



LOYAL TEXTILE MILLS LTD

ANNUAL REPORT 2010 - 2011

LOYAL TEXTILE MILLS LIMITED

BOARD OF DIRECTORS : Mr. MANIKAM RAMASWAMI,
(As on 27th May 2011) Chairman & Managing Director

: Mr. K.J.M. SHETTY I.A.S. (Retd.)
: Mr. S. VENKATARAMANI
: Mr. R. POORNALINGAM I.A.S. (Retd)
: Mr. SHRIDHAR SUBRAHMANYAM
: Mr. P. MANIVANNAN

BANKERS : EXPORT IMPORT BANK OF INDIA
: CENTRAL BANK OF INDIA
: STATE BANK OF INDIA
: KARUR VYSYA BANK LTD
: INDIAN BANK
: STATE BANK OF MYSORE
: INDIAN OVERSEAS BANK

AUDITORS : MESSRS. SURI & CO., MADURAI.

REGISTERED OFFICE : 21/4, MILL STREET, KOVILPATTI - 626 501.
: PHONE : 04632 - 220001
: E-mail:investors@loyaltextiles.com

REGISTRAR AND SHARE : GNSA INFOTECH LIMITED

TRANSFER AGENTS G.R. MANSION
NO. 11, SRINIVASA ROAD
PONDY BAZAR
T. NAGAR
CHENNAI - 600 017
PHONE : (044) 4296 2209 / 4296 2222
E-mail:Info@gnsaindia.com

Notice

LOYAL TEXTILE MILLS LTD.

REGD. OFFICE : 21/4 MILL STREET,
KOVILPATTI 628 501.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Sixty Fifth Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at 21/4, Mill Street, Kovilpatti : 628 501 at 10.00 A.M. on Wednesday, the 24th day of August, 2011 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date together with the reports of the Board of Directors and Auditors thereon.
2. To declare a final dividend on Equity Shares and confirm the Interim dividend of Rs. 10/- per equity shares on 47,03,948 equity shares of Rs.10/- each.
3. To appoint a Director in the place of Mr. R. Poomalingam who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Mr. P. Manikannan who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint M/s. Surl & Co., Chartered Accountants, Chennai, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit to pass the following resolutions with or without modification as an ORDINARY RESOLUTION:

RESOLVED THAT in suppression of the resolution passed by the members of the company at the Annual General Meeting held on 27th August 2007 consent under section 293 (1) (d) of the Companies Act, 1956 be and is hereby accorded to the Board of Directors of the Company for borrowing sum or sums of money from time to time which together with the amounts already borrowed by the Company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) which may exceed at any time the aggregate of the paid up share capital and free reserve, that is to say reserve not set apart for any specific purpose, provided that the total of such borrowings outstanding at any time shall not exceed a sum of Rs.950 Crores (Rupees Nine hundred and fifty Crores only) and that the directors be and are hereby empowered and authorized to arrange and fix the terms and conditions of all such money to be borrowed from time to time such as the interest, repayment, security or otherwise as they may deem fit."

RESOLVED FURTHER THAT the consent of the Company be and is hereby accorded in terms of section 293 (1) (a) and other applicable provisions if any, of the Companies Act, 1956 to the Board of Directors of the Company to mortgage and/or charge all or any off the movable or immovable properties of the Company together with the power to take over the management of the business and concern of the Company in certain events, to or in favor financial institutions, banks and other individuals or concerns to secure loans advanced / agreed to be lent and advanced by them to the Company together with interest thereon at the respective agreed rates, compound interest, commission, remuneration payable to the lenders / agents / trustees."

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board / Committee be and is hereby authorized to finalize, settle and execute such documents / deeds / writings / papers / agreements as may be required and do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard to creating mortgagee / charges as aforesaid.

7. To consider and if thought fit to pass the following resolution with or without modification as an ORDINARY RESOLUTION:

"RESOLVED THAT consent of the Company be and is hereby accorded, pursuant to section 293 (1) (e) and other applicable provisions, if any of the Companies Act, 1956 or any statutory modifications and reenactments thereon, to the Board of Directors of the Company making contributions in any financial year to charitable and other funds / trusts not relating to the business of the Company or the welfare of its employees any sum or sums in excess of Rs.50,000 or 5 percent of the average net profits of the Company as determined in accordance with section 349 and 350 of the Companies Act, 1956 or any statutory modification or reenactments during the three financial year immediately preceding the relevant year, whichever is greater, but subject to a maximum of Rs. 500 Lakhs in any financial year."

"RESOLVED FURTHER to seek the approval and consent given to Board of Directors and ratify the amount spent for charitable purpose during the year 2010-11 up to Rs.2.50 Crores."

By order of the Board
For Loyal Textile Mills Ltd.,

Place: CHENNAI
Date : 27th May, 2011.

MANIKAM RAMASWAMI
Chairman & Managing Director

Notice

LOYAL TEXTILE MILLS LTD.

REGD. OFFICE : 21/4 MILL STREET,
KOVILPATTI 628 501.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORMS, IN ORDER TO BE VALID, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. The Register of Members and Share Transfer Books of the Company will be closed from 16th August, 2011 to 24th August, 2011 (both days inclusive).

3. Members are requested to notify to the Company's Registrars and Transfer Agent (R&TA) M/s GNSA Infotech Limited, G.R. Mansion, No. 11, Srinivasa Road, Pondy Bazar, T. Nagar, Chennai - 600 017. Phone : 044-4296 2209 / 4296 2222 E-mail : eta@gnsaIndia.com

a) any change in their registered address along with PIN code number.

b) details about their bank account number, name of the bank, bank's branch name and address to enable the Company to print the same on the dividend warrants. Please quote your Ledger Folio No./DP and Client ID in all correspondence with the Company / R&TA.

4. Members holding shares in the same name or same order of names under different Ledger Folios are requested to apply for consolidation of such Folios, to the Company's R&TA, at the address stated in Note No. 3 above.

5. As per the amended provisions of the Companies Act, 1956, dividends remaining unclaimed for a period of 7 years has to be transferred to the Investor Education and Protection Fund established by the Government of India. Members who have not encashed the dividend warrants for the year ended 31st March 2004 and/or any subsequent years are requested to write to the Company, giving necessary details before 16.10.2011.

6. Members may avail themselves of the facility of nomination in terms of Section 109A of the Companies Act, 1956 by nominating in the prescribed form a person to whom their shares in the Company shall vest in the event of their death. The prescribed form can be obtained from its R&TA at the aforesaid address.

7. As required under Clause 49 of the Listing Agreement, the details of the Director retiring by rotation and eligible for reappointment are furnished below :

I. Mr. R. Poomalingam

Mr. R. Poomalingam aged 65 years, is a retired I.A.S. Officer has left his distinctive mark in a variety of challenging assignments in his career. His contributions to the field of Public Administration encompass the State of Tamil Nadu as well as the Central Government. A Honours Graduate in Electrical Engineering, he also holds a Master Degree in Economics and a Bachelors in Law; He is also a Hubert Humphrey Scholar. He has been in the Board since October 2006.

Outside Directorship :

1. Tidel Park Limited
2. TITAN Industries Limited
3. National Textiles Corporation
4. Tamilnadu Road Development Company Limited

Committee Membership :

1. TITAN Industries Limited

Mr. R. Poomalingam does not hold any share in the Company.

II. Mr. P. Manivannan

Mr. P. Manivannan aged 49 years. He has over 28 years of experience in Marketing and Administration. He has been in the Board since November 2008. He is also a member of the Shareholders' / Investors' Grievance committee of the Board of Directors.

Outside Directorship : NIL

Committee Membership : NIL

Mr. P. Manivannan holds 1632 Equity Shares of the Company.

By order of the Board
For Loyal Textile Mills Ltd.,

Place: CHENNAI
Date : 27th May, 2011.

MANIKAM RAMASWAMI
Chairman & Managing Director

EXPLANATION STATEMENT

As required by Section 173 of the Company, Act, 1956 , the following explanatory statement sets out all material facts relating to the Special Business mentioned under Item No.6 to 7 of the Notice dated 27th May 2011.

Item No. 6: The shareholders of the Company, at the Annual General Meeting held on 27th August 2007 had approved an increase in borrowings powers of the Board of Directors to the extent of Rs. 750 Crores.

In view of the need to continuously modernize the production facilities at various locations and for expansion of the business, the Company will have to avail loans. It is therefore proposed to increase the borrowings powers Rs.950 Crores.

The Board of Directors is also required to be authorized to create such mortgage / charges in such manner as the Board may think fit to secure the borrowings up to the overall limit of Rs. 950 Crores

None of the directors of the Company is interested or concerned in this resolution.

Your directors recommend the resolution at Item No.6 for approval by the members.

Item No.7: As per section 293 (1) (e) of the Companies Act, 1956, the Board of Directors of the Company can contribution / donate to charitable and other funds not directly relating to the business of the company any amount up to 5% of the average net profits of the Company for the last three years or Rs.50,000/- in a year whichever is higher. Any payment to be made by the Company in excess of the above limits requires the prior approval of the shareholders of the Company in General Meeting.

With the increased participation in socio-economic activities by the Joint Stock Companies your Board has decided to take active participating in such activities for the welfare of the general public. Hence at the Board Meeting held on 27.05.2011, it was resolved by them to increase the limits from Rs.1 Crore (Passed on Annual General Meeting held on 6th September 2001) to Rs.5 crores per annum subject to the approval of the Shareholders.

The Company has been receiving a number of applications and requests for contributions to charitable and other funds, which are scrutinized and responded depending on their merit. As a gesture of munificence, the Company has to make donations to Charitable Institutions which, in a financial year, are likely to exceed the limit specified in section 293(1)(e) of the Companies Act, 1956, that is to say Rs. 50,000 or 5% of the average net profits as determined in accordance with sections 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceding, whichever is greater.

During the year 2010-11 the Directors have paid a donation of Rs. 2.50 Crores in anticipation of the approval of the shareholders. Accordingly the Board seeks the ratification and approval during the Annual General Meeting for making donation up to Rs. 5 Crores.

Hence your Board seeks the approval of the Members of this resolution.

No Director is concerned or interested either directly or indirectly in this resolution.

Directors' Report

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have great pleasure in presenting their 65th Report on the business and operations of the Company together with the audited statement of accounts for the year ended 31st March 2011.

WORKING RESULTS

Financial results for the year under review are as follows :

	(Rs. in Crore)
	For Year ended 31 st March 2011
GROSS PROFIT	127.79
Less : Interest	23.94
OPERATING PROFIT	103.85
Less : Depreciation	50.38
PROFIT BEFORE TAX	53.47
Less : Provision for Current Tax	14.72
PROFIT AFTER CURRENT TAX	38.75
Provision for Deferred Tax	7.37
PROFIT AFTER DEFERRED TAX	31.38
Add : Surplus brought forward from previous year	3.72
PROFIT FOR THE YEAR	
After transferring Rs. 3.20 Crore to General Reserve,	
Your Directors recommend the balance of	31.90
Rs. 31.90 Crore be appropriated as under :	
Interim Dividend @100%	4.70
Dividend Tax	0.78
PROPOSED DIVIDEND ON EQUITY SHARES (39%)	1.86
PROVISION FOR TAX ON DISTRIBUTED PROFITS	0.30
BALANCE CARRIED TO NEXT YEAR	24.24

DIVIDEND

The Company has paid an Interim dividend of Rs. 10/- per equity share on 47,03,949 equity shares of Rs. 10/- each for the year ended on 31.03.2011 and your Directors recommend a Dividend of Rs. 3.80 (39%) per equity share of Rs. 10/- each for the financial year ended 31st March 2011.

PERFORMANCE REVIEW, MANAGEMENT DISCUSSION, ANALYSIS REPORT AND OUTLOOK FOR THE CURRENT YEAR :

The year under review has been a water shed for Indian spinning Industry in particular and the textile Industry in general.

The Government of India restricted its cotton exports and created a disconnect between Indian cotton prices and global cotton prices. India cotton ruled at 15 to 20 % lower than International prices, and this substantially helped the spinning mills to post record profits.

By the same token the government later banned yarn exports for three and a half months, which has led to unprecedented losses to spinning mills starting from March of 2011 and the losses will last until October 2011; many mills may incur more losses than what they gained through the availability of cheaper cotton.

We have always aligned our interest with that of the country, although it was temporarily much more profitable to stay with spinning, and expand spinning, we felt that the country will need more weaving and knitting capacities. With increasing wages more and more of India's large power loom capacity will become redundant and with demand for longer piece length of defect free cloth, the demand for high quality weaving will keep going up. Realising this medium term reality, at Loyal we have concentrated on adding fabric making capacities ; by end of the calendar year we would have almost doubled both weaving and knitting capacities. Thanks to our policy of aligning with what is good for the country and not what is best suited as per the distorted Government policies at that point of time, which swing from one extreme of incentivised exports of subsidised cotton to total ban on exports of cotton or irrationally high DEPB to total withdrawal of all draw back on cotton yarn, we are experiencing a more balanced working.

During the review period we had severe power cuts and load shedding all of which cost us huge additional costs. Additional costs were incurred due to purchase of very expensive third party power. In order to overcome this additional cost as well as to have control over power costs despite SEB's raising the tariff from time to time, we have invested Rs. 54 crores in wind mills which would add 60,000-units per day on an average to our own generation. In addition we have taken up several initiatives to reduce specific power consumption.

During this financial year we will not need to purchase any third party power and would be saving several crores of rupees spent during the last financial year.

