74	9,298.02
II. Other Income	18	74.25	70.28
III. Total Income (I+II)		8,386.99	9,368.30
IV. Expenses			
Cost of Materials Consumed	19	5,783.75	5,183.34
Excise duty		177.00	471.72
Changes in Inventories of finished goods, stock in trade and Work in Progress	20	(488.31)	(80.32)
Employee benefit expenses	21	1,432.41	1,479.17
Depreciation & Amortization expenses	2 & 3	407.78	468.58
Finance costs	22	111.08	53.04
Other expenses	23	1,736.95	1,903.54
Total Expenses (IV)		9,160.66	9,479.07
V. Profit/ (Loss) before exceptional items and tax (III-IV)		(773.67)	(110.77)
VI. Exceptional Items		-	-
VII. Profit/ (Loss) before tax (V-VI)		(773.67)	(110.77)
VIII. Tax expense:			
(1) Current tax	24	-	-
Prior year taxes		-	20.49
(2) Deferred tax	6	(228.71)	40.24
IX. Profit/ (Loss) for the year (VII- VIII)		(544.96)	(171.50)
X. Other comprehensive income			
Items that will not be reclassified to Profit or Loss			
- Remeasurements of defined benefit liabilities- Gain/(Loss)		(8.66)	(7.04)
- Equity instruments through other comprehensive income		38.61	16.55
- Cash flow hedging		(0.35)	(0.36)
- Income tax relating to items that will not be reclassified to Profit or loss		-	-
Deferred tax on account of above		(31.69)	9.97
Total Other Comprehensive Income		(2.09)	19.12
XI. Total Comprehensive income for the year (IX) + (X)		(547.05)	(152.38)
X. Earnings per equity share			
1. Basic	28	(10.74)	(3.38)
2. Diluted		(3.87)	(1.22)
Significant Accounting Polices		1	
Notes to the Financial Statements		2-33	

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
Chairman cum
Managing Director

(Sd/-) J. ANAND
Managing Director

(Sd/-) D. RANGANATHAN
Whole-Time Director

(Sd/-) V.K. SWAMINATHAN
Company Secretary

M.S.N.M.Santosh
Partner

Place : Coimbatore
Date : 28.05.2018

M.No: 221916

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2018**

₹ in lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
I. Cash Flows from Operating Activities		
Net profit before taxation and extraordinary item	(773.67)	(110.77)
Adjustments for:		
Depreciation	407.78	468.58
Provision for doubtful debts	(15.11)	11.36
Provision for gratuity & leave encashment	14.96	14.93
Interest expenses	111.08	53.04
Interest income on Fixed Deposits	(10.01)	(15.05)
Dividend Income	(0.61)	(0.68)
Profit on sale of Fixed Assets	(49.73)	(5.91)
Profit on sale of Investments	-	(39.64)
Operating profit before working capital changes	458.36	486.63
Working capital changes:		
(Increase)/Decrease in Trade receivables	138.83	(111.24)
(Increase)/Decrease in Inventories	(433.77)	(1,328.42)
(Increase)/Decrease in loans	(0.15)	2.59
(Increase)/Decrease in other current assets	(31.77)	(109.63)
(Increase)/Decrease in other financial Assets	1.58	9.78
Increase/(Decrease) in trade payables	56.25	93.27
Increase/(Decrease) in other financial liabilities	131.40	(13.11)
Increase/(Decrease) in other current liabilities	(434.19)	(106.85)
Proceeds from short term borrowings	1,721.11	794.12
Increase/(Decrease) in provisions	13.18	12.45
Cash generated from operations	1,620.83	(270.41)
Income (taxes)/refund (paid)/received	0.93	54.21
Net cash provided by operating activities	848.09	(326.97)
II. Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(256.73)	(303.08)
Proceeds from sale of Fixed Assets	56.63	27.76
Interest received on Fixed deposits	10.01	15.05
Proceeds from/(Investment in fixed deposits)	(0.52)	18.57
Proceeds from Investments	-	936.12
Dividend Income	0.61	0.68
Loans & advances given	(35.09)	(17.44)
Net cash used in investing activities	(225.09)	677.66
III. Cash Flows from Financing Activities		
Interest paid	(111.08)	(53.04)
Proceeds from long term borrowings	-	-
Repayment of borrowings	-	(284.23)
Net cash provided by financing activities	(111.08)	(337.27)
Net increase/(decrease) in cash and cash equivalents	511.92	13.42
Cash and cash equivalents at the beginning of the year	122.35	108.93
Cash and cash equivalents at the end of the year	634.27	122.35
IV. 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 cum Managing Director Whole-Time Director Company Secretary

M.S.N.M.Santosh
Partner

Place : Coimbatore
Date : 28.05.2018

M.No: 221916



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2017

Particulars	Equity Share Capital	Reserves and Surplus				Equity Component of Convertible Loan	Equity Instruments through Other Comprehensive Income	Items of Other Comprehensive Income	Cash Flow hedge	Amount in ₹ Lakhs
		General Reserve	Capital Reserve	Securities premium	Retained Earnings					
Balance at the beginning of reporting Period (01.04.2016)	507.19	3,574.63	100.82	2,116.43	716.87	71.90	0.25	-	6,392.11	
Profit for the year	-	-	-	-	(171.50)	-	-	-	(171.50)	
Remeasurement of net defined benefit Liability/Asset (net of tax)	-	-	-	-	-	-	(4.86)	-	(4.86)	
Changes in fair value of equity instruments through FVTOCI [net of tax]	-	-	-	-	-	24.23	-	-	24.23	
Cash flow hedges (Net of taxes)	-	-	-	-	-	-	-	(0.25)	(0.25)	
Total Comprehensive Income	-	-	-	-	(171.50)	24.23	(4.86)	(0.25)	(152.38)	
Transfer of Profit on realisation of equity instruments through FVTOCI to General Reserves	-	24.86	-	-	-	(24.86)	-	-	-	
Balance at the end of reporting period (31.03.2017)	507.19	3,599.49	100.82	2,116.43	(867.48)	71.27	(4.61)	(0.25)	6,239.73	

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

Particulars	Equity Share Capital	Reserves and Surplus				Equity Component of Convertible Loan	Equity Instruments through Other Comprehensive Income	Items of Other Comprehensive Income	Cash Flow hedge	Amount in ₹ Lakhs
		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)	71.27	(4.61)	(0.25)	6,239.73	
Profit for the year	-	-	-	-	(544.96)	-	-	-	(544.96)	
Remeasurement of net defined benefit Liability/Asset (net)	-	-	-	-	-	-	(40.35)	-	(40.35)	
Changes in fair value of equity instruments through FVTOCI [net of tax]	-	-	-	-	-	38.61	-	-	38.61	
Cash flow hedges (Net of taxes)	-	-	-	-	-	-	-	(0.35)	(0.35)	
Total Comprehensive Income	-	-	-	-	(544.96)	38.61	(40.35)	(0.35)	(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	109.88	(0.60)	5,692.68	

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 cum Managing Director Whole-Time Director Company Secretary

M.S.N.M. Santosh
Partner

M.No: 221916

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018****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 28th May, 2018.

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. These financial statements are the first financial statements of the Company under Ind AS.

3. Basis of preparation of financial statements

The financial statement 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, 2018

- **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.

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, provisions, contingent liabilities and 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 and 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 rupees in lakhs, 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, 2018

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. 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, 2018

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

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.

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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 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, 2018****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 associates 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 non-financial 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.

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

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. 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.

19. 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.

20. 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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

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 shares and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity.

21. 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.

22. 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.

23. New Accounting Standards, Amendments to Accounting Standards, Annual Improvements and Interpretations Effective Subsequent to March 31, 2018**Revenue from Contracts with Customers:**

Ministry of Company Affairs on March 28, 2018 notified the Companies (Indian Accounting Standards) (Amendment) Rules, 2017, where by "IND AS 115 Revenue from Contracts with Customers" has been made applicable from financial years 2018-19.

New Revenue Standard brings in a comprehensive and robust framework ('5 Step' Model) for recognition, measurement and disclosure of revenue.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

2. Property, Plant and Equipment

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

Particulars	Land	Buildings	Plant & Machinery	Vehicles	Furniture and Fittings	Office Equipments	Total
Gross carrying amount							
As at 01 April 2016	1,112.82	1,385.72	1,896.83	12.70	57.76	6.80	4,472.63
Additions	-	-	300.94	-	0.74	1.40	303.08
Deletions	-	-	(17.25)	-	-	-	(17.25)
As at 31 March 2017	1,112.82	1,385.72	2,180.52	12.70	58.50	8.20	4,758.46
Additions	-	3.32	251.89	0.39	-	1.13	256.73
Deletions	-	2.04	2.66	0.02	-	-	4.72
As at 31 March 2018	1,112.82	1,387.00	2,429.75	13.07	58.50	9.33	5,010.47
Depreciation and Impairment							
As at 01 April 2016	-	-	-	-	-	-	-
Depreciation charge for the year	-	64.81	364.73	1.60	22.58	4.12	457.84
As at 31 March 2017	-	64.81	364.73	1.60	22.58	4.12	457.84
Depreciation charge for the year	-	64.83	312.11	1.55	16.50	2.07	397.06
As at 31 March 2018	-	129.64	676.84	3.15	39.08	6.19	854.90
Net book value							
At 31 March 2018	1,112.82	1,257.36	1,752.91	9.92	19.42	3.14	4,155.57
At 31 March 2017	1,112.82	1,320.91	1,815.79	11.10	35.92	4.08	4,300.62
At 01 April 2016	1,112.82	1,385.72	1,896.83	12.70	57.76	6.80	4,472.63

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

3. Investment Property

Particulars	Land	Buildings	Total
Gross carrying amount			
As at 01 April 2016	7.27	134.92	142.19
Additions	-	-	-
Deletions	-	-	-
As at 31 March 2017	7.27	134.92	142.19
Additions	-	-	-
Deletions	-	-	-
As at 31 March 2018	7.27	134.92	142.19
Depreciation and Impairment			
As at 01 April 2016	-	-	-
Depreciation charge for the year	-	10.73	10.73
As at 31 March 2017	-	10.73	10.73
Depreciation charge for the year	-	10.72	10.72
As at 31 March 2018	-	21.45	21.45
Net book value			
At 31 March 2018	7.27	113.47	120.74
At 31 March 2017	7.27	124.19	131.46
At 01 April 2016	7.27	134.92	142.19

No rental income has been received from this investment property during the financial year 2017- 18. The Property has been rented on 21-03-2018 and the rent starts from 21-04-2018 after one month free rent period.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

4. Intangible assets

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

Particulars	Software	Total
Gross carrying amount		
As at 01 April 2016	0.01	0.01
Additions	–	–
As at 31 March 2017	0.01	0.01
Additions	–	–
As at 31 March 2018	0.01	0.01
Amortisation and Impairment	–	–
As at 01 April 2016	–	–
Amortisation	0.01	0.01
As at 31 March 2017	0.01	0.01
Amortisation	–	–
As at 31 March 2018	0.01	0.01
Net book value		
As at 31 March 2018	–	–
As at 31 March 2017	–	–
As at 01 April 2016	0.01	0.01

5. Financial Assets: Non Current

5(a) Investments

Particulars	31-Mar-18		31-Mar-17		1-Apr-16	
	Qty.	Amount	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	103.35	1,500	63.29	1,500	50.03
M/s Precision Fasteners Limited-Face value of Rs 10/- each	10,000	–	10,000	–	10,000	–
M/s IFCI Limited- Face value of Rs 10/- each	200	0.04	200	0.06	200	0.05
M/s State Bank of India Limited- Face value of Re 1/- each	3,340	8.35	3,340	9.77	3,340	6.49
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	13,100	1.31
Total		113.05		74.43		57.88
Total Non- Current Investments						
Aggregate amount of quoted investments and market value		111.74		73.12		56.57
Aggregate amount of unquoted investments		1.31		1.31		1.31
Aggregate amount of impairment in value of investments.		–		–		–
		113.05		74.43		57.88
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		1.31
Financial Assets carried at Fair value through Other Comprehensive Income(FVTOCI)		111.74		73.12		56.57
Total		113.05		74.43		57.88

