



**VEEJAY LAKSHMI ENGINEERING WORKS LIMITED**

**FORTY-SIXTH ANNUAL REPORT 2020-2021**

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**BOARD OF DIRECTORS**

**Sri V.J. JAYARAMAN**  
Chairman

**Sri N. M. ANANTHAPADMANABHAN**

**Sri N. ATHIMOOLAM NAIDU**

**Sri J. ANAND**  
Managing Director

**Sri B. SRIRAM**

**Sri D. RANGANATHAN**  
Whole Time Director

**Smt ARTHI ANAND**

**Sri K. NARENDRA**

**COMPANY SECRETARY**

**Sri V.K. SWAMINATHAN**

**REGISTERED OFFICE**

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

**AUDITOR**

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

**SECRETARIAL AUDITOR**

**Sri K. MUTHUSAMY**  
Practicing Company Secretary  
Coimbatore

**WORKS****Engg. Units**

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

**Textile Unit**

Thekkampatti  
Mettupalayam Taluk  
Coimbatore 641 113

**WIND MILLS**

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

**REGISTRAR & SHARE TRANSFER AGENT**

**M/s. S.K.D.C. Consultants Limited**  
"Surya," 35, Mayflower Avenue  
Sowripalayam Road  
Coimbatore - 641 028



Regd. Office: Sengalipalayam, NGGO Colony PO, Coimbatore – 641022  
Phone: 0422 2460662 Fax: 0422 2461565 | CIN: L29191TZ1974PLC000705  
Email: accounts@veejaylakshmi.com | Website: www.veejaylakshmi.com

### NOTICE TO SHAREHOLDERS

Notice is hereby given that the Forty Sixth Annual General Meeting of the shareholders of Veejay Lakshmi Engineering Works Limited will be held on Thursday, the 23<sup>rd</sup> day of September 2021 at 10:00 A.M through Video Conferencing (VC) / Other Audio Visual Means (OAVM), in view of continuing Covid-19 pandemic, to transact the following business:

#### Ordinary Business:

1. To consider and adopt the standalone and consolidated Annual Financial Statements including Statement of Profit and Loss, Cash Flow Statement and Statement of Changes in Equity for the financial year ended 31st March 2021, the Balance Sheet as on that date, the Report of Board of Directors and the Auditors' Report thereon.
2. To appoint a Director in the place of Sri V.J. Jayaraman (DIN 00137340), who retires by rotation and being eligible, offers himself for re-appointment.

Place : Coimbatore

Date : 29/07/2021

By order of the Board

**V.J. Jayaraman**  
Chairman

#### NOTE :

1. The Board of Directors have decided to convene and conduct the 46th Annual General Meeting (AGM) through VC/OAVM facility without the physical presence of members at a common venue, in view of the continuing 2nd wave of Covid-19 pandemic and in compliance with the applicable provisions of the Companies Act, 2013 and rules thereunder and SEBI (Listing obligations and Disclosure requirements) regulations, 2015 and its circular No. SEBI/HO/CFD/CMD1CIR/P2020/79 dated 12th May 2020 read with Ministry of Corporate Affairs (MCA) general circulars No. 14/2020, 17/2020 and 20/2020 dated 08/04/2020, 13/04/2020 and 05/05/2020 respectively.
2. The notice of the 46th AGM and the Annual report for the year 2020-21 including the Financial Statements for that year, the Report of the Board of Directors and other statements will be sent only by e-mail to all those shareholders whose e-mail addresses are registered with the Company or RTA or the respective depository participants in accordance with the MCA and SEBI circulars mentioned above.
3. Members are to join and participate in the 46th AGM through VC/OAVM facility only. The instructions for joining the AGM and the manner of participation in the remote e-voting through the e-voting system is provided separately. Members participating through VC/OAVM shall be counted for reckoning quorum under Section 103 of the Companies Act, 2013.
4. The Notice of the 46th AGM and the Annual report will be made available on the website of the Company viz., www.veejaylakshmi.com and on the website of the stock exchange i.e., BSE LIMITED. The deemed venue of the AGM shall be the Registered Office of the Company.
5. Members holding equity shares in physical form who have not registered their e-mail addresses with the Company / RTA can obtain Notice of the AGM, Annual report and / or login details for joining the AGM through VC/OAVM facility and e-voting, by sending scanned copies of the following documents by e-mail to 'compsec@veejaylakshmi.com' or to RTA at 'info@skdc-consultants.com'
  - i) Copy of the share certificate-front and back
  - ii) Self attested scan copy of pan card.
  - iii) Self attested scan copy of any id in proof of address registered with the company, such as Aadhar card, Driving License, Voter ID, passport.
  - iv) Request e-mail mentioning your name, Folio no. and full address.



6. Members holding shares in demat form can update their e-mail address and bank account details by submitting a request to the respective Depository Participant.
7. The Register of Members and share transfer books of the Company will remain closed from Friday, the 17<sup>th</sup> September 2021 to Thursday, the 23<sup>rd</sup> September 2021 (both days inclusive) as per Sec.91 of the Companies Act, 2013 and Reg.42(1) of the SEBI Listing Regulations.
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, 'Surya' 35, May Flower Avenue, Sowripalayam road, Coimbatore - 641 028.
9. Members who wish to claim dividends, which remain unclaimed, are requested to correspond with the Registrar and Share Transfer Agents of the Company. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, has, pursuant to Section 124 of the Companies Act, 2013 been transferred to the Investor Education and Protection Fund (IEPF).
10. As per provisions of Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 the Company has transferred unclaimed shares on which the beneficial owner has not encashed any dividend warrant during the last seven years, to the demat account of IEPF Authority. The members shall be entitled to claim the shares from IEPF authority in accordance with the procedure and after submission of documents as may be prescribed by IEPF authority from time to time.
11. The details of unpaid/unclaimed dividend and the details of shares transferred to the IEPF authority as required under rules in this respect are available on the website of the company [www.veejaylakshmi.com](http://www.veejaylakshmi.com).
12. Brief resume, details of shareholding and Directors' inter-se relationship of Director seeking election/re-election as required under Reg.36(3) of the SEBI Listing Regulations, are provided as Annexure to this notice.
13. As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register their e-mail address with the Company or the Registrars and Share Transfer Agent in respect of shares held in physical form and with the concerned Depository Participant in respect of shares held in electronic form to enable the Company to serve all documents in electronic form.
14. 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 by e-mail.
15. The notice of the Annual General Meeting and this communication are also available on the website of the Company: [www.veejaylakshmi.com](http://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 SEBI Listing Regulations, the Company is pleased to provide members facility to exercise their votes for all the business to be transacted as detailed in the Notice of the 46th Annual General Meeting scheduled to be held on Thursday, the 23<sup>rd</sup> September 2021 at 10:00 A.M by electronic means through remote e-voting and the business may be transacted through e-voting system during the AGM.

The Company has engaged the services of CDSL as the authorized agency to provide the remote e-voting facilities and e-voting during the AGM as per instructions below. As there will be no physical presence of members at AGM, members are to exercise e-voting only during the AGM .

Votes cast by members who hold shares on the cut off date 16.09.2021 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 at AGM. His e-mail id is: bk.scrutiniser@gmail.com.

The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to a maximum of 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.

Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.

In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.veejaylakshmi.com](http://www.veejaylakshmi.com). The Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com). The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).

#### **CDSL e-Voting System – For e-voting and Joining Virtual meetings**

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.



4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.veejaylakshmi.com](http://www.veejaylakshmi.com). The Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com). The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
8. In continuation of this Ministry's General Circular No. 20/2020, dated 05th May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January,13,2021.

**The Instructions of Shareholders for E-Voting and Joining Virtual Meetings are as under:**

- (i) The e-voting period begins on 20/09/2021 at 09.00 AM and ends on 22/09/2021 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 (record date) of 16/09/2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level. Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.  
In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.
- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.



Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode with CDSL/NSDL is given below:

Type of Shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"><li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li><li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li><li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li><li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a>. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers.</li></ol>
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"><li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li><li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS" Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li></ol>





Type of Shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL (contd...)	3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 and 022-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and <b>1800 2244 30</b>

(v) Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.

- 1) The shareholders should log on to the e-voting website: [www.evotingindia.com](http://www.evotingindia.com).
- 2) Click on "Shareholders" module.
- 3) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:



	<b>For Physical shareholders and other than individual shareholders holding shares in Demat</b>
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"><li>• Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li></ul>
Dividend Bank Details OR Date of Birth (DOB)	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. <ul style="list-style-type: none"><li>• 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.</li></ul>

- (vi) After entering these details appropriately, click on “SUBMIT” tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat 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.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (x) 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.
- (xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xii) 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.
- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) Additional Facility for Non – Individual Shareholders and Custodians – For Remote Voting only.
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto: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 linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto: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.



- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; compsec@veejaylakshmi.com (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**Instructions for Shareholders attending the AGM through VC/OAVM & E-Voting During Meeting are as under:**

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 10 (ten) days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

**Process for those Shareholders whose Email/Mobile No. are not registered with the Company/ Depositories**

1. For Physical shareholders - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP)



3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400 013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

Place : Coimbatore

Date : 29/07/2021

By order of the Board

**V.J. Jayaraman**

Chairman

### Announcement of Result of Voting:

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

## ANNEXURE TO NOTICE OF AGM

### PROFILE OF DIRECTOR SEEKING REAPPOINTMENT

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

#### Sri V.J. Jayaraman

Name	V.J. Jayaraman
Director Identification Number	00137340
Date of Birth and Nationality	03/02/1942 Indian
Inter-se relationship with other directors	Related to Sri J. Anand, the Managing Director and Smt Arthi Anand, non executive Director.
Qualification	B.Sc., B.S.,PG.(USA)(Textile Engineering and Engineering Administration)
Expertise in area	He is the lead Promoter Director of the Company. He has held senior most positions in few other prominent textile engineering enterprises in addition to leading this Company for over 45 years. He has been instrumental in floating new companies and nurturing them as successful ventures.
Number of shares held in the Company	12,35,753
Board position held	Director (Chairman-Non-executive)
Terms and conditions of appointment / Reappointment	Reappointment on retirement by rotation on same terms.
Number of board meetings attended during the year	Information furnished in Corporate Governance Report.
Chairman / Membership in other committees of the Board	N I L



## DIRECTORS' REPORT TO SHARE HOLDERS

Dear Shareholders,

Your Directors present the Forty-Sixth Annual Report and the Company's audited financial statements for year ended 31<sup>st</sup> March 2021.

### 1. STATE OF COMPANY'S AFFAIRS, DIVIDEND AND RESERVE

#### i. Financial performance/appropriations/transfer to reserves

The Company's financial performance for the year ended March 31, 2021 is summarized below. As there is no surplus, no transfer to any reserve has been made. (₹ In Lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Sales Turnover	5131.73	6877.42
Profit/ (Loss) before Depreciation and taxes	(54.29)	(663.29)
Depreciation	244.02	256.98
Exceptional Items/ expenses profit(loss) before taxes		
Profit / (Loss) before taxes	(298.31)	(920.27)
<b>APPROPRIATIONS/ADJUSTMENTS</b>		
Provision for Taxes - Current Tax (for prior period)	16.83	-
- Deferred Tax	(20.24)	419.66
Profit after tax - Transferred to retained earnings	294.90	(1339.93)

There is a reduction in sales turnover from Rs. 6877 lakhs to Rs. 5132 Lakhs. This is due to low capacity utilisation on account of lockdown and resultant fall in demand due to COVID pandemic. However, the loss before tax and deferred tax amount also is lower than the previous year.

ii. **Dividends:** No dividend is recommended in view of the losses

iii. **Operations:** Low capacity utilization in both Engineering and Textile Division has affected the Sales Turnover. Segment wise performance and other details are provided in the Management Discussions and Analysis Report prepared in compliance with Reg.34(2) of the Listing Regulations.

Other income is lower than the previous year as the previous year income included rent from buildings. The tenant vacated in Dec 2019 and the Company is yet to find a tenant.

The total capital expenditure incurred during the year is Rs.452.39 Lakhs. This includes the Roof top Solar Project of Rs.433.50 lakhs which was in capital wip in previous year. In addition to this an amount of Rs.18.89 Lakhs has been incurred for accessories.

### INDUSTRIAL RELATIONS

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

### R&D

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

### BORROWINGS

The total fund based working capital limits from the Banks have been reduced from Rs.1950 lakhs to Rs.1800 lakhs. The Non fund based limits for L/Cs and Guarantees have also been reduced. The Company has got two term loans sanctioned by State Bank of India-one for Rs.320 lakhs for the roof top Solar equipments of 1.0mw capacity and another for Rs.350 lakhs for modernisation of few equipments



in the spinning unit. As there was delay in getting delivery of the machines for modernisation, the loan of Rs.350 lakhs and has been cancelled. The Rooftop Solar project loan has been availed and it has been installed. In addition, State Bank of India also has sanctioned two loans of total value Rs.168 lakhs under the Schemes for assistance to manage COVID crisis. The Company has serviced the interest obligations in time without any delay.

## **2. ANNUAL RETURN**

Copies of the Annual return are posted in the Company's website: [www.veejaylakshmi.com](http://www.veejaylakshmi.com)

## **3. NUMBER OF MEETINGS OF THE BOARD**

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

## **4. DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors hereby state that:

- in preparation of annual accounts for the financial year ended March 31,2021, 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 2021.
- 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, 2021 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.

## **5. NOMINATION AND REMUNERATION COMMITTEE AND POLICY**

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

## **6. 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.

## **7. 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 Statutory 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 2020-21.

***Observations have been made in Secretarial Audit report and Secretarial Compliance report that time lines stipulated under Companies Act, 2013 and SEBI (LODR) Regulations, 2015 in respect of filing of certain resolutions and of a return relating to deposits had not been complied with. The belated filings had happened in view of the lock down restrictions due to Covid-19 pandemic and multiple filings needed in a short span of time. Same have been regularised where necessary as per relaxations allowed.***

**8. PARTICULARS OF LOANS/GUARANTEE/ INVESTMENTS/DEPOSITS**

The Company has not provided any Inter-Corporate Loans/ Guarantees. Details of other loans/advances and Investments of the Company in the shares of other Companies are provided under note 5 and 8(e) of notes to Balance Sheet appearing elsewhere in this Annual Report. The amount of investment made by the Company does not exceed the limits as specified in Section 186 of the Companies Act, 2013.

The Company has not accepted any deposits from public during the year and there are no deposits from the public as at 31.3.2021. The Company has unsecured interest free loans from Promoter Directors. This loan has been treated as a compound Financial Instrument and accounted accordingly. Promoters had also provided in last year an additional loan of Rs.300 lakhs to part finance the capital expenditure for the equipments for solar power and modernization and this will be retained in the Company till the term loan is repaid.

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

**10. MATERIAL CHANGES AND COMMITMENTS AFTER 31/03/2021**

The manufacturing units were kept closed due to COVID-19 pandemic from 10/05/2021 to 14/06/2021 due to 2nd wave. This will have an impact on the sales turnover/profitability during the financial year 2021-22. There have been no other material changes and commitments affecting the financial position of the Company, which have occurred between March 31, 2021 and the date of this report.

**11. 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.

**12. RISK MANAGEMENT**

The Company follows a comprehensive and integrated risk appraisal, mitigation and management process. The identified elements of Risk and Risk Mitigation measures are periodically reviewed and revised by the Board of Directors. 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.

**13. 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.

#### 14. ADDITIONAL INFORMATION AS PER RULE 8(5) OF COMPANIES (ACCOUNTS) RULES, 2014

Sl. No.	Particulars	Related disclosures
i	The financial summary or highlights	The financial highlights including State of Affairs of the Company, Dividend and Reserve have been provided elsewhere in this report
ii	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.
iii.	The details of Directors or Key Managerial Personnel who were appointed or have resigned during the year	Vaiyampalayam Krishnama Naidu Swaminathan has ceased to be the Company Secretary cum Compliance officer effective from 1.3.2020 on attaining super annuation. He rejoined the Company again on 04.06.2020 as the Company Secretary cum Compliance Officer.
iv.	The names of the Companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year	NIL
v.	The details relating to deposits, covered under Chapter V of the Act	The Company has not accepted any amount which falls under the purview of Chapter V of the Act.
vi.	(vi) The details of deposits which are not in compliance with the requirements of Chapter V of the Act.	Nil
vii.	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.
viii.	The details in respect of adequacy of internal controls with reference to the Financial Statements	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. The financial statements are prepared in accordance with the Indian Accounting Standards issued by the Ministry of Corporate Affairs
ix.	Maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013	The Company has duly made and maintained the Cost Records.

#### 15. DIRECTORS

Sri V.J. Jayaraman, Director will retire by rotation at the ensuing Annual General meeting and being eligible he offers himself for re appointment.





## 16. AUDIT COMMITTEE AND VIGIL MECHANISM

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.

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

The Policy on Vigil Mechanism and Whistle Blower may be accessed on the Company's website [www.veejaylakshmi.com](http://www.veejaylakshmi.com)

## 17. PREVENTION OF SEXUAL HARASSMENT AT WORK PLACE

As per the provisions of Sexual Harassment of Women at Workplace (prevention, prohibition and redressal) Act, 2013, the Company has constituted a Complaints Committee within HR department. No complaints were received by the committee during the year 2020-21

## 18. LISTING OF EQUITY SHARES

The Company's equity shares continue to be listed at BSE limited and we confirm that listing fee for the financial year 2021-22 has been paid.

