

# LOYAL TEXTILE MILLS LTD

# LOYAL

(FOUR STAR EXPORT HOUSE RECOGNISED BY GOVT OF INDIA)  
INTEGRATED MANAGEMENT SYSTEM CERTIFIED AND PRACTICING COMPANY

**DIVISIONAL OFFICE :**

No. 83 (Old No. 41), 1st Main Road, R.A. Puram, Chennai 600 028, INDIA  
Phone: +91 44 4227 7374 Fax: +91 44 4306 0622  
E-Mail: loyal@loyaltextiles.com Website: www.loyaltextiles.com

REF: LTM/SEC/1718/017

19.10.2017

The President  
The Stock Exchange, Mumbai  
Phirozee Jeejeebhoy Towers  
Dalal Street  
Mumbai-400 001

Fax: 022-22723121

Dear Sir,

**Sub:** Submission of Annual Report for the financial year 2016-2017 in pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, duly approved and adopted by the members at their meeting held on 25<sup>th</sup> September, 2017 at the registered office of the Company.

**Ref:** Scrip Code: 514036

With reference to the subject, please find the attached Annual Report for the financial year 2016-2017 in pursuant to regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 duly approved and adopted by the members at their meeting held on 25<sup>th</sup> September, 2017 at the registered office of the Company.

You are requested to kindly take note of the above submission on record.

Thanking you

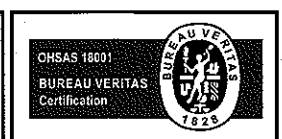
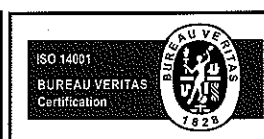
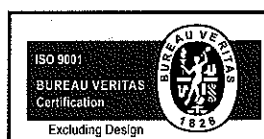
**For Loyal Textile Mills Limited**

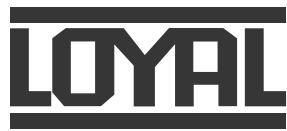


V. Balamurugan  
Company Secretary & Compliance officer

**Regd. Office :**

No. 21/4, Mill Street, Kovilpatti 628 501, Tamilnadu, India  
Phone : +91 04632 220001-5 Fax : +91 4632 221353  
E-Mail : kovilpatti@loyaltextiles.com  
Tin : 33615860011 CST No. 468758 / 13.12.1958  
CIN : L17111TN1946PLC001361





# **LOYAL TEXTILE MILLS LTD**

**ANNUAL REPORT 2016 - 2017**

## LOYAL TEXTILE MILLS LIMITED

( CIN: L17111TN1946PLC001361 )

|   |   |   |
|---|---|---|
| <b>BOARD OF DIRECTORS</b><br>(As on 23 <sup>rd</sup> August 2017) | : | Mr. Manikam Ramaswami, Managing Director<br>Mrs.Valli M Ramaswami, Whole Time Director<br>Mr. P. Manivannan, Whole Time Director<br>Mr. K.J.M. Shetty, I.A.S. (Retd.)<br>Mr. S Venkataramani, F.C.A.,<br>Mr. R. Poornalingam, I.A.S. (Retd.)<br>Mr.Shridhar Subrahmanyam, B.Sc., B.Tech., (Hons.)<br>Mr. Madhavan Nambiar, I.A.S. (Retd.) |
| <b>COMPANY SECRETARY</b>  | : | Mr.V.Balamurugan, B.Sc., A.C.S.   |
| <b>STATUTORY AUDITORS</b>   | : | M/s. Suri & Co.,<br>Chartered Accountants, Chennai.   |
| <b>COST AUDITOR</b>   | : | Mr. V.Balasubramanian, B.A., FCMA<br>Cost Accountant, Coimbatore.   |
| <b>INTERNAL AUDITORS</b>  | : | M/s. SLSM & Co.,<br>Chartered Accountants, Madurai.   |
| <b>SECRETARIAL AUDITORS</b>                                       | : | Mr. M.K. Bashyam, F.C.S.<br>Company Secretary in practice, Madurai.   |
| <b>BANKERS</b>  | : | Central Bank of India<br>Export Import Bank of India<br>State Bank of India<br>Karur Vysya Bank Ltd<br>Indian Bank<br>IDBI Bank   |
| <b>REGISTERED OFFICE</b>  | : | 21/4, Mill Street,<br>Kovilpatti – 628 501.<br>Phone: 04632 – 220001<br>E-mail: investors@loyaltextiles.com   |
| <b>REGISTRAR AND SHARE<br/>TRANSFER AGENTS</b>                    | : | M/S.GNSA Infotech Limited,<br>STA Department, Nelson Chambers,<br>4 <sup>th</sup> floor, F Block, No.115, Nelson Manikam Road,<br>Aminjikai, Chennai – 600029<br>Phone: 044-42962025<br>E-mail: sta@gnsaindia.com   |
| <b>Website</b>  | : | www.loyaltextiles.com   |

## 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 71<sup>st</sup> 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 12.00 noon on **Monday the 25<sup>th</sup> September, 2017** to transact the following business:

#### ORDINARY BUSINESS:

##### 1. Adoption of Financial Statements

- a) To Consider and if deemed fit to pass the following as an **Ordinary resolution** :

**“RESOLVED THAT** the Audited Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2017 and the Reports of the Board and Auditors thereon be and hereby considered, approved and adopted”

- b) To Consider and if deemed fit to pass the following as an **Ordinary resolution** :

**“RESOLVED THAT** the Audited Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2017 and the Report of the Auditors thereon be and hereby considered, approved and adopted”

##### 2. Declaration of Dividend

To Consider and if deemed fit to pass the following as an **Ordinary resolution**:

**RESOLVED THAT** the final dividend of Re. 10/- per equity share of Rs. 10/- each (100%) be declared for the financial year ended March 31, 2017 and that the same be paid out of the profits of the Company for the said financial year to those shareholders whose names appear on the Register of Members and beneficial owners as on 21<sup>st</sup> September, 2017 as per the details provided by the Depositories for this purpose.”

##### 3. Re-Appointment of Mrs. Valli M Ramaswami, Director

To Consider and if deemed fit to pass the following as an **Ordinary resolution**:

**“RESOLVED THAT** Pursuant to Sec 152(6) of the

Companies Act , 2013, Mrs. Valli M Ramaswami (DIN:00036508) Director of the Company, who retires by rotation at this meeting, being eligible for re-appointment, be and is hereby re-elected as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.”

##### 4. Appointment of Statutory Auditors

To appoint Statutory 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 provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013, if any, read with the Companies (Audit & Auditors) Rules, 2014, including any statutory enactment or modification thereof, M/s. GANESH PRASAD, Chartered Accountant, (Firm Registration No: 000872S) be and is hereby appointed as the Statutory Auditors of the Company and to hold the office from the conclusion of this 71<sup>st</sup> Annual General Meeting till the conclusion of 76<sup>th</sup> Annual General Meeting of the Company at a remuneration to be decided by the Board of Directors in consultation with the Auditors plus applicable service tax and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit.”

#### SPECIAL BUSINESS:

##### 5. Approval of re-appointment of Mr.P.Manivannan, 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 and rules made thereunder and such other approvals, permissions and sanctions, as may be required and as recommended by the

# Notice

Nomination and Remuneration Committee, Mr.P.Manivannan, (DIN:00366954) who has been re-appointed as whole time Director of the Company by the Board of Directors of the Company held on 11<sup>th</sup> November, 2016 with effect from 1<sup>st</sup> November, 2016 for a period of 5 (five) years subject to the approval of the shareholders at ensuing Annual General Meeting, such re-appointment of Mr.P.Manivannan, be and is hereby approved as Whole time Director of the Company for a period of 5 (five) years subject to retirement by rotation with effective from 1<sup>st</sup> November, 2016 on the following terms of remuneration and perquisites.

- (A) i) **Salary** -Rs.90,000/- per month subject to a revision of upto Rs.1,26,000/- per month with an authority to the Board to increase the salary from time to time within the limits prescribed under Schedule V of the Companies Act, 2013.
- ii) Educational Allowances -Rs. 10,000/- per month subject to a maximum of Rs.15,000/- per month
- iii) City Compensatory Allowance - Rs.7,500/- per month subject to a maximum of Rs. 10,000/- per month.
- iv) Annual Bouns at the discretion of the Board will be paid at sum not exceeding Rs. 6 lakhs per annum.
- v) Festival allowance-as applicable to other employees, as per rules of the Company.

**B) Perquisites:**

- i) Gratuity - As per rules of the Company and as per the provisions of the Gratuity Act.
- ii) Rent-Mr. P.Manivannan shall also be entitled to rent free accommodation or house rent allowance of Rs.25,000/- per month subject to a maximum of Rs. 50,000/- per month as approved by the Board of Directors.
- iii) In addition to the basic salary and allowances, Mr. P.Manivannan is also entitled to medical reimbursement, leave travel concessions for self and family(family includes his spouse, children) as per company policy applicable to the senior management personnel of the company.
- iv) Mr. P.Manivannan will also be eligible for Company's contribution to Provident Fund as per the rules of the Company.

- v) He shall be provided with a car for use of Company's business and in case he is not provided with a car, he shall be eligible for reimbursement of petrol and maintenance expenses incurred by him for company's business.
- vi) He shall be provided with cellphone and a telephone at his residence for official purpose and personal long distance calls shall be billed by the Company.

The Items (i) to (vi) mentioned in point No. (B) above will not be included in the computation of ceiling of remuneration.

Salary and perquisites shall not exceed 5% of the net profits of the Company in any financial year.

**6. Ratification of remuneration of Cost Auditor:**

To consider and if deemed fit to pass the following 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 ( Rupees One Lakh Only), in addition to service tax, travelling and out-of-pocket expenses, payable to Mr V Balasubramanian, Practicing 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 2017-18 by the board of directors of the Company, as recommended by the audit committee of directors, be and is hereby ratified."

**7. Appointment of Mr.B.T.Bangera, as Independent Director:**

To consider and if deemed fit to pass the following as an **Ordinary resolution:**

**"RESOLVED THAT** pursuant to Section 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), read with Schedule IV to the Companies Act, 2013, Mr.B.T.Bangera, (DIN:00432492) who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and eligible for appointment as an Independent Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of

# Notice

Director pursuant to section 160 of the Companies Act, 2013 be and is hereby appointed as an Independent Director of the Company with effect from September 25, 2017, till the conclusion of Annual general meeting to be held in the calendar year 2020 and his term shall not be subject to retirement by rotation,”

## 8. Appointment of Mrs.Vijayalakshmi Rao, as Independent Director:

To consider and if deemed fit to pass the following as an **Ordinary resolution:**

**"RESOLVED THAT** pursuant to Section 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), read with Schedule IV to the Companies Act, 2013, Mrs.Vijayalakshmi Rao, (DIN:00259208) who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and eligible for appointment as an Independent Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director pursuant to section 160 of the Companies Act, 2013 be and is hereby appointed as an Independent Director of the Company with effect from September 25, 2017, till the conclusion of Annual general meeting to be held in the calendar year 2022 and his term shall not be subject to retirement by rotation,”

## 9. Re-appointment of Mr.R.Poornalingam, as Independent Director:

To consider and if deemed fit to pass the following as a **Special resolution:**

**"RESOLVED THAT** pursuant to Section 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), read with Schedule IV to the Companies Act, 2013, Mr.R.Poornalingam, Independent Director (DIN : 00955742) of the Company whose period of office is liable to expire on September 10, 2017, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and eligible for re-appointment as an Independent Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director pursuant to section 160 of the Companies Act, 2013 be and is hereby re-appointed as an Independent

Director of the Company with effect from September 11, 2017, till the conclusion of Annual general meeting to be held in the calendar year 2020 and his term shall not be subject to retirement by rotation,”

## 10. Re-appointment of Mr.M.Madhavan Nambiar, as Independent Director:

To consider and if deemed fit to pass the following as a **Special resolution:**

**"RESOLVED THAT** pursuant to Section 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), read with Schedule IV to the Companies Act, 2013, Mr.M.Madhavan Nambiar, Independent Director (DIN : 03487311) of the Company whose period of office is liable to expire on September 10, 2017, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and eligible for re-appointment as an Independent Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director pursuant to section 160 of the Companies Act, 2013 be and is hereby re-appointed as an Independent Director of the Company with effect from September 11, 2017, till the conclusion of Annual general meeting to be held in the calendar year 2022 and his term shall not be subject to retirement by rotation,”

## 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. *A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.*
3. 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 the hereto.

# Notice

4. 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 71<sup>st</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.

5. (a) Members please note that the Board of Directors of the Company have recommended payment of dividend at Rs. 10/- per equity share (100%) at its meeting held on May 29, 2017.
- (b) The Register of Members and Share Transfer Books of the Company will be closed from **22<sup>nd</sup> September, 2017 to 25<sup>th</sup> September, 2017** (both days inclusive).
- (c) The dividend on Equity Shares, if declared at the Annual General Meeting, will be credited / dispatched within thirty days to those shareholders whose names are on the Company's Register of Members as on 21<sup>st</sup> **September, 2017**. In respect of the shares held in dematerialized form, the dividend 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.
6. Members are requested to notify to the Company's Registrars and Share 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.
7. 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. 6 above.
8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the Securities market. Members holding Shares in electronic form are therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding Shares in Physical form can submit their PAN to the company/R&TA.
9. Pursuant to the provisions of Section 124 and rules and regulation made thereunder and other provisions of the Companies Act, 2013, the dividends which remain unpaid or unclaimed for a period of 7 years from the respective dates of transfer to the unpaid dividend account of the company are due for transfer to the Investor Education and Protection Fund (IEPF).

| Financial Year        | Rate of Dividend | Date of Declaration of Dividend | Date of Dividend transfer to unpaid Dividend Account | Last date for Claiming unpaid dividend | Due for Transfer to IEPF |
|-----------------------|------------------|---------------------------------|--|--|--------------------------|
| 2009 - 2010           | 30 %             | 20-09-2010                      | 25-10-2010   | 20-09-2017                             | 20-10-2017               |
| 2010 - 2011 - Interim | 100 %            | 10-02-2011                      | 15-03-2011   | 10-02-2018                             | 10-03-2018               |
| 2010 - 2011 - Final   | 39 %             | 24-08-2011                      | 29-09-2011   | 24-08-2018                             | 24-09-2018               |
| 2011 - 2012           | 10 %             | 22-08-2012                      | 27-09-2012   | 23-08-2019                             | 23-09-2019               |
| 2012- 2013            | 50 %             | 23-09-2013                      | 28-10-2013   | 30-08-2020                             | 30-09-2020               |
| 2013 - 2014           | 75 %             | 11-09-2014                      | 16-10-2014   | 28-08-2021                             | 28-09-2021               |
| 2014 - 2015           | 75%              | 24-09-2015                      | 29-10-2015   | 29-09-2022                             | 29-10-2022               |
| 2015- 2016            | 100 %            | 14-09-2016                      | 29-10-2016   | 29-09-2023                             | 29-10-2023               |

# Notice

Members who have so far not encashed the dividend warrants for the above years are advised to submit their claim to the Company's R&TA at the aforesaid address immediately quoting their folio number / DP ID and Client ID.