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

5(b) Loans

Particulars	31-Mar-18	31-Mar-17	1-Apr-16
Unsecured and considered good			
Security Deposits	160.96	125.93	103.85
Rental advances	0.06	–	–
Total	161.02	125.93	103.85

6. Deferred Tax

Particulars	31-Mar-18	31-Mar-17	1-Apr-16
Total	349.92	152.90	183.17

Deferred tax assets/ (Liabilities):

Particulars	Opening balance	Recognised in Profit & Loss	Recognised in OCI	Total
For the year ended 31 March 2017				
Disallowances under Income Tax Act	20.26	0.19	–	20.45
Provision for Doubtful debts	0.46	2.31	–	2.77
Gratuity	11.87	2.90	2.18	16.95
Leave encashment	0.45	–	–	0.45
VRS	48.06	(34.05)	–	14.01
Carryforward of losses	909.57	(74.40)	–	835.17
Property, plant and equipment and Intangible asset	(578.20)	56.00	–	(522.20)
Equity portion of loan from Directors	(221.51)	6.81	–	(214.70)
Fair valuation of Investments	(7.68)	–	7.68	–
Cash flow hedge	(0.11)	–	0.11	–
Total	183.17	(40.24)	9.97	152.90
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	–	1,095.80
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

*Amounts in brackets represents expense

7. Other Non Current Assets

Particulars	31-Mar-18	31-Mar-17	1-Apr-16
Advance for capital expenditure	37.75	37.75	42.39
Total	37.75	37.75	42.39

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

(All amounts are in ₹ lakhs otherwise stated)

Current Assets:**8. Inventories**

Particulars	31-Mar-18	31-Mar-17	1-Apr-16
Raw materials	1,912.37	1,866.34	728.86
Components	242.63	303.89	206.66
Scrap	8.30	4.80	2.61
Work in Progress	525.38	445.31	281.68
Stores and Spares	76.69	116.00	102.61
Finished Goods	717.61	312.87	398.37
Total	3,482.98	3,049.21	1,720.79

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 5,783.75 lakhs

(previous year - Rs 5,183.34 lakhs)

8(a) Investments

Particulars	31-Mar-18	31-Mar-17	1-Apr-16
Tata Floater Fund - Regular Plan Growth	-	-	896.48
Total	-	-	896.48

8(b) Trade Receivables

Particulars	31-Mar-18	31-Mar-17	1-Apr-16
Secured Considered good	-	-	-
Unsecured and considered good	258.18	397.01	286.13
Unsecured and considered Doubtful	-	-	-
	258.18	397.01	286.13
Less: Allowance for bad and doubtful debts	(0.90)	(16.01)	(4.65)
Total	257.28	381.00	281.48

8(c) Cash and cash equivalents

Particulars	31-Mar-18	31-Mar-17	1-Apr-16
Balances with banks in Current accounts	614.56	102.46	5.16
In Deposit accounts with maturity less than 3 months	-	-	60.00
In Deposit accounts	16.12	14.13	14.13
Cash on hand	3.59	5.76	29.64
Total	634.27	122.35	108.93

8(d) Bank balances other than above

Particulars	31-Mar-18	31-Mar-17	1-Apr-16
Deposits for Margin Money	0.53	-	18.57
Earmarked balances with Banks -	1.99	2.00	2.00
Unclaimed Dividends	-	-	-
Total	2.52	2.00	20.57

8(e) Loans

Particulars	31-Mar-18	31-Mar-17	1-Apr-16
Unsecured and considered good	-	-	-
Staff advance	5.62	5.47	8.06
Total	5.62	5.47	8.06

8(f) Other financial assets

Particulars	31-Mar-18	31-Mar-17	1-Apr-16
Interest accrued	-	1.58	1.78
Other receivables	-	-	9.58
Total	-	1.58	11.36

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

9. Other current assets

Particulars	31-Mar-18	31-Mar-17	1-Apr-16
Prepaid expenses	28.05	37.79	41.47
Advance to suppliers	36.33	142.47	17.14
Cenvat receivable	–	56.48	34.66
GST	209.33	–	–
IT Refunds due	121.77	124.18	15.97
Duty drawback receivable	10.28	15.48	12.38
TUF Subsidy receivable	3.23	3.23	40.17
Total	408.99	379.63	161.79

10. Equity share capital

Particulars	31-Mar-18	31-Mar-17	1-Apr-16
(i) Authorised capital			
(a) 180,00,000 equity shares of par value Rs. 10/- each	1,800.00	1,800.00	1,800.00
(b) 3,60,00,000 6% non-cumulative redeemable preference shares of Rs.10/- each	3,600.00	3,600.00	3,600.00
(ii) Issued, subscribed & fully paid up capital			
50,71,900 equity shares of par value Rs. 10/- each	507.19	507.19	507.19

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

Particulars	31-Mar-18		31-Mar-17		1-Apr-16	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	5,071,900	507.19	5,071,900	507.19	5,071,900	507.19
Add : Issued and allotted during the year	–	–	–	–	–	–
Less : Shares bought back during the year	–	–	–	–	–	–
Shares outstanding at the end of the year	5,071,900	507.19	5,071,900	507.19	5,071,900	507.19

(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/- per share. Each holder of equity share is entitled to one vote per share

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

Particulars	31-Mar-18		31-Mar-17		1-Apr-16	
	No. of shares	% held	No. of shares	% held	No. of shares	% held
Sri V.J. Jayaraman	1,235,494	24.36%	1,235,494	24.36%	1,235,494	24.36%
Sri J. Anand	1,209,807	23.85%	1,209,807	23.85%	1,209,807	23.85%
Smt J. Vidya	736,110	14.51%	736,110	14.51%	736,110	14.51%



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

11. Other Equity

Particulars	31-Mar-18	31-Mar-17	1-Apr-16
(i) Securities premium account	2,116.43	2,116.43	2,116.43
(ii) Retained earnings			
Opening	(867.48)	(695.98)	(695.98)
Profit for the year	(544.96)	(171.50)	-
Less: Transfer to reserves	-	-	-
Closing	(1,412.44)	(867.48)	(695.98)
(iii) Other Comprehensive Income			
As per Balance sheet	66.41	72.15	72.15
Add: Movement in OCI(Net) during the year	(2.09)	19.12	-
Transfer to General Reserves	-	(24.86)	-
Closing	64.32	66.41	72.15
(iv) Equity Component of Convertible loan			
Opening	716.87	716.87	716.87
Add: Movement during the year	-	-	-
Closing	716.87	716.87	716.87
(v) General Reserve			
Opening	3,599.49	3,574.63	3,574.63
Additions during the year	-	24.86	-
Deletion during the year	-	-	-
Closing	3,599.49	3,599.49	3,574.63
(vi) Capital Reserve			
Opening	100.82	100.82	100.82
Additions during the year	-	-	-
Deletion during the year	-	-	-
Closing	100.82	100.82	100.82
Total	5,185.49	5,732.54	5,884.92

12. Financial Liabilities: Non Current

12(a) Borrowings

Particulars	31-Mar-18	31-Mar-17	1-Apr-16
Secured			
Term Loan-SBI	-	-	35.48
Unsecured			
Loans from Directors	229.90	205.19	183.13
Total	229.90	205.19	218.61

13. Provisions

Provision for employee benefits			
Gratuity	53.15	47.81	38.42
Total	53.15	47.81	38.42

14. Financial liabilities: Current

14(a) Borrowings

Secured			
Loans repayable on demand			
Working capital loan			
- from State Bank of India	1,418.04	636.59	111.37
- from Bank of Baroda	382.86	287.04	5.38
- from Indian Overseas Bank	478.84	-	-
Unsecured			
- from ICICI Home Finance Ltd.	400.00	-	-
Loan from Directors repayable on demand	18.24	53.24	66.00
Total	2,697.98	976.87	182.75

(Secured loans: All the loans from banks are secured by a first charge on current assets and movable fixed assets and mortgage of factory land and buildings on pari passu basis.

Loan from ICICI Home Finance Ltd. is secured by personal assets of Directors.

There are no defaults in repayment of loans.)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

14(b) Trade payables

Particulars	31-Mar-18	31-Mar-17	1-Apr-16
Dues to Micro, Small & medium Enterprises	274.51	9.07	269.10
Dues to other than Micro, Small & Medium Enterprises	382.92	592.11	238.81
Total	657.43	601.18	507.91

14 (c) Other financial liability

Particulars	31-Mar-18	31-Mar-17	1-Apr-16
Current maturities of long term debt			
Term loan-State Bank of India	–	–	248.75
Rental Advances	54.41	–	–
Unclaimed Dividends	1.99	2.00	2.00
Salary payable	0.50	–	12.85
Expenses payable	82.74	6.97	7.31
Total	139.64	8.97	270.91

15. Other current liabilities

Particulars	31-Mar-18	31-Mar-17	1-Apr-16
Statutory dues	3.78	10.73	16.41
Advances received from customers	304.96	732.19	833.37
Total	308.74	742.92	849.78

16. Provisions

Particulars	31-Mar-18	31-Mar-17	1-Apr-16
Provision for employee benefits			
(i) Provision for Bonus	31.04	31.63	28.59
(ii) Leave encashment	2.25	1.16	1.14
(iii) Gratuity	–	–	–
(iv) Warranty	7.33	–	–
Total	40.62	32.79	29.73

17. Revenue from operations

Particulars	31-Mar-18	31-Mar-17
Revenue from Operations		
a) Sale of Products(Including Excise duty)	8,208.96	9,131.82
b) Sale of Services	20.46	104.35
c) Other operating revenues	83.32	61.85
Total	8,312.74	9,298.02

18. Other Income

Particulars	31-Mar-18	31-Mar-17
(a) Interest Income	10.01	15.05
(b) Dividend Income	0.61	0.68
(c) Gain or loss on sale of investments	–	39.64
(d) Forex gain (net)	4.77	–
(e) Rental Income	–	–
(f) Miscellaneous Income	9.13	9.00
(g) Profit on sale of Assets	49.73	5.91
Total	74.25	70.28



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

19. Cost of Materials Consumed

Particulars	31-Mar-18	31-Mar-17
Raw materials-Ferrous	713.67	847.22
Raw materials-Non-Ferrous	134.77	158.22
Raw materials-Castings	123.33	152.87
Raw materials-Non metals	107.58	107.20
Components & others	773.79	1,058.40
Cotton Consumed	3,930.61	2,859.43
Total	5,783.75	5,183.34

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

Particulars	31-Mar-18	31-Mar-17
Opening stock	762.98	682.66
Closing stock	1,251.29	762.98
Change in inventory	(488.31)	(80.32)

23. Other expenses

Particulars	For the year ended 31-Mar-18	For the year ended 31-Mar-17
Stores consumed	347.64	287.62
Fabrication Charges	250.30	312.73
Power and Fuel	450.74	506.25
Freight	118.14	93.93
Printing and Stationery	11.16	12.95
Postage and Telephone	13.67	16.67
Travelling expenses	65.89	63.40
Insurance	6.15	8.46
Rent	6.21	6.23
Bank Charges	11.13	11.87
Licences and Taxes	38.27	69.52
Sales commission	183.48	167.87
Sales promotion & Advertisement expenses	12.62	45.01
Subscription and periodicals	4.39	4.12
Directors' sitting fees	1.65	1.95
Audit fees	3.73	2.81
Legal and Professional charges	18.12	18.65
Repairs and Maintenance-Buildings	24.53	20.24
Repairs and Maintenance-Machinery	159.96	225.18
Repairs and Maintenance-Others	9.07	13.51
Provision for Bad debts	-	11.36
Forex loss (net)	-	2.44
Donations	0.10	0.77
Total	1,736.95	1,903.54

21. Employee benefit expenses

Particulars	For the year ended 31-Mar-18	For the year ended 31-Mar-17
Salaries and Allowances	1,169.18	1,207.62
Contribution to Provident Fund	73.82	63.90
Gratuity	6.30	7.89
Staff Welfare Expenses	152.53	170.18
Bonus	30.58	29.58
Total	1,432.41	1,479.17

22. Finance costs

Particulars	For the year ended 31-Mar-18	For the year ended 31-Mar-17
Interest Expense	88.47	38.07
Other Borrowing costs	22.61	14.97
Total	111.08	53.04



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

24. Payments to Auditors

Particulars	For the year ended 31-Mar-18	For the year ended 31-Mar-17
Audit Fees		
For Statutory Audit and Limited Review	2.91	1.26
For other services (Certifications etc)	0.82	1.55
Total	3.73	2.81

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 31.03.2018 has been made in the financial statements based on information received and available with the company.