## 19. PARTICULARS RELATING TO REMUNERATION OF DIRECTORS/EMPLOYEES

Disclosure under sub rule (2) of rule (5) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014:

- a. Ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year ended March 31, 2021 and the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in the Financial Year ended March 31, 2021:

Median remuneration of employees for Financial Year 2020-21 : Rs.105624/- pa. Sitting fees paid to the Directors have not been considered as remuneration for this purpose. Remuneration particulars of Directors and Key Managerial Personnel are provided in Corporate Governance Report.

- b. There has been no change in the median remuneration of employees in the financial year.  
 c. Number of permanent employees on the rolls of Company as on 31st March, 2021. : 516  
 d. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

There has been no significant increase or decrease in managerial remuneration. The overall managerial remuneration has come down in view of lock down.

- e. Affirmation that the remuneration is as per the remuneration policy of the Company:  
 Your Directors affirm that the remuneration is as per the Nomination and Remuneration Policy of the Company.  
 f. Details of top ten employees (other than executive directors) in terms of gross remuneration:  
 Please see Annexure – 4.  
 g. There are no employees who are paid remuneration in excess of Rs. 102 lakhs per annum or Rs.8.5 lakhs per month

## 20. CORPORATE GOVERNANCE

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

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

**21. CORPORATE SOCIAL RESPONSIBILITY**

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

**22. ASSOCIATE COMPANY**

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

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

1	Issue of equity shares with differential rights as to dividend, voting or otherwise.	No equity shares were issued during the year.
2	Issue of equity shares (sweat equity shares) to the employees of the Company	No sweat equity issue during the year.
3	Receipt of remuneration or commission by the Managing Director or Whole time Director from any of its subsidiaries	The Company has no subsidiary.

**23. ACKNOWLEDGEMENT**

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

Coimbatore  
July 29, 2021

For and on behalf of the Board of Directors  
**(Sd/-) V.J. JAYARAMAN**  
Chairman



## ANNEXURES TO DIRECTORS' REPORT

### ANNEXURE 1

#### FORM AOC 1

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

<b>PART A : SUBSIDIARIES</b>
The Company has no Subsidiary

#### 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	31-03-2021
2. Date on which the Associate or Joint Venture was associated or acquired	05-12-2011
<b>3. Shares of associates/Joint Ventures held by the Company on the year end</b>	
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)	143.90
7. Profit / Loss for the year (Rs. in Lakhs)	-10.73
i. Considered in consolidation	-2.81
ii. Not considered in consolidation	-7.92



## ANNEXURE 2

## Form AOC 2

**Pursuant to clause (h) of subsection (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:**

**NIL.** All contracts and arrangements with outside parties are in the normal course of business and at arms length basis

**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	<b>Veejay sales and Services Limited Associate Company</b>	<b>Augustan Knitwear P. Limited Interested Director</b>
b.	Nature of contracts / arrangements / transactions	Purchase of wind power in the ordinary course of business. Loan taken for an amount of Rs.200 lakhs at an interest rate of 9%. Term Loan to remain with the Company till the loans from State Bank of India are repaid	Sale of yarn and fabric in the ordinary course of the company's business.
c.	Duration of the contracts/ arrangements/ transactions	Wind power purchase valid up to 31-03-2021.	Valid up to 31-03-2024.
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 30-07-2020 and specific transactions every quarter.	Approved on 30-07-2020 and specific transactions every quarter.
f.	Amount paid as advances, if any:	Nil	Nil

## ANNEXURE 3

**DISCLOSURE OF PARTICULARS AS REQUIRED UNDER  
COMPANIES (ACCOUNTS) RULES 2014-RULE 8(3)**

Sl. No.	Particulars	Related disclosures
<b>Conservation of Energy</b>		
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. Roof top solar power equipments have been installed for a capacity of 1MW
3	Capital investment on energy conservation equipments	Rs. 433.50 Lakhs for Solar power equipment commissioned during the year.
<b>Technology Absorption, Adaptation and Innovation</b>		
1.	Efforts made towards technology absorption	In house Research and Development process is a continuing one.
2.	Benefits derived like product improvement, cost reduction, product development or import substitution	Product development and cost reduction.
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. 12.97 lakhs

**Foreign Exchange Earnings and Outgo**

₹. in lakhs

		2020-21	2019-20
1.	Foreign Exchange earned	<b>2,822.90</b>	2260.06
2.	Foreign Exchange Outgo	<b>76.79</b>	642.71



## ANNEXURE 4

## Particulars of Employees as per Rule 5(2) and (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Name (Age in years)	Designation	Remuneration Received (Rs. Lakhs)	Qualification	Experience (years)	Date of commencement of employment	Previous Employment
Sri J. Anand (48 years)	Managing Director	24.87	B.E.,M.S. (USA)	26	12-06-1995	Management Trainee
Sri D. Ranganathan (69 years)	Wholetime Director	9.87	B.Com., MBA.	46	01-03-1975	Phipson and Co. Ltd.
Sri R. Sargunam (67 years)	Vice President (HR)	6.60	B.A., PGDPM, PG Dip. Law	46	03-09-1992	Lakshmi Machine Works Ltd.
Sri M.Govindaraju (75 years)	Vice President (Manufacturing)	4.98	DME	55	01-05-1976	Lakshmi Machine Works Ltd.
Sri K.Kannadasan (68 years)	Vice President (Sales)	7.94	B.Tech.	45	01-02-2007	New Star Tex Engg. Co.
Sri P. Boopathi (52 years)	Vice President (Spinning)	7.68	M.Tech.	32	11-08-2006	GTN Group of Companies
(*)Sri V.K.Swaminathan (72 years)	Company Secretary	4.92	B.Sc., AICWA., FCS.	52	01-05-2015	Veejay Lakshmi Textiles Ltd.
Sri V.Vijayakumar (47 years)	Manager- Design	5.54	DME.	27	03-09-2012	Savio India Ltd.
Sri T.Maheswaran (51 years)	Manager- Service	4.11	DTT	31	01-03-1989	Sieger Spintech Equip. P. Ltd.
Sri S.Thirumurugan (51 years)	Asst.Manager- Electrical	4.44	DEEE	26	02-07-2009	Aswin Textiles

**Note:**

1. All the above are permanent employees and the remuneration includes Company's contribution to Employees Provident fund, bonus and leave encashment.
2. No employee except Sri J. Anand is holding by self or by their family, shares of 2% or more in the Company or is drawing remuneration in excess of the Managing Director or Wholetime Director.
3. Sri J.Anand is related to Sri V.J. Jayaraman and Smt. Arthi Anand, Directors of the Company.
4. The employee marked (\*) has been in service for part of the year.



Form No. MR-3

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March 2021**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 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 2021, 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:

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 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under and further amendments thereof.
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) 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,
  - c) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, and

I was informed that, for the financial year ended on 31st March 2021:

- (i) The Company was not required to maintain books, papers, minute books, forms and returns or other records according to the provisions of the following Regulations and Guidelines prescribed under SEBI Act :
  - a) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, which is not applicable as there was no delisting during the year; and
  - b) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, which is not applicable to the company as there was no buyback during the year;



- c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / The Securities and Exchange Board of India (Share based Employee Benefits) Regulations 2014;
  - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) 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.
1. I have also examined compliance with the applicable clauses of the following:
    - i. Secretarial Standards 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.
  2. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except that
    - i) ***The company has passed circular resolution on 05.06.2020 for appointment of secretarial auditor and duly ratified at board meeting dated 30.07.2020 for the year 2019-20 instead of duly convened board meeting and has not filed Form MGT-14.***
    - ii) ***Form MGT-14 has not been filed for board resolution for appointment of Company secretary passed at board meeting dated 05th May, 2020.***
    - iii) ***Form DPT-3 has not been filed for the year ended 31.03.2020.***
    - iv) ***The company has not complied with the time line stipulated under Regulation 23(9) of SEBI (LODR) Regulations, 2015 for submitting disclosures of Related Party transactions but has made delayed submission of same to the stock exchange on 19/01/2021 which was condoned by the Stock Exchange.***
  3. 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 : 30.06.2021

(Sd.) KALIAPPAGOUNDER MUTHUSAMY  
Company Secretary in Practice  
M No: F 5865; CP: 3176  
UDIN: F005865C000550629





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. Due to the situation arising out of outbreak of Covid-19, the audit of the Company was conducted remotely with records made available by the company through electronic means.
4. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
5. 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.
6. 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 2021 but before issue of the report.
7. I have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
8. 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.
9. 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 : 30.06.2021

(Sd.) KALIAPPAGOUNDER MUTHUSAMY  
Company Secretary in Practice  
M No: F 5865; CP: 3176  
UDIN: F005865C000550629



**SECRETARIAL COMPLIANCE REPORT  
OF  
VEEJAY LAKSHMI ENGINEERING WORKS LIMITED  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

I have examined:

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

for the year ended 31.03.2021 (“Review Period”) in respect of compliance with the provisions of:

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

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

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 – Not applicable as the company has not issued any kind of securities during the period under scrutiny.
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - Not applicable as the company has not bought back any of its securities during the year under review;
- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014- Not applicable as the company has not issued any kind of securities during the period under scrutiny;
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- Not applicable as the company has not issued any debt securities during the year under review;
- (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013-Not applicable as the company has not issued any Non-Convertible and Redeemable Preference Shares during the year under review;



(h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and based on the above examination, I hereby report that, during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except the following:

***The listed entity has not complied with the time stipulated under Regulation 23(9) of SEBI (LODR) Regulations, 2015 for submitting disclosures of Related Party transactions but has made delayed submission of same to the stock exchange on 19/10/2021.***

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/guidelines issued thereunder insofar as it appears from my examination of those records.

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

Sr. No	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
1	BSE Limited	Violation of Regulation 23(9) of SEBI (LODR) Regulation, 2015 for the quarter ended, September 2020.	A total fine of Rs.2,06,500 has been levied through Email dated 18.01.2021 to the company	As per the request of the company, the stock exchange has waived the fine levied through email communication dated 25.06.2021

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

Sr.No	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended 31.03.2020	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
Not Applicable				

(e) There was no event of appointment / re-appointment / resignation of statutory auditor of the Company during the period under review. Further, the Company has modified the terms of appointment of its existing auditor in compliance of the Para (6A) and 6(B) of Circular No. CIR/CFD/CMD1/14/2019 dated 18.10.2019.

Place : Coimbatore  
Date : 29.06.2021

(Sd.) KALIAPPAGOUNDER MUTHUSAMY  
Company Secretary in Practice  
M No: F 5865; CP: 3176  
UDIN: F005865C000535121



## 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 Developments

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 catering to domestic and export markets. The performance of the industry is impacted by vagaries in the prices of inputs and end products, tariff and other regulations in export and domestic market.

### Opportunities and Threats

The prospects of the textile division producing yarn and engineering division producing machines used in textile spinning mills depend upon the performance of the textile industry. Although textile products are exported from fibre to garments, the market share of our country in the world market is still low and there is scope for increasing our country's market share in world market. Increase in demand/production of garment/apparels and other technical textiles will increase the demand for the yarn and also the machinery used in textile industry.

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

The sales of twisting machine has been declining in the last two/three years due to low demand. The Company is taking all steps to maintain and improve its market share and also to improve the margins by cost reduction and making continuous improvement in the design of the twisting machines with focus on reduction in power consumption and operating costs. As the demand is declining/fluctuating, to reduce fixed costs, the in house manufacturing activities have been curtailed by increase in outsourcing.

The Textile unit has facilities for production of high quality coarse count cotton yarn and has also facilities for twisting and knitting to sell the products with value addition. The Company also has wind mills and rooftop Solar equipments used for captive consumption of power, which reduces the cost of power consumed. However, the profitability of this division depends upon utilization of the installed capacity at optimum level. The Company in the last few years has been having low capacity utilization due to recessionary conditions and unreumernarative prices of cotton/yarn.



### Segmentwise Performance

The Company has two reporting segments: 1) Textile Machinery Division producing Two for One Twisters (twisters) and Assembly Winders (winders), 2) Textile Division producing yarn and fabrics. The Closure of factories due to the lockdown enforced by the Government to manage the Covid Crisis has affected the capacity utilization/performance of both engineering and Textile divisions. Segmentwise sales and profits are as given below:

(In Lakhs)

	31.03.2021		31.3.2020	
	Engineering	Textile	Engineering	Textile
Revenue	1085.70	4046.03	1622.96	5254.46
Segment Profit	-238.17	122.96	-459.71	-464.95

### Engineering Division

The pending orders position for twisting machine has been declining and even the customers who have placed the orders have not taken delivery of the machines due to market conditions. The slowdown started due to COVID19 pandemic in the last quarter of previous year has affected the performance. Although operations resumed partially from May 2021, full capacity utilization could not be done. The sales/inflow of orders improved in last quarter of 2020-21, but the situation again worsened from May 2021. The Company could sell only 42 nos. of twisting machines during 2020-21 as against 53 nos in the year 2019-20.

### Textile Division

Textile operations were also affected the operations due to COVID. The factory could not be run to full capacity as the workers who went to their native places did not return and it took some time to mobilise the workforce to work with full capacity. The Company could resume to normal working from 23.05.2020. Improvement in margins has increased the profits from this division.

### Outlook

The textile industry caters to the basic needs and provides large employment. It also contributes for inflow of foreign exchange by exports. Hence the Govt. is expected to provide all support for the growth of the industry. India also has the technology to produce high quality textile products for the world market. But this will depend upon the tariff restrictions and preferential treatment by importing countries. The economy world wide is slowly recovering from the COVID crisis and hence it may increase the demand. But there has been spurt in the price of raw materials and other inputs, particularly those used in engineering division and this will have strain on margins.

### Risks and Concerns

Vagaries in the prices of cotton and yarn which affects profitability

Tariff regulations and preferential treatments by importing countries affecting the demand for the products in export market

Competition from other manufacturers of twisting machines

Delay in fully recovering from the impact of COVID pandemic.



### Internal Control System and Adequacy

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

All the assets are safeguarded, properly utilized and protected against loss from unauthorized use or disposition and the transactions are authorized, recorded and reported correctly. A Chartered Accountant carries out the audit at regular intervals to monitor the effectiveness of the internal checks and controls in different areas and reports/suggests improvement measures for review by the management.

### Financial Performance with Respect to Operational Performance

The margins have improved and the loss has come down.

### Key Financial Ratios for Operations during the Year

Debtors Turnover	:	5.70
Inventory Turnover	:	1.71
Interest coverage Ratio	:	-0.97
Current Ratio	:	1.25
Debt Equity Ratio	:	0.79
Operating profit Margin(%)	:	-2.83
Net Profit Margin(%)	:	-5.70
Return on Networth(%)	:	-7.28

### 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 516 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

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company's philosophy on Corporate Governance stresses the importance of transparency, accountability and protection of shareholder interests without compromising ethical standards and corporate social responsibilities. Best corporate governance practices are identified, adopted and consistently followed.

### 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 2020-21 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, 2021 are as under:

Name of the Director	Category	No. of Board Meetings		Attendance at the last AGM held on 28.09.2020	No. of Directorships in other companies*	Committee position	
		Held	Attended			Member	Chairman
Sri.V.J.Jayaraman	Non-Executive (promoter)	5	5	YES	1	-	-
Sri.J.Anand	Executive (Promoter)	5	5	YES	5	-	-
Smt Arthi Anand	Non Executive Non-independent	5	5	YES	Nil	-	-
Sri.N. Athimoolam Naidu	Non-Executive Independent Independent	5	5	YES	2	1	-
Sri.B.Sriram	Non-Executive Independent Independent	5	4	YES	2	3	-
Sri.N.M. Ananthapadmanabhan	Non-Executive Independent	5	5	YES	Nil	-	3
Sri.D.Ranganathan	Executive Non- Independent	5	5	YES	1	3	-
Sri K. Narendra	Non-Executive Independent Independent	5	5	YES	1	1	-

\* Includes private limited companies

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees (as per Reg.26(1) of the Listing Regulations) across all the companies in which he is a Director. All the Directors have made the requisite disclosures regarding Committee positions held by them in other public limited companies. None of the directors is a director in any other listed company.

The Board met five times during the financial year 2020-21 viz., on 20.05.2020, 30.07.2020, 09.09.2020, 12.11.2020 and 11.02.2021. The gap between any two consecutive Board Meetings did not exceed 120 days.



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

**Number of shares and convertible debentures held by non-executive Directors as at 31-03-2021:**

Sri V.J. Jayaraman (All status) : Number of Equity shares : 1235753

Sri N. Athimoolam Naidu : Number of Equity shares : 67840

**FAMILIARISATION PROGRAMME IMPARTED TO DIRECTORS**

The key managerial personnel of the Company periodically interact with the independent Directors to make them familiar with their roles, rights and responsibilities, about the nature of the industry in which the Company operates and business model of the Company. The details of the program is in the website of the Company [www.veejaylakshmi.com](http://www.veejaylakshmi.com)

**CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT**

The Company has a Code of Conduct for the Directors and senior management personnel, which is in compliance with the requirements of Reg.17(5) of the Listing Regulations. The Code of conduct has also been displayed on the Company's website. The independent directors have given declarations at the first meeting of the Board every year that they meet the criteria of independence as provided in the Act.

