

**LOYAL**

**LOYAL TEXTILE MILLS LTD**

**ANNUAL REPORT 2014 - 2015**

**LOYAL TEXTILE MILLS LIMITED**  
**(CIN: L17111TN1946PLC001361)**

BOARD OF DIRECTORS (As on 28th May 2015)	:	Mr. Manikam Ramaswami, Managing Director Mrs.Valli M Ramaswami,– Whole Time Director Mr. P. Manivannan –Whole Time Director Mr. K.J.M. Shetty I.A.S. (Retd.) Mr. S Venkataramani, F.C.A., Mr. R. Poornalingam I.A.S (Retd) Mr. Shridhar Subrahmanyam, B.Sc., B.Tech. (Hons) Mr. M. Madhavan Nambiar, I. A. S. (Retd.)
CHIEF FINANCIAL OFFICER	:	Mr.R.Mohan
COMPANY SECRETARY	:	Mr.M.Arumugam
STATUTORY AUDITORS	:	Messrs. Suri & Co., Chennai Chartered Accountants
COST AUDITOR	:	Mr. V.Balasubramanian, Coimbatore. Cost Accountant
INTERNAL AUDITORS	:	Messrs. SLSM & Co., Madurai Chartered Accountants
SECRETARIAL AUDITORS	:	Messrs. KSM ASSOCIATES, Company Secretaries, Chennai
BANKERS	:	Central Bank of India Export Import Bank of India State Bank of India Karur Vysya Bank Ltd Indian Bank
REGISTERED OFFICE	:	21/4, Mill Street, Kovilpatti – 628 501. Phone: 04632 – 220001 E-mail: investors@loyaltextiles.com
REGISTRAR AND SHARE TRANSFER AGENTS	:	M/s. GNSA Infotech Limited, STA Department, Nelson Chambers, 4th floor, FBlock, No.115, Nelson Manikam Road, Aminjikai, Chennai – 600029 Phone: 044-42962025 E-mail: sta@gnsaindia.com
Website	:	<a href="http://www.loyaltextiles.com">www.loyaltextiles.com</a>

**LOYAL TEXTILE MILLS LTD**  
**(CIN: L17111TN1946PLC001361)**  
**REGD OFFICE: 21/4 MILL STREET, KOVILPATTI 628 501**  
**Email :investor@loyaltextiles.com, Website :www.loyaltextiles.com**  
**Phone:04632-220001 Fax:04632-221353**

## NOTICE OF ANNUAL GENERAL MEETING

**Notice** is hereby given that the Sixty Ninth 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 11 a.m. on **Thursday the 24<sup>th</sup> day of September, 2015** to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2015 and the Profit & Loss statement for the year ended on that date together with the reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares at the rate of 75% i.e Rs 7.50 per share for the year ended 31<sup>st</sup> March 2015.
3. To appoint a Director in the place of Mr. P.Manivannan who retires by rotation and being eligible, offers himself for reappointment.
4. To ratify the appointment of auditors of the company and to fix their remuneration and in this regard to consider and if thought fit, to pass, the following Resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of sections 139(9) and 142(1) and other applicable provisions, if any, of the Companies Act, 2013, read with rules made there under, the recommendation of the audit committee and pursuant to the resolution passed at the 68<sup>th</sup> Annual General Meeting, the appointment of M/s. Suri & Co, Chartered Accountants (Firm Regn No:004283S) is hereby ratified in this Annual General Meeting till conclusion of next Annual General Meeting to be held in the year 2016, and the Board of Directors of the company be and hereby authorized to fix their remuneration.”

### SPECIAL BUSINESS:

5. **Adoption of new set of Articles of Association of the company containing Articles in conformity with the Companies Act, 2013:**

To adopt new set of Articles of Association containing Articles in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, the following resolution as a **Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force ), the existing Articles of Association of the company be and is hereby replaced with the new set of Articles of Association and the said new Articles of Association be and is hereby approved and adopted as the Articles of Association of the company in place of, in substitution and to the entire exclusion of the existing Articles of Association of the company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper, expedient, required or incidental thereto, in this regard.”

6. **Appointment of Whole time Director**

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

“**RESOLVED THAT** , pursuant to the provisions of Section 149,152,196 and 197 of the Companies Act, 2013 read with Schedule V, read with rules made there under and such other approvals, permissions and sanctions, as may be required and as recommended by the Nomination and Remuneration Committee, Mrs. Valli M Ramaswami who was appointed as additional director by the Board of Directors with effect from 11-2-2015, and who holds office till the date of annual general meeting, in terms of Section 161 of the Companies Act 2013 and in respect of whom the company has received a notice in writing from a member under section 160 of Companies Act 2013, signifying the intention to propose Mrs Valli M Ramaswami for the office of the director of the

# Notice

company, be and is here by appointed as the Director , who shall be a Whole Time Director of the company for a period of 3 years subject to retirement by rotation with effect from 11<sup>th</sup> February, 2015 on the following terms of remuneration and perquisites.

## A. Remuneration effective from 11<sup>th</sup> February 2015.

- a) Basic Salary: Rs.1,00,000/- Per month.(Rupees One Lakh Per Month)
- b) Perquisites:
  - i) Housing: Mrs. Valli M Ramaswami shall be entitled for rent free Accommodation provided by the company
  - ii) Medical Reimbursement: Reimbursement of expenses incurred for Self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
  - iii) Leave Travel Concession: Reimbursement of expenditure incurred for self and family once a year subject to a maximum of one month's salary.
  - iv) Club Fees: Fees of clubs subject to maximum of two clubs excluding admission and life membership fees.
  - v) Personal Accident Insurance and Mediclaim insurance:

The premium shall be paid as per the rules of the company.
  - vi) Contributions to Provident Fund and Superannuation Fund shall be paid as per the rules of the Company and shall not be included in the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
  - vii) Gratuity shall not exceed half a month's salary for each completed years of service.
  - viii) Car for use on company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company.

- ix) Leave: Privilege Leave

On full pay and allowance as per the Rules of the Company. Encashment of the leave at the end of the tenure will not be included in the computation of ceiling and perquisites. He will also be entitled to casual and sick leave as per the leave rules of the company.

## B. Minimum Remuneration:

The salary aforesaid and the perquisites provided to Mrs. Valli M Ramaswami be paid as minimum remuneration in the event of absence or inadequacy of profits in any year subject to such limits as may be prescribed in Schedule V of the Companies Act, 2013 from time to time.

**RESOLVED FURTHER THAT** pursuant to the above provisions of the Companies Act, 2013 and subject to the approval of the Central Government, if any required, the remuneration / allowances aforesaid and the perquisites provided to Mrs. Valli M Ramaswami be paid as minimum remuneration in the event of absence or inadequacy of profits in any year during the currency of the appointment subject to such limits as may be prescribed in Schedule V of the Companies Act, 2013 from time to time.

**RESOLVED FURTHER THAT** Mr. P. Manivannan, Whole Time Director of the Company and Mr. M. Arumugam, Company Secretary be and are hereby authorized to do all such acts, deeds and things as may be necessary or required to give effect to this resolution."

## 7. Ratification of Remuneration of Cost Auditor

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

"RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force, the remuneration of Rs.1 lakhs, in addition to service tax, travelling and out-of-pocket expenses, payable to Mr V Balasubramanian, practising Cost Accountant, holding Membership No. 4771, allotted by The Institute of Cost Accountants of India, who was appointed as cost auditor of the Company for the year 2015-16 by the board of directors of the Company, as recommended by the audit committee of directors, be and is hereby ratified."

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## 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 Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 (the Act 2013), in respect of the special businesses, as set out in the Notice is annexed hereto.

3. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the meeting ('remote e-Voting').

The facility for voting through Ballot papers shall be made available at the 69<sup>th</sup> annual general meeting (AGM) and the members attending the AGM who have not cast their vote by remote e-Voting shall be able to vote at the AGM.

4. The Register of Members and Share Transfer Books of the Company will be closed from **29th August, 2015 to 24th September, 2015** (both days inclusive).

5. Members are requested to notify to the Company's Registrars and Transfer Agent (R&TA) M/s. GNSA Infotech Limited, STA Department, Nelson Chambers, 4th Floor, F Block, No.115 Nelson Manickam Road, Aminjikarai, Chennai - 600029. Phone : 044-42962025, E-mail : sta@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

6. 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. 5 above.

7. Under Section 205A of the Companies Act, 1956, the amount of dividends remaining unclaimed for a period of 7 years has to be transferred to the Investor Education and Protection Fund established by the Central government. Members who have not encashed the dividend warrants for the year ended 31st March 2008 and/or any subsequent years are requested to make their claim(s) by surrendering the unencashed warrants immediately to the Company or R&TA, giving necessary details.

8. Members may avail themselves of the facility of nomination in terms of Section 72 of the Companies Act, 2013 by nominating in the prescribed form a person to whom their respective shares in the Company shall vest in the event of such member death. The prescribed form can be obtained from its R&TA at the aforesaid address.

9. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.

10. Electronic copy of the Annual Report and the Notice of the Annual General Meeting of the Company inter alia indicating the process and manner of Remote e-voting along with Attendance Slip and Proxy Form are being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes, unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the above documents are being sent in the permitted mode.

11. Members may also note that the Notice of the 69<sup>th</sup> Annual General Meeting and Annual Report for 2014 - 2015 will also be available on the Company's website [www.loyaltextiles.com](http://www.loyaltextiles.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Kovilpatti for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the members may also send their requests to [investors@loyaltextiles.com](mailto:investors@loyaltextiles.com).

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12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or R&TA

## 13. Remote Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended as on date read with Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote by electronic means through e-Voting Services provided by National Securities Depository Limited (NSDL):

The instruction for e-voting are as under :

A. In case a Member receives notice of AGM through email:

- (i) Open email and open PDF file viz; "Loyal Textile Mill – 69<sup>th</sup> AGM e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nSDL.com/>
- (iii) Click on Shareholder – Login.
- (iv) Enter user ID and password as initial password/PIN noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$ etc). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (vi) You need to login again with the new credentials;
- (vii) On successful login, the system will prompt you to select the EVEN, i.e Loyal Textile Mills Limited;
- (viii) On the voting page, the number of shares (which represents the number of votes) as held by the member as on the Cut-Off-date will appear. If you desire to cast all the votes assenting/dissenting to the resolutions, then enter all the number of shares and click "FOR" / "AGAINST", as the case may be or partially in "FOR" and partially in "AGAINST", but the total number in "FOR/ AGAINST" taken together should not exceed your total shareholding as on the 'Cut-Off date'. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head;
- (ix) Members holding multiple folios/demat accounts shall choose the voting process separately for each folio / demat account;
- (x) Cast your votes by selecting an appropriate option and click on "SUBMIT". A confirmation box will be displayed. Click 'OK' to confirm or 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolutions;
- (xi) Corporate / Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [evoting.ksmassociates@gmail.com](mailto:evoting.ksmassociates@gmail.com). They may also upload the same in the e-Voting module in their login. The scanned image of the above documents should be in the naming format "Corporate Name EVEN No.";

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- (xii) Members can cast their vote online from **21<sup>st</sup> September, 2015 (9:00 am) and ends on 23<sup>rd</sup> September, 2015 (5:00 pm)** through remote e-Voting. Once the vote on a resolution is cast by the member, the member will not be allowed to change it subsequently. The remote e-Voting will not be allowed beyond the aforesaid date and time; The remote e-Voting module will be disabled by NSDL for voting thereafter;

Only members as on the Cut-Off date, attending the AGM who have not cast their vote by remote e-Voting will be able to exercise their voting right at the AGM through ballot paper;

The members who have cast their vote by remote e-Voting prior to the AGM may also attend the AGM but will not be entitled to cast their vote again;

A person who is not a member as on the Cut Off date should treat this Notice for information purposes only; and

- (xiii) In case of any query, the member may refer the Frequently Asked Questions (FAQs) for Members and remote e-Voting user manual for Members available at the downloads Section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.

- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/ Depository Participants(s) or requesting physical copy] :

- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

EVEN (Remote e-voting Event Number)	USER ID	PASSWORD/PIN

- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xiii) above, to cast vote.

## C. General Instructions :

- (i) Members holding shares as on the "Cut-off Date" i.e., **17<sup>th</sup> September , 2015**, will be entitled to vote through remote e-Voting or at the venue of the AGM through ballot paper;
- (ii) The Notice of the AGM is being sent (by email where email ID is available and in physical form in other cases) to the members holding shares of the Company as on 21<sup>st</sup> August 2015;
- Where Notice is sent by email, User ID and password are sent in the email itself. Where notice is sent in physical form, User ID and Password are printed at the bottom of the Attendance Slip for the AGM sent along with the Notice;
- (iii) M/s KSM Associates represented by Mr. Krishna Sharan Mishra, Practising Company Secretary (having Membership No. 6447 and Certificate of Practice No. 7039) have been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

- (iv) The Scrutinizer shall, immediately after the conclusion of the voting at the AGM, first count the votes cast at the meeting, thereafter unlock the votes through remote e-Voting in the presence of at least two witnesses, not in the employment of the Company and make, not later than three days from the conclusion of the AGM, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the chairman of the Company, or a person authorised by him in writing, who shall countersign the same.

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- (v) The Scrutinizer will submit his report to the Chairman or a person authorised by him in writing, who will declare the result of the voting. The results declared along with the Scrutinizer's report will be placed on the Company's website [www.loyaltextiles.com](http://www.loyaltextiles.com) & on the website of NSDL [https:// www.evoting.nsdl.com](https://www.evoting.nsdl.com) and shall also be communicated to the Stock Exchanges. All the resolutions, subject to receipt of requisite no. of votes, shall be deemed to be passed at the AGM scheduled to be held on 24<sup>th</sup> September, 2015.
14. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

By order of the Board  
For Loyal Textile Mills Limited

Place: Chennai  
Date: 28<sup>th</sup> May, 2015

**MANIKAM RAMASWAMI**  
Managing Director



# Notice

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

The following explanatory statement sets out all material facts relating to the special business mentioned under item nos. 5 to 7 of the Notice dated 28<sup>th</sup> May 2015.

### Item No.5 : Adoption of new set of Articles of Association

The existing Articles of Association ("AoA") is based on the Companies Act, 1956 and several regulations in the existing AoA contain reference to specific sections of the Companies Act, 1956 and some articles in the existing AoA are no longer in conformity with the present Act. With the enactment of the Companies Act, 2013, substantive sections of the Act which deal with the general working of the Companies stand modified, several regulations in the existing AoA of the company require alteration or deletion.

Given this position it is considered expedient to wholly replace the existing AoA by a new set of Articles. The new set of AoA to be replaced in place of the existing AoA is mainly based on Table F of Schedule I of the Companies Act, 2013 which sets out the model AoA for a company limited by shares and also includes certain provisions from the existing AoA which are not in conflict with the provisions of the Companies Act, 2013 and suitably rephrased.

The proposed new draft of AoA is available for inspection to the shareholders at the registered office of the company on all working days (except Saturdays, Sundays and Public Holidays) between 11.00 A.M and 1.00 P.M till the date of the annual general meeting.

No Director or Key Managerial Personnel of the Company and/or their relatives are concerned or interested financially or otherwise in this item of business.

The Board recommends this resolution for your approval.

### Item No.6 Appointment of Whole time Director

Mrs. Valli M Ramaswami is a graduate. She has good business experience for more than 30 years . She has concern in social welfare measures/ activities & interested in helping the poor and needy, all these years.

Mrs Valli M Ramaswami (DIN: 00036508) was appointed by the board at its meeting held on 11.02.2015 as an Additional Director . She becomes the first woman director of the company. The company has received a notice from a member proposing the candidature of Mrs.Valli M Ramaswami as a Whole Time Director to be appointed under the provisions of Section 160,196 and 197 of the Companies Act, 2013. Mrs.Valli

M Ramaswami is a shareholder of the company holding 86148 shares as on 31<sup>st</sup> March 2015. The company has received the required deposit from the proposer.

The Company has received from Mrs. Valli M Ramaswami

- a. Consent in writing to act as Director in Form – DIR -2 pursuant to Rule – 8 of the Companies (Appointment & Qualification of Directors) Rules 2014
- b. Intimation in Form DIR- 8 in terms of the Companies (Appointment & Qualification of Directors) Rules 2014 to the effect that she is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013

The resolution seeks the approval of members for the appointment of Mrs.Valli M Ramaswami as Whole time director of the company for a term of 3 consecutive years pursuant to the provision of Section 160 and 196 and other applicable provisions of the Companies Act, 2013 and the Rules made hereunder. She is liable to retire by rotation.

In the opinion of the Board of Directors, Mrs.Valli M Ramaswami proposed to be appointed, as a whole time director, fulfills the conditions specified in the Companies Act, 2013 and the Rules made hereunder and also the provisions as laid down in Listing agreement .

None of the directors, key managerial person and their relatives are interested in or concerned with the resolution except Mr.Manikam Ramaswami, Managing Director and Mrs. Valli M Ramaswami. The Board recommends the resolution for approval of the members.

The Explanatory statement may also be regarded as disclosure under clause 49 of the listing Agreement with the Stock exchange

The Board recommends this Resolution for your Approval.

### Outside Directorship :

1. Dhanalakshmi Investments Private Limited
2. Rhea Cotton Traders Private Limited
3. Hellen Cotton Trading Company Private Limited
4. Madurai Tara Traders Private Limited
5. Nemesis Cotton Trading Company Private Limited
6. Kurunji Investment Private Limited
7. Loyal International Sourcing Private Limited.
8. Gruppo P&P Loyal Spa, La Spezia, Italy

# Notice

**Committee Membership : NIL**

## **Item No.7 Ratification of Remuneration of Cost Auditor**

The board, on the recommendation of the audit committee at its meeting held on 11<sup>th</sup> February, 2015, appointed Mr V Balasubramanian, Practising Cost Accountant, having Membership No. 4771, as cost auditor of the Company, in terms of Section 148 of the Companies Act, 2013 (the Act 2013); and fixed a sum of Rs.1 lakh as remuneration payable to him for the financial year 2015-2016, at the Board Meeting held on 28<sup>th</sup> May 2015 subject to ratification by the shareholders of the Company.

In terms of Section 148(3) of the Act 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the cost auditor, as recommended by the audit committee and approved by the board, is required to be ratified by the shareholders of the Company, at the ensuing AGM of the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out in Item No.6 of this Notice.

The board, therefore, recommends the ordinary resolution, as set out in item No.7, for ratification of the remuneration payable to the Cost Auditor by the shareholders of the Company.

By order of the Board  
For Loyal Textile Mills Limited

Place: Chennai  
Date: 28<sup>th</sup> May, 2015

**MANIKAM RAMASWAMI**  
Managing Director

# Directors' Report

Your Directors have great pleasure in presenting their 69<sup>th</sup> Report on the business and operations of the Company together with the audited statement of accounts for the year ended 31<sup>st</sup> March 2015.

## 1. SUMMARISED FINANCIAL HIGHLIGHTS

Financial results for the year under review are as follows:

₹. in crore,  
except Earning per share data

Particulars	Standalone		Consolidated
	2014 - 2015	2013 - 2014	2014 - 2015
<b>GROSS PROFIT</b>	<b>160.84</b>	<b>179.64</b>	<b>163.29</b>
Less : Interest	68.84	75.81	69.23
<b>OPERATING PROFIT</b>	<b>92.00</b>	<b>103.83</b>	<b>94.06</b>
Less : Depreciation	82.30	70.86	82.93
<b>PROFIT BEFORE TAX</b>	<b>9.70</b>	<b>32.97</b>	<b>11.12</b>
Less: Current Tax	3.45	7.50	4.05
<b>PROFIT AFTER CURRENT TAX</b>	<b>6.25</b>	<b>25.47</b>	<b>7.08</b>
Less: Excess Provision for FBT of earlier years reversed	(0.02)	NIL	(0.02)
Less: Deferred tax	(8.72)	8.57	(8.72)
Less: MAT credit	NIL	(2.80)	NIL
<b>PROFIT AFTER DEFERRED TAX</b>	<b>14.99</b>	<b>19.70</b>	<b>15.82</b>
Add : Surplus brought forward from previous year	33.73	20.50	39.69
Less: Dividend Tax	0.74	0.61	0.74
Less: Proposed Dividend on Equity Shares (75%)	3.61	3.61	3.61
Less: Withdrawal on account of Depreciation as per Schedule II of the Companies Act, 2013	8.45	NIL	8.45
Add: Reversal of Deferred Tax Liability on account of Transition	2.87	NIL	2.87
Less: Transfer to General Reserve	1.50	2.25	1.55
<b>Balance carried to next year</b>	<b>37.29</b>	<b>33.73</b>	<b>44.03</b>
<b>Earning Per Share</b>			
Basic – EPS Per Share	<b>31.13</b>	<b>40.91</b>	<b>32.86</b>
Diluted –EPS per Share	<b>31.13</b>	<b>40.91</b>	<b>32.86</b>

## 2. DIVIDEND

Your Directors recommend a Dividend of Rs.7.50 (75%) per equity share of Rs.10/- each for the financial year ended 31<sup>st</sup> March 2015 amounting to Rs.3.61 Crores on which Dividend distribution tax comes to Rs. 0.74 Crores.

The Dividend will be paid to members whose names appear in the Register of Members as on 28<sup>th</sup> August 2015 and in respect of shares held in dematerialized form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on that date.

## 3. SHARE CAPITAL

The paid up Equity Share Capital as on March 31, 2015 was Rs.4.82 crores. During the year under review the company has not issued any shares or any convertible instruments.

## 4. PERFORMANCE REVIEW, MANAGEMENT DISCUSSIONS, ANALYSIS REPORT AND OUTLOOK FOR THE CURRENT YEAR

The year under review has been a challenging one for the textile industry at large and units in Tamilnadu mills faced more problems due to the poor power situation, forcing mills to buy most of the power required from outside sources.

The windmill power evacuation continues to be going from bad to worse, this year too nearly 3 Crore units produced by the company did not get evacuated, causing a huge loss to our company.

Textile markets in India and globally was severely impacted as the prices of raw materials kept dropping right through the financial year, creating a steady loss in the inventories.

Domestic markets remain weaker than international markets.

The total term loans stand at Rs.308.52 Crores reduced from Rs.341.12 Crores at the end of last fiscal year. Our efforts to deleverage and reduce overall debt is on track.