Particulars	As at 31-Mar-18	As at 31-Mar-17
a) The Principal amount due thereon remaining unpaid to any supplier as at the end of each accounting year	274.51	9.07
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-18	31-Mar-17
(i) Profit/ (Loss) before tax	(773.67)	(110.77)
Indian statutory income tax rate	—	—
Expected tax expenses	—	—
(ii) Tax effected adjustments to reconcile expected income tax expense to reported income tax expenses	—	—
Effect of non-deductible expenses	—	—
Income tax expense	—	—
Effective tax rate	—	—

27. Contingent liabilities and Capital Commitments

Particulars	As at 31-Mar-18	As at 31-Mar-17
A. Contingent Liabilities		
Claims against the company not acknowledged as debts		
i) On Account of Central Excise and Service tax	9.64	46.20
ii) Duty liability and interest on account of pending export obligation against EPCG License.	35.00	35.00
iii) Arbitration awards made in favour of two foreign cotton suppliers has been challenged by the company in the Court of law	69.65	69.45
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	32.00	32.00
v) Letter of Credit issued by Banks on behalf of company	—	12.78
Total	146.29	195.43

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

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

B. Capital Commitments		
Estimated amounts of Capital contracts	-	-
	-	-

28. Earnings Per Share

Particulars	For the year ended 31-Mar-18	For the year ended 31-Mar-17
Profit after taxation	(544.96)	(171.50)
Equity shares outstanding at the end of the year (In No.'s)	5,071,900	5,071,900
Weighted average number of Equity shares outstanding during the year	5,071,900	5,071,900
Earnings per share(Basic)(In Rs)	(10.74)	(3.38)
Earnings per share(Diluted)(In Rs)	(3.87)	(1.22)
Nominal value per share(Rs)	10.00	10.00

29. Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016

Particulars	SBN	Other Denomination Notes
Closing Cash in hand as on 08.11.2016	10.37	8.26
(+) Permitted Receipts	-	9.97
(-) Permitted Payments	10.37	1.93
(-) Amount deposited in Banks	-	-
Closing Cash in hand as on 30.12.2016	-	16.30

30. 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, 2018

31. Segment information

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

Primary segment information (business segments)

Consequent to the adoption of IND AS, as the Turnover and also the value of the assets of the Windmill operations are less than the 10% of the Sales Turnover/Total value of the assets of the company, the Company has discontinued classifying the Windmill Business as a separate segment from 1.4.2017. The income and expenditure relating to the windmills have been adjusted in the electricity expenses of the Engineering and Textile divisions which use the entire power generated by Windmills. Previous year figures have been regrouped accordingly.

Particulars	2017-18					2016-17				
	Engineering	Textile	Unallocated	Inter Segment eliminations	Total	Engineering	Textile	Unallocated	Inter Segment eliminations	Total
a) Revenue	3,663.36	4,833.50			8,496.86	4,870.75	4,419.76	8.51		9,299.02
b) Inter Segment sales				(184.12)	(184.12)				(1.00)	(1.00)
Total Revenue	3,663.36	4,833.50		(184.12)	8,312.74	4,870.75	4,419.76	8.51	(1.00)	9,298.02
c) Result	(378.66)	(262.91)			(641.57)	(41.82)	(15.65)			(57.47)
Add: Unallocated income (net of expenditure)					(21.02)					(0.26)
Profit before interest and tax					(662.59)					(57.73)
Interest					111.08					53.04
Profit before tax					(773.67)					(110.77)
Tax expenses										
- Current tax					-					-
- Deferred tax					(228.71)					40.24
- Tax - Earlier years					-					20.49
- Total					(228.71)					60.73
Profit for the year					(544.96)					(171.50)
d) Assets	2,090.55	5,506.34			7,596.89	2,336.68	5,030.54			7,367.22
Add: Unallocated corporate assets					2,223.25					1,488.24
Total assets					9,820.14					8,855.46
e) Liabilities	765.84	376.98			1,142.82	1,122.28	309.40			1,431.68
Add: Unallocated corporate liabilities					2,984.64					1,184.05
Total liabilities					4,127.46					2615.73
f) Capital assets acquired during the year	2.97	253.76			256.73	291.31	11.77			303.08
g) Depreciation, impairment and amortisation	103.26	264.07	40.45		407.78	113.57	314.51	45.50		468.58
h) Other non-cash charges except depreciation, impairment and amortisation	-	-			-					-

Revenue from Engineering division is on account of textile machinery and spares and the textile division revenue is on account of cotton yarn and fabrics. Approximately Rs.2800.62 lakhs has been realised from exports (Engineering Division Rs.436.78 lakhs and Textile Division Rs.2363.84 lakhs). Previous year Total exports Rs.1855.14 lakhs (Engineering Division Rs.508.94 lakhs and Textile Division Rs.1346.20 lakhs). There is no single customer contributing to 10% of total revenue both for 2017-18 and 2016-17. The largest sales turnover to a single customer in 2017-18 is Rs.738.77 lakhs and Rs.918.88 lakhs in previous year.

Reconciliations to amounts reflected in the financial statements

Reconciliation of profit	31-Mar-18	31-Mar-17
Segment profit	(641.57)	(57.47)
Dividend Income	0.61	0.68
Net gain on disposal of property, plant and equipment	39.20	
Income from Investments		39.64

Depreciation on Corporate Assets	(40.45)	(40.50)
Windmill Income		8.75
Other Expenses-Audit fees stationery, Professional Charges etc.,	(30.39)	(23.88)
Interest Income	10.01	15.05
Profit before interest and tax	(662.59)	(57.73)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

Reconciliation of assets	31-Mar-18	31-Mar-17
Segment operating assets	7,596.89	7,367.22
Corporate Assets - Property & Investments	1096.44	1068.36
Interest & Other Receivables	3.23	4.83
Cash and Cash equivalents	636.79	124.35
TDS /MAT receivable	136.87	137.80
Deferred tax Asset (net)	349.92	152.90
Total assets	9,820.14	8,855.46

Reconciliation of liabilities	31-Mar-18	31-Mar-17
Segment operating liabilities	1,142.82	1,431.68
Long Term Borrowings	229.90	205.19
Short term Borrowings	2,697.98	976.87
Other Current Liabilities	54.77	-
Unpaid Dividends	1.99	1.99
Deferred tax liabilities (net)	-	-
Total liabilities	4,127.46	2,615.73

32. 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.Ltd
6. M/s Augustan Knitwear P. Ltd.
7. M/s Sasirekha & Co.
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 Augustan Coimbatore Knitting company Limited
2. M/s The Krishna Mills Private Limited
3. M/s Prathishta Weaving & Knitting Co. Limited
4. M/s Augustan Textile Colors Limited

(iii) Key Management Personnel

1. Sri V.J.Jayaraman, Chairman cum Managing Director
2. Sri J.Anand, Managing Director
3. Sri D.Ranganathan, Whole Time Director(Finance and Marketing)
4. Sri V.K.Swaminathan, Company Secretary

(B) Related party transactions

Particulars	Associated Companies/ Firms	Key Manage- rial personnel	Relative of Key Managerial Personnel	Total
Purchase of goods and services-raw materials, components and engineering job works	962.27	-	-	962.27
	<i>228.49</i>	-	-	<i>228.49</i>
Sale of machinery, spares, raw materials, components and job works	6.22	-	-	6.22
	<i>667.47</i>	-	-	<i>667.47</i>
Rent paid	4.80	1.23	-	6.03
	<i>4.80</i>	<i>1.23</i>	-	<i>6.03</i>
Managerial Remuneration	-	45.86	-	45.86
	-	<i>46.08</i>	-	<i>46.08</i>
Unsecured loans outstanding at year end	-	229.90	-	229.90
	-	<i>953.24</i>	-	<i>953.24</i>
Outstanding due from the company	187.86	-	-	187.86
	<i>139.63</i>	-	-	<i>139.63</i>
Outstanding due to the company	107.81	-	-	107.81
	<i>53.58</i>	-	-	<i>53.58</i>

Figures in Italics represent prior period figures.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

33. 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-18	As at 31-Mar-17	As at 31-Mar-18	As at 31-Mar-17
Projected benefit obligation at the beginning of the year	1.47	1.44	49.98	40.59
Service cost	1.01	0.77	3.25	5.03
Interest cost	0.11	0.12	3.21	3.03
Past Service cost	-	-	-	-
Remeasurement (Gain)/Loss	(0.34)	(0.87)	8.50	6.87
Benefits paid	-	-	(9.63)	(5.55)
Projected benefit obligation at the end of the year	2.25	1.46	55.31	49.97

Amount recognised in Balance sheet

Particulars	Leave Encashment Unfunded		Gratuity Unfunded	
	As at 31-Mar-18	As at 31-Mar-17	As at 31-Mar-18	As at 31-Mar-17
Projected benefit obligation at the end of the year	2.25	1.46	55.31	49.97
Fair value of plan assets at the end of the year	-	-	2.16	2.16
Amount of liability recognised in the Balance sheet	2.25	1.46	53.15	47.81
Current Liability	2.25	1.46	-	-
Non Current Liability	-	-	53.15	47.81

Expense Recognised in Statement of Profit and Loss Account

Particulars	Leave Encashment Unfunded		Gratuity Unfunded	
	Year ended 31-Mar-18	Year ended 31-Mar-17	Year ended 31-Mar-18	Year ended 31-Mar-17
Service cost	1.01	0.77	3.25	5.03
Interest cost	0.11	0.12	3.21	3.03
Past Service cost	-	-	-	-
Expected return on plan assets	-	-	(0.16)	(0.17)
Actuarial Gain/loss due to demographic Assumption changes in defined benefit obligation	0.26	0.08	-	-
Actuarial Gain/loss due to Financial assumption changes in defined benefit obligation	-	-	-	-
Actuarial Gain/loss due to Experience adjustment changes in defined benefit obligation	(0.60)	(0.95)	8.66	7.04
Return on plan assets (Greater)/lesser than Discount rate	-	-	-	-
Total cost recognised in Profit and Loss account and OCI	0.78	0.02	14.96	14.93
Cost recognised in Profit and loss Account	0.78	0.02	6.31	8.06
Remeasurement effect recognised in OCI	-	-	8.66	6.87
Total defined Benefit Cost	0.78	0.02	14.96	14.93



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

Summary of Actuarial Assumptions

Particulars	Leave Encashment Unfunded		Gratuity Unfunded	
	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
Mortality rate(LIC)				
Discount rate p.a	7.72%	7.20%	7.72%	7.20%
Expected rate of return on plan assets p.a	0%	0%	7.72%	7%
Rate of escalation of salary p.a	5%	3%	5%	3%
Attrition	2%	2%	2%	2%
Leave accounting and consumption technique				
Proportion of leave availment	10%	10%	NA	NA
Proportion of encashment in Service/ Lapse	0%	0%	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 date 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	0.04	1.78
2 to 5 years	0.18	9.21
6 to 10 years	0.49	20.94

Sensitivity Analysis of Significant Actuarial Assumptions

Particulars	Leave Encashment
	March 31, 2018
	Change in Defined benefit Obligation
Discount rate + 50 basis points	-0.09
Discount rate - 50 basis points	0.10
Salary growth rate + 50 basis points	0.10
Salary growth rate - 50 basis points	-0.09

Particulars	Gratuity
	March 31, 2018
	Change in Defined benefit Obligation
Discount rate + 50 basis points	-2.72
Discount rate - 50 basis points	2.91
Salary growth rate + 50 basis points	3.02
Salary growth rate - 50 basis points	-2.85

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.