10. 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.
11. The relevant details as required by Regulation 36(3) of Securities and Exchange Board of India ( Listing Obligation and disclosure requirement), Regulation, 2015 and Secretarial standards on General Meetings a brief resume of the Directors proposed to be appointed / re-appointed , nature of their expertise in functional areas, disclosure of relationships between directors inter-se other directorships, committee memberships, shareholding in the company are given below and the Directors have furnished the requisite declarations for their appointment/re-appointment.

|                                 |  |
|---------------------------------|--|
| <b>Name of the Director</b>     | Mrs.Valli M Ramaswami  |
| Director Identification Number  | 00036508   |
| Date of Birth and Age           | 02-03-1961 and 56 years  |
| Date of Appointment             | 11.02.2015   |
| Profile                         | 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 and interested in helping the poor and needy, all these years.   |
| Directorship in other companies | <ol style="list-style-type: none"> <li>1. Dhanalakshmi Investments Private Limited</li> <li>2. Rhea Cotton Traders Private Limited</li> <li>3. Hellen Cotton Trading Company Private Limited</li> <li>4. Madurai Tara Traders Private Limited</li> <li>5. Nemesis Cotton Trading Company Private Limited</li> <li>6. Kurunji Investment Private Limited</li> <li>7. Loyal International Sourcing Private Limited.</li> </ol> |
| Committee Membership            | NIL  |
| Shareholding in the company     | 86148 Shares.  |

|                                 |   |
|---------------------------------|---|
| <b>Name of the Director</b>     | Mr.P.Manivannan   |
| Director Identification Number  | 00366954  |
| Date of Birth and Age           | 23/06/1961, 55 years  |
| Date of Appointment             | 01/11/2016  |
| Profile                         | Mr. P. Manivannan aged 55 years. He has over 34 years of experience in Marketing and Administration. He has been in the Board since November 2008. He is also a member of the Shareholders' / Investors' Grievance committee of the Board of Directors. |
| Directorship in other companies | NIL   |
| Committee Membership            | <ol style="list-style-type: none"> <li>1. CSR Committee and</li> <li>2. Stakeholders Relationship Committee</li> </ol>  |
| Shareholding in the company     | 2 shares  |



# Notice

|                                 |  |
|---------------------------------|--|
| <b>Name of the Director</b>     | Mr.R.Poornalingam  |
| Director Identification Number  | 00955742   |
| Date of Birth and Age           | 15/11/1945 and 71 years  |
| Date of Appointment             | 11/09/2014   |
| Profile                         | Mr. R. Poornalingam aged 71 years, is a retired I. A. S. Officer has left his distinctive mark in a variety of challenging assignments in his career. His contributions to the field of Public Administration encompass the State of Tamil Nadu as well as the Central Government. A Honours Graduate in Electrical Engineering, he also holds a Master Degree in Economics and a Bachelors in Law; he is also a Hubert Humphery Scholar. He has been in the Board since October 2006. |
| Directorship in other companies | <ol style="list-style-type: none"> <li>1. Tridem Port And Power Company Private Limited</li> <li>2. Nagapattinam Energy Private Limited</li> <li>3. Odisha State Medical Corporation Limited</li> <li>4. Taal Enterprises Limited</li> <li>5. Taneja Aerospace And Aviation Ltd</li> </ol>   |
| Committee Membership            | Nomination and Remuneration Committee  |
| Shareholding in the company     | Nil  |

|                                 |   |
|---------------------------------|---|
| <b>Name of the Director</b>     | Mr.M.Madhavan Nambiar   |
| Director Identification Number  | 03487311  |
| Date of Birth and Age           | 09/11/1950 and 66 years   |
| Date of Appointment             | 11/09/2014  |
| Profile                         | <p>Mr. Madhavan Nambiar retired as Secretary to Government of India in the Ministry of Civil Aviation, where he was closely involved in the airport privatization programs, especially in the metros of Delhi, Mumbai, Hyderabad and Bangalore. He also served as Secretary in the Ministry of Information Technology, where he was responsible for framing of the National Hardware manufacturing policy and several e-government initiatives.</p> <p>Mr Nambiar has rich teaching background. He is a fellow at the Judge Business School, Cambridge University. He has also been an associate professor, teaching public policy at the School of International and Public Affairs (SIPA), Columbia University. He was also a fellow at the Queen Elizabeth House, Oxford University.</p> |
| Directorship in other companies | <ol style="list-style-type: none"> <li>1. Rediff. Com India Limited</li> <li>2. Air Works India (Engineering) Pvt Ltd</li> <li>3. Indian Institute Of Information Technology And Management Kerala (Sec 25 Company)</li> <li>4. Aster Dm Healthcare Limited</li> <li>5. Air Works Mro Services Private Limited</li> <li>6. The Catholic Syrian Bank Ltd</li> <li>7. Kannur International Airport Limited</li> </ol>   |

# Notice

|                             |  |
|-----------------------------|--|
|                             | <p>8. Air Livery India Private Limited</p> <p>9. Air Asia (India) Limited</p> <p>10. Encore Asset Reconstruction Company Private Limited</p> |
| Committee Membership        | CSR Committee  |
| Shareholding in the company | Nil  |

|                                 |   |
|---------------------------------|---|
| <b>Name of the Director</b>     | Mrs.Vijayalakshmi Krishnamurti Rao  |
| Director Identification Number  | 00259208  |
| Date of Birth and Age           | 15/08/1960 and 57 years   |
| Date of Appointment             | 23/08/2017  |
| Profile                         | <p>Vijayalakshmi Rao, (Viji) is an Independent Consultant with over 30 years' experience in industry, consulting and entrepreneurship. She offers mentoring and business advisory support to help entrepreneurs scale their business. She works with Zeus Career &amp; Performance Coach Pvt Ltd, mentoring mid-level high performers to take up leadership positions. Since August 2011, She has been a Mentor for Women Entrepreneurs being trained by Indian School of Business, Hyderabad.</p> <p>She is passionate about women's education, empowerment and entrepreneurship. She is an Advisor &amp; Founder-Member of Empowering Women in IT (eWIT) a voluntary forum that seeks to enhance the share &amp; sustainability of women in the IT/ITES industry. She is a Management Advisor for 'Association for Non-Traditional Employment for Women' (ANEW), an NGO that trains under-privileged girls and helps them find employment in the formal sector. She is a Charter Member of TIE, Chennai, assisting in their mentoring and educational initiatives.</p> <p>She holds an MBA from IIM, Ahmedabad and is a Science graduate from Osmania University.</p> |
| Directorship in other companies | Nil   |
| Committee Membership            | Nil   |
| Shareholding in the company     | Nil   |

|                                |  |
|--------------------------------|--|
| <b>Name of the Director</b>    | B.T.Bangera  |
| Director Identification Number | 00432492   |
| Date of Birth and Age          | 17/03/1942 and 75  |
| Date of Appointment            | 23/08/2017   |
| Profile                        | <p>Mr.B.T.Bangera is presently the Managing Director of Hi-Tech Arai Private Limited. He is a B.E. (Electrical) and has done his MBA from IIM Ahmadabad.</p> <p>Mr.B.T.Bangera has worked for M/S ASEA Brown Boveri Ltd., for over 16 years in various senior positions starting with Technical Assistant to the Managing Director and then Corporate Planning, Systems &amp; Procedures, EDP and as Material Manager. In 1986, joined FENNER INDIA LTD., as General Manager Materials.</p> <p>In 1990, took over a rate Challenge of creating an Organisation by taking up an assignment as Managing Director of SSI Unit in Madurai M/S HI-TECHARAI LTD.</p> |

|                                 |   |
|---------------------------------|---|
|                                 | From 1990 with a meager sales turnover of Rs.80 Lakhs per annum, the company has now grown under his leadership to over Rs.500 Crores in 2017. HI-TECHARAI is now a joint venture company with M/S MITSUBISHI CORPORATION, JAPAN AND M/S ARAI SEISAKUSHO CO-LTD, JAPAN. |
| Directorship in other companies | Hi-Tech Arai Private Limited  |
| Committee Membership            | Nil   |
| Shareholding in the company     | Nil   |

12. The Route map indicating the venue of the AGM and its nearest landmark is annexed to the notice for convenience of members
13. 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.
14. Members may also note that the Notice of the 71<sup>st</sup> Annual General Meeting and Annual Report for 2016-2017 will also be available on the Company's website [www.loyaltextiles.com](http://www.loyaltextiles.com) for 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).
15. 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.
16. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or R&TA for assistance in this regard.
17. **To support the 'Green Initiative' of the country, Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communications including Annual Report, Notices, Circulars, etc. from the Company electronically.**
18. **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 Reg 44 of Securities and Exchange Board of India (Listing Obligation and disclosure requirement), Regulation, 2015,, 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:
- Open email and open PDF file viz; "Loyal Textile Mill – 71<sup>st</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.
  - Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
  - Click on Shareholder – Login.
  - Enter user ID and password as initial password/PIN noted in step (i) above. Click Login.
  - 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.

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- (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 EVENNo.";
- (xii) Members can cast their vote online from **21<sup>st</sup> September, 2017 (9:00 am) and ends on 24<sup>th</sup> September, 2017 (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.

B. General Instructions :

- (i) Members holding shares as on the "Cut-off Date" i.e., **18<sup>th</sup> September , 2017**, 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 25<sup>th</sup> August 2017;

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 Practise No. 7039) have been appointed as the

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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.

(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 25<sup>th</sup> September, 2017

19. 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

**Manikam Ramaswami**

Date: 23<sup>rd</sup> August, 2017 Chairman and Managing Director

## 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 no. 5 to 10 of the Notice dated 23<sup>rd</sup> August, 2017.

### **Item No.5 Approval of re-appointment of Mr.P.Manivannan, Whole time director**

Mr.P.Manivannan, Whole time Director of our Company had been re-appointed in the 66<sup>th</sup> Annual general Meeting of the Company held on 22<sup>nd</sup> day of August, 2012, for a period of five (5) years with effect from 1<sup>st</sup> November, 2011 and his period ended on 31<sup>st</sup> day of October, 2016.

The Board considered by keeping in view that Mr.P.Manivannan has rich experience in Marketing and Administration and has been involved in the operation of the Company since 2008, it would be in the interest of the Company to continue the employment of Mr.P.manivannan, as Whole time Director of the Company.

The Board, on recommendation of the Nomination and remuneration Committee by passing of circular resolution on 28.10.2016, re-appointed Mr.P.Manivannan, as whole time director of the Company with effective from 1<sup>st</sup> November, 2016 on the terms mentioned in the item.No.5, subject to the approval of the shareholders in the ensuing Annual General Meeting.

Except Mr.P.Manivannan, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at item. No.5.

The board, therefore, recommends the ordinary resolution, as set out in item No.5, for approval of re-appointment of Mr.P.Manivannan as Whole time Director of the Company by the shareholders of the Company.

### **Item No.6 Ratification of Remuneration of Cost Auditor**

The board, on the recommendation of the audit committee at its meeting held on 9<sup>th</sup> February, 2017, appointed Mr V Balasubramanian, Practicing 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 (Rupees one Lakhs Only) as remuneration payable to him for the financial year 2017-18, 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.6, for ratification of the remuneration payable to the Cost Auditor by the shareholders of the Company.

### **Item No.7 Appointment of Mr.B.T.Bangera, as Independent Director of the Company.**

The board, on the recommendation of the Nomination and Remuneration Committee at its meeting held on 23<sup>rd</sup> August, 2017, appointed Mr B.T.Bangera, as Independent Director of the Company, subject to the approval of the shareholders of the Company at the ensuing Annual General Meeting.

Mr.B.T.Bangera is presently the Managing Director of Hi-Tech Arai Private Limited. He is a B.E. (Electrical) and has done his MBA from IIM Ahmadabad.

Mr.B.T.Bangera has worked for M/S ASEA Brown Boveri Ltd., for over 16 years in various senior positions starting with Technical Assistant to the Managing Director and then Corporate Planning, Systems & Procedures, EDP and as Material Manager. In 1986, joined FENNER INDIA LTD., as General Manager Materials.

In 1990, took over a rate Challenge of creating an Organisation by taking up an assignment as Managing Director of SSI Unit in Madurai M/S HI-TECHARAI LTD.

From 1990 with a meager sales turnover of Rs.80 Lakhs per annum, the company has now grown under his leadership to over Rs.500 Crores in 2017. HI-TECH ARAI is now a joint venture company with M/S MITSUBISHI CORPORATION, JAPAN AND M/S ARAI SEISAKUSHO CO-LTD, JAPAN.

- He is the member of Board of Governors and Board of Studies of number of Management Institutes and Engineering Colleges
- Past Chairman of Confederation of Indian Industry, Madurai Zone
- Past President of Madurai Management Association

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- Chairman of Board of Trustees of DHAN FOUNDATION, a Non-Government Organization (NGO) involved in community Development in 8 States
- Past National Director of Quality Circle Forum of India
- Chairman of Madurai City Technical Advisory Group under JNNURM (Jawaharlal Nehru National Urban Renewal Mission)
- Under CII Southern Region he has been mentoring number of Industrial Clusters for converting them into World Class

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.7 of this Notice.

The board, therefore, recommends the ordinary resolution, as set out in item No.7, for approval of appointment of Mr.B.T.Bangera, as Independent Director of the Company for a period of five years.

### **Item No.8 Appointment of Mrs.Vijayalakshmi Rao, as Independent Director of the Company.**

The board, on the recommendation of the Nomination and Remuneration Committee at its meeting held on 23<sup>rd</sup> August, 2017, appointed Mrs Vijayalakshmi Rao, as Independent Director of the Company, subject to the approval of the shareholders of the Company at the ensuing Annual General Meeting.

Vijayalakshmi Rao, (Viji) is an Independent Consultant with over 30 years' experience in industry, consulting and entrepreneurship. She offers mentoring and business advisory support to help entrepreneurs scale their business. She works with Zeus Career & Performance Coach Pvt Ltd, mentoring mid-level high performers to take up leadership positions. Since August 2011, She has been a Mentor for Women Entrepreneurs being trained by Indian School of Business, Hyderabad.

She is passionate about women's education, empowerment and entrepreneurship. She is an Advisor & Founder-Member of Empowering Women in IT (eWIT) a voluntary forum that seeks to enhance the share & sustainability of women in the IT/ITES industry. She is a Management Advisor for 'Association for Non-Traditional Employment for Women' (ANEW), an NGO that trains under-privileged girls and helps them find employment in the formal sector. She is a Charter Member of TIE, Chennai, assisting in their mentoring and educational initiatives.

She holds an MBA from IIM, Ahmedabad and is a Science graduate from Osmania University.

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.8 of this Notice.

The board, therefore, recommends the ordinary resolution, as set out in item No.8, for approval of appointment of Mrs Vijayalakshmi Rao, as Independent Director of the Company for a period of five years.

### **Item No.9 and 10 Approval of re-appointment of Mr.R.Poornalingam, and Mr.M.Madhavan Nambiar, as Independent Directors of the Company**

Mr.R,Poornalingam and Mr.M.Madhavan Nambiar, Independent Directors of the Company were appointed pursuant to approval of the members through resolutions passed at the Annual General Meeting of the Company held on 11.09.2014. the term of their current appointment ends on 10.09.2017.

Pursuant to the recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company at their meeting held on 23<sup>rd</sup> August, 2017 approved and recommended to shareholders for their approval of re-appointment of:

1. Mr.R.Poornalingam as Independent Director for a second term for a period of 3 years starting from September 11, 2017 to September 10, 2020.
2. Mr.M.Madhavan Nambiar as Independent Director for a second term for a period of 5 years starting from September 11, 2017 to September 10, 2022.

The Board has considered rich experience, knowledge, skills, valuable contribution to the Company and overall performance evaluation of Mr.R,Poornalingam and Mr.M.Madhavan Nambiar and basis that recommended their appointment as second term to Members of the Company for their approval.

Pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company, and shall be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in Board's report.

Mr.R,Poornalingam and Mr.M.Madhavan Nambiar, have individually given a declaration to the Board that they meet

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the criteria of Independence as provided under section 149(6) of the Companies Act, 2013 ("the Act").

In opinion of the Board, they fulfill the conditions specified in the Act and rules framed thereunder for appointment as Independent Director.

Except Mr.R,Poornalingam and Mr.M.Madhavan Nambiar, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolutions set out at item Nos.9 and 10.

The board, therefore, recommends the Special resolution, as set out in item No.9 and 10, for re-appointment of Mr.R.Poornalingam and Mr.M.Madhavan Nambiar by the shareholders of the Company

Inspection of documents:

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.