Wage costs are rising steeply and availability of work force to work in all 3 shifts is getting more and more difficult. In order to overcome the problems caused by this factor, we are increasing the automation and increasing the sewing machine capacity to get maximum output during the day shift itself.

The current financial year 2011-2012 will be an extremely challenging one, especially the first half, for the spinning mills in particular and textile mills in general, as the cost of cotton, yarn

Directors' Report

and fabrics has dropped by 50%to20%; and the calculated loss for the textile industry in India alone is 2 billion \$ and almost another 2 billion to textile companies in Asia. Indian Government's policy of banning cotton exports first and later yarn exports has been mainly responsible for this disaster, given India's prominent position in global trade in these two commodities.

The Global demand destruction caused due to the faulty policies of the Indian Government is seriously impacting the industry globally. In addition the high interest rate together with slow industrial growth is affecting the inclusive growth and the surplus available with the poor is dropping which in turn affects textile off take in the domestic markets. Prices have started dropping rapidly. When the new prices reach the retail counters and demand gets restored we will see improvements in off take and prices. It is expected, given the inventories with the mills and trade, the improvement will happen during the second half of the financial year.

We will however be able to weather the storm and post profits as we have always aligned our policies with what is good for the Nation and resisted the temptation of aligning our policies with the irrational and temporary benefits given to different sectors from time to time extreme swings.

The turnover increased from Rs.462.49 Crores to 962.45 Crores. It was possible due to increased volume of trade as well as due to the substantial increase in unit value due to inflation. Exports accounted for 769.86 Crores, we won the award for the highest export of grey fabrics for the 4 years in row and expect to win it again for the current year's performance as well.

We have invested Rs 56.14 Crores in our existing facilities to improve quality, and to reduce labour dependence and power consumption, Rs.54 Crores in wind mills and Rs.67.09 Crores in our new unit in the state of Andhra Pradesh, which has several advantages over Tamilnadu such as lower cost of power, less power interruption and load shedding, transparent grid administration, lower cost of labour, lower cost of cotton as AP is a cotton surplus state. When completed AP plant will have 200 looms and enough spinning to produce the required warp yarns. Weft yarns can be sourced from the many mills in the vicinity.

Industrial relations: The Company has cordial industrial relations at all its plants, the total employee strength stands at 4476.

Dividends : This year we have given a total dividend of 139% including the interim dividend.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

All amounts which are due to be transferred to the Investor Education and Protection Fund are regularly monitored and transferred. During the year, the Company has transferred a sum of Rs. 3.51 Lakhs, being the amount due and payable and remaining unpaid for a period of 7 years, as provided under Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (awareness and protection of investors) Rules, 2001. Members who have not encashed the Dividend warrants for the financial year ended 2003-2004 and / or any subsequent years are requested to write to the Company with necessary details before 16.10.2011.

EXPORTS

During the Year under review, the company exported goods to the tune of Rs. 769.86 crores.

MODERNISATION :

A sum of Rs. 126.07 crores (Previous year Rs. 5.94 crores) was spent on modernization / replacement of plant and machinery during the year under review.

FINANCE :

During the year, the Company availed term loans to the tune of Rs. 136.06 crores and repaid loans to the extent of Rs. 26.60 crores to Banks/ Financial Institutions.

FIXED DEPOSITS :

4 deposits aggregating to Rs. 2.04 lakhs remained unclaimed as on 31st March 2011. No deposit has since been renewed / repaid.

DONATION :

During the year 2010-2011, the company have paid a donation of Rs. 2.50 crores in anticipation of the approval of the shareholders. Accordingly the board seeks the ratification and approval during the Annual General Meeting for the making donations upto Rs. 5 crores.

DIRECTORS :

In accordance with the provisions of the Companies Act, 1956, Mr. R.Poomalingam, Director and Mr. P. Manivannan retire by rotation and are eligible for reappointment.

Directors' Report

DIRECTOR'S RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956.

The Directors hereby state :-

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures.
- b) that the directors have selected such accounting policies and applied them consistently and made judgements 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 of the Company for the year;
- c) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the directors have got prepared the annual accounts on a going concern basis.

LISTING :

The Company's equity shares continue to be listed on the Bombay Stock Exchange, Mumbai. The listing fees for the year 2011-2012 has been paid.

AUDITORS :

M/s. Surl & Co., Chartered Accountants, Auditors of the Company retire at this Annual General Meeting and are eligible for reappointment. The Company has received a letter from M/s. Surl & Co to the effect that their appointment as auditors, if made, would be within the limits of Section 224(1-B) of the Companies Act, 1956.

The Auditors Report to the shareholders does contain a qualification with regard to the payment of the Donation of Rs.2.60 Crores to a Charitable Trust, which is subject to sanction by the Shareholders at the ensuing Annual General Meeting.

REPORT ON CORPORATE GOVERNANCE

A detailed report on Corporate Governance is annexed to this report. The Company has complied with the conditions of Corporate governance as stipulated in clause 49 of the listing agreement. The certificate obtained from the auditors of the Company regarding compliance of conditions is annexed to this report.

PARTICULARS OF EMPLOYEES :

As required by Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, a statement of information relating to the employees has been given in the Annexure, which forms part of this Report.

PARTICULARS OF ENERGY CONSUMPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required as per Section 217 (1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 is given in the annexure, which forms part of this report.

ACKNOWLEDGEMENT

Your Directors wish to acknowledge the co-operation and assistance extended by Exim Bank, Central Bank of India, State Bank of India, Karur Vysya Bank Ltd., Indian Bank, State Bank of Mysore and Indian Overseas Bank. Your Directors appreciate the continued co-operation extended by staff and workers of the company and look forward to the same cordial relationship in the coming years.

For and on behalf of the Board of Directors

Place: CHENNAI
Date : 27th May, 2011.

MANIKAM RAMASWAMI
Chairman & Managing Director

Directors' Report

ANNEXURE TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH 2011.

A) Employed throughout the year and in receipt of remuneration in aggregate of not less than Rs.24 lakhs per annum.

Name	Designation	Nature of Duties	Age	Remuneration (Rs.)	Qualification	Date of appointment	Experience	Last employment
Manikam Ramaswami	Chairman & Managing Director	Management of affairs of the company	67 Years	77,96,552.50	B. Tech. (Hons)	01.06.1979	32 Years	NIL

B) Employed for part of the year and in receipt of remuneration of more than Rs. 2 lakhs per month.

_____ NONE _____

Note :

- 1) Remuneration includes Salary, allowances, value of perquisites and Company's contribution to provident and superannuation funds but excludes contribution to gratuity fund on the basis of actuarial valuation as separate figures are not available.
- 2) The nature of employment is contractual.
- 3) Mr. Manikam Ramaswami belongs to the promoter group and holds 1,09,315 shares in the Company which comprises of 2.32% of the total paid up share capital of the Company. Along with his wife and dependent child he holds 1,86,011 shares in the company which comprises of 4.17% of the total paid up share capital of the Company.

STATEMENT OF PARTICULARS PURSUANT TO THE PROVISIONS OF SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 ANNEXED TO AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH 2011.

(a). Energy conservation measures taken

The Company continuously monitors the energy usage in all its units and following major measures have been taken during the year ended 31st March, 2011 for bringing down the energy cost.

- ✦ Cleaning Air time changed from 24 hours to 12 hours in spinning.
- Ring Yarn blower room vario clean containing the revamp and introducing SIDDU unit
- Installed Invertors in ring frames for energy saving.

(b). Additional Investments and proposals, being implemented for reduction of consumption of energy.

The company focuses on energy conservation measures on an ongoing basis and depending upon the savings potential, decision to invest would be made.

(c). Impact of measures (a) and (b) above on reduction of energy consumption and consequent impact on the cost of production of goods.

Due to above energy saving measures implemented during 2010-11, the Company has an annual savings of Rs. 0.56 crores.

Annexure

ANNEXURE

FORM A

(See Rule 2)

Form for disclosure of particulars with respect to conservation of energy

(A) POWER AND FUEL CONSUMPTION	2010-2011	2009-2010
1. Electricity		
a) Purchased		
Units	113,493,858.00	74,389,164.00
Total Amount Rs.	530,128,017.47	342,158,171.50
Rate/ Unit Rs.	4.67	4.60
b) Generation		
i) Through Diesel etc./ Generator Units		
Units	3,027,659.00	1,207,253.00
Fuel Value	34,607,879.31	12,179,191.71
Fuel Quantity	869,661.22	347,746.00
Units per Ltr of Oil	3.27	3.47
Cost/unit Rs.	11.97	10.09
ii) Through Furnace Oil /Generator Units		
Units	11,725,881.00	15,418,061.00
Fuel Value	802,298,227.89	98,884,888.94
Fuel Quantity	2,843,692.00	3,776,779.00
Units per Ltr of Oil	4.16	4.08
Cost / unit Rs.	7.66	6.28
iii) Through Wind /Generator Units		
Units	46,767,996.00	47,484,046.00
Value	194,458,599.08	178,483,860.89
Cost / unit Rs.	4.25	3.76
iv) Through Steam Turbine/ Generator	Not applicable	Not applicable
2. Coal (specify quantity and where used)		
Qty. (Tonnes)		
Total Cost	Not Applicable	Not Applicable
Average cost		
3. Furnace oil		
Qty (Ltrs)	--	--
Total Cost Rs.	--	--
Average Cost Rs.	--	--
4. Others / Internal Generation		
Fire wood (for boiler)		
Quantity (Kgs)	15,182,229.88	14,806,006.00
Total cost Rs.	45,783,766.32	40,333,516.04
Rate/unit Rs.	3.02	2.72
(B) Consumption per unit of production products with details unit (per kg/mtr)		
Electricity		
Yam	3.82	4.21
Cloth	2.95	3.17
Garments	0.14	0.14

Annexure

FORM B (See Rule 2)

Form for disclosure of particulars with respect to Absorption.

Research and Development :

Research and Development is being carried out by South India Textile Research Association (SITRA). Being a Member of SITRA, we get latest Information on Research.

Foreign Exchange earnings and outgo :

The Company is one of the leading exporters of Textiles.

Initiatives are constantly undertaken to improve exports to various Countries.

	(Rs. In Crore) 2010 - 2011	(Rs. In Crore) 2009 - 2010
Total Foreign Exchange Earned	744.19	281.01
Total Foreign Exchange Used	68.31	68.18

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

Corporate Governance is about promoting Corporate fairness, transparency and accountability. The Company believes that, the Corporate Governance Code will protect the shareholders' rights, minimise risk and enhance value in the investment process. The ultimate purpose thus is to create a self driven, self assessed and self regulated organisation in a competitive business environment.

The following is a report on the status and progress on major aspects of Corporate Governance.

2. BOARD OF DIRECTORS :

i) The composition of the Board of Directors as on 31st March, 2011 is as follows :

S.No	Name of the Director	Executive/Non Executive/ Independent	No. of directorships in other companies*	Committee Membership in other companies**
1.	Mr.Manikam Ramaswami Chairman & Managing Director	Promoter & Executive	Nil	Nil
2.	Mr.KJM. Shetty	Independent & Non-Executive	8	7
3.	Mr.S. Venkataramani	Independent & Non-Executive	3	1
4.	Mr.R.Poornalingam	Independent & Non-Executive	4	1
5.	Mr.Shridhar Subrahmanyam	Independent & Non-Executive	Nil	Nil
6.	Mr.P. Manivannan	Executive Director	Nil	Nil

* Directorship in Private Limited Companies, Section 25 Companies and Foreign Companies are excluded.

** Only Audit Committee, Shareholders' / Investors' Grievance Committee and Remuneration Committee considered.

Annexure

The information on the Directors retiring by rotation and eligible for reappointment at the ensuing AGM is furnished in the AGM notice.

II) Board Meetings & AGM

During the year under review six Board meetings were held i.e. on 24th May, 2010, 30th July, 2010, 10th September, 2010, 17th September, 2011, 10th November 2011, and 10th February 2011. The Company regularly furnishes all the relevant information, as recommended by the Securities and Exchange Board of India / Stock Exchange, to the Board.

The attendance of directors at these meetings and the remuneration paid to the Directors is as follows :

Directors	No. of Board Meetings Attended	Whether attended last AGM
Mr. Manikam Ramaswami	4	No
Mr. K.J.M. Shetty	5	No
Mr. S. Venkataramani	5	No
Mr. R. Poornalingam	6	No
Mr. Shridhar Subrahmanyam	5	No
Mr. P. Manivannan	5	Yes

III) Remuneration to Directors

No remuneration other than the sitting fees and other expenses (travelling, boarding and lodging incurred for attending the Board / Committee Meetings) were paid to the non-executive Directors in 2010-2011.

a) Details of Remuneration paid to the Managing Director and a Director during the year 2010-2011 is given below.

NAME OF DIRECTOR	SALARY	PERKS	COMMISSION	PF & SUPER ANNUATION FUND	TOTAL
	Rs.	Rs.	Rs.	Rs.	Rs.
Mr. Manikam Ramaswami	18,00,000	5,45,552	50,00,000	4,50,000	77,95,552
Mr. P. Manivannan	5,91,485			66,801	6,58,086
Mr. Shridhar Subrahmanyam			Professional fee		4,96,350

b) Details of payments made to Non-Executive Directors during the year 2010-2011 is given below :-

Directors	Sitting Fees (in Rupees)		Total No. of Shares held in the Company as on 31 st March 2011.
	Board Meeting	Committee Meeting	
Mr. K.J.M. Shetty	50,000	30,000	50*
Mr. S. Venkataramani	45,000	30,000	NII
Mr. R. Poornalingam	55,000	NII	NII
Mr. Shridhar Subrahmanyam	45,000	35,000	NII

* Shares held as second joint holder.