Explanation of Transition to IND AS and effect of IND AS adoption

First-time adoption-mandatory exceptions, optional exemptions

The Company has prepared its first Indian Accounting Standards (Ind AS) compliant Financial Statements for the periods commencing April 1, 2017 with restated comparative figures for the year ended March 31, 2017 in compliance with Ind AS. The company had prepared these financial statements in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act 2013. Accordingly, the Balance Sheet, in line with Ind AS transitional provisions, has been prepared as at April 1, 2016, the date of company's transition to Ind AS.

In accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards, the Company has presented reconciliation of net profit as presented in accordance with Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to total comprehensive income for the year ended March 31, 2017 and reconciliation of shareholders funds as per the previous GAAP to equity under Ind AS as at March 31, 2017 and April 1, 2016.

There were no significant reconciliation items between cash flows prepared under Previous GAAP and those prepared under Ind AS.

The transition to IND AS has resulted in changes in the presentation of the standalone financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note I have been applied in preparing the standalone financial statements for the year ended 31st March, 2018 and the comparative information. An explanation of how the transition from previous GAAP to IND AS has affected the standalone Balance Sheet and Statement of Profit and Loss, is set out in notes given below.

Explanation of Transition to Ind AS effect of Ind AS adoption

First-time adoption-mandatory exceptions, optional exemptions

a. Overall principle

The Company has prepared the opening balance sheet as per IND AS as of 1st April, 2016 (the transition date) by recognising all assets and liabilities whose recognition is required by IND AS, not recognising items of assets or liabilities which are not permitted by IND AS, by reclassifying items from previous GAAP to IND AS required under IND AS, and applying IND AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below.

b. Deemed cost for PPE, investment property and intangible assets

The Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as of April 1, 2016 measured as per the Previous GAAP and use that carrying value as its deemed cost as of the transition date.

c. Determining whether an arrangement contains a lease

The Company has applied Appendix C of IND AS 17 for determining whether an Arrangement contains a Lease at the transition date on the basis of facts and circumstances existing at that date.

d. Investments in subsidiaries, joint ventures and associates

The Company has elected to adopt the carrying value under previous GAAP as on the date of transition i.e. 1st April, 2016 in its separate financial statements and use that carrying values as its deemed cost as of the transition date.

e. Equity Instruments at FVTOCI

The Company has designated investment in all equity shares as at FVTOCI on the basis of facts and circumstances that existed at the transition date.

f. Past business combinations

The group has elected not to apply IND AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of 1st April 2016. Consequently, The group has kept the same classification for the past business combinations as in its previous GAAP financial statements;

The group has not recognised assets and liabilities that were not recognised in accordance with previous GAAP in the balance sheet of the acquirer and would also not qualify for recognition in accordance with IND AS in separate balance sheet of the acquiree;

g. De-recognition of financial assets and liabilities

The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1st April, 2016 (the transition date).

h. Estimates

An entity's estimates in accordance with IND AS at the date of transition to IND AS shall be consistent with estimate made for the same date in accordance with previous GAAP(after adjustment to reflect any difference in accounting policies unless there is objective evidence that those estimates were in error).

IND AS at 1st April 2016 is consistent with the estimates as at the same date made in conformity with previous GAAP.



RECONCILIATION OF EQUITY AS AT 1ST APRIL 2016

Particulars	Notes	IGAAP	Adjustments	INDAS
ASSETS				
(Amount ₹ in Lakhs)				
I. Non Current Assets				
(a) Property, plant and equipment	a	4,614.82	(142.19)	4,472.63
(b) Capital Work In Progress		–	–	–
(c) Investment Property	a	–	142.19	142.19
(d) Intangible assets		0.01	–	0.01
(e) Financial assets				
(i) Investments	b	3.16	54.72	57.88
(iii) Loans		103.85	–	103.85
(iv) Other financial assets		–	–	–
(f) Deferred Tax Assets (Net)	c	412.01	(228.84)	183.17
(g) Other non-current asset		42.39	–	42.39
Total		5,176.24	(174.12)	5,002.12
II. Current Assets				
(a) Inventories		1,720.79	–	1,720.79
(b) Financial assets				
(i) Investments	b	871.62	24.86	896.48
(ii) Trade receivables	d	282.60	(1.12)	281.48
(iii) Cash and cash equivalents		108.93	–	108.93
(iv) Bank balances other than (iii) above		20.57	–	20.57
(v) Loans		8.06	–	8.06
(vi) Other Financial Asset		11.36	–	11.36
(c) Other current assets		161.79	–	161.79
(d) Current tax Assets (Net)		196.53	–	196.53
Total		3,382.25	23.74	3,405.99
III Assets Held for Sale				
Total		82.11	–	82.11
TOTAL ASSETS		8,640.60	(150.38)	8,490.22
EQUITY AND LIABILITIES				
I. Equity				
(a) Equity Share Capital		507.19	–	507.19
(b) Other Equity		5,318.43	566.49	5,884.92
Total Equity		5,825.62	566.49	6,392.11
II. Non Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	e	935.48	(716.87)	218.61
(ii) Other Financial Liabilities		–	–	–
(b) Provisions		38.42	–	38.42
(c) Deferred tax liabilities (net)		–	–	–
(d) Other non-current liabilities		–	–	–
Total		973.90	(716.87)	257.03
III. Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings		182.75	–	182.75
(ii) Trade payables		507.91	–	507.91
(iii) Other financial liabilities		270.91	–	270.91
(b) Other Current Liabilities		849.78	–	849.78
(c) Provisions		29.73	–	29.73
(d) Current tax liabilities (net)		–	–	–
Total		1,841.08	–	1,841.08
Total Liabilities		2,814.98	(716.87)	3,682.16
TOTAL EQUITY AND LIABILITIES		8,640.60	(150.38)	8,490.22

Notes

- On account of Investment property.
- On account of fair valuation of investments.
- Deferred tax impact on account of IND AS Adjustments
- Prior period item and Provision for bad debts on ECL basis
- Movement of equity component of Optionally Convertible loan to Other Equity



RECONCILIATION OF EQUITY AS AT 31ST MARCH 2017

Particulars	Notes	IGAAP As at 31.03.2017	Adjustments	IND AS As at 31.03.2017
ASSETS				
(Amount ₹ in Lakhs)				
I. Non Current Assets				
(a) Property, plant and equipment	a	4,432.08	(131.46)	4,300.62
(b) Capital Work In Progress		-	-	-
(c) Investment Property	a	-	131.46	131.46
(d) Intangible assets		-	-	-
(e) Financial assets				
(i) Investments	b	3.16	71.27	74.43
(iii) Loans		125.93	-	125.93
(iv) Other financial assets		-	-	-
(f) Deferred Tax Assets (Net)	c	362.65	(209.75)	152.90
(g) Other non-current asset		37.75	-	37.75
Total		4,961.57	(138.48)	4,823.09
II. Current Assets				
(a) Inventories		3,049.21	-	3,049.21
(b) Financial assets				
(i) Investments		-	-	-
(ii) Trade receivables	d	397.01	(16.01)	381.00
(iii) Cash and cash equivalents		122.35	-	122.35
(iv) Bank balances other than (iii) above		2.00	-	2.00
(v) Loans		5.47	-	5.47
(vi) Other Financial Asset		1.58	-	1.58
(c) Other current assets		379.63	-	379.63
(d) Current tax Assets (Net)		13.62	-	13.62
Total		3,970.87	(16.01)	3,954.86
III. Assets Held for Sale				
Total		77.51	-	77.51
TOTAL ASSETS		9,009.95	(154.49)	8,855.46
EQUITY AND LIABILITIES				
I. Equity				
(a) Equity Share Capital		507.19	-	507.19
(b) Other Equity		5,192.22	540.32	5,732.54
Total Equity		5,699.41	540.32	6,239.73
II. Non Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	e	900.00	(694.81)	205.19
(ii) Other Financial Liabilities		-	-	-
(b) Provisions		47.81	-	47.81
(c) Deferred tax liabilities (net)		-	-	-
(d) Other non-current liabilities		-	-	-
Total		947.81	(694.81)	253.00
III. Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings		976.87	-	976.87
(ii) Trade payables		601.18	-	601.18
(iii) Other financial liabilities		8.97	-	8.97
(b) Other Current Liabilities		742.92	-	742.92
(c) Provisions		32.79	-	32.79
(d) Current tax liabilities (net)		-	-	-
Total		2,362.73	-	2,362.73
Total Liabilities		3,310.54	(694.81)	2,615.73
TOTAL EQUITY AND LIABILITIES		9,009.95	(154.49)	8,855.46

Notes	<p>a. On account of Investment property.</p> <p>b. On account of fair valuation of investments.</p> <p>c. Deferred tax impact on account of IND AS Adjustments</p> <p>d. Prior period item and Provision for bad debts on ECL basis</p> <p>e. Movement of equity component of Optionally Convertible loan to Other Equity</p>
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**RECONCILIATION OF TOTAL COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31st MARCH 2017**

Particulars	Note No.	IGAAP	IND AS Adjustments	IND AS
INCOME				
(Amount ₹ in Lakhs)				
I. Revenue from operations	a	8,826.30	471.72	9,298.02
II. Other Income	b	95.14	(24.86)	70.28
III. Total Income (I+II)		8,921.44	446.86	9,368.30
IV. Expenses				
Cost of Materials Consumed		5,183.34	–	5,183.34
Excise duty	a	–	471.72	471.72
Purchase of Stock in trade		–	–	–
Changes in Inventories of finished goods, stock in trade and Work in Progress		(80.32)	–	(80.32)
Employee benefit expenses	c	1,486.21	(7.04)	1,479.17
Depreciation & Amortization expenses		468.58	–	468.58
Finance costs	d	30.98	22.06	53.04
Other expenses	e	1,889.02	14.52	1,903.54
Total Expenses (IV)		8,977.81	501.26	9,479.07
V. Profit/ (Loss) before exceptional items and tax (III-IV)		(56.37)	(54.40)	(110.77)
VI. Exceptional Items		–	–	–
VII. Profit/ (Loss) before tax (V-VI)		(56.37)	(54.40)	(110.77)
VIII. Tax expense:				
(1) Current tax		–	–	–
(2) Prior period taxes		20.49	–	20.49
(3) Deferred tax	f	49.36	(9.12)	40.24
IX. Profit/ (Loss) for the year (VII-VIII)		(126.22)	(45.28)	(171.50)
X. Other comprehensive income				
(1) Items that will not be reclassified to Profit or Loss				
- Remeasurements of defined benefit liabilities-Gain/ (Loss)	c	–	7.04	7.04
- Equity instruments through other Comprehensive Income	g	–	(16.55)	(16.55)
- Income tax relating to items that will not be reclassified to Profit or loss		–	–	–
- Cash flow hedge	h	–	0.36	0.36
- Deferred tax on above	i	–	(9.97)	(9.97)
XII. Total Other Comprehensive income for the year		–	(19.12)	(19.12)
Total Comprehensive income for the year		(126.22)	(26.16)	(152.38)