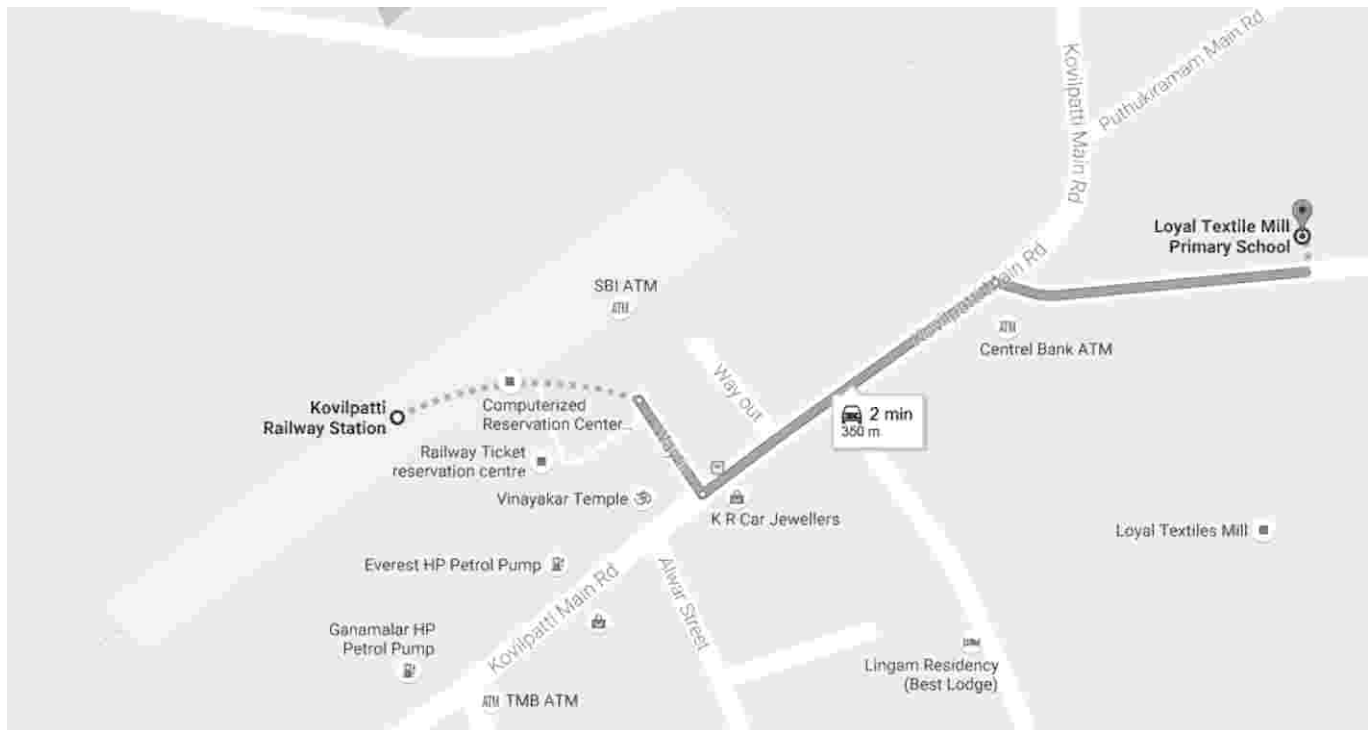
By order of the Board  
For Loyal Textile Mills Limited

Place: Chennai  
Date: 23<sup>rd</sup> August, 2017

**Manikam Ramaswami**  
Chairman and Managing Director

## ROUTE MAP

VENUE: 21/4, Mill Street, Kovilpatti - 628 501. LANDMARK: Opp to Kovilpatti Railway Station





# Director's Report

Your Directors have great pleasure in presenting their 71<sup>st</sup> Report on the business and operations of the Company together with the audited Financial Statements (Standalone and Consolidated) of accounts for the year ended 31<sup>st</sup> March, 2017.

## 1. SUMMARISED FINANCIAL HIGHLIGHTS

Financial results for the year under review are as follows:

| Particulars   | Standalone |        | Consolidated |        |
|---|------------|--------|--------------|--------|
|   | 2017       | 2016   | 2017         | 2016   |
| <b>GROSS PROFIT</b>   | 135.58     | 154.66 | 137.68       | 157.50 |
| Less : Interest   | 42.03      | 54.52  | 42.21        | 54.78  |
| <b>OPERATING PROFIT</b>   | 93.55      | 100.14 | 95.48        | 102.7  |
| Less : Depreciation   | 67.70      | 67.21  | 68.21        | 67.96  |
| <b>Profit BEFORE TAX</b>  | 25.85      | 32.93  | 27.27        | 34.76  |
| Less: Current Tax   | 6.75       | 8.25   | 6.75         | 9.15   |
| <b>Profit AFTER CURRENT TAX</b>   | 19.10      | 24.68  | 20.52        | 25.61  |
| Less: Excess Provision for FBT of earlier years reversed /Earlier Year tax provision      | NIL        | (0.23) | NIL          | (0.23) |
| Less: Deferred tax  | (7.59)     | (1.07) | (7.59)       | (1.07) |
| <b>Profit AFTER DEFERRED TAX</b>  | 26.69      | 25.98  | 28.10        | 26.91  |
| Add : Surplus brought forward from previous year  | 54.87      | 37.29  | 62.43        | 44.03  |
| Less: Dividend Tax  | NIL        | 0.98   | NIL          | 0.98   |
| Less: Proposed Dividend on Equity Shares (100%)   | NIL        | 4.82   | NIL          | 4.82   |
| Less: Withdrawal on account of Depreciation as per Schedule II of the Companies Act, 2013 | NIL        | NIL    | NIL          | NIL    |
| Add: Reversal of Deferred Tax Liability on account of Transition                          | NIL        | NIL    | NIL          | NIL    |
| Less: Transfer to General Reserve   | NIL        | 2.61   | NIL          | 2.71   |
| <b>Balance carried to next year</b>   | 81.55      | 54.86  | 90.53        | 62.43  |
| <b>Earning Per Share</b>  |            |        |              |        |
| Basic – EPS per Share   | 55.41      | 53.93  | 58.35        | 55.86  |
| Diluted –EPS per Share  | 55.41      | 53.93  | 58.35        | 55.86  |

## 2. DIVIDEND

Your Directors recommend a Dividend of Rs.10.00 per equity share of Rs.10/- each (100%) for the financial year ended 31<sup>st</sup> March, 2017 amounting to Rs.4.82 Crores on which Dividend distribution tax comes to Rs. 0.98 Crores.

The Dividend will be paid to members whose names appear in the Register of Members as on **21<sup>st</sup> September, 2017** 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 the same date.

## 3. SHARE CAPITAL

The paid up Equity Share Capital as on March 31, 2017 was Rs.4.82 crores. During the year under review the company has not issued any shares or any convertible instruments.

## TRANSFER TO RESERVES

During the year under review, the Company has not transferred any amount to the General Reserve.

## 4. MATERIAL CHANGES & COMMITMENT AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes affecting the financial position of the Company subsequent to the end of the financial year of the Company till the date of this report.

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

The year under review has been a challenging one. Rupee appreciation and cotton price increase together with man power issues impacted our performance. During the Q1, the sudden appreciation of Rupee and the consequent increase in our Quotes in USD, forced us to lose a fair number of orders.

While the overall turnover dropped from Rs. 1,178.25 crores to Rs. 1,138.57, the export of own production of yarn and fabrics increased from Rs. 656.96 crores to Rs. 700.15 crores.

The total term loans stand at almost the same level when compared to last fiscal year. However, our efforts to deleverage and reduce the overall debt is on track.

Except for a labour strike at Cuddalore unit, we enjoyed a cordial relationship with all our stake holders during the year.

We have won the coveted TEXPROCIL Gold Trophy for the tenth time in a row for highest export of grey cotton fabrics.

# Director's Report

## RENEWABLE ENERGY

During the year the company generated 52.22 Lakhs units of Solar energy, which was fully consumed by us. During the year 742.39 lakh units of wind energy was generated, out of which 691.06 lakh units were consumed.

Windmill power evacuation was much better compared to the previous year.

Consumption of wind energy during the year was 818.46 lakh units, including purchased quantity.

## ITALIAN JOINT VENTURE

Italian joint venture is performing satisfactorily. The JV Company has made a profit of 6.10 lakh Euros pre-tax and 4.10 Euros post tax.

## LOYAL INTERNATIONAL SOURCING PRIVATE LTD.

We have decided to close the operations of Loyal International Sourcing P Ltd., as the company made losses during the year. During the year, the cotton prices went up steeply during the Q1 and Q2 and most vendors refused to deliver as per contract. We had to deliver as per contract and also pay for delays. This caused losses and dragged down the turnover, as it took time to resolve issues with the customers and vendors. New market development and new customer development did not happen in spite of marketing spend. Hence we have decided to close the operations.

## BRANDED GARMENTS

We have developed the product and got initial orders; deliveries will start from end August. Initially the ladies leggings and Pallasos will be introduced and later Men's under wear and ladies Petticoats. The initial target turnover for the year is 12 crores.

We have taken two senior sales managers who will head West & South and North & East sales. We also have a marketing, product development and design manager on board. We will be taking ASMs and sales team in due course of this month and complete the staffing by end June / July to ensure that once the goods reach the super stockiest, our field staff are in place.

## INVESTMENTS

During the year fixed investments made were made mainly in the area of infrastructure improvement and adding a few balancing equipments besides the PROBAN flame retardant process machines.

In the coming year too the main investments will be in infrastructure improvement, garmenting capacity increase at Cuddalore and Menakur, balancing equipments at Cuddalore dyeing unit, besides Solar power.

## PROSPECTS FOR THE FY 2017-18

Cotton price is predicted to fall down.

The man power issues are almost coming to an end. The accelerated training program is reducing the cost of training substantially and is producing good workers, with better retention.

Renovation and upgrading of equipment with new generation controllers is in the last phase of completion at our Cuddalore dyeing unit. We see a growth in the sales of processed fabrics during 2017-18.

Our brand is getting launched with dispatches happening by end of August 2017. Though the initial target is Rs. 12 crores, it will improve to Rs. 50 crores and more during the subsequent years.

## 6. 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 2009-2010 the Company declared 30% of dividend, hence the unpaid dividend amount, being the amount due and payable and remaining unpaid for a period of 7 years shall be transferred to Investor Education fund in the month of October, 2017. Members who have not encashed the Dividend warrants for the financial year ended 2010-11 and / or any subsequent years are requested to write to the Company with necessary details.

## 7. EXPORTS

During the year under review, the company exported goods to the tune of Rs. 990.93 Crores (Previous year Rs.1024.36 Crores).

## 8. MODERNISATION

A sum of Rs.26.57 Crores (previous year Rs.48.75 Crores) was spent on modernization/ replacement of plant and machinery during the year under review.

## 9. CREDIT FACILITIES / FINANCE

During the year, the company availed term loans to the tune of Rs.105.90 Crores and repaid loans to the extent of Rs.126.94 Crores to Banks/Financial institutions.

## 10. FIXED DEPOSITS

During the year the company has not accepted any deposits from the public and directors.

## 11. DONATION

During the year 2016-17 the Company has paid a donation of Rs.101.71 Lakhs.

# Director's Report

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.

## 20. RISK MANAGEMENT POLICY

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.

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.

Major risks which the organization faces have been identified and systematically addressed through mitigating actions on a continuing basis. There is an adequate risk management infrastructure in place capable of addressing the risks.

The Board has developed and implemented a Risk Management Policy for the company including identification of elements of risk, which in the opinion of the Board may threaten the existence of the Company. The said policy can be viewed on the Company's website at the link: <http://www.loyaltextiles.com/policy-documents.html>

## 21. 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,

## 12. 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**.

## 13. 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

## 14. 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 Regulation 24, 25, 26 and 27 of Securities and Exchange Board of India (Listing obligation and Disclosure Requirement), Regulations, 2015. The Managing Director has given a certificate of Compliance with the Code of Conduct, which forms part of **Annexure – C** as required Regulation 27 of Securities and Exchange Board of India (Listing obligation and Disclosure Requirement), Regulation, 2015.

The Statutory Auditors of the Company have examined the requirements of Corporate Governance with reference to Regulation 15(2) of SEBI ( Listing Obligation and Disclosure Requirement), Regulation, 2015 and have certified the compliance, as per the requirement of Listing regulations.

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

The Managing Director certification as required under Regulation 17(8) of Securities and Exchange Board of India (Listing Obligation and Regulation Requirement) Regulation, 2015, is attached as **Annexure –E** to this report.

## 15. 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.

# Director's Report

## 16. 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) was started in the year 2014.

## 17. 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 under investor info/policy documents/ CSR Policy link](http://www.loyaltextiles.com/under_investor_info/policy_documents/CSR_Policy_link).

The company has contributed to a Charitable Trust a sum of Rs. 55 Lakhs for spending for CSR activities 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, the same will be published in the next report.

## 18. 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](http://www.loyaltextiles.com/under_investor_info/policy_documents/Whistle_Blower_Policy_link).

## 19. 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.45 of Financial statement which sets out the

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.

## 22. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

In compliance with Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has adopted a policy on familiarisation programme for Independent Directors of the Company. The policy will enable the Independent Directors to understand their role, rights and responsibility in the Company.

The Policy on Familiarisation Programme as approved can be viewed on the Company's website at the link: <http://www.loyaltextiles.com/policy-documents.html>

## 23. DIRECTORS, KEY MANAGERIAL PERSONNEL & COMMITTEES

Mr.P.Manivannan, Whole time director of the Company, has been re-appointed for a term of 5 years with effective from 1<sup>st</sup> November, 2016 subject to the approval of the shareholders at the ensuing Annual General Meeting.

Mr.R.Mohan, Chief Financial Officer of the Company, resigned his post of Chief Financial officer of the Company and his resignation was accepted at the Board Meeting held on 11<sup>th</sup> November, 2016 with effective from 24<sup>th</sup> February, 2017.

Mr.M.Arumugam, Company Secretary of the Company has resigned from the post of the Company Secretary because of personal reasons and his resignation was accepted in the Board meeting held on 09<sup>th</sup> February, 2017 with effective from the end of the working hours of that day.

Mr.Vetrivel Balamurugan, was appointed as Company Secretary of the Company in the Board Meeting held on 09<sup>th</sup> February, 2017.

All independent directors have given declaration that they have met the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and Regulation 25 of Securities and Exchange Board of India (Listing Obligation and Regulation Requirement) Regulation, 2015.11

Smt. Vishala Ramaswami, Daughter of Manikam Ramaswami and Valli M.Ramaswami was appointed as General Manager of the company at the Board meeting held on 9<sup>th</sup> February, 2017

### 23.1 AUDIT COMMITTEE

The company is having Audit Committee comprising of following Directors:

# Director's Report

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

## RECOMMENDATION OF AUDIT COMMITTEE

During the year under review, all the recommendations made by the Audit Committee were accepted by the Board.

## 23.2 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 |

## 23.3 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. Madhavan Nambiar | Member   | Independent Director |
| Shri. P.Manivannan     | Member   | Whole Time Director  |

## 23.4 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  |

## 23.5 RISK MANAGEMENT COMMITTEE

As per Regulation 21 of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015, risk management committee is applicable to Top 100 listed entities, determined on the basis of market capitalization. Our Company does not come under TOP 100 listed entities, Hence the board dissolved the Risk Management Committee in the Board Meeting held on 10<sup>th</sup> February 2016.

## 24. BOARD EVALUATION

As required under the provisions of Section 134(3) (p) of the Companies Act, 2013 and SEBI Listing Regulations, the Board has carried out a formal annual evaluation of its own performance, and that of its committees and individual directors based on the guideline formulated by the Nomination & Remuneration Committee.

Further the Independent Directors of the Company met once during the year on 29.05. 2017 to review the performance of non-independent directors, performance of the Chairman and performance of the board as a whole.