3. BOARD COMMITTEES

In accordance with the Code of Corporate governance, the Board has set up the following Committees. All Directors have confirmed that the number of committee memberships they hold across all Companies is within the limits prescribed as per stock exchange regulations.

(i) Audit Committee

The Audit Committee consists of three Non-Executive directors with Mr. K.J.M. Shetty (as Chairman), Mr. S. Venkataramani and Mr. Shridhar Subrahmanyam as members.

During the year the Committee met four times i.e. on 24th May 2010, 30th July, 2010, 10th November, 2010 and 10th February, 2011.

Annexure

The terms of reference of the Audit Committee are in tandem with those laid down by stock exchange regulations and *inter-alia* include the following :

- Overseeing the Company's financial reporting process and ensuring correct, adequate and credible disclosure of financial information;
- Recommending appointment and removal of external / Internal auditors and fixing their fees;
- Reviewing with management the annual financial statements with special emphasis on accounting policies and practices, compliance with accounting standards and other legal requirements concerning financial statements; and
- Reviewing the adequacy of the Audit and compliance function, including their policies, procedures, techniques and other regulatory requirements.

The details of attendance of members of the Audit Committee are as follows :

Name of the Member	No. of Meetings Attended
Mr. K.J.M. Shetty	3
Mr. S. Venkataramani	3
Mr. Shridhar Subrahmanyam	4

The Statutory Auditor, Chief Financial Officer, Company Secretary and other concerned executives of the Company attended the Committee Meetings.

II) Shareholders' / Investors' Grievance Committee

This Committee (a) approves and monitors share transfers, and transmissions, splitting and consolidation of Shares and issue of duplicate share certificates and share certificates in the case of rematerialisation of shares. All these requests are approved by the Committee once in a fortnight by way of circular resolutions. (b) looking into redressal of shareholders / Investors complaints viz. transfer of shares, non receipt of declared dividends etc. and deciding on any other matter as may be required in connection with the shareholders/investors' servicing or redressal of their grievances and (c) carries out functions envisaged under the Code of Conduct for prevention of Insider Trading adopted in terms of Regulation 12(1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992.

The Committee consists of 3 Directors, out of which 2 are Non-Executive Directors namely, Mr. KJM Shetty, and Mr.S. Venkataramani, and 1 executive director namely: Mr.P. Manivannan.

The Committee met once during the year, on 24th May 2010.

Name of the Member	No. of Meetings Attended
Mr. K.J.M. Shetty	NIL
Mr. S. Venkataramani	1
Mr. P. Manivannan	1

6 Shareholders' complaints in the nature of non-receipt of dividend warrants, non - receipt of share certificates after transfer, non - receipt of Annual Report etc were received during 2010 - 2011.

To monitor investor servicing on a continuous basis the Committee has directed the Company Secretary to forward to the Committee members a report on Investors servicing on a periodical basis. All the complaints received from the shareholders during the year under review were resolved to the satisfaction of the shareholders.

The Company has designated an exclusive E-Mail ID for the purpose of registering complaints by Investors and necessary follow up action by the company / compliance officer in compliance with Clause 47(f) of the Listing Agreement. The e-mail ID is : investors@loyaltextiles.com

4. MANAGEMENT DISCUSSION & ANALYSIS REPORT :

The Management Discussion and Analysis Report forms part of the Annual Report.

5. DISCLOSURES

a) There were no materially significant related party transactions made by the Company with its Promoters, Directors or Management or relatives etc., during the year, that may have potential conflict with the interests of the Company. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.

Transactions with related parties are disclosed in Note No. 18 of Schedule 21 to the Accounts in this annual report.

b) The Company has complied with the statutory provisions, rules and regulations relating to the capital markets during the last three years and Stock Exchanges or SEBI or any statutory authority has not imposed any penalty or stricture on the Company.

6. GENERAL SHAREHOLDER INFORMATION

a) Annual General Meeting

Day : Wednesday
Date : 24th August, 2011
Time : 10.00 a.m
Venue : 21/4, Mill Street, Kovilpatti - 628 501.

The information on the Directors retiring by rotation and eligible for reappointment at the ensuing AGM is furnished in the notice of the AGM.

Last three Annual General Meetings :

Date & Time	Location	Special Resolution passed
4 th September, 2008, 10.30 A.M.	21/4, Mill Street, Kovilpatti - 628 501. Tamil Nadu	Commencement of new business of farming
2 nd September, 2009, 9.45 A.M.		1. Appointment of Mr. P. Manivannan as Whole Time Director and payment of remuneration. 2. Approval for Mr. Shridhar Subrahmanyam to hold an office or place of profit.
20 th September, 2010, 10 A.M.		NIL

Annexure

- No Special Resolution was passed last year through postal Ballot.
- No Special Resolution is proposed to be passed through postal ballot this year.
- b) Financial Calendar *(tentative calendar of events and subject to change)* for the 2011 - 2012.

Financial reporting for the quarter ending 30th June 2011 : End of July 2011
 Financial reporting for the quarter ending 30th September 2011 : End of October, 2011
 Financial reporting for the quarter ending 31st December 2011 : End of January, 2012
 Financial reporting for the quarter ending 31st March 2012 : Within 60 days from the end of March 2012

Annual General Meeting for the year ending 31st March, 2011: Last week of August 2012.

c) Book Closure period :
 16th August, 2011 to 24th August, 2011. (As stipulated in the Listing agreement)

d) Share Capital :
 Consequent to the allotment of 1,12,500 shares pursuant to the amalgamation of Shri. Chintamani Textile Mills Limited with our company. The Share capital of the Company stands increased to (47,03,946 + 1,12,500) equity shares of Rs. 10/- each.

g) Market price data :

e) Dividend :

The company has paid an Interim dividend of Rs. 10/- per equity share on 47,03,946 equity shares of Rs. 10/- each for the year ended 31.03.2011. The final dividend recommended by the Directors, after the same is approved by the shareholders at the Annual General Meeting, will be paid to those shareholders whose name appear on the Company's Register of Members as on the date of Annual General Meeting and in case of shares in dematerialized form, as per the details furnished by NSDL/CDSL. The warrants will be posted on or before by 22nd September 2011.

f) Listing on Stock Exchange and stock code :

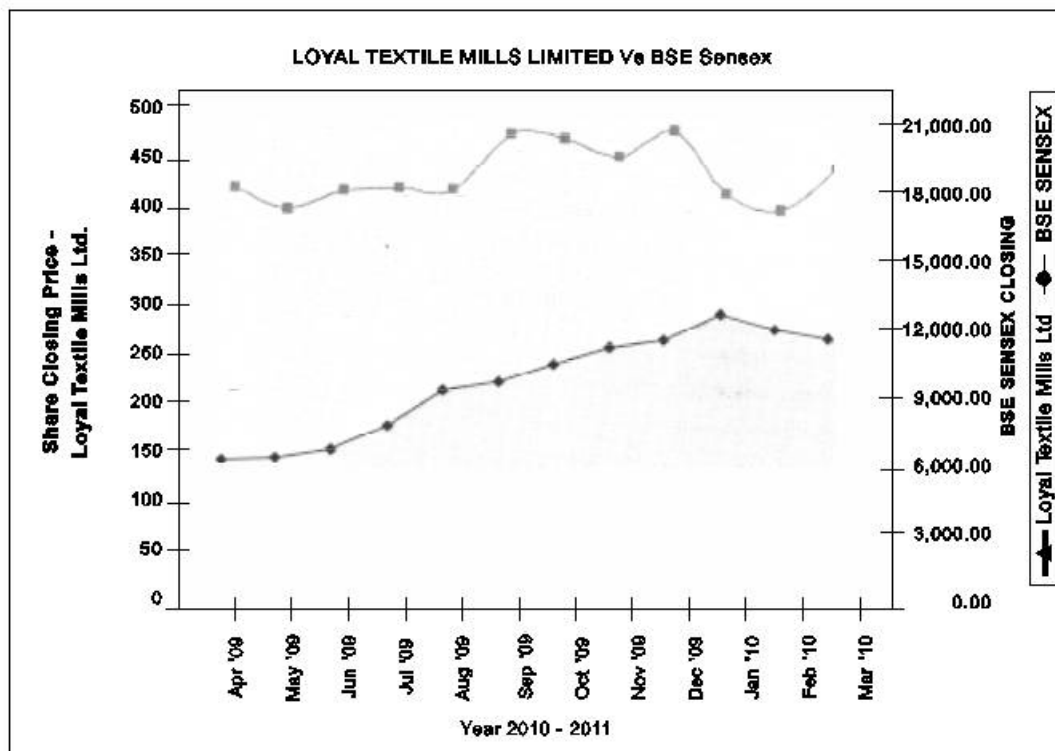
The Company's equity shares are listed on the Stock Exchange, Mumbai. The address of the Stock exchange and the stock code is given below :

Stock Exchange	Stock code
Bombay Stock Exchange Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001	614036

MONTH	COMPANY'S SHARE PRICE			BSE SENSEX		
	HIGH	LOW	CLOSE	HIGH	LOW	CLOSE
Apr 10	174.86	156	171.6	18,047.88	17,276.80	17,558.71
May 10	164	150.5	176.05	17,536.86	15,960.15	16,844.63
June 10	187	186.35	186	17,919.52	16,318.39	17,700.90
July 10	235	178	208.2	18,237.56	17,395.58	17,868.28
Aug 10	268.9	212	240	18,476.27	17,819.99	17,971.12
Sept 10	285	228.1	250	20,267.88	18,027.12	20,068.12
Oct 10	295.6	239.95	267.36	20,854.56	19,768.96	20,032.34
Nov 10	340	246	283	21,106.64	18,954.62	18,521.25
Dec 10	329	280	292	20,662.08	19,074.67	20,609.09
Jan 11	368	294	315.8	20,664.80	18,038.48	18,327.76
Feb 11	348	272	306	18,890.97	17,295.52	17,823.40
Mar 11	334	277.2	299	19,575.16	17,782.17	19,445.22

Annexure

Chart Comparing the Company's closing share price movement with that of BSE SENSEX :



h) Share Transfer System :

M/s. GNSA Infotech Ltd, Chennai are the Share Transfer Agent of the Company. The share transfer process is reviewed by the Shareholders' / Investors' Grievance Committee. The share transfer requests in physical form and other shares related issues are processed and dispatched to the respective lodgers within the statutory period, provided the documents are complete in all respects. To ensure better investor servicing, share transfers/transmissions are processed every fortnight. Mr. Shiva Prasad Padhy, Company Secretary who is the Compliance Officer of the Company. The total number of shares transferred / transmitted during the year was :

	No. of shares	
No. of Transfers	5	1013
No. of Transmissions	6	1080
No. of Duplicate Share Certificates Issued	20	1150

i) Dematerialisation of shares :

The Company has entered in to an agreement with both NSDL & CDSL to have electronic depository facilities for the shares of the Company. As on 31st March, 2011, 8,29,710 shares were in dematerialised form representing 17.64% of the total shares. The Demat ISIN code Number of our share is INE970D01010.

Annexure

j) Shareholding Pattern (As on 31st March, 2011) :

S. No.	Category	No. of Shares	% to total capital
1	Promoter Group	3428977	72.90
2	Nationalized Banks	5200	0.11
3	Insurance Companies	NIL	NIL
4	Non Residents	37125	0.79
5	Others	1232644	26.20
	TOTAL	4703946	100.00

k) Distribution of shareholding of the Company as on 31st March 2011 :

DISTRIBUTION OF HOLDINGS - 31-03-2011				
Share holding of nominal value of (In Rs.)	No. of Share holders		Share Amount	
	Number	% to Total	In Rs.	% to Total
up to 5000	1848	83.30	25,31,420	5.38
5001 - 10000	162	7.31	13,18,100	2.80
10001 - 20000	99	4.47	15,70,150	3.34
20001 - 30000	36	1.62	9,16,640	1.95
30001 - 40000	20	0.90	7,41,490	1.58
40001 - 50000	9	0.41	4,22,330	0.90
50001 - 100000	17	0.77	12,41,940	2.64
100001 and above	27	1.22	3,82,97,390	81.42
Total	2216	100.00	470,39,460	100.00

l) The Company has not issued any GDRs/ ADRs/ Warrants or any convertible Instruments during the year under review.

m) Plant locations :

Spinning, Knitting, Weaving and Garments

- 21/4, Mill Street, Kovilpatti - 626 501.
- N. Venkateswarapuram, N. Subbiah puram, Settur Taluk - 626 206.
- Menakur Village, Naidupatta Mandal, Nellore District, Andhra Pradesh - 524 221.

Processing :

- C7-1, SIPCOT Industrial Complex, Kudlakadu, Cuddalore - 607 006.

n) Means of Communication :

The Quarterly financial results, as taken on record by the Board of Directors, are communicated to the Stock Exchange where the shares of the Company are listed. These results are also published in English dailies like the Business Line & Vernacular dailies like the Tamil Murasu and also on SEBI's website www.sebi.gov.in.