Notes:

- Revenue is shown gross of Excise duty, and Excise duty shown as separate line item under Expenses.
- Realised gain on equity instruments through comprehensive income moved to General Reserves.
- Remeasurements of Defined benefit plans shown as part of other comprehensive income.
- Amortisation of Loan from Promoters.
- Provision for bad debts on ECL basis and reversal of previous year forex restatement.
- Deferred tax impact on account of IND AS Adjustments
- On account of fair valuation of Equity instruments through other comprehensive income.
- On account of cash flow hedges.
- Deferred tax impact on account of IND AS Adjustments in other comprehensive income.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

Financial Instruments and Risk Review

Financial Instruments

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	1062.02	1,173.76
Liabilities				
Trade and Other Payables	–	–	657.43	657.43
Borrowings	–	–	2,927.88	2,927.88
Other Financial Liabilities	–	–	139.64	139.64
Total	–	–	3,724.95	3,724.95

The carrying value and fair value of financial instruments by categories as of March 31, 2017 is as follows:

(Amount ₹ in Lakhs)

Particulars	Fair Value through P&L	Fair Value through Comprehensive Income	Amortised Cost	Total Carrying cost
Assets				
Cash and Cash Equivalents	–	–	122.35	122.35
Other Balances with Bank	–	–	2.00	2.00
Trade receivables	–	–	381.00	381.00
Loans	–	–	131.40	131.40
Investments	–	73.12	1.31	74.43
Other Financial Assets	–	–	1.58	1.58
Total	–	73.12	639.64	712.76
Liabilities				
Trade and Other Payables	–	–	601.18	601.18
Borrowings	–	–	1182.06	1182.06
Other Financial Liabilities	–	–	8.97	8.97
Total	–	–	1792.21	1792.21

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

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

The carrying value and fair value of financial instruments by categories as of April 1, 2016 is as follows:

Particulars	Fair Value through P&L	Fair Value through Comprehensive Income	Amortised Cost	Total Carrying Cost
Assets				
Cash and Cash Equivalents	–	–	108.93	108.93
Other Balances with Bank	–	–	20.57	20.57
Trade receivables	–	–	281.48	281.48
Loans	–	–	111.91	111.91
Investments	–	953.05	1.31	954.36
Other Financial Assets	–	–	11.36	11.36
Total	–	953.05	535.56	1488.61
Liabilities				
Trade and Other Payables			507.91	507.91
Borrowings	–	–	401.36	401.36
Other Financial Liabilities	–	–	270.91	270.91
Total	–	–	1,180.18	1,180.18

Fair Value Hierarchy

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

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Assets			
Investments	Level 1	Level 1	Level 1
Liabilities			
Borrowings-Optionally convertible loan	Level 2	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 Japanese Yen against the respective functional currencies of Veejay Lakshmi Engineering Works Limited.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

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

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

	USD	EURO	JPY	GBP
As at March 31, 2018				
Financial Assets				
Trade receivables	89.48	–	–	–
Total	89.48	–	–	–
Financial Liabilities				
Trade Payables	12.79	–	–	–
Total	12.79	–	–	–
As at March 31, 2017				
Financial Assets				
Trade receivables	209.26	–	–	–
Total	209.26	–	–	–
Financial Liabilities				
Trade Payables	17.54	–	–	–
Total	17.54	–	–	–
As at March 31, 2016				
Financial Assets				
Trade receivables	113.08	–	–	–
Total	113.08	–	–	–
Financial Liabilities				
Trade Payables	13.37	–	17.72	–
Total	13.37	–	17.72	–

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.1173.76, Rs.712.76, Rs.1488.61 as of March 31, 2018, March 31, 2017 and April 1, 2016 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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

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

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 258.18 lakhs (31st March, 2017 – Rs.397.01 lakhs, April 01, 2016 – Rs.286.13 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, 2018	March 31, 2017	April 1, 2016
Allowance for doubtful debts			
Balance at year end	0.90	16.01	4.65

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 31,2018				
Financial Liabilities				
Borrowings	2,697.98	–	–	229.90
Trade payables	657.43	–	–	–
Other Financial Liabilities	139.64	–	–	–
Total	3,495.05	–	–	229.90
As at March 31,2017				
Borrowings	976.87	–	–	205.19
Trade Payables	601.18	–	–	–
Other Financial Liabilities	8.97	–	–	–
Total	1,587.02	–	–	205.19
As at April 1, 2016				
Borrowings	182.75	–	–	218.61
Trade payables	507.91	–	–	–
Other Financial liabilities	270.91	–	–	–
Total	961.57	–	–	218.61

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
Chairman cum
Managing Director

(Sd/-) J. ANAND
Managing Director

(Sd/-) D. RANGANATHAN
Whole-Time Director

(Sd/-) V.K. SWAMINATHAN
Company Secretary

M.S.N.M.Santosh
Partner

Place : Coimbatore
Date : 28.05.2018

M.No: 221916

**INDEPENDENT AUDITORS' REPORT
ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS
To the Members of VEEJAY LAKSHMI ENGINEERING WORKS LIMITED**

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Veejay Lakshmi Engineering Works Limited ("the Company"), and its Associate (collectively referred to as "the group") which comprises the Consolidated Balance Sheet as at March 31, 2018, and the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated statement of Cash Flow and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information ("the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated loss (consolidated financial performance including other comprehensive income), consolidated cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder.

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 of 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 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 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 and presentation of Consolidated Ind AS financial statements by the directors of Holding Company as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the Audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on consolidated Ind AS financial statements.



Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated state of affairs (consolidated financial position) of the Group as at March 31, 2018 and its consolidated loss (consolidated financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year then ended.

Other Matters

- (a) The comparative financial information of the Company for the year ended 31st March 2017 and the transition date opening Balance sheet as at 1st April 2016 included in this standalone Ind AS Financial Statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March 2017 and 31st March 2016 dated 26th May, 2017 and 21st May, 2016 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.
- (b) We did not audit the financial statements of Veejay Sales and Services Limited, an associate, whose financial statements reflect total assets of INR 792.61 Lakhs as at 31st March, 2018, (Previous Year ended 31st March, 2017: INR 753.94 Lakhs), total revenues of INR 98.58 Lakhs (Previous Year ended 31st March, 2017 INR 125.52 Lakhs), and total profit (inclusive of Other Comprehensive Income) of INR 77.64 Lakhs as at 31st March, 2018, (Previous Year ended 31st March, 2017: INR 64.43 lakhs as considered in the consolidated financial statements. The financial statements have been audited by other auditor whose reports have been furnished to us by the Management and our opinion is based solely on the report of the other auditor.

Our report is not qualified / modified in respect of other matters.

Report on Other Legal and Regulatory Requirements

- 1) 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 purpose 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 the preparation of the aforesaid consolidated Ind AS financial statements have been kept by the Company 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 dealt with by this Report are in agreement with the 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 Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) on the basis of written representations received from the directors of the holding company as on March 31, 2018, and taken on record by the Board of Directors of the holding company and the report of the statutory auditors of its associate company, none of the directors of the group companies incorporated in India are disqualified as on March 31, 2018, from being appointed as a director of the company in terms of section 164(2) of the Act;
 - f) with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure"; and
 - g) with respect to the other matters to be included in the Auditors 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:



- i. 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;
- ii. 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;
- iii. 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.
- iv. The disclosure in the consolidated Ind AS Financial Statements regarding holdings as well as dealings in specified bank notes during the period have not been made since they do not pertain to the financial year ended March 31, 2018. However amounts as appearing in the audited consolidated Ind AS Financial Statements for the period ended 31 March 2017 have been disclosed in Note No. 29 of the consolidated Ind AS financial statements.

For **MANOHAR CHOWDHRY & ASSOCIATES**

Chartered Accountants

(Firm Registration No: 001997S)

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

Partner

(Membership No: 221916)

Place : Coimbatore

Date : 28.05.2018

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, 2018, we have audited the internal financial controls over financial reporting of Veejay Lakshmi Engineering Works Limited ("the Holding Company") and its associate companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its associate companies, 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") 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 consolidated 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 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 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 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 Holding Company and its Associate Company which are companies incorporated in India 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, 2018, 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.

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 auditors 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 : Coimbatore
Date : 28.05.2018



CONSOLIDATED FINANCIAL STATEMENTS
BALANCE SHEET AS AT 31ST MARCH 2018 (Amount in ₹ Lakhs)

Particulars	Notes	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
ASSETS				
I. Non Current Assets				
(a) Property, plant and equipment	2	4,155.57	4,300.62	4,472.63
(b) Capital Work In Progress		-	-	-
(c) Investment Property	3	120.74	131.46	142.19
(d) Intangible assets	4	-	-	0.01
(e) Financial assets				
(i) Investments	5(a)	255.00	196.04	162.61
(iii) Loans	5(b)	161.02	125.93	103.85
(f) Deferred Tax Assets (Net)	6	349.92	152.90	183.17
(g) Other non-current asset	7	37.75	37.75	42.39
Total		5,080.00	4,944.70	5,106.85
II. Current Assets				
(a) Inventories	8	3,482.98	3,049.21	1,720.79
(b) Financial assets				
(i) Investments	8(a)	-	-	896.48
(ii) Trade receivables	8(b)	257.28	381.00	281.48
(iii) Cash and cash equivalents	8(c)	634.27	122.35	108.93
(iv) Bank balances other than (iii) above	8(d)	2.52	2.00	20.57
(v) Loans	8(e)	5.62	5.47	8.06
(vi) Other Financial Asset	8(f)	-	1.58	11.36
(c) Other current assets	9	408.99	379.63	161.79
(d) Current tax Assets(Net)		15.10	13.62	196.53
Total		4,806.76	3,954.86	3,405.99
III. Assets Held for Sale				
Total		75.33	77.51	82.11
TOTAL ASSETS		9,962.09	8,977.07	8,594.95
EQUITY AND LIABILITIES				
I. Equity				
(a) Equity Share Capital	10	507.19	507.19	507.19
(b) Other Equity	11	5,327.44	5,854.15	5,989.65
Total Equity		5,834.63	6,361.34	6,496.84
II. Non Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	12(a)	229.90	205.19	218.61
(ii) Other Financial Liabilities		-	-	-
(b) Provisions	13	53.15	47.81	38.42
(c) Deferred tax liabilities (net)	6	-	-	-
(d) Other non-current liabilities		-	-	-
Total		283.05	253.00	257.03
III. Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	14(a)	2,697.98	976.87	182.75
(ii) Trade payables	14(b)	657.43	601.18	507.91
(iii) Other financial liabilities	14 (c)	139.64	8.97	270.91
(b) Other Current Liabilities	15	308.74	742.92	849.78
(c) Provisions	16	40.62	32.79	29.73
(d) Current tax liabilities (net)		-	-	-
Total		3,844.41	2,362.73	1,841.08
Total Liabilities		4,127.46	2,615.73	2,098.11
TOTAL EQUITY AND LIABILITIES		9,962.09	8,977.07	8,594.95

Significant Accounting Polices 1
Notes to the Financial Statements 2-34

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 cum Managing Director Whole-Time Director Company Secretary