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

**SKILLS / EXPERTISE / COMPETENCE OF THE BOARD OF DIRECTORS**

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

Identified	Actually Available
Leadership: Leadership/Directorship experience resulting in effective participation in or spearheading various initiatives taken by the Company	Yes
Educational qualification: Bachelor degree or other Qualification relevant to the business of the Company.	Yes
Knowledge and expertise: Knowledge and experience in administration / finance / technology or in any area of importance relevant to the business of the Company	Yes
Integrity and confidentiality	Yes
Active participation in Board and Committee meetings	Yes
Independence of behavior, judgment and commitment	Yes

Board Qualifications					
Name of Director	Leadership	Educational Qualification	Knowledge & expertise	Integrity & confidentiality	Active participation in meetings
Sri V.J. Jayaraman	Yes	Yes	Yes	Yes	Yes
Sri J. Anand	Yes	Yes	Yes	Yes	Yes
Sri N.M. Anantha Padmanabhan	Yes	Yes	Yes	Yes	Yes
Sri N. Athimoolam Naidu	Yes	Yes	Yes	Yes	Yes
Sri B. Sriram	Yes	Yes	Yes	Yes	Yes
Sri D. Ranganathan	Yes	Yes	Yes	Yes	Yes
Smt Arthi Anand	Yes	Yes	Yes	Yes	Yes
Sri K. Narendra	Yes	Yes	Yes	Yes	Yes





### SEPARATE MEETING OF INDEPENDENT DIRECTORS

The Company's Independent Directors met on March 29, 2021 without the presence of other Directors.

### CONFIRMATION ON THE FULFILLMENT OF THE CONDITIONS OF INDEPENDENCE:

Based on the declarations received from the Independent Directors, the Board of Directors are of the opinion that the Independent Directors fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 and are independent of the management.

### RESIGNATION OF INDEPENDENT DIRECTOR(S) BEFORE EXPIRY OF TENURE: Nil

### COMMITTEES OF THE BOARD:

#### Audit committee:

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

#### Composition:

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

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

#### Terms of Reference:

- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- Review and monitor the auditor's independence, audit process, and effectiveness of audit process.
- Examination of quarterly, half yearly and annual financial statements, company's financial reporting process and disclosures of financial information and Auditors' 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 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 2020-21 on 30.07.2020, 09.09.2020, 12.11.2020 and 11.02.2021

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 acts as the Secretary of the Committee.



The Chairman of the Audit Committee participated at the last Annual General Meeting (AGM) held on 28.09.2020 through Video Conferencing.

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, foreign exchange transactions and related party transactions periodically.

### **NOMINATION AND REMUNERATION COMMITTEE**

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 for the Executive Directors, determining criteria for selection of executive and independent directors, evaluation of the Board and individual directors and such other functions as may be delegated to it by the Board of Directors.

The Committee met on 29-03-2021 during the year 2020-21 with the presence of all the members.

### **EVALUATION OF THE BOARD'S PERFORMANCE, THAT OF THE COMMITTEES AND INDIVIDUAL INDEPENDENT DIRECTORS**

The evaluation of the performance of the Independent Directors is based on their qualification, experience, knowledge and competency, ability to fulfill allotted functions / roles, ability to function as a team, pro-activeness, participation and attendance, commitment, contribution, integrity, independence from the company and ability to articulate independent views and judgment. Accordingly, the performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated.

The performance of the Board as a whole was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Nomination and Remuneration Committee ("NRC") has evaluated the performance of the individual directors on the basis of the criteria approved by the Board.

### **REMUNERATION OF DIRECTORS FOR THE YEAR 2020-21**

#### **Criteria for making payment to Non Executive Directors:**

The Company pays a sum of Rs.5000/- per meeting as fee to non-executive and independent Directors for attending the meetings of the Board of Directors, Independent Directors and that of the Committees of the Board. No other remuneration is paid to them. The sitting fees paid during 2020-21 is given below:



Name of the Non-executive Director	Sitting fees Paid in Rs.	Commission	No of Shares held
Sri. V.J. Jayaraman	20,000	NIL	1235753
Sri. N.M. Ananthapadmanabhan	55,000	NIL	NIL
Sri. B.Sriram	45,000	NIL	NIL
Sri. Athimoolam Naidu	30,000	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. J.Anand	Managing Director	2487354	1 : 23.6
Sri. D. Ranganathan	Whole-time Director	987459	1: 9.4

The Directors' remuneration does not have variable component such as commission. It includes salary and Company's contribution to Provident Fund.

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 : 516. There is no change in median remuneration from that in previous year..

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

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

K M P	Managing Director	Chief Financial Officer	Company Secretary
Increase in Remuneration	Nil	Nil	Nil
Ratio to median remuneration	1 : 23.6	1: 9.4	1 : 6.1

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

#### Stakeholder Relationship Committee

The shareholder and investor grievances committee consists of the following three members:

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

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

The Committee meets as and when required, to inter alia deal with matter relating to its term of reference. A meeting of the committee was held on 29-03-2021 during the year.

**Terms of Reference:**

- Redressal of shareholders 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 SEBI Listing Regulations and any other regulatory provisions and any other matter as the Board of Directors may consider fit for effective redressal of shareholders and / or investors' grievances.

Based on the report received from SKDC Consultants Limited, the Registrar & Share Transfer Agent, as on March 31, 2021 there were no pending requests/complaints from any shareholder. The number of complaints received and solved during the financial year 2020-21 are as given below:

Received	Solved	Pending as at 31.3.2021
3	3	Nil

**General Body Meetings:**

All recommendations of Committees of the Board which are mandatorily required have been accepted. The Date, time and venue of the last three annual general Meetings are given Below:

Financial Year	Date and mode	Time	Location	Special Resolutions passed
2019-20	28-09-2020 Video Conference	10.00 AM	Regd. Office, Sengalipalayam NGGO Colony PO., Coimbatore 641 022	Special resolutions were passed for 1. Approval for reappointment of Sri Krishnamoorthi Narendra as independent Director. for further consecutive term of 5 years from 25 <sup>th</sup> December 2020 to 24 <sup>th</sup> December 2025.
2018-19	25-09-2019	10.00 AM	Ardra Hall, No.9, North Huzur Road, Coimbatore - 641 018	Special resolutions were passed for 1. Approval for reappointment of Sri N.M. Ananthapadmanabhan as independent Director.for further consecutive term of 5 years. 2. Approval for reappointment of Sri N. Athimoolam Naidu as independent Director for further consecutive term of 5 years.. 3. Approval for reappointment of Sri B Sriram as independent Director for further consecutive term of 5 years.
2017-18	27-09-2018	10.00 AM	Nani Palkhivala Auditorium, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore-641 037	Special Resolutions were passed for: 1) Approval for continuation by Sri V.J. Jayaraman as Director 2) Approval for continuation by Sri N.M. Ananthapadmanabhan as independent Director. 3) Approval for continuation by Sri N. Athimoolam Naidu as independent Director.



### Means of communication

The Quarterly results as well as audited annual results as required under Reg.33 of the listing regulations are published in one daily English Newspaper “The Financial Express” and one regional Tamil newspaper “Malai Murasu”. The Annual Reports, Quarterly reports and Annual Returns are made available in the “investors” section of the company’s website: [www.veejaylakshmi.com](http://www.veejaylakshmi.com) which is user friendly and are easily downloadable. There were no news releases or media presentation during the year.

### GENERAL SHAREHOLDER INFORMATION:

- Annual General Meeting**

AGM Date	September 23, 2021 Thursday
Time	10.00 AM
Venue	AGM convened through VC / OAVM Mode

- Financial calendar for 2021-22**

Financial Year : 1st April, 2021 to 31st March, 2022

Board meeting dates for approval of quarterly financial results:

1st Qtr. ended on June 30, 2021 : within 45 days from the close of quarter

2nd Qtr. ended on September 30, 2021 : within 45 days from the close of quarter

3rd Qtr. ended on December 31, 2021 : within 45 days from the close of quarter

4th Qtr. ended on March 31, 2022 : within 60 days from the close of quarter

Book Closure dates : 17/09/2021 to 23/09/2021 (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 2021- 22.

- Stock Code:**

B S E 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 2020-2021 on BSE Limited are as under:

Month	High (Rs)	Low (Rs)
April – 2020	26.40	19.00
May – 2020	24.25	21.50
June – 2020	27.20	21.00
July – 2020	28.00	20.25
August – 2020	24.00	21.10
September – 2020	27.55	21.10
October – 2020	28.50	22.00
November – 2020	26.00	21.35
December – 2020	29.00	23.00
January – 2021	28.95	25.00
February – 2021	28.75	25.40
March - 2021	35.65	24.40



- **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, 2021	March 31, 2020
Market Capitalisation of the Company (Rs. Lakhs)	1324	1040
Issued capital (in Nos)	5071900	5071900
Closing price at B S E Ltd. (Rs.)	26.10	20.50
Earning per share (Rs.)	-5.81	-26.42
Price Earning Ratio as at closing date	-	-

**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  
"Surya",35, Mayflower Avenue  
Behind Senthil Nagar  
Sowripalayam Road, Coimbatore – 641 028  
Telephone: + 91 0422-4958995, 2539835 /836,  
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 31<sup>st</sup> March 2021**

Shareholding of Nominal value of Rs.10 each	No. of Shareholders	% of shareholders	Shareholding in Rs.	% of Shareholding
UPTO to 5,000	4049	92.57	4761440	9.39
5,001 to 10,000	159	3.64	1271300	2.50
10,001 to 20,000	63	1.44	944000	1.86
20,001 to 30,000	32	0.73	790690	1.56
30,001 to 40,000	21	0.48	744170	1.47
40,001 to 50,000	9	0.21	411890	0.81
50,001 to 1,00,000	19	0.43	1316980	2.60
1,00,001 and above	22	0.50	40478530	79.81
<b>Grand Total</b>	<b>4374</b>	<b>100.00</b>	<b>50719000</b>	<b>100.00</b>



• **Categories of Shareholders as on 31<sup>st</sup> March 2021**

Category	No. of Shares Held	% of Shareholding
<b>Promoter Holding</b>		
• Promoter Holding	3308735	65.237
<b>Public Share Holding</b>		
• Mutual Funds and UTI	Nil	Nil
• Banks, Fin. Institutions, Insurance Companies	500	0.010
• Govt./Govt. companies	200	0.001
<b>Others</b>		
• Directors & Relatives	72,760	1.434
• Private Corporate Bodies	42,195	0.832
• Indian Public	15,38,387	30.334
• NRI/OBC's	12813	0.253
• I E P F Authority	96,310	1.899

• **Dematerialization of Shares**

Mode	No. of Shares	%
Demat	49,20,046	96.988
Physical	1,51,854	3.012
TOTAL	50,71,900	100.00

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

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

Foreign exchange hedging and commodity prices:

The Company does not involve in hedging activities in foreign exchange or commodity markets. Wherever considered appropriate simple forward contract is entered for foreign exchange involved in imports and exports.

• **Plant Locations**

The Company's plants are located as under:

- Unit A : Sengalipalayam, NGGO Colony Post, Coimbatore - 641 022
- Unit B : 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

• **Credit Ratings:**

The credit rating for the Company's borrowings by CRISIL upto 31.03-2021 is as follows:

Year	Long Term	Short Term
2018-19	BB+/Stable	A4+
2019-20	BB+/Stable	A4+
2020-21	BB-Stable	A4

Subsequent to the Company falling under MSME category, 'SME' grading rating has been applied for.

**OTHER 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 normal course of business of the company. The policy on Related Party transactions is disclosed in the website of the Company, [www.veejaylakshmi.com](http://www.veejaylakshmi.com)

**b) Compliance by the Company**

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

The Company has complied with all mandatory requirements laid down under the provision of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

**c) Vigil Mechanism and Whistle-Blower Policy**

The Company has adopted a Whistle Blower Policy to provide a formal mechanism to the Directors and employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

The Whistle Blower Policy has been posted on the website of the Company [www.veejaylakshmi.com](http://www.veejaylakshmi.com) Your Company hereby affirms that no complaints were received during the year under review.

**d) Policy for determining 'material' subsidiaries**

The Company has no subsidiaries as at 31.3.2021.

**e. Commodity price risks and Commodity hedging activities: During the financial year ended 31st March, 2021**

The Company did not engage in commodity hedging activities.

**f. Disclosure of Accounting Treatment In the preparation of the financial statements:**

The Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

**g. Utilisation of funds raised:**

The Company has not raised any funds through preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**h) A certificate from a Company Secretary in practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Security Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority has been obtained and is annexed to this report.**





**i) Acceptance of recommendation by committees**

During the year under review, the recommendations made by the different Committees have been accepted and there were no instances where the Board of Directors had not accepted any recommendation of the Committees.

**j) Payment to Statutory Auditors**

The Company has paid a sum of Rs.2.90 Lakhs as fees for the service rendered (Statutory Audit and Limited Review Report).

**k) Sexual harassment of women**

As per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted an Internal Complaints Committee. During the year 2020-21, no complaint was received by the committee. As such, there are no complaints pending as at the end of the financial year.

**l) Risk Management**

Business risk evaluation and management is an ongoing process within the Company. The assessment is periodically examined by the Board. The risk management policy of the Company is disclosed in the website of the company, [www.veejaylakshmi.com](http://www.veejaylakshmi.com)

**m) Non-compliance of Corporate Governance**

There has been no instance of non-compliance of any requirement of Corporate Governance. The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub – regulation (2) of Regulation 46 of the Listing Regulations.

**n) Certificate from CEO/CFO**

The CEO/CFO certification of the financial statements for the year has been submitted to the Board of Directors, in its meeting held on 29-07-2021 as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations.

**• 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:

Registrars and Share Transfer Agent S K D C Consultants Limited “Surya”, 35, Mayflower Avenue Sowripalayam Road Coimbatore – 641 028 Phone : + 91 0422-4958995, 2539835, Email : <a href="mailto:info@skdc-consultants.com">info@skdc-consultants.com</a> Web : <a href="http://www.skdc-consultants.com">www.skdc-consultants.com</a>	The Company Secretary Veejay Lakshmi Engineering Works Limited Sengalipalayam, NGGO Colony post Coimbatore- 641 022 Phone : +91-422- 2460 662 Email : <a href="mailto:accounts@veejaylakshmi.com">accounts@veejaylakshmi.com</a> <a href="mailto:compsec@veejaylakshmi.com">compsec@veejaylakshmi.com</a>
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**DECLARATION PURSUANT TO REG. 34(3) AND CLAUSE D  
OF SCHEDULE V OF SEBI (LODR) REGULATIONS, 2015**

Pursuant to Reg.34(3) and Part D of Schedule V of SEBI (LODR) Regulations, 2015, I hereby declare that for the financial year ended March 31, 2021 the Board of Directors and Senior management Personnel of the Company have affirmed compliance with the code of conduct stipulated by the Company. It is also confirmed that the Code of Conduct has been posted on the website of the Company.

Coimbatore  
29-07-2021

(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, 2021 and that to the best of our knowledge and belief

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

Coimbatore  
29.07.2021

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

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



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

**Opinion**

We have audited the accompanying standalone Ind AS financial statements of VEEJAY LAKSHMI ENGINEERING WORKS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in equity and the Statement of cash flows for the year then ended, and notes to the standalone Ind AS Financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS Financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their state of affairs of the Company as at March 31, 2021, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

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

**Key Audit Matters**

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

We have determined the matter described below to be the Key Audit matter to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Standalone Ind AS financial statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Standalone Ind AS financial statements.

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



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

#### Emphasis of Matter

We draw attention to note 34 to the standalone Ind AS financial statements which describes, The Company has considered the possible effects that may result from the global pandemic relating to COVID-19 on the standalone financial statements of the Company. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these standalone financial statements has used internal and external sources of information. The Company has performed an analysis on the assumptions used and based on current estimates expects that the carrying amount of its assets will be recovered. The impact of COVID-19 on the Company's standalone financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

Our Conclusion is not modified in respect of the above matter.