Details of performance evaluation of Independent Directors as required under Schedule IV to the Companies Act, 2013 is provided in Report on Corporate Governance.

## 25. 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.

## DETAILS ON INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS

The Company has put in place adequate internal financial controls with reference to the financial statements, some of which are outlined below.

The Company has adopted accounting policies which are in line with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 that continue to apply under Section 133 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 1956, to the extent applicable. These are in accordance with generally accepted accounting principles in India. Changes in policies, if any, are

# Director's Report

approved by the Audit Committee in consultation with the Statutory Auditors.

The policies to ensure uniform accounting treatment are prescribed to the subsidiaries of the Company. The accounts of the subsidiary company is audited and certified by the Statutory Auditors for consolidation.

The Company operates in an ERP system, and has many of its accounting records stored in an electronic form and backed up periodically. The ERP system is configured to ensure that all transactions are integrated seamlessly with the underlying books of account. Your Company has automated processes to ensure accurate and timely updation of various master data in the underlying ERP system.

The Company in preparing its financial statements makes judgments and estimates based on sound policies and uses external agencies to verify/ validate them as and when appropriate. The basis of such judgments and estimates are also approved by the Statutory Auditors and Audit Committee.

The Management periodically reviews the financial performance of the Company against the approved plans across various parameters and takes necessary action, wherever necessary. The Books and records of the company are checked by the qualified external internal auditors who render their report to the audit committee.

The Company has a code of conduct applicable to all its employees along with a Whistle Blower Policy which requires employees to update accounting information accurately and in a timely manner. Any non-compliance noticed is to be reported and actioned upon in line with the Whistle Blower Policy.

Your Company gets its Standalone accounts reviewed every quarter by its Statutory Auditors.

## 26. 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:

- a) in the preparation of the annual accounts for the year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) 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, 2017 end of the profit of the company for the year ended on that date ;

- c) 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;
- d) the Directors have prepared the annual accounts on a going concern basis;
- e) 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
- f) 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.

## 27. LISTING

The Company's equity shares continue to be listed on the Bombay Stock Exchange, Mumbai. The listing fee for the financial year 2016 – 2017 has been paid to BSE and the Annual Custodian fee has been paid to the NSDL and CDSL for the financial year 2016-17.

## 28. AUDITORS

### 28.1 STATUTORY AUDITORS'

The Statutory Auditors of the Company, M/s. Suri & Co., (Firm Regn No:004283S.), Chartered Accountants, was appointed at the 68<sup>th</sup> Annual General Meeting of the Company for 3 years and hold office till conclusion of the 71<sup>st</sup> Annual General Meeting (AGM) of the Company i.e. Ensuing Annual General Meeting of the Company.

Under Companies Act, 2013, new statutory Auditors are to be appointed. New Statutory Auditors in the place of the retiring Statutory Auditors shall be recommended for appointment in the forthcoming Audit Committee and Board of Directors Meeting of the Company subject to the approval of the Shareholders at the ensuing Annual General Meeting.

The said appointment resolution has been given in the Notice of the Annual General Meeting of the Company to decide the same by Shareholders of the Company.

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

# Director's Report

## 28.2 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. Bashyam (FCS No.600), Company Secretary, Madurai to undertake the secretarial audit of the company. The Secretarial Audit Report is annexed herewith as **Annexure - H**.

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

## 28.3 INTERNAL AUDITORS'

M/S SLSM & CO, Chartered Accountants performed the duties of internal auditors of the company and their report is reviewed by the audit committee from time to time. The tenure of the said Internal Auditors completed as on 31.03.2017.

Audit Committee at its meeting held on 9<sup>th</sup> February, 2017 has recommended to give authorization to Mr. Manikam Ramaswami, Chairman and Managing Director of the Company to appoint Internal Auditors for the Company.

## 28.4 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, 2017 by the Board of Directors. The Cost Audit Report for the year 2015-16 has been filed under XBRL mode within the due date of filing.

## 29. EXTRACT OF ANNUAL RETURN

An extract of the Annual return in form- MGT- 9 as on March 31, 2017 is attached as **Annexure – I** to this report.

## 30. 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 guarantee or security is proposed to be utilized by the recipient are provided in the standalone financial statement (**Refer note. No. 11**)

## 31. 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 its subsidiary.
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.

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, that 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.

## 32. ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

**P.MANIVANNAN**  
Whole Time Director

**MANIKAM RAMASWAMI**  
Managing Director

Place: Chennai  
Date : 29<sup>th</sup> May, 2017

# Annexure A

## to the Director's Report

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

#### A. CONSERVATION OF ENERGY

##### 1. Steps taken or Impact on Conservation of Energy :

1. We have taken steps to maximize production efficiencies of preparatory machines and stopped preparatory machines in spinning divisions. We have saved around 2500 units per day because of this in both Loyal Textile Mills and Valli Textile Mills together.
2. By reducing compact suction pressure in KTTM compact we have saved around 765 units per day in Valli Textile Mills and 450 units per day in Shri Chinthamani Textile Mills and 32 units per day in Loyal Textile Mills
3. We have removed old filters and installed new Chinese filters we have saved around 330 units per day in Valli Textile Mills.
4. By installing rotary bale plucker we have by-passed one GBR and condenser. Because of this we have saved 220 units per day.
5. In Valli Textile Mills We have combined both CVT3 and step cleaner and stopped one condenser. Because of this we have saved 200 units per day
6. By arresting air leakages we have saved around 162 units per day in Loyal Textile Mills.
7. By optimizing suction pressure in condenser in blow room, reducing capacity of waste suction motor and by removing gear motor of Various cleaner in Blow room we have saved around 70 units per day in Loyal Textile Mills
8. In Shri Chinthamani Textile Mills we have provided inverter to compressor which saved 1300 units per day.
9. In Shri Chinthamani Textile Mills for waste collection filter we have provided inverter. It saved 300 units per day.

##### 2. Steps taken by the company for utilizing alternate sources of energy :

During the year 2016-2017 the company utilized the power generated through wind mill 742.38 Lakhs units and from solar power plant is 52.2 lakh units.

##### 3. Capital Investment on Energy Conservation Equipment :

Around 56 lakhs for installing rotary bale pluckers and Chinese filters.

#### B. TECHNOLOGY ABSORPTION

##### 1. Efforts made towards technology absorption :

- a. Company has installed rotary bale pluckers in blow room, cop sorters in autoconers and auto bale press for waste packing. This helped us to reduce manpower to a great extent.
- b. Company has installed new vortex which can work 100% polyester, and coloured fibres.
- c. Company has installed sinker less knitting machines

##### 2. Benefits derived like product improvement cost reduction, product development etc. :

The company has developed new innovative products line 100 % polyester vortex yarn, coloured viscose vortex yarn, open end yarns from the recycled fibres from fabric waste etc.

##### 3. Importing of any technology and their benefits :

The Machines such as Toyota Combers , Chinese Compact Systems, Drum less Autoconer Q-pro and Truetzschler' s latest draw frame 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 :

Revenue Expenditure incurred for R& D during the year is Rs. 5.51 Lakhs

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. In Crores)

| Particulars                   | 2017   | 2016   |
|-------------------------------|--------|--------|
| Total Foreign Exchange Earned | 960.09 | 991.75 |
| Total Foreign Exchange Used   | 166.80 | 89.82  |



# Annexure B

## to the Director's 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 2016-17<br>₹ Lakhs | Remuneration paid FY 2015-16<br>₹ Lakhs | % Increase of remuneration in 2017 as compared to 2016 previous year | Ratio/Times per Median of employee remuneration |
|--------|-----------------------|---------------------|---|---|--|---|
| 1.     | Mr.Manikam Ramaswami  | Managing Director   | 128.48                                  | 128.53                                  | -0.04  | 132.63  |
| 2.     | Mrs.Valli M Ramaswami | Whole Time Director | 13.44                                   | 13.44                                   | 0.00   | 14.12   |
| 3.     | Mr.P.Manivannan       | Whole Time Director | 13.86                                   | 15.48                                   | -10.47   | 13.98   |
| 4.     | Mr.R.Mohan*           | CFO (KMP)           | 23.82                                   | 16.16                                   | 47.40  | 24.59   |
| 5.     | Mr.M.Arumugam*        | CS (KMP)            | 13.42                                   | 7.01                                    | 91.44  | 13.85   |
| 6.     | Mr.V.Balamurugan*     | CS (KMP)            | 1.86                                    | -                                       | 100.00   | 1.92  |

\*Employed only part of the year

- No of permanent employees on the rolls as on 31st March 2017 is 1668.
- 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

| Name              | Designation       | Nature of Duties                     | Age      | Remuneration (Rs.) | Qualification | Date of appointment | Experience | Last employment |
|-------------------|-------------------|--------------------------------------|----------|--------------------|---------------|---------------------|------------|-----------------|
| Manikam Ramaswami | Managing Director | Management of affairs of the Company | 63 years | 1,28,47,701        | B.Tech (Hons) | 01.06.1979          | 38 years   | Nil             |

Note :

- 1) Remuneration includes Salary, allowances, value of perquisites and Company's contribution to provident and superannuation funds but excludes contribution to gratuity fund on the basis of actuarial valuation as separate figures are not available.
- 2) The nature of employment is contractual.
- 3) Mr. Manikam Ramaswami belongs to the promoter group and holds 1,09,315 shares in the Company which comprises of 2.27% of the total paid up share capital of the Company. Along with his wife and dependent child he holds 1,96,011 shares in the company which comprises of 4.07% of the total paid up share capital of the Company.

#### B. Employed 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 Board's 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, minimize 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, 2017 is as follows:

As on 31<sup>st</sup> March, 2017, 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 Regulation 17 of SEBI (Listing Obligation and Disclosure Requirement) regulation, 2015, with Stock Exchanges and as per Companies Act, 2013.

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), Rules 2014.

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

\* Directorship in Private Limited Companies, Section 25 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.*

The details of Familiarization programme imparted to the Independent directors is disclosed in our website:  
<http://www.loyaltextiles.com/pdfs/loyal-familiarization-programme-details.pdf>

# Annexure C

## to the Board's Report

### II) Board Meetings & AGM

During the year under review five Board meetings were held i.e. on 26<sup>th</sup> May 2016, 12<sup>th</sup> August 2016, 11<sup>th</sup> November 2016, 9<sup>th</sup> February 2017 and 14<sup>th</sup> March, 2017. 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     | 05                             | No                        |
| Mrs.Valli M Ramaswami     | 04                             | No                        |
| Mr. K J M.Shetty          | 03                             | No                        |
| Mr. S. Venkataramani      | 04                             | No                        |
| Mr. R. Poornalingam       | 05                             | No                        |
| Mr. Shridhar Subrahmanyam | 03                             | No                        |
| Mr. M. Madhavan Nambiar   | 03                             | No                        |
| Mr. P. Manivannan         | 05                             | 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 2016-2017.

a) Details of remuneration paid to the Managing Director and Directors during the year 2016-2017 is given below:

| Name of Director      | Salary Rs. | Perks Rs. | Commission Rs. | PF & Super Annuation Fund Rs. | Total Rs.   |
|-----------------------|------------|-----------|----------------|-------------------------------|-------------|
| Mr. Manikam Ramaswami | 18,00,000  | 5,97,701  | 1,00,00,000    | 4,50,000                      | 1,28,47,701 |
| Mrs.Valli M Ramaswami | 12,00,000  | NIL       | NIL            | 1,44,000                      | 13,44,000   |
| Mr. P. Manivannan     | 12,84,000  | NIL       | NIL            | 1,01,640                      | 13,85,640   |

b) Details of payments made to Non-Executive Directors during the year 2016-2017 is given below:

| Directors                | Sitting Fees (in Rupees) |                   | Total No. of Shares held in the Company as on 31st March 2017. |
|--------------------------|--------------------------|-------------------|--|
|                          | Board Meeting            | Committee Meeting |  |
| Mr.KJM.Shetty            | 60,000                   | 75,000            | 50*  |
| Mr.S.Venkataramani       | 80,000                   | 75,000            | Nil  |
| Mr. R. Poornalingam      | 100,000                  | 15,000            | Nil  |
| Mr.Shridhar Subrahmanyam | 60,000                   | 30,000            | Nil  |
| Mr. Madhavan Nambiar     | 60,000                   | 25,000            | Nil  |

\* Shares held as second joint holder.

# Annexure C

## to the Board's Report

### 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 four committees i.e. Audit Committee, Nomination and Remuneration Committee, Corporate social Responsibility Committee, and Stakeholders Relationship 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 26<sup>th</sup> May 2016, 12<sup>th</sup> August 2016, 11<sup>th</sup> November 2016 and 9<sup>th</sup> February 2017.

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        | Position | No. of meetings attended |
|---------------------------|----------|--------------------------|
| Mr. K J M.Shetty          | Chairman | 3                        |
| Mr. S. Venkataramani      | Member   | 3                        |
| Mr. Shridhar Subrahmanyam | Member   | 3                        |

The Statutory Auditor, 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 26<sup>th</sup> May 2016 and 9<sup>th</sup> February 2017.

| Name of the Member   | Position | No. of meetings attended |
|----------------------|----------|--------------------------|
| Mr. K J M.Shetty     | Chairman | 1                        |
| Mr. Madhavan Nambiar | Member   | 2                        |
| Mr. P.Manivannan     | Member   | 2                        |

#### (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.

# Annexure C

## to the Board's Report

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

During the year the Committee had one meeting i.e. on 9<sup>th</sup> February 2017.

| Name of the Member   | Position | No. of meetings attended |
|----------------------|----------|--------------------------|
| Mr. K J M. Shetty    | Chairman | 0                        |
| Mr. S. Venkataramani | Member   | 1                        |
| Mr. R. Poornalingam  | Member   | 1                        |

The criteria for performance evaluation, in brief, are as follows:

- Devoting sufficient time and attention to his professional obligations for informed and balanced decision making.
- Helping in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
- Bringing an objective view in the evaluation of the performance of Board and Management.
- Updating and refreshing the skills, knowledge and familiarity with the Company.
- Striving to attend every meeting of the Board and of the Board committees.
- Paying sufficient attention and ensuring that adequate deliberations are held before approving related party transactions and assuring that the same are in the interest of the Company.

#### (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.

Compliance Officer Name and Designation: Mr. V. Balamurugan, Company Secretary

The Committee met four times during the year on 26<sup>th</sup> May 2016, 12<sup>th</sup> August 2016, 11<sup>th</sup> November, 2016 and 9<sup>th</sup> February 2017.

| Name of the Member   | Position | No. of meetings attended |
|----------------------|----------|--------------------------|
| Mr. K J M. Shetty    | Chairman | 3                        |
| Mr. S. Venkataramani | Member   | 3                        |
| Mr. P. Manivannan    | Member   | 4                        |

22 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 2016-2017.

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.

No. of Pending Complaints as on 31.03.2017: NIL

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 Regulation 13 read with regulation 46(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The e-mail ID is: investors@loyaltextiles.com

#### (V) INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on May 26, 2016, inter alia to discuss:

- review the performance of non-independent directors and the Board as a whole;
- review the performance of the chairperson of the company, taking into account the views of executive directors and non-executive
- 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.