M.S.N.M.Santosh
Partner

Place : Coimbatore
Date : 28.05.2018

M.No: 221916

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018**

Particulars	Note No.	For the year ended 31.03.2018	For the year ended 31.03.2017
INCOME			
₹ in Lakhs			
I. Revenue from operations	17	8,312.74	9,298.02
II. Other Income	18	74.25	70.28
III. Total Income (I+II)		8,386.99	9,368.30
IV. Expenses			
Cost of Materials Consumed	19	5,783.75	5,183.34
Excise duty		177.00	471.72
Changes in Inventories of finished goods, stock in trade and Work in Progress	20	(488.31)	(80.32)
Employee benefit expenses	21	1,432.41	1,479.17
Depreciation & Amortization expenses	2 & 3	407.78	468.58
Finance costs	22	111.08	53.04
Other expenses	23	1,736.95	1,903.54
Total Expenses (IV)		9,160.66	9,479.07
V. Profit/ (Loss) before share of profit/(loss) of an associate and exceptional items (III-IV)		(773.67)	(110.77)
VI. Share of profit/(loss) of an associate		21.17	15.43
VII. Profit/(loss) before exceptional items and tax(V-VI)		(752.50)	(95.34)
VIII. Exceptional Items		-	-
IX. Profit/(Loss) before tax (VII-VIII)		(752.50)	(95.34)
Tax expense:			
(1) Current tax	24	-	-
(2) Prior year taxes		-	20.49
(3) Deferred tax	6	(228.71)	40.24
X. Profit/ (Loss) for the year		(523.79)	(156.07)
XI. Other comprehensive income			
Items that will not be reclassified to Profit or Loss			
- Remeasurements of defined benefit liabilities- Gain/(Loss)		(8.66)	(7.04)
- Equity instruments through other comprehensive income		38.61	16.55
- Cash flow hedging		(0.35)	(0.36)
- Income tax relating to items that will not be reclassified to Profit or loss		-	-
Deferred tax on account of above		(31.69)	9.97
Share of Other comprehensive income in Associates		(0.83)	1.45
Total Other Comprehensive Income		(2.92)	20.57
XI. Total Comprehensive income for the year (IX) + (X)		(526.71)	135.50
X. Earnings per equity share	28		
1. Basic		(10.33)	(3.08)
2. Diluted		(3.72)	(1.11)

Significant Accounting Polices

1

Notes to the Financial Statements

2-34

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 cum Managing Director Managing Director Whole-Time Director Company Secretary

M.S.N.M.Santosh
Partner

Place : Coimbatore
Date : 28.05.2018

M.No: 221916

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2018

₹ in lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
I. Cash Flows from Operating Activities		
Net profit before taxation and extraordinary item	(773.67)	(110.77)
Adjustments for:		
Depreciation	407.78	468.58
Provision for doubtful debts	(15.11)	11.36
Provision for gratuity & leave encashment	14.96	14.93
Interest expenses	111.08	53.04
Interest income on Fixed Deposits	(10.01)	(15.05)
Dividend Income	(0.61)	(0.68)
Profit on sale of Fixed Assets	(49.73)	(5.91)
Profit on sale of Investments	-	(39.64)
Operating profit before working capital changes	458.36	486.63
Working capital changes:		
(Increase)/Decrease in Trade receivables	138.83	(111.24)
(Increase)/Decrease in Inventories	(433.77)	(1,328.42)
(Increase)/Decrease in loans	(0.15)	2.59
(Increase)/Decrease in other current assets	(31.77)	(109.63)
(Increase)/Decrease in other financial Assets	1.58	9.78
Increase/(Decrease) in trade payables	56.25	93.27
Increase/(Decrease) in other financial liabilities	131.40	(13.11)
Increase/(Decrease) in other current liabilities	(434.19)	(106.85)
Proceeds from short term borrowings	1,721.11	794.12
Increase/(Decrease) in provisions	13.18	12.45
Cash generated from operations	1,620.83	(270.41)
Income (taxes)/refund (paid)/received	0.93	54.21
Net cash provided by operating activities	848.09	(326.97)
II. Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(256.73)	(303.08)
Proceeds from sale of Fixed Assets	56.63	27.76
Interest received on Fixed deposits	10.01	15.05
Proceeds from/(Investment in fixed deposits)	(0.52)	18.57
Proceeds from Investments	-	936.12
Dividend Income	0.61	0.68
Loans & advances given	(35.09)	(17.44)
Net cash used in investing activities	(225.09)	677.66
III. Cash Flows from Financing Activities		
Interest paid	(111.08)	(53.04)
Proceeds from long term borrowings	-	-
Repayment of borrowings	-	(284.23)
Net cash provided by financing activities	(111.08)	(337.27)
Net increase/(decrease) in cash and cash equivalents	511.92	13.42
Cash and cash equivalents at the beginning of the year	122.35	108.93
Cash and cash equivalents at the end of the year	634.27	122.35
IV. Significant Accounting Policies		
Notes to financial statements	(1-34)	

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
Chairman cum
Managing Director

(Sd/-) J. ANAND
Managing Director

(Sd/-) D. RANGANATHAN
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

Place : Coimbatore
Date : 28.05.2018

M.No: 221916



Consolidated Statement of Changes in Equity for the year ended 31st March 2017

Amount in ₹ Lakhs

Particulars	Equity Share Capital	Reserves and Surplus				Equity Component of Convertible Loan	Equity Instruments through Other Comprehensive Income	Items of Other Comprehensive Income	Cash Flow hedge	Total (16-17)
		General Reserve	Capital Reserve	Securities premium	Retained Earnings					
Balance at the beginning of reporting Period (01.04.2016)	507.19	3,574.63	100.82	2,116.43	(591.25)	716.87	71.90	0.25	6,496.84	
Profit for the year	-	-	-	-	(156.07)	-	-	-	(156.07)	
Remeasurement of net defined benefit Liability/Asset (net of tax)	-	-	-	-	-	-	-	(4.86)	(4.86)	
Changes in fair value of equity instruments through FVTOCI [net of tax]	-	-	-	-	-	-	25.68	-	25.68	
Cash flow hedges(Net of taxes)	-	-	-	-	-	-	-	(0.25)	(0.25)	
Total Comprehensive Income	-	-	-	-	(156.07)	-	25.68	(4.86)	(135.50)	
Transfer of Profit on realisation of equity instruments through FVTOCI to General Reserves	-	24.86	-	-	-	-	(24.86)	-	-	
Balance at the end of reporting period (31.03.2017)	507.19	3,599.49	100.82	2,116.43	(747.32)	716.87	72.72	(4.61)	6,361.34	

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

Amount in ₹ Lakhs

Particulars	Equity Share Capital	Reserves and Surplus				Equity Component of Convertible Loan	Equity Instruments through Other Comprehensive Income	Items of Other Comprehensive Income	Cash Flow hedge	Total (16-17)
		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	(4.61)	6,361.34	
Profit for the year	-	-	-	-	(523.79)	-	-	-	(523.79)	
Remeasurement of net defined benefit Liability/Asset (net)	-	-	-	-	-	-	-	(40.35)	(40.35)	
Changes in fair value of equity instruments through FVTOCI [net of tax]	-	-	-	-	-	-	37.78	-	37.78	
Cash flow hedges(Net of taxes)	-	-	-	-	-	-	-	(0.35)	(0.35)	
Total Comprehensive Income	-	-	-	-	(523.79)	-	37.78	(40.35)	(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	110.50	(44.96)	5,834.63	

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 cum Managing Director Whole-Time Director Company Secretary

Managing Director

Place : Coimbatore
Date : 28.05.2018

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

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

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 28th May, 2018.

2. Statement of compliance

The Consolidated 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 Consolidated financial statements in accordance with the requirements of previous GAAP, which included Standards notified under the Companies (Accounting Standards) Rules, 2006. These Consolidated financial statements are the first financial statements of the Company under Ind AS.

3. Basis of preparation of financial statements

The Consolidated financial statement 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., 31.03.2018.

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



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

b) Provisions:

Provision is recognised when the Group 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: 15 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 rupees in lakhs, unless otherwise indicated.

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. 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 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 accumulated depreciation, 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. The company depreciates investment property in the form of building using the straight line method on an estimated life as prescribed in Schedule II to the Companies act, 2013.

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 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 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.

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 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.

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.

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.

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.

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.

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 shares 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.

24. New Accounting Standards, Amendments to Accounting Standards, Annual Improvements and Interpretations Effective Subsequent to March 31, 2018

Revenue from Contracts with Customers:

Ministry of Company Affairs on March 28, 2018 notified the Companies (Indian Accounting Standards) (Amendment) Rules, 2017, where by "IND AS 115 Revenue from Contracts with Customers" has been made applicable from financial years 2018-19.

New Revenue Standard brings in a comprehensive and robust framework ('5 Step' Model) for recognition, measurement and disclosure of revenue.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

- 2. Property, Plant and Equipment
- 3. Investment Property
- 4. Intangible assets
- 5. Financial Assets: Non Current
- 5(a) Investments

(Please refer to the respective Notes in the Stand-alone Financial Statements)

Particulars	31-Mar-18		31-Mar-17		1-Apr-16	
	Qty.	Amount	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	103.35	1,500	63.29	1,500	50.03
M/s Precision Fasteners Limited-Face value of Rs 10/- each	10,000	-	10,000	-	10,000	-
M/s IFCI Limited- Face value of Rs 10/- each	200	0.04	200	0.06	200	0.05
M/s State Bank of India Limited- Face value of Rs 1/- each	3,340	8.35	3,340	9.77	3,340	6.49
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	143.26	13,100	122.92	13,100	106.04
Total		255.00		196.04		162.61
Total Non- Current Investments						
Aggregate amount of quoted investments and market value		111.74		73.12		56.57
Aggregate amount of unquoted investments		143.26		122.92		106.04
Aggregate amount of impairment in value of investments.		-		-		-
		255.00		196.04		162.61
Category wise investments-as per IND AS 109 classification						
Financial Assets carried at Fair value through Profit or Loss(FVTPL)		143.26		122.92		106.04
Financial Assets carried at Amortised cost		-		-		-
Financial Assets carried at Fair value through Other Comprehensive Income(FVTOCI)		111.74		73.12		56.57
Total		255.00		196.04		162.61

5(b) Loans

- 6. Deferred Tax
- 7. Other Non Current Assets
- 8 Inventories
- 8(a) Investments
- 8(b) Trade Receivables
- 8(c) Cash and cash equivalents
- 8(d) Bank balances other than (iii) above
- 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)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

11. Other Equity

Particulars	31-Mar-18	31-Mar-17	1-Apr-16
(i) Securities premium account	2,116.43	2,116.43	2,116.43
(ii) Retained earnings			
Opening	(747.32)	(591.25)	(591.25)
Profit for the year	(523.79)	(156.07)	—
Less: Transfer to reserves	—	—	—
Closing	(1,271.11)	(747.32)	(591.25)
(iii) Other Comprehensive Income			
As per Balance sheet	67.86	72.15	72.15
Add: Movement in OCI(Net) during the year	(2.92)	20.57	—
Transfer to General Reserves	—	(24.86)	—
Closing	64.94	67.86	72.15
(iv) Equity Component of Convertible loan			
Opening	716.87	716.87	716.87
Add: Movement during the year	—	—	—
Closing	716.87	716.87	716.87
(v) General Reserve			
Opening	3,599.49	3,574.63	3,574.63
Additions during the year	—	24.86	—
Deletion during the year	—	—	—
Closing	3,599.49	3,599.49	3,574.63
(vi) Capital Reserve			
Opening	100.82	100.82	100.82
Additions during the year	—	—	—
Deletion during the year	—	—	—
Closing	100.82	100.82	100.82
Total	5,327.44	5,854.15	5,989.65

(Please refer to respective Notes of Stand-alone Financial Statements for the following:)

12 Financial Liabilities: Non Current

12(a) Borrowings

13. Provisions

14. Financial liabilities:Current

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 31.03.2018 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, 2018**

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

26. Reconciliation of effective tax rate

Particulars	31-Mar-18	31-Mar-17
(i) Profit/ (Loss) before tax	(752.50)	(95.34)
Indian statutory income tax rate	—	—
Expected tax expenses	—	—
(ii) Tax effected adjustments to reconcile expected income tax expense to reported income tax expenses	—	—
Effect of non-deductible expenses	—	—
Income tax expense	—	—
Effective tax rate	—	—

27. Contingent liabilities and Capital Commitments

(Please refer to the respective Notes in the Stand-alone Financial Statements)

28. Earnings Per Share

Particulars	For the year ended 31-Mar-18	For the year ended 31-Mar-17
Profit after taxation	(523.79)	(156.07)
Equity shares outstanding at the end of the year (In No.'s)	50,71,900	5,071,900
Weighted average number of Equity shares outstanding during the year	50,71,900	50,71,900
Earnings per share(Basic)(In Rs)	(10.33)	(3.08)
Earnings per share(Diluted)(In Rs)	(3.72)	(1.11)
Nominal value per share(Rs)	10.00	10.00

29. Specified Bank Notes(SBN) held and transacted during the period 08/11/2016 to 30/12/2016

(Please refer to the respective Notes in the Stand-alone Financial Statements)

30. 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, 2018

31. Segment information

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

Primary segment information (business segments)

Consequent to the adoption of IND AS, as the Turnover and also the value of the assets of the Windmill operations are less than the 10% of the Sales Turnover/Total value of the assets of the company, the Company has discontinued classifying the Windmill Business as a separate segment from 1.4.2017. The income and expenditure relating to the windmills have been adjusted in the electricity expenses of the Engineering and Textile divisions which use the entire power generated by Windmills. Previous year figures have been regrouped accordingly.