During the first half of the year, our garment turnover dropped, as our main buyer of our Italian company was doing stock correction at their end in view of falling prices. However the order booking picked up in the second half and continues to be strong.

We have enjoyed cordial relationship with all our stake holders.

We have won several export awards, 5S awards, QC awards and recognition for our CSR full conduct of business.

# Directors' Report

## New businesses :

During the year a 3.3 MW solar power plant has been commissioned at Sattur unit, this is expected to produce nearly 50 lac units per year.

Loyal International Sourcing Private Limited is wholly owned subsidiary company of Loyal Textile Mills Limited has been incorporated and commenced its operations during the year, which will source garments for overseas retail chains.

A Joint Venture has been established in Portugal to secure orders for fashion garments from higher end brand names together with a small manufacturer in Portugal, who has the capability of developing a collection and making small orders for fast turnaround.

## Italian Joint Venture

Italian Joint Venture is performing satisfactorily, and has made a profit of 4.67 Lakh Euros pre tax and 2.99 Lakh Euros post tax despite a drop in turnover.

## 5. 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.6.34 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 2006-2007 and/or any subsequent years are requested to write to the Company with necessary details before 01.09.2014.

## 6. EXPORTS

During the year under review, the company exported goods to the tune of Rs. 1220.25 Crores (Previous year Rs.1282.29 Crores).

## 7. MODERNISATION

A sum of Rs.57.11 Crores (previous year Rs.52.01 Crores) was spent on modernization/ replacement of plant and machinery during the year under review.

## 8. CREDIT FACILITIES / FINANCE

During the year, the company availed term loans to the tune of Rs.34.79 Crores and repaid loans to the extent of Rs.67.39 Crores to Banks/Financial institutions.

## 9. FIXED DEPOSITS

During the year all deposits were repaid and there is no unpaid deposits held in our company.

₹. In Lakhs

Opening	4.47
Add : Availed during the year	NIL
Less : Repaid During the year	4.47
Closing	NIL

## 10. DONATION

During the year 2015-16 the Company has paid a donation of Rs.136 Lakhs.

## 11. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as **Annexure -A**.

## 12. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The information required pursuant to Section 197(12) read with Rule 5(2) and Rule 5 (3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company and Directors is attached as **Annexure – B** to this report.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules,2014 are provided in the **Annexure – B** to this report.

## 13. REPORT ON CORPORATE GOVERNANCE

A detailed report on Corporate Governance is annexed to this report as **Annexure - C**. The Company has complied with the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement. The Managing Director has given a certificate of Compliance with the Code of Conduct, which forms part of **Annexure – C** as required under Clause 49 of the Listing Agreement.

# Directors' Report

The Statutory Auditors of the Company have examined the requirements of Corporate Governance with reference to Clause 49 of the Listing Agreement and have certified the compliance, as required under Clause 49 of the Listing Agreement.

The Certificate in this regard is attached as **Annexure-D** to this Report.

The Managing Director and Chief Financial Officer (CFO) certification as required under Clause 41 of the Listing Agreement is attached as **Annexure –E** to this report.

## 14. CONSOLIDATED FINANCIAL STATEMENT

The Consolidated Financial Statements of the Company prepared in accordance with relevant Accounting Standards (AS) viz. AS 21, and AS 27 prescribed under Companies (Accounting Standards) Rules, 2006.

## 15. SUBSIDIARIES AND JOINT VENTURES

Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, the statement containing salient features of the financial statements of the Company's Subsidiaries and Joint Ventures (in Form AOC-1) is attached to the financial statements.

Loyal International Sourcing Private Limited (100 % Wholly Owned Subsidiary Company) is started during the year.

The Equity Shares of M/s. Shri Teyem Processors Limited and M/s. Uniloyal Expotex Limited which were hitherto held in investment, have been sold during the year.

## 16. CORPORATE SOCIAL RESPONSIBILITY (CSR)

In terms of section 135 and Schedule VII of the Companies Act, 2013, the Board of Directors of your Company have constituted a CSR Committee. The Committee comprises of three Directors out of which two Directors are Independent Directors and other Director is a Whole Time Director. CSR Committee of the Board has developed a CSR Policy under Health Care activities and Educational Activities which is enclosed as part of this report **Annexure - F**. The CSR Policy is available at [www.loyaltextiles.com](http://www.loyaltextiles.com) under investor info/ policy documents / CSR Policy link.

The company has contributed to a Charitable Trust a sum of Rs. 70. Lakhs which is more than the amount required to be spent u/s.135 of the Companies Act, 2013. The details of amount spent and category, will be published in the next report.

## 17. VIGIL MECHANISM / WHISTLE BLOWER POLICY

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for Directors and employees to report genuine concerns has been established.

The Vigil Mechanism Policy has been uploaded on the website of the Company at <http://www.loyaltextiles.com> under investor info/ policy documents/ Whistle Blower Policy link.

## 18. RELATED PARTY TRANSACTIONS

Related party transactions that were entered during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. Transactions with related parties entered by the Company in the normal course of business are periodically placed before the Audit Committee for its omnibus approval.

Particulars of contracts or arrangements with related parties referred to in section 188(1) of the companies Act, 2013 in the prescribed form AOC-2 is attached as **Annexure – G**. Also Refer Note No.47 of Financial statement which sets out the transactions with related parties.

The Board of Directors of the Company has, on the recommendation of the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act 2013, the Rules there under and the Listing Agreement. This Policy was considered and approved by the Board has been uploaded on the website of the Company at [www.loyaltextiles.com](http://www.loyaltextiles.com) under investor info/ policy documents Related Party Transaction Policy link.

## 19. RISK MANAGEMENT POLICY

In accordance with Clause 49 of the Listing Agreement the board members were informed about risk assessment and minimization procedures after which the board formally adopted steps for framing, implementing and monitoring the risk management plan for the company.

The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to risk management, in order to guide decisions on risk related issues.

# Directors' Report

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the company are imperative. The common risks inter alia are: regulations, competition, business risk, technology obsolescence, investments, and retention of talent and expansion of facilities.

Business risk, inter-alia, further includes financial risk, political risk, fidelity risk and legal risk.

As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same.

## 20. REMUNERATION POLICY OF THE COMPANY

The remuneration policy of the company comprising the appointment and remuneration of the Directors, Key Managerial Personnel and Senior Executives of the Company including criteria for determining qualifications, positive attributes, independence of a Director and other related matters has been provided in the Corporate Governance Report which is attached as Part III to Para- 2 of **Annexure – C** to this report.

## 21. DIRECTORS, KEY MANAGERIAL PERSONNEL & COMMITTEES

At the 68<sup>TH</sup> Annual General Meeting of the company held on 11<sup>th</sup> September, 2014 the company had appointed the existing independent directors Shri K.J.M Shetty (DIN 00033296), Shri.S.Venkataramani (DIN 00053043), Shri.R.Poornalingam (DIN. 00955742), Shri. Shridhar Subrahmanyam (DIN. 01780475) and, Shri. M. Madhavan Nambiar (DIN. 03487311) as independent directors not liable to retire by rotation under the companies Act, 2013 for 3 consecutive years for a term up to the conclusion of the 71<sup>st</sup> Annual General Meeting.

The Key Managerial personnels namely Company Secretary Mr.M.Arumugam was appointed in the Board Meeting held on 12<sup>th</sup> August 2013 and Chief Financial Officer Mr.R.Mohan was appointed during the year in the Board Meeting held on 01<sup>st</sup> August 2014.

All independent directors have given declaration that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and Clause 49 of Listing Agreement.

At a Board Meeting held on 11<sup>th</sup> February 2015 the board had appointed Smt. Valli M Ramaswami (DIN 00036508) as an Additional director (Woman director) and in the same Board Meeting she was appointed as a Whole Time Director of the company.

## 21.1 AUDIT COMMITTEE

The company is having Audit Committee comprising of following Directors.

NAME	STATUS	CATEGORY
Shri. K.J.M.Shetty	Chairman	Independent Director
Shri.S.Venkataramani	Member	Independent Director
Shri.Shridhar Subrahmanyam	Member	Independent Director

## 21.2 NOMINATION AND REMUNERATION COMMITTEE

The company is having a Nomination and Remuneration Committee comprising of the following directors:

NAME	STATUS	CATEGORY
Shri. K.J.M.Shetty	Chairman	Independent Director
Shri.S.Venkataramani	Member	Independent Director
Shri.R.Poornalingam	Member	Independent Director

## 21.3 CSR COMMITTEE

The company is having a Corporate Social Responsibility Committee comprising of the following directors:

NAME	STATUS	CATEGORY
Shri. K.J.M.Shetty	Chairman	Independent Director
Shri. M. Madhavan Nambiar	Member	Independent Director
Shri.P.Manivannan	Member	Whole Time Director

## 21.4 STAKEHOLDERS' RELATIONSHIP COMMITTEE

The company is having a Stakeholders' Relationship Committee comprising of the following directors:

NAME	STATUS	CATEGORY
Shri. K.J.M.Shetty	Chairman	Independent Director
Shri.S.Venkataramani	Member	Independent Director
Shri.P.Manivannan	Member	Whole Time Director

# Directors' Report

## 21.5 RISK MANAGEMENT COMMITTEE

The company is having a Risk Management Committee comprising of the following directors:

NAME	STATUS	CATEGORY
Shri. Manikam Ramaswami	Chairman	Managing Director
Shri.P.Manivannan	Member	Whole Time Director
Shri.M.E.Manivannan	Member	Senior Vice President (Operations)

## 22. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has adequate system of internal control to safeguard and protect from loss, unauthorized use or disposition of its assets. All the transactions are properly authorized, recorded and reported to the Management. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements. The internal auditor of the company checks and verifies the internal control and monitors them in accordance with policy adopted by the company.

## 23. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of our knowledge and belief and according to the information and explanations obtained by us, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- in the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the Directors have selected such accounting policies and applied them consistently and made 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 March 31, 2015 end of the profit of the company for the year ended on that date ;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- the Directors have prepared the annual accounts on a going concern basis;
- the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively; and
- the Directors had devised proper system to ensure that systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## 24. LISTING

The Company's equity shares continue to be listed on the Bombay Stock Exchange, Mumbai. The listing fee for the financial year 2014 – 2015 has been paid to BSE and the Annual Custodian fee has been paid to the NSDL and CDSL for the financial year 2014-15

## 25. AUDITORS

### 25.1 STATUTORY AUDITORS

M/s. Suri & Co (Firm Regn No:004283S.), Chartered Accountants, have been appointed as statutory auditors of the company at the 68<sup>th</sup> Annual General Meeting held on 11.09.2014 for a period of three years subject to ratification by members at every consequent Annual General Meeting. Therefore, ratification of appointment of Statutory Auditors is being sought from the members of the Company at the ensuing AGM.

The Statutory Auditors' Report to the shareholders does not contain any qualification.

### 25.2 SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Krishna Sharan Mishra (FCS No.6447) representing KSM Associates, Company Secretaries, Chennai, to undertake the secretarial audit of the company. The Secretarial Audit Report is annexed herewith as **Annexure - H**.

The Secretarial Auditors' Report to the shareholders does not contain any qualification.

### 25.3 INTERNAL AUDITORS

M/S. SLSM & CO, Associates, Chartered Accountants performs the duties of internal auditors of the company and their report is reviewed by the audit committee from time to time.

# Directors' Report

## 25.4 COST AUDITOR

Mr.V.Balasubramanian, Cost Accountant was appointed as Cost Auditor for auditing the cost accounts of your Company for the year ended 31<sup>st</sup> March, 2015 by the Board of Directors. The Cost Audit Report for the year 2013-14 has been filed under XBRL mode within the due date of filing.

## 26. EXTRACT OF ANNUAL RETURN

An extract of the Annual return in form- MGT-9 as on March 31, 2015 is attached as **Annexure – I** to this report.

## 27. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or investments or guarantee or security is proposed to be utilized by the recipient are provided in the standalone financial statement (**Refer Note No. 11**).

## 28. BUSINESS RESPONSIBILITY STATEMENT

1. The company shall comply with all the statutes and the rules of regulating authorities.
2. It is the responsibility of the company to share the wealth of the company with our Share holders.
3. When it comes to the caring of environment, Loyal does not believe in seeking benefits from the government but leaving it with the government for greater good and being morally fair to our customers, employees, suppliers etc., The Company has great respect for environment.
4. Believe in empowering the society through education.

## 29. GENERAL

A. Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.

3. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.

4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future. Attention is drawn to the Note No. 39 regarding letter from BSE for which suitable reply has been filed.

B. A copy of the Financial Statements including Consolidated Financial Statements, Directors Report, Auditors Report etc., is available at the Registered office of the Company for the inspection of the members of the company during the office hours up to the date of Annual General Meeting.

C. The Company has not furnished the statement of Changes in Equity as the required format has not yet been prescribed.

D. Your Directors further state, as per information furnished by POSH Committee, during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## 30. 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 and State Bank of Mysore. 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

**P. MANIVANNAN**  
Whole Time Director

**MANIKAM RAMASWAMI**  
Managing Director

Place: Chennai  
Date: 28<sup>th</sup> May 2015



# Annexure A to the Directors' Report

## PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

### A. CONSERVATION OF ENERGY

1. Steps taken or Impact on Conservation of Energy :
  - a) We have taken actions to optimize compressed air usage and arrest of leakages. Units saved per day is 5000 units.
  - b) We have taken actions to optimize the Waste collection suction pressure and compact suction pressures by optimizing pulleys and apron pressures. The units saved due to this is 1000 units per day and cost saved per year is Rs 27.00 Lakhs.
  - c) We have taken measures to optimize the Humidification plants and save 675 units per day and cost saved per year is Rs.18.22 Lakhs.
  - d) We have initiated steps to optimize the process parameters. Units saved per day is 3500 units and cost saved per year was Rs.94.50 Lakhs.
  - e) We have installed 3 sets of Dry cooling tower for the Compressors to save water and power Consumption .The Power Saving about 500 units per day and cost savings due to power is Rs 13.50 Lakhs per year.
2. Steps taken by the company for utilizing alternate sources of energy :
  - a) We have installed 100 KW Roof top solar power plant by investing Rs 76.0 lacs and the plant has produced 1.4 Lakh units per year.
  - b) We have installed 3.3 MW solar plant by investing Rs 1950 Lakhs and expected to generate 45 Lakh units per year. Cost saving will be Rs.337 Lakhs per year by way of this investment.
3. Capital Investment on Energy Conservation Equipment :
  - a) 100.00 KW Solar Power Plant – Rs 60.09 Lakhs
  - b) 3.3 MW Solar Power Plant - Rs 1950 Lakhs
  - c) Dry cooling tower 3 Nos - Rs 143 Lakhs
  - d) Humidification Plant, Waste Suction and compressed air optimization – Rs 5 Lakhs.

### B. TECHNOLOGY ABSORPTION

1. Efforts made towards technology absorption :
  - a) The Company has installed new type of Toyota combers which eliminated totally the cam mechanism for detaching movement.
  - b) The Company has procured new type of Chinese compact systems - Dechang and H fang.
  - c) The Company has installed Drumless Autoconer Qpro.
  - d) The Company has purchased Truetzschler's latest drawframe TD 08.  
  
The Company always pay attention to absorb the latest technologies.
2. Benefits derived like product improvement, cost reduction, product development etc. :  
  
The company has developed new innovative products like blanche yarn, neppy yarn, siro yarn in viscose, siro yarn with grindle effect, E Melange yarn etc.
3. Importing of any technology and their benefits :  
  
The Machines such as Toyato Combers, Chinese Compact Systems, Drumless Autoconer Qpro and Truetzschler's latest drawframe TD 08 were imported during the year. The benefits have been in the form of improvements in production and quality. Further there has been reduction of energy consumption.
4. Expenditure incurred for R & D :
  - a) The Company has taken different R&D with new fibres like Linen, Bamboo, dyed polyester etc., in our R& D centre at our Andhra unit.
  - b) Government of India, Ministry of Science & Technology, Department of Scientific, Industrial Research has accorded recognition for our in house R &D unit at our Andhra unit during the year.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ In Lakhs)

Particulars	2014 - 2015	2013 - 2014
Total Foreign Exchange Earned	1,163.85	1,230.46
Total Foreign Exchange Used	141.74	73.45

# Annexure B to the Directors' Report

## DETAILS PERTAINING TO EMPLOYEES AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT 2013

1. DETAILS PERTAINING TO REMUNERATION AND OTHER DETAILS AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

S. No	Name	Designation	Remuneration paid FY 2014-15 ₹. Lakhs	Remuneration paid FY 2013-14 ₹. Lakhs	% Increase of remuneration in 2015 as compared to 2014 previous year	Ratio/Times per Median of employee remuneration
1	Mr.Manikam Ramaswami	Managing Director	58.35	131.41	(55.60)	31.20
2	Mrs.Valli M Ramaswami	Whole Time director	1.84*	NIL	Not Applicable	Not Applicable
3	Mr.P.Manivannan	Whole Time Director	16.30	12.21	33.50	8.71
4	Mr.R.Mohan	CFO(KMP)	14.58	2.29*	Not Applicable	7.80
5	Mr.M.Arumugam	CS(KMP)	7.22	4.02*	Not Applicable	3.86

\* Employed only part of the year

- No of permanent employees on the rolls as on 31<sup>st</sup> March 2015 is 1356.
- The board confirms that the remunerations paid to the directors is as per the remuneration policy.

2. STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH RULE 5(2) And RULE 5 (3) of COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- A. Employed throughout the year and in receipt of remuneration in aggregate of not less than Rs. 60 Lakhs per annum

---- None ----

- B. for part of the year and in receipt of remuneration of more than Rs. 5 Lakhs per month

---- None ----

- C. If employed throughout the FY or part thereof, was is in receipt of remuneration in excess of that drawn by the Managing Director or WTD or Manager and holds himself or along with his spouse and dependent children, not less than 2% of equity shares of the Company.

---- None ----

# Annexure C to the Directors' Report

## 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 organization 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

#### 1) The composition of the Board of Directors as on 31<sup>st</sup> March, 2015 is as follows:

As on 31<sup>st</sup> March, 2015, the Company's Board consists of Eight Directors having considerable professional experience in their respective fields. Out of them five are Independent

Directors, three are Executive directors of which one is Whole time woman director.

The Composition of the Board is in Conformity with clause 49 of Listing Agreements with Stock Exchanges and as per Companies Act, 2013 which is effective as on 31<sup>st</sup> March, 2015.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanship / Memberships held by them in other companies is given below. Other directorships do not include alternate directorships, directorships of Private Limited Companies, section 25 companies, and of companies incorporated outside India. Chairmanship / Membership of Board Committees include only Audit committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee.

The present directors of Mr. Manikam Ramaswami – Managing Director and Mrs. Valli M Ramaswami are “Relative” of each other as defined in Section 2(77) of the Companies Act, 2013 and Rule 4 of the Companies (Specification of definition details) Rule 2014. Rules

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 Managing Director	Promoter & Executive	NIL	NIL
2	Mrs.Valli M Ramaswami	Promoter & Executive	NIL	NIL
3	Mr. KJM.Shetty	Independent & Non Executive	4	4
4	Mr. S. Venkataramani	Independent & Non Executive	2	1
5	Mr. R. Poornalingam	Independent & Non Executive	2	Nil
6	Mr. Shridhar Subrahmanyam	Independent & Non Executive	Nil	Nil
7	Mr. M. Madhavan Nambiar	Independent & Non Executive	5	Nil
8	Mr. P. Manivannan	Executive	Nil	Nil

\* Directorship in Private Limited Companies, Section 8 Companies and Foreign Companies are excluded.

\*\* Only Audit Committee and Stakeholders' Relationship Committee alone considered.

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

# Annexure C to the Directors' Report

## II) Board Meetings & AGM

During the year under review four Board meetings were held i.e. on 23<sup>rd</sup> May 2014, 01<sup>st</sup> August 2014, 12<sup>th</sup> November 2014 and 11<sup>th</sup> February 2015. 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	04	No
Mrs. Valli M Ramaswami	01	No
Mr. KJM.Shetty	04	No
Mr. S.Venkataramani	03	No
Mr. R.Poornalingam	04	No
Mr. Shridhar Subrhamanyam	04	No
Mr. M. Madhavan Nambiar	02	No
Mr. P.Manivannan	04	Yes

## III) Remuneration to Directors

No remuneration other than the sitting fees and other expenses (traveling, boarding and lodging incurred for attending the Board/ Committee Meetings) were paid to the non-executive Directors in 2014-2015.

a) Details of remuneration paid to the Managing Director and Directors during the year 2014-2015 is given below:

NAME OF DIRECTOR	SALARY ₹	PERKS ₹	COMMISSION ₹	PF & SUPER ANNUATION FUND ₹	TOTAL ₹
Mr. Manikam Ramaswami	18,00,000	5,56,344	30,29,000	4,50,000	58,35,344
Mrs. Valli M Ramaswami	1,64,286	NIL	NIL	19,704	1,83,990
Mr. P. Manivannan	14,80,000	55,978	NIL	93,600	16,29,578

b) Details of payments made to Non-Executive Directors during the year 2014-2015 is given below:

Directors	Sitting Fess (in Rupees)		Total No. of Shares held in the Company as on 31 <sup>st</sup> March 2015.
	Board Meeting	Committee Meeting	
Mr.KJM.Shetty	80,000	60,000	50*
Mr.S.Venkataramani	60,000	40,000	Nil
Mr. R. Poornalingam	80,000	10,000	Nil
Mr.Shridhar Subrahmanyam	80,000	40,000	Nil
Mr. M. Madhavan Nambiar	40,000	Nil	Nil

\* Shares held as second joint holder.

# Annexure C to the Directors' Report

## 2. CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT

The Board of Directors has laid down the code of conduct for all the Board members and members of the Senior Management of the Company. Additionally all independent directors of the company shall be bound by duties of independent directors as set out in the Companies Act, 2013 read with the Schedules and Rules thereunder.

All the Board members and Senior Management personnel have affirmed compliance with the code of conduct.

The Code of Conduct is available on the website of the company.

## 3. BOARD COMMITTEES

The terms of reference of Board Committees are determined by the Board from time to time. Presently the Company has Five committees i.e Audit Committee, Nomination and Remuneration Committee, Corporate social Responsibility Committee, Stakeholders Relationship Committee and Risk Management Committee. All the decisions pertaining to the constitution of the Committees, appointment of members, and fixing of terms of reference for committee members are taken by the Board of Directors. Details on the role and composition of these committees, including the number of meetings held during the financial year and the related attendance, are provided below:

### (i) AUDIT COMMITTEE

The Audit Committee consists of three non-executive directors with Mr. KJM.Shetty (as Chairman), Mr. S. Venkataramani and Mr. Shridhar Subrahmanyam as members.