# Annexure C

## to the Board's Report

### 4. PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements), Regulation, 2015, 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 Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements), Regulation, 2015, 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

### 8. GENERAL SHAREHOLDER INFORMATION

#### a) Annual General Meeting

**Day** : Monday  
**Date** : 25<sup>th</sup> September 2017  
**Time** : 12.00 noon.  
**Venue** : 21/4, Mill Street, Kovilpatti: 628 501

#### Last three Annual General Meetings:

| Date & Time                                  | Location   | Special Resolution passed  |
|--|--|--|
| 11 <sup>th</sup> September 2014,<br>10.00 am | 21/4, Mill Street,<br>Kovilpatti – 628501 Tamil Nadu | 1. To increase the power of Board to Borrow funds upto limit of 1000 crores.   |
| 24 <sup>th</sup> September 2015,<br>11.00 am | 21/4, Mill Street,<br>Kovilpatti – 628501 Tamil Nadu | 1. Adoption of new set of Articles of Association of the company containing Articles in conformity with the Companies Act, 2013. |
| 14 <sup>th</sup> September 2016,<br>10.45 am | 21/4, Mill Street,<br>Kovilpatti – 628501 Tamil Nadu | No Special Resolution passed in this meeting.  |

Financial Statements.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website. <http://www.loyaltextiles.com/pdfs/related-party-transaction-policy.pdf>

### 6. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report forms part of the Directors 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 Board's Report

## b) Financial Calendar (tentative calendar of events and subject to change) for the year 2017-2018

|  |   |
|--|---|
| Financial reporting for the quarter Ending 30 <sup>th</sup> June 2017      | : End of August 2017                        |
| Financial reporting for the quarter Ending 30 <sup>th</sup> September 2017 | : End of November 2017                      |
| Financial reporting for the quarter Ending 31 <sup>st</sup> December 2017  | : End of January 2018                       |
| Financial reporting for the quarter Ending 31 <sup>st</sup> March 2018     | : Within 60 days from the end of March 2018 |
| Annual General Meeting for the year ending 31 <sup>st</sup> March, 2018    | : Last week of September 2018.              |

c) **Book Closure period:** 22<sup>nd</sup> September, 2017 to 25<sup>th</sup> September, 2017. (As stipulated in the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015).

The Annual Listing fee for the year 2016-17 has been paid by the Company to the Bombay Stock Exchange Limited.

The Annual Custodian fee for the year 2016-17 has been paid by the Company to NSDL and CDSL

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

## g) Market price data:

## e) Dividend:

Your Directors recommend a Dividend of Rs.10.00 (100%) per equity share of Rs.10/- each for the financial year ended 31<sup>st</sup> March 2017. Dividend declared at the AGM will be paid on or before 30 days from the end of the AGM.

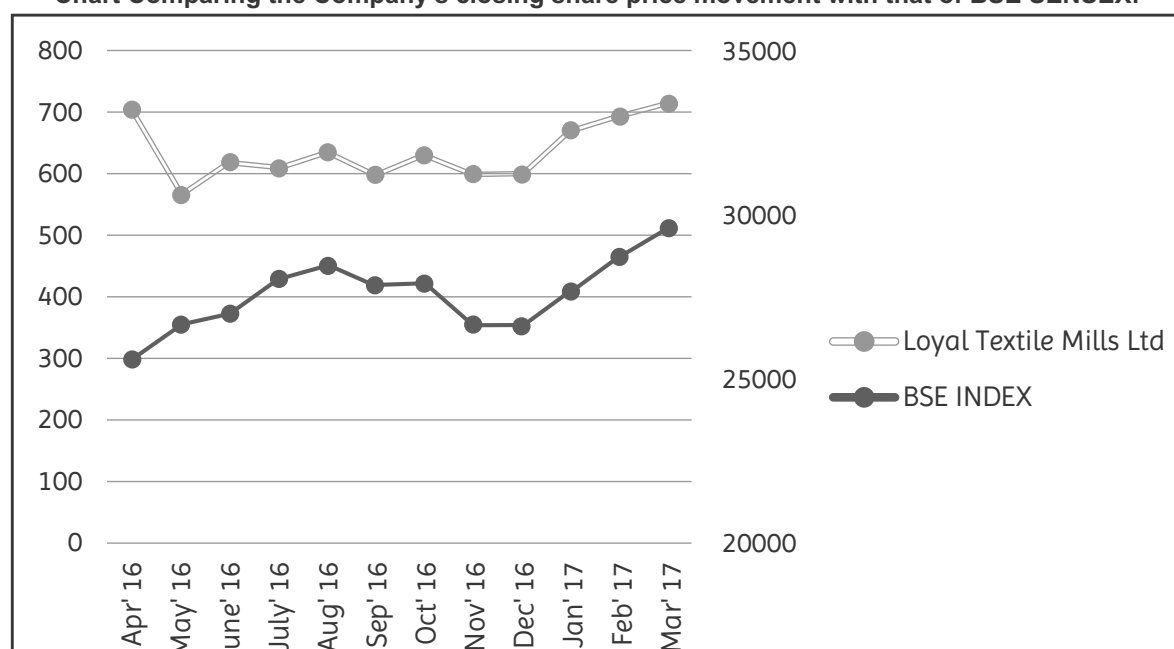
## f) Listing on Stock Exchange and stock code:

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<br>Phiroze Jeejeebhoy Towers<br>Dalal Street,<br>Mumbai- 400 001 | 514036     |

| Month  | COMPANY'S SHARE PRICE |       |        | BSE SENSEX |          |          |
|--------|-----------------------|-------|--------|------------|----------|----------|
|        | High                  | Low   | Close  | High       | Low      | Close    |
| Apr-16 | 777                   | 700   | 705.25 | 25755.43   | 25424.03 | 25606.62 |
| May-16 | 589.95                | 550   | 565    | 26837.22   | 26561.58 | 26667.96 |
| Jun-16 | 648                   | 609.8 | 620.2  | 7069.23    | 26872.59 | 26999.72 |
| Jul-16 | 610                   | 604   | 610    | 28233.47   | 28037.87 | 28051.86 |
| Aug-16 | 640                   | 633   | 635    | 28532.25   | 28363.12 | 28452.17 |
| Sep-16 | 600                   | 590   | 599.7  | 27955.21   | 7716.78  | 27865.96 |
| Oct-16 | 640                   | 629   | 629    | 28095.71   | 27890.14 | 27930.21 |
| Nov-16 | 600                   | 600   | 600    | 26680.55   | 26395.52 | 26652.81 |
| Dec-16 | 600                   | 581   | 599    | 26678.62   | 6406.53  | 26626.46 |
| Jan-17 | 675                   | 672   | 672    | 7867.92    | 27624.54 | 27655.96 |
| Feb-17 | 695                   | 677   | 695    | 28876.54   | 28721.12 | 28743.32 |
| Mar-17 | 720                   | 707   | 715    | 29687.64   | 29552.61 | 29620.50 |

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



# Annexure C

## to the Board's 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. Mr. V.Balamurugan, Company Secretary, who is the Compliance Officer of the Company. The total number of shares transferred / transmitted during the year was:

|  | No. of Documents | No. of Shares |
|--|------------------|---------------|
| No. of Transfers                           | 17               | 7125          |
| No. of Transmissions                       | 10               | 2550          |
| No. of Duplicate Share Certificates issued | 29               | 1210          |
| No of Deletions                            | 2                | 450           |

### 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 2017, 44,74,333 shares were in dematerialized form representing 92.896% of the total shares. The Demat ISIN code number of our share is INE970D01010.

### j) Shareholding Pattern (As on 31<sup>st</sup> March 2017)

| S.No. | Category            | No. of Shares  | % to total capital |
|-------|---------------------|----------------|--------------------|
| 1     | Promoter Group      | 3539845        | 73.49%             |
| 2     | Nationalized Banks  | 5200           | 0.11%              |
| 3     | Insurance Companies | Nil            | Nil                |
| 4     | Non Residents       | 25750          | 0.52%              |
| 5     | Others              | 1245651        | 25.88%             |
|       | <b>Total</b>        | <b>4816446</b> | <b>100.00%</b>     |

### k) Distribution of shareholding of the Company as on 31<sup>st</sup> March 2017

| UNIT: LOYAL TEXTILE MILLS LIMITED - 31-03-2017 |                      |                    |               |              |
|--|----------------------|--------------------|---------------|--------------|
| Range  | No. of share holders | % of share holders | No. of shares | % of holding |
| Up to – 500                                    | 1848                 | 84.69              | 234063        | 4.86         |
| 501 – 1000                                     | 145                  | 6.65               | 113383        | 2.35         |
| 1001 – 2000                                    | 83                   | 3.80               | 130081        | 2.70         |

| UNIT: LOYAL TEXTILE MILLS LIMITED - 31-03-2017 |                      |                    |                |               |
|--|----------------------|--------------------|----------------|---------------|
| Range  | No. of share holders | % of share holders | No. of shares  | % of holding  |
| 2001 – 3000                                    | 29                   | 1.33               | 71863          | 1.49          |
| 3001 – 4000                                    | 19                   | 0.87               | 69261          | 1.44          |
| 4001 – 5000                                    | 7                    | 0.32               | 33203          | 0.69          |
| 5001 – 10000                                   | 13                   | 0.60               | 90429          | 1.88          |
| 10001 & above                                  | 38                   | 1.74               | 4074163        | 84.59         |
| <b>TOTAL</b>                                   | <b>2182</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, Thirumantholai Post, Sivagangai Taluk, – 630 561
- Annarugudan Village, Tallada Mandal, Khammam District, Telangana

*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/>.

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. V.Balamurugan  
Company Secretary  
Loyal Textile Mills Ltd.  
21/4, Mill Street, Kovilpatti – 628501 Tamil Nadu  
Phone: (04632) 2220001  
Email: [investors@loyaltextiles.com](mailto:investors@loyaltextiles.com)



# Annexure C

## to the Board's Report

(Or)

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

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  
Contact person: Mr. Krishna Kumar, Director

### **INSIDER TRADING POLICY**

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

### **DISCLOSURE ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS**

The company has entered with related party transaction in accordance with related party transaction policy.

### **Statutory Compliance, Penalties and Strictures**

The Company has complied with the requirements of the Stock Exchanges/ Securities and Exchange Board of India/ statutory authorities on all matters relating to capital markets from the date of the listing. No penalty or strictures were imposed on the Company by these authorities.

### **Compliance with Mandatory & Non-Mandatory Requirements**

The Company has complied with all the mandatory and major non mandatory requirements of the SEBI Listing Regulations relating to Corporate Governance.

### **Information pursuant to Regulation 34 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015:**

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

### **CEO / CFO Certification:**

Under Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the CEO / CFO Certification to be provided in the Annual Report.

Since, the Resignation and vacant of the CFO position, the Certification is given by Chairman and Managing Director of the Company and 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 behavior. 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.

Place: CHENNAI  
Date: 29<sup>th</sup> May 2017.

**P.MANIVANNAN**  
Whole Time Director

**MANIKAM RAMASWAMI**  
Chairman and Managing Director

# Annexure C to the Board's Report

## CODE OF CONDUCT

To

The Members of Loyal Textile Mills Limited

**Sub:** Declaration by the CEO under Regulation 26 of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015.

I, Manikam Ramaswami, Chairman and 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 2017.

Place: CHENNAI  
Date: 29<sup>th</sup> May 2017.

**MANIKAM RAMASWAMI**  
Chairman and Managing Director

# Annexure D

## to the Director's Report

### AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER REGULATION 34 READ WITH SCHEDULE V OF SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENT) REGULATION, 2015.

To

The members of M/s. LOYAL TEXTILE MILLS LTD., KOVILPATTI

1. We have examined the compliance of conditions of Corporate Governance by M/s. LOYAL TEXTILE MILLS LTD., KOVILPATTI for the year ended on 31st March 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called as SEBI (LODR) Regulations, 2015).

#### Management's Responsibility

2. The compliance of conditions of corporate governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in SEBI (LODR) Regulations, 2015.

#### Auditor's Responsibility

3. 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.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics by the ICAI.
6. We have complied with the relevant applicable requirements of the Standards on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements.

#### Opinion

7. Based on our examination of the relevant records and according to the information and explanations given to us, we certify that the company has complied with the condition of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the above mentioned Listing Regulations during the year ended 31<sup>st</sup> March, 2017.
8. 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: 004283

PLACE: CHENNAI  
DATE: 29-05-2017

R.KRISHNAMOORTHY  
PARTNER  
Membership Number 20695

# Annexure E

## to the Director's Report

### **CERTIFICATION BY MANAGING DIRECTOR TO THE BOARD UNDER REGULATION 17 READ WITH SCHEDULE II OF PART A OF SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENT), REGULATION, 2015.**

I Manikam Ramaswami, Chairman and Managing Director of Loyal Textile Mills Limited, certify that:

1. I have reviewed the financial statements for the year end that to the best of my 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 together present a true and fair view of the state of affairs of the company and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are to the best of my 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. I accept overall responsibility for establishing and maintaining internal financial controls for financial reporting and I have evaluated the effectiveness of internal control system for financial reporting, and I have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
4. I 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: 29.05.2017  
Place: Chennai

**MANIKAM RAMASWAMI**  
Chairman and Managing Director

# Annexure F

## to the Director's 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.Madhavan Nambiar | Member   | Independent Director |
| Shri.P.Manivannan     | Member   | Whole Time Director  |

The Committee met twice during the year.

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

Average net profit: 26.48 Crores.

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

2 % of the Average Net Profit – 52.97 Lakhs

The Company during the financial year 2016-17 is required to spend Rs.52.97 Lakhs towards CSR. However the Company has contributed Rs. 55.00 lakhs to the Trust to spend towards CSR activities.

#### Details of CSR spent / Contributed during the financial year:

- Total amount to be spent/ contributed for the financial year 2015-2016 is Rs.50.00 Lakhs and for the Financial Year 2016-2017 is Rs. 55.00 Lakhs
- Amount unspent, if any: Nil
- The Reason for Non Spending of the amount: Not applicable

# Annexure F

## to the Director's Report

Manner in which amount spent during the financial year 2016-2017 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.     | Educational Expenses – Purchase of Books and Stationery to Thekur School | Promoting education, including special education And vocation skills. | Thekur, (Above location is in Tamilnadu)  | 50.00  | 13.00                                   | 13.33  | Implementing agency                                 |
| 2.     | Educational Expenses incurred for Thiagarajar Perceptor college          | Promoting education, including special education And vocation skills. | Madurai, (Above location is in Tamilnadu) |  | 37.00                                   | 37.00  | Implementing agency                                 |
|        |  |   |   |  |   |  |   |
|        | Total  |   |   | 50.00  | 50.00                                   | 50.00  | 50.00   |

### 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: 29.05.2017  
Chennai

**Manikam Ramaswami**  
Chairman and Managing Director

**KJM Shetty**  
Director

# Annexure G

## to the Director's 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 arm's length transactions under third proviso thereto**

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

| S.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:

| S.No. | Particulars  | Details  |  |
|-------|--|--|--|
| a)    | Name(s) of the related party and nature of relationship                                    | Gruppo P&P Loyal Spa, Italy  | Loyal IRV Textile, LDA, Portugal   |
| b)    | Nature of contracts / arrangements / transactions  | Joint Venture Company  | Joint Venture Company  |
| c)    | Duration of the contracts / arrangements / transactions                                    | Ongoing basis  | 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                             | Sale of Garments and Purchase of raw materials                             |
| e)    | Date(s) of approval by the Board, if any   | Appropriate approval has been taken for every quarter from Audit Committee | Appropriate approval has been taken for every quarter from Audit Committee |
| f)    | Amount paid as advances, if any  | Nil  | Nil  |

Date: 29.05.2017  
Place: Chennai

**Manikam Ramaswami**  
Chairman and Managing Director

**P.Manivannan**  
Whole Time Director

# Annexure H

## to the Director's Report

FORM MR-3

### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2017

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
Loyal Textile Mills Limited  
21/4, Mill Street,  
Kovilpatti – 628 501,  
Tamil Nadu

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2017 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 Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; Not applicable for the year under review;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; Not applicable for the year under review
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not applicable 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; Not applicable for the year under review
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not applicable for the year under review and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not applicable for the year under review



# Annexure H

## to the Director's Report

(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
- c) The Environment (Protection) Act, 1986, The Environment (Protection) Rules, 1986
- d) Hazardous Wastes (Management and Transboundary Movement) Rules, 2016
- e) The Factories Act, 1948 and the respective State Factories Rules
- f) The Employees State Insurance Act, 1948
- g) The Industrial Employment (Standing Orders) Act, 1946
- h) Industrial Disputes Act, 1947
- i) Minimum Wages Act, 1948
- j) Payment of Wages Act, 1936
- k) The Employees Provident Fund and Miscellaneous Provisions Act, 1952
- l) Payment of Bonus Act, 1965
- m) Payment of Gratuity Act, 1972
- n) The Contract Labour (Regulation and Abolition) Act, 1970
- o) The Maternity Benefit Act, 1961
- p) The Tamil Nadu Shops and Establishment Act, 1947
- q) The Child Labour (Prohibition and Regulation) Act, 1986
- r) The Employees Compensation Act, 1923
- s) The Equal Remuneration Act, 1976

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

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India

- (ii) The Uniform Listing Agreement entered into by the Company with BSE Limited pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

### **I 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 for the year under review. The changes in the composition of the Board of Directors that took place during the period under review are 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 are 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 are captured and recorded as part of the minutes.