Particulars	2017-18					2016-17				
	Engineering	Textile	Unallocated	Inter Segment eliminations	Total	Engineering	Textile	Unallocated	Inter Segment eliminations	Total
a) Revenue	3,663.36	4,833.50			8,496.86	4,870.75	4,419.76	8.51		9,299.02
b) Inter Segment sales				(184.12)	(184.12)				(1.00)	(1.00)
Total Revenue	3,663.36	4,833.50		(184.12)	8,312.74	4,870.75	4,419.76	8.51	(1.00)	9,298.02
c) Result	(378.66)	(262.91)			(641.57)	(41.82)	(15.65)			(57.47)
Add: Unallocated income (net of expenditure)					0.15					15.17
Profit before interest and tax					(641.42)					(42.30)
Interest					111.08					53.04
Profit before tax					(752.50)					(95.34)
Tax expenses										
- Current tax					-					
- Deferred tax					(228.71)					40.24
- Tax - Earlier years					-					20.49
- Total					(228.71)					60.73
Profit for the year					(523.79)					(156.07)
c) Assets	2,090.55	5,506.34			7,596.89	2,336.68	5,030.54			7,367.22
Add: Unallocated corporate assets					2,365.20					1,609.85
Total assets					9,962.09					8,977.07
d) Liabilities	765.84	376.98			1,142.82	1,122.29	309.40			1,431.69
Add: Unallocated corporate liabilities					2,984.64					1,184.05
Total liabilities					4,127.46					2,615.74
e) Capital assets acquired during the year	2.97	253.76			256.73	291.31	11.77			303.08
f) Depreciation, impairment and amortisation	103.26	264.07	40.45		407.78	113.57	314.51	40.50		468.58
g) Other non-cash charges except depreciation, impairment and amortisation	-	-			-					-

Revenue from Engineering division is on account of textile machinery and spares and the textile division revenue is on account of cotton yarn and fabrics. Approximately Rs.2800.62 lakhs has been realised from exports (Engineering Division Rs.436.78 lakhs and Textile Division Rs.2363.84 lakhs). Previous year Total exports Rs.1855.14 lakhs (Engineering Division Rs.508.94 lakhs and Textile Division Rs.1346.20 lakhs). There is no single customer contributing to 10% of total revenue both for 2017-18 and 2016-17. The largest sales turnover to a single customer in 2017-18 is Rs.738.77 lakhs and Rs.918.88 lakhs in previous year.

Reconciliations to amounts reflected in the financial statements

Reconciliation of profit	31-Mar-18	31-Mar-17
Segment profit	(641.57)	(57.47)
Dividend Income	0.61	0.68
Net gain on disposal of property, plant and equipment	39.20	
Income from Investments	21.17	55.07
Net foreign exchange gains	-	-

Depreciation on Corporate Assets	(40.45)	(40.50)
Windmill Income		8.75
Other Expenses-Audit fees stationery, Professional Charges etc.,	(30.39)	(23.88)
Interest Income	10.01	15.05
Profit before interest and tax	(641.42)	(42.30)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

Reconciliation of assets	31-Mar-18	31-Mar-17
Segment operating assets	7,596.89	7,367.22
Corporate Assets - Property & Investments	1,238.40	1,189.98
Interest & Other Receivables	3.23	4.82
Cash and Cash equivalents	636.79	124.35
TDS /MAT receivable	136.86	137.80
Deferred tax Asset (net)	349.92	152.90
Total assets	9,962.09	8,977.07

Reconciliation of liabilities	31-Mar-18	31-Mar-17
Segment operating liabilities	1,142.82	1,431.68
Long Term Borrowings	229.90	205.19
Short term Borrowings	2,697.98	976.87
Other Current Liabilities	54.77	-
Unpaid Dividends	1.99	1.99
Deferred tax liabilities (net)	-	-
Total liabilities	4,127.46	2,615.73

32. RELATED PARTY DISCLOSURES

33. IND AS 19 Disclosure of Employee Benefits

(Please refer to the respective Notes in the Stand-alone Financial Statements)

34. 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 Profit or Loss	Amount	As % of Consolidated Other Comprehensive Income	Amount
PARENT						
Veejay Lakshmi Engineering Works Limited	99%	9,820.14	104%	(544.96)	72%	(2.09)
ASSOCIATES						
VEEJAY SALES AND SERVICE LIMITED	1%	141.95	-4%	21.17	28%	(0.83)
Total	100%	9,962.09	100%	(523.79)	100%	(2.92)

Interest in Other Entities

a) Associates

The group's associates at 31st March, 2018 are set out below. Unless otherwise states, 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-18	31-Mar-17	1-Apr-16	
Veejay Sales and Service Limited	Coimbatore, Tamilnadu	26.20%	26.20%	26.20%	Windmill Generation

Explanation of Transition to IND AS and effect of IND AS adoption

First-time adoption-mandatory exceptions, optional exemptions

The Company has prepared its first Indian Accounting Standards (Ind AS) compliant Financial Statements for the periods commencing April 1, 2017 with restated comparative figures for the year ended March 31, 2017 in compliance with Ind AS. The company had prepared these financial statements in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act 2013. Accordingly, the Balance Sheet, in line with Ind AS transitional provisions, has been prepared as at April 1, 2016, the date of company's transition to Ind AS.

In accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards, the Company has presented reconciliation of net profit as presented in accordance with Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to total comprehensive income for the year ended March 31, 2017 and reconciliation of shareholders funds as per the previous GAAP to equity under Ind AS as at March 31, 2017 and April 1, 2016.

There were no significant reconciliation items between cash flows prepared under Previous GAAP and those prepared under Ind AS.

The transition to IND AS has resulted in changes in the presentation of the standalone financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note I have been applied in preparing the standalone financial statements for the year ended 31st March, 2018 and the comparative information. An explanation of how the transition from previous GAAP to IND AS has affected the standalone Balance Sheet and Statement of Profit and Loss, is set out in notes given below.

Explanation of Transition to Ind AS effect of Ind AS adoption:

First-time adoption-mandatory exceptions, optional exemptions

a. Overall principle

The Company has prepared the opening balance sheet as per IND AS as of 1st April, 2016 (the transition date) by recognising all assets and liabilities whose recognition is required by IND AS, not recognising items of assets or liabilities which are not permitted by IND AS, by reclassifying items from previous GAAP to IND AS required under IND AS, and applying IND AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below.

b. Deemed cost for PPE, investment property and intangible assets

The Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as of April 1, 2016 measured as per the Previous GAAP and use that carrying value as its deemed cost as of the transition date.

c. Determining whether an arrangement contains a lease

The Company has applied Appendix C of IND AS 17 for determining whether an Arrangement contains a Lease at the transition date on the basis of facts and circumstances existing at that date.

d. Equity Instruments at FVTOCI

The Company has designated investment in all equity shares as at FVTOCI on the basis of facts and circumstances that existed at the transition date.

e. Past business combinations

The group has elected not to apply IND AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of 1st April 2016. Consequently, The group has kept the same classification for the past business combinations as in its previous GAAP financial statements;

The group has not recognised assets and liabilities that were not recognised in accordance with previous GAAP in the balance sheet of the acquirer and would also not qualify for recognition in accordance with IND AS in separate balance sheet of the acquiree;

f. De-recognition of financial assets and liabilities

The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1st April, 2016 (the transition date).

g. Estimates

An entity's estimates in accordance with IND AS at the date of transition to IND AS shall be consistent with estimate made for the same date in accordance with previous GAAP (after adjustment to reflect any difference in accounting policies unless there is objective evidence that those estimates were in error).

IND AS at 1st April 2016 is consistent with the estimates as at the same date made in conformity with previous GAAP.



RECONCILIATION OF EQUITY AS AT 1ST APRIL 2016

Particulars	Notes	IGAAP	Adjustments	INDAS
ASSETS				
(Amount ₹ in Lakhs)				
I. Non Current Assets				
(a) Property, plant and equipment	a	4,614.82	(142.19)	4,472.63
(b) Capital Work In Progress		–	–	–
(c) Investment Property	a	–	142.19	142.19
(d) Intangible assets		0.01	–	0.01
(e) Financial assets				
(i) Investments	b	107.87	54.74	162.61
(ii) Loans		103.85	–	103.85
(iii) Other financial assets		–	–	–
(f) Deferred Tax Assets (Net)	c	412.01	(228.84)	183.17
(g) Other non-current asset		42.39	–	42.39
Total		5,280.95	(174.10)	5,106.85
II. Current Assets				
(a) Inventories		1,720.79	–	1,720.79
(b) Financial assets				
(i) Investments	b	871.62	24.86	896.48
(ii) Trade receivables	d	282.60	(1.12)	281.48
(iii) Cash and cash equivalents		108.93	–	108.93
(iv) Bank balances other than (iii) above		20.57	–	20.57
(v) Loans		8.06	–	8.06
(vi) Other Financial Asset		11.36	–	11.36
(c) Other current assets		161.79	–	161.79
(d) Current tax Assets (Net)		196.53	–	196.53
Total		3,382.25	23.74	3,405.99
III Assets Held for Sale				
Total		82.11	–	82.11
TOTAL ASSETS		8,745.31	(150.36)	8,594.95
EQUITY AND LIABILITIES				
I. Equity				
(a) Equity Share Capital		507.19	–	507.19
(b) Other Equity		5,423.14	566.51	5,989.65
Total Equity		5,930.33	566.51	6,496.84
II. Non Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	e	935.48	(716.87)	218.61
(b) Provisions		38.42	–	38.42
(c) Deferred tax liabilities (net)		–	–	–
Total		973.90	(716.87)	257.03
III. Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings		182.75	–	182.75
(ii) Trade payables		507.91	–	507.91
(iii) Other financial liabilities		270.91	–	270.91
(b) Other Current Liabilities		849.78	–	849.78
(c) Provisions		29.73	–	29.73
(d) Current tax liabilities (net)		–	–	–
Total		1,841.08	–	1,841.08
Total Liabilities		2,814.98	(716.87)	2,098.11
TOTAL EQUITY AND LIABILITIES		8,745.31	(150.36)	8,594.95