During the year the Committee met four times i.e. on 23<sup>rd</sup> May 2014, 01<sup>st</sup> August 2014, 12<sup>th</sup> November 2014 and 11<sup>th</sup> February 2015.

The terms of reference of the Audit Committee are in tandem with those laid down by stock exchange regulations and inter-alia includes 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. KJM.Shetty	04
Mr. S. Venkataramani	03
Mr. Shridhar Subrahmanyam	04

The Statutory Auditors, Senior Vice President - Operations, Chief financial Officer, Company Secretary and other concerned executives of the Company attended the Meetings.

### (ii) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE)

The Committee formulates and recommend to the Board, a CSR Policy and recommend the amount of expenditure to be incurred on CSR activities. Committees framed a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Company and also monitor CSR policy from time to time.

The CSR Committee of the Company consists of 2 Non-Executive Independent Directors and 1 Whole Time Director.

During the year the Committee had 2 meeting i.e. on 12<sup>th</sup> November 2014 and 11<sup>th</sup> February 2015.

Name of the Member	Position	No. of Meetings Attended
Mr. KJM.Shetty	Chairman	2
Mr. M. Madhavan Nambiar	Member	0
Mr. P.Manivannan	Member	2

# Annexure C to the Directors' Report

## (iii) NOMINATION AND REMUNERATION COMMITTEE

This Committee shall identify the persons, who are qualified to become Directors of the Company / who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and also shall carry out evaluation of every director's performance. Committee shall also formulate the criteria for determining qualifications, positive attributes, independent of the Directors and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

The Nomination and Remuneration Committee of the Company consists of 3 Non-Executive Independent Directors including Chairman.

During the year the Committee had 1 meeting i.e. on 12<sup>th</sup> February 2015.

Name of the Member	Position	No. of Meetings Attended
Mr.KJM.Shetty	Chairman	1
Mr.S.Venkataramani	Member	0
Mr. R. Poornalingam	Member	1

## (iv) STAKEHOLDERS RELATIONSHIP COMMITTEE

The Committee (a) approves and monitors share transfers and transmissions, splitting and consolidation of shares and issue of duplicate share certificates and share certificates in 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 grievance 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. K J M. Shetty and Mr. S. Venkataramani and 1 executive director namely Mr. P. Manivannan.

The Committee met once during the year on 23<sup>rd</sup> May 2014

Name of the Member	Position	No. of Meetings Attended
Mr.KJM.Shetty	Chairman	1
Mr.S.Venkataramani	Member	1
Mr.P.Manivannan	Member	1

9 shareholder 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 2014-2015.

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.

## v) RISK MANAGEMENT COMMITTEE

The Company also has constituted a Risk Management Committee (Non-Mandatory) which ensures that the Company has an appropriate and effective Enterprise Risk Management system with appropriate policies and processes which carries out risk assessment and ensures that risk mitigation plans are in place by validating the same at regular intervals.

The Risk Management Committee of the Company consists of 2 Executive Directors and one Senior Management person.

During the year the Committee had 1 meeting i.e. on 12<sup>th</sup> February 2015.

Name of the Member	Position	No. of Meetings Attended
Mr.Manikam Ramaswami	Chairman	1
Mr.P.Manivannan	Member	1
Mr.M.E.Manivannan	Member	1

# Annexure C to the Directors' Report

## (VI) INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on February 11, 2015, inter alia to discuss:

- i. review the performance of non-independent directors and the Board as a whole.
- ii. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive.
- iii. assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## 4. PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, a separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board who were evaluated on parameters such as level of engagement and contribution and independence of judgment thereby safeguarding the interest of the Company. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The board also carried out annual performance evaluation of the working of its Audit, Nomination and Remuneration as well as stakeholder relationship committee. The Directors expressed their satisfaction with the evaluation process.

## 5. RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website.

## 6. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

## 7. 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.47 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.

# Annexure C to the Directors' Report

## 8 GENERAL SHAREHOLDER INFORMATION

### a) Annual General Meeting

**Day** : Thursday  
**Date** : 24<sup>th</sup> September 2015  
**Time** : 11.00 a.m.  
**Venue** : 21/4, Mill Street, Kovilpatti: 628 501

### Last three Annual General Meetings:

Date & Time	Location	Special Resolution passed
22nd August 2012, 10 A.M.	21/4, Mill Street, Kovilpatti – 628501 Tamil Nadu	Appointment of Mr. P. Manivannan as Whole Time Director and payment of remuneration.
23 <sup>rd</sup> September 2013, 10 A. M.		1. Alteration of Articles of Association to correct a typographical error, which has kept crept in the Articles of Association regarding the word(s) "Ninety" instead of "Ninety Lakhs". 2. Appointment of Mr. Manikam Ramaswami as a Chairman and Managing Director and payment of remuneration.
11 <sup>th</sup> September 2014, 10 A.M.		1. To increase the power of Board to Borrow funds upto limit of 1000 crores

- No Special Resolution was passed during last year through postal Ballot.
- One 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 year 2015-2016

Financial reporting for the quarter ending 30<sup>th</sup> June 2015 : End of July 2015  
Financial reporting for the quarter ending 30<sup>th</sup> September 2015 : End of October 2015  
Financial reporting for the quarter Ending 31<sup>st</sup> December 2015 : End of January 2016  
Financial reporting for the quarter Ending 31<sup>st</sup> March 2016 : With in 60 days from the end of March 2016  
Annual General Meeting for the year ending 31<sup>st</sup> March, 2016 : Last week of August 2016.

**c) Book Closure period:** 29<sup>th</sup> August, 2015 to 24<sup>th</sup> September, 2015 (As stipulated in the Listing agreement)

**d) Share Capital:** The Share capital of the Company comprises of 48,16,446 equity shares of Rs.10/- each.

### e) Dividend:

Your Directors recommend a Dividend of Rs.7.50 (75%) per equity share of Rs.10/- each for the financial year ended 31<sup>st</sup> March 2015. Dividend declared at the AGM will be paid on or before 23<sup>rd</sup> October 2015



# Annexure C to the Directors' Report

## 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 Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai- 400 001	514036

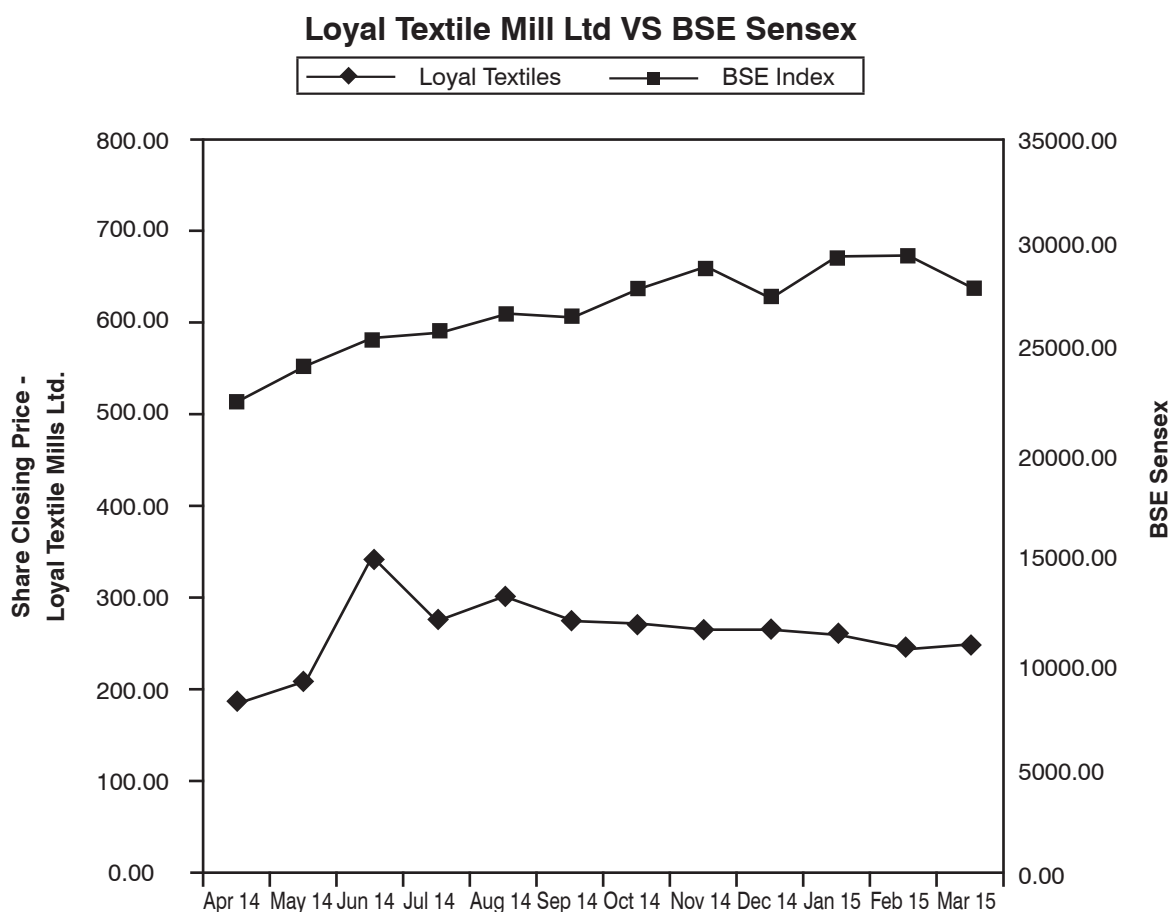
The Annual Listing fee for the year 2015 – 16 has been paid by the Company to the Bombay Stock Exchange Limited.

The Annual Custodian Fee for the year 2015-2016 will be paid on receipt of bill from NSDL and CDSL, for which request has been already made.

## g) Market price data:

MONTH	COMPANY'S SHARE PRICE			BSE SENSEX		
	HIGH	LOW	CLOSE	HIGH	LOW	CLOSE
Apr-14	188.15	156.00	188.15	22939.31	22197.51	22417.80
May-14	222.35	165.05	209.00	25375.63	22277.04	24217.34
Jun-14	370.00	208.00	348.50	25725.12	24270.20	25413.78
Jul-14	353.45	270.00	275.00	26300.17	24892.00	25894.97
Aug-14	332.00	240.00	304.00	26674.38	25232.82	26638.11
Sep-14	309.95	259.10	275.00	27354.99	26220.49	26630.51
Oct-14	280.00	239.55	270.90	27894.32	25910.77	27865.83
Nov-14	275.00	241.30	261.50	28822.37	27739.56	28693.99
Dec-14	279.50	243.05	267.60	28809.64	26469.42	27499.42
Jan-15	304.00	250.05	262.20	29844.16	26776.12	29182.95
Feb-15	281.00	229.00	247.10	29560.32	28044.49	29361.50
Mar-15	259.00	230.00	250.00	30024.74	27248.45	27957.49

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



# Annexure C to the Directors' Report

## 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 Stakeholder's 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. The total number of shares transferred / transmitted during the year was:

	No. of Documents	No. of Shares
No. of Transfers	08	2410
No. of Transmissions	4	20660
No. of Duplicate Share Certificates issued	1	50

## i) Dematerialization 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 31<sup>st</sup> March 2015, 40,53,928 shares were in dematerialised form representing 84.168% of the total shares. The Demat ISIN code number of our share is INE970D01010.

## j) Shareholding Pattern (As on 31<sup>st</sup> March 2015)

S. No.	Category	No. of Shares	% to total capital
1	Promoter Group	3539845	73.49%
2	Nationalized Banks	1303	0.03%
3	Insurance Companies	Nil	Nil
4	Non Residents	30255	0.63%
5	Others	1245043	25.85%
	Total	4816446	100%

## k) Distribution of shareholding of the Company as on 31<sup>st</sup> March 2015

UNIT: LOYAL TEXTILE MILLS LIMITED - 31-03-2015				
Range	No. of share holders	% of share holders	No. of shares	% of holding
Upto – 5000	1771	83.97	241651	5.02
5000 – 10000	149	7.06	119291	2.48
10001 – 20000	86	4.08	137846	2.86
20001 – 30000	28	1.33	69630	1.45
30001 – 40000	15	0.71	55309	1.15
40001 – 50000	7	0.33	33118	0.69
50001 – 100000	14	0.66	97394	2.02
100001 & above	39	1.85	4062207	84.34
<b>TOTAL</b>	<b>2109</b>	<b>100.00</b>	<b>4816446</b>	<b>100.00</b>

**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, Ginning & Garments:*

- 21/4, Mill Street, Kovilpatti – 628 501
- N Venkateswarapuram, N Subbiahpuram, Sattur Taluk - 626 205
- Menakur Village, Naidupet Mandal, Nellore District, Andhra Pradesh – 524 221
- Arasanur, Thirumancholai Post, Sivagangai Taluk – 630 561
- Annarugudan Village, Tallada Mandal, Khammam District, Andhra Pradesh - *Processing:*
- C7 – 1, Sipcot Industrial Complex, Kudikadu, Cuddalore – 607 005

## 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 Bombay Stock Exchange's website <http://www.bseindia.com/>.

# Annexure C to the Directors' Report

The annual reports are sent to all the shareholders. The shareholding pattern is also available on the <http://www.bseindia.com/>.

## **o) Address for communication:**

### **a.Compliance Officer**

Mr. M.Arumugam  
Company Secretary  
Loyal Textile Mills Ltd.  
21/4, Mill Street, Kovilpatti – 628501  
Tamil Nadu  
Phone : (04632) 2220001  
Email : investors@loyaltextiles.com

(or)

### **b.Registrar and Share Transfer Agent**

GNSA Infotech Limited  
STA Department, Nelson Chambers,  
4<sup>th</sup> Floor, F Block, No.115 Nelson Manickam Road,  
Aminjikarai, Chennai - 600029  
Phone: 044-42962025  
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 set up 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. M.Arumugam, Company Secretary has been appointed as the Compliance Officer for monitoring insider trading.

## **Information pursuant to Clause 49(VIII)(E) of the Listing Agreement:**

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

## **CEO / CFO Certification:**

As required by Clause 49 of the Listing Agreement, the CEO / CFO Certification is provided in the Annual Report.

## **EXTENT OF COMPLIANCE WITH NON-MANDATORY REQUIREMENTS:**

### **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 not made any qualifications on the financial statements of the Company.

### **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 has put in place a mechanism of reporting illegal or unethical behaviour. Employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate supervisor / notified persons.

The reports received from any employee will be reviewed by the audit committee. It is affirmed that no person has been denied access to the audit committee in this respect. The Directors and senior management are to maintain confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discriminatory practice.

**P. MANIVANNAN**  
Whole Time Director

**MANIKAM RAMASWAMI**  
Managing Director

Place: Chennai  
Date: 28<sup>th</sup> May 2015

# Annexure C to the Directors' Report

## CODE OF CONDUCT

To  
The Members of Loyal Textile Mills Limited

**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 31<sup>st</sup> March 2015.

Place: CHENNAI  
Date: 28<sup>th</sup> May 2015

**MANIKAM RAMASWAMI**  
Managing Director

# Annexure D to the Directors' Report

## AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

TO

The Members of M/s. 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 31<sup>st</sup> March 2015, 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 condition 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.,  
CHARTERED ACCOUNTANTS  
Firm Reg. No: 004283S

R.KRISHNAMOORTHY  
PARTNER  
Membership Number 20695

PLACE: CHENNAI  
DATE: 28-05-2015

# Annexure E to the Directors' Report

## CERTIFICATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER TO THE BOARD

We Manikam Ramaswami, Managing Director and R.Mohan, Chief Financial Officer of Loyal Textile Mills Limited, certify that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements present a true and fair view of the state of affairs of the company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing Generally Accepted Accounting Principles including Accounting Standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Statutory Auditors and Audit Committee are appraised of any corrective action taken or proposed to be taken with regard to significant deficiencies and material weaknesses.
4. We have indicated to the Auditors and to the Audit Committee:
  - a) that there are no significant changes in internal control over financial reporting during the year;
  - b) that there are no significant changes in accounting policies during the year;
  - c) that there are no instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the Company's internal control system over financial reporting.

Date : 28.05.2015  
Chennai

**Manikam Ramaswami**  
Managing Director

**R. Mohan**  
Chief Financial Officer

# Annexure F to the Directors' Report

## ANNUAL REPORT ON CORPORATE GOVERNANCE SOCIAL RESPONSIBILITIES (CSR) ACTIVITIES

Brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The Company's CSR policy has been uploaded in the website of the Company under the web-link:<http://www.loyaltextiles.com> under investor info/ policy documents/ CSR Policy link.

### Composition of the CSR Committee

NAME	STATUS	CATEGORY
Shri. K.J.M.Shetty	Chairman	Independent Director
Shri.M. Madhavan Nambiar	Member	Independent Director
Shri.P.Manivannan	Member	Whole Time Director

The Committee met once during the year.

Average net profit of the Company for the last three financial years

Average net profit: ₹ 13.24 Crores.

Prescribed CSR expenditure (2% of the average net profit of the last three financial years)

2 % of the Average Net Profit – 26.48 Lakhs

The Company during the financial year 2014-15 is required to spend Rs.30.00 Lakhs towards CSR. However the Company has given a cheque to the Trust to spend towards CSR activities a sum of Rs.30.00 Lakhs

Details of CSR spent / Contributed during the financial year:

- Total amount to be spent / contributed for the financial year; Rs.30.00 Lakhs
- Amount unspent, if any; Rs.30 Lakhs
- The Reason for Non Spending of the amount, is that the company has contributed the Sum at the year end and it will be spent during this Financial Year

Manner in which amount spent during the financial year is detailed below:

₹ In Lakhs

Sl. No.	CSR project or activity identified	Sector in which the project is covered	Locations (Unit)	Amount Outlay (Budget)- Project wise/ Program wise	Amount Spent on the project or programs	Cumulative Expenditure upto reporting period	Amount spent: Direct or through implementing agency
1.	Training to College / Institution Students, Scholarship to children, Vocational Skills, Donations to Institutions and promoting education.	Promoting education, including special education and vocation skills.	Madurai, Sattur, and Kovilpatti (Above locations are in Tamilnadu)	NIL	NIL	NIL	NIL
	Total			NIL	NIL	NIL	NIL

### Responsibility Statement by the Corporate Social Responsibility Committee:

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

Date : 28.05.2015  
Chennai

**Manikam Ramaswami**  
Managing Director

**KJM Shetty**  
Director

# Annexure G to the Directors' Report

Form No. AOC-2

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

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

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

Sl. No	Particulars	Details
a)	Name(s) of the related party and nature of relationship	Nil
b)	Nature of contracts / arrangements / transactions	Nil
c)	Duration of the contracts / arrangements / transactions	Nil
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Nil
e)	Justification for entering into such contracts or arrangements or transactions	Nil
f)	Date(s) of approval by the Board	Nil
g)	Amount paid as advances, if any	Nil
h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Nil

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

Sl. No	Particulars	Details
a)	Name(s) of the related party and nature of relationship	Gruppo P&P Loyal Spa, Italy
b)	Nature of contracts / arrangements / transactions	Joint Venture Company
c)	Duration of the contracts / arrangements / transactions	Ongoing basis
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Sale of Garments and Purchase of raw materials
e)	Date(s) of approval by the Board, if any	Appropriate approval have been taken on every quarter from Audit Committee
f)	Amount paid as advances, if any	Nil

Date : 28.05.2015  
Chennai

**Manikam Ramaswami**  
Managing Director

**P. Manivannan**  
Whole Time Director



# Annexure H to the Directors' Report

## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015

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

To,  
The Members,  
Loyal Textile Mills Limited  
Kovilpatti

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Loyal Textile Mills Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board - processes and compliance - mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not Applicable to the Company for the year under review.**
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **Not Applicable to the Company for the year under review.**
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable to the Company for the year under review.**
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable to the Company for the year under review and**
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not Applicable to the Company for the year under review.**
- (vi) Following other laws applicable specifically to the company:
- a) Air (Prevention & Control of Pollution) Act, 1981 & Air (Prevention & Control of Pollution) Rules, 1982.
  - b) Water (Prevention and Control of Pollution) Act, 1974 & Water (Prevention and Control of Pollution) Rules, 1974.

# Annexure H to the Directors' Report

- c) The Environment (Protection) Act, 1986, The Environment (Protection) Rules, 1986, The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
- d) The Factories Act, 1948
- e) The Employees State Insurance Act, 1948
- f) The Industrial Employment (Standing Orders) Act , 1946
- g) Industrial Disputes Act, 1947
- h) Minimum Wages Act, 1948
- i) Payment of Wages Act, 1936
- j) The Employees Provident Fund And Miscellaneous Provisions Act , 1952
- k) Payment of Bonus Act, 1965
- l) Payment of Gratuity Act, 1972
- m) The Contract Labour (Regulation and Abolition) Act, 1970
- n) The Maternity Benefit Act, 1961
- o) Tamil Nadu Shops and Establishment Act, 1947
- p) The Child Labour (Prohibition And Regulation) Act , 1986
- q) The Employees Compensation Act , 1923
- r) The Equal remuneration Act, 1976

**We have also examined compliance with the applicable clauses of the following:**

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (not applicable to the Company as they were not notified during the period under review).
- (ii) The Listing Agreements entered into by the Company with BSE Limited, Mumbai.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** to the best of our knowledge, during the audit period there were no specific events / actions having a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc. referred to above.

**For KSM Associates, Company Secretaries**

Place: Chennai

Date: 28<sup>th</sup> May 2015

**Krishna Sharan Mishra**

Practicing Company Secretary

FCS 6447; CP 7039

# Annexure H to the Directors' Report

## ANNEXURE – A

To  
The Members  
Loyal Textile Mills Limited  
Kovilpatti

Our report of even date is to be read along with this letter.