**I 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.

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

This Report is to be read along with Annexure A of even date which forms integral part of this Report.

**M K Bashyam**

Company Secretary in Practice  
FCS 600 ; CP 3837

Place : Madurai  
Date : 29.05.2017

# Annexure H

## to the Director's Report

### ANNEXURE - A

To,  
The Members,  
Loyal Textile Mills Limited  
21/4, Mill Street,  
Kovilpatti : 628 501  
Tamil Nadu

My secretarial audit 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. My responsibility is to express an opinion on the relevant records based on my audit.
- b. I have followed the audit practices and processes as are 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 and other relevant records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
- c. I have not verified the correctness and appropriateness of financial, cost and tax records and books of accounts of the Company.
- d. Wherever required, I 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. My examination was limited to the verification of the procedures on test/sample 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.

Place : Madurai  
Date : 29.05.2017

**M K Bashyam**  
Company Secretary in Practice  
FCS 600 ; CP 3837

# Annexure I to the Director's Report

FORM NO. MGT 9

## EXTRACT OF ANNUAL RETURN as on financial year ended on 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration ) Rules, 2014.

### I. REGISTRATION & OTHER DETAILS:

- i CIN : **L17111TN1946PLC001361**
- ii Registration Date : 09/04/1946
- iii Name of the Company : **LOYAL TEXTILE MILLS LIMITED**
- iv Category/Sub-category of the Company : Public company / Limited by Shares
- v Address of the Registered office & contact details : No.24/1, MILL STREET,  
KOVILPATTI-628501
- vi Whether listed company : LISTED
- vii Name , Address & contact details of the Registrar & Transfer Agent, if any. : **M/s. GNSA INFOTECH LIMITED**  
No.115 F-BLOCK, STA  
DEPARTMENT, 4<sup>th</sup> FLOOR, NELSON  
MANICKAM ROAD, AMINTHAKARAI,  
CHENNAI - 600029  
PHONE : 044 - 42962025

### 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 & Description of main products / services | NIC Code of the Product /service | % to total turnover of the company |
|-------|--|----------------------------------|------------------------------------|
| 1     | YARN   | 5403                             | 17.57%                             |
| 2     | CLOTH & HOSIERY CLOTH                          | 5911                             | 73.78%                             |

### III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

| Sl. No. | Name & Address of the Company  | CIN/GLN               | HOLDING/<br>SUBSIDIARY/<br>ASSOCIATE | % OF<br>SHARES<br>HELD | APPLICABLE<br>SECTION |
|---------|--|-----------------------|--------------------------------------|------------------------|-----------------------|
| 1       | M/s. Loyal International Sourcing Private Limited<br>Address: New No. 83 First Main Road,<br>R.A.Puram, Chennai - 600028 | U51909TN2014PTC097852 | Subsidiary<br>Company                | 100%                   | 2 (87)                |

# Annexure I

## to the Director's Report

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

#### A. 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 | Total Shares              | % of Total Shares |
| <b>A. Promoters</b>                                       |   |              |                |                   |   |             |                |                   |                           |                   |
| (1) Indian  |   |              |                |                   |   |             |                |                   |                           |                   |
| a) Individual / HUF                                       | 195461  | 556          | 196017         | 4.07              | 195463                                    | 554         | 196017         | 4.07              | 0                         | 0.00              |
| b) Central Govt. or State Govt                            |   |              |                |                   |   |             |                |                   |                           |                   |
| c) Bodies Corporates                                      | 3318283   | 25545        | 3343828        | 69.43             | 3343828                                   | 0           | 3343828        | 69.43             | 0                         | 0.00              |
| d) Banks / FI   |   |              |                |                   |   |             |                |                   |                           |                   |
| e) Any other  |   |              |                |                   |   |             |                |                   |                           |                   |
| <b>Sub-total (A) (1) -</b>                                | <b>3513744</b>                                  | <b>26101</b> | <b>3539845</b> | <b>73.49</b>      | <b>3539291</b>                            | <b>554</b>  | <b>3539845</b> | <b>73.49</b>      | <b>0</b>                  | <b>0.00</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>0</b>  | <b>0</b>     | <b>0</b>       | <b>0</b>          | <b>0</b>                                  | <b>0</b>    | <b>0</b>       | <b>0</b>          | <b>0</b>                  | <b>0</b>          |
|   |   |              |                |                   |   |             |                |                   |                           |                   |
| <b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b> | <b>3513744</b>                                  | <b>26101</b> | <b>3539845</b> | <b>73.49</b>      | <b>3539291</b>                            | <b>554</b>  | <b>3539845</b> | <b>73.49</b>      | <b>0</b>                  | <b>0.00</b>       |
|   |   |              |                |                   |   |             |                |                   |                           |                   |
| <b>B. Public Shareholding</b>                             |   |              |                |                   |   |             |                |                   |                           |                   |
| <b>1. Institutions</b>                                    |   |              |                |                   |   |             |                |                   |                           |                   |
| a) Mutual Funds   |   |              |                |                   |   |             |                |                   |                           |                   |
| b) Banks / FI   | 4000  | 1200         | 5200           | 0.11              | 4000                                      | 1200        | 5200           | 0.11              | 0                         | 0.00              |
| c) Central Govt   |   |              |                |                   |   |             |                |                   |                           |                   |
| d) State Govt(s)  |   |              |                |                   |   |             |                |                   |                           |                   |
| e) Venture Capital Fund                                   |   |              |                |                   |   |             |                |                   |                           |                   |
| f) Insurance Companies                                    |   |              |                |                   |   |             |                |                   |                           |                   |
| g) FIs  |   |              |                |                   |   |             |                |                   |                           |                   |
| h) Other Foreign Venture Capital Funds                    |   |              |                |                   |   |             |                |                   |                           |                   |
| i) Others (Foreign Nationals)                             | 3105  | 0            | 3105           | 0.06              | 3105                                      | 0           | 3105           | 0.06              | 0                         | 0.00              |
| <b>Sub-total (B)(1):</b>                                  | <b>7105</b>                                     | <b>1200</b>  | <b>8305</b>    | <b>0.17</b>       | <b>7105</b>                               | <b>1200</b> | <b>8305</b>    | <b>0.17</b>       | <b>0</b>                  | <b>0.00</b>       |

# Annexure I

## to the Director's Report

|   |                |               |                |               |                |               |                |              |          |             |
|---|----------------|---------------|----------------|---------------|----------------|---------------|----------------|--------------|----------|-------------|
| <b>(2) Non Institutions</b>   |                |               |                |               |                |               |                |              |          |             |
| a) Bodies corporates  | 154301         | 18481         | 172782         | 3.59          | 166115         | 17081         | 183196         | 3.80         | 10414    | 0.22        |
| i) Indian   |                |               |                |               |                |               |                |              |          |             |
| ii) Overseas  | 741            | 21905         | 22646          | 0.47          | 3145           | 21905         | 25050          | 0.52         | 2404     | 0.05        |
| b) Individuals  |                |               |                |               |                |               |                |              |          |             |
| i) Individual shareholders holding nominal share capital upto Rs.1 lakhs            | 429818         | 307678        | 737496         | 15.31         | 407005         | 301373        | 708378         | 14.71        | -29118   | -0.60       |
| ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs | 335372         | 0             | 335372         | 6.96          | 351672         | 0             | 351672         | 7.30         | 16300    | 0.34        |
| c) Others (specify)   |                |               |                |               |                |               |                |              |          |             |
|   |                |               |                |               |                |               |                |              |          |             |
| <b>SUB TOTAL (B)(2):</b>  | <b>920232</b>  | <b>348064</b> | <b>1268296</b> | <b>26.33</b>  | <b>927937</b>  | <b>340359</b> | <b>1268296</b> | <b>26.33</b> | <b>0</b> | <b>0.00</b> |
|   |                |               |                |               |                |               |                |              |          |             |
| <b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>                                 | <b>927337</b>  | <b>349264</b> | <b>1276601</b> | <b>26.51</b>  | <b>935042</b>  | <b>341559</b> | <b>1276601</b> | <b>26.51</b> | <b>0</b> | <b>0.00</b> |
|   |                |               |                |               |                |               |                |              |          |             |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                              |                |               |                |               |                |               |                |              |          |             |
|   |                |               |                |               |                |               |                |              |          |             |
| <b>Grand Total (A+B+C)</b>  | <b>4441081</b> | <b>375365</b> | <b>4816446</b> | <b>100.00</b> | <b>4474333</b> | <b>342113</b> | <b>4816446</b> | <b>100</b>   | <b>0</b> | <b>0.00</b> |

# Annexure I

## to the Director's Report

### B. SHARE HOLDING OF PROMOTERS

| Sl No. | Shareholders Name                                     | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | % change in share holding during the year |
|--------|---|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
|        |   | No. of shares                             | % of total shares of the company | % of shares pledged encumbered to total shares | No. of shares                       | % of total shares of the company | % of shares pledged / encumbered to total shares |   |
| 1      | MANIKAM RAMASWAMI .                                   | 109315                                    | 2.27                             | 0  | 109315                              | 2.27                             | 0  | 0.00                                      |
| 2      | VALLI M RAMASWAMI .                                   | 86148                                     | 1.79                             | 0  | 86148                               | 1.79                             | 0  | 0.00                                      |
| 3      | VISHALA RAMASWAMI                                     | 550                                       | 0.01                             | 0  | 550                                 | 0.01                             | 0  | 0.00                                      |
| 4      | RAMAKRISHNAN M  | 2   | 0.00                             | 0  | 2                                   | 0.00                             | 0  | 0.00                                      |
| 5      | MANIVANNAN P  | 2   | 0.00                             | 0  | 2                                   | 0.00                             | 0  | 0.00                                      |
| 6      | MADURAI TARA TRADERS PVT. LTD.                        | 776887                                    | 16.13                            | 0  | 776887                              | 16.13                            | 0  | 0.00                                      |
| 7      | FELSPAR CREDIT AND INVESTMENTS PRIVATE LIMITED        | 661126                                    | 13.73                            | 0  | 661126                              | 13.73                            | 0  | 0.00                                      |
| 8      | DHANALAKSHMI INVESTMENTS PRIVATE LIMITED              | 629343                                    | 13.07                            | 0  | 629343                              | 13.07                            | 0  | 0.00                                      |
| 9      | KURUNJI INVESTMENTS PRIVATE LIMITED                   | 346887                                    | 7.20                             | 0  | 346887                              | 7.20                             | 0  | 0.00                                      |
| 10     | CHINTAMANI INVESTMENTS PRIVATE LIMITED                | 280270                                    | 5.82                             | 0  | 280270                              | 5.82                             | 0  | 0.00                                      |
| 11     | NEMESIS COTTON TRADING COMPANY PRIVATE LIMITED        | 136086                                    | 2.83                             | 0  | 136086                              | 2.83                             | 0  | 0.00                                      |
| 12     | RHEA COTTON TRADERS P LTD                             | 116660                                    | 2.42                             | 0  | 116660                              | 2.42                             | 0  | 0.00                                      |
| 13     | NIKE COTTON TRADERS PRIVATE LIMITED                   | 115000                                    | 2.39                             | 0  | 115000                              | 2.39                             | 0  | 0.00                                      |
| 14     | HELLEN COTTON TRADING COMPANY PRIVATE LTD             | 71950                                     | 1.49                             | 0  | 71950                               | 1.49                             | 0  | 0.00                                      |
| 15     | VALLI AGRI INDUSTRIES P. LIMITED                      | 55620                                     | 1.15                             | 0  | 55620                               | 1.15                             | 0  | 0.00                                      |
| 16     | VALLI YARN PROCESSORS PVT. LTD.,                      | 53496                                     | 1.11                             | 0  | 53496                               | 1.11                             | 0  | 0.00                                      |
| 17     | VISHALA APPARELS PVT LIMITED                          | 30625                                     | 0.64                             | 0  | 30625                               | 0.64                             | 0  | 0.00                                      |
| 18     | VISHALA KNITWEAR PRIVATE LIMITED                      | 29375                                     | 0.61                             | 0  | 29375                               | 0.61                             | 0  | 0.00                                      |
| 19     | SHRI MANIKAVASAGAM TRADES AND FINANCE PRIVATE LIMITED | 22501                                     | 0.47                             | 0  | 22501                               | 0.47                             | 0  | 0.00                                      |
| 20     | EMMAR TRADES AND FINANCE PRIVATE & LIMITED            | 18002                                     | 0.37                             | 0  | 18002                               | 0.37                             | 0  | 0.00                                      |
|        | <b>Total</b>  | <b>3539845</b>                            | <b>73.49</b>                     | <b>0</b>                                       | <b>3539845</b>                      | <b>73.49</b>                     | <b>0</b>   | <b>0.00</b>                               |

# Annexure I

## to the Director's Report

### C. CHANGE IN PROMOTERS' SHAREHOLDING ( SPECIFY IF THERE IS NO CHANGE)

| Sl. No. |  | Share holding at the beginning of |                                  | Cumulative Share holding |                                  |
|---------|--|-----------------------------------|----------------------------------|--------------------------|----------------------------------|
|         |  | 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   | 3539845                           | 73.49                            | 3539845                  | 73.49                            |
| 2.      | Date wise increase/decrease in Promoters Share holding 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.      | <b>At the end of the year</b>  | <b>3539845</b>                    | <b>73.49</b>                     | <b>3539845</b>           | <b>73.49</b>                     |