The annual reports are sent to all the shareholders. The shareholding pattern is also available on the SEBI website.

o) Address for Communication :

a. Compliance Officer

Mr. Shiva Prasad Padhy
Company Secretary
Loyal Textile Mills Ltd.
No. 63, (Old No.41) First Main Road,
R A Puram, Chennai - 600 028
Phone : (044) 42277374 Fax : (044) 43060622
Email : investors@loyaltextiles.com

(or)

2. Registrar and Share Transfer Agent

GNSA Infotech Limited
G.R. Mansion, No. 11, Srinivasa Road
Pondy Bazar, T. Nagar, Chennai - 600 017
Phone : (044) 4296 2208 / 4296 2222
E-mail : sta@gnsaindia.com
Contact person : Mr. Krishna Kumar, Director

INSIDER TRADING POLICY

As per the SEBI Guidelines on Insider Trading, all listed companies were required to setup an appropriate mechanism for regulating transactions in the shares of the Company by insiders. Your company has framed a Code of Conduct for Prevention of Insider Trading for Promoters, Directors, Designated Employees & their dependant family members. Mr. Shiva Prasad Padhy, Company Secretary has been appointed as the Compliance Officer for monitoring insider trading.

Annexure

Information pursuant to Clause 49(IV)(G) of the Listing Agreement :

The necessary information are provided in the notice, calling the Annual General Meeting.

EXTENT OF COMPLIANCE WITH NON MANDATORY REQUIREMENTS

Remuneration Committee :

The Company has not constituted any Remuneration Committee. The remuneration to the Executive Director is paid as approved by the Members of the Company based on the recommendation of the Board of Directors.

Circulation of Quarterly / Half-yearly results :

The Quarterly / half yearly results are sent to shareholders who request for the same.

Audit qualifications :

The auditors have made a qualifications on the financial statements of the Company with regard to the payment of the Donation of Rs.2.50 Crores to a Charitable Trust, which is subject to sanction by the Shareholders at the ensuing Annual General Meeting.

To

The Members of Loyal Textile Mills Limited

Postal Ballot :

During the year no resolutions were passed by postal ballot.

Training of Board Members and their evaluation

Majority of the Board members have been associated with the Company for a number of years and are well aware of the business model of the company as well as the risk profile of the business parameters of the company, their responsibilities as directors, and the best ways to discharge them.

Whistle Blower Policy :

The Company is yet to implement a Whistle Blower Policy.

MANIKAM RAMASWAMI

Chairman & Managing Director

Sub : Declaration by the CEO under Clause 49 (I) (D) (II) of the Listing Agreement

I, Manikam Ramaswami, Chairman & Managing Director of Loyal Textile Mills Limited, to the best of my knowledge and belief, declare that all the members of the Board and Senior Management Personnel have affirmed compliance with the code of conduct of the Company for the year ended 31st March 2011.

Place : CHENNAI

Date : 27th May 2011.

MANIKAM RAMASWAMI

Chairman & Managing Director

Report of the auditors

REPORT OF THE AUDITOR'S TO THE MEMBERS OF M/S. LOYAL TEXTILE MILLS LIMITED, KOVILPATTI

1. We have audited the attached Balance Sheet of M/s. Loyal Textile Mills Limited, Kovilpatti as at 31st March, 2011 and also the Profit and Loss Account for the year ended on that date annexed thereto and the cash flow statement for the year ended on that date.
2. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
3. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
4. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
5. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
6. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
7. In our opinion, the Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
8. On the basis of written representations received from the Directors, as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
9. As per information furnished, pending notification from the Central Government, the company is not required to pay any fees under Section 441A of the Companies Act 1956, as on the date of Balance Sheet.
10. In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to the payment of donation to a charitable trust amounting to Rs. 2.5 crores, which is subject sanction by the share holders at the ensuing annual general meeting give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.
 - ii) In the case of the profit and Loss Account, of the PROFIT for the year ended on that date, and
 - iii) In the case of cash flow statement, of the cash flows for the year ended on that date.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, we further state that:

- 11.a) The Company has maintained proper records to show full particulars including quantitative details and situation of Fixed Assets.
- b) According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year at reasonable intervals and no material discrepancies were noticed on such verification.
- c) No substantial part of fixed assets have been disposed off during the year.
- 12.a) As explained to us, the inventories have been physically verified by the management at regular intervals during the year.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The company has maintained proper records of inventory. As explained to us, the discrepancies noticed on physical verification of stocks, as compared to book records were not material and the same have been properly dealt with in the books of accounts.
- 13.a) In our opinion and according to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to the companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- b) In our opinion and according to the information and explanations given to us, the Company has not taken loans, secured or unsecured from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
14. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no major weakness in internal control which requires correction.
- 15.a) The particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained in pursuance of section 301 of the Act.
- b) As explained to us there have been transactions made in pursuance of such contracts or arrangements in respect of each such party entered in the register maintained under Section 301 of the Companies Act, 1956 during the year and the same have been made at prices which are reasonable having regard to the prevailing market prices.
16. In our opinion and according to the information and explanations given to us, the Company has complied with directives of Reserve Bank of India and the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder or any other relevant provisions of the Act with regard to the deposits accepted from the public.

Report of the auditors

As per information furnished, the company has not received any order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

17. In our opinion, the Company has an Internal Audit system which is commensurate with the size of the company and the nature of its business.
18. We have broadly reviewed the cost records maintained by the company in respect of products where pursuant to the Rules made by the Central Government, the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 19.a) According to the information and explanations given to us, the company has been regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income-tax, Sales-tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty, Cess and any other material statutory dues with the appropriate authorities during the year.
- b) According to the information and explanations given to us, there are no undisputed statutory dues payable in respect of above which are outstanding as at 31-3-2011 for a period of more than six months from the dates they became payable.
- c) According to the information and explanations furnished to us there are no dues of Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited with appropriate authorities on account of any dispute. In respect of Income tax and sales tax which are pending payment on account of dispute, the information of which is given below :
20. The company has neither any accumulated losses nor has incurred any cash losses in the financial year or in the immediately preceding financial year.

21. According to the information and explanations given to us the company has not defaulted in repayment of dues to financial institutions or banks. The Company has no outstanding debentures.
22. The company has not granted any loans / advances on the basis of security by way of pledge of shares, debentures and other securities.
23. The company not being a Chit fund, Nidhi or mutual benefit Society, the requirements of item (dii) of paragraph 4 of the Order is not applicable to the company.
24. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. In respect of shares held as investments, the same are held in the name of the Company.
25. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others, from a bank or financial institution.
26. As per information and explanations given to us, term loans were applied for the purpose of which loans were obtained.
27. According to the information and explanations given to us, no fund raised on short-term basis has been used for long-term investment.
28. The company has not made any allotment of shares during the year.
29. The company has not issued debentures. Hence the requirements of clause (dix) of paragraph 4 of the Order regarding creation of securities for debentures issued are not applicable to the company.
30. The Company has not raised any amount by public issues.
31. According to the information and explanations given to us, a fraud on or by the Company has not been noticed or reported during the year.

FOR SURI & CO.,
CHARTERED ACCOUNTANTS
Firm Regn. No.: 004283S

Place : CHENNAI
Date : 27th May 2011

(R.KRISHNAMOORTHY)
PARTNER
M.No. 20695

ANNEXURE TO REPORT OF THE AUDITORS FOR THE YEAR ENDED 31st MARCH 2010 STATEMENT OF UNPAID DISPUTED DUES

Name Statute / Dues	Unpaid Disputed Liability (Rs. in '000s)	Period	Forum where dispute is pending
Income Tax	1,05.69	Asst. year 2002-03, 2003 - 04 and 2004 -05	Commissioner of Income Tax (Appeals)
Sales Tax - TNGST	8.09	Asst. year 2002 - 2003	Appellate Assistant Commissioner of Sales Tax
Sales Tax - CST	6.06	Asst. year 2002 - 2003	Appellate Assistant Commissioner of Sales Tax
Service Tax	8.54	Asst. year 2009 - 10	High Court Madurai Bench.
Total	128.38		

Report of the Auditors

AUDITOR'S CERTIFICATE IN COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS PER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES

To the Members of Loyal Textile Mills Ltd., KOVILPATTI.

We have examined the Compliance of conditions of Corporate Governance by M/s.Loyal Textile Mills Ltd. Kovilpatti for the year ended on 31st March 2011, as stipulated in clause 49 of the Listing Agreement of the Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR SURI & CO.,

(R.KRISHNAMOORTHY)
PARTNER

CHARTERED ACCOUNTANTS
M.No. 20695

Place : CHENNAI

Date : 27th May 2011

Operating Results Summary

(Rs. in Lakhs)

Year Ended	31.3.2011	31.3.2010	31.3.2009	31.3.2008	31.3.2007	31.3.2006
Turnover	94157.45	44421.56	42405.65	39256.82	36099.38	30283.50
Export Incentives / Duty Drawback	2087.90	1785.41	1649.19	1614.33	1000.31	723.21
Other Income	1261.52	144.63	188.66	557.39	564.04	349.87
Increase / (Decrease) in Stock	5449.16	(812.50)	38.22	787.33	520.69	280.94
	<u>102956.03</u>	<u>45539.10</u>	<u>44261.92</u>	<u>42215.87</u>	<u>38184.42</u>	<u>31637.32</u>
Raw Material Consumed	43980.68	21281.35	20746.05	18159.97	18526.39	12354.34
Conversion / Processing Charges	795.47	1834.09	1980.33	1467.27	1646.85	2074.14
Stores Consumed	2697.34	1923.00	2135.15	1839.16	1844.05	1799.20
Purchase of Finished Goods for Processing / Sales	23654.50	2774.00	4132.12	4220.12	2208.41	1277.64
Power and Fuel	4962.61	2970.43	3042.19	3269.91	3472.45	3264.39
Salaries, Wages, Bonus & Amenities	4356.35	2798.74	2406.95	2185.08	1915.93	1649.59
Repairs & Maintenance	2304.32	1340.64	1297.16	1272.38	1287.00	1534.48
Interest	2394.67	2113.18	2212.39	1524.30	893.13	649.75
Other Expenses	7425.03	3718.37	3898.68	3277.22	3083.15	2493.82
Depreciation	5038.96	4486.06	4531.87	4225.95	3286.71	2832.20
	<u>97609.83</u>	<u>45239.86</u>	<u>46362.89</u>	<u>41441.37</u>	<u>36164.07</u>	<u>29929.56</u>
Pre Tax Profit (Loss)	5346.20	299.24	(2100.97)	774.50	2020.35	1707.76
Export (C & F Value)	77975.53	29823.19	28671.18	27618.55	28635.27	21748.72
Production of yarn in Lakh Kgs.	225.14	194.62	180.20	178.33	150.61	127.23
Production of Cloth in Lakh Mtrs.	286.15	256.93	269.11	252.10	234.13	234.49

Balance Sheet Summary

(Rs. in Lakhs)

As at	31.03.2011	31.3.2010	31.3.2009	31.3.2008	31.3.2007	31.3.2006
Gross Block	73274.48	52615.20	52444.59	50928.62	43287.43	37004.15
Depreciation	31113.39	25986.47	21890.68	17734.87	14364.28	12710.76
Net Fixed Assets	42161.09	26628.73	30553.91	33193.75	28923.15	24293.39
Investments	357.75	180.19	180.19	186.29	192.58	214.92
Current Assets	32086.75	19085.91	18404.30	17836.75	13156.81	13293.85
Loans and Advances	12891.19	5349.23	4078.19	3927.53	3594.50	2950.79
	87496.78	51244.06	53216.59	55144.32	45867.04	40752.95
Secured & Unsecured Loans	62681.42	35776.60	39247.16	37661.91	30219.32	25413.97
Current Liabilities & Provisions	10495.81	4793.76	3331.71	4824.02	3344.20	4565.18
Deferred Tax Liability	3182.10	2311.60	2307.78	3015.28	2819.28	2360.28
	76359.32	42881.96	44886.65	45401.21	36382.80	32339.43
Net Worth	11137.45	8362.10	8329.94	9743.11	9484.24	8413.52
Represented By :						
Share Capital	481.84	470.40	470.40	470.40	470.40	470.40
Reserves and surplus	10655.81	7891.70	7859.54	9272.71	9013.84	7943.12
Pre Tax Profit (Loss)	5346.20	299.24	(2100.97)	774.50	2020.35	1707.76
Dividend paid on Equity shares	858.24	141.12	—	183.45	183.45	183.45
% of Dividend on Equity Shares	139	30.00	—	39.00	39.00	39.00

Profit and Loss Account for the year ended 31st March, 2011

(Rs.'000)

Particulars	Schedule No.	Year ended 31.03.2011	Year ended 31.03.2010
INCOME			
Net Sales		9,39,10,42	444,08,34
Export Incentives & Duty Drawback		20,87,90	17,85,41
Processing Charges		2,47,03	13,22
Other Income	1	12,61,52	1,44,63
Increase/ (Decrease) In Stocks	2	64,49,16	(8,12,50)
Total		10,29,56,03	455,39,10
EXPENDITURE			
Raw Material Consumed	3	4,39,80,68	212,81,35
Conversion and Processing Charges		7,95,47	18,34,09
Stores Consumed		26,97,34	19,23,00
Purchase of Items traded		2,36,54,50	27,74,00
Power and Fuel		49,62,61	29,70,43
Salaries, Wages, Bonus and Amenities	4	43,56,36	27,98,74
Repairs and Maintenance	5	23,04,32	13,40,64
Interest	6	23,94,57	21,13,18
Other Expenses	7	74,26,03	37,18,37
Depreciation		60,38,96	44,86,06
Total		9,78,09,63	452,39,86
Profit / (Loss) Before Taxation		53,46,20	2,99,24
Less : Provision for Current Tax		10,90,00	98,70
Less : Provision for earlier period Tax		3,82,86	-
Profit / (Loss) after Current Tax		38,73,34	2,00,54
Less : Provision for Deferred Tax		7,36,66	3,82
Profit / (Loss) after Taxation		31,36,68	1,96,72
Add : Balance Brought Forward		3,71,78	
		35,08,46	1,96,72
LESS : APPROPRIATIONS			
(a) Transfer to General Reserve		3,20,00	20,00
(b) Interim Dividend 100%		4,70,39	-
(c) Dividend Distribution tax		78,13	-
(d) Proposed Dividend on Equity Shares (39%/30%)		1,87,84	1,41,12
(e) Provision for tax on distributed profits		29,59	23,44
Balance carried to Balance Sheet		24,22,51	12,18
Earnings per share			
a) Before extra ordinary item Basic and Diluted		66.12	4.18
b) After extra ordinary item Basic and Diluted		66.12	4.18

Schedules 1 to 7 and Schedule 21 (Notes) form part of this Profit and Loss Account

MANKAM RAMASWAMI
Chairman & Managing Director

S. VENKA TARAMANI
R. POORNALINGAM
SHRIDHAR SUBRAHMANYAM
P. MANIV ANNAN
K.J.M. SHETTY
Directors

SHIVA PRASAD PADHY
Company Secretary

Vide our Report of even date attached
For SURI & CO.,
R. KRISHNAMOORTHY
Partner
Chartered Accountants

Date : 27th May 2011
Place : Chennai.