- a. Maintenance of secretarial and other records is the responsibility of the management of the Company. Our responsibility is to express an opinion on the relevant records based on our audit.
- b. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the relevant records and compliances. The verification was done on test basis to verify that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
- c. We have not verified the correctness and appropriateness of financial and tax records and books of accounts of the Company.
- d. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- e. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- f. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For KSM Associates, Company Secretaries**

Place: Chennai  
Date: 28<sup>th</sup> May 2015

**Krishna Sharan Mishra**  
Practicing Company Secretary  
FCS 6447; CP 7039

# Annexure I to the Directors' Report

Form No. MGT-9

## EXTRACT OF ANNUAL RETURN as on the financial year ended on 31/03/2015

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

### I. REGISTRATION AND OTHER DETAILS:

1. CIN : L17111TN1946PLC001361
2. Registration Date : 09/04/1946
3. Name of the Company : Loyal Textile Mills Limited
4. Category / Sub-Category of the Company : Public Company / Listed by Shares
5. Address of the Registered office and contact details : 21/4, Mill Street, Kovilpatti -628501.Tamilnadu.  
Ph :04632-220001  
Email:investors@loyaltextiles.com
6. Whether Listed Company (Yes / No) : Yes
7. Name, Address and Contact details of Registrar and Transfer Agent, if any : M/S.GNSA Infotech Limited,  
STA Department, Nelson Chambers,  
4<sup>th</sup> floor, F Block, No.115, Nelson Manikam Road,  
Aminjikarai, Chennai – 600029  
Phone: 044-42962025.  
E-mail: sta@gnsaindia.com

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the company
1.	YARN	5403	31.86
2.	CLOTH & HOSIERY CLOTH	5911	61.39

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

[No. of Companies for which information is being filled] –

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	M/s. Loyal International Sourcing Private Limited Address: New No. 83, First Main Road, R.A.Puram, Chennai - 600028	U51909TN2014PTC097852	Subsidiary Company	100%	2 (87)

# Annexure I to the Directors' Report

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

### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year.
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual / HUF	196017	-	196017	4.07	195461	556	196017	4.07	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	906466	2437362	3343828	69.43	2966613	377215	3343828	69.43	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1)</b>	<b>1102483</b>	<b>2437362</b>	<b>3539845</b>	<b>73.49</b>	<b>3162074</b>	<b>377771</b>	<b>3539845</b>	<b>73.49</b>	<b>-</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter (A) = (A) (1)+(A)(2)</b>	<b>1102483</b>	<b>2437362</b>	<b>3539845</b>	<b>73.49</b>	<b>3162074</b>	<b>377771</b>	<b>3539845</b>	<b>73.49</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds									
b) Banks / FI	1200	4000	5200	0.11	103	1200	1303	0.03	-
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1)</b>	<b>1200</b>	<b>4000</b>	<b>5200</b>	<b>0.11</b>	<b>103</b>	<b>1200</b>	<b>1303</b>	<b>0.03</b>	<b>-</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	154453	18481	172934	3.59	100894	18481	119375	2.48	-
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	446700	325596	772296	16.03	401090	320056	721146	14.97	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	278563	20000	298563	6.20	384522	20000	404522	8.40	-

# Annexure I to the Directors' Report

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year.
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)									
Non Resident Individuals	598	27010	27608	0.57	5245	25010	30255	0.63	-
<b>Sub-total (B)(2)</b>	<b>880314</b>	<b>391087</b>	<b>1271401</b>	<b>26.40</b>	<b>891751</b>	<b>383547</b>	<b>1275298</b>	<b>26.48</b>	<b>-</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>884314</b>	<b>392287</b>	<b>1276601</b>	<b>26.51</b>	<b>891854</b>	<b>384747</b>	<b>1276601</b>	<b>26.51</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>1790780</b>	<b>3025666</b>	<b>4816446</b>	<b>100.00</b>	<b>4053928</b>	<b>762518</b>	<b>4816446</b>	<b>100.00</b>	<b>-</b>

## B. Share holding of Promoters:

Sl. No.	Shareholder's Name	Share holding at the beginning of the Year			Share holding at the end of the Year			% of change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to Total Shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to Total Shares	
1	Mr. MANIKAM RAMASWAMI	109315	2.27	-	109315	2.27	-	-
2	Mrs. VALLI RAMASWAMI	86148	1.79	-	86148	1.79	-	-
3	Miss. VISHALA RAMASWAMI	550	0.01	-	550	0.01	-	-
4	Mr. MANIVANNAN P	2	0.00	-	2	0.00	-	-
6	Mr. M. Ramakrishnan	2	0.00	-	2	0.00	-	-
7	M/s. Madurai Tara Traders Pvt Limited	776887	16.13	-	776887	16.13	-	-
8	M/s. Felspar Credit And Investments Pvt Limited	661126	13.73	-	661126	13.73	-	-
9	M/S. Dhanalakshmi Investments Pvt Limited	629343	13.07	-	629343	13.07	-	-
10	M/S. Kurunji Investments Pvt Limited	346887	7.20	-	346887	7.20	-	-
11	M/S. Chinthamani Investments Pvt Limited	280270	5.82	-	280270	5.82	-	-
12	M/S. Nemesis Cotton Trading Company Pvt Limited	136086	2.83	-	136086	2.83	-	-
13	M/S. Rhea Cotton Traders Pvt Limited	116660	2.42	-	116660	2.42	-	-
14	M/S. Nike Cotton Traders Pvt Limited	115000	2.39	-	115000	2.39	-	-
15	M/S. Hellen Cotton Trading Company Pvt Limited	71950	1.49	-	71950	1.49	-	-
16	M/S. Valli Yarn Processors Pvt Limited	53496	1.11	-	53496	1.11	-	-
17	M/S. Valli Agri Industries Pvt Limited	53126	0.64	-	30625	0.64	-	-
18	M/S. Vishala Apparels Pvt Limited	30625	0.64	-	30625	0.64	-	-
19	M/S. Vishala Knitwear Pvt Limited	29375	0.61	-	29375	0.61	-	-

# Annexure I to the Directors' Report

Sl. No.	Shareholder's Name	Share holding at the beginning of the Year			Share holding at the end of the Year			% of change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to Total Shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to Total Shares	
20	M/S. Sri Manikavasagam Trades And Finance Pvt Limited	22501	0.47	-	22501	0.47	-	-
21	M/S. Emmar Trades And Finance Pvt Limited	18002	0.37	-	18002	0.37	-	-
	<b>Total</b>	<b>3539845</b>	<b>73.49</b>	<b>-</b>	<b>3539845</b>	<b>73.49</b>	<b>-</b>	<b>-</b>

### C. Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	At the beginning of the year				
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE
3	At the End of the Year				

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

Sl No	For each of the top 10 shareholders name, date & reason of change	Shareholding at the beginning of the year (01.04.2014)		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>At the beginning of the year</b>				
1	MAJETY PANDU RANGANATH	150	0.00	150	0.00
	ADD 31.03.2015 / MARKET PURCHASE	90334	1.88	90484	1.88
	At the end of the year (31.03.2015)	90484	1.88	90484	1.88
2	DAYCO COMMODITY BROKERS PVT LTD	20000	0.42	20000	0.42
	ADD 31.03.2015 / MARKET PURCHASE	43770	0.91	63770	1.32
	At the end of the year (31.03.2015)	63770	1.32	63770	1.32
3	ULKA MAYUR KOTHARI	40000	0.83	40000	0.83
	ADD 31.03.2015 / MARKET PURCHASE	1971	0.04	41971	0.87
	At the end of the year (31.03.2015)	41971	0.87	41971	0.87
4	JYOTINDRA MAGANLAL PAREKH	100	0.00	100	0.00
	ADD 31.03.2015 / MARKET PURCHASE	39900	0.83	40000	0.83
	At the end of the year (31.03.2015)	40000	0.83	40000	0.83
5	ASHOK SHANUBHAI PATEL	100	0.00	100	0.00
	ADD 31.03.2015 / MARKET PURCHASE	25251	0.52	25351	0.53
	At the end of the year (31.03.2015)	25351	0.53	25351	0.53
6	RITVI MEHTA	1213	0.03	1213	0.03
	ADD 31.12.2014 / MARKET PURCHASE	152	0.00	1365	0.03
	ADD 31.03.2015 / MARKET PURCHASE	23635	0.49	25000	0.52
	At the end of the year (31.03.2015)	25000	0.52	25000	0.52

# Annexure I to the Directors' Report

7	BRN COMMODITIES AND TRADING CO PRIVATE LTD	24665	0.51	24665	0.51
	At the end of the year (31.03.2015)	24665	0.51	24665	0.51
8	CUSTODIAN OF ENEMY PROPERTY	20000	0.42	20000	0.42
	At the end of the year (31.03.2015)	20000	0.42	20000	0.42
9	TPSH.KANCHANA	0	0.00	0	0.00
ADD	19.03.2015 / TRANSMISSION	20000	0.42	20000	0.42
	At the end of the year (31.03.2015)	20000	0.42	20000	0.42
10	KRISHNAN T P	80	0.00	80	0.00
LESS	02.05.2014 / MARKET PURCHASE	-11	0.00	69	0.00
LESS	09.05.2014 / MARKET PURCHASE	-50	0.00	19	0.00
ADD	31.03.2015 / MARKET PURCHASE	19981	0.41	20000	0.42
	At the end of the year (31.03.2015)	20000	0.42	20000	0.42

## E. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	At the beginning of the year	109317	2.26	-	-
2	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	86148 On 11/02/2015 Mrs. Valli M Ramaswamy (one of the Promoters) appointed as director of the company	1.78	-	-
3	At the End of the year (or on the date of separation, if separated during the year)	195465	4.05	-	-

## V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	580,92,56,329	-	4,47,000	580,97,03,329
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2,40,40,005	-	1,15,104	2,41,55,109
<b>Total (i+ii+iii)</b>	<b>583,32,96,334</b>	-	<b>5,62,104</b>	<b>583,38,58,438</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	36,26,75,192	-	62,159	36,27,37,351
Reduction	(67,25,26,798)	-	(6,24,263)	(67,31,51,061)
<b>Net Change</b>	<b>(30,98,51,606)</b>		-	<b>(30,98,51,606)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	552,20,00,656	-	-	552,20,00,656
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	14,44,072	-	-	14,44,072
<b>Total (i+ii+iii)</b>	<b>552,34,44,728</b>	-	-	<b>552,34,44,728</b>



# Annexure I to the Directors' Report

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr. Manikam Ramaswami	Mr. P. Manivannan	Mrs. Valli M Ramaswami	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	18,00,000	15,35,978	1,64,286	35,00,264
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	7,72,344	-	-	7,72,344
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission As % of Profit Others, specify	30,29,000	-	-	30,29,000
5.	Others, please specify (PF & Super Annuation)	2,34,000	93,600	19,704	3,47,304
	<b>Total (A)</b>	<b>58,35,344</b>	<b>16,29,578</b>	<b>1,83,990</b>	<b>76,48,912</b>
	Ceiling as per the Act				

### B. Remuneration to other directors

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. K J M Shetty	Mr. S. Venkatramani	Mr. R. Poorna lingam	Mr. Shridhar. Subrahmanyam	Mr. M. Madhavan Nambiar	
1.	1. Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify	1,40,000	1,00,000	90,000	1,20,000	40,000	4,90,000
	<b>Total (1)</b>	<b>1,40,000</b>	<b>1,00,000</b>	<b>80,000</b>	<b>1,20,000</b>	<b>40,000</b>	<b>4,90,000</b>
2.	Other Non-Executive Directors • Fee for attending board / committee meetings • Commission • Others, please specify	-	-	-	-	-	-
	<b>Total (2)</b>	-	-	-	-	-	-
	<b>Total (B) = (1+2)</b>	<b>1,40,000</b>	<b>1,00,000</b>	<b>80,000</b>	<b>1,20,000</b>	<b>40,000</b>	<b>4,90,000</b>
	Total Managerial Remuneration	1,40,000	1,00,000	80,000	1,20,000	40,000	4,90,000
	Overall Ceiling as per the Act	4,00,000	3,00,000	4,00,000	4,00,000	2,00,000	17,00,000

# Annexure I to the Directors' Report

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

Sl. No.	Particulars of Remuneartion	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	6,90,411	13,82,875	20,73,286
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission as % of Profit Others, specify...	-	-	-	-
5.	Others, (PF)	-	31,680	75,600	1,07,280
	Total	-	7,22,091	14,58,475	21,80,566

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES – NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding Fees imposed	Authority (RD / NCLT / Court)	Appeal made, if any (give Details)
<b>COMPANY</b>					
Penalty					
Punishment			<b>NIL</b>		
Compounding					
<b>DIRECTORS</b>					
Penalty					
Punishment			<b>NIL</b>		
Compounding					
<b>OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			<b>NIL</b>		
Compounding					

# Operating Results Summary

(₹. in Lakhs)

Year ended	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
Revenue from operation	141,141	160,362	125,233	91,059	96,245
other Income	165	552	160	1,081	1,472
<b>Total</b>	<b>141,306</b>	<b>160,914</b>	<b>125,393</b>	<b>92,140</b>	<b>97,717</b>
Cost of Materials Consumed	51,234	55,693	49,426	40,212	43,981
Purchase of Stock in trade	38,292	55,647	34,497	16,534	23,654
Changes in inventories of finished goods,work in progress and stock in trade	(214)	(2,397)	(511)	2,811	(5,449)
Employee Benefit Expenses	8,273	7,612	6,081	4,697	4,356
Finance Costs	6,884	7,581	7,149	4,498	2,605
Depreciation and amortisation expenses	8,230	7,086	6,911	6,621	5,039
Other expenses	27,637	26,395	20,719	17,437	18,185
<b>Total</b>	<b>140,336</b>	<b>157,617</b>	<b>124,272</b>	<b>92,810</b>	<b>92,371</b>
Pre Tax Profit / (Loss)	970	3,297	1,121	(670)	5,346
Export ( C & F Value )	122,026	128,229	93,542	67,675	77,975
Production of Yarn in Lakh Kgs	290.31	267.36	249.85	219.38	225.14
Production of Cloth in Lakh Mtrs	487.54	465.66	415.52	338.07	288.00

# Balance Sheet Summary

(₹. in Lakhs)

As at	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
Net Fixed Assets	<b>49,245</b>	52,425	52,982	52,325	42,161
Investments	<b>574</b>	455	600	625	358
Long Term Loans and Advances	<b>607</b>	476	355	1,231	2,906
Current Assets	<b>41,073</b>	40,830	36,501	37,984	46,528
<b>Total</b>	<b><u>91,499</u></b>	<u>94,186</u>	<u>90,438</u>	<u>92,165</u>	<u>91,953</u>
Long Term Borrowings	<b>22,708</b>	27,197	30,878	42,449	36,642
Deferred Tax Liability (Net)	<b>4,134</b>	5,294	4,437	2,937	3,182
Current Liabilities	<b>51,494</b>	49,038	44,014	35,891	40,992
<b>Total</b>	<b><u>78,336</u></b>	<u>81,529</u>	<u>79,329</u>	<u>81,277</u>	<u>80,816</u>
Net Worth	<b>13,163</b>	12,657	11,109	10,888	11,137
<b>Represented By</b>					
Share Capital	<b>482</b>	482	482	482	482
Reserves and Surplus	<b>12,681</b>	12,174	10,627	10,405	10,655
Pre Tax Profit /(Loss)	<b>970</b>	3,297	1,121	(670)	5,346
Dividend Paid on Equity Shares	<b>361</b>	361	241	48	658
% of Dividend paid on Equity Shares	<b>75</b>	75	50	10	139

# Independent Auditors' Report

To  
The Members of  
M/s. LOYAL TEXTILE MILLS LIMITED,  
KOVILPATTI.

## Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of LOYAL TEXTILE MILLS LIMITED, KOVILPATTI, which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Profit and Loss Statement and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory informations.

## Management's Responsibility for the Standalone Financial Statements

2. The company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
3. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

4. Our responsibility is to express an opinion on these Standalone Financial Statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act, the order and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10)

of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the company's preparation of the Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the company's Directors, as well as evaluating the overall presentation of the financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

## Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31<sup>st</sup> March 2015 and its profit and its cash flows for the year ended on that date.

## Emphasis of Matter

We draw attention to following matters in the Notes Accompanying Financial Statements:

- a) Note No. 9 to the Financial Statements regarding the carrying amount of the assets whose useful life is lapsed is adjusted in the opening balance of retained earnings.

# Independent Auditors' Report

- b) Note No.39 to the Financial Statements regarding the letter received from BSE requiring the company to restate the financial statements of year ended 31-3-2013 giving effect to the qualification in our Audit Report for the year then ended.
- c) Note No. 23 to the Financial Statements regarding the payment of remuneration to the Whole Time Director from 11<sup>th</sup> February 2015 of a sum of Rs. 1.84 Lakhs is subject to approval of the Members at the Annual General Meeting.

Our opinion is not modified in respect of these matters.

## Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give in the annexure a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
9. As required by section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- (c) The Balance Sheet, Profit and Loss Statement and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representation received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The company does not have any pending litigations which would impact its financial position.
- ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses OR the company in its Financial Statements,
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

For **Suri & Co.**  
Chartered Accountants  
Firm Regn. No. 004283S

**R.Krishnamoorthy**  
Partner  
M.No.20695

Place: Chennai  
Date : 28<sup>th</sup> May 2015

# Independent Auditors' Report

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

- (i) a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) According to the information and explanations given to us, the fixed assets at all locations have been physically verified by the management during the year at reasonable intervals and no material discrepancies were noticed on such verification.
- (ii) 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 account.
- (iii) 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 189 of the Companies Act, 2013.
- (iv) According to the information and explanations given to us, there are adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. According to the information and explanations given to us, there is no major weakness in internal control system which requires correction.
- (v) The company has not accepted any deposit from public during the year. The company has repaid all the outstanding deposits before the year end. As per information furnished, the company has not received any order from Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
- (vi) We have broadly reviewed the cost records maintained by the company, as prescribed by the Central Government under sub section (1) of section 148 of the Companies Act, 2013 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.
- (vii) a) According to the information and explanations given to us, the company has been regular in depositing, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. In respect of undisputed statutory dues payable in respect of above which are outstanding as at 31st March 2015 for a period of more than six months from the dates they became payable is given below:

Nature of Dues	Amount (₹ in lakhs)
Advance Licensing	165

- b) According to the information and explanations furnished to us, there are no dues of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax or Cess which have not been deposited 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 :

Name of the Statute/ Dues	Unpaid Disputed Liability (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax	10,88,64,000	A.Y 2010-11	Commissioner of Income Tax (Appeals) Assessing Officer Assessing Officer
	34,12,600	A.Y 2011-12	
	83,74,000	A.Y 2012-13	
	9,50,000	A.Y 2013-14	
Sales Tax	46,66,083	A.Y 2002-03, 2003-04, 2005-06, 2007-08, 2010-11, 2013-14, 2014-15	Additional Deputy Commissioner of Sales Tax

# Independent Auditors' Report

- c) According to the information and explanations furnished to us, the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under has been transferred to such fund within time.
- (viii) The company has neither any accumulated losses nor has incurred any cash losses in the financial year or in the immediately preceding financial year.
- (ix) 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 not issued any debenture.
- (x) As per the information and explanations given to us, the company has not given any guarantee for loans taken by others from any bank or financial institutions. Hence, reporting on terms and conditions of any such guarantee does not arise.
- (xi) As per information and explanations given to us, term loans were applied for the purpose for which loans were obtained.
- (xii) 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

**R.Krishnamoorthy**  
Partner  
M.No.20695

Place: Chennai  
Date : 28<sup>th</sup> May 2015



# Standalone Balance Sheet as at 31.03.2015

(₹. in Lakhs)

PARTICULARS		Note No	31.03.2015	31.03.2014
<b>I. EQUITY AND LIABILITIES</b>				
<b>(1) Shareholders' Funds</b>				
(a)	Share Capital	2	482	482
(b)	Reserves and Surplus	3	12,681	12,175
<b>(2) Non-Current Liabilities</b>				
(a)	Long Term borrowings	4	22,708	27,197
(b)	Deferred Tax Liabilities (Net)	5	4,134	5,294
<b>(3) Current Liabilities</b>				
(a)	Short- Term Borrowings	6	24,368	24,225
(b)	Trade payables		7,482	7,236
(c)	Other Current Liabilities	7	15,002	13,377
(d)	Short-Term Provisions	8	4,643	4,200
			<u>91,500</u>	<u>94,186</u>
<b>II. ASSETS</b>				
<b>(1) Non-Current Assets</b>				
(a)	Fixed Assets			
(i)	Tangible Assets	9	48,550	50,999
(ii)	Capital Work-in-progress	10	696	1,426
(b)	Non-Current investments	11	574	455
(c)	Long term Loans and advances	12	607	476
<b>(2) Current Assets</b>				
(a)	Inventories	13	14,925	16,354
(b)	Trade Receivables	14	8,705	8,255
(c)	Short term loans and advances	15	5,392	5,087
(d)	Cash and cash equivalents	16	631	312
(e)	Other Current assets	17	11,420	10,822
			<u>91,500</u>	<u>94,186</u>

Note No 2 to 17 and 27 to 47 form an integral part of this Balance Sheet

<b>MANIKAM RAMASWAMI</b> Managing Director	<b>VALLI M RAMASWAMI</b> <b>K.J.M. SHETTY</b> <b>S. VENKATARAMANI</b> <b>SHRIDHAR SUBRAHMANYAM</b> <b>P. MANIVANNAN</b> <b>R. POORNALINGAM</b> <b>M. MADHAVAN NAMBIAR</b> Directors	<b>M. ARUMUGAM</b> Company Secretary <b>R. MOHAN</b> Chief Financial Officer	vide our report of even date attached For <b>Suri &amp; Co.</b> Chartered Accountants Firm Registration No.004283S  <b>R.KRISHNAMOORTHY</b> Partner Membership No.020695
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Date : 28.05.2015

Place : Chennai

# Standalone Profit and Loss Statement for the year ended 31st March 2015

(₹. in Lakhs)