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

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

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

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

#### Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 with respect to the preparation of these Standalone Ind AS Financial statements that give a true and fair view of the financial position, financial performance, Changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and



estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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



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

### Report on Other Legal and Regulatory Requirements

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

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

- (i) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (iii) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), The Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (iv) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (v) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- (vi) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (vii) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:  
In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- (viii) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - 1) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note no. 27 to the standalone Ind AS financial statements;
  - 2) The Company didn't have any long term contracts including derivative contracts as such the question of commenting on any material foreseeable losses thereon does not arise; and
  - 3) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **MANOHAR CHOWDHRY & ASSOCIATES**

Chartered Accountants

Firm Registration No.: 001997S

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

Partner

Membership No. 221916

UDIN: 21221916AAAAEU9486

Place : Chennai  
Date : July 29,2021



## 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, 2021, we report that:

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

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Professional Tax, Income-tax, Customs Duty, Goods and Service tax, Cess were in arrears as at March 31, 2021, for a period of more than six months from the date they became payable; and



- (b) As per the information and explanations given to us, there are no statutory dues which have not been deposited by the Company on account of disputes.
- (viii) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not defaulted in repayment of loans or borrowings to any financial institutions or banks.
- (ix) During the year the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loan. Accordingly paragraph 3(ix) of the order is not applicable.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the year, nor we have been informed of such case by the management.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where ever applicable, and the details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examinations of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) In our opinion and according to the information and explanations given to us, the company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

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

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

Membership No. 221916  
UDIN: 21221916AAAAEU9486

Place : Chennai  
Date : July 29, 2021





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

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

We have audited the internal financial controls over financial reporting of VEEJAY LAKSHMI ENGINEERING WORKS LIMITED ("the Company"), as of March 31, 2021, in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

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

#### Meaning of Internal Financial Controls over Financial Reporting

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



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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, 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  
UDIN: 21221916AAAAEU9486

Place : Chennai  
Date : July 29,2021



## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2021

Particulars	Note No.	As at 31.03.2021	As at 31.03.2020
<b>ASSETS</b>			
<b>Amount ₹ in lakhs</b>			
<b>I. Non-current Assets</b>			
a) Property Plant and Equipment	2	4,003.89	3,784.80
b) Capital Work in Process		3.16	358.62
c) Investment Property	3	88.58	99.30
d) Intangible Assets	4	-	-
e) Financial Assets			
(i) Investments	5(a)	115.34	42.40
(ii) Loans	5(b)	135.88	163.08
f) Deferred Tax Asset Net	6	-	-
g) Other Non Current Assets	7	176.74	41.19
<b>Total</b>		<b>4,523.59</b>	<b>4,489.39</b>
<b>II. Current Assets</b>			
a) Inventories	8	1,967.75	1,862.97
b) Financial Assets			
(i) Investments	8 (a)	-	-
(ii) Trade Receivables	8(b)	429.09	416.38
(iii) Cash and Cash equivalents	8(c)	15.37	3.18
(iv) Bank balances other than (iii) above	8(d)	36.46	19.20
(v) Loans	8(e)	5.14	6.96
(vi) Other Financial Assets	8(f)	-	-
c) Other current assets	9	259.45	142.77
d) Current Tax Assets (Net)		13.28	49.41
<b>Total</b>		<b>2,726.54</b>	<b>2,500.87</b>
<b>TOTAL ASSETS</b>		<b>7,250.13</b>	<b>6,990.26</b>
<b>EQUITY AND LIABILITIES</b>			
<b>I. Equity</b>			
a) Equity Share Capital	10	507.19	507.19
b) Other Equity	11	3,541.03	3,781.89
<b>Total Equity</b>		<b>4,048.22</b>	<b>4,289.08</b>
<b>II. Non-Current Liabilities</b>			
a) Financial Liabilities			
a) Borrowings	12	964.26	728.60
b) Provisions	13	63.77	61.36
<b>Sub total</b>		<b>1,028.03</b>	<b>789.96</b>
<b>III. Current Liabilities</b>			
a) Financial Liabilities			
(i) Short term Borrowings	14 (a)	1,085.02	564.56
(ii) Trade Payables			
a) Dues to Micro and Small Enterprises		-	-
b) Dues to Creditors other than Micro and Small Enterprises	14(b)	344.14	975.44
(iii) Other Financial Liabilities	14(c)	238.93	88.19
b) Other Current Liabilities	15	474.46	248.47
c) Provisions	16	31.33	34.56
<b>Sub Total</b>		<b>2,173.88</b>	<b>1,911.22</b>
<b>TOTAL LIABILITIES</b>		<b>7,250.13</b>	<b>6,990.26</b>
<b>Significant Accounting Polices</b>			
Notes to the Financial Statements	1		
	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 Managing Director Whole-Time Director Company Secretary

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

Place : Coimbatore  
Date : 29.07.2021

**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH, 2021**

Particulars	Note No.	For the	For the
		year ended 31.03.2021	year ended 31.03.2020
		<b>Amount ₹ in Lakhs</b>	
<b>INCOME</b>			
I. Revenue from operations	17	5,131.73	6,877.42
II. Other Income	18	45.66	174.43
III. <b>Total Income (I+II)</b>		<b>5,177.39</b>	<b>7,051.85</b>
<b>IV. Expenses</b>			
Cost of Materials consumed	19	3,267.90	4,927.69
Purchase of Traded goods		-	-
Changes in Inventories of Finished goods, Work-in process and Stock in trade	20	43.65	430.03
Employee Benefits Expense	21	778.38	1,095.86
Finance Costs	22	151.73	102.81
Depreciation and amortization expenses	2	244.02	256.98
Other expenses	23	990.02	1,158.75
<b>Total Expenses (IV)</b>		<b>5,475.70</b>	<b>7,972.12</b>
V. <b>Profit/(Loss) before exceptional items and tax (III-IV)</b>		<b>(298.31)</b>	<b>(920.27)</b>
VI. Exceptional items (income(+), expenses(-))		-	-
VII. <b>Profit before Tax after exceptional items (V-VI)</b>		<b>(298.31)</b>	<b>(920.27)</b>
VIII. Tax Expense:			
1) Current Tax		-	-
2) Current tax for prior period		16.83	-
3) Deferred Tax		(20.24)	419.66
IX. <b>Profit and Loss for the year from continuing operations (VII-VIII)</b>		<b>(294.90)</b>	<b>(1,339.93)</b>
X. Other comprehensive income			
A. Items that will not be reclassified to Profit or Loss			
1. Changes in Fair value of FVTOL equity instruments		72.94	(61.05)
1.a. Deferred-tax relating to above		(20.29)	16.98
2. Remeasurement of post-employment defined benefit plans + (income)- (expense)		1.34	(2.73)
2.a. Deferred-tax relating to above		(0.37)	0.76
3. Other Comprehensive income on exchange gain / hedging		(1.51)	-
3.a. Deferred-tax relating to above		0.42	-
B. Items that will be reclassified to Profit and Loss		-	-
<b>Total Other Comprehensive income for the year</b>		<b>52.53</b>	<b>(46.04)</b>
XI. Profit/loss from discontinuing operations		-	-
XII. Tax expense of discontinuing operations		-	-
XIII. Profit/loss from discontinuing operations (after tax)		-	-
XIV. <b>Total Comprehensive income for the year</b>		<b>(242.37)</b>	<b>(1,385.97)</b>
Earnings per share for Continuing operation			
Basic		(5.81)	(26.42)
Diluted		(2.10)	(9.52)

There is no discontinued operation and hence there is no profit/loss or EPS relating to the same

See Accompanying notes to the financial statements

**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**

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

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

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

Place : Coimbatore  
Date : 29.07.2021

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>I. Cash Flows from Operating Activities</b>		
Net profit before taxation and extraordinary item	(298.31)	(920.27)
Adjustments for:		
Depreciation	244.02	256.98
Provision for doubtful debts	-	-
Provision for gratuity & leave encashment	3.75	(1.10)
Interest expenses	151.73	102.81
Interest income on Fixed Deposits	(12.98)	(12.94)
Dividend Income	(0.15)	(0.53)
Profit on sale of Fixed Assets	(0.15)	(49.21)
Profit on sale of Investments	-	-
Operating profit before working capital changes	386.22	296.01
Working capital changes:		
(Increase)/Decrease in Trade receivables	(12.71)	152.08
(Increase)/Decrease in Inventories	(104.78)	1,239.96
Increase/(Decrease) in Loans	1.82	(1.31)
(Increase)/Decrease in other current assets	(116.68)	(10.20)
(Increase)/Decrease in other financial Assets	-	-
Increase/(Decrease) in trade payables	(631.30)	316.29
(Increase)/Decrease in Non current Assets	(135.55)	2.95
Increase/(Decrease) in other financial liabilities	148.54	(107.62)
Increase/(Decrease) in other current liabilities	225.99	(262.19)
Proceeds from short term borrowings	520.46	(703.43)
Increase/(Decrease) in provisions	(3.23)	2.17
Cash generated from operations	278.78	924.71
Income (taxes)/refund (paid)/received	19.30	(9.41)
<b>Net cash provided by operating activities</b>	<b>(0.23)</b>	<b>(4.97)</b>
<b>II. Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(96.93)	(466.76)
Proceeds from sale of Fixed Assets	0.15	74.61
Interest received on Fixed deposits	12.98	12.94
Proceeds from/(Investment in fixed deposits)	(17.26)	(4.35)
Proceeds from Investments	-	-
Dividend Income	0.15	0.53
Loans & advances given	27.20	(1.30)
<b>Net cash used in investing activities</b>	<b>(73.71)</b>	<b>(384.33)</b>
<b>III. Cash Flows From Financing Activities</b>		
Interest paid	(149.53)	(100.49)
Proceeds from long term borrowings	235.66	471.01
Repayment of borrowings	-	-
<b>Net cash provided by financing activities</b>	<b>86.13</b>	<b>370.52</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>12.19</b>	<b>(18.78)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>3.18</b>	<b>21.96</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>15.37</b>	<b>3.18</b>
<b>IV. Significant Accounting Policies</b>	1	
Notes to financial statements	(2-34)	

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

For and on behalf of the Board of Directors of  
Veejay Lakshmi Engineering Works LimitedAs per our report of even date  
For Manohar Chowdhry & Associates  
Chartered Accountants, FRN No. 001997S(SD/-) V.J. JAYARAMAN (SD/-) J. ANAND (SD/-) D. RANGANATHAN (SD/-) V.K. SWAMINATHAN  
Chairman Managing Director Whole-Time Director Company SecretaryM.S.N.M. SANTOSH  
Partner  
M.No: 221916Place : Coimbatore  
Date : 29.07.2021



**Statement of Changes in Equity for the year ended 31<sup>st</sup> March 2020**

Particulars	Equity Share Capital	Reserves and Surplus				Equity Component of Compound Financial Instrument	Equity Instruments through Other Comprehensive Income	Items of Other Comprehensive Income	Cash Flow hedge	Total
		General Reserve	Capital Reserve	Securities premium	Retained Earnings					
Balance at the beginning of the Previous reporting period	507.19	3,599.49	100.82	2,116.43	716.87	77.92	(11.00)	-	5,675.05	
Changes due to prior period items	-	-	-	-	-	-	-	-	-	
Restated Balance at the beginning of reporting Period (01.04.2019)	507.19	3,599.49	100.82	2,116.43	716.87	77.92	(11.00)	-	5,675.05	
Profit for the year	-	-	-	-	(1,339.93)	-	-	-	(1,339.93)	
Remeasurement of net defined benefit Liability/Asset (net)	-	-	-	-	-	(44.07)	(1.97)	-	(1.97)	
Changes in fair value of equity instruments through FVTOCI [net of tax]	-	-	-	-	-	(44.07)	-	-	(44.07)	
Cash flow hedges (Net of taxes)	-	-	-	-	-	-	-	-	-	
Total Comprehensive Income	-	-	-	-	(1,339.93)	(44.07)	(1.97)	-	(1,385.97)	
Transfer to Reserves	-	-	-	-	-	-	-	-	-	
<b>Balance at the end of reporting Period (31.03.2020)</b>	<b>507.19</b>	<b>3,599.49</b>	<b>100.82</b>	<b>2,116.43</b>	<b>716.87</b>	<b>33.85</b>	<b>(12.97)</b>	<b>-</b>	<b>4,289.08</b>	

**Statement of Changes in Equity for the year ended 31<sup>st</sup> March, 2021**

Particulars	Equity Share Capital	Reserves and Surplus				Equity Component of Compound Financial Instrument	Equity Instruments through Other Comprehensive Income	Items of Other Comprehensive Income	Cash Flow hedge	Total
		General Reserve	Capital Reserve	Securities premium	Retained Earnings					
Balance at the beginning of the current reporting period	507.19	3,599.49	100.82	2,116.43	716.87	33.85	(12.97)	-	4,289.08	
Changes due to prior period items	-	-	-	-	-	-	-	-	-	
Restated balance at the beginning of reporting Period (01.04.2020)	507.19	3,599.49	100.82	2,116.43	716.87	33.85	(12.97)	-	4,289.08	
Profit for the year	-	-	-	-	(294.90)	-	0.97	-	(294.90)	
Remeasurement of net defined benefit Liability/Asset (net)	-	-	-	-	-	-	-	-	0.97	
Changes in fair value of equity instruments through FVTOCI [net of tax]	-	-	-	-	-	52.65	(1.09)	-	52.65	
Cash flow hedges (Net of taxes)	-	-	-	-	-	-	-	-	-	
Total Comprehensive Income	-	-	-	-	(294.90)	52.65	(0.12)	-	(242.37)	
Cash flow hedge reserve	-	-	-	-	-	-	-	1.51	1.51	
Transfer to Reserves	-	-	-	-	-	-	-	-	-	
<b>Balance at the end of reporting Period (31.03.2021)</b>	<b>507.19</b>	<b>3,599.49</b>	<b>100.82</b>	<b>2,116.43</b>	<b>716.87</b>	<b>86.50</b>	<b>(13.09)</b>	<b>1.51</b>	<b>4,048.22</b>	

Significant Accounting Policies

Notes to the Financial Statements

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

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

Place : Coimbatore  
Date : 29.07.2021

As per our report of even date  
**For Manohar Chowdhry & Associates**  
Chartered Accountants, FRN No. 0019975

**M.S.N.M. Santosh**  
Partner

M.No: 221916



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

### 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 29<sup>th</sup> July, 2021.

#### 2. Statement of Compliance/Accounting Treatment

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.

#### 3. Basis of Preparation of Financial Statements

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

#### 4. Basis of Measurement

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

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

#### Measurement of Fair Values

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

The Company has an established control framework with respect to the measurement of fair values. This includes periodic review of all significant fair value measurement, including level 3 fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

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

**5. Use of Estimates and Judgment**

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

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

Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements are valuation of defined benefit obligations, 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 adjusted to reflect the current best estimates. The policy for the same has been explained under Item 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 Equipment 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





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

loss arising on the disposal or retirement of an item of Property, Plant & Equipment and intangible assets are determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit or loss. Advance paid towards the acquisition of property, plant & equipment outstanding at each Balance sheet date is classified as capital advance under other non-current assets.

### 8. Impairment of Assets

#### Financial Assets:

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

#### Non-Financial Assets:

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

### 9. Non-current Assets held for Sale

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

### 10. Investment Property

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

### 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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

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.

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 carried out at the end of each annual reporting period.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021****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 of resources embodying economic benefit is remote. Contingent Liabilities are possible obligations that arises from past events and whose existence will be confirmed only when occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably the obligations are disclosed as contingent liabilities, unless the probability of outflow of economic benefits is remote. Contingent assets are not recognized but disclosed in the financial statements when an inflow of economic benefits is probable.

**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 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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021****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 Assets 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.

**Investment in Associates**

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

### **Derivative Financial Instruments and Hedge Accounting**

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

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

### **Impairment of Financial Assets**

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

### **De-recognition of Financial Assets**

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

### **Financial Liabilities and Equity Instruments**

#### **Classification as Debt or Equity**

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

#### **Financial Liabilities at Amortized Cost**

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021****Equity Instruments**

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

**De-recognition of Financial Liabilities**

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

**Effective Interest Method**

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

**Financial Guarantee Contracts**

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

**18. Inventories**

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

**19. Statement of Cash Flows**

Cash Flows are reported using indirect method, whereby profit/(loss) before tax is adjusted for the effect of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or 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 to dilutive potential equity share, by the weighted number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity.

**22. Current vs Non-Current Classification**

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021****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. Accounting Policy on Revenue Recognition**

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

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

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



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

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

**2. Property, Plant and Equipment**

Particulars	Free Hold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
<b>Gross carrying Amount</b>							
<b>As at 01/04/2019</b>	<b>1,112.82</b>	<b>1,387.00</b>	<b>2,528.29</b>	<b>59.00</b>	<b>13.07</b>	<b>9.47</b>	<b>5,109.65</b>
Additions	–	–	106.18	0.39	–	1.57	108.14
Elimination on Disposal	–	1.45	52.28	–	–	–	53.73
<b>As at 31/03/2020</b>	<b>1,112.82</b>	<b>1,385.55</b>	<b>2,582.19</b>	<b>59.39</b>	<b>13.07</b>	<b>11.04</b>	<b>5,164.06</b>
Additions	–	–	451.07	0.65	–	0.67	452.39
Elimination on Disposal	–	–	–	–	–	–	–
<b>As at 31/03/2021</b>	<b>1,112.82</b>	<b>1,385.55</b>	<b>3,033.26</b>	<b>60.04</b>	<b>13.07</b>	<b>11.71</b>	<b>5,616.45</b>
<b>Depreciation and Impairment</b>							
<b>As at 1.4.2019</b>	–	<b>194.57</b>	<b>899.45</b>	<b>55.64</b>	<b>4.68</b>	<b>6.99</b>	<b>1,161.33</b>
Depreciation Expense	–	64.86	177.99	1.22	1.53	0.66	246.26
Eliminated on Disposal	–	0.12	28.21	–	–	–	28.33
<b>As at 31/03/2020</b>	–	<b>259.31</b>	<b>1,049.23</b>	<b>56.86</b>	<b>6.21</b>	<b>7.65</b>	<b>1,379.26</b>
Depreciation Expense	–	64.84	165.15	1.00	1.52	0.79	233.30
Eliminated on Disposal	–	–	–	–	–	–	–
<b>As at 31/03/2021</b>	–	<b>324.15</b>	<b>1,214.38</b>	<b>57.86</b>	<b>7.73</b>	<b>8.44</b>	<b>1,612.56</b>
<b>Net book value</b>							
As at 31/03/2021	1,112.82	1,061.40	1,818.88	2.18	5.34	3.27	4,003.89
As at 31/3/2020	1,112.82	1,126.24	1,532.96	2.53	6.86	3.39	3,784.80

All factory land and buildings and movable fixed assets have been offered as security for the loans availed from banks. Refer Note Nos. 12 and 14 for details of outstanding balances. All the lands including that of the investment property, are free hold, title deeds held in the name of the Company. There is no benami holding. No revaluation of property has been done.