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

| Sl. No |  | Shareholding at the end 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 |
|        | <b>For Each of the Top 10 Shareholders</b> |                                     |                                  |   |                                  |
|        | <b>At the beginning of the year</b>        |                                     |                                  |   |                                  |
| 1      | MUSES COTTON TRADING COMPANY PVT. LTD.     | 90484                               | 1.88                             | 90484                                   | 1.88                             |
|        | At the end of the year (31.03.2017)        |                                     |                                  | 90484                                   | 1.88                             |
| 2      | VIJAY KUMAR KASERA                         | 16961                               | 0.35                             | 16961                                   | 0.35                             |
|        | BUY 15.04.2016 - Market Buying             | 2                                   | 0.00                             | 16963                                   | 0.35                             |
|        | BUY 22.04.2016 - Market Buying             | 990                                 | 0.02                             | 17953                                   | 0.37                             |
|        | BUY 29.04.2016 - Market Buying             | 765                                 | 0.02                             | 18718                                   | 0.39                             |
|        | BUY 06.05.2016 - Market Buying             | 6185                                | 0.13                             | 24903                                   | 0.52                             |
|        | BUY 27.05.2016 - Market Buying             | 25097                               | 0.52                             | 50000                                   | 1.04                             |
|        | BUY 10.06.2016 - Market Buying             | 100                                 | 0.00                             | 50100                                   | 1.04                             |
|        | SELL 29.07.2016 - Market Selling           | 200                                 | 0.00                             | 49400                                   | 1.03                             |
|        | SELL 05.08.2016 - Market Selling           | 1600                                | 0.03                             | 47800                                   | 0.99                             |
|        | SELL 12.08.2016 - Market Selling           | 105                                 | 0.00                             | 47695                                   | 0.99                             |
|        | BUY 02.09.2016 - Market Buying             | 3306                                | 0.07                             | 51001                                   | 1.06                             |
|        | BUY 06.09.2016 - Market Buying             | 426                                 | 0.01                             | 51427                                   | 1.07                             |
|        | BUY 09.09.2016 - Market Buying             | 100                                 | 0.00                             | 51527                                   | 1.07                             |
|        | BUY 16.09.2016 - Market Buying             | 138                                 | 0.00                             | 51665                                   | 1.07                             |
|        | BUY 23.09.2016 - Market Buying             | 261                                 | 0.01                             | 51926                                   | 1.08                             |
|        | BUY 30.09.2016 - Market Buying             | 374                                 | 0.01                             | 52300                                   | 1.09                             |
|        | BUY 14.10.2016 - Market Buying             | 75                                  | 0.00                             | 52375                                   | 1.09                             |
|        | SELL 21.10.2016 - Market Selling           | 596                                 | 0.01                             | 51779                                   | 1.08                             |
|        | SELL 28.10.2016 - Market Selling           | 2703                                | 0.06                             | 49076                                   | 1.02                             |
|        | SELL 11.11.2016 - Market Selling           | 3742                                | 0.08                             | 45334                                   | 0.94                             |
|        | BUY 18.11.2016 - Market Buying             | 1222                                | 0.03                             | 46556                                   | 0.97                             |
|        | BUY 25.11.2016 - Market Buying             | 4309                                | 0.09                             | 50865                                   | 1.06                             |
|        | BUY 02.12.2016 - Market Buying             | 1506                                | 0.03                             | 52371                                   | 1.09                             |
|        | BUY 06.01.2017 - Market Buying             | 29                                  | 0.00                             | 52400                                   | 1.09                             |
|        | BUY 13.01.2017 - Market Buying             | 592                                 | 0.01                             | 52992                                   | 1.10                             |
|        | BUY 20.01.2017 - Market Buying             | 845                                 | 0.02                             | 53837                                   | 1.12                             |

# Annexure I

## to the Director's Report

|      |   |       |      |       |      |
|------|---|-------|------|-------|------|
| BUY  | 27.01.2017 - Market Buying                    | 589   | 0.01 | 54426 | 1.13 |
| BUY  | 03.02.2017 - Market Buying                    | 249   | 0.01 | 54675 | 1.14 |
| BUY  | 10.02.2017 - Market Buying                    | 25    | 0.00 | 54700 | 1.14 |
| BUY  | 17.02.2017 - Market Buying                    | 756   | 0.02 | 54756 | 1.14 |
| BUY  | 24.02.2017 - Market Buying                    | 2     | 0.00 | 54758 | 1.14 |
| BUY  | 03.03.2017 - Market Buying                    | 2     | 0.00 | 54760 | 1.14 |
| BUY  | 10.03.2017 - Market Buying                    | 38    | 0.00 | 54798 | 1.14 |
| BUY  | 17.03.2017 - Market Buying                    | 8     | 0.00 | 54806 | 1.14 |
|      | At the end of the year (31.03.2017)           |       |      |       |      |
| 3    | ULKA MAYUR KOTHARI                            | 40000 | 0.83 | 40000 | 0.83 |
| SELL | 20.05.2016 - Market Selling                   | 583   | 0.01 | 39417 | 0.82 |
| SELL | 27.05.2016 - Market Selling                   | 2025  | 0.04 | 37392 | 0.78 |
| SELL | 17.06.2016 - Market Selling                   | 1500  | 0.03 | 35892 | 0.75 |
| SELL | 24.06.2016 - Market Selling                   | 225   | 0.00 | 35667 | 0.74 |
|      | At the end of the year (31.03.2017)           |       |      | 35667 | 0.74 |
| 4    | BRN COMMODITIES AND TRADING<br>CO PRIVATE LTD | 24665 | 0.51 | 24665 | 0.51 |
| SELL | 20.05.2016 - Market Selling                   | 910   | 0.02 | 23755 | 0.49 |
| BUY  | 24.02.2017 - Market Buying                    | 6000  | 0.12 | 29755 | 0.62 |
|      | At the end of the year (31.03.2017)           |       |      | 29755 | 0.62 |
| 5    | SANJEEV VINODCHANDRA PAREKH                   | 28103 | 0.58 | 28103 | 0.58 |
|      | At the end of the year (31.03.2017)           |       |      | 28103 | 0.58 |
| 6    | DOLLY KHANNA                                  | 20977 | 0.44 | 20977 | 0.44 |
| BUY  | 15.04.2016 - Market Buying                    | 1700  | 0.04 | 22677 | 0.47 |
| BUY  | 22.04.2016 - Market Buying                    | 1000  | 0.02 | 23677 | 0.49 |
| BUY  | 29.04.2016 - Market Buying                    | 1833  | 0.04 | 25510 | 0.53 |
| BUY  | 06.05.2016 - Market Buying                    | 750   | 0.02 | 26260 | 0.55 |
| BUY  | 13.05.2016 - Market Buying                    | 546   | 0.01 | 26806 | 0.56 |
| BUY  | 20.05.2016 - Market Buying                    | 575   | 0.01 | 27381 | 0.57 |
| BUY  | 17.02.2017 - Market Buying                    | 385   | 0.01 | 27766 | 0.58 |
|      | At the end of the year (31.03.2017)           |       |      | 27766 | 0.58 |
| 7    | VINODCHANDRA MANSUKHLAL PAREKH                | 25351 | 0.53 | 25351 | 0.53 |
|      | At the end of the year (31.03.2017)           |       |      | 25351 | 0.53 |
| 8    | SAMAY MAYUR KOTHARI                           | 25000 | 0.52 | 25000 | 0.52 |
|      | At the end of the year (31.03.2017)           |       |      | 25000 | 0.52 |
| 9    | MAYUR MANGALDAS KOTHARI                       | 40059 | 0.83 | 40059 | 0.83 |
| SELL | 15.04.2016 - Market Selling                   | 655   | 0.01 | 39404 | 0.82 |
| SELL | 22.04.2016 - Market Selling                   | 236   | 0.00 | 39168 | 0.81 |
| SELL | 29.04.2016 - Market Selling                   | 6413  | 0.13 | 32755 | 0.68 |
| SELL | 06.05.2016 - Market Selling                   | 785   | 0.02 | 31970 | 0.66 |
| SELL | 13.05.2016 - Market Selling                   | 410   | 0.01 | 31560 | 0.66 |
| SELL | 26.08.2016 - Market Selling                   | 3431  | 0.07 | 28129 | 0.58 |
| SELL | 25.11.2016 - Market Selling                   | 1000  | 0.02 | 27129 | 0.56 |
| SELL | 03.12.2017 - Market Selling                   | 50    | 0.00 | 27079 | 0.56 |
| SELL | 03.03.2017 - Market Selling                   | 2190  | 0.05 | 24889 | 0.52 |
|      | At the end of the year (31.03.2017)           |       |      | 24889 | 0.52 |
| 10   | MAYUR MANGALDAS KOTHARI                       | 41971 | 0.87 | 41971 | 0.87 |
| SELL | 13.05.2016 - Market Selling                   | 15801 | 0.33 | 26170 | 0.54 |
| SELL | 20.05.2016 - Market Selling                   | 2100  | 0.04 | 24070 | 0.50 |
| SELL | 08.07.2016 - Market Selling                   | 1000  | 0.02 | 23070 | 0.48 |
|      | At the end of the year (31.03.2017)           |       |      | 23070 | 0.48 |



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## to the Director's Report

### E. Shareholding of Directors & KMP

| Sl. No   | For Each of the Directors & 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 |
| <b>1</b> | <b>Mr.Manikam Ramaswami – Managing Director</b>  |   |                                  |   |                                  |
|          | At the beginning of the year   | 109315                                    | 2.26                             | 109315                                  | 2.26                             |
|          | Date wise increase/decrease in Promoters Share holding 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                        |
|          | At the end of the year   | 109315                                    | 2.26                             | 109315                                  | 2.26                             |
| <b>2</b> | <b>Mrs. Valli M Ramaswami – Wholetime Director</b>   |   |                                  |   |                                  |
|          | At the beginning of the year   | 86148                                     | 1.78                             | 86148                                   | 1.78                             |
|          | Date wise increase/decrease in Promoters Share holding 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                        |
|          | At the end of the year   | 86148                                     | 1.78                             | 86148                                   | 1.78                             |
| <b>3</b> | <b>Mr. P.Manivannan – Wholetime Director</b>   |   |                                  |   |                                  |
|          | At the beginning of the year   | 2   | 0                                | 2                                       | 0                                |
|          | Date wise increase/decrease in Promoters Share holding 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                        |
|          | At the end of the year   | 2   | 0                                | 2                                       | 0                                |

# Annexure I

## to the Director's Report

### V. INDEBTEDNESS

| Indebtedness of the Company including interest outstanding/accrued but not due for payment |                                     |                    |          |                         |
|--|-------------------------------------|--------------------|----------|-------------------------|
|  | Secured Loans<br>excluding deposits | Unsecured<br>Loans | Deposits | Total<br>Indebtedness   |
| <b>Indebtness at the beginning of the year</b>   |                                     |                    |          |                         |
| i) Principal Amount  | 4,94,81,94,416                      | 2,00,00,000        |          | <b>4,96,81,94,416</b>   |
| ii) Interest due but not paid  |                                     |                    |          |                         |
| iii) Interest accrued but not due  | 1,63,53,273                         |                    |          | <b>1,63,53,273</b>      |
|  |                                     |                    |          |                         |
| <b>Total (i+ii+iii)</b>  | <b>4,98,45,47,689</b>               |                    |          | <b>4,98,45,47,689</b>   |
| <b>Change in Indebtedness during the year</b>  |                                     |                    |          |                         |
| Additions  | 1,05,89,69,276                      |                    |          | <b>1,05,89,69,276</b>   |
| Reduction  | (1,28,70,61,112)                    |                    |          | <b>(1,28,70,61,112)</b> |
| <b>Net Change</b>  | <b>(22,80,91,836)</b>               |                    |          | <b>(22,80,91,836)</b>   |
| <b>Indebtedness at the end of the year</b>   |                                     |                    |          |                         |
| i) Principal Amount  | 4,75,04,62,854                      |                    |          | <b>4,75,04,62,854</b>   |
| ii) Interest due but not paid  |                                     |                    |          |                         |
| iii) Interest accrued but not due  | 59,93,000                           |                    |          | <b>59,93,000</b>        |
|  |                                     |                    |          |                         |
| <b>Total (i+ii+iii)</b>  | <b>4,75,64,55,853</b>               |                    |          | <b>4,75,64,55,853</b>   |

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| Sl. No | Particulars of Remuneration  | Name of the MD / WTD / Manager |                  |                       | Total Amount       |
|--------|--|--------------------------------|------------------|-----------------------|--------------------|
|        |  | Mr. Manikam Ramaswami          | Mr.P.Manivannan  | Mrs.Valli M Ramaswami |                    |
| 1      | <b>Gross salary</b>  |                                |                  |                       |                    |
|        | (a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961. | 18,00,000                      | 12,84,000        | 12,00,000             | 42,84,000          |
|        | (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961                   | 5,97,701                       |                  |                       | 5,97,701           |
|        | (c ) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961   | -                              |                  |                       |                    |
| 2      | Stock option   |                                |                  |                       |                    |
| 3      | Sweat Equity   |                                |                  |                       |                    |
| 4      | Commission   |                                |                  |                       |                    |
|        | as % of profit   | 1,00,00,000                    |                  |                       | 1,00,00,000        |
|        | others (specify)   |                                |                  |                       |                    |
| 5      | Others, please specify (PF & Super Annuation)                                    | 4,50,000                       | 1,01,640         | 1,44,000              | 6,95,640           |
|        | <b>Total (A)</b>   | <b>1,28,47,701</b>             | <b>13,85,640</b> | <b>13,44,000</b>      | <b>1,55,77,341</b> |
|        | <b>Ceiling as per the Act</b>  |                                |                  |                       |                    |

# Annexure I

## to the Director's Report

### B. Remuneration to other directors:

| Sl. No | Particulars of Remuneration            | Name of the Directors |                     |                      |                            |                         | Total Amount     |
|--------|--|-----------------------|---------------------|----------------------|----------------------------|-------------------------|------------------|
|        |  | Mr. K J M Shetty      | Mr. S. Venkatramani | Mr. R. Poorna lingam | Mr. Shridhar. Subrahmanyam | Mr. M. Madhavan Nambiar |                  |
| 1      | Independent Directors                  |                       |                     |                      |                            |                         |                  |
|        | (a) Fee for attending board /          | 1,00,000              | 1,30,000            | 80,000               | 1,20,000                   | 20,000                  | 4,50,000         |
|        | (b) Commission                         |                       |                     |                      |                            |                         |                  |
|        | (c ) Others, please specify            |                       |                     |                      |                            |                         |                  |
|        | <b>Total (1)</b>                       | <b>1,00,000</b>       | <b>1,30,000</b>     | <b>80,000</b>        | <b>1,20,000</b>            | <b>20,000</b>           | <b>4,50,000</b>  |
| 2      | Other Non Executive Directors          |                       |                     |                      |                            |                         |                  |
|        | (a) Fee for attending                  |                       |                     |                      |                            |                         |                  |
|        | (b) Commission                         |                       |                     |                      |                            |                         |                  |
|        | (c ) Others, please specify.           |                       |                     |                      |                            |                         |                  |
|        | <b>Total (2)</b>                       |                       |                     |                      |                            |                         |                  |
|        | <b>Total (B)=(1+2)</b>                 | <b>1,00,000</b>       | <b>1,30,000</b>     | <b>80,000</b>        | <b>1,20,000</b>            | <b>20,000</b>           | <b>4,50,000</b>  |
|        | <b>Total Managerial Remuneration</b>   | 1,00,000              | 1,30,000            | 80,000               | 1,20,000                   | 20,000                  | 4,50,000         |
|        | <b>Overall Cieling as per the Act.</b> | <b>3,00,000</b>       | <b>4,00,000</b>     | <b>4,00,000</b>      | <b>4,00,000</b>            | <b>1,00,000</b>         | <b>16,00,000</b> |

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

| Sl. No. | Particulars of Remuneration  | Key Managerial Personnel |                   |                  |                  |
|---------|--|--------------------------|-------------------|------------------|------------------|
|         |  | CEO                      | Company Secretary | CFO              | Total            |
| 1       | Gross Salary   |                          |                   |                  |                  |
|         | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. |                          | 14,57,899         | 22,63,286        | 37,21,185        |
|         | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961                       |                          |                   |                  |                  |
|         | (c ) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961       |                          |                   |                  |                  |
| 2       | Stock Option   |                          |                   |                  |                  |
| 3       | Sweat Equity   |                          |                   |                  |                  |
| 4       | Commission   |                          |                   |                  |                  |
|         | as % of profit   |                          |                   |                  |                  |
|         | others, specify  |                          |                   |                  |                  |
| 5       | Others, please specify (PF & Super Annuation)  |                          | 70,101            | 1,18,714         | 1,88,815         |
|         | <b>Total</b>   | <b>0</b>                 | <b>15,28,000</b>  | <b>23,82,000</b> | <b>39,10,000</b> |

# Annexure I

## to the Director's Report

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

| Type                                | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment / Compounding fees imposed | Authority (RD/NCLT/ Court) | Appeal made if any (give details) |
|-------------------------------------|------------------------------|-------------------|---|----------------------------|-----------------------------------|
| <b>A. COMPANY</b>                   |                              |                   |   |                            |                                   |
| Penalty                             |                              |                   |   |                            |                                   |
| Punishment                          |                              |                   | NIL   |                            |                                   |
| Compounding                         |                              |                   |   |                            |                                   |
| <b>B. DIRECTORS</b>                 |                              |                   |   |                            |                                   |
| Penalty                             |                              |                   |   |                            |                                   |
| Punishment                          |                              |                   | NIL   |                            |                                   |
| Compounding                         |                              |                   |   |                            |                                   |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |   |                            |                                   |
| Penalty                             |                              |                   |   |                            |                                   |
| Punishment                          |                              |                   | NIL   |                            |                                   |
| Compounding                         |                              |                   |   |                            |                                   |