Particulars	Note No	Year ended 31.03.2015	Year ended 31.03.2014
I. Revenue from operations	18	141,141	160,528
II. Other Income	19	165	386
<b>III. Total Revenue (I + II)</b>		<b>141,306</b>	<b>160,914</b>
IV. Expenses:			
Cost of materials consumed	20	51,234	55,693
Purchase of Stock-in-Trade	21	38,292	55,647
Changes in Inventories	22		
Finished Goods		491	(2,218)
Work-in-progress		(705)	(179)
Employee benefits expense	23	8,273	7,612
Finance costs	24	6,884	7,581
Depreciation and amortisation expense	25	8,230	7,086
Other expenses	26	27,637	26,395
<b>Total Expenses</b>		<b>140,336</b>	<b>157,617</b>
V. Profit before exceptional and extraordinary items and tax - (III - IV)		970	3,297
VI. Exceptional and Extraordinary Items		-	-
VII. Profit before tax (V - VI)		970	3,297
VIII. Tax expense:			
(1) Current tax \ Wealth Tax		345	750
(2) Excess Provision for FBT of earlier years reversed		(2)	-
(3) Deferred tax		(872)	857
(4) MAT credit		-	(280)
IX. Profit (Loss) for the period from continuing operations		1,499	1,970
X. Profit / (Loss) from discontinuing operations		-	-
XI. Profit / (Loss) for the period (IX + X)		1499	1970
XII. Earning per equity share :			
(1) Basic		31.13	40.91
(2) Diluted		31.13	40.91

Notes 18 to 26 form an integral part of this Profit and Loss Statement

<b>MANIKAM RAMASWAMI</b> <i>Managing Director</i>	<b>VALLI M RAMASWAMI</b> <b>K.J.M. SHETTY</b> <b>S. VENKATARAMANI</b> <b>SHRIDHAR SUBRAHMANYAM</b> <b>P. MANIVANNAN</b> <b>R. POORNALINGAM</b> <b>M. MADHAVAN NAMBIAR</b> <i>Directors</i>	<b>M. ARUMUGAM</b> <i>Company Secretary</i>	vide our report of even date attached For <b>Suri &amp; Co.</b> Chartered Accountants Firm Registration No.004283S
		<b>R. MOHAN</b> <i>Chief Financial Officer</i>	<b>R.KRISHNAMOORTHY</b> Partner Membership No.020695

Date : 28.05.2015

Place : Chennai

**LOYAL**

# Cash Flow Statement

(₹. in Lakhs)

PARTICULARS	31.03.2015	31.03.2014
<b>OPERATING ACTIVITIES</b>		
PROFIT BEFORE TAX	970	3,297
ADJUSTMENTS FOR		
Depreciation	8,230	7,086
Interest paid	6,884	7,581
Interest received	(100)	(106)
Dividend received from		
Investments - Others	(1)	(0)
Provision for Doubtful Debts	144	193
(Profit)/Loss on disposal of Fixed Assets	(43)	(229)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>16,084</b>	<b>17,822</b>
ADJUSTMENTS FOR CHANGES IN		
Inventories	1,430	(2,101)
Debtors	(594)	(987)
Loans & Advances and Other Current Assets	(730)	(1,014)
Amount deposited as Margin Money	(239)	52
Current liabilities and provisions	872	4,946
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>16,823</b>	<b>18,718</b>
Dividend receipts		
Interest receipts	100	113
Income Tax (Paid)/Refund	(364)	(915)
<b>NET CASH FLOW (A)</b>	<b>16,599</b>	<b>17,916</b>
<b>INVESTING ACTIVITIES</b>		
Payments for Assets acquisition	(5,914)	(6,633)
Proceeds on Sale of Fixed Assets	61	335
Investment - others	(119)	145
<b>NET CASH FLOW (B)</b>	<b>(5,972)</b>	<b>(6,153)</b>
<b>FINANCING ACTIVITIES</b>		
Interest paid	(6,892)	(7,612)
Borrowings (Net)	-	-
Raised	3,484	3,275
Repaid	(6,744)	(7,464)
Dividend paid	(361)	(241)
<b>NET CASH FLOW (C)</b>	<b>(10,513)</b>	<b>(12,042)</b>
<b>NET CASH INFLOW / (OUTFLOW) (A-B-C)</b>	<b>74</b>	<b>(279)</b>
<b>OPENING CASH AND CASH EQUIVALENTS (D)</b>	<b>90</b>	<b>369</b>
<b>CLOSING CASH AND CASH EQUIVALENTS (E)</b>	<b>164</b>	<b>90</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>74</b>	<b>(279)</b>

**MANIKAM RAMASWAMI**  
Managing Director

**VALLI M RAMASWAMI**  
**K.J.M. SHETTY**  
**S. VENKATARAMANI**  
**SHRIDHAR SUBRAHMANYAM**  
**P. MANIVANNAN**  
**R. POORNALINGAM**  
**M. MADHAVAN NAMBIAR**  
Directors

**M. ARUMUGAM**  
Company Secretary

**R. MOHAN**  
Chief Financial Officer

vide our report of even date attached  
For **Suri & Co.**  
Chartered Accountants  
Firm Registration No.004283S

**R.KRISHNAMOORTHY**  
Partner  
Membership No.020695

Date : 28.05.2015

Place : Chennai

# Notes Accompanying Financial Statements

## 1) SIGNIFICANT ACCOUNTING POLICIES

### A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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 accounting standards as prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of Companies Act, 2013 to the extent notified and guidelines issued by Securities and Exchange Board of India (SEBI). The disclosure and other requirements under the Micro, Small and Medium Enterprises Development Act, 2006 have been considered.

### B) USE OF ESTIMATES

The preparation of financial statements 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 statements and the reported amount of income and expenses during the year.

### C) 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 / Service / Process Charge is accounted on accrual basis.
- iii) Dividend income on investments and claims are accounted for, when the right to receive the payment is established. Dividends from foreign company is accounted on receipt.

### D) DUTY DRAW BACK CLAIMS

- i) Duty draw back claims and other export benefits 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 Focus market / product licences for which no obligation is attached, is recognised under income approach method.

### E) 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.

## F) FIXED ASSETS AND DEPRECIATION

- i) Land including lease is stated at cost except for a portion revalued. Other Fixed Assets including leased out assets are stated at cost less depreciation. The cost includes borrowing cost and in respect of imported machinery the cost includes 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 on Tangible Assets is provided over their useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013 on Straight Line method basis except the following which have been provided on written down value basis:-
  - 1. All the assets in Garment Division
  - 2. All the assets except Plant and Machinery in Loyal Division
  - 3. Furniture and Fittings, Vehicles in Shri Vishala Textile Mills Division
  - 4. Building in Wind Mill Division
- iii) 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.
- iv) 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 Statement. 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 Statement.

# Notes Accompanying Financial Statements

## H) EMPLOYEE BENEFITS

### i) 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.

### ii) Post employment benefits :

Provident fund and other funds, being defined contribution schemes, the contributions are charged to the Profit and Loss Statement 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.

### iii) 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 Statement in the year incurred. Actuarial gains / losses are immediately taken to the Profit and Loss Statement and are not deferred.

## I) 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 - at lower of Cost and Net Realisable Value.

### b) Obsolete / non-moving Inventories are provided for to the extent of requirement and are stated at net realisable value.

## J) INVESTMENTS

Investments 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

Cash flow is 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.

## 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 including leased out 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 five reportable business segments as primary segments viz : yarn, yarn for trading, cloth, cloth trading and garments.

b) The secondary segment information is identified on the basis of geographical segments viz. Europe, Asia, U.S.A. and Others.

# Notes Accompanying Financial Statements

- 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 .
- Revenue and Expenses have been identified to a segment on the actual basis / on turnover basis of the segment.
  - Pricing for Inter Segment transfers has been made, considering the normal internal business reporting system of the company at estimated realisable value.
  - Operating assets and liabilities represent assets / liabilities in respective segments.

## Q) LEASES

- The determination of whether an agreement is, or contains, a lease is based on the substance of agreement at the date of inception.
- Operating leases - assets leased out under operating leases are capitalised. Lease rental income is recognised on an accrual basis.
- In respect of operating lease, the depreciation is recognised in the Profit and Loss Statement.
- Initial direct costs, if any, incurred specifically to earn revenue from operating lease, is recognised as expense in the Profit and Loss Statement.

## R) RESEARCH AND DEVELOPMENT COSTS

Revenue expenditure pertaining to research is charged to the Profit and Loss Statement. Development costs of products are charged to the Profit and Loss Statement unless a product's technological feasibility has been established, in which case such expenditure is capitalised.

## S) BORROWING COSTS

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, up the date when the assets are ready for their intended use. All other borrowing costs are recognised in the Profit and Loss Statement in the period in which they are incurred.

Particulars	31.03.2015	(₹.in Lacs) 31.03.2014
<b>Note No.2 (a) Authorised, Issued, Subscribed, Paid-up share capital and par value per share</b>		
<b>Authorised Share Capital</b>		
90,00,000 Equity Shares of Rs.10/- each	900	900
6,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each (Previous year 6,00,000 preference shares of Rs.100 each)	600	600
<b>Issued &amp; Subscribed Share Capital</b>		
48,16,446 Equity Shares of Rs.10/- each fully paid - up (Previous year 48,16,446 equity shares of Rs.10/- each)	482	482
<b>Paid-up Share Capital</b>		
48,16,446 Equity Shares of Rs.10/- each fully paid - up (Previous year 48,16,446 equity shares of Rs.10/- each)	482	482
<b>TOTAL</b>	<u>482</u>	<u>482</u>
<b>Note No. 2 (b) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year</b>		
Number of shares outstanding as at the beginning of the year	<u>48 16 446</u>	<u>48 16 446</u>
Number of shares outstanding as at the end of the year	<u>48 16 446</u>	<u>48 16 446</u>

# Notes Accompanying Financial Statements

(₹.in Lacs)

Particulars 31.03.2015 31.03.2014

## Note No.2.(c) Shares in the company held by each shareholder holding more than 5% shares

Name of the shareholder	Number of shares held in the company	
1 Madurai Tara Traders Pvt Ltd	776,887	776,887
2 Felspar Credit and Investment Pvt Ltd	661,126	661,126
3 Dhanalakshmi Investment Pvt Ltd	629,343	629,343
4 Kurunji Investments Pvt Ltd	346,887	346,887
5 Chinthamani Investments Pvt Ltd	279,220	279,220

## Note No.2 (d) Details of allotments of shares for consideration other than cash, allotments of bonus shares and shares bought back (during the period of five years from Financial year 2009-2010)

Particulars	Amount
Allotment of shares as fully paid-up pursuant to contracts without payments being received in cash	NIL
1,12,500 Equity Shares of Rs 10 each fully paid up allotted on 27/05/2011 pursuant to a Scheme of Amalgamation of "Shri Chintamani Textile Mills Limited"	11

## Note No.3. Reserves and Surplus

(a) Capital Reserves		
Opening Balance	24	24
Additions during the year	0	0
Deductions during the year	0	0
Closing Balance	<u>24</u>	<u>24</u>
(b) Capital Redemption Reserve		
Opening Balance	430	430
Additions during the year	0	0
Deductions during the year	0	0
Closing Balance	<u>430</u>	<u>430</u>
(c) Revaluation Reserve		
Opening Balance	41	41
Additions during the year	0	0
Deductions during the year	0	0
Closing Balance	<u>41</u>	<u>41</u>
(d) Amalgamation Reserve		
Opening Balance	243	243
Additions during the year	0	0
Deductions during the year	0	0
Closing Balance	<u>243</u>	<u>243</u>
(e) General Reserve		
Opening Balance	8,064	7,839
Add:		
Transfer from Surplus	150	225
Less:		
Deductions during the year	0	0
Closing Balance	<u>8,214</u>	<u>8,064</u>

# Notes Accompanying Financial Statements

(₹.in Lacs)

Particulars	31.03.2015	31.03.2014
(f) Surplus		
Opening Balance	3,373	2,050
Less: Withdrawal on account of Depreciation as per Schedule II of the Companies Act, 2013	845	0
Add: Reversal of Deferred Tax Liability on account of Transition	287	0
	<u>2,815</u>	<u>2,050</u>
Add:		
Profit for the period as per Profit & Loss Statement	1,499	1970
Less:		
Proposed Final dividend @ 75% - Rs.7.50 Per Share (PY : 75% - Rs.7.50 per share)	361	361
Tax on distributed profits on equity shares	74	61
Transfer to General Reserve	150	225
	<u>3,729</u>	<u>3,373</u>
Closing Balance	<u>3,729</u>	<u>3,373</u>
Total Reserves & Surplus	<u>12,681</u>	<u>12,175</u>

## NON-CURRENT LIABILITIES

### Note No.4. LONG TERM BORROWINGS

#### (A) TERM LOANS : SECURED

- from Banks	18,637	22,267
- from Financial Institutions	4,071	4,925

Term loans except the following are secured by joint and equitable mortgage of all immovable properties present and future and by hypothecation of machineries ranking pari-passu with one another.

(i) Term loans availed from Central Bank of India, Karur Vysya Bank and Indian Bank to the extent of Rs.161.11 Crores are exclusively charged by the specific assets purchased out of the term loan.

(ii) Term loans are repayable Quarterly as per agreement at floating rate of interest.

(iii) Term loans are guaranteed by the Managing Director.

(iv) Term loan instalments repayable minimum 4 and maximum 28 instalments.

#### (B) CUMULATIVE FIXED DEPOSITS : UNSECURED

	0	5
<b>TOTAL</b>	<u>22,708</u>	<u>27,197</u>

### Note No. 5. DEFERRED TAX LIABILITIES (NET)

Deferred Tax Liabilities	4,655	5,750
Deferred Tax Assets	(521)	(456)
Deferred Tax Liabilities (Net)	<u>4,134</u>	<u>5,294</u>

## CURRENT LIABILITIES

### Note No. 6 SHORT TERM BORROWINGS

#### (A) LOANS REPAYABLE ON DEMAND - FROM BANKS

Secured		
Working Capital Loans from banks are secured by the hypothecation of Raw-materials, Stock-in-process, Finished Goods, Stores consumables, Spares and Book debts and are also secured by second charge on block of assets.	24,368	24,225
Working capital loans are guaranteed by the Managing Director		
<b>TOTAL</b>	<u>24,368</u>	<u>24,225</u>



# Notes Accompanying Financial Statements

(₹.in Lacs)

Particulars	31.03.2015	31.03.2014
<b>Note No.7. OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long term Debts	8145	6916
Creditor for Capital Goods	262	95
Expenses Payable	5,861	5,652
Statutory Liabilities Payable	130	148
Advance received against Supplies	538	498
Interest accrued but not due on borrowings	14	22
Unclaimed Dividends	52	46
<b>TOTAL</b>	<b>15,002</b>	<b>13,377</b>
 <b>Note No.8. SHORT-TERM PROVISIONS</b>		
Proposed Dividend	361	361
Tax on Proposed Dividend	74	61
Provision for income tax	3,911	3,568
Provision for wealth tax	13	11
For Provident Fund and Other Funds	90	73
Provision for Gratuity	126	49
Provision for Leave Salary	68	77
<b>TOTAL</b>	<b>4,643</b>	<b>4,200</b>

# Notes Accompanying Financial Statements

(2014 -2015) (₹. In Lakhs)

## Note No.9 Fixed Assets - Tangible

Description	Gross Block			Depreciation			Net Block			
	Cost as on 01.04.2014	Addition	Sales/ Adjustments	Cost as on 31.03.2015	Acc. Dep. as on 01.04.2014	For The Year	Withdrawal / Adjustments*	Acc. Dep. as on 31.03.2015	W D V as on 31.03.2015	W D V as on 31.03.2014
LAND	1,377	17	-	1,394	-	-	-	-	1,394	1,377
- OWNED BUILDINGS	11,646	616	-	12,262	2,521	689	28	3,238	9,024	9,125
FURNITURE	157	77	-	234	109	23	6	138	97	48
PLANT & MACHINERY	83,404	5,711	97	89,018	44,800	7,054	695	52,548	36,469	38,604
- OWNED	1,701	-	-	1,701	1,313	207	17	1,538	163	387
- LEASED OUT**										
VEHICLES	495	110	29	576	300	89	(25)	365	211	195
COMPUTERS	263	13	-	276	218	14	9	240	35	45
ELECTRICAL INSTALLATIONS	1,645	102	29	1,718	427	154	(20)	561	1,157	1,218
<b>TOTAL</b>	<b>100,688</b>	<b>6,646</b>	<b>155</b>	<b>107,179</b>	<b>49,688</b>	<b>8,230</b>	<b>710</b>	<b>58,628</b>	<b>48,550</b>	<b>50,999</b>

\* Based on transitional provision specified in Notes to Schedule II of the Companies Act, 2013, the carrying amount of Rs.8,45,37,249/- of the assets where the remaining useful life is nil has been adjusted with opening balance of retained earnings.

\*\* Own assets given on operating lease have been presented separately as leased out in the note as per Accounting Standard (AS) 19 "Accounting for Leases".

## Note No.10: Capital Work in Progress

	31.03.2015
Land under Progress	120
Building	296
Plant & Machinery	280
<b>TOTAL</b>	<b>696</b>

# Notes Accompanying Financial Statements

(2013 -2014) (₹. In Lakhs)

FIXED ASSETS - SUMMARY: FOR THE PERIOD FROM 01.04.2013 TO 31.03.2014

Description	Gross Block			Depreciation			Net Block			
	Cost as on 01/04/2013	Addition	Sales/Adju	Cost as on 31.03.2014	Acc. Dep. as on 01/04/2013	For The Year	Withdrawal	Acc. Dep. as on 31.03.2014	W D V as on 31/03/2014	W D V as on 31/03/2013
LAND	1,337	40	-	1,377	-	-	-	-	1,377	1,337
- OWN	-	-	-	-	-	-	-	-	-	-
- LEASED OUT	-	-	-	-	-	-	-	-	-	-
BUILDINGS	11,000	274	-	11,274	2,140	368	-	2,508	8,766	8,861
- OWN	346	25	-	371	1	12	-	13	358	345
- LEASED OUT	10,654	249	-	10,903	2,139	356	-	2,495	8,408	8,516
FURNITURE	153	4	-	157	100	9	-	109	48	53
- OWN	-	-	-	-	-	-	-	-	-	-
- LEASED OUT	153	4	-	157	100	9	-	109	48	53
PLANT & MACHINERY	79,014	5,141	1,085	83,070	39,476	6,290	981	44,785	38,285	39,537
- OWN	2,053	5	-	2,058	1,182	171	-	1,353	705	871
- LEASED OUT	76,961	5,136	1,085	81,012	38,294	6,119	981	43,432	37,580	38,666
VEHICLES	475	39	34	480	272	56	32	297	184	204
- OWN	8	6	-	14	-	3	-	3	11	8
- LEASED OUT	467	33	34	466	272	53	32	294	173	196
COMPUTERS	257	6	-	263	201	15	-	216	47	56
- OWN	-	-	-	-	-	-	-	-	-	-
- LEASED OUT	257	6	-	263	201	15	-	216	47	56
ELECTRICAL INSTALLATION	1,564	59	-	1,623	242	162	-	404	1,218	1,320
- OWN	-	-	-	-	-	-	-	-	-	-
- LEASED OUT	1,564	59	-	1,623	242	162	-	404	1,218	1,320
TOTAL	96,207	5,599	1,119	1,00,687	43,614	7,086	1,012	49,688	50,999	52,592
<b>Capital Work in Progress</b>	<b>31.03.2014</b>									
LAND UNDER PROGRESS	120									
BUILDING	245									
PLANT & MACHINERY	1,061									
TOTAL	1,426									

# Notes Accompanying Financial Statements

Note No.11. NON-CURRENT INVESTMENTS - AT COST - LONG TERM

(₹.In Lakhs)

S. No	Particulars	No of Shares	31.03.2015	No of Shares	31.03.2014
<b>(A) Trade Investments</b>					
<b>I Investments in Equity Instruments - Unquoted</b>					
1	Uniloyal Expotex Ltd.	Nil	Nil	24,700	2
2	Shri. Teyem Processors Ltd.,	Nil	Nil	24,808	2
3	Gruppo P&P Loyal spa ( Joint Venture 47.5%)	3,325	149	3,325	149
4	Cuddalore Sipcot Industries Association	4,665	5	4,665	5
5	Loyal Dimco Group A.E.B.E.(Joint Venture 50%)	50,000	18	50,000	18
6	SIMA Textile Processing Centre Ltd	20,000	2	20,000	2
7	Loyal Textiles ( UK) Ltd ( 49% )	2,450	0	2,450	0
5	Loyal International Sourcing Pvt Ltd ( Subsidiary 100%)	20,000	2		
8	Loyal Tired Cotton Farming and Ginning P.L.C ( Joint Venture 51% )	3,085	91	3,085	91
	Aggregate Amount of Unquoted Investments		267		271
<b>II Investments in Equity Instruments - Quoted</b>					
	Kitex Garments Limited	2,000	1	2,000.00	1
<b>(B) Non-trade Investments</b>					
<b>(i) Investments in Equity Instruments</b>					
1	Central Bank of India	1,469	2	1,469	2
2	Reliance gold -ETF-Units	6,750	133	9,000	177
3	Larsen and Toubro Limited	412	5	412	5
4	Oil & Natural Gas Corporation - Shares	27,665	100	-	-
5	Page Industries - Shares	75	10	-	-
6	State Bank of India - Shares	2,085	56	-	-
			306		184
<b>(ii) Investment in Government or trust securities</b>					
	Aggregate Amount		307		185
<b>TOTAL</b>			<b>574</b>		<b>455</b>
Aggregate Market value of Quoted Investments : Rs.339.04 Lacs					

# Notes Accompanying Financial Statements

(₹. in Lakhs)