Notes

- On account of Investment property.
- On account of fair valuation of investments.
- Deferred tax impact on account of IND AS Adjustments
- Prior period item and Provision for bad debts on ECL basis
- Movement of equity component of Optionally Convertible loan to Other Equity

RECONCILIATION OF EQUITY AS AT 31ST MARCH 2017

Particulars	Notes	IGAAP As at 31.03.2017	Adjustments	IND AS As at 31.03.2017
ASSETS				
(Amount ₹ in Lakhs)				
I. Non Current Assets				
(a) Property, plant and equipment	a	4,432.08	(131.46)	4,300.62
(b) Capital Work In Progress		–	–	–
(c) Investment Property	a	–	131.46	131.46
(d) Intangible assets		–	–	–
(e) Financial assets				
(i) Investments	b	123.30	72.74	196.04
(ii) Loans		125.93	–	125.93
(iii) Other financial assets		–	–	–
(f) Deferred Tax Assets (Net)	c	362.65	(209.75)	152.90
(g) Other non-current asset		37.75	–	37.75
Total		5,081.71	(137.01)	4,944.70
II. Current Assets				
(a) Inventories		3,049.21	–	3,049.21
(b) Financial assets				
(i) Investments		–	–	–
(ii) Trade receivables	d	397.01	(16.01)	381.00
(iii) Cash and cash equivalents		122.35	–	122.35
(iv) Bank balances other than (iii) above		2.00	–	2.00
(v) Loans		5.47	–	5.47
(vi) Other Financial Asset		1.58	–	1.58
(c) Other current assets		379.63	–	379.63
(d) Current tax Assets(Net)		13.62	–	13.62
Total		3,970.87	(16.01)	3,954.86
III. Assets Held for Sale		77.51	–	77.51
Total		77.51	–	77.51
TOTAL ASSETS		9,130.09	(153.02)	8,977.07
EQUITY AND LIABILITIES				
I. Equity				
(a) Equity Share Capital		507.19	–	507.19
(b) Other Equity		5,312.36	541.79	5,854.15
Total Equity		5,819.55	541.79	6,361.34
II. Non Current Liabilities				
(a) Financial Liabilities				
Borrowings	e	900.00	(694.81)	205.19
(b) Provisions		47.81	–	47.81
(c) Deferred tax liabilities (net)		–	–	–
(d) Other non-current liabilities		–	–	–
Total		947.81	(694.81)	253.00
III. Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings		976.87	–	976.87
(ii) Trade payables		601.18	–	601.18
(iii) Other financial liabilities		8.97	–	8.97
(b) Other Current Liabilities		742.92	–	742.92
(c) Provisions		32.79	–	32.79
(d) Current tax liabilities (net)		–	–	–
Total		2,362.73	–	2,362.73
Total Liabilities		3,310.54	(694.81)	2,615.73
TOTAL EQUITY AND LIABILITIES		9,130.09	(153.02)	8,977.07

- Notes**
- On account of Investment property.
 - On account of fair valuation of investments.
 - Deferred tax impact on account of IND AS Adjustments
 - Prior period item and Provision for bad debts on ECL basis
 - Movement of equity component of Optionally Convertible loan to Other Equity



**RECONCILIATION OF TOTAL COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31st MARCH 2017**

Particulars	Note No.	IGAAP	IND AS Adjustments	IND AS
(Amount ₹ in Lakhs)				
INCOME				
I. Revenue from operations	a	8,826.30	471.72	9,298.02
II. Other Income	b	95.14	(24.86)	70.28
III. Total Income (I+II)		8,921.44	446.86	9,368.30
IV. Expenses				
Cost of Materials Consumed		5,183.34	–	5,183.34
Excise duty	a	–	471.72	471.72
Purchase of Stock in trade		–	–	–
Changes in Inventories of finished goods, stock in trade and Work in Progress		(80.32)	–	(80.32)
Employee benefit expenses	c	1,486.21	(7.04)	1,479.17
Depreciation & Amortization expenses		468.58	–	468.58
Finance costs	d	30.98	22.06	53.04
Other expenses	e	1,889.01	14.53	1,903.54
Total Expenses (IV)		8,977.80	501.27	9,479.07
V. Profit/ (Loss) before share of profit/(loss) of an associate and exceptional items (III-IV)		(56.36)	(54.41)	(110.77)
VI. Share of profit/(loss) of an associate		15.43	–	15.43
VII. Profit/(loss) before exceptional items and tax(V-VI)		(40.93)	(54.41)	(95.34)
VIII. Exceptional Items		–	–	–
IX. Profit/ (Loss) before tax (V-VI)		(40.93)	(54.41)	(95.34)
Tax expense:				
(1) Current tax		–	–	–
(2) Prior period taxes		20.49	–	20.49
(3) Deferred tax	f	49.36	(9.12)	40.24
X. Profit/ (Loss) for the year (VII-VIII)		(110.78)	(45.29)	(156.07)
XI. Other comprehensive income				
(1) Items that will not be reclassified to Profit or Loss				
- Remeasurements of defined benefit liabilities-Gain/ (Loss)	c	–	(7.04)	(7.04)
- Equity instruments through other Comprehensive Income	g	–	16.55	16.55
- Income tax relating to items that will not be reclassified to Profit or loss		–	–	–
- Cash flow hedge	h	–	(0.36)	(0.36)
- Deferred tax on above	i	–	9.97	9.97
- Share of Comprehensive Income of Associate		–	1.45	1.45
XII. Total Other Comprehensive income for the year		–	(20.57)	(20.57)
Total Comprehensive income for the year		(110.78)	(24.72)	(135.50)

Notes:

- Revenue is shown gross of Excise duty, and Excise duty shown as separate line item under Expenses.
- Realised gain on equity instruments through comprehensive income moved to General Reserves.
- Remeasurements of Defined benefit plans shown as part of other comprehensive income.
- Amortisation of Loan from Promoters.
- Provision for bad debts on ECL basis and reversal of previous year forex restatement.
- Deferred tax impact on account of IND AS Adjustments
- On account of fair valuation of Equity instruments through other comprehensive income.
- On account of cash flow hedges.
- Deferred tax impact on account of IND AS Adjustments in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

Financial Instruments and Risk Review**Financial Instruments**

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	–	–	657.43	657.43
Borrowings	–	–	2,927.88	2,927.88
Other Financial Liabilities	–	–	139.64	139.64
Total	–	–	3,724.95	3,724.95

The carrying value and fair value of financial instruments by categories as of March 31, 2017 is as follows:

(Amount ₹ in Lakhs)

Particulars	Fair Value through P&L	Fair Value through Comprehensive Income	Amortised Cost	Total Carrying cost
Assets:				
Cash and Cash Equivalents	–	–	122.35	122.35
Other Balances with Bank	–	–	2.00	2.00
Trade receivables	–	–	381.00	381.00
Loans	–	–	131.40	131.40
Investments	122.92	73.12	–	196.04
Other Financial Assets	–	–	1.58	1.58
Total	122.92	73.12	638.33	834.37
Liabilities				
Trade and Other Payables	–	–	601.18	601.18
Borrowings	–	–	1182.06	1182.06
Other Financial Liabilities	–	–	8.97	8.97
Total	–	–	1792.21	1792.21

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

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

The carrying value and fair value of financial instruments by categories as of Apr 1, 2016 is as follows:

Particulars	Fair Value through P&L	Fair Value through Comprehensive Income	Amortised Cost	Total Carrying Cost
Assets:				
Cash and Cash Equivalents	–	–	108.93	108.93
Other Balances with Bank	–	–	20.57	20.57
Trade receivables	–	–	281.48	281.48
Loans	–	–	111.91	111.91
Investments	106.04	953.05	–	1,059.09
Other Financial Assets	–	–	11.36	11.36
Total	106.04	953.05	534.25	1593.34
Liabilities				
Trade and Other Payables	–	–	507.91	507.91
Borrowings	–	–	401.36	401.36
Other Financial Liabilities	–	–	270.91	270.91
Total	–	–	1,180.18	1,180.18

Fair Value Hierarchy:

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

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Assets			
Investments	Level 1	Level 1	Level 1
Liabilities			
Borrowings-Optionally convertible loan	Level 2	Level 2	Level 2

Financial Risk Management Objectives and Policies

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

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

- Market Risk
- Credit Risk
- Liquidity Risk

The Group'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 Group's objectives, policies and processes for measuring and managing risk, and the Group'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 Group's exposure to market risk is primarily on account of foreign currency exchange rate risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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

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 Japanese Yen 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 Group'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, 2018				
Financial Assets				
Trade receivables	89.48	–	–	–
Total	89.49			
Financial Liabilities				
Trade Payables	12.79			
Total	12.79			
As at March 31, 2017				
Financial Assets				
Trade receivables	209.26	–	–	–
Total	209.26			
Financial Liabilities				
Trade Payables	17.54			
Total	17.54			
As at March 31, 2017				
Financial Assets				
Trade receivables	113.08	–	–	–
Total	113.08			
Financial Liabilities				
Trade Payables	13.37		17.72	
Total	13.37		17.72	

Credit Risk

The Group is exposed to credit risk as a result of risk of counterparties defaulting on their obligations. The Group'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 Group'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 are defined in accordance with the assessment and outstanding customer receivables are regularly monitored. The Group monitors and limits its exposure to credit risk on a continuous basis.

Credit risk on cash and cash equivalents is limited as the Group 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.1315.71, Rs.834.37, Rs.1593.34 as of March 31, 2018, March 31, 2017 and April 1, 2016 respectively,

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

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

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 Group 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 258.18 (31st March, 2017 –Rs.397.01, April 01, 2016 – Rs.286.13). The movement in allowance for impairment in respect of trade and other receivables during the year was as follows: (Amount ₹ in Lakhs)

	March 31, 2018	March 31, 2017	March 31, 2016
Allowance for doubtful debts			
Balance at year end	0.90	16.01	4.65

Liquidity Risk

The Group is exposed to liquidity risk related to its ability to fund its obligations as they become due. The Group monitors and manages its liquidity risk to ensure access to sufficient funds to meet operational and financial requirements. The Group monitors cash balances daily. In relation to Group's liquidity risk, the Group'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 Group's reputation.

The Group's principal source of liquidity is cash and cash equivalents and the cash flow is generated from operations. The Group 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 31,2018				
Financial Liabilities				
Borrowings	2,697.98	–	–	229.90
Trade payables	657.43	–	–	–
Other Financial Liabilities	139.64	–	–	–
Total	3,495.05	–	–	229.90
As at March 31,2017				
Borrowings	976.87	–	–	205.19
Trade Payables	601.18	–	–	–
Other Financial Liabilities	8.97	–	–	–
Total	1,587.02	–	–	205.19
As at April 1, 2016				
Borrowings	182.75	–	–	218.61
Trade payables	507.91	–	–	–
Other Financial liabilities	270.91	–	–	–
Total	961.57	–	–	218.61

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 cum Managing Director Whole-Time Director Company Secretary

M.S.N.M.Santosh
Partner

Place : Coimbatore
Date : 28.05.2018

M.No: 221916

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 : 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

- Name :
Address :
E-mail ID :
Signature : _____ or failing him
- Name :
Address :
E-mail ID :
Signature : _____ or failing him
- Name :
Address :
E-mail ID :
Signature : _____ or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 43rd Annual General Meeting of the company, to be held on Thursday, the 27th September, 2018 at 10.00 am at 'Nani Kalai Arangam,' Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No. ()

Signed this ____day of _____2018.

(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 ANNUAL GENERAL MEETING of the Company at 'Nani Kalai Arangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore – 641 037 on Thursday, the 27th September 2018 at 10.00 AM.

Signature of the member or Proxy

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ROUTE MAP TO MEETING HALL