**3. Details for Investment Property**

Particulars	Free Hold Land	Buildings	Total
<b>Gross Carrying Amount</b>			
<b>As at 1.4.2019</b>	<b>7.27</b>	<b>134.92</b>	<b>142.19</b>
Additions	–	–	–
Elimination on Disposal	–	–	–
<b>As at 31.3.2020</b>	<b>7.27</b>	<b>134.92</b>	<b>142.19</b>
Additions	–	–	–
Elimination on Disposal	–	–	–
<b>As at 31/03/2021</b>	<b>7.27</b>	<b>134.92</b>	<b>142.19</b>
<b>Depreciation and Impairment</b>			
<b>As at 1.4.2019</b>	–	32.17	32.17
Depreciation Expense	–	10.72	10.72
Eliminated on Disposal	–	–	–
<b>As at 31.3.2020</b>	–	<b>42.89</b>	<b>42.89</b>
Depreciation Expense	–	10.72	10.72
Eliminated on Disposal	–	–	–
<b>As at 31/03/2021</b>	–	<b>53.61</b>	<b>53.61</b>
<b>Carrying Amount</b>			
As at 31/03/2021	7.27	81.31	88.58
As at 31/3/2020	7.27	92.03	99.30

No revaluation of the investment property has been done. The carrying cost as at 31.3.2021 is the actual cost less depreciation till 31.03.2021



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

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

**4. Intangible Assets**

	<b>Cost</b>	<b>Total</b>
<b>Gross Carrying Amount</b>		
<b>As at 01/04/2019</b>	0.01	0.01
Additions / deletions	–	–
<b>As at 31/03/2020</b>	0.01	0.01
Additions / deletions	–	–
<b>As at 31/03/2021</b>	<b>0.01</b>	<b>0.01</b>
Amortisation and Impairment		
<b>As at 31/03/2019</b>	0.01	0.01
Amortisation	–	–
<b>As at 31/03/2020</b>	0.01	0.01
Amortisation	–	–
<b>As at 31/03/2021</b>	<b>0.01</b>	<b>0.01</b>
<b>Net Book Value 31.03.2020</b>	–	–
<b>Net Book Value 31.03.2021</b>	–	–

**5. Financial Assets: Non Current****5(a) Investments**

Name of the Coy / Security	31/03/2021		31/03/2020	
	Qty	Amount	Qty	Amount
<b>Quoted Investments - fully paid up (A)</b>				
<b>Investments in equity instruments</b>				
Lakshmi Machine Works Limited	1,500	101.84	1,500	34.50
Precision Fasteners Limited -	10,000	–	10,000	–
IFCI Limited	200	0.02	200	0.01
State Bank of India	3,340	12.17	3,340	6.58
<b>Unquoted Investments - fully paid up (B)</b>				
<b>Investments in equity instruments - Associate Company</b>				
Veejay Sales and Services Limited	13,100	1.31	13,100	1.31
<b>Total</b>		<b>115.34</b>		<b>42.40</b>
<b>Total Non - Current Investments</b>				
Aggregate amount of quoted investments and market value		114.03		41.09
Aggregate amount of unquoted investments		1.31		1.31
Aggregate amount of impairment in value of investments.		–		–
<b>Total</b>		<b>115.34</b>		<b>42.40</b>
<b>Category wise investments - as per IND AS 109 classification</b>				
Financial Assets carried at Fair value through Profit or Loss (FVTPL)		–		–
Financial Assets carried at Amortised cost		1.31		1.31
Financial Assets carried at Fair value through Other Comprehensive Income (FVTOCI)		114.03		41.09
<b>Total</b>		<b>115.34</b>		<b>42.40</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

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

**5(b) Loans**

Particulars	As at 31.3.2021	As at 31.3.2020
Unsecured and Considered good		
Security Deposits	135.82	163.02
Rental Advances	0.06	0.06
<b>Total</b>	<b>135.88</b>	<b>163.08</b>

Loans do not include any due from Directors/Related parties or Key Managerial personnel. All the above are unsecured, but considered good. No allowance made for doubtful debt.

**6. Deferred Tax Asset**

The Deferred Tax Asset on account of carry over losses and MAT credit is higher than the Deferred Tax Liability on account of Property, Plant and Equipment and other items. Due to uncertainty in realising the Deferred Tax Assets, the entire amount has been recognised in the profit and loss account of previous year. Any Deferred Tax Liability arising out of PPE or other items in future will get adjusted with the Carry over losses/MAT Credit entitlements.

Particulars	31-03-2021	31-03-2020
<b>Deferred Tax</b>	<b>-</b>	<b>-</b>

**7. Other Non current Assets**

(Unsecured considered good)

Particulars	31.03.2021	31.03.2020
Advance for Capital Expenditure	176.74	41.19
<b>Total</b>	<b>176.74</b>	<b>41.19</b>

Does not include any advance to Directors, Key Managerial personnel or Related parties.

**Current Assets:****8(a). Inventories**

Particulars	31.03.2021	31.03.2020
Raw Materials	1280.39	1235.43
Components	201.42	101.29
Scrap	7.03	7.89
Work-in-Progress	182.59	243.22
Stores and spares	46.93	43.59
Finished goods	249.39	231.55
<b>Total Inventories</b>	<b>1967.75</b>	<b>1862.97</b>

Mode of valuation is given in para 18 of Accounting Policies in Note No.1

All the current assets including Inventories are offered as primary security for the loans availed from banks. Refer Note Nos. 12 and 14 for details of outstanding balances.

Amount of Inventories recognised as expense during the year is Rs.3267.90 lakhs (Previous year 4927.69 lakhs)

**8(b). Trade Receivables**

Particulars	31.03.2021	31.03.2020
i. Secured considered good	-	-
ii. Unsecured considered good	429.09	416.38
iii. Unsecured and considered doubtful	-	-
	<b>429.09</b>	<b>416.38</b>
Less : Allowance for bad and doubtful debts	-	-
<b>Total Trade receivables</b>	<b>429.09</b>	<b>416.38</b>

Sale is generally made against payments received in advance or bills through banks with or without L/cs. Provision is made only for credit sales where bills have not been routed through bank. No provision has been made for credit loss on receivables as at 31.03.2021 as all are considered good and expected to be realised in full.

Receivables do not include any dues from Directors and Key Managerial personnel. Dues from a Company in which a Director is interested is Rs.34.83 Lakhs as at 31.03.2021 (PY Rs.141.35 Lakhs)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

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

### 8(c). Cash and Cash equivalents

Particulars	31.03.2021	31.03.2020
Balance with Banks		
– in Current Accounts	7.75	2.03
– in Deposit Account with original maturity less than 3 months	–	–
Cash on hand	7.62	1.15
<b>Total</b>	<b>15.37</b>	<b>3.18</b>

### 8(d). Bank Balances other than (iii) above

Particulars	31.03.2021	31.03.2020
Deposits for Margin money or for other commitments/security	36.46	19.20
Ear marked balances with Banks-Unpaid Dividends	–	–
<b>Total</b>	<b>36.46</b>	<b>19.20</b>

### 8(e). Loans

Particulars	31.03.2021	31.03.2020
Unsecured-considered good		
Advance to Staff and Workers	5.14	6.96
<b>Total Loans</b>	<b>5.14</b>	<b>6.96</b>

Loans do not include any dues from Directors, Key Managerial personnel or Related parties. There is no secured loans.

### 9. Other Current Assets

Particulars	31.03.2021	31.03.2020
Prepaid Expenses	21.22	32.58
Advance to Suppliers	49.59	18.10
GST	184.11	86.71
Duty draw back receivable	4.53	5.38
<b>Total Other Current Assets</b>	<b>259.45</b>	<b>142.77</b>

Advance to Suppliers include Rs.19.40 Lakhs (39%of total advance) advances to a firm in which two Directors are partners & Rs.5.27 lakhs (11% of total advance) from a private company in which one of our Directors is a Director. Supplies for these advances received in the financial year 2021-22.

Other Current Assets do not include any dues from related parties/Key managerial personnel/Directors.

### 10. Equity Share Capital

Particulars	31.03.2021	31.03.2020
	No. of shares	
<b>(i) Authorised Capital</b>		
180,00,000 equity shares of par value Rs. 10/- each	1,800.00	1,800.00
<b>(ii) Issued, Subscribed and fully paid up Capital</b>		
50,71,900 Equity shares of par value Rs. 10/- each	507.19	507.19
Subscribed but not fully paid	Nil	Nil

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

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

**(iii) The Details of shareholders holding more than 5% of total shares**

Particulars	31.03.2021		31.03.2020	
	No. of shares	% held	No. of shares	% held
1. Sri V.J. Jayaraman	12,35,753	24.36	12,35,494	24.36
2. Smt J. Vidya	7,36,110	14.51	7,36,110	14.51
3. Sri J. Anand	12,65,678	24.95	12,60,728	24.86

**Preference Share Capital**

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

Authorised Capital No of shares	3,60,00,000	3,60,00,000
Authorised Capital - Amount Rs. in Lakhs	3,600	3,600
Subscribed and Paid up	-	-

**11. Other Equity**

Particulars	31.03.2021	31.03.2020
<b>i) Securities Premium Account</b>	2,116.43	2,116.43
<b>ii) Retained Earnings</b>		
Opening	(2,772.60)	(1,432.67)
Add : Current year surplus	(294.90)	(1,339.93)
Transfer to Reserves	-	-
Closing	<b>(3,067.50)</b>	<b>(2,772.60)</b>
<b>iii) Reserve for Equity instruments and others through Other Comprehensive Income</b>		
Opening	20.88	66.92
Movement in OCI (Net) during the year	52.53	(46.04)
Closing	<b>73.41</b>	<b>20.88</b>
<b>iv) Equity Component of compound Financial Instrument</b>		
Opening	716.87	716.87
Movements during the year	-	-
Closing	<b>716.87</b>	<b>716.87</b>
<b>v) General Reserve</b>		
Opening	3,599.49	3,599.49
Additions during the year	-	-
Closing	<b>3,599.49</b>	<b>3,599.49</b>
<b>vi) Capital Reserve</b>		
Opening	100.82	100.82
Current year addition/deletion	-	-
Closing	<b>100.82</b>	<b>100.82</b>
<b>vii) Cash flow hedge reserve</b>		
Opening	-	-
Additions During the year	1.51	-
Closing	<b>1.51</b>	-
<b>Total Other Equity</b>	<b>3,541.03</b>	<b>3,781.89</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

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

### 12. Financial Liabilities - Non Current

#### Borrowings

Particulars	31.03.2021	31.03.2020
<b>Secured</b>		
State Bank of India	340.88	139.98

- a) Term Loan for Rooftop Solar Project-Sanctioned Rs.320 lakhs, Interest rate 1 % over MCLR effective 9% on date of sanction. Re payable in 120 equal monthly installments starting from 1.10.2020. Outstanding as at 31.03.2021 Rs.306.32 lakhs. Rs.32 lakhs repayable in 2021-22 classified as current liability. The Loan has been used for the Rooftop Solar Project.
- b) Guaranteed Emergency Credit Line(GECL)-Sanctioned Rs.68 lakhs-interest 0.75% over EBLR effective 7.40% on date of sanction. Repayable in 36 monthly installments after 12 months moratorium period. Outstanding as at 31.03.2021 Rs.68 lakhs.Rs.13.22 lakhs classified as Current liability.
- c) Common Covid Emergency Credit Line(CCECL)-Sanctioned Rs.100 lakhs-interest 1 year MCLR 7.25% on date of sanction. Repayable in 18 equal installments after 6 months from disbursement. Outstanding Rs.77.78 lakhs. Rs.66 lakhs classified as current liability. GECL and CCECL have been utilised for the working capital requirements.

All loans, except GECL, are secured by a charge on factory land and buildings and current assets of the Company. No default in repayment of term loan or payment of interest.

Unsecured (From Promoters/Directors/Related parties)	31.03.2021	31.03.2020
Loans from Directors/Promoters-interest 9%. Brought in as promoter's contribution for capital expenditure financed by term loans from Bank. Will be retained till the termloans to the Bank is repaid	300.00	300.00
Liability Component of Compound financial instrument (Interest Free Long Term unsecured Loan from Promoters)	323.38	288.62
<b>Total Secured and Unsecured</b>	<b>964.26</b>	<b>728.60</b>

### 13. Provisions

Particulars	31.03.2021	31.03.2020
Provision for Employee benefits - Gratuity	63.77	61.36
<b>Total</b>	<b>63.77</b>	<b>61.36</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

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

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

Particulars	31.03.2021	31.03.2020
<b>Secured-Repayable on demand</b>		
Working capital facilities		
State Bank of India	639.12	424.94
Bank of Baroda	233.50	128.35
Indian Overseas Bank	203.78	10.63
<b>Unsecured</b>		
Loans from Directors repayable on demand	8.62	0.64
<b>Total Short term Borrowings</b>	<b>1085.02</b>	<b>564.56</b>

All the above loans are secured by a charge on factory land and buildings and current assets of the Company on pari passu basis. The short term borrowings have been used for working capital requirements of the Company. Rate of interest SBI - 8.10% above 6 months MCLR effective 15.05% on date of last renewal. BOB - BRLLR+3.10% effective 9.85% on date of last renewal. IOB - MCLR+3.50% effective 12.20% on date of last renewal.

**14 (b) Trade Payables**

Particulars	31.03.2021	31.03.2020
Dues to Micro and Small Enterprises.	–	–
Dues to other Creditors	344.14	975.44
<b>Total Payables</b>	<b>344.14</b>	<b>975.44</b>

**14 (c) Other Financial Liability**

Particulars	31.03.2021	31.03.2020
Current Maturities of Long Term Debt (Secured)		
– State Bank of India	111.22	16.00
Interest Accrued but not due on borrowings	4.52	2.32
Salary Payable	52.08	29.69
Expenses payable	71.11	40.18
<b>Total Other Current Liabilities</b>	<b>238.93</b>	<b>88.19</b>

**15. Other Current Liabilities**

Particulars	31.03.2021	31.03.2020
Advance Received from Customers	461.04	245.37
Statutory Dues	13.42	3.10
<b>Total</b>	<b>474.46</b>	<b>248.47</b>

**16. Provisions**

Particulars	31.03.2021	31.03.2020
<b>Provision for Employee benefits</b>		
i) Provision for Bonus	19.46	22.34
ii) Leave encashment	4.19	2.71
Provision for Warranty	7.68	9.51
<b>Total</b>	<b>31.33</b>	<b>34.56</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

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

### 17. Revenue from Operations

Particulars	31.03.2021	31.03.2020
a) Sale of Products	5093.49	6717.42
b) Sale of Services	17.43	34.01
c) Other operating revenues	20.81	125.99
<b>Total Revenue</b>	<b>5131.73</b>	<b>6877.42</b>

### 18. Other Income

Particulars	31.03.2021	31.03.2020
Interest Income	12.98	12.94
Dividend Income	0.15	0.53
Foreign Exchange Loss/(gain)	31.26	30.91
Gain/Loss on sale of Asset	0.15	49.21
Rent receipts	-	88.25
Miscellaneous Income/(expenses)	1.12	-7.41
<b>Total</b>	<b>45.66</b>	<b>174.43</b>

### 19. Cost of materials consumed

Particulars	31.03.2021	31.03.2020
Raw materials-Ferrous	101.89	240.19
Raw materials-Non-Ferrous	39.60	43.32
Raw materials-Castings	28.53	45.27
Raw materials-Non metals	20.83	44.14
Components & Others	369.18	414.55
Cotton Consumed	2707.87	4140.22
<b>Materials consumed</b>	<b>3267.90</b>	<b>4927.69</b>

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

Particulars	31.03.2021	31.03.2020
Opening stock	482.66	912.69
Closing stock	439.01	482.66
<b>Change in inventory</b>	<b>43.65</b>	<b>430.03</b>

### 21. Employee Benefits

Particulars	31.03.2021	31.03.2020
Salary and Allowances	625.79	903.75
Contribution to Provident Fund	33.20	42.06
Staff and Labour Welfare expenses	95.37	121.66
Bonus	16.56	20.67
Gratuity	7.46	7.72
<b>Total Employee Cost</b>	<b>778.38</b>	<b>1095.86</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

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

**22. Finance Costs**

Particulars	31.03.2021	31.03.2020
Interest expense	114.80	79.16
Other borrowing costs (Commitment charges for under utilisation of the limits and other charges and fees relating to loan processing, documentation, property valuation, title verification and inspection relating to the loans)	36.93	23.65
<b>Total Finance Cost</b>	<b>151.73</b>	<b>102.81</b>