Date : 27th May 2011
Place : Chennai.

Balance Sheet as at 31st March, 2011

(Rs.'000)

Particulars	Schedule No.	As at 31.03.2011	As at 31.03.2010
SOURCES OF FUNDS :			
SHARE HOLDERS FUNDS :			
Capital	8	4,81,84	4,70,40
Reserves and Surplus	9	1,06,55,81	78,81,70
		<u>1,11,37,46</u>	<u>83,52,10</u>
Deferred Tax Liability (Net)	10	31,82,09	23,11,60
LOAN FUNDS :			
Secured Loans	11	6,26,49,07	3,57,49,49
Unsecured Loans	12	32,36	27,11
		<u>6,26,81,42</u>	<u>3,57,76,60</u>
Total		7,70,00,96	4,64,50,30
APPLICATION OF FUNDS :			
FIXED ASSETS			
Gross Block	13	6,93,86,66	5,24,87,26
Less : Depreciation		<u>3,11,13,38</u>	<u>2,59,86,47</u>
Net Block		3,82,73,17	2,65,00,79
Capital Work-In-Progress		38,87,92	1,27,84
		<u>4,21,61,09</u>	<u>2,66,28,73</u>
INVESTMENTS	14	3,67,76	1,80,19
CURRENT ASSETS, LOANS & ADVANCES :			
Interest on deposits & Interest subeidy receivable		10,64,44	9,60,23
Inventories	15	2,30,55,76	1,11,02,03
Sundry Debtors	16	75,22,72	87,14,15
Cash and Bank Balances	17	4,43,83	3,09,50
Loans and Advances	18	1,28,91,18	53,49,23
		<u>4,49,77,93</u>	<u>2,44,35,14</u>
Less : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	19	1,01,33,18	45,41,02
Provisions	20	3,82,88	2,52,74
		<u>1,04,95,81</u>	<u>47,93,76</u>
Net Current Assets		3,44,82,12	1,96,41,38
Total		770,00,96	4,64,50,30

Schedules 6 to 20 and 21 (Notes) form part of this Balance Sheet

MANIKAM RAMASWAMI
Chairman & Managing Director

S. VENKA TARAMANI
R. POORNALINGAM
SHRIDHAR SUBRAHMANYAM
P. MANIV ANNAN
K.J.M. SHETTY
Directors

SHIVA PRASAD PADHY
Company Secretary

Vide our Report of even date attached
For SURI & CO.,
R. KRISHNAMOORTHY
Partner
Chartered Accountants

Date : 27th May 2011
Place : Chennai.

Date : 27th May 2011
Place : Chennai.

Schedules to Profit and Loss Account

	(Rs.'000)	
Particulars	Year ended 31.03.2011	Year ended 31.03.2010
SCHEDULE 1 - OTHER INCOME		
Rent (TDS Rs. 7,37,090/-)	81,02	85,58
Profit on Sale of Assets (Net)	2,15,91	41,58
Insurance claim	40,98	79
Dividends - Non Trade	19,27	2
Miscellaneous Income	14,97	14,82
Exchange Fluctuations	3,18,22	
Testing charges	3,43	1,86
Provision no Longer Required written back	5,67,82	-
TOTAL	12,61,52	1,44,63
SCHEDULE 2 - INCREASE / (DECREASE) IN STOCK		
OPENING STOCK		
Process Stock	18,43,23	18,91,97
Finished Goods	23,58,95	28,41,04
Waste Cotton	48,80	30,47
TOTAL (A)	40,50,98	48,83,48
Less : CLOSING STOCK		
Process Stock	22,05,23	18,43,23
Finished Goods	72,64,28	23,58,95
Waste Cotton	30,65	48,80
TOTAL (B)	95,00,14	40,50,98
INCREASE / (DECREASE) IN STOCK (B-A)	54,49,16	(8,12,50)
SCHEDULE 3 - RAW MATERIAL CONSUMED		
OPENING STOCK	62,85,41	38,38,68
Add : Purchase and Expenses	5,06,31,17	2,37,28,08
	5,69,16,58	2,75,66,76
	5,69,16,58	2,75,66,76
Less : CLOSING STOCK	1,29,35,90	62,85,41
TOTAL	439,80,68	212,81,35

Schedules to Profit and Loss Account

(Rs.'000)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
SCHEDULE 4 - SALARIES, WAGES, BONUS AND AMENITIES		
Salaries, Wages and Bonus	35,62,71	23,18,46
Un availed earned Leave Encashment	63,17	21,65
Contribution to Super Annuation Fund	2,34	2,34
Contribution to Provident Fund	1,60,84	1,08,78
Contribution to E.S.I. & Group Insurance	1,06,24	39,12
Gratuity	74,56	55,86
Welfare Expenses	3,86,60	2,52,53
TOTAL	43,56,35	27,98,74
SCHEDULE 5 - REPAIRS AND MAINTENANCE		
Machinery	16,36,30	10,32,67
Buildings	3,11,53	1,33,21
Others	3,56,49	1,74,76
TOTAL	23,04,32	13,40,64
SCHEDULE 6 - INTEREST		
Interest paid on Fixed Loans	17,87,58	18,09,01
Interest on other loans	8,17,43	8,17,20
	26,05,01	24,26,21
Less : Interest received (TDS Rs. 12,63,402.34/-)	2,10,44	3,13,03
TOTAL	23,94,57	21,13,18
SCHEDULE 7 - OTHER EXPENSES/CHARGES		
Insurance	1,77,16	1,14,04
Rent, Taxes and Licence Fees*	1,11,26	1,45,76
Brokerage and Commission	16,58,89	7,95,36
Selling Expenses	13,05,51	5,34,66
Freight and forwarding charges	23,70,58	10,84,91
Travelling Expenses	1,49,30	1,00,40
Postage, Telephone, Telegram etc.,	68,96	45,26
Miscellaneous Expenses**	10,91,03	4,52,61
Internal Audit Fees	6,96	62
Auditor's Remuneration	10,66	5,03
Directors' Sitting Fees	2,80	1,35
Bad debts	8,25,86	2,23,90
Provision for doubtful debts	(3,52,04)	2,14,47
TOTAL	74,25,03	37,18,37

* Include Rent paid of Rs. 1538322/- (Previous year Rs. 432860/-)

** Misc Expenses include donation of Rs. 25523002/- (Previous year Rs. 61900/-) Pending sanction of by share holders

Schedules to Profit and Loss Account

(Rs.'000)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Auditors' Remuneration		
For Audit	6,00	2,50
For Taxation and tax appeals	3,27	1,22
For Certification work	1,20	60
Service tax	1,00	44
Reimbursement of Expenses	19	27
TOTAL	10,66	5,03

SCHEDULES TO BALANCE SHEET

SCHEDULE 8 - SHARE CAPITAL

AUTHORISED :

80,00,000 Equity Shares of Rs. 10/- each	9,00,00	8,00,00
6,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each	6,00,00	6,00,00
TOTAL	15,00,00	14,00,00
ISSUED, SUBSCRIBED AND PAID-UP :		
47,03,948 Equity Shares of Rs. 10/- each Fully paid-up	4,70,39	4,70,40
Share Capital suspense account	11,25	-
TOTAL	4,81,64	4,70,40

NOTE : Authorised Share Capital of Shri Chintamani Textile Mills Limited 10,00,000 is included

EQUITY SHARES -OF THE ABOVE

- (I) 2769970 Equity Shares of Rs. 10/- each were issued as Fully paid-up Bonus Shares by way of Capitalising part of General Reserve.
- (II) 60,000 Equity Shares of Rs. 10/- each were issued as Fully paid-up shares pursuant to a Scheme of Reorganisation of Capital Structure without the payment being received in Cash.
- (III) 15,38,266 Equity Shares of Rs. 10/- each were issued as Fully paid up shares pursuant to amalgamation of "Vall Cotton Traders Ltd". and "Loyal Super Fabrics Ltd".
- (IV) Share capital suspense Account - 1,12,500 Equity Shares of Rs. 10 each to be issued as fully paid shares to the erstwhile share holders of Shri Chintamani Textil Mills Limited pursuant to the scheme of amalgamation sanctioned by the Madras High Court vide its order date 11/4/2011

Schedules to Balance Sheet

		(Rs.'000)
Particulars	As at 31.08.2011	As at 31.03.2010
SCHEDULE 9 - RESERVES AND SURPLUS		
1. (a) Capital Reserve		
As per Last Balance Sheet	24,19	24,19
(b) Amalgamation Reserve		
As per Last Balance sheet	208,77	2,08,77
Transfer on amalgamation	33,76	
(c) Capital Redemption Reserve		
As per Last Balance Sheet	4,30,00	4,30,00
2. Revaluation Reserve		
Surplus on Revaluation of Land		
As per Last Balance Sheet	40,52	40,52
3. General Reserve		
As per Last Balance Sheet	71,76,06	
Add : Transfer from Profit & Loss A/c	3,20,00	71,76,06
4. Surplus		
Balance in Profit and Loss Account	24,22,51	12,16
TOTAL	106,55,81	78,91,70
SCHEDULE 10 - DEFERRED TAX LIABILITY		
Deferred Tax Liability	44,26,66	32,79,95
Deferred Tax Assets	(12,46,57)	(9,08,35)
TOTAL	31,82,09	23,11,60
SCHEDULE 11 - SECURED LOANS		
(A) TERM LOANS		
From Financial Institutions (Including Interest accrued thereon)	34,13,16	8,68,66
From Banks	3,84,23,26	2,51,51,76
	3,68,36,42	2,60,20,42
(B) Working Capital Loans from Banks	2,68,12,65	97,29,07
TOTAL	6,26,49,07	3,57,49,49

NOTES

Term Loans are secured by Joint and equitable mortgage of all immovable properties, present and future, and by hypothecation of machineries ranking paripassu with one another.

Working Capital Loans from Banks are secured by hypothecation of Raw Materials, Stock-in-process, finished goods, stores, consumables, spares and book debts and are also secured by a second charge on block assets.

GUARANTEE

Term Loans and Working Capital loans are guaranteed by the Chairman and Managing Director.

Schedules to Balance Sheet

SCHEDULE : 13 - FIXED ASSETS

(Rs.'000)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Cost as on 01-04-2010	Addition	Sales	Cost as on 31-03-2011	Acc. Dep. as On 01-04-2010	For the year	Withdrawal	Acc. Dep. as On 31-03-2011	W.D.V. AS ON 31-03-2011	W.D.V. AS ON 31-03-2010
1. LAND*	8,89,03	44,32	11	9,33,23	—	—	—	9,33,23	8,89,03	
2. BUILDINGS	51,09,68	9,32,60	—	60,42,27	14,34,83	1,74,10	—	16,08,93	44,33,34	36,74,84
3. FURNITURE	2,63,59	46,40	—	3,11,99	2,13,15	27,25	—	2,40,40	71,59	50,43
4. PLANT AND MACHINERY	5,05,19,73	1,28,07,41	15,25,28	6,18,01,86	2,56,68,65	48,02,29	14,10,34	2,80,60,59	3,27,41,27	2,48,51,08
5. VEHICLES	2,70,04	1,31,50	1,04,33	2,97,21	1,74,92	35,33	6,79	2,03,47	93,74	95,12
TOTAL	5,70,52,06	139,64,22	16,28,72	6,99,86,56	2,74,91,56	60,38,96	14,17,12	3,11,13,39	3,02,73,17	2,95,60,50
PREVIOUS YEAR TOTAL	5,23,06,86	8,22,86	6,41,52	5,24,87,24	2,18,90,63	44,96,06	3,90,27	2,59,96,45	2,05,00,75	3,04,16,20
* Include Lease Land Rs. 5,87,588/-.										
				WORK IN PROGRESS			31.03.2011		31.03.2010	
				LEASE LAND PENDING ALLOTMENT			1.19.88		1.19.88	
				BUILDINGS			6.59.02			
				PLANT & MACHINERY			31.08.02		8.06	
				Total			38,87,92		1,27,94	

* Include Lease Land Rs. 5,87,588/-.

WORK IN PROGRESS	31.03.2011	31.03.2010
LEASE LAND PENDING ALLOTMENT	1,19,88	1,19,88
BUILDINGS	6,59,02	
PLANT & MACHINERY	31,08,02	8,08
Total	38,87,92	1,27,94

LOYAL**SCHEDULE 14 - INVESTMENTS**

*Investment value of Rs.9,000/- deposited with Central Excise Dept.