# Operating Result Summary

Rs. In Lakhs

| Year ended  | 31.03.2017      | 31.03.2016      | 31.03.2015      | 31.03.2014      | 31.03.2013      |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenue from operation  | 1,13,474        | 1,17,825        | 1,41,709        | 1,60,362        | 1,25,233        |
| other Income  | 383             | 250             | 165             | 552             | 160             |
| <b>Total</b>  | <b>1,13,857</b> | <b>1,18,075</b> | <b>1,41,874</b> | <b>1,60,914</b> | <b>1,25,393</b> |
| Cost of Materials Consumed  | 51,050          | 44,398          | 51,802          | 55,693          | 49,426          |
| Purchase of Stock in trade  | 19,139          | 24,362          | 38,292          | 55,647          | 34,497          |
| Changes in inventories of finished goods, work in progress and stock in trade | (1,176)         | (1,035)         | (214)           | (2,397)         | (511)           |
| Employee Benefit Expenses   | 8,800           | 9,020           | 8,273           | 7,612           | 6,081           |
| Finance Costs   | 4,203           | 5,452           | 6,884           | 7,581           | 7,149           |
| Depreciation and amortisation expenses  | 6,770           | 6,721           | 8,230           | 7,086           | 6,911           |
| other expenses  | 22,486          | 25,864          | 27,637          | 26,395          | 20,719          |
| <b>Total</b>  | <b>1,11,272</b> | <b>1,14,782</b> | <b>1,40,904</b> | <b>1,57,617</b> | <b>1,24,272</b> |
| Pre Tax Profit / (Loss)   | 2,585           | 3,293           | 970             | 3,297           | 1,121           |
| Export ( C & F Value )  | 99,093          | 1,03,032        | 1,22,026        | 1,28,229        | 93,542          |
| Production of yarn in Lakh Kgs  | 249.49          | 267.17          | 290.31          | 267.36          | 249.85          |
| Production of Cloth in Lakh Mtrs  | 490.72          | 483.84          | 487.57          | 465.66          | 415.52          |

# Balance Sheet Summary

|                                     | Rs. In Lakhs         |                      |                      |                      |                      |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Year ended                          | 31.03.2017           | 31.03.2016           | 31.03.2015           | 31.03.2014           | 31.03.2013           |
| Net Fixed Assets                    | 45,716               | 49,651               | 49,245               | 52,425               | 52,982               |
| Investments                         | 943                  | 531                  | 574                  | 455                  | 600                  |
| Long Term Loans and Advances        | 1,005                | 502                  | 607                  | 476                  | 355                  |
| Current Assets                      | 38,345               | 35,577               | 41,073               | 40,830               | 36,501               |
| <b>Total</b>                        | <b><u>86,009</u></b> | <b><u>86,261</u></b> | <b><u>91,499</u></b> | <b><u>94,186</u></b> | <b><u>90,438</u></b> |
| Long Term Borrowings                | 19,482               | 18,025               | 22,708               | 27,197               | 30,878               |
| Deferred Tax Liability (Net)        | 3,268                | 4,027                | 4,134                | 5,294                | 4,437                |
| Current Liabilities                 | 45,410               | 49,028               | 51,494               | 49,038               | 44,014               |
| Total                               | <b><u>68,160</u></b> | <b><u>71,080</u></b> | <b><u>78,336</u></b> | <b><u>81,529</u></b> | <b><u>79,329</u></b> |
| Net Worth                           | 17,849               | 15,181               | 13,163               | 12,657               | 11,109               |
| <b>Represented By</b>               |                      |                      |                      |                      |                      |
| Share Capital                       | 482                  | 482                  | 482                  | 483                  | 482                  |
| Reserves and Surplus                | 17,367               | 14,699               | 12,681               | 12,174               | 10,627               |
| Pre Tax Profit /(Loss)              | 2585                 | 3,293                | 970                  | 3,297                | 1,121                |
| Dividend Paid on Equity Shares      | 482                  | 482                  | 361                  | 361                  | 241                  |
| % of Dividend paid on Equity Shares | 100                  | 100                  | 75                   | 75                   | 50                   |

# Independent Auditor's Report

To  
The Members of  
LOYAL TEXTILE MILLS LIMITED  
KOVILPATTI.

## Report on the Standalone Financial Statements

We have audited the accompanying Standalone Financial Statements of M/s. LOYAL TEXTILE MILLS LIMITED ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of Significant Accounting Policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Standalone 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.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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

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 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 financial statements are free from material misstatement.

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 judgment, 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. 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.

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

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 31st March 2017 and its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

- 1 As required by Section 143 (3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Statement of Profit and Loss and the 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

# Independent Auditor's Report

specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

- (e) on the basis of the written representations received from the Directors as on 31st March 2017 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2017 from being appointed as a Director in terms of Section 164(2) of the Act; and
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - (g) 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 has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No. 28 to the financial statements;
    - (ii) the Company did not have any long-term contracts, including derivative contracts; and
    - (iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
    - (iv) The Company has provided requisite disclosure in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on the audit procedures and relying on the management representation we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management – Refer Note. 41.
- 2 As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Act, we give in the Annexure "B" a statement on the matters specified in the Paragraphs 3 and 4 of the Order, to the extent applicable.

Place : Chennai  
Date : 29.05.2017

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

**R.Krishnamoorthy**  
Partner  
Membership No. 020695



# Independent Auditor's Report

## ANNEXURE "A" to the Independent Auditor's Report of even date on the Standalone Financial Statements of Loyal Textile Mills Limited.

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

We have audited the internal financial controls over financial reporting of Loyal Textile Mills Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls

operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

### Meaning of Internal Financial Controls over Financial Reporting

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

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

# Independent Auditor's Report

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

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

## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**R.Krishnamoorthy**

Partner

Place : Chennai  
Date : 29.05.2017

Membership No. 020695

# Independent Auditor's Report

## Annexure "B" to the Independent Auditor's Report of even date on the Standalone Financial Statements of Loyal Textile Mills Limited.

The Annexure referred to in Paragraph 2 under the heading "Report on Other Legal and Regulatory Requirements" of our Report of even date:

- (i)
- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of 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 at reasonable intervals and non-material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in Note No. 9 to the Standalone Financial Statements, are held in the name of the Company, except for the following:

| Particulars                                   | Free hold<br>(Rs. in Lakhs) | Lease hold<br>(Rs. in Lakhs) |
|---|-----------------------------|------------------------------|
| Gross Block as at 31 <sup>st</sup> March 2017 | Nil                         | 165.23                       |
| Net Block as at 31 <sup>st</sup> March 2017   | Nil                         | 161.90                       |

- (ii) As explained to us, the inventories at all locations have been physically verified by the Management at regular intervals during the year. 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, limited liability partnership or other parties listed in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loan or provided any guarantee or security to the parties covered under Sections 185 and 186 of the Act. In respect of investment in securities, the company has complied with the provisions of section 186 of the Act.
- (v) The Company has not accepted any deposits from the public during the year as per the provisions of section 73

and 76 of the Companies Act 2013. The company has accepted/taken interest free inter corporate deposit from a company.

- (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, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other Statutory Dues to the appropriate authorities. In respect of undisputed Statutory dues payable in respect of above which are outstanding as at 31<sup>st</sup> March 2017 for a period of more than six months from the date they became payable is given below:

| Nature of dues    | Amount (Rs. in Lakhs) |
|-------------------|-----------------------|
| Advance Licensing | 57.11                 |

- (b) According to the information and explanations given to us, there are no dues of income tax, service tax, duty of customs, duty of excise, value added tax which have not been deposited on account of any dispute. In respect of sales tax which are pending payment on account of dispute, the information of which is given below :

| Name of the Statute | Amount (Rs. in Lakhs) | Period to which the dues belong  | Forum where the dispute is pending  |
|---------------------|-----------------------|--|---|
| Sales Tax           | 284.22                | A.Y 2002 - 03, 2003-04, 2005-06, 2007-08, 2008-09, 2009-10, 2010-11 2013-14, 2014-15 | Additional Deputy Commissioner / Joint Commissioner of Sales Tax and Sales Tax Appellate Tribunal |

# Independent Auditor's Report

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks or Government. The company has not issued any debenture.
- (ix) The Company did not raise any moneys by way of initial public offer or further public offer (including debt instruments) during the year. The term loans taken during the year are applied for the purposes for which the term loans were obtained.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its Officers or employees or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the company, the company has paid or provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197, read with Schedule V to the Companies Act.
- (xii) The Company not being a Nidhi Company the requirements of paragraph 3(xii) of the order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, the transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013, where applicable and the details of such transactions have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the company has not entered into any non-cash transactions with Directors or persons connected with him.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Place: Chennai  
Date : 29.05.2017

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

R.Krishnamoorthy  
Partner  
Membership No. 020695

# Standalone Balance Sheet as at 31<sup>st</sup> March 2017

(Rs. in lakhs)

| PARTICULARS                           | Note No | As at 31.03.2017 | As at 31.03.2016 |
|---------------------------------------|---------|------------------|------------------|
| <b>I. EQUITY AND LIABILITIES</b>      |         |                  |                  |
| <b>(1) Shareholders' Funds</b>        |         |                  |                  |
| (a) Share Capital                     | 2       | 482              | 482              |
| (b) Reserves and Surplus              | 3       | 17,367           | 14,699           |
| <b>(2) Non-Current Liabilities</b>    |         |                  |                  |
| (a) Long Term borrowings              | 4       | 19,482           | 18,025           |
| (b) Deferred Tax Liabilities (Net)    | 5       | 3,268            | 4,027            |
| <b>(3) Current Liabilities</b>        |         |                  |                  |
| (a) Short- Term Borrowings            | 6       | 21,748           | 24,361           |
| (b) Trade payables:                   |         |                  |                  |
| - Due to MSMED Enterprises            |         | -                | -                |
| - Due to other than MSMED Enterprises |         | 7,449            | 6,488            |
| (c) Other Current Liabilities         | 7       | 16,052           | 15,496           |
| (d) Short-Term Provisions             | 8       | 161              | 881              |
|                                       |         | <b>86,009</b>    | <b>84,460</b>    |
| <b>II. ASSETS</b>                     |         |                  |                  |
| <b>(1) Non-Current Assets</b>         |         |                  |                  |
| (a) Fixed Assets                      |         |                  |                  |
| (i) Property, Plant & Equipment       | 9       | 45,406           | 48,139           |
| (ii) Capital Work-in-progress         | 10      | 310              | 1,512            |
| (b) Non-Current investments           | 11      | 348              | 505              |
| (c) Long term Loans and advances      | 12      | 1,005            | 502              |
| <b>(2) Current Assets</b>             |         |                  |                  |
| (a) Current Investments               |         | 595              | 26               |
| (b) Inventories                       | 13      | 20,176           | 15,583           |
| (c) Trade Receivables                 | 14      | 7,142            | 4,880            |
| (d) Cash and cash equivalents         | 15      | 889              | 490              |
| (e) Short term loans and advances     | 16      | 1,385            | 1,374            |
| (f) Other Current assets              | 17      | 8,752            | 11,449           |
|                                       |         | <b>86,009</b>    | <b>84,460</b>    |

Note No 2 to 18 and 28 to 47 form an integral part of this Balance Sheet

**MANIKAM RAMASWAMI**  
*Managing Director*

**VALLI M RAMASWAMI**  
**P.MANIVANNAN**

**K.J.M SHETTY**  
**S VENKATARAMANI**  
**SRIDHAR SUBRAHMANYAM**  
*Directors*

**V.BALAMURUGAN**  
Company Secretary

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

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

DATE : 29.05.2017  
PLACE: CHENNAI

# Standalone Profit and Loss Statement for the year ended 31<sup>st</sup> March 2017

(Rs in Lakhs)

| Particulars   | Note No | For the Year ended<br>31.03.2017 | For the Year ended<br>31.03.2016 |
|---|---------|----------------------------------|----------------------------------|
| I. Revenue from operations  | 19      | 1,13,474                         | 1,17,825                         |
| II. Other Income  | 20      | 383                              | 250                              |
| <b>III. Total Revenue (I +II)</b>   |         | <b>1,13,857</b>                  | <b>1,18,075</b>                  |
| IV. Expenses:   |         |                                  |                                  |
| Cost of materials consumed  | 21      | 51,050                           | 44,398                           |
| Purchase of Stock-in-Trade  | 22      | 19,139                           | 24,362                           |
| Changes in Inventories of   | 23      |                                  |                                  |
| Work-in-progress  |         | (726)                            | (740)                            |
| Finished Goods  |         | (450)                            | (295)                            |
| Employee benefits expense   | 24      | 8,800                            | 9,020                            |
| Finance costs   | 25      | 4,203                            | 5,452                            |
| Depreciation and amortisation expense                                     | 26      | 6,770                            | 6,721                            |
| Other expenses  | 27      | 22,486                           | 25,864                           |
| <b>Total Expenses</b>   |         | <b>1,11,272</b>                  | <b>1,14,782</b>                  |
| V. Profit before exceptional and extraordinary items and tax - (III - IV) |         | 2,585                            | 3,293                            |
| VI. Exceptional and Extraordinary Items                                   |         | -                                | -                                |
| VII. Profit before tax (V - VI)   |         | 2,585                            | 3,293                            |
| VIII. Tax expense:  |         |                                  |                                  |
| (1) Current tax   |         | 675                              | 825                              |
| (2) Earlier year tax provision  |         | -                                | (23)                             |
| (3) Deferred tax  |         | (759)                            | (107)                            |
| IX. Profit/(Loss) for the period from continuing operations               |         | 2,669                            | 2,598                            |
| X. Profit/(Loss) from discontinuing operations                            |         | -                                | -                                |
| XI. <b>Profit/(Loss) for the period (IX + X)</b>                          |         | <b>2,669</b>                     | <b>2,598</b>                     |
| XII. Earning per equity share of Rs. 10/- :                               |         |                                  |                                  |
| (1) Basic   |         | 55.41                            | 53.93                            |
| (2) Diluted   |         | 55.41                            | 53.93                            |

Notes 19 to 27 and 31 to 47 form an integral part of this Profit and Loss Statement

**MANIKAM RAMASWAMI**  
*Managing Director*

**VALLI M RAMASWAMI**  
**P.MANIVANNAN**

**K.J.M SHETTY**  
**S VENKATARAMANI**  
**SRIDHAR SUBRAHMANYAM**  
*Directors*

**V.BALAMURUGAN**  
Company Secretary

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

**R.KRISHNAMOORTHY**  
*Partner*

Membership No.020695

DATE : 29.05.2017

PLACE: CHENNAI

# Cash Flow Statement

(Rs in Lakhs)

| PARTICULARS  | For the year ended<br>31.03.2017 | For the year ended<br>31.03.2016 |
|--|----------------------------------|----------------------------------|
| <b>OPERATING ACTIVITIES</b>                            |                                  |                                  |
| PROFIT BEFORE TAX                                      | 2,585                            | 3,292                            |
| ADJUSTMENTS FOR  |                                  |                                  |
| Depreciation   | 6,770                            | 6,721                            |
| Interest paid  | 4,203                            | 5,452                            |
| Interest received                                      | (136)                            | (106)                            |
| Dividend received on Investments - Others              | (1)                              | (57)                             |
| Provision for Doubtful Debts                           | 130                              | 84                               |
| Bad Debts Written Off                                  | 150                              |                                  |
| (Profit)/Loss on disposal of Fixed Assets              | (197)                            | (47)                             |
| (Profit)/Loss on sale of investments                   | 20                               |                                  |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES        | 13,524                           | 15,340                           |
| ADJUSTMENTS FOR CHANGES IN                