**23. Other expenses**

Particulars	31.03.2021	31.03.2020
Stores consumed	130.50	198.76
Fabrication Charges	129.90	95.48
Power and Fuel	226.29	330.17
Freight	147.02	100.44
Printing and Stationery	4.96	7.27
Postage and Telephone	7.64	9.60
Travelling and Vehicle Maintenance	51.53	67.21
Insurance	19.59	10.97
Rent	5.63	6.11
Bank Charges	4.74	10.96
Licences and Taxes	44.89	53.05
Sales commission	93.02	109.52
Sales promotion & Advertisement expenses	6.67	13.55
Subscription and periodicals	3.77	4.24
Directors' sitting fees	2.15	2.15
Audit fees-For Statutory Audit and Limited review	2.90	2.75
Legal and Professional charges	12.04	16.63
Repairs and Maintenance-Buildings	10.91	10.31
Repairs and Maintenance-Machinery	82.91	104.53
Repairs and Maintenance-Others	2.42	4.85
Miscellaneous Expenses	0.12	0.05
Donations	0.42	0.15
<b>Total Other Expenses</b>	<b>990.02</b>	<b>1158.75</b>

**24. Payments to Auditors**

Particulars	For the year ended 31-Mar-21	For the year ended 31-Mar-20
<b>Audit Fees</b>		
For Statutory Audit and Limited Review	2.90	2.75
<b>Total</b>	<b>2.90</b>	<b>2.75</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

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

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-21	As at 31-Mar-20
a) The Principal amount due there on remaining unpaid to any supplier as at the end of each accounting year	—	—
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-21	31-Mar-20
(i) Profit/ (Loss) before tax	(298.31)	(920.27)
Enacted tax rate	27.82%	27.82%
Computed expected tax expenses	—	—
(ii) Tax effects of amounts which are not deductible (taxable) in calculating taxable income	108.92	104.10
Tax effects of amounts which are deductible in calculating taxable income	(84.09)	(82.23)
Tax effects of due to adjustment of losses (-current/brought forward)	(24.83)	(21.87)
<b>Net tax payable</b>	—	—
<b>Effective tax rate</b>	—	—

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

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

**27. Contingent liabilities and Capital Commitments**

Particulars	As at 31-Mar-21	As at 31-Mar-20
<b>A. Contingent Liabilities</b>		
Claims against the company not acknowledged as debts		
i) Customs Duty liability and interest on account of pending export obligation against EPCG Licence	61.17	35.00
ii) Arbitration awards made in favour of two foreign cotton suppliers. This has been challenged by the company in the Court of law	141.20	139.36
iii) 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.	37.76	34.68
iv) Cross subsidy claim for power purchase from third parties relating to earlier years	37.92	37.92
<b>Total</b>	<b>278.05</b>	<b>246.96</b>

**B. Capital Commitments**

Particulars	As at 31-Mar-21	As at 31-Mar-20
Estimated amounts of Capital contracts	160.00	450.00

**28. Earnings Per Share**

Particulars	As at 31-Mar-21	As at 31-Mar-20
Profit after taxation	(294.90)	(1,339.93)
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)	(5.81)	(26.42)
Earnings per share(Diluted)(In Rs)	(2.10)	(9.52)
Nominal value per share (Rs)	10.00	10.00

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

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

### 30 Segment information

Primary segment information (business segments)

Particulars	2020-21					2019-20				
	Engineering	Textile	Unallocated	Inter Segment eliminations	Total	Engineering	Textile	Unallocated	Inter Segment eliminations	Total
a) Revenue	1,085.70	4,046.03	-	-	5,131.73	1,622.96	5,254.46	-	-	6,877.42
b) Inter Segment sales	-	-	-	-	-	-	-	-	-	-
Total Revenue	1,085.70	4,046.03	-	-	5,131.73	1,622.96	5,254.46	-	-	6,877.42
c) Result	(238.17)	122.96	-	-	(115.21)	(459.71)	(464.95)	-	-	(924.66)
Add: Unallocated income (net of expenditure)	-	-	-	-	(31.37)	-	-	-	-	107.20
<b>Profit before interest and tax</b>	-	-	-	-	(146.58)	-	-	-	-	(817.46)
Interest	-	-	-	-	151.73	-	-	-	-	102.81
<b>Profit before tax</b>	-	-	-	-	(298.31)	-	-	-	-	(920.27)
<b>Tax expenses</b>	-	-	-	-	-	-	-	-	-	-
- Current tax - Prior years	-	-	-	-	16.83	-	-	-	-	-
- Deferred tax	-	-	-	-	(20.24)	-	-	-	-	419.66
- Tax - Earlier years	-	-	-	-	-	-	-	-	-	-
- Total	-	-	-	-	(3.41)	-	-	-	-	419.66
<b>Profit for the year</b>	-	-	-	-	(294.90)	-	-	-	-	(1,339.93)
c) Assets	1,274.06	5,484.66	-	-	6,758.72	1,193.62	5,359.08	-	-	6,552.70
Add: Unallocated corporate assets	-	-	-	-	491.41	-	-	-	-	437.56
<b>Total assets</b>	-	-	-	-	7,250.13	-	-	-	-	6990.26
d) Liabilities	723.17	2,476.74	-	-	3,199.91	353.67	1,036.03	-	-	1,389.70
Add: Unallocated corporate liabilities	-	-	-	-	2.00	-	-	-	-	1,311.48
<b>Total liabilities</b>	-	-	-	-	3,201.91	-	-	-	-	2,701.18
e) Capital assets acquired during the year	10.56	441.83	-	-	452.39	1.54	106.60	-	-	108.14
f) Depreciation, impairment and amortisation	40.06	191.83	12.13	-	244.02	51.63	193.22	12.13	-	256.98
g) Other non-cash charges except depreciation, impairment and amortisation	-	-	-	-	-	-	-	-	-	-

Revenue from Engineering division is on account of sales of textile machinery and spares and the textile division revenue is on account of cotton yarn and fabrics. Approximately INR Rs.2832.43 lakhs has been realised from exports (Engineering Division Rs.60.77 lakhs and Textile Division Rs.2771.66 lakhs ). Previous year Total exports Rs.2260.06 lakhs. (Engineering Division Rs. 331.10 lakhs and Textile Division Rs.1928.96 lakhs). There is one customer contributing individually to 39% of total revenue in 2020-21. (Previous year 3 customers). The largest turnover to a single customer in 2020-21 is Rs. 1994.55 lakhs and Rs. 1104.55 lakhs in previous year.

### Reconciliations to amounts reflected in the financial statements

Reconciliation of profit	31-Mar-21	31-Mar-20
<b>Segment profit</b>	<b>(115.21)</b>	<b>(924.66)</b>
Dividend Income	0.15	0.53
Net gain on disposal of property, plant and equipment	-	58.38
Depreciation on Corporate Assets	(12.13)	(12.13)
Other Expenses-Audit fees stationery, Professional Charges etc.,	(32.37)	(40.77)
Income from Investment Property (net of expenses)	-	88.25
Interest Income	12.98	12.94
<b>Profit before interest and tax</b>	<b>(146.58)</b>	<b>(817.46)</b>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

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

Reconciliation of Assets	31-Mar-21	31-Mar-20
<b>Segment operating assets</b>	6758.72	6,552.70
Corporate Assets - Property & Investments	426.30	365.49
Interest & Other Receivables	-	49.69
Cash and Cash equivalents	51.83	22.38
TDS /MAT receivable	13.28	
Deferred tax Asset (net)	-	
<b>Total assets</b>	<b>7,250.13</b>	<b>6,990.26</b>

Reconciliation of liabilities	31-Mar-21	31-Mar-20
Segment operating liabilities	3,199.91	1,389.70
Long Term Borrowings	-	728.60
Short term Borrowings	-	564.56
Other Current Liabilities	2.00	18.32
<b>Total liabilities</b>	<b>3,201.91</b>	<b>2,701.18</b>

**31. RELATED PARTY DISCLOSURES**

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

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

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

1. M/s The Krishna Mills Private Limited
2. M/s Augustan Textile Colors Limited

**(iii) Key Management Personnel**

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

**(B) Related party transactions**

Particulars	Associated Companies/ Firms	Key Managerial personnel	Relative of Key Managerial Personnel	Total
Purchase of goods and services-raw materials, components and engineering job works	<b>47.95</b> <i>72.26</i>	-	-	<b>47.95</b> <i>72.26</i>
Sale of goods and job works	<b>65.73</b> <i>855.70</i>	-	-	<b>65.73</b> <i>855.70</i>
Rent paid	<b>4.40</b> <i>4.80</i>	-	<b>1.23</b> <i>1.23</i>	<b>5.63</b> <i>6.03</i>
Managerial Remuneration	-	<b>25.26</b> <i>45.80</i>	-	<b>25.26</b> <i>45.80</i>
Interest Expense	<b>20.76</b> <i>-</i>	-	<b>10.41</b> <i>-</i>	<b>31.17</b> <i>-</i>
Unsecured loans outstanding at year end	<b>200.00</b> <i>200.00</i>	<b>284.85</b> <i>284.85</i>	<b>723.76</b> <i>715.78</i>	<b>1208.61</b> <i>1200.63</i>
Interest accrued payable	<b>2.71</b> <i>-</i>	-	<b>1.38</b> <i>-</i>	<b>4.09</b> <i>-</i>
Outstanding due from the company	<b>42.53</b> <i>21.79</i>	-	-	<b>42.53</b> <i>21.79</i>
Outstanding due to the company	<b>59.49</b> <i>141.35</i>	-	-	<b>59.49</b> <i>141.35</i>

Figures in Italics represent prior period figures.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

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

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

#### Defined benefit plan and other Long term Employee benefits

##### Gratuity Plan

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

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

Particulars	Leave Encashment Unfunded		Gratuity Unfunded	
	As at 31-Mar-21	As at 31-Mar-20	As at 31-Mar-21	As at 31-Mar-20
Projected benefit obligation at the beginning of the year	2.71	3.39	63.50	58.98
Service cost	1.24	1.58	3.50	3.61
Interest cost	0.18	0.25	4.09	4.27
Past Service cost	–	–	–	–
Remeasurement (Gain)/Loss	0.06	(2.50)	(1.47)	2.57
Benefits paid	–	–	(3.71)	(5.93)
Projected benefit obligation at the end of the year	4.19	2.71	65.91	63.50

#### Amount recognised in Balance sheet

Particulars	Leave Encashment Unfunded		Gratuity Unfunded	
	As at 31-Mar-21	As at 31-Mar-20	As at 31-Mar-21	As at 31-Mar-20
Projected benefit obligation at the end of the year	4.19	2.71	65.91	63.50
Fair value of plan assets at the end of the year	–	–	2.14	2.14
Amount of liability recognised in the Balance sheet	4.19	2.71	63.77	61.36
Current Liability	–	–	–	–
Non Current Liability	4.19	2.71	63.77	61.36

#### Expense Recognised in Statement of Profit and Loss Account

Particulars	Leave Encashment Unfunded		Gratuity Unfunded	
	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-21	Year ended 31-Mar-20
Service cost	1.24	1.58	3.50	3.61
Interest cost	0.18	0.25	4.09	4.27
Past Service cost	–	–	–	–
Expected return on plan assets	–	–	(0.14)	(0.16)
Actuarial Gain/loss due to demographic Assumption changes in defined benefit obligation	0.03	0.03	–	–
Actuarial Gain/loss due to Financial assumption changes in defined benefit obligation	–	–	–	–
Actuarial Gain/loss due to Experience adjustment changes in defined benefit obligation	0.03	(2.54)	1.34	2.41
Return on plan assets (Greater)/lesser than Discount rate	–	–	–	–
Total cost recognised in Profit and Loss account and OCI	1.48	(0.68)	8.79	10.13
Cost recognised in Profit and loss Account	1.48	(0.68)	7.45	7.73
Remeasurement effect recognised in OCI	–	–	1.34	2.40
Total defined Benefit Cost	1.48	(0.68)	8.79	10.13



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

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

**Summary of Actuarial Assumptions**

Particulars	Leave Encashment Unfunded		Gratuity Unfunded	
	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-21	Year ended 31-Mar-20
Mortality rate(LIC)				
Discount rate p.a	6.91%	6.64%	6.91%	6.64%
Expected rate of return on plan assets p.a	6.91%	6.64%	6.91%	6.64%
Rate of escalation of salary p.a	5%	5%	5%	5%
Attrition	2%	2%	2%	2%
Leave accounting and consumption technique	–	–	NA	NA
Proportion of leave availment	10%	10%	NA	NA
Proportion of encashment in Service/ Lapse	–	–	NA	NA
Proportion of encashment on separation	90%	90%	NA	NA

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

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

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

Year	Leave Encashment	Gratuity
1 year	0.08	1.91
2 to 5 years	0.41	11.72
6 to 10 years	2.15	70.63

**Sensitivity Analysis of Significant Actuarial Assumptions**

Particulars	Leave Encashment	
	March 31, 2021	March 31, 2020
	Change in Defined benefit Obligation	
Discount rate + 50 basis points	0.07	0.07
Discount rate - 50 basis points	0.06	0.06
Salary growth rate + 50 basis points	0.06	0.06
Salary growth rate - 50 basis points	0.05	0.05

Particulars	Gratuity	
	March 31, 2021	March 31, 2020
	Change in Defined benefit Obligation	
Discount rate + 50 basis points	0.07	0.07
Discount rate - 50 basis points	0.06	0.06
Salary growth rate + 50 basis points	0.06	0.06
Salary growth rate - 50 basis points	0.05	0.05

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

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

### 33. Financial Instruments Risk and review

#### Financial Instruments

The carrying value and fair value of financial instruments by categories as of March 31, 2021 is as follows:

(Amount ₹ in Lakhs)

Particulars	Fair Value through P&L	Fair Value through Comprehensive Income	Amortised Cost	Total Carrying Amount
<b>Assets:</b>				
Cash and Cash Equivalents	–	–	15.37	15.37
Other Balances with Bank	–	–	36.46	36.46
Trade receivables	–	–	429.09	429.09
Loans	–	–	141.02	141.02
Investments		114.03	1.31	115.34
Other Financial Assets	–	–	–	–
<b>Total</b>	<b>–</b>	<b>114.03</b>	<b>623.25</b>	<b>737.28</b>
<b>Liabilities</b>				
Trade and Other Payables	–	–	344.14	344.14
Borrowings	–	–	2160.50	2160.50
Other Financial Liabilities	–	–	238.93	238.93
<b>Total</b>	<b>–</b>	<b>–</b>	<b>2743.57</b>	<b>2743.57</b>

The carrying value and fair value of financial instruments by categories as of March 31, 2020 is as follows:

(Amount ₹ in Lakhs)

Particulars	Fair Value through P&L	Fair Value through Comprehensive Income	Amortised Cost	Total Carrying Amount
<b>Assets:</b>				
Cash and Cash Equivalents	–	–	3.18	3.18
Other Balances with Bank	–	–	19.20	19.20
Trade receivables	–	–	416.38	416.38
Loans	–	–	170.04	170.04
Investments	–	41.09	1.31	42.40
Other Financial Assets	–	–	–	–
<b>Total</b>	<b>–</b>	<b>41.09</b>	<b>610.11</b>	<b>651.20</b>
<b>Liabilities</b>				
Trade and Other Payables	–	–	975.44	975.44
Borrowings	–	–	1309.16	1309.16
Other Financial Liabilities	–	–	88.19	88.19
<b>Total</b>	<b>–</b>	<b>–</b>	<b>2372.79</b>	<b>2372.79</b>

#### Fair Value Hierarchy

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

	As at March 31, 2021	As at March 31, 2020
<b>Assets</b>		
Investments	Level 1	Level 1
<b>Liabilities</b>		
Borrowings-Optionally convertible loan	Level 2	Level 2

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

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

**Financial Risk Management Objectives and Policies**

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

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

- Market Risk
- Credit Risk
- Liquidity Risk

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

**Market Risk**

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

**a) Foreign Currency Exchange Rate Risk**

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

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary Liabilities at the end of the reporting period are as follows:

As at March 31, 2021	USD	EURO	JPY	GBP
<b>Financial Assets</b>				
Trade receivables		-	-	-
<b>Total</b>		-	-	-
<b>Financial Liabilities</b>				
Trade Payables	-	-	-	-
<b>Total</b>	-	-	-	-
<b>As at March 31, 2020</b>				
<b>Financial Assets</b>				
Trade receivables	245.87	-	-	-
<b>Total</b>	<b>245.87</b>	-	-	-
<b>Financial Liabilities</b>				
Trade Payables		-	-	-
<b>Total</b>		-	-	-

**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.





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

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

### Exposure to Credit Risk

	31-03-2021	31-03-2020
The carrying amount of financial assets represents the maximum credit exposure. Maximum exposure to credit risk being the total of the carrying amount of trade receivables, investments, cash and cash equivalents, other balance with banks, loans and other financial assets.	737.28	651.20

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 and the movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

	31-03-2021	31-03-2020
Trade Receivables	429.09	416.38
Allowance for doubtful debts	-	-

### 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.

### Financial Liabilities

(Amount ₹ in Lakhs)

As at March 31, 2021	Due in 1 year	1-2 years	3-5 years	>5 years
Borrowings	1819.62	57.00	137.56	146.32
Trade payables	344.14	-	-	-
Other Financial Liabilities	238.93	-	-	-
<b>Total</b>	<b>2402.69</b>	<b>57.00</b>	<b>137.56</b>	<b>146.32</b>
As at March 31, 2020				
Borrowings	1185.18	32.00	91.98	
Trade payables	975.44	-	-	
Other Financial Liabilities	88.19	-	-	
<b>Total</b>	<b>2248.81</b>	<b>32.00</b>	<b>91.98</b>	<b>-</b>

### 34. Covid-19 Impact

The Company has considered the possible effects that may result from the global pandemic relating to COVID-19 on the standalone financial statements of the Company. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these standalone financial statements has used internal and external sources of information. The Company has performed an analysis on the assumptions used and based on current estimates expects that the carrying amount of its assets will be recovered. The impact of COVID-19 on the Company's standalone financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

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

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

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

M.S.N.M.Santosh  
Partner

Place : Coimbatore  
Date : 29.07.2021

M.No: 221916

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

We have audited the accompanying consolidated Ind AS financial statements of VEEJAY LAKSHMI ENGINEERING WORKS LIMITED ("the Company") and, and its Associate Company, which comprise the consolidated Balance Sheet as at March 31, 2021, and the consolidated statement of Profit and Loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian accounting standards prescribed under section 133 of the Act read with the Companies (Indian Accounting standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of consolidated state of affairs of the Company as at March 31, 2021, of consolidated loss, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

**Basis for Opinion**

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

**Key Audit Matters**

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

We have determined the matters described below to be the Key Audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Consolidated Ind AS Financial Statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements.