** Investment value of Rs. 1000/- deposited with Andhra Sales Tax Deptt.

TRADE UNQUOTED (FULLY PAID UP)

Aggregate Cost of Un-quoted Investments

Schedules to Balance Sheet

(Rs.'000)		
Particulars	As at 31.03.2011	As at 31.03.2010
SCHEDULE 12 - UNSECURED LOANS		
1) Fixed Deposits	30,61	24,66
2) Interest accrued and due on fixed deposits	1,64	2,45
TOTAL	32,35	27,11
SCHEDULE 15 - INVENTORIES (As Certified by Management)		
1. Stores and Spares	6,19,72	7,65,64
2. Stock-In-Trade		
I) Raw Materials	1,29,35,90	62,85,41
II) Yarn, Cloth and Garments	72,64,26	23,58,95
III) Stock In Process	22,05,23	16,43,23
IV) Waste Cotton	30,65	48,60
TOTAL	2,30,55,76	1,11,02,03
SCHEDULE 16 - SUNDRY DEBTORS		
a) Exceeding Six Months		
(I) Unsecured - Good	4,15,21	14,02,77
(II) Considered doubtful	-	3,52,04
LESS : Provisions	-	3,52,04
	-	14,02,77
b) Other Debts - Unsecured Good	71,07,51	53,11,38
TOTAL	75,22,72	67,14,15
SCHEDULE 17 - CASH AND BANK BALANCES		
1. Cash and Stamps on hand	19,87	13,80
2. Bank Balances		
a) With Scheduled Banks :		
I) In Current Accounts	(4,76,44)	1,93,09
ii) In Deposit Accounts	9,00,40	1,02,61
(Deposit Receipts for Rs.5,04,21,789/- lodged with Bank and are in Margin Money Account)		
TOTAL	4,43,83	3,09,50
SCHEDULE 18 - LOANS AND ADVANCES (Unsecured Good)		
I) Advance recoverable in cash or in kind or for services to be rendered	1,24,92,18	44,48,67
II) Deposits with Government Departments	7,63,17	7,01,25
III) Tax payments pending adjustments	26,53,35	
Less : Provision for tax	(30,17,51)	(3,64,16)
TOTAL	1,28,91,18	53,49,23
SCHEDULE 19 - CURRENT LIABILITIES		
I) Sundry Creditors	100,40,06	44,94,16
II) Due to Managing Director	42,90	16,18
IV) Unclaimed Dividend	50,20	30,68
TOTAL	1,01,33,16	45,41,02

Note : There is no amount due and outstanding to be credited to Investors Education and Protection Fund.

Schedules to Balance Sheet

SCHEDULE 20 - PROVISIONS

a) Proposed Dividends	1,87,84	1,41,12
b) For Provident Funds and other Funds	22,00	29,67
c) Gratuity	86,14	55,86
d) Un availed earned Leave Encashment	66,67	26,09
TOTAL	3,62,65	2,52,74

SCHEDULE 21 - NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES :

A) The accounts have been prepared to comply with, in all material aspects, the generally accepted accounting principles, under the historical cost convention, on accrual basis and in line with the applicable accounting standard specified in Companies (Accounting Standard) Rule 2006, the provisions of Companies Act 1956. The disclosure and other requirements under the Micro, Small and Medium Enterprises Development Act, 2006 have been considered.

B) Revenue recognition:

i) Sales are recognised when goods are despatched and are recorded excluding Sales Tax and recoveries. There is no Excise Duty collection on sales as the Company has opted out of the duty payment scheme.

ii) Rental Income / Interest income is accounted on accrual basis.

iii) Dividend Income on Investments / claims are accounted for, when the right to receive the payment is established.

C) Expenditure:

Expenses are accounted for on accrual basis and provision is made for all losses and known liabilities. Cost of Inputs are accounted net of duty concessions availed.

D) Duty Draw Back claims:

i) Duty draw back claims are accounted on completion of exports, on complying with the rules of the scheme governing it. No obligation is attached to this assistance

ii) Sale of import entitlements are accounted on completion of transfer.

iii) Duty portion of capital goods availed against Target plus licences for which no obligation is attached, is recognised under income approach method.

E) Use of estimates:

The preparation of financial statement requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statement and the reported amount of income and expenses during the year.

F) Fixed Assets and Depreciation :

i) Land including lease is stated at cost except for a portion revalued. Other Fixed Assets are stated at cost less depreciation. The cost include borrowing cost and in respect of imported machinery, the cost include the value portion of customs duty credit availed as granted by the government under export incentive schemes. The Capital subsidy from government is accounted when the right to receive is established and is deducted from the gross value of the respective assets. Assets under erection / construction are stated at value incurred.

ii) Depreciation in respect of all assets at Loyal division excepting Plant and Machinery has been provided on Written Down value basis at the rates specified in schedule XIV to the Companies Act 1956.

iii) Depreciation in respect of all assets at Valli Division, Processing Division and Plant and Machinery of Loyal division (except as stated specifically elsewhere) SCTM division has been provided at the rates specified in schedule XIV to the Companies Act, 1956 on straight line basis. Depreciation in respect of all assets at Garment division has been provided on written down value basis at the rates specified in schedule XIV. Rate of depreciation is determined on certain assets as per the internal assessment on the useful life of such assets.

Notes Forming Part of Accounts for the year ended 31st March 2011

Particulars	(Rs.'000)	
	As at 31.03.2011	As at 31.03.2010
iv) Depreciation in respect of additions / sales has been provided pro-rata from the date of commissioning or till the date of sale as rounded off to the nearest month.		
v) Consequent to the amendment to schedule VI as per notification No. G.S.R. 226(E) Dated 31.03.2009 the increase / decrease in long term liability due to fluctuation in foreign currency in respect of imported Plant and Machinery beyond the date of commissioning is taken to Profit and Loss account. Depreciation has been provided from the date of commissioning. The assets identified as obsolete and held for disposal are stated at their estimated net realisable values.		
G. Foreign Currency Transactions :		
i) Foreign currency transactions are recorded at the negotiated rates prevailing on the dates of transactions. Exchange difference on Foreign Currency Transactions covered by specific forward contracts are recognised over the period of the contract.		
ii) Foreign exchange assets and liabilities are converted at the year end exchange rates. However non-monetary assets i.e., Investments are stated at the rate prevailing on the date of transaction.		
III) Exchange differences arising on foreign currency transactions are included in the profit and loss account.		
H. Retirement benefits:		
a) Short term benefits		
The gross amounts are recognized as expense and to the extent unpaid it is recognized as liability.		
Short term compensated absences are provided for based on Internal assessment.		
Long term compensated absences are provided for based on actuarial valuation.		
b) Post employment benefits		
Provident fund and other funds, being defined contribution schemes, the contributions are charged to the Profit and Loss Account of the year when the contributions, for the covered employees, to the respective government administered funds are due.		
Gratuity, being a defined benefit plan, the defined benefit obligations are provided for on the basis of an actuarial valuation made at the end of each financial year.		
c) Other long term benefits		
Deferred employee benefits/deferred compensation and termination benefits are recognized as an expense as and when incurred. Payments made under the Voluntary Retirement scheme are charged to the Profit and Loss account in the year incurred. Actuarial gains/losses are immediately taken to the Profit and Loss account and are not deferred.		
I. Valuation of Inventories		
a) Inventories are valued at lower of cost or net realisable value, cost being ascertained on the following basis.		
i) Stores and spares, raw-materials on weighted average basis.		
ii) Stock-in-process, Finished goods cost includes applicable production overheads.		
iii) Traded goods - Cost at present location and condition.		
b) Obsolete / non-moving Inventories are provided for to the extent of requirement and are stated at net realisable value.		
J. Investment being long term are valued at Cost. Provision for permanent diminution in value is made, when considered necessary.		
K. Taxes on Income - Current Tax is determined on the basis of taxable income for the year. Deferred tax is recognised for all timing differences, subject to the consideration of prudence.		
L. Cash Flow Statement		
i) Cashflow are reported using the Indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future operating cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.		

Notes Forming Part of Accounts for the year ended 31st March 2011

(Rs.'000)

Particulars	As at 31.03.2011	As at 31.03.2010
M. Impairment of Fixed Assets :		
Consideration is given at each Balance Sheet date to determine whether there is any impairment of the carrying amount of the company's fixed assets. Impairment loss is recognised as and when required.		
N. Earnings per share :		
In determining earnings per share, the company considers the net profit after tax and includes the post tax effect on any extra ordinary items. The number of shares used in computing basic and diluted equity shares is the weighted average number of shares outstanding during the year.		
O. Provisions and contingent liabilities :		
The Company creates a provision when there is a present obligation as a result of an event that requires an outflow of resources and a reliable estimate can be made of the amount. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources.		
P. SEGMENT REPORTING :		
SEGMENT INFORMATION :		
a) The company has identified three reportable business segments as primary segments viz: yarn, cloth and garments.		
b) The secondary segment information are identified on the basis of geographical segments viz. Europe, Asia and Others.		
c) The Accounting policies adopted for segment reporting are in line with the accounting policy of the company with the following additional policies for segment reporting.		
i) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Expenses incurred on behalf of other segments and not directly identifiable to each reportable segment have been allocated to each segment on the basis of associated revenues of each segment.		
ii) Pricing for inter segment transfers has been made, considering the normal internal business reporting system of the company at estimated realisable value.		
iii) Operating assets and liabilities represent assets / liabilities in respective segments.		
Q. ACCOUNTING FOR AMALGAMATION :		
The company has, in the matter of accounting for amalgamation, adopted pooling of interest method for recording assets, liabilities and reserves of the transfer or company at their existing carrying value as recommended by the companies Accounting Standard Rules, 2006 (AS 14)		
2. Estimated amount of Contracts remaining to be executed on		
(Rs. '000)		
Capital Accounts and not provided for	842,711	222,467
3. Contingent Liabilities :		
i) On Account of Bills discounted	1,428,323	442,594
ii) Counter Guarantee given to Banks	61,646	2,103
iii) Guarantee to a third party	--	--
iv) Claim against the Company not acknowledged as debts	2,273	5,718
v) Disputed Income tax demand not provided for-Appeals		
filed before Appellate Authorities are pending		
	20,000	28,200
vi) Disputed Sales tax demand not provided for	1,415	2240
vii) Disputed Service tax not provided for	654	840
viii) On account of export obligation covered by letter of undertaking	809,997	203,705
4. The Company has already preferred a petition before the High Court of Mumbai through the Indian Exporters Grievances Forum challenging the validity of the retrospective amendment of the provisions of section 80HHC of the Income Tax Act. The amount of liability estimated at Rs. 4.67 crores if any arise, relates to earlier years and could be met out of the opening reserves of the Company. The reopened Assessment relating to the Assessment year 2002-03 and 2003-04 consequent to the amendment of the Income tax act 1961, are pending before the Assessing Officer / Commissioner of Income Tax (Appeals).		

Notes Forming Part of Accounts for the year ended 31st March 2011

Particulars	(Rs.'000)	
	As at 31.03.2011	As at 31.03.2010
5. Confirmation of balances have not been received from parties.		
6. a) The chairman and Managing Director's remuneration and perquisites Included under the various heads in the profit and loss a/c		(Rs.'000)
1. Salaries	1,800	1,800
2. Contribution to provident fund - Defined contribution plan	216	216
3. Commission	5,000	--
4. Contribution to Super annuation fund - defined benefit plan	234	234
5. Perquisites and other allowances	546	610
	<u>7,796</u>	<u>2,860</u>
b) Computation of net profit as per section 349 read with 309 (5) and section 198 of the Companies Act, 1956 for Commission Payable to the Chairman and Managing Director.		
Net profit as per profit & loss account (Before Tax)	509,620	
Add :		
1. Remuneration and perquisites	7,796	--
2. Capital Loss & Sale of fixed assets	NII	--
3. Depreciation as per books	503,694	--
	<u>1,021,309</u>	<u>--</u>
Less :		
1. Capital profit on sale of assets	917	--
2. Depreciation as per section 350	679,245	--
	<u>680,162</u>	<u>--</u>
Net Profit and with commission is payable	341,347	--
Maximum permissible limit under the Companies Act 1956 @5%	17,057	
Commission approved by the Board	5,000	
c) Whole Time Director's remuneration and perquisites Included under various heads in the Profit and Loss Account.		
1. Salary and Bonus	591	423
2. Contribution to Provident fund - Defined contribution plan	67	51
3. Perquisites and other allowances	--	44
	658	518
d) pay ment of professional charges (Inclusive of taxes)to a director	496	
7. a) Considering the remaining useful life of certain machinery, the rates of depreciation on straight line is adopted as follows :		
1) On compact conversion machinery of spinning division (upto 2005)	35.00%	35.00%
2) On the addition of Humidification Plant	35.00%	35.00%
3) On certain electrical installations of Building	25.00%	25.00%
4) On the dust collection attachment to Ring Frames added after 2002	95.00%	95.00%
5) On the spectrocolour matching machine	95.00%	95.00%
6) On Interior decorations of office buildings after 2007	35.00%	35.00%
7) On addition of card cans and simplex bobbins (2007 - 06)	33.33%	33.33%
8) Solar heater	95.00%	95.00%
9) Air Receiver	95.00%	95.00%

Notes Forming Part of Accounts for the year ended 31st March 2011

(Rs.'000)