Particulars	31.03.2015	31.03.2014
<b>Note No.12. LONG-TERM LOANS AND ADVANCES</b>		
Capital Advances		
Unsecured, Considered good	607	476
<b>TOTAL</b>	<b>607</b>	<b>476</b>
<b>Note No.13. INVENTORIES</b>		
(a) Raw Materials	4,262	6,031
(b) Work-in-progress	3,400	2,623
(c) Finished Goods	6,411	6,974
(d) Stores, spares and Packing Materials	852	726
<b>TOTAL</b>	<b>14,925</b>	<b>16,354</b>
<b>Note No.14. TRADE RECEIVABLES</b>		
(A) Trade receivables outstanding for more than six months from the date they become due for payment:		
(i) Unsecured, Considered good	163	264
(ii) Considered doubtful	369	225
	532	489
Less : Allowance for bad and doubtful	(369)	(225)
	163	264
(B) Trade receivables (others)		
(i) Unsecured, Considered good	8,542	7,991
<b>TOTAL</b>	<b>8,705</b>	<b>8,255</b>
<b>Note No.15. SHORT TERM LOANS AND ADVANCES</b>		
Tax payments pending Adjustments	5,392	5,087
<b>TOTAL</b>	<b>5,392</b>	<b>5,087</b>
<b>Note No.16. CASH AND CASH EQUIVALENTS</b>		
(I) Cash and cash equivalents		
Balance with banks	144	72
Cash on hand	20	18
(II) Earmarked Bank Balances		
Unpaid Dividend Bank account	52	46
(III) Bank balances held as margin money or as security		
	415	176
<b>TOTAL</b>	<b>631</b>	<b>312</b>
<b>Note No.17. OTHER CURRENT ASSETS</b>		
Interest Subsidy Receivable	693	496
Export Benefits Receivable	2,511	2,759
Advances recoverable in cash or in kind or for value to be received	7,407	6,827
Deposits	809	739
<b>TOTAL</b>	<b>11,420</b>	<b>10,822</b>
<b>NOTE NO.18. REVENUE FROM OPERATIONS</b>		
Sale of Products	1,32,664	1,51,506
Sale of Services	430	234
Other operating Revenues	8,047	8,788
<b>TOTAL</b>	<b>1,41,141</b>	<b>1,60,528</b>

# Notes Accompanying Financial Statements

(₹. in Lakhs)

Particulars	31.03.2015	31.03.2014
<b>NOTE NO.19. OTHER INCOME</b>		
Interest Income	100	106
Dividend Income	1	-
Other Non operating income	64	281
<b>TOTAL</b>	<b>165</b>	<b>386</b>
<b>ADDITIONAL INFORMATION</b>		
<b>A) SALE OF PRODUCTS</b>		
i) Yarn	42,587	64,625
ii) Cloth	34,223	35,330
iii) Hosiery Cloth	47,838	42,294
iv) garments	8,015	9,256
<b>TOTAL</b>	<b>1,32,664</b>	<b>1,51,506</b>
<b>B) INTEREST INCOME</b>		
From Banks	13	9
From Others	87	97
<b>TOTAL</b>	<b>100</b>	<b>106</b>
<b>NOTE NO.20. COST OF MATERIALS CONSUMED</b>		
i) Cotton, Staple Fibre and Cotton waste	37,833	37,549
ii) Yarn	12,273	17,228
iii) Cloth	295	350
iv) Dyes	510	327
v) Reflective band	323	239
<b>TOTAL</b>	<b>51,234</b>	<b>55,693</b>
<b>NOTE NO.21. PURCHASE OF STOCK-IN-TRADE</b>		
Yarn	23,912	45,731
Cloth	14,380	9,916
	<b>38,292</b>	<b>55,647</b>
<b>NOTE NO.22. CHANGES IN INVENTORIES</b>		
<b>OPENING STOCK</b>		
Process Stock	2,527	2,348
Finished goods	7,070	4,852
<b>TOTAL (A)</b>	<b>9,597</b>	<b>7,200</b>
<b>LESS: CLOSING STOCK</b>		
Process Stock	3,232	2,527
Finished goods	6,579	7,070
<b>TOTAL (B)</b>	<b>9,811</b>	<b>9,597</b>
<b>CHANGES IN INVENTORIES (A-B)</b>		
Process Stock	(705)	(179)
Finished goods	491	(2,218)
<b>NET ( A - B )</b>	<b>(214)</b>	<b>(2,397)</b>
<b>NOTE NO.23. EMPLOYEE BENEFITS EXPENSES</b>		
Salaries, Wages and Bonus	6,658	6,143
Unavailed earned Leave	85	53
Contribution to Provident Fund and other funds	760	522
Other Welfare Expenses	770	894
<b>TOTAL</b>	<b>8,273</b>	<b>7,612</b>

# Notes Accompanying Financial Statements

(₹. in Lakhs)

Particulars	31.03.2015	31.03.2014
<b>NOTE NO.24. FINANCE COSTS</b>		
Interest Expenses	6,815	7,477
Other Borrowing Cost	69	104
<b>TOTAL</b>	<b>6,884</b>	<b>7,581</b>
<b>NOTE NO.25. DEPRECIATION AND AMORTISATION EXPENSE</b>		
1) Building	689	380
2) Plant and Machinery	7,261	6,461
3) Furniture	23	9
4) Vehicle	89	59
5) Computers	14	15
6) Electrical Installations	154	162
<b>TOTAL</b>	<b>8,230</b>	<b>7,086</b>
<b>NOTE NO.26. OTHER EXPENSES</b>		
Freight and forwarding charges	3,831	3,600
Brokerage and Commission	2,079	2,524
Selling Expenses	373	390
<b>PAYMENT TO THE AUDITORS</b>		
As Auditors	7	7
For Taxation Matters	4	4
For Certification work	1	1
For Service Tax	2	2
For Reimbursement of Expenses	1	2
Conversion and Processing Charges	2,019	1,479
Stores Consumed	4,210	4,112
Power and Fuel	9,409	8,077
Rent	4	7
Repairs to Building	331	2,88
Repairs to Machinery	2,430	2,922
Insurance	227	214
Rates and Taxes excluding Taxes on Income	892	588
Provision for Doubtful Debts	144	193
Expenditure on CSR Activities	70	-
Miscellaneous Expenses	1,603	1,985
<b>TOTAL</b>	<b>27,637</b>	<b>26,395</b>
<b>Additional Information</b>		
<b>A) VALUE OF IMPORTS CALCULATED ON CIF BASIS</b>		
i) Raw Materials(Staple Fibre, cotton dyes, reflective band)	11,250	4,315
ii) Components and Spares	364	454
iii) Capital Goods	432	587
<b>TOTAL</b>	<b>12,046</b>	<b>5,356</b>
<b>B) CONSUMPTION OF RAW MATERIALS</b>		
i) Indigenous	41,163	50,818
ii) Imported	10,071	4,875
<b>TOTAL</b>	<b>51,234</b>	<b>55,693</b>
<b>C) CONSUMPTION OF STORES AND SPARES</b>		
i) Indigenous	6,569	5,818
ii) Imported	1,365	706
<b>TOTAL</b>	<b>7,934</b>	<b>6,524</b>
<b>D) EXPENDITURE IN FOREIGN CURRENCY</b>		
i) On Account of Travel	71	34
ii) Commission on export sales	2,019	1,918
iii) Salary	38	39
<b>TOTAL</b>	<b>2,128</b>	<b>1,989</b>

# Notes Accompanying Financial Statements

(₹. in Lakhs)

Particulars	31.03.2015	31.03.2014
<b>E). EARNINGS IN FOREIGN EXCHANGE</b>		
i) on export of goods, including export through Merchant Exporters calculated on FOB basis	116,385	123,046
ii) Dividends received	1	0
<b>TOTAL</b>	<b>116,386</b>	<b>123,046</b>
27) Contingent Liabilities ( To the extent not provided for) (₹ in Lakhs)		
	<b>31.03.2015</b>	<b>31.03.2014</b>
i) Claim against the Company not acknowledged as debts	26.30	26.30
ii) Counter Guarantee given to Banks	100.80	134.22
iii) On Account of Bills discounted	15,686.12	18,988.95
iv) Disputed income tax demand not provided for- Appeals filed before Appellate Authorities / revision petition pending.	1,180.72	1 157.58
v) Disputed Sales tax demand not provided for	143.28	131.45
vi) Disputed Service tax, Excise / Customs duty not provided for	127.22	125.38
vii) On account of export obligation covered by letter of undertaking	2,826.03	2,984.58
28) Commitment :		
i) Estimated amount of Contracts remaining to be executed on Capital Accounts and not provided for	1,574.75	750.53
ii) The amount of capital commitments / contingencies incurred in respect of jointly controlled entities	-	-
29) No significant restriction is attached on the investments held outside India.		
30) 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.		
31) Power and fuel cost is net of Rs. 36.57 Crores (P.Y. Rs. 31.29 Crores) being electricity generated through wind mills.		
32) No borrowing cost has been capitalised during the year.		
33) Deferred tax liability mainly represent timing difference relating to depreciation of Rs. 46.55 Crores (P.Y. Rs. 57.50 Crores) and Deferred asset mainly represent timing difference on account of deferred allowance of Rs. 5.21 Crores (P.Y.: Rs.4.56 Crores) under Income Tax Act, 1961.		
34) Disclosure regarding Derivative Instruments:		
a) The Company enters into forward contracts 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 31 <sup>st</sup> March 2015		
b) The net gain incurred of Rs.264 lakhs 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.		
35) EARNINGS PER SHARE		
(a) Opening / Closing number of shares	48,16,446	48,16,446
(b) Profit / Loss after Tax Expense	14,99,37,978	19,70,35,471
(c) Earnings per share (Rs.)	31.13	40.91
(d) Face value of shares (Rs.)	10.00	10.00



# Notes Accompanying Financial Statements

- 36) Based on the information available with the Company, the principal amount due to Micro Small and Medium Enterprises as on 31.03.15 is Rs. NIL. There has been no overdue principal amount and therefore no interest is paid / payable.
- 37) The Company has adopted the Accounting Standard (AS) 15.

Post employment benefits :

- (a) Provident fund and other funds:

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. 398.28 lacs (P.Y. Rs.297.47 lacs) as expense towards contribution towards these plans.

- (b) Gratuity:

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.

- i) **Changes in the present value of the obligation - reconciliation of opening and closing balances:** (₹.)

Particulars	31.03.2015	31.03.2014
	Gratuity (Funded Plan)	Gratuity (Funded Plan)
Opening balance of Present Value of the Obligation	7,32,19,885	7,02,43,028
Interest Cost	64,62,881	59,79,137
Current Service Cost	57,10,973	51,49,202
Benefits Paid	(43,98,437)	(34,68,018)
Actuarial loss / (gain)	1,18,16,705	(46,83,464)
Closing balance of Present Value of the Obligation	<u>9,28,12,007</u>	<u>7,32,19,885</u>

- ii) **Reconciliation of changes in the fair value of plan Assets:**

Opening balance Fair Value of Plan Asset	7,47,74,273	6,18,18,916
Expected return on plan assets	59,99,404	54,30,215
Contribution by the Company	48,35,000	73,78,843
Benefits Paid	(43,98,437)	(34,68,018)
Actuarial gain / (loss)	(1,57,013)	36,14,317
Closing balance of Fair Value of Plan Assets	<u>8,10,53,227</u>	<u>7,47,74,273</u>

- iii) **Reconciliation of Fair value of Assets & Obligation**

Particulars	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
	Gratuity (Funded Plan)	Gratuity (Funded Plan)	Gratuity (Funded Plan)	Gratuity (Funded Plan)	Gratuity (Funded Plan)
Present value of the obligation	9,28,12,007	7,32,19,885	7,02,43,028	6,05,89,942	5,44,78,000
Fair value of the Plan assets	8,10,53,227	7,47,74,273	6,18,18,916	5,71,29,672	4,66,85,047
Surplus/(Deficit)	1,17,58,780	(15,54,388)	84,24,112	34,60,270	77,92,953
Experience adjustments on plan liabilities (loss) / gain	(69,02,393)	46,83,464	(16,40,576)	25,30,734	(33,63,000)
Experience adjustments on plan assets (loss) / gain	(1,57,013)	36,14,317	(1,66,463)	(38,694)	(4,55,000)

# Notes Accompanying Financial Statements

	<b>31.03.2015</b>	31.03.2014
iv) The total expenses recognised in the Statement of Profit and Loss is as follows:		
Current Service Cost	<b>57,10,973</b>	51,49,202
Interest Cost	<b>64,62,881</b>	59,79,137
Expected return on plan assets	<b>( 59,99,404)</b>	( 54,30,215)
Net Acturial (gain)/loss recognised in the year	<b><u>1,19,73,719</u></b>	<b><u>( 38,91,132)</u></b>
	<b><u>1,81,48,169</u></b>	<b><u>18,06,992</u></b>
v) Percentage of each category of plan assets to total fair value of plan assets:		
	<b>31.03.2015</b>	31.03.2014
a) Government Securities	<b>63.30%</b>	51.61%
b) Bank deposits (Special deposit scheme)	<b>2.79%</b>	11.70%
c) Others / approved securities	<b>33.91%</b>	36.69%
vi) Principal actuarial assumptions used as at the Balance Sheet date:		
	<b>31.03.2015</b>	31.03.2014
Discount Rate	<b>7.80%</b>	9.10%
Salary Escalation Rate	<b>9.00%</b>	10.00%
Attrition Rate	<b>5.00%</b>	5.00%
Expected rate of return on plan assets	<b>8.25%</b>	8.00%
vii) The estimates of future salary increases, considered in actuarial valuation, taken into account of 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.		

- 38) Fixed assets of Ginning unit at Thallada, Telangana were on cancellable operating lease till Dec 2014 and certain knitting machinery at Valli Textile Mills and SCTM divisions are given on cancellable operating lease at a monthly lease rent.
- 39) The company has received a letter from the Bombay Stock Exchange requiring the financial statements of Financial Year 2012-13 to be restated giving effect to the qualification in the Auditors' Report relating to the change in rates of depreciation of wind mill. A reply has been sent in this regard with supporting documents, justifying that restatement is not warranted and change in rate of depreciation is appropriate. The company is awaiting the response of BSE.
- 40) In the opinion of the board, all the assets other than fixed assets and non-current investments have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.
- 41) There is no amount due and outstanding to be credited to Investors' Education and Protection Fund.
- 42) In the absence of required notification in the prescribed format, relating to the statement of changes to equity, the same is not furnished
- 43) Balances of certain parties are subject to confirmation / reconciliation if any.
- 44) Previous year figures have been regrouped wherever necessary to conform to the current year's classification.
- 45) Figures have been rounded off to the nearest lakh in the financial statement and in the accompanying notes.

# Notes Accompanying Financial Statements

## NOTE NO. 46. SEGMENT REPORTING (A) PRIMARY SEGMENT REVENUES, RESULTS AND OTHER INFORMATION

	Yarn Manufacturing		Yarn Trading		Cloth		Cloth Trading		Garments		Total	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
<b>Revenue</b>												
External Sales	16,623	17,472	26,548	47,535	66,871	76,297	15,353	1,483	8,015	9,256	133,410	152,043
Inter-segment transfer					4,702	4,448					4,702	4,448
	16,623	17,472	26,548	47,535	71,573	80,745	15,353	1,483	8,015	9,256	138,111	156,491
<b>Results</b>												
Segment Results	3,998	4,181	627	581	1,806	4,037	557	63	1,028	1,801	8,016	10,600
Add: Unallocated income/ (expenditure) (Net)											(162)	278
Profit from Operations											7,854	10,878
Interest Expenses											6,884	7,581
Profit before tax											970	3,297
Tax											(529)	1,327
Profit after tax											1,499	1,970
<b>OTHER INFORMATION</b>												
Segment Assets	25,186	27,537	4,149	5,979	49,489	51,971	2,399		4,310	2,660	85,533	88,147
Unallocable Assets											5,966	6,038
<b>Total Assets</b>											91,500	94,185
Segment Liabilities	2,753	1,568	4,556	4,360	11,449	7,120	2,635		1,376	849	22,769	13,897
Unallocable Liabilities											4,358	4,001
<b>Total Liabilities</b>											27,127	17,898
Segment Capital Expenditure	472	741			5,643	4,727			532	131	6,647	5,599
Unallocable Capital Expenditure											-	-
<b>Total Capital Expenditure</b>											6,647	11,293
Segment Depreciation	1,618	1,887			6,483	5,103			130	95	8,231	7,085
Unallocable Depreciation											-	-
<b>Total Depreciation</b>											8,231	7,085

## (B) SECONDARY SEGMENT - GEOGRAPHICAL

1. An analysis of the sales by geographical market is given below:

Region	31.03.2015	31.03.2014
Europe	16,395	17,395
Asia	80,161	101,407
America	34,307	27,404
Others	2,811	7,274
	133,674	153,480

\*\*All fixed assets of the company are located in India

2. Carrying amount of segment assets

Region	31.03.2015	31.03.2014
Europe	661	961
Asia**	83,375	91,309
America	1,384	1,514
Others	113	402
	85,533	94,186

3. Carrying amount of segment liabilities

Region	31.03.2015	31.03.2014
Europe	(209)	156
Asia	23,451	13,431
America	(437)	245
Others	(36)	65
	22,769	13,897

# Notes Accompanying Financial Statements

## 47) RELATED PARTY DISCLOSURES FOR THE FINANCIAL YEAR ENDED 31.03.2015

NAME OF THE PARTY	RELATIONSHIP
1. Gruppo P&P Loyal Spa, Italy	Joint Venture Company
2. Loyal Dimco Group A.E.B.E., Greece	Joint Venture Company
3. Loyal Tired Cotton Farming and Gining P.L.C, Ethiopia	Joint Venture Company
4. Loyal International Sourcing Private Limited	Wholly owned subsidiary company
5. Hellen Cotton Trading Company Private Limited	Key Managerial Person has a significant interest in the Concern.
6. Kurunji Investment Private Limited	Key Managerial Person has a significant interest in the Concern.
7. Madurai Tara Traders Private Limited	Key Managerial Person has a significant interest in the Concern.
8. Nemesis Cotton Trading Company Private Limited	Key Managerial Person has a significant interest in the Concern.
9. Nike Cotton Traders Private Limited	Key Managerial Person has a significant interest in the Concern.
10. Rhea Cotton Traders Private Limited	Key Managerial Person has a significant interest in the Concern.
11. Sri Manikam Ramaswami - Managing Director	Key Managerial Personnel
12. Sri P.Manivannan ( Director )	Key Managerial Personnel
13. Smt Valli M Ramaswami ( Woman Director )	Key Managerial Personnel

(₹ in Lakhs)

	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
i) The name of the transacting related party	Gruppo P&P Loyal Spa, Italy		Loyal Tired Cotton Farming and Gining P.L.C. Ethiopia		Loyal International Sourcing Private Limited	
ii) Description of the relationship between the parties	Joint Venture		Joint Venture		Wholly owned subsidiary	
iii) Description of the nature of transactions	Sale of Garments and Fabrics Purchases of Raw Materials		No operation			
iv) Volume of the transactions						
	Rs.	Rs.	NIL	NIL	NIL	NIL
Sale of Garments	3,749.80	5310.57				
Sale of Fabric	Rs. 899.18	Rs. 482.03	NIL	NIL	NIL	NIL
Purchase of Reflective Band	Rs. 40.43	Rs. 152.87	NIL	NIL	NIL	NIL
Purchase of FR Thread	Rs. 62.91	Rs. 73.18	NIL	NIL	NIL	NIL
Purchase of Polyester Fibre	NIL	Rs. 10.02	NIL	NIL	NIL	NIL
v) Purchase of Fixed Assets & Leases	NIL	NIL	NIL	NIL	NIL	NIL
vi) Finance (including loans and equity contributions in cash or in kind)						
During this year	NIL		NIL	NIL	Rs. 18.16	NIL
Year end balance	Rs. 149.00	Rs. 149.00	Rs. 91.33	Rs. 91.33	Rs. 18.16	NIL
vii) Management contracts including for deputation of employees	NIL	NIL	NIL	NIL	NIL	NIL
viii) Any other elements of the related party transaction necessary for an understanding of the financial statement	NIL	NIL	NIL	NIL	NIL	NIL

# Notes Accompanying Financial Statements

(₹ in Lakhs)

	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
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 - Receivables	Rs. 789.04	Rs. 499.19	NIL	NIL	NIL	NIL
x) Amount written off in the period of debts due from or to related parties	NIL	NIL	NIL	NIL	NIL	NIL
xi) Dividend received	NIL	NIL	NIL	NIL	NIL	NIL
xii) Guarantee given	NIL	NIL	NIL	NIL	NIL	NIL
xiii) Remuneration paid to key managerial personnel	Sri Manikam Ramaswami Managing Director		Sri P.Manivannan Director		Smt Valli M Ramaswami Woman Director	
Salary, Perquisites and Other allowances	23.56	26.91	15.36	11.50	1.64	-
Contribution to provident fund - defined contribution plan	2.16	2.16	0.94	0.72	0.20	-
Contribution to super annuation fund - defined benefit plan	2.34	2.34	-	-	-	-
Commission	30.29	100.00	-	-	-	-
	58.35	131.41	16.3	12.22	1.84	-

Notes :-

- There is no transaction with Loyal Dimco Group A.E.B.E Greece, during this year.
- The information regarding applicable transactions as given in clause 24 of AS 18 is given above.

**MANIKAM RAMASWAMI**  
Managing Director

**VALLI M RAMASWAMI**  
**K.J.M. SHETTY**  
**S. VENKATARAMANI**  
**SHRIDHAR SUBRAHMANYAM**  
**P. MANIVANNAN**  
**R. POORNALINGAM**  
**M. MADHAVAN NAMBIAR**  
Directors

**M. ARUMUGAM**  
Company Secretary

**R. MOHAN**  
Chief Financial Officer

vide our report of even date attached  
For **Suri & Co.**  
Chartered Accountants  
Firm Registration No.004283S

**R.KRISHNAMOORTHY**  
Partner  
Membership No.020695

Date : 28.05.2015  
Place : Chennai

# Independent Auditors' Report

To  
The Members of  
LOYAL TEXTILES MILLS LIMITED,  
KOVILPATTI.

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of LOYAL TEXTILE MILLS LIMITED ("Holding Company"), its subsidiary LOYAL INTERNATIONAL SOURCING PRIVATE LIMITED (the Holding Company and its subsidiary together referred to as "the Group") and its jointly controlled entity, comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information ("the consolidated financial statements").

## Management's Responsibility for the consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

# Independent Auditors' Report

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and jointly controlled entity as at 31<sup>st</sup> March, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

## Emphasis of Matter

We draw attention to following matters in the Notes accompanying financial statements:

- a) Note No. 9 to the financial statements regarding the carrying amount of the assets whose useful life is lapsed is adjusted in the opening balance of retained earnings.
- b) Note No.43 to the financial statements regarding the letter received from BSE requiring the company to restate the financial statements of year ended 31-3-2013 giving effect to the qualification in our audit report for the year then ended.
- c) Note No. 23 to the financial statements regarding the payment of remuneration to the Whole Time Director from 11<sup>th</sup> February 2015 of a sum of Rs. 1.84 Lakhs is subject to approval of the Members at the Annual General Meeting.

Our opinion is not modified in respect of these matters.

## Other matters

We did not audit the financial statements / financial information of the jointly controlled entity, whose financial statements / financial information reflect total assets of Rs.3,109 lakhs as at 31<sup>st</sup> March, 2015, total revenues of Rs.3,708 lakhs and net cash flows amounting to Rs.152 lakhs for the year ended on that date, as considered in the consolidated financial statements. The financial statements / financial information have been audited by other auditor whose reports has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the jointly controlled entity and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid jointly controlled entity, is based solely on the reports of the other auditor.

Our report is not qualified in respect of other matters.

## Report on Other Legal and Regulatory Requirements

The report as required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub section (11) of Section 143 of the Act, is not furnished as separate reports under this order are furnished for Standalone of both Holding and subsidiary company. The above order is not applicable to the foreign jointly controlled entity.

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

Place: Chennai  
Date: 28<sup>th</sup> May, 2015

R.KRISHNAMOORTHY  
PARTNER  
M.No: 020695

# Consolidated Balance Sheet as at 31.03.2015

(₹. In Lakhs)

Particulars	Note No.	31.03.2015
<b>I. EQUITY AND LIABILITIES</b>		
(1) Shareholders' Funds		
(a) Share Capital	2	482
(b) Reserves and Surplus	3	13,622
(2) Non-Current Liabilities		
(a) Long Term borrowings	4	22,708
(b) Deferred Tax Liabilities (Net)	5	4,134
(3) Current Liabilities		
(a) Short- Term Borrowings	6	25,504
(b) Trade payables		7,445
(c) Other Current Liabilities	7	15,022
(d) Short-Term Provisions	8	4,817
		93,734
<b>II. ASSETS</b>		
(1) Non-Current Assets		
(a) Fixed Assets		
(i) Tangible Assets	9	49,074
(ii) Capital Work-in-progress	10	696
(b) Non-Current investments	11	500
(c) Long term Loans and advances	12	650
(2) Current Assets		
(a) Inventories	13	15,760
(b) Trade Receivables	14	9,348
(c) Short term loans and advances	15	5,392
(d) Cash and cash equivalents	16	839
(e) Other Current assets	17	11,475
		93,734

Note No 2 to 17 and 27 to 50 form an integral part of this Balance Sheet

<b>MANIKAM RAMASWAMI</b> <i>Managing Director</i>	<b>VALLI M RAMASWAMI</b> <b>K.J.M. SHETTY</b> <b>S. VENKATARAMANI</b> <b>SHRIDHAR SUBRAHMANYAM</b> <b>P. MANIVANNAN</b> <b>R. POORNALINGAM</b> <b>M. MADHAVAN NAMBIAR</b> <i>Directors</i>	<b>M. ARUMUGAM</b> <i>Company Secretary</i>	vide our report of even date attached <b>For Suri &amp; Co.</b> Chartered Accountants Firm Registration No.004283S
		<b>R. MOHAN</b> <i>Chief Financial Officer</i>	<b>R.KRISHNAMOORTHY</b> Partner Membership No.020695

Date : 28.05.2015

Place : Chennai



# Consolidated Profit and Loss Statement for the year ended 31st March 2015

(₹. In Lakhs)

Particulars	Note No.	31.03.2015
I. Revenue from operations	18	1,40,097
II. Other Income	19	165
III. Total Revenue (I + II)		<u>1,40,262</u>
IV. Expenses:		
Cost of materials consumed	20	51,234
Purchase of Stock-in-Trade	21	36,216
Changes in Inventories of	22	
Finished Goods		491
Stock in Trade		40
Work-in-progress		(705)
Employee benefits expense	23	8,462
Finance costs	24	6,923
Depreciation and amortisation expense	25	8,293
Other expenses	26	28,195
Total Expenses		<u>1,39,149</u>
V. Profit before exceptional and extraordinary items and tax - (III - IV)		1,113
VI. Exceptional and Extraordinary Items		0
VII. Profit before tax (V - VI)		<u>1,113</u>
VIII. Tax expense:		
(1) Current tax / Wealth Tax		405
(2) Excess Provision for FBT of earlier years reversed		(2)
(3) Deferred tax		(873)
(4) MAT credit		0
IX. Profit(Loss) for the period from continuing operations		<u>1583</u>
X. Profit/(Loss) from discontinuing operations		0
XI. Profit/(Loss) for the period (IX + X)		<u>1583</u>
		-
XII. Earning per equity share :		
(1) Basic		32.86
(2) Diluted		32.86

Notes 18 to 47 form an integral part of this Profit and Loss Statement

<b>MANIKAM RAMASWAMI</b> <i>Managing Director</i>	<b>VALLI M RAMASWAMI</b> <b>K.J.M. SHETTY</b> <b>S. VENKATARAMANI</b> <b>SHRIDHAR SUBRAHMANYAM</b> <b>P. MANIVANNAN</b> <b>R. POORNALINGAM</b> <b>M. MADHAVAN NAMBIAR</b> <i>Directors</i>	<b>M. ARUMUGAM</b> <i>Company Secretary</i>	vide our report of even date attached <b>For Suri &amp; Co.</b> Chartered Accountants Firm Registration No.004283S
		<b>R. MOHAN</b> <i>Chief Financial Officer</i>	<b>R.KRISHNAMOORTHY</b> Partner Membership No.020695

Date : 28.05.2015

Place : Chennai

# Consolidated Cash Flow Statement

(₹. In Lakhs)  
31.03.2015

PARTICULARS	
OPERATING ACTIVITIES	
PROFIT BEFORE TAX	1,113
ADJUSTMENTS FOR	
Depreciation	8,293
Interest paid	6,923
Effect of Exchange rate change	(11)
Interest received	(101)
Dividend received from	
Investments - Others	(1)
Provision for Doubtful Debts	144
(Profit)/Loss on disposal of Fixed Assets	(43)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	16,317
ADJUSTMENTS FOR CHANGES IN	
Inventories	1,469
Debtors	(255)
Loans & Advances and Other Current Assets	(782)
Amount deposited as Margin Money	(239)
Current liabilities and provisions	516
CASH FLOW FROM OPERATING ACTIVITIES	17,026
Dividend receipts	
Interest receipts	101
Income Tax (Paid)/Refund	(424)
NET CASH FLOW (A)	16,703
INVESTING ACTIVITIES	
Payments for Assets acquisition	(5,960)
Proceeds on Sale of Fixed Assets	61
Investment - others	(119)
NET CASH FLOW (B)	(6,018)
FINANCING ACTIVITIES	
Share Capital Raised	2
Interest paid	(6,931)
Borrowings (Net)	-
Raised	3,582
Repaid	(6,744)
Dividend paid	(361)
NET CASH FLOW (C)	(10,452)
NET CASH INFLOW / (OUTFLOW) (A-B-C)	233
OPENING CASH AND CASH EQUIVALENTS (D)	139
CLOSING CASH AND CASH EQUIVALENTS (E)	371
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	233

<p><b>MANIKAM RAMASWAMI</b> <i>Managing Director</i></p>	<p><b>VALLI M RAMASWAMI</b> <b>K.J.M. SHETTY</b> <b>S. VENKATARAMANI</b> <b>SHRIDHAR SUBRAHMANYAM</b> <b>P. MANIVANNAN</b> <b>R. POORNALINGAM</b> <b>M. MADHAVAN NAMBIAR</b> <i>Directors</i></p>	<p><b>M. ARUMUGAM</b> <i>Company Secretary</i></p> <p><b>R. MOHAN</b> <i>Chief Financial Officer</i></p>	<p>vide our report of even date attached <b>For Suri &amp; Co.</b> Chartered Accountants Firm Registration No.004283S</p> <p><b>R.KRISHNAMOORTHY</b> Partner Membership No.020695</p>
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Date : 28.05.2015

Place : Chennai

**LOYAL**

# Consolidated Notes Accompanying Financial Statements

## NOTE NO. 1 : SIGNIFICANT ACCOUNTING POLICIES

### A) BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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 accounting standards as prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of Companies Act, 2013 to the extent notified and guidelines issued by Securities and Exchange Board of India (SEBI). The disclosure and other requirements under the Micro, Small and Medium Enterprises Development Act, 2006 have been considered.

### B) Principles of Consolidation

The Consolidated Financial Statements relates to Loyal Textile Mills Limited (the Company) and its subsidiaries and joint Venture. The Company and its Subsidiaries and its jointly controlled entities constitute the Group.

- i) The Consolidate Financial statements have been prepared in accordance with Accounting Standard 21(AS 21) "Consolidated Financial Statements" and AS 27 "Financial Reporting of Interest in Joint Ventures" notified by the Companies (Accounting Standard) Rules, 2006.
- ii) The Financial Statement of the Company and its subsidiary company have been combined on all line by line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits have been fully eliminated.
- iii) The wholly owned subsidiary being a new company, the difference between the cost of investment in the subsidiary over the net asset at the time of acquisition of shares in the subsidiary is NIL and the Minority Interest will be NIL.
- iv) In case of foreign Joint Venture, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All Assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Balance Sheet under Foreign Currency Translation Reserve.
- v) As far as possible, the Consolidated Financial statements are prepared using uniform Accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate Financial Statements.

### C) Investments

Investments other than subsidiary and Joint Venture have been accounted as per Accounting Standard (AS)-13 on "Accounting For Investments".

### D) Other Significant Accounting Policies

These are set out under "Significant Accounting Policies" as given in the Company's separate Financial Statement.

# Consolidated Notes Accompanying Financial Statements

₹. In Lacs

31.03.2015

## Particulars

### Note No.2 (a) Authorised, Issued, Subscribed, Paid-up share capital and par value per share

Authorised Share Capital	
90,00,000 Equity Shares of Rs.10/- each	900
6,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each (Previous year 6,00,000 preference shares of Rs.100 each)	600
Issued & Subscribed Share Capital	
48,16,446 Equity Shares of Rs.10/- each fully paid - up (Previous year 48,16,446 equity shares of Rs.10/- each)	482
Paid-up Share Capital	
48,16,446 Equity Shares of Rs.10/- each fully paid - up (Previous year 48,16,446 equity shares of Rs.10/- each)	482
	482

### Note No. 2 (b) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year.

31.03.2015

Number of shares outstanding as at the beginning of the year	48,16,446
Number of shares outstanding as at the end of the year	48,16,446

### Note No.2.(c) Shares in the company held by each shareholder holding more than 5% shares

S. No.	Name of the shareholder	Number of shares held in the company
		<b>31.03.2015</b>
1	Madurai Tara Traders Pvt Ltd	7,76,887
2	Felspar Credit and Investment Pvt Ltd	6,61,126
3	Dhanalakshmi Investment Pvt Ltd	6,29,343
4	Kurunji Investments Pvt Ltd	3,46,887
5	Chinthamani Investments Pvt Ltd	2,79,220

Note No.2 (d) Details of allotments of shares for consideration other than cash, allotments of bonus shares and shares bought back (during the period of five years from Financial year 2009-2010)

## Particulars

Allotment of shares as fully paid-up pursuant to contracts without payments being received in cash

1,12,500 Equity Shares of Rs 10 each fully paid up allotted on 27/05/2011 pursuant to a Scheme of Amalgamation of "Shri Chintamani Textile Mills Limited"

# Consolidated Notes Accompanying Financial Statements

(₹ in Lacs )  
31.03.2015

Particulars	
<b>Note No.3. Reserves and Surplus</b>	
<b>(a) Capital Reserves</b>	
Opening Balance	24
Additions during the year	0
Deductions during the year	0
Closing Balance	<u>24</u>
<b>(b) Capital Redemption Reserve</b>	
Opening Balance	430
Additions during the year	0
Deductions during the year	0
Closing Balance	<u>430</u>
<b>(c) Revaluation Reserve</b>	
Opening Balance	216
Additions during the year	0
Deductions during the year	0
Closing Balance	<u>216</u>
<b>(d) Amalgamation Reserve</b>	
Opening Balance	243
Additions during the year	0
Deductions during the year	0
Closing Balance	<u>243</u>
<b>(e) General Reserve</b>	
Opening Balance	8,120
Add:	
Transfer from Surplus	155
Less:	
Deductions during the year	0
Closing Balance	<u>8,275</u>
<b>(f) Foreign Currency Transaction Reserve</b>	
Opening Balance	0
Additions during the year	31
Deductions during the year	0
Closing Balance	<u>31</u>
<b>(g) Surplus</b>	
Opening Balance	3,969
Less: Withdrawal on account of Depreciation as per Schedule II of the Companies Act, 2013	846
Add: Reversal of Deferred Tax Liability on account of Transition	287
	<u>3,410</u>
Add:	
Profit for the period as per Profit & Loss Statement	1,583
Less:	
Proposed Final dividend @ 75% Rs. 7.50 Per Share (PY : 75% - Rs.7.50 per share)	361
Tax on distributed profits on equity shares	74
Transfer to General Reserve	155
Closing Balance	<u>4,403</u>
Total Reserves & Surplus	<u>13,622</u>

# Consolidated Notes Accompanying Financial Statements

(₹ in Lacs )  
31.03.2015

## Particulars

### NON-CURRENT LIABILITIES

#### Note No.4. LONG TERM BORROWINGS

##### (A) TERM LOANS : SECURED

- from Banks	18,637
- from Financial Institutions	4,071

Term loans except the following are secured by joint and equitable mortgage of all immovable properties present and future and by hypothecation of machineries ranking pari-passu with one another.

- (i) Term loans availed from Central Bank of India, Karur Vysya Bank and Indian Bank to the extent of Rs.161.11 Crores are exclusively charged by the specific assets purchased out of the term loan.
- (ii) Term loans are repayable Quarterly as per agreement at floating rate of interest.
- (iii) Term loans are guaranteed by the Managing Director.
- (iv) Term loan instalments repayable minimum 4 and maximum 28 instalments.

##### (B) CUMULATIVE FIXED DEPOSITS : UNSECURED

0
22,708

#### Note No.5. DEFERRED TAX LIABILITIES (NET)

Deferred Tax Liabilities	4,655
Deferred Tax Assets	(521)
Deferred Tax Liabilities (Net)	4,134

### CURRENT LIABILITIES

#### Note No.6 SHORT TERM BORROWINGS

##### (A) LOANS REPAYABLE ON DEMAND - FROM BANKS

Secured

Working Capital Loans from banks are secured by the hypothecation of Raw-materials, Stock-in-process, Finished Goods, Stores consumables, Spares and Book debts and are also secured by second charge on block assets.

Working capital loans are guaranteed by the Chairman and Managing Director.

Temporary Interest free Advances	79
	25,504

#### Note No.7. OTHER CURRENT LIABILITIES

Current Maturities of Long term Debts	8,145
Creditor for Capital Goods	262
Expenses Payable	5,863
Statutory Liabilities Payable	148
Advance received against Supplies	538
Interest accrued but not due on borrowings	14
Unclaimed Dividends	52
	15,022

#### Note No.8. SHORT-TERM PROVISIONS

Proposed Dividend	361
Tax on Proposed Dividend	74
Provision for income tax	3,975
Provision for wealth tax	13
For Provident Fund and Other Funds	91
Provision for Gratuity	236
Provision for Leave Salary	67
	4,817

# Consolidated Notes Accompanying Financial Statements

(₹ in Lacs)

## Note No.9 Fixed Assets -- Tangible

Description	Gross Block			Depreciation			Net Block			
	Cost as on 01.04.2014	Addition	Sales/ Adjustments	Cost as on 31.03.2015	Acc. Dep. as on 01.04.2014	For The Year	Withdrawal / Adjustments*	Acc. Dep. as on 31.03.2015	W D V as on 31.03.2015	W D V as on 31.03.2014
LAND	1,377	17		1,394					1,394	1,377
- OWNED BUILDINGS	12,373	616		12,989	2,767	689	28	3,484	9,505	9,606
FURNITURE	220	96		316	165	29	6	200	116	55
- OWNED PLANT & MACHINERY	83,523	5,711	97	89,137	44,859	7,087	695	52,662	36,475	38,664
- OWNED - LEASED OUT**	1,701			1,701	1,313	207	18	1,538	163	388
VEHICLES	503	129	29	603	307	91	(24)	374	229	196
- OWNED COMPUTERS	263	13		276	218	14	9	241	35	45
- OWNED ELECTRICAL INSTALLATIONS	1,645	102	29	1,718	427	154	(20)	561	1,157	1,218
TOTAL	1,01,605	6,684	155	1,08,134	50,056	8,292	712	59,060	49,074	51,549

\* Based on transitional provision specified in Notes to Schedule II of the Companies Act, 2013, the carrying amount of Rs. 8,45,37,249/- of the assets where the remaining useful life is nil has been adjusted with opening balance of retained earnings.

\*\* Own assets given on operating lease have been presented separately as leased out in the note as per Accounting Standard (AS) 19 "Accounting for Leases".

## Note No.10: Capital Work in Progress

	31.03.2015
Land under Progress	120
Building	296
Plant & Machinery	280
TOTAL	696

# Consolidated Notes Accompanying Financial Statements

NOTE NO.11. NON-CURRENT INVESTMENTS - AT COST - LONG TERM

₹. in Lacs

S. No	Particulars	No of Shares	31.03.2015
<b>(A)</b>	<b>Trade Investments</b>		
<b>I</b>	<b>Investments in Equity Instruments - Unquoted</b>		
1	Uniloyal Expotex Ltd.	Nil	Nil
2	Shri. Teyem Processors Ltd.,	Nil	Nil
3	Cuddalore Sipcot Industries Association	4 665	5
4	Loyal Dimco Group A.E.B.E.(Joint venture 50%)	50 000	18
5	SIMA Textile Processing Centre Ltd	20 000	2
6	Loyal Textiles ( UK) Ltd ( 49% )	2 450	0
7	Loyal Tired Cotton Farming and Ginning P.L.C ( Joint Venture 51% )	3 085	91
0	Aggregate Amount of Unquoted Investments		116
<b>II</b>	<b>Investments in Equity Instruments - Quoted</b>		
	Kitex Garments Limited	2 000	1
<b>(B)</b>	<b>Non-trade Investments</b>		
(i)	Investments in Equity Instruments		
1	Central Bank of India	1 469	2
2	Reliance gold - ETF - Units	6 750	133
3	Larsen and Toubro Limited	412	5
4	Oil & Natural Gas Corporation - Shares	27 665	100
5	Page Industries - Shares	75	10
6	State Bank of India - Shares	2 085	56
			306
(ii)	Investment in Government or trust securities		78
	Aggregate Amount		384
	Total		500

Aggregate Market value of Quoted Investments : Rs.339.04 Lacs

₹. in Lacs

Particulars	31.03.2015
-------------	------------

## NOTE NO.12. LONG-TERM LOANS AND ADVANCES

Capital Advances	32
Unsecured, Considered good	618
<b>TOTAL</b>	<b>650</b>

## Note No.13. INVENTORIES

(a) Raw Materials	4,262
(b) Work-in-progress	3,400
(c) Finished Goods	7,246
(d) Stores, spares and Packing Materials	852
<b>TOTAL</b>	<b>15,760</b>



# Consolidated Notes Accompanying Financial Statements

₹. in Lacs

Particulars	31.03.2015
<b>NOTE NO.14. TRADE RECEIVABLES</b>	
(A) Trade receivables outstanding for more than six months from the date they become due for payment:	
(i) Unsecured, Considered good	164
(ii) Considered doubtful	369
	<u>533</u>
Less : Allowance for bad and doubtful	(369)
	<u>164</u>
(B) Trade receivables (others)	
(i) Unsecured, Considered good	9,184
<b>TOTAL</b>	<u><b>9,348</b></u>
<b>Note No.15. SHORT TERM LOANS AND ADVANCES</b>	
Tax payments pending Adjustments	5,392
<b>TOTAL</b>	<u><b>5,392</b></u>
<b>NOTE NO.16. CASH AND CASH EQUIVALENTS</b>	
(I) Cash and cash equivalents	
Balance with banks	351
Cash on hand	21
(II) Earmarked Bank Balances	
Unpaid Dividend Bank account	52
(III) Bank balances held as margin money or as security	415
<b>TOTAL</b>	<u><b>839</b></u>
<b>NOTE NO.17. OTHER CURRENT ASSETS</b>	
Interest Subsidy Receivable	693
Export Benefits Receivable	2,511
Advances recoverable in cash or in kind or for value to be received	7,462
Deposits	809
<b>TOTAL</b>	<u><b>11,475</b></u>
<b>NOTE NO.18. REVENUE FROM OPERATIONS</b>	
Sale of Products	1,31,592
Sale of Services	430
Other operating Revenues	8,075
<b>TOTAL</b>	<u><b>1,40,097</b></u>

# Consolidated Notes Accompanying Financial Statements

₹. in Lacs

Particulars	31.03.2015
<b>NOTE NO.19. OTHER INCOME</b>	
Interest Income	100
Dividend Income	1
Other Non operating income	64
<b>TOTAL</b>	<b>165</b>
<b>ADDITIONAL INFORMATION</b>	
<b>A) SALE OF PRODUCTS</b>	
i) Yarn	42,587
ii) Cloth	34,223
iii) Hosiery Cloth	47,838
iv) garments	6,943
<b>TOTAL</b>	<b>1,31,592</b>
<b>B) INTEREST INCOME</b>	
From Banks	13
From Others	87
<b>TOTAL</b>	<b>100</b>
<b>NOTE NO.20. COST OF MATERIALS CONSUMED</b>	
i) Cotton, Staple Fibre and Cotton waste	37,833
ii) Yarn	12,273
iii) Cloth	295
iv) Dyes	510
v) Reflective band	323
<b>TOTAL</b>	<b>51,234</b>
<b>NOTE NO.21. PURCHASE OF STOCK-IN-TRADE</b>	
Yarn	23,912
Cloth	14,380
Garments	(2076)
<b>TOTAL</b>	<b>36,216</b>
<b>NOTE NO.22. CHANGES IN INVENTORIES</b>	
<b>OPENING STOCK</b>	
Process Stock	2,527
Finished goods	7,070
Stock in trade	967
<b>TOTAL (A)</b>	<b>10,564</b>
<b>LESS: CLOSING STOCK</b>	
Process Stock	3,232
Finished goods	6,579
Stock in trade	927
<b>TOTAL (B)</b>	<b>10,739</b>
<b>CHANGES IN INVENTORIES (A-B)</b>	
Process Stock	(705)
Finished goods	491
Stock in trade	40
<b>NET ( A - B )</b>	<b>(175)</b>

# Consolidated Notes Accompanying Financial Statements

₹. in Lacs

Particulars	31.03.2015
<b>Note No.23. EMPLOYEE BENEFITS EXPENSES</b>	
Salaries, Wages and Bonus	6,847
Unavailed earned Leave	85
Contribution to Provident Fund and other funds	760
Other Welfare Expenses	770
<b>TOTAL</b>	<b>8,462</b>
 <b>NOTE NO.24. FINANCE COSTS</b>	
Interest Expenses	6,854
Other Borrowing Cost	69
<b>TOTAL</b>	<b>6,923</b>
 <b>NOTE NO.25. DEPRECIATION AND AMORTISATION EXPENSE</b>	
1) Building	689
2) Plant and Machinery	7,478
3) Furniture	36
4) Vehicle	90
<b>TOTAL</b>	<b>8,293</b>
 <b>NOTE NO.26. OTHER EXPENSES</b>	
Freight and forwarding charges	3,830
Brokerage and Commission	2,166
Selling Expenses	373
<b>PAYMENT TO THE AUDITORS</b>	
As Auditors	35
For Taxation Matters	4
For Certification work	1
For Service Tax	2
For Reimbursement of Expenses	1
Conversion and Processing Charges	2,017
Stores Consumed	4,214
Power and Fuel	9,410
Rent	8
Repairs to Building	332
Repairs to Machinery	2,504
Insurance	237
Rates and Taxes excluding Taxes on Income	892
Provision for Doubtful Debts	144
Expenditure on CSR Activities	70
Miscellaneous Expenses	1,955
<b>TOTAL</b>	<b>28,195</b>

# Consolidated Notes Accompanying Financial Statements

27) The following subsidiary /Joint Venture are considered in the Consolidated Financial Statements

Name	Country of incorporation	% of ownership interest	Nature of Business
<b>DIRECT SUBSIDIARY</b> Loyal International Sourcing P Ltd.,	India	100.00	Textile- Trading
<b>JOINT VENTURE</b> Gruppo P&P Loyal Spa	Italy	47.50	Sale of garment and fabrics
Loyal Dimco Group A.E.B.E*	Greece	50.00	No operations
Loyal Tiret Cotton Farming and Gining P.L.C **	Ethiopia	51.00	No operations

28) Additional Information as required under Schedule III to the Companies Act, 2013, of enterprises Consolidated as subsidiary/Joint Venture

Name of the enterprise	Net Asset		Share in profits or loss	
	As a % of consolidated Net Assets	Amount in Lakhs (Rs)	As % of Consolidated Profit or Loss	Amount in Lakhs (Rs)
<b>Parent</b> Loyal Textile Mills Limited.	90.54	13,163	94.69	1,499
<b>Subsidiary</b> Loyal International Sourcing Private Limited	(0.14)	(21)	(1.45)	(23)
<b>Joint Venture</b> Foreign Gruppo P&P Loyal SPA, Italy Loyal Dimco Group A.E.B.E. Greece* Loyal Tiret Cotton Farming and Ginning PLC, Ethiopia**	9.60	1,396	6.76	107
<b>TOTAL</b>	100.00	14,538	100.00	1,583

\* The operations of Loyal Dimco Group A.E.B.E.(under the process of winding up ) are not significant in relation to the Group's business.