KEY AUDIT MATTERS	RESPONSE TO KEY AUDIT MATTERS
<p><b>Litigations – Contingencies:</b> The Company has ongoing litigations with various authorities and third parties which could have a significant impact on the results, if the potential exposures were to materialize.</p>	<p><b>Principal Audit Procedures:</b> Our audit approach was a combination of test of controls and substantive procedures including:</p>

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

### Emphasis of Matter

We draw attention to note 34 to the Consolidated financial statements which describes, The Company has considered the possible effects that may result from the global pandemic relating to COVID-19 on the Consolidated financial statements of the Company. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these Consolidated financial statements has used internal and external sources of information. The Company has performed an analysis on the assumptions used and based on current estimates expects that the carrying amount of its assets will be recovered. The impact of COVID-19 on the Company's Consolidated financial statements may differ from that estimated as at the date of approval of these Consolidated financial statements.

Our Conclusion is not modified in respect of the above matter.

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

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

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

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

We have nothing to report in this regard.

### Management Responsibility for the Consolidated Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in term of the requirements of the Act, that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the



Accounting Standards(Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Company are responsible for 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Company, as aforesaid.

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

#### **Other Matters**

We did not audit the financial statements of Veejay Sales and Services Limited, an associate whose financial statements reflect total assets of Rs. 751.91 lakhs as at 31st March, 2021, total revenue of Rs. 54.99 lakhs for the year ended. These financial statements have been audited by other auditor whose report have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the associate, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid associate, is based solely on the reports of the other auditor.

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

#### **Report on Other Legal and Regulatory Requirements**

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

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



- d. In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.
- e. On the basis of the written representations received from the directors of the Company as on March 31, 2021 taken on record by the Board of Directors of the Company and the reports of the other statutory auditor of its associate company, incorporated in India, none of the directors of the Company companies incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:  
In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Consolidated Ind AS Financial Statements disclosed the impact of pending litigations on the consolidated financial position of the Company refer Note no 27 to the consolidated Ind AS financial statements.
- ii. The Company 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; and
- 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.

For **MANOHAR CHOWDHRY & ASSOCIATES**

Chartered Accountants  
Firm Registration No.: 001997S

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

Membership No. 221916  
UDIN: 21221916AAAAEV8004

Place : Chennai  
Date : July 29,2021

## **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, 2021, we have audited the internal financial controls over financial reporting of Veejay Lakshmi Engineering Works Limited ("the Company") and its associate company which is a company incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Company and its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI").

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

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

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

### **Meaning of Internal Financial Controls over Financial Reporting**

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

- i. Pertain to the maintenance of records that, in reasonable detail, 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 and its associate company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

**Other Matters**

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

For **MANOHAR CHOWDHRY & ASSOCIATES**

Chartered Accountants  
Firm Registration No.: 001997S

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

Membership No. 221916  
UDIN: 21221916AAAAEV8004

Place : Chennai  
Date : July 29,2021



BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2021

Particulars	Note No.	As at	
		31.03.2021	31.03.2020
Amount ₹ in lakhs			
<b>ASSETS</b>			
<b>I. Non-current Assets</b>			
a) Property Plant and Equipment	2	4,003.89	3,784.80
b) Capital Work in Process		3.16	358.62
c) Investment Property	3	88.58	99.30
d) Intangible Assets	4	—	—
e) Financial Assets			
(i) Investments	5(a)	257.93	185.78
(ii) Loans	5(b)	135.88	163.08
f) Deferred Tax Asset Net	6	—	—
g) Other Non Current Assets	7	176.74	41.19
<b>Total</b>		<b>4,666.18</b>	<b>4,632.77</b>
<b>II. Current Assets</b>			
a) Inventories	8	1,967.75	1,862.97
b) Financial Assets			
(i) Investments	8 (a)	—	—
(ii) Trade Receivables	8(b)	429.09	416.38
(iii) Cash and Cash equivalents	8(C)	15.37	3.18
(iv) Bank balances other than iii above	8(d)	36.46	19.20
(v) Loans	8(e)	5.14	6.96
(vi) Other Financial Assets	8(f)	—	—
c) Other current assets	9	259.45	142.77
d) Current Tax Assets (Net)		13.28	49.41
<b>Total</b>		<b>2,726.54</b>	<b>2,500.87</b>
<b>TOTAL ASSETS</b>		<b>7,392.72</b>	<b>7,133.64</b>
<b>EQUITY AND LIABILITIES</b>			
<b>I. Equity</b>			
a) Equity Share Capital	10	507.19	507.19
b) Other Equity	11	3,683.62	3,925.27
<b>Total Equity</b>		<b>4,190.81</b>	<b>4,432.46</b>
<b>II. Non Current Liabilities</b>			
a) Financial Liabilities			
Borrowings	12	964.26	728.60
b) Gratuity/Leave Salary Provisions	13	63.77	61.36
<b>Sub total</b>		<b>1,028.03</b>	<b>789.96</b>
<b>III. Current Liabilities</b>			
a) Financial Liabilities			
(i) Short term Borrowings	14 (a)	1,085.02	564.56
(ii) Trade Payables			
A) Dues to Micro and Small Enterprises		—	—
B) Dues to Creditors other than Micro and Small Enterprises	14(b)	344.14	975.44
(iii) Other Financial Liabilities	14(c)	238.93	88.19
b) Other Current Liabilities	15	474.46	248.47
c) Provisions	16	31.33	34.56
<b>Sub Total</b>		<b>2,173.88</b>	<b>1,911.22</b>
<b>TOTAL LIABILITIES</b>		<b>7,392.72</b>	<b>7,133.64</b>

**Significant Accounting Polices**

Notes to the Financial Statements

1  
2-35For and on behalf of the Board of Directors of  
Veejay Lakshmi Engineering Works LimitedAs per our report of even date  
For Manohar Chowdhry & Associates  
Chartered Accountants, FRN No. 001997S(SD/-) V.J. JAYARAMAN (SD/-) J. ANAND (SD/-) D. RANGANATHAN (SD/-) V.K. SWAMINATHAN  
Chairman Managing Director Whole-Time Director Company SecretaryM.S.N.M. SANTOSH  
Partner  
M.No: 221916Place : Coimbatore  
Date : 29.07.2021

**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH, 2021**

Particulars	Note No.	For the	For the
		year ended 31.03.2021	year ended 31.03.2020
Amount ₹ in Lakhs			
I. Revenue from operations	17	5,131.73	6877.42
II. Other Income	18	45.66	174.43
III. <b>Total Income (I+II)</b>		<b>5,177.39</b>	<b>7051.85</b>
IV. <b>Expenses</b>			
Cost of Materials consumed	19	3,267.90	4,927.69
Purchases of Stock in Trade		-	-
Changes in Inventories of Finished goods, Work-in process and Stock in trade	20	43.65	430.03
Employee Benefits Expense	21	778.38	1,095.86
Finance Costs	22	151.73	102.81
Depreciation and amortization expenses	2	244.02	256.98
Other expenses	23	990.02	1,158.75
<b>Total Expenses (IV)</b>		<b>5,475.70</b>	<b>7,972.12</b>
V. <b>Profit/(Loss) before exceptional items and tax (III-IV)</b>		<b>(298.31)</b>	<b>(920.27)</b>
VI. Exceptional items (income(+), expenses(-))		-	-
VII. <b>Profit before Tax after exceptional items (V-VI)</b>		<b>(298.31)</b>	<b>(920.27)</b>
VIII. Tax Expense:			
Current Tax		-	-
Current tax for prior period		16.83	-
Deferred Tax		(20.24)	419.66
IX. <b>Profit and Loss for the year from continuing operations (VII-VIII)</b>		<b>(294.90)</b>	<b>(1,339.93)</b>
X. Share of profit/(loss) of an associate		(2.81)	(7.28)
XI. Other comprehensive income			
A. Items that will not be reclassified to Profit or Loss			
1. Changes in Fair value of FVTOI equity instruments		72.94	(61.05)
1.a. Deferred-tax relating to above		(20.29)	16.98
2. Remeasurement of post-employment defined benefit plans + (income)/-(expense)		1.34	(2.73)
2.a. Deferred-tax relating to above		(0.37)	0.76
3. Other Comprehensive income on exchange gain / hedging		(1.51)	-
3.a. Deferred-tax relating to above		0.42	-
B. Items that will be reclassified to Profit and Loss		-	-
Share of other Comprehensive Income in Associates		2.02	(3.78)
<b>Total Other Comprehensive income for the year</b>		<b>54.55</b>	<b>(49.82)</b>
XII <b>Total Comprehensive income for the year (X+XI)</b>		<b>(243.16)</b>	<b>(1,397.03)</b>
Earnings per share for Continuing operation			
Basic		(5.81)	(26.42)
Diluted		(2.10)	(9.52)

See Accompanying notes to the financial statements

**Significant Accounting Policies**

Notes to the Financial Statements

1  
2-35For and on behalf of the Board of Directors of  
**Veejay Lakshmi Engineering Works Limited**As per our report of even date  
**For Manohar Chowdhry & Associates**  
Chartered Accountants, FRN No. 001997S(SD/-) V.J. JAYARAMAN (SD/-) J. ANAND (SD/-) D. RANGANATHAN (SD/-) V.K. SWAMINATHAN  
Chairman Managing Director Whole-Time Director Company Secretary**M.S.N.M. SANTOSH**  
Partner  
M.No: 221916Place : Coimbatore  
Date : 29.07.2021

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021** ₹ in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>I. Cash Flows from Operating Activities</b>		
Net profit before taxation and extraordinary item	(298.31)	(920.27)
Adjustments for:		
Depreciation	244.02	256.98
Provision for doubtful debts	-	-
Provision for gratuity & leave encashment	3.75	(1.10)
Interest expenses	151.73	102.81
Interest income on Fixed Deposits	(12.98)	(12.94)
Dividend Income	(0.15)	(0.53)
Profit on sale of Fixed Assets	(0.15)	(49.21)
Profit on sale of Investments	-	-
Operating profit before working capital changes	386.22	296.01
Working capital changes:		
(Increase)/Decrease in Trade receivables	(12.71)	152.08
(Increase)/Decrease in Inventories	(104.78)	1,239.96
Increase/(Decrease) in Loans	1.82	(1.31)
(Increase)/Decrease in other current assets	(116.68)	(10.20)
(Increase)/Decrease in other financial Assets	-	-
Increase/(Decrease) in trade payables	(631.30)	316.29
(Increase)/Decrease in Non current Assets	(135.55)	2.95
Increase/(Decrease) in other financial liabilities	148.54	(107.62)
Increase/(Decrease) in other current liabilities	225.99	(262.19)
Proceeds from short term borrowings	520.46	(703.43)
Increase/(Decrease) in provisions	(3.23)	2.17
Cash generated from operations	278.78	924.71
Income (taxes)/refund (paid)/received	19.30	(9.41)
<b>Net cash provided by operating activities</b>	<b>(0.23)</b>	<b>(4.97)</b>
<b>II. Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(96.93)	(466.76)
Proceeds from sale of Fixed Assets	0.15	74.61
Interest received on Fixed deposits	12.98	12.94
Proceeds from/(Investment in fixed deposits)	(17.26)	(4.35)
Proceeds from Investments	-	-
Dividend Income	0.15	0.53
Loans & advances given	27.20	(1.30)
<b>Net cash used in investing activities</b>	<b>(73.71)</b>	<b>(384.33)</b>
<b>III. Cash Flows From Financing Activities</b>		
Interest paid	(149.53)	(100.49)
Proceeds from long term borrowings	235.66	471.01
Repayment of borrowings		
<b>Net cash provided by financing activities</b>	<b>86.13</b>	<b>370.52</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>12.19</b>	<b>(18.78)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>3.18</b>	<b>21.96</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>15.37</b>	<b>3.18</b>
IV. Significant Accounting Policies	1	
Notes to financial statements	(2-35)	

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

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

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

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

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

Place : Coimbatore  
Date : 29.07.2021

### Consolidated Statement of Changes in Equity for the year ended 31<sup>st</sup> March 2020

Amount in ₹ Lakhs

Particulars	Equity Share Capital	Reserves and Surplus				Equity Component of Compound Financial Instrument	Equity Instruments through Other Comprehensive Income	Items of Other Comprehensive Income	Cash Flow hedge	Total
		General Reserve	Capital Reserve	Securities premium	Retained Earnings					
Balance at the beginning of the Previous reporting period (01.04.2019)	507.19	3,599.49	100.82	2,116.43	716.87	79.92	(11.00)	-	5,829.49	
Changes due to prior period items	-	-	-	-	-	-	-	-	-	
Restated Balance at the beginning of reporting Period (01.04.2019)	507.19	3,599.49	100.82	2,116.43	716.87	79.92	(11.00)	-	5,829.49	
Profit for the year	-	-	-	-	-	(1,347.21)	-	-	(1,347.21)	
Remeasurement of net defined benefit Liability/Asset (net)	-	-	-	-	-	-	(1.97)	-	(1.97)	
Changes in fair value of equity instruments through	-	-	-	-	-	(47.85)	-	-	(47.85)	
FVTOC [net of tax]	-	-	-	-	-	-	-	-	-	
Cash flow hedges(Net of taxes)	-	-	-	-	-	-	-	-	-	
Total Comprehensive Income	-	-	-	-	-	(47.85)	(1.97)	-	(1,397.03)	
Transfer to Reserves	-	-	-	-	-	-	-	-	-	
<b>Balance at the end of reporting Period (31.03.2020)</b>	<b>507.19</b>	<b>3,599.49</b>	<b>100.82</b>	<b>2,116.43</b>	<b>716.87</b>	<b>31.47</b>	<b>(12.97)</b>	<b>-</b>	<b>4,432.46</b>	

### Consolidated Statement of Changes in Equity for year ended 31<sup>st</sup> March, 2021

Particulars	Equity Share Capital	Reserves and Surplus				Equity Component of Compound Financial Instrument	Equity Instruments through Other Comprehensive Income	Items of Other Comprehensive Income	Cash Flow hedge	Total
		General Reserve	Capital Reserve	Securities premium	Retained Earnings					
Balance at the beginning of the current reporting period (01.04.2020)	507.19	3,599.49	100.82	2,116.43	716.87	31.47	(12.97)	-	4,432.46	
Changes due to prior period items	-	-	-	-	-	-	-	-	-	
Restated balance at the beginning of reporting Period (01.04.2020)	507.19	3,599.49	100.82	2,116.43	716.87	31.47	(12.97)	-	4,432.46	
Profit for the year	-	-	-	-	-	(297.71)	-	-	(297.71)	
Remeasurement of net defined benefit Liability/Asset (net)	-	-	-	-	-	-	0.97	-	0.97	
Changes in fair value of equity instruments through	-	-	-	-	-	54.67	-	-	54.67	
FVTOC [net of tax]	-	-	-	-	-	-	-	-	-	
Cash flow hedges(Net of taxes)	-	-	-	-	-	-	-	-	-	
Total Comprehensive Income	-	-	-	-	-	54.67	(1.09)	-	(1.09)	
Cash flow hedge reserve	-	-	-	-	-	54.67	(0.12)	-	(243.16)	
Transfer to Reserves	-	-	-	-	-	-	-	1.51	1.51	
<b>Balance at the end of reporting Period (31.03.2021)</b>	<b>507.19</b>	<b>3,599.49</b>	<b>100.82</b>	<b>2,116.43</b>	<b>716.87</b>	<b>86.14</b>	<b>(13.09)</b>	<b>1.51</b>	<b>4,190.81</b>	

Significant Accounting Policies

Notes to the Financial Statements

For and on behalf of the Board of Directors of

Veejay Lakshmi Engineering Works Limited

(Sd/-) V.J. JAYARAMAN

Chairman

(Sd/-) D. RANGANATHAN

Managing Director

(Sd/-) V.K. SWAMINATHAN

Company Secretary

As per our report of even date

For Manohar Chowdhry &amp; Associates

Chartered Accountants, FRN No. 001997S

M.S.N.M. Santosh

Partner

M.No. 221916

Place : Coimbatore

Date : 29.07.2021



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

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

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

Veejay Lakshmi Engineering Works Limited is a public company incorporated in India under the provisions of the Companies Act, 1956. Its shares are listed on the Bombay Stock Exchange [BSE]. The principal place of business is Coimbatore. The Company manufactures Textile machinery used in post spinning operations and also has a textile unit producing yarn and knitted fabrics. The products are sold in both domestic and international markets. The financial statements are approved for issue by the Company's Board of Directors on 29<sup>h</sup> July, 2021.

**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.

**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 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., 31.03.2021.

**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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

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

The Company has an established control framework with respect to the measurement of fair values. This includes periodic review of all significant fair value measurement, including level 3 fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

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

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

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

**6. Use of estimates and judgment**

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

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

Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements are valuation of defined benefit obligations, 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 adjusted to reflect the current best estimates. The policy for the same has been explained under Item 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 rupee, 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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

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

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

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

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

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

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

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

**Non-Financial Assets:**

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

**10. Non-current assets held for sale**

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

**11. Investment Property**

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

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

(calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

**12. Borrowing Cost**

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

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

**13. Revenue Recognition**

- a. Revenue from Sale transaction is recognised when the risks and rewards ain 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.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

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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 carried out at the end of each annual reporting period.

**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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

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

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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

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

**Derivative financial instruments and hedge accounting**

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

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

**Impairment of Financial assets**

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

**De-recognition of financial assets**

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

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

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

**Financial liabilities at amortized cost**

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

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

**Equity instruments**

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

**De-recognition of financial liabilities**

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

**Effective interest method**

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

**Financial Guarantee contracts**

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

**19. Inventories**

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

**20. Statement of Cash Flows**

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

**21. Leases****Operating lease**

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

**22. Earnings Per Share**

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

**23. Current vs Non-Current Classification**

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

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

### **An asset is treated as current when it is:**

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

All other assets are classified as non-current.

### **A liability is current when:**

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

The Company classifies all other liabilities as non-current.

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

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

## **24. Segment Reporting**

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

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

## **25. Accounting policy on revenue recognition**

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

(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 attached)

Name of the Coy / Security	31/03/2021		31/03/2020	
	Qty	Value	Qty	Value
<b>Quoted Investments-fully paid up (A)</b>				
<b>Investments in Equity Instruments</b>				
M/s Lakshmi Machine Works Limited	1,500	101.84	1,500	34.50
M/s Precision Fasteners Limited	10,000	–	10,000	–
M/s IFCI Limited	200	0.02	200	0.01
State Bank of India	3,340	12.17	3,340	6.58
<b>Unquoted Investments - fully paid up (B)</b>				
M/s Veejay Sales and Services Limited face value of Rs.10/- each	13,100	143.90	13,100	144.69
<b>Total</b>		<b>257.93</b>		<b>185.78</b>
<b>Total Non-Current Investments</b>				
Aggregagte amount of quoted investments at market value		114.03		41.09
Aggregagte amount of unquoted Investments		143.90		144.69
Aggregagte amount of impairment in value of investments		–		–
<b>Total</b>		<b>257.93</b>		<b>185.78</b>
<b>Category wise Investments-as per IND AS 109 classification</b>				
Financial Assets carried at Fair value through Profit or Loss (FVTPL)		–		–
Financial Assets carried at Amortised cost		143.90		144.69
Financial Assets carried at Fairvalue through Other comprehensive Income (FVTOCI)		114.03		41.09
<b>Total</b>		<b>257.93</b>		<b>185.78</b>

- 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  
8(e) Loans  
8(f) Other financial assets  
9. Other current assets  
10. Equity share capital

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

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

## 11. Other Equity

Particulars	31-Mar-21	31-Mar-20
<b>i) Securities Premium Account</b>	<b>2116.43</b>	<b>2116.43</b>
<b>ii) Retained Earnings</b>	–	–
Opening	(2626.84)	(1279.63)
Add: Current year surplus	(297.71)	(1347.21)
Closing	<b>(2924.55)</b>	<b>(2626.84)</b>
<b>iii) Other Comprehensive Income</b>		
Opening	18.50	68.32
Movement in OCI (Net) during the year	54.55	(49.82)
Share of Other Comprehensive income in Associates		
Closing	<b>73.05</b>	<b>18.50</b>
<b>iv) Equity Component of compound Financial Instrument</b>		
Opening	716.87	716.87
Movements during the year	–	–
Closing	<b>716.87</b>	<b>716.87</b>
<b>(v) General Reserve</b>		
Opening	3599.49	3599.49
Additions During the year	–	–
Closing	<b>3599.49</b>	<b>3599.49</b>
<b>(vi) Capital Reserve</b>		
Opening	100.82	100.82
Current year addition/deletion	–	–
Closing	100.82	100.82
<b>(vii) Cash flow hedge reserve</b>		
Opening	–	–
Additions during the year	1.51	–
Closing	1.51	–
<b>Total Other Equity</b>	<b>3683.62</b>	<b>3925.27</b>

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

- 12 Borrowings
- 13 Provisions
- 14(a) Borrowings
- 14(b) Trade payables
- 14(c) Other financial liabilities
- 15 Other current liabilities
- 16 Provisions
- 17. Revenue from operations
- 18. Other Income

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

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

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 31.03.2020 has been made in the financial statements based on information received and available with the company.**

**26. Reconciliation of effective tax rate**

Particulars	31/03/2021	31/03/2020
(i) Profit/ (Loss) before tax	(301.12)	(927.55)
Estimated tax rate in India	27.82%	27.82%
Computed expected tax expenses	-	-
(ii) Tax effects of amounts which are not deductible(taxable) in calculating taxable income	108.92	104.10
Tax effects of amounts which are deductible in calculating taxable income	(84.09)	(82.23)
Tax effects due to Brought forward business losses	(24.83)	(21.87)
<b>Effective tax rate</b>	-	-

**27. Contingent liabilities and Capital Commitments**

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

**28. Earnings Per Share**

Particulars	For the year ended 31-3-2021	For the year ended 31-3-2020
Profit after taxation	(294.90)	(1,339.93)
Equity shares outstanding at the end of the year (In No.'s)	50,71,900	50,71,900
Weighted average number of Equity shares outstanding during the year	50,71,900	50,71,900
Earnings per share (Basic) (In Rs)	(5.81)	(26.42)
Earnings per share (Diluted) (In Rs)	(2.10)	(9.52)
Nominal value per share (Rs)	10.00	10.00

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

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

## 30 Segment information

Primary segment information (business segments)

Particulars	2020-21					2019-20				
	Engineering	Textile	Unallocated	Inter Segment eliminations	Total	Engineering	Textile	Unallocated	Inter Segment eliminations	Total
a) Revenue	1,085.70	4,046.03	-	-	5,131.73	1,622.96	5,254.46	-	-	6,877.42
b) Inter Segment sales	-	-	-	-	-	-	-	-	-	-
Total Revenue	1,085.70	4,046.03	-	-	5,131.73	1,622.96	5,254.46	-	-	6,877.42
c) Result	(238.17)	122.96	-	-	(115.21)	(459.71)	(464.95)	-	-	(924.66)
Add: Unallocated income (net of expenditure)	-	-	-	-	(31.37)	-	-	-	-	107.20
<b>Profit before interest and tax</b>	-	-	-	-	(146.58)	-	-	-	-	(817.46)
Interest	-	-	-	-	151.73	-	-	-	-	102.81
<b>Profit before tax</b>	-	-	-	-	(298.31)	-	-	-	-	(920.27)
<b>Tax expenses</b>	-	-	-	-	-	-	-	-	-	-
- Current tax	-	-	-	-	16.83	-	-	-	-	-
- Deferred tax	-	-	-	-	(20.24)	-	-	-	-	419.66
- Tax - Earlier years	-	-	-	-	-	-	-	-	-	-
- Total	-	-	-	-	(3.41)	-	-	-	-	419.66
<b>Profit for the year</b>	-	-	-	-	(294.90)	-	-	-	-	(1,339.93)
c) Assets	1,274.06	5,484.66	-	-	6,758.72	1,193.62	5,359.08	-	-	6,552.70
Add: Unallocated corporate assets	-	-	-	-	634.00	-	-	-	-	580.94
<b>Total assets</b>	-	-	-	-	7,392.72	-	-	-	-	7,133.64
d) Liabilities	723.17	2,476.74	-	-	3,199.91	353.67	1,036.03	-	-	1,389.70
Add: Unallocated corporate liabilities	-	-	-	-	2.00	-	-	-	-	1,311.48
<b>Total liabilities</b>	-	-	-	-	3,201.91	-	-	-	-	2,701.18
e) Capital assets acquired during the year	10.56	441.73	-	-	452.39	1.54	106.60	-	-	108.14
f) Depreciation, impairment and amortisation	40.06	191.83	12.13	-	244.02	51.63	193.22	12.13	-	256.98
g) Other non-cash charges except depreciation, impairment and amortisation	-	-	-	-	-	-	-	-	-	-

Revenue from Engineering division is on account of sales of textile machinery and spares and the textile division revenue is on account of cotton yarn and fabrics. Approximately INR Rs.2832.43 lakhs has been realised from exports (Engineering Division Rs.60.77 lakhs and Textile Division Rs.2771.66 lakhs). Previous year Total exports Rs.2260.06 lakhs. (Engineering Division Rs. 331.10 lakhs and Textile Division Rs.1928.96 lakhs). There is one customer contributing individually to 39% of total revenue in 2020-21. (Previous year 3 customers). The largest turnover to a single customer in 2020-21 is Rs. 1994.55 lakhs and Rs. 1104.55 lakhs in previous year.

## Reconciliations to amounts reflected in the financial statements

Reconciliation of profit	31-Mar-21	31-Mar-20
<b>Segment profit</b>	(115.21)	(924.66)
Dividend Income	0.15	0.53
Net gain on disposal of property, plant and equipment	-	58.38
Income from Investments	-	-
Net foreign exchange gains	-	-
Depreciation on Corporate Assets	(12.13)	(12.13)

	31-Mar-21	31-Mar-20
Windmill Income	-	-
Other Expenses-Audit fees stationery, Professional Charges etc.,	(32.37)	(40.77)
Income from Investment Property (net of expenses)	-	88.25
Interest Income	12.98	12.94
<b>Profit before interest and tax</b>	<b>(146.58)</b>	<b>(817.46)</b>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

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

Reconciliation of Assets	31-Mar-21	31-Mar-20	Reconciliation of Liabilities	31-Mar-21	31-Mar-20
Segment operating assets	6758.72	6552.70	Segment operating liabilities	3,199.91	1,389.70
Corporate Assets - Property & Investments	568.89	508.87	Long Term Borrowings	-	728.60
Interest & Other Receivables	-	49.69	Short term Borrowings	-	564.56
Cash and Cash equivalents	51.83	22.38	Other Current Liabilities	2.00	18.32
Property - Corporate (Land & Buildings)	-	-	Unpaid Dividends	-	-
TDS /MAT receivable	13.28	-	Deferred tax liabilities (net)	-	-
Deferred tax Asset (net)	-	-	<b>Total liabilities</b>	<b>3,201.91</b>	<b>2,701.18</b>
<b>Total Assets</b>	<b>7,392.72</b>	<b>7,133.64</b>			

**31. RELATED PARTY DISCLOSURES**

**32. IND AS 19 Disclosure of Employee Benefits.**

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

**33. Additional Information, as required under Schedule III to the Companies Act, 2013 of entities Consolidated as Subsidiaries, Associates and Jointly Controlled Entity**

Name of the Entity	Net assets i.e., total assets minus total liabilities		Share in Profit or Loss				
	31-03.2021						
	As % of Consolidated Net Assets	Amount	As % of Consolidated Loss	Amount	As % of Consolidated Other Comprehensive Income	Amount	
<b>PARENT</b>							
Veejay Lakshmi Engineering Works Limited	31.03.2021	97%	4,048.22	99%	(294.90)	96%	52.53
	31.03.2020	97%	4,289.08	99%	(1,339.93)	92%	(46.04)
<b>ASSOCIATES</b>							
Veejay Sales and Services Limited	31.03.2021	3%	142.59	1%	(2.81)	4%	2.02
	31.03.2020	3%	143.38	1%	(7.28)	8%	(3.78)
Total	31.03.2021	100%	4,190.81	100%	(297.71)	100%	54.55
	31.03.2020	100%	4,432.46	100%	(1,347.21)	100%	(49.82)

**Interest in Other Entities**

**a) Associates**

The group's Associates at 31<sup>st</sup> March, 2021 are set out below. Unless otherwise stated, they have Share capital consisting solely of equity Share Capital that are directly held by the group, and the proportion of ownership interests held equal 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-21	31-Mar-20	
Veejay Sales And Service Limited	Coimbatore, Tamilnadu	26.20%	26.20%	Windmill Power Generation

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

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

**34. Covid-19 Impact**

The Company has considered the possible effects that may result from the global pandemic relating to COVID-19 on the consolidated financial statements of the Company. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these consolidated financial statements has used internal and external sources of information. The Company has performed an analysis on the assumptions used and based on current estimates expects that the carrying amount of its assets will be recovered. The impact of COVID-19 on the Company's consolidated financial statements may differ from that estimated as at the date of approval of these consolidated financial statements.

**35. Financial Instruments and Risk Review****Financial Instruments**

The carrying value and fair value of financial instruments by categories as of March 31, 2021 is as follows:

(Amount ₹ in Lakhs)

Particulars	Fair Value through P&L	Fair Value through Comprehensive Income	Amortised Cost	Total Carrying Amount
<b>Assets</b>				
Cash and Cash Equivalents	–	–	15.37	15.37
Other Balances with Bank	–	–	36.46	36.46
Trade receivables	–	–	429.09	429.09
Loans	–	–	141.02	141.02
Investments	–	114.03	143.90	257.93
Other Financial Assets	–	–	–	–
<b>Total</b>	<b>–</b>	<b>114.03</b>	<b>765.84</b>	<b>879.87</b>
<b>Liabilities</b>				
Trade and Other Payables	–	–	344.14	344.14
Borrowings	–	–	2,160.50	2,160.50
Other Financial Liabilities	–	–	238.93	238.93
<b>Total</b>	<b>–</b>	<b>–</b>	<b>2,743.57</b>	<b>2,743.57</b>

The carrying value and fair value of financial instruments by categories as of March 31, 2020 is as follows:

(Amount ₹ in Lakhs)

Particulars	Fair Value through P&L	Fair Value through Comprehensive Income	Amortised Cost	Total Carrying Amount
<b>Assets</b>				
Cash and Cash Equivalents	–	–	3.18	3.18
Other Balances with Bank	–	–	19.20	19.20
Trade receivables	–	–	416.38	416.38
Loans	–	–	170.04	170.04
Investments	–	41.09	144.69	185.78

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

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

Other Financial Assets	–	–	–	–
<b>Total</b>	–	<b>41.09</b>	<b>753.49</b>	<b>794.58</b>
<b>Liabilities</b>				
Trade and Other Payables	–	–	975.44	975.44
Borrowings	–	–	1,293.16	1,293.16
Other Financial Liabilities	–	–	88.19	88.19
<b>Total</b>	–	–	<b>2,356.79</b>	<b>2,356.79</b>

**Fair Value Hierarchy:**

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

	As at March 31, 2021	As at March 31, 2020
<b>Assets</b>		
Investments	Level 1	Level 1
<b>Liabilities</b>		
Borrowings-Optionally convertible loan	Level 2	Level 2

**Financial Risk Management Objectives and Policies**

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

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

- Market Risk
- Credit Risk
- Liquidity Risk

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

**Market Risk**

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

**a) Foreign Currency Exchange Rate Risk**

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

(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: (Amount ₹ in Lakhs)

	USD	EURO	JPY	GBP
<b>As at March 31, 2021</b>				
<b>Financial Assets</b>				
Trade receivables	-	-	-	-
<b>Total</b>	-	-	-	-
<b>Financial Liabilities</b>				
Trade Payables	-	-	-	-
<b>Total</b>	-	-	-	-
<b>As at March 31, 2020</b>				
<b>Financial Assets</b>				
Trade receivables	245.87	-	-	-
<b>Total</b>	245.87	-	-	-
<b>Financial Liabilities</b>				
Trade Payables	-	-	-	-
<b>Total</b>	-	-	-	-

### 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

	31-03-2021	31-03-2020
The carrying amount of financial assets represents the maximum credit exposure. Maximum exposure to credit risk being the total of the carrying amount of trade receivables, investments, cash and cash equivalents, other balance with banks, loans and other financial assets.	737.28	651.20

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 and the movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

Trade Receivables	429.09	416.38
Allowance for doubtful debts	-	-

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

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

**Liquidity Risk**

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

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

**Financial Liabilities**

(Amount ₹ in Lakhs)

As at March 31, 2021	Due in 1 year	1-2 years	3-5 years	>5 years
Borrowings	1819.62	57.00	137.56	146.32
Trade payables	344.14	–	–	–
Other Financial Liabilities	238.93	–	–	–
<b>Total</b>	<b>2402.69</b>	<b>57.00</b>	<b>137.56</b>	<b>146.32</b>
<b>As at March 31, 2020</b>				
Borrowings	1185.18	32.00	91.98	
Trade payables	975.44	–	–	
Other Financial Liabilities	88.19	–	–	
<b>Total</b>	<b>2248.81</b>	<b>32.00</b>	<b>91.98</b>	<b>–</b>

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

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

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

**M.S.N.M.Santosh**  
Partner

Place : Coimbatore  
Date : 29.07.2021

M.No: 221916