Particulars	As at 31.03.2011	As at 31.03.2010
8. a) The Amount of capital commitments / contingencies incurred in respect of jointly controlled entities NIL		
b) No significant restriction is attached on the investments held outside India.		
c) The Cash and Cash equivalents in the cash flow statement include foreign currency balances, which does not include any amount, which is of restrictive realisability.		
d) Power and fuel cost is net of Rs. 19.44 Crores (P.Y. Rs. 20.42 Crores) being electricity generated through wind mills.		
e) The amount of forwarding cost capitalised during the year Rs. 3.74 crores /- (P.Y. -NIL)		
f) Other income include Rs. 5.87 crores (P.Y. - Nil) being the provisions for expenses made in earlier years. Relating to advance license fees, sales tax, now written back, represent prior period items.		
9. In view of the adjustment of carried forward losses as per the provisions to Income Tax Act 1961 no tax is payable under the normal computation of tax, provision for tax is made on book profits.		
10. Deferred tax liability mainly represent timing difference relating to depreciation of Rs. -44.29 Crore (P.Y. Rs. -17.52 Crore) and Deferred asset mainly represent timing difference on account of carried forward depreciation permissible Rs. 12.47 crores (P.Y. Nil) under Income Tax Act 1961 . The MAT credit available is Rs. 8.78 Crore.		
11. Disclosure regarding Derivative Instruments :		
a) The Company enters into forward contracts and either to hedge its foreign exchange exposure or to reduce costs and not for any speculative purposes. The Company has not entered into any derivative deals during the year and the company has no outstanding derivative exposure as on 31st March 2011.		
b) The net loss incurred by the Company on cancellation of Forward Contracts during the year is grouped under miscellaneous expenditure. As the Company has taken forward cover only for hedging purposes, the Company is not required to mark to market the forward contracts as on the Balance Sheet date.		
12. Earnings per share		(Rs.'000)
(a) Opening / Closing number of shares	4,816	4,704
(b) (Loss) / Profit after Tax	313,668	19,671
(c) Earnings per share (Rs.)	65.12	4.18
(d) Face value of shares (Rs.)	10.00	10.00
13. Based on the information available with the Company, the principal amount due to Micro and small enterprises on 31.03.2011 is Rs. NIL. There has been no overdue principal amount and therefore no interest is paid / payable.		
14. Amalgamation of Shri. Chintamani Textile Mills Limited (SCTML)		
1. Pursuant to this scheme of amalgamation ("the Scheme") sanctioned by the HON'ble high court of judicature, madras, as per its order dated 11th April 2011, under section 391-394 of the companies 1956, Shri. Chintamani Textile Mills Limited engaged in the business of manufacturing of spinning weaving, knitting and making garments, has been amalgamated with the company with effect from April 1 2010. The amalgamation has been accounted as per the scheme which is in accordance with the "Pooling of Interests" method as prescribed by accounting standard (AS - 14), "Accounting for amalgamation"		
2. The amalgamation SCTML with the company is primarily designed to make the operations economical, efficient, to improve the quality of production and to simplify the administration		
3. The appointed date of the amalgamation (amalgamation appointed date) under the scheme was April 1 2010, while the effected date is May 3rd, 2011.		
4. In accordance with the scheme all the assets and liabilities of SCTML have been transferred to the company at value appearing in the books of SCTML as on the amalgamation appointed date on going concern basis, including all contingent liabilities, guarantees, duties, other obligation and employees.		
5. As a result, the amount of equity share Capital of the Company has increased has to Rs. 4,81,64,416 as at 31 st March 2011.		
6. In consideration, the company issued and adopted 1,12,500 Equity Shares of the Rs. 10 each of the company as fully paid to the shareholder of SCTML at the ratio of 1 equity share of the Company for 4 equity shares of the amalgamating Company. The Scheme does not provide for the right of SCTML to receive any dividend declared by the Transferee Company (LTML) after the Amalgamation Appointed Date but prior to amalgamation effect ive date.		
7. The amount of difference between the consideration and the value of net identifiable assets transferred, of Rs.33,75,000 is considered as capital reserve		

Notes Forming Part of Accounts for the year ended 31st March 2011

Particulars	(Rs.'000)	
	As at 31.03.2011	As at 31.03.2010
<p>8. Pursuant to amalgamation of SCTML with the Company on the effective date of 1st April 2010, as stated in notes in schedule No.21 gross value of fixed Assets, as on 1-4-2010 Include, carrying cost of fixed assets of Rs. 45.65 Crores relating to the amalgamated Company.</p> <p>9. In view of the Scheme of Amalgamation referred to above, the current year figures are not comparable with those of the previous year. The figures for the year in the cashflow statement are after adjustments as per scheme of amalgamation.</p> <p>16. The Company has adopted the Accounting Standard (AS) 15 (Revised) from the year 2008.</p>		
(a) Post employment benefits		
(b) Provident fund and other funds		
<p>Being a defined contribution plan, the company makes fixed monthly contributions, in respect of covered employees, to the Government managed funds and the company has no legal obligation to pay any further sum beyond the contribution made towards the claims settled. The company has during the year recognised Rs. 160.34(PY:150.24) lacs as expense towards contribution towards these plans.</p>		
(c) Gratuity		
<p>The Company provides for gratuity, a defined benefit plan, covering eligible employees. The provision for the accrued liability as at the balance sheet date is made as per actuarial valuation, using the Projected unit credit method. Based on the valuation the incremental liability is contributed to the gratuity trust. Trustees administer the contributions made, by investing the funds in approved securities. The company has an obligation to make good the short fall, if any, between the contributions and the settlements.</p>		
	Gratuity (Funded Plan)	Gratuity (Funded Plan)
(d) Present Value of the Obligation as on 01.04.2010	4,54,03	3,90,88
Current Service Cost	53,09	47,90
Interest Cost	35,10	26,62
Benefits Paid	(31,07)	(21,21)
Actuarial Loss / (gain)	33,63	10,07
Present Value of the Obligation as on 31.03.2011	5,44,78	4,54,04
(e) Reconciliation of changes in the fair value of plan Assets :		
Fair Value of Plan Asset as on 01.04.2010	3,98,17	3,20,66
Expected return / on plan assets	33,19	29,35
Contribution by the Company	55,86	70,10
Benefits Paid	(31,07)	(21,21)
Actuarial gain/(loss)	(4,55)	63
Fair Value of Plan Assets as on 31.03.2011	4,51,60	3,98,17

Notes Forming Part of Accounts for the year ended 31st March 2011

Particulars	(Rs.'000)	
	As at	As at
	31.03.2011	31.03.2010
	Gratuity (Funded Plan)	Gratuity (Funded Plan)
(f) The total expenses recognised in the profit and loss account is as follows :		
Current Service Cost	53.09	47.90
Interest Cost	35.10	26.61
Expected return on plan assets	(33.19)	(29.35)
Net Actuarial (gain) / loss recognised in the year	24.02	10.70
	79.02	55.86
(g) Reconciliation of Net Liability recognised in the balance sheet		
Net Liability as at the beginning of the year	55.86	70.10
Add : Expenses as (d) above	79.02	55.86
Less : Employers Contribution / Payment	55.86	70.10
Net Liability as at the end of the year	79.02	55.86
(h) Constitution of Plan Assets :		
In Government approved securities / deposits / Bonds	4,51,60	3,98,17
(i) Principal actuarial assumptions used as at the Balance Sheet date :		
Discount Rate	8.00%	7.00%
Salary Escalation Rate	9.00%	8.00%
Attrition Rate	5.00%	5.00%
Expected rate of return on plan assets	7.20%	7.20%
(j) The expected contribution to the defined benefit during the annual period beginning or after the Balance Sheet date	Rs. 55.86 Lacs	Rs. 70.10 Lacs
a) Actual return on plan assets	Rs. 28.61 Lacs	Rs. 29.35 Lacs
(k) The estimates of future salary increases, considered in actuarial valuation, taken into account inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. The expected rate of return on assets are estimated as per the return on government of India bonds.		
(l) Percentage of each category of plan assets to total fair value of plan assets as at 31.3.2011		
a) Government Securities	34.00%	38.00%
b) Bank deposits (Special deposit scheme)	16.00%	8.00%
c) Others / approved securities	50.00%	56.00%

Notes Forming Part of Accounts for the year ended 31st March 2011

16. ADDITIONAL INFORMATION REQUIRED UNDER CLAUSE 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

(Rs.'000)

	Units	Qty. (‘000)	31.03.2011 Value Rs.	31.03.2010 Qty. (‘000)	Value Rs.
1. SALES					
A) Yarn	Kgs.	2,10,41	4,34,05,73	94,15	1,24,83,31
B) Cloth	Mtrs.	2,51,48	1,76,54,85	2,45,12	1,20,86,10
C) Hosiery Cloth	Kgs.	1,17,88	2,54,62,47	97,14	1,46,19,35
D) Garments	Nos.	49,88	89,03,18	35,07	49,48,84
E) Cotton waste	Kgs.	19,19	2,92,57	13,30	1,85,12
F) Miscellaneous sales			1,91,60		1,07,62
Total			9,39,10,42		4,44,08,34
2. RAW MATERIALS CONSUMED					
i) Cotton, Staple Fibre and cotton waste	Kgs.	2,45,18	2,53,15,33	281,87	1,51,60,67
ii) Yarn (including excise duty on yarn own consumption)	Kgs.	88,63	1,81,87,70	41,52	56,99,56
iii) Cloth	Mtrs.	2,16	1,29,25	82	37,90
iv) Hosiery cloth	Kgs.	----	---	---	90
v) Dyas (consumed in processing division)	Kgs.	32	2,04,19	29	1,89,57
vi) Reflective band (Consumed in Garments Division)	Mtrs.	5,62	1,44,21	7,04	1,92,75
Total			4,39,80,68		2,12,81,35
3. OPENING STOCK OF FINISHED GOODS					
i) Yarn	Kgs.	3,68	3,73,34	4,51	5,40,43
ii) Cloth	Mtrs.	13,38	8,98,49	20,08	8,11,76
iii) Hosiery Cloth	Kgs.	2,50	2,77,87	3,64	4,11,58
iv) Garments	Nos.	7,34	10,09,25	8,22	11,77,29
v) Waste Cotton	Kgs.	2,08	48,80	1,86	30,47
Total			24,07,75		29,71,51
4. PURCHASE OF ITEMS TRADED/TRADED/PROCESSED					
i) Yarn	Kgs.	1,21,77	2,36,54,50	19,62	27,74,00
ii) Cloth	Mtrs.	----	----	----	---
iii) Hosiery cloth	Kgs.	----	----	----	---
iv) Garments	Nos.	----	----	----	---
v) Shares & Securities	Nos.	----	----	----	---
Total			2,36,54,50		27,74,00

Notes Forming Part of Accounts for the year ended 31st March 2011

(Rs.'000)

		31.03.2011		31.03.2010	
	Units	Qty. (‘000)	Value Rs.	Qty. (‘000)	Value Rs.
5. CLOSING STOCK OF FINISHED GOODS					
I) Yarn	Kgs.	24,70	47,49,79	3,68	3,73,33
II) Cloth	Mtrs.	27,83	13,80,43	13,36	6,98,50
III) Hoslery cloth	Kgs.	3,67	8,06,04	2,50	2,77,87
Iv) Garments	Nos.	4,47	8,48,99	7,34	10,09,25
v) Waste Cotton	Kgs.	1,25	30,85	2,06	48,80
Total			72,94,90		24,07,75

6. CAPACITY INSTALLED

(As certified by Managing Director)

I) Ring Spindles	Nos.	15,49,73	12,04,58
II) Rotors	Nos.	40,80	16,80
III) Automatic Looms	Nos.	2,50	2,56
IV) Cloth processing	Mtrs.	14,400,000	14,400,000
v) Hoslery Processing	Kgs.	5,400,000	5,400,000
vi) Sewing Machines	Nos.	860	585
vii) Knitting Machines	Nos.	126	98

Note:

Licensed capacity not stated in view of abolition of licensing requirements as per Notification No. 477(E) dt. 25.07.91 of Ministry of Industry, Government of India.