\*\* The operations of Loyal Tiret Cotton Farming and Ginning P.L.C are not significant in relation to the Group's business as there are no operations.

There is no associate company for consolidation.

29) This being the first year of Consolidation, Comparative figures of previous year has not been included.

30) Contingent Liabilities ( To the extent not provided for) (₹ in Lakhs)

Sl. No	Particulars	31.03.2015	31.03.2014
i)	Claim against the Company not acknowledged as debts	26.30	26.30
ii)	Counter Guarantee given to Banks	100.80	134.22
iii)	On Account of Bills discounted	15,686.12	18,988.95
iv)	Disputed income tax demand not provided for- Appeals filed before Appellate Authorities/ revision petition pending.	1,086.48	1,157.58
v)	Disputed Sales tax demand not provided for	143.28	131.45
vi)	Disputed Service tax, Excise / Customs duty not provided for	125.38	125.38
vii)	On account of export obligation covered by letter of undertaking	2,826.03	2,984.58
<b>Commitment :</b>			
i)	Estimated amount of Contracts remaining to be executed on Capital Accounts and not provided for	1,585.62	750.53
ii)	The amount of capital commitments / contingencies incurred in respect of jointly controlled entities	-	-

# Consolidated Notes Accompanying Financial Statements

31) In respect of jointly Controlled entities, the company's share of assets, liabilities, income and expenditure of the joint venture companies are as follow:

Particulars	As at 31.03.2015 Amount in Lakhs (₹.)
(i) Assets	
Fixed Assets	488.26
Non-Current Investments	77.22
Non-Current Assets	0.00
Current Investments	0.00
Current Assets	2 543.96
(ii) Liabilities	
Long term Borrowings	0.00
Non-Current Liabilities and provisions	0.00
Short term Borrowings	1 057.14
Current Liabilities and provisions	939.09
(iii) Income	3 708.11
(iv) Expenses	3 541.58

32) The audited Financial Statement of foreign Joint Venture has been prepared in accordance with the Generally Accepted Accounting Principles of its Country of Incorporation. There are no material transactions from 1<sup>st</sup> January, 2015 to 31<sup>st</sup> March, 2015 in respect of Joint Venture having Financial Year ended 31<sup>st</sup> December, 2014.

33) No significant restriction is attached on the investments held outside India.

34) 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.

35) Power and fuel cost is net of Rs. 36.76 Crores (P.Y. Rs. 31.29 Crores) being electricity generated through wind mills.

36) No borrowing cost has been capitalised during the year

37) Deferred tax liability mainly represent timing difference relating to depreciation of Rs. 46.55 Crores (P.Y. Rs. 57.50 Crores) and Deferred asset mainly represent timing difference on account of deferred allowance of Rs. 5.21 Crores (P.Y.: Rs.4.56 Crores) under Income Tax Act, 1961.

38) Disclosure regarding Derivative Instruments:

a) The Company enters into forward contracts 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 31<sup>st</sup> March 2015

b) The net gain incurred of Rs.264 lakhs 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.

# Consolidated Notes Accompanying Financial Statements

- 39) EARNINGS PER SHARE 31.03.2015
- |     |                                    |              |
|-----|------------------------------------|--------------|
| (a) | Opening / Closing number of shares | 48,16,446    |
| (b) | Profit / Loss after Tax Expense    | 15,82,64,060 |
| (c) | Earnings per share (Rs.)           | 32.86        |
| (d) | Face value of shares (Rs.)         | 10.00        |
- 40) Based on the information available with the Company, the principal amount due to Micro Small and Medium Enterprises as on 31.03.15 is Rs. NIL. There has been no overdue principal amount and therefore no interest is paid / payable.
- 41) The Company has adopted the Accounting Standard (AS) 15.

## Post employment benefits :

- (a) Provident fund and other funds:

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. 398.28 lacs (P.Y. Rs.297.47 lacs) as expense towards contribution towards these plans.

- (b) Gratuity:

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.

- i) Changes in the present value of the obligation - reconciliation of opening and closing balances:

	31.03.2015	31.03.2014
	Gratuity	Gratuity
	(Funded Plan)	(Funded Plan)
Opening balance of Present Value of the Obligation	7,32,19,885	7,02,43,028
Interest Cost	64,62,881	59,79,137
Current Service Cost	57,10,973	51,49,202
Benefits Paid	(43,98,437)	(34,68,018)
Actuarial loss/(gain)	1,18,16,705	(46,83,464)
Closing balance of Present Value of the Obligation	9,28,12,007	7,32,19,885

- ii) Reconciliation of changes in the fair value of plan Assets:

	31.03.2015	31.03.2014
Opening balance Fair Value of Plan Asset	7,47,74,273	6,18,18,916
Expected return on plan assets	59,99,404	54,30,215
Contribution by the Company	48,35,000	73,78,843
Benefits Paid	(43,98,437)	(34,68,018)
Actuarial gain/(loss)	(1,57,013)	36,14,317
Closing balance of Fair Value of Plan Assets	8,10,53,227	7,47,74,273

# Consolidated Notes Accompanying Financial Statements

## iii) Reconciliation of Fair value of Assets & Obligation

	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
Present value of the obligation	9,28,12,007	7,32,19,885	7,02,43,028	6,05,89,942	5,44,78,000
Fair value of the Plan assets	8,10,53,227	7,47,74,273	6,18,18,916	5,71,29,672	4,66,85,047
Surplus / (Deficit)	1,17,58,780	(15,54,388)	84,24,112	34,60,270	77,92,953
Experience adjustments on plan liabilities (loss) / gain	(69,02,393)	46,83,464	(16,40,576)	25,30,734	(33,63,000)
Experience adjustments on plan assets (loss) / gain	(1,57,013)	36,14,317	(1,66,463)	(38,694)	(4,55,000)

## iv) The total expenses recognised in the Statement of Profit and Loss is as follows:

Particulars	31.03.2015	31.03.2014
Current Service Cost	57 10 973	51 49 202
Interest Cost	64 62 881	59 79 137
Expected return on plan assets	( 59 99 404)	( 54 30 215)
Net Actuarial (gain) / loss recognised in the year	1 19 73 719	( 38 91 132)
	1 81 48 168	18 06 992

## v) Percentage of each category of plan assets to total fair value of plan assets:

a) Government Securities	63.30%	51.61%
b) Bank deposits (Special deposit scheme)	2.79%	11.70%
c) Others / approved securities	33.91%	36.69%

## vi) Principal actuarial assumptions used as at the Balance Sheet date:

Discount Rate	7.80%	9.10%
Salary Escalation Rate	9.00%	10.00%
Attrition Rate	5.00%	5.00%
Expected rate of return on plan assets	8.25%	8.00%

## vii) The estimates of future salary increases, considered in actuarial valuation, taken into account of 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.

- 42) Fixed assets of Ginning unit at Thallada, Telangana were on cancellable operating lease till Dec 2014 and certain knitting machinery at Valli Textile Mills and SVTM divisions are given on cancellable operating lease at a monthly lease rent.
- 43) The Company has received a letter from the Bombay Stock Exchange requiring for Financial statements of Financial Year 2012 - 2013 to be restated giving effect to the qualification in the Auditors' Report relating to the change in the rates of Depreciation of Windmill. A reply has been sent in this regard with supporting documents, justifying that the restatement is not warranted and the change in the rate of Depreciation is appropriate. The Company is awaiting the response of BSE.
- 44) In the opinion of the board, all the assets other than fixed assets and non-current investments have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated.
- 45) There is no amount due and outstanding to be credited to Investors' Education and Protection Fund.
- 46) In the absence of required notification prescribed format, relating to the statement of changes to equity, the same is not furnished.
- 47) Balances of certain parties are subject to confirmation / reconciliation if any.
- 48) Figures have been rounded off to the nearest lakh in the financial statement and in the accompanying notes.

# Consolidated Notes Accompanying Financial Statements

NOTE NO. 49 : SEGMENT REPORTING

## (A) PRIMARY SEGMENT REVENUES, RESULTS AND OTHER INFORMATION

(₹ in Lakhs)

	Yarn Manufacturing	Yarn Trading	Cloth	Cloth Trading	Garments	Total
	31.03.2015	31.03.2015	31.03.2015	31.03.2015	31.03.2015	31.03.2015
<b>Revenue</b>						
External Sales	16,623	26,548	66,871	15,353	6,943	132,337
Inter-segment transfer			4,702			4,702
<b>Total</b>	<b>16,623</b>	<b>26,548</b>	<b>71,573</b>	<b>15,353</b>	<b>6,943</b>	<b>137,039</b>
<b>Results</b>						
Segment Results	3,998	627	1,806	557	1,233	8,221
Add: Unallocated income/ (expenditure) (Net)						(185)
<b>Profit from Operations</b>						8,036
Interest Expenses						6,923
<b>Profit before tax</b>						1,113
Tax						(470)
<b>Profit after tax</b>						1,583
<b>OTHER INFORMATION</b>						
Segment Assets	25,186	4,149	49,489	2,399	7,420	88,643
Unallocable Assets						6,052
<b>Total Assets</b>						94,695
Segment Liabilities	2,753	4,556	11,449	2,635	1,376	22,769
Unallocable Liabilities						4,465
<b>Total Liabilities</b>						27,234
Segment Capital Expenditure	472		5,643		532	6,647
Unallocable Capital Expenditure						37
<b>Total Capital Expenditure</b>						6,683
Segment Depreciation	1,618		6,483		191	8,292
Unallocable Depreciation						-
<b>Total Depreciation</b>						8,292

## (B) SECONDARY SEGMENT - GEOGRAPHICAL

	1. An analysis of the sales by geographical market is given below:
Region	31.03.2015
Europe	20,075
Asia	75,409
America	34,307
Others	2,546
	<b>132,337</b>

	2. Carrying amount of segment assets
	31.03.2015
	818
	86,324
	1,398
	104
	<b>88,644</b>

	3. Carrying amount of segment liabilities
	31.03.2015
	(209)
	23,450
	(437)
	(36)
	<b>22,769</b>



# Consolidated Notes Accompanying Financial Statements

50) RELATED PARTY DISCLOSURES FOR THE FINANCIAL YEAR ENDED 31.03.2015

NAME OF THE PARTY	RELATIONSHIP					
1. Hellen Cotton Trading Company Private Limited	Key Managerial Person has a significant interest in the Concern.					
2. Kurunji Investment Private Limited	Key Managerial Person has a significant interest in the Concern.					
3. Madurai Tara Traders Private Limited	Key Managerial Person has a significant interest in the Concern.					
4. Nemesis Cotton Trading Company Private Limited	Key Managerial Person has a significant interest in the Concern.					
5. Nike Cotton Traders Private Limited	Key Managerial Person has a significant interest in the Concern.					
6. Rhea Cotton Traders Private Limited	Key Managerial Person has a significant interest in the Concern.					
7. Sri Manikam Ramaswami - Managing Director	Key Managerial Personnel					
8. Sri P.Manivannan ( Director )	Key Managerial Personnel					
9. Smt Valli M Ramaswami ( Woman Director )	Key Managerial Personnel					
Remuneration paid to key managerial personnel	Sri Manikam Ramaswami Managing Director		Sri P.Manivannan Director		Smt Valli M Ramaswami Woman Director	
Salary, Perquisites and Other allowances	23.56	26.91	15.36	11.50	1.64	-
Contribution to provident fund - defined contribution plan	2.16	2.16	0.94	0.72	0.20	-
Contribution to super annuation fund - defined benefit plan	2.34	2.34	-	-	-	-
Commission	30.29	100.00	-	-	-	-
	58.35	131.41	16.30	12.22	1.84	-

Notes :-

1. The information regarding applicable transactions as given in clause 24 of AS 18 is given above.

<b>MANIKAM RAMASWAMI</b> <i>Managing Director</i>	<b>VALLI M RAMASWAMI</b> <b>K.J.M. SHETTY</b> <b>S. VENKATARAMANI</b> <b>SHRIDHAR SUBRAHMANYAM</b> <b>P. MANIVANNAN</b> <b>R. POORNALINGAM</b> <b>M. MADHAVAN NAMBIAR</b> <i>Directors</i>	<b>M. ARUMUGAM</b> <i>Company Secretary</i>	<b>R. MOHAN</b> <i>Chief Financial Officer</i>	vide our report of even date attached <b>For Suri &amp; Co.</b> Chartered Accountants Firm Registration No.004283S
				<b>R.KRISHNAMOORTHY</b> Partner Membership No.020695

Date : 28.05.2015

Place : Chennai

# Form AOC - 1

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

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

### Part "A": Subsidiaries

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

1.	Sl. No.	1
2	Name of the subsidiary	LOYAL INTERNATIONAL SOURCING PRIVATE LIMITED
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	29-10-2014 TO 31-03-2015
4	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	INR
5	Share capital	2,00,000.00
6	Reserves & surplus	(23,36,573.00)
7	Total assets	85,41,190.00
8	Total Liabilities	106,77,763.00
9	Investments	NIL
10	Turnover	NIL
11	Profit before taxation	(23,36,573.00)
12	Provision for taxation	NIL
13	Profit after taxation	(23,36,573.00)
14	Proposed Dividend	NIL
15	% of shareholding	100%

1. Names of subsidiaries which are yet to commence operations: **NIL**
2. Names of subsidiaries which have been liquidated or sold during the year: **NIL**

## Part "B": Associates and Joint Ventures

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

Name of Associates/Joint Ventures	Gruppo P&P Loyal spa Italy	LOYAL DIMCO Group A.E.B.E Greece	Loyal Tiret Cotton Farming and Ginning P.L.C Ethiopia
1. Latest audited Balance Sheet Date	31-12-2014	NA	NA
2. Shares of Associate / Joint Ventures held by the company at the year end	3,325 Shares	50,000 Shares	3085 Shares
Amount of Investment in Associates / Joint Venture	1,49,30,077	18,38,780	91,33,205
Extend of Holding %	47.50%	50%	51%
3. Description of how there is significant influence	% of Shareholding	% of Shareholding	% of Shareholding
4. Reason why the Associate / Joint venture is not consolidated	Consolidated	Not in operation	Not in operation
5. Networth attributable to Shareholding as per latest audited Balance Sheet	11,13,22,377	NIL	NIL
6. Profit / Loss for the year	2,24,47,693	NIL	NIL
i. Considered in Consolidation	1,06,62,654	NIL	NIL
ii. Not Considered in Consolidation	1,17,85,039	NIL	NIL

1. Names of associates or joint ventures which are yet to commence operations.

**LOYAL IRV TEXTILE LDA PORTUGAL**

2. Names of associates or joint ventures which have been liquidated or sold during the year.

**NIL**

**MANIKAM RAMASWAMI**  
*Managing Director*

**VALLI M RAMASWAMI**  
**K.J.M. SHETTY**  
**S. VENKATARAMANI**  
**SHRIDHAR SUBRAHMANYAM**  
**P. MANIVANNAN**  
**R. POORNALINGAM**  
**M. MADHAVAN NAMBIAR**  
*Directors*

**M. ARUMUGAM**  
*Company Secretary*  
**R. MOHAN**  
*Chief Financial Officer*

vide our report of even date attached  
**For Suri & Co.**  
Chartered Accountants  
Firm Registration No.004283S

**R.KRISHNAMOORTHY**  
Partner  
Membership No.020695

Date : 28.05.2015  
Place : Chennai





# LOYAL TEXTILE MILLS LTD

CIN: L17111TN1946PLC001361

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

Email :investor@loyaltextiles.com, Website :www.loyaltextiles.com

Phone:04632-220001 Fax:04632-221353



## ATTENDANCE SLIP

I/We hereby record my/our presence at the 69<sup>th</sup> Annual General Meeting of the Company at 21/4, Mill Street , Kovilpatti – 628501. on Thursday the 24<sup>th</sup> day of September, 2015 at 11.00 a.m.

Name of the member/ Proxy : .....

Folio No./Client id and DP id of member : .....

Signature of member/proxy : .....

### Note :

1. Members or their proxies / representatives of bodies corporate should bring the attendance slip duly filled in for attending the meeting.
2. ELECTRONIC Copy of the Annual Report for the year 2014-2015 and Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form are being sent to all the members whose email address is registered with the Company / Depository Participant.
3. Physical copy of the Annual Report for the year 2014-2015 and Notice of the AGM along with Attendance Slip and Proxy Form are sent in the permitted mode(s) to all members.
4. The Company is offering electronic voting facility to its members in respect of the ordinary / special businesses to be transacted at the ensuing AGM, pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules 2014.

The Company has engaged the services of National Securities Depository Limited as the authorised agency to provide e-voting facilities. The e-voting particulars are set out below :

ELECTRONIC VOTING PARTICULARS		
EVEN (Remote e-voting Event Number)	USER ID	PASSWORD/PIN

Please read instructions given at Note No. 13 of the Notice convening the 69<sup>th</sup> AGM carefully before voting electronically. Members who have cast their vote electronically shall not be allowed to vote again at the meeting.

**FORM NO. MGT 11****PROXY FORM**

(Pursuant to section 105(6) of the Companies Act 2013 and Rule 19(3) of the Companies (Management and Administration) Rules 2014)

**Name of the Company** : **LOYAL TEXTILE MILLS LTD**  
**CIN: L17111TN1946PLC001361**

**Regd Office** : **21/4 MILL STREET, KOVILPATTI 628 501**

**Email** : **investor@loyaltextiles.com, Website :www.loyaltextiles.com**  
**Phone:04632-220001 Fax:04632-221353**

Name of the Member (s)	
Registered Address	
Email Id	
Folio /DP ID-client ID No.	

I/We being the member(s) holding ..... shares of the above named Company hereby appoint :

(1) Name  
Address  
Email Id  
Signature or failing him/her;

(2) Name  
Address  
Email Id  
Signature or failing him/her;

(3) Name  
Address  
Email Id  
Signature or failing him/her;

Resolution No	Resolutions	Type of resolution
<b>Ordinary Business</b>		
1	Adoption of audited financial statements for the year ended 31 <sup>st</sup> March 2015.	Ordinary
2	Approval of Final dividend for the year ended 31 <sup>st</sup> March 2015	Ordinary
3	Appointment of Mr.P.Manivannan who retire by rotation and eligible for re-appointment	Ordinary
4	Ratification of Appointment of M/s.Suri & co ., Chartered Accountants , Chennai, as Statutory Auditor at the 69 <sup>th</sup> Annual General Meeting untill 71 <sup>st</sup> Annual General Meeting.	Ordinary
<b>Special Business</b>		
5	Adoption of new set of Articles of Association of the company containing Articles in conformity with the Companies Act, 2013.	Special
6	Appointment of Whole Time Director	Ordinary
7	Ratification of Remuneration of the Cost Auditor	Ordinary

Signed this \_\_\_\_ day of \_\_\_\_ 2015

Signature of the Share holder \_\_\_\_\_

Signature of proxy holder(s)\_\_\_\_\_

Affix revenue stamp ₹1.00
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**Note :**

1. This form of proxy, in order to be effective, should be duly completed and deposited at the Registered Office of the Company , not less than 48 hours before the commencement of the Meeting.
2. For the resolutions, explanatory statement and notes , please refer to the notice of the 69<sup>th</sup> Annual General Meeting.
3. Please complete all details including details of member(s) in above box before submission.