7. ACTUAL PRODUCTION	Units	Qty.	
		(‘000)	(‘000)
i) Yarn (4485440 Kgs manufactured by outsiders) (previous year: 4221839.41 kgs)] of which 10350.80 kgs were processed (previous year 11317.10 kgs)	Kgs.	2,25,14	1,94,82
ii) Cloth net of shrinkage (568415 metres manufactured by outsiders) (previous year 2184279.00 mtrs) of which 3483773.80 mtrs were processed. (Previous year 3371446.70 mtrs)	Mtrs.	2,88,15	2,56,93
III) Hoslery Cloth (including produced by others) of which 769918.28 kgs. were processed (Previous year 887567.25 kgs.)	Kgs.	1,20,09	97,29

Notes Forming Part of Accounts for the year ended 31st March 2011

(Rs.'000)

	Units	Qty. (000)	31.03.2011 Value Rs.	Qty. (000)	31.03.2010 Value Rs.
iv) Cotton Waste (Including loss on reprocessing waste)	Kgs.	58,80		48,86	
v) Garments (Including produced by others 2380235 Nos.) (previous year 1414009 Nos.)	Nos.	53,77		34,45	
8. CIF VALUE OF IMPORTS					
i) Raw Materials (Staple Fibre, cotton, dyes, reflective band)			1,12,32		42,03,18
ii) Capital Goods			43,11,80		2,85,63
iii) Spare Parts			1,97,54		8,25,21
Total			48,21,66		53,14,02
9. EXPENDITURE IN FOREIGN CURRENCY (Equivalent Indian Rupees)					
i) On Account of Travel			21,18		7,88
ii) Commission on export sales			11,62,97		4,72,38
iii) Professional Charges			4,98		1,78
iv) Salary			19,76		21,71
			Value Rs.	%	Value Rs.
10. CONSUMPTION OF RAW MATERIALS					
i) Indigenous		4,14,40,85	94.23	1,68,42,41	79.14
ii) Imported		25,38,83	5.77	44,38,94	20.86
Total		4,39,80,68	100.00	2,12,81,35	100.00
11. CONSUMPTION OF STORES AND SPARES					
i) Indigenous		22,90,04	61.26	15,41,69	71.89
ii) Imported		14,48,39	38.74	6,05,14	28.19
Total		37,38,43	100.00	21,46,83	100.00
12. Amount remitted in foreign currency on account of dividend					
		Nil		Nil	
13. Earnings in foreign exchange					
a) on export of goods, including export through Merchant Exporters calculated on F.O.B. basis.			7,43,99,71		2,81,01,01
b) Dividends received			19,28		—
c) Sale of Machinery			---		—
			7,44,18,97		2,81,01,01

Notes Forming Part of Accounts for the year ended 31st March 2011

17. PRIMARY SEGMENT REVENUES, RESULTS AND OTHER INFORMATION									
	(Rs.'000)								
	Yarn		Cloth		Garments		Total		
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010	
Revenue									
External Sales	4,48,96,26	1,32,14,16	4,98,93,76	2,76,40,80	73,27,60	53,43,21,10	11,07,81	4,82,06,97	
Inter-segment transfer			36,00,94	31,18,29			36,00,94	31,18,29	
Results	4,48,96,26	1,32,14,16	52,48,470	3,07,07,89	73,27,60	53,43,21,10	47,08,76	4,98,26,26	
Segment Results	54,43,00	14,85,44	8,26,00	4,72,63	8,04,00	3,90,24	70,72,00	23,37,21	
Less : Unallocated expenses less Income							0,69,00	(75,21)	
Profit from Operations							77,41,00	24,12,42	
Interest Expense							(23,95,00)	21,13,18	
Profit before tax							53,46,00	2,99,24	
Tax							22,09,52	98,70	
Profit after tax							31,36,48	2,00,54	
OTHER INFORMATION									
Segment Assets	3,00,06,48	1,38,67,71	5,21,45,80	3,13,69,97	35,51,71	36,23,63	8,57,03,99	4,88,61,31	
Unallocable Assets							16,42,78	23,92,75	
Total Assets							8,72,46,77	5,12,44,06	
Segment Liabilities	6,26,95	30,13,04	94,66,53	15,24,39	3,50,69	2,23,62	1,04,44,17	47,61,25	
Unallocable Liabilities							61,64	32,51	
Total Liabilities							1,04,95,81	47,93,76	
Segment Capital Expenditure	84,46,20	1,38,89	1,51,34,05	3,89,13	3,83,02	1,01,38	2,39,85,27	6,29,40	
Unallocable Capital Expenditure							35,43,52	1,82,72	
Total Capital Expenditure	21,02,96	13,95,54	26,37,06	29,99,29	94,61	92,63	50,34,64	44,77,36	
Segment Depreciation							4,32	8,70	
Unallocable Depreciation									
Total Depreciation							50,35,86	44,86,06	
(Rs.,000) 2. All fixed assets of the company are located in India									
3. Carrying amount of segment assets									
4. Carrying amount of segment liabilities									
18. Secondary Segment - Geographical									
1. An analysis of the sales by geographical market is given below : Amount									
Region	31.03.2011	31.03.2010	Region	31.03.2011	31.03.2010	Region	31.03.2011	31.03.2010	Amount
Europe	1,36,43,27	86,72,54	Europe	27,52,84	13,44,47	Europe	4,00,16	10,67,47	
Asia	5,80,64,30	1,61,16,86	Asia	3,92,60,06	4,66,65,88	Asia	1,00,12,98	36,51,66	
USA	1,48,94,70	"	USA	24,87,89	0	USA	49,28	0	
Others	73,09,93	1,76,18,94	Others	4,57,15	8,50,96	Others	32,88	42,12	
	9,39,12,20	4,44,08,34		4,49,77,93	4,88,61,31		1,04,95,29	47,61,25	

Notes Forming Part of Accounts for the year ended 31st March 2011

19. RELATED PARTY DISCLOSURES FOR THE FINANCIAL YEAR ENDED 31.03.2011

NAME OF THE PARTY	RELATIONSHIP
1. Shri Teyem Processors Ltd., N. Venkateswarapuram	Substantial Interest In Voting Power (48.86%)
2. Uniloyal Expotex Ltd., Chennai	Substantial Interest In Voting Power (49%)
3. Loyal Textiles (UK) Ltd	Substantial interest in Voting Power (49%)
4. Gruppo P&P Loyal Spa, Italy	Joint Venture Company
5. Loyal Dimco Group A.E.B.E., Greece	Joint Venture Company
6. Sri. Manikam Ramaswami Chairman and Managing Director	Key Management Personnel
7. Sri. P. Manivannan and Sri Shridhar Subrahmanyam, (DIRECTORS)	Key Management Personnel

(Rs.'000)

i) The name of the transacting related party	Gruppo P&P Loyal Spa Italy	Loyal Textiles (UK) Ltd.
ii) Description of the relationship between the parties	Joint Venture	Substantial Interest In Voting Power
iii) Description of the nature of transactions	Sale of Garments Purchase of Raw Materials	Sale of Knitted Fabrics
iv) Volume of the transactions	Sale value - Rs. 46,23,37 Purchase - Rs. 85,47 Commission - Rs. 93,25	Sale value - Nil
v) Purchase of Fixed Assets & Leases	Nil	Nil
vi) Finance (including loans and equity contributions in cash or in kind)	During the year - Nil As on 31/03/11 Rs. 1,48,30	During the year - Nil As on 31/03/11 Rs. Nil
vii) Management contracts including for deputation of employees	Nil	Nil
viii) Any other elements of the related party transaction necessary for an understanding of the financial statements	Nil	Nil
ix) The amounts or appropriate proportions of outstanding items pertaining to related parties at the balance sheet date and provisions for doubtful debts due from such parties at that date	Rs. 11,12,84 Considered good	Rs. Nil
x) Amount written off in the period of debts due from or to related parties	Nil	Rs. 2,23,90
xi) Dividend Received	Rs. 19,26	Nil
xii) Guarantee given	Nil	Nil

- Notes :**
1. Mr. Manikam Ramaswami, Chairman and Managing Director is the key management personnel of the enterprise and his remuneration particulars are disclosed in the notes on accounts.
 2. Mr. P. Manivannan is employed on a whole time basis and hence his name has been included. His remuneration particulars are disclosed in the notes on accounts. Sri Shridhar Subrahmanyam, , Director is paid professional charges as given in the notes
 3. There is no transaction with Loyal Dimco Group, A.E.B.E. Greece, Uniloyal Expotex Limited, Chennai and Shri Teyem Processors Ltd., during the year.
 4. The information regarding applicable transactions as given in clause 24 of AS 18 is given above.

Balance Sheet Abstract and Company's General Business Profile

(Particulars required under Part IV of Schedule VI to Companies Act, 1956)

I. REGISTRATION DETAILS

Registration No.

0	1	3	6	1
---	---	---	---	---

 State Code No. :

1	8
---	---

Balance Sheet Date

3	1	0	3	2	0	1	1
---	---	---	---	---	---	---	---

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. '000)

Public Issue

N	I	L
---	---	---

 Rights Issue

N	I	L
---	---	---

Bonus Issue

N	I	L
---	---	---

 Private Placement

N	I	L
---	---	---

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. '000)

(Amount in Rs. '000)
Total Liabilities

7	7	0	0	0	9	6
---	---	---	---	---	---	---

 Total Assets

7	7	0	0	0	9	6
---	---	---	---	---	---	---

SOURCES OF FUNDS
Paid up Capital

4	8	1	6	4
---	---	---	---	---

 Reserves & Surplus

1	3	8	3	7	9	1
---	---	---	---	---	---	---

Secured Loans

6	2	6	4	9	0	6
---	---	---	---	---	---	---

 Unsecured Loans

3	2	3	5
---	---	---	---

APPLICATION OF FUNDS
Net Fixed Assets

4	2	1	6	1	0	9
---	---	---	---	---	---	---

 Investments

3	5	7	7	5
---	---	---	---	---

Net Current Assets

3	4	4	8	2	1	2
---	---	---	---	---	---	---

 Misc. Expenditure

N	I	L
---	---	---

Accumulated Losses

N	I	L
---	---	---

IV. PERFORMANCE OF COMPANY (Amount in Rs. '000)

Turnover

1	0	2	9	5	0	3
---	---	---	---	---	---	---

 Total Expenditure

9	7	6	0	9	8	3
---	---	---	---	---	---	---

Profit / (Loss) Before Tax

5	3	4	6	2	0
---	---	---	---	---	---

 Profit / (Loss) After Tax

3	1	3	6	6	8
---	---	---	---	---	---

Earnings per share in Rs.

6	5
---	---

 Dividend Rate %

3	9
---	---

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY (As per monetary terms)

ITEM CODE NO. (ITC CODE) : 5202, 5203, 5204, 5205, 5206, 5207, 5208, 5209, 5210,
5211, 5212, 5301, 5306, 5308, 5309, 5311, 5503, 5504,
5505, 5506, 5507, 5509, 5510, 5511, 5512, 5513, 5514,
6001, 6203, 6204

Major Product Description : Textiles falling within the above Code Nos.

MANIKAM RAMASWAMI
Chairman & Managing
Director

S. VENKA TARAMANI
R. POORNALINGAM
SHRIDHAR SUBRAHMANYAM
P. MANIV ANNAN
K.J.M. SHETTY
Directors

SHIVA PRASAD PADHY
Company Secretary

Vide our Report of even date attached
For SURI & CO.,
(R. KRISHNAMOORTHY)
Partner
Chartered Accountants

Date : 27th May 2011
Place : Chennai.

Date : 27th May 2011
Place : Chennai.

Cash Flow Statement

	(Rs. '000)	
	31.03.2011	31.03.2010
OPERATING ACTIVITIES		
PROFIT BEFORE TAX	53,46,20	2,89,24
ADJUSTMENTS FOR :		
Depreciation	50,38,98	44,86,08
Interest paid	26,05,01	24,26,21
Interest Received	(2,10,44)	(3,13,03)
Dividend Received		
Investments	(1)	-
Joint Venture Investment	(19,26)	-
(Profit)/Loss on disposal of Fixed Assets	(2,15,91)	(41,56)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	125,44,55	68,56,92
ADJUSTMENTS FOR CHANGES IN :		
Inventories	(119,30,14)	(18,93,46)
Debtors	(8,08,57)	(13,91,76)
Advances	(61,05,98)	(4,53,37)
Current Liabilities and Provisions	43,02,48	(16,15,92)
CASH FLOW FROM OPERATING ACTIVITIES	(19,97,70)	75,17,77
Dividend Receipts	1	-
Interest Receipts	2,08,16	3,41,87
Income tax (Paid)/Refund	(9,87,42)	(21,81)
NET CASH FLOW - (A)	27,78,95	76,38,03
INVESTING ACTIVITIES		
Payments for Assets acquisition	(191,44,88)	(10,73,98)
Proceeds on Sale of Fixed Assets	4,28,51	2,82,80
Dividend received from Joint venture	19,26	-
Investment - others	(1,77,57)	-
NET CASH FLOW - (B)	(188,74,68)	(7,81,18)
FINANCING ACTIVITIES		
Interest paid	(26,59,28)	(25,50,34)
Borrowings		
Raised	278,13,41	8,46,94
Repaid	(28,84,48)	(43,25,98)
Dividend paid	(6,11,51)	-
NET CASH FLOW - (C)	216,78,19	(60,29,38)
NET CASH INFLOW / (OUTFLOW)	26,56	10,27,47
OPENING CASH AND CASH EQUIVALENTS (D)	4,17,27	1,76,35
CLOSING CASH AND CASH EQUIVALENTS (E)	4,43,83	3,09,50
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	26,56	13315

MANIKAM RAMASWAMI
Chairman & Managing
Director

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Directors

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Company Secretary

Vide our Report of even date attached
For SURI & CO.,
(R. KRISHNAMOORTHY)
Partner
Chartered Accountants

Date : 27th May 2011
Place : Chennai.

Date : 27th May 2011
Place : Chennai.

LOYAL TEXTILE MILLS LIMITED

Registered Office :
21/4, Mill Street, Kovilpatti - 628 501.

PROXY FORM

Ledger Follo No. / Client Id :

I/We of
In the district of being a member / members of
LOYAL TEXTILE MILLS LIMITED hereby appoint of
..... In the district of or falling him
of In the district of as my / our Proxy, to attend and vote on
my/our behalf at the Sixty Fifth Annual General Meeting of the Company to be held
at 10.00 a.m. on Wednesday, 24th day of August 2011 and at any adjournment thereof.

Dated this day of 2011

Signed by the said

Affix
Revenue
Stamp

.....

NOTE : The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.

**ANNUAL REPORT
2010 - 2011**

**PRINTED MATTER
BOOK-POST**

To

If undelivered return to :

M/s. GNSA INFOTECH LIMITED

(Unit : Loyal Textile Mills Limited)

GR Mansion

No. 11, Srinivasa Road, Pondy Bazar,

T. NAGAR,

CHENNAI - 600 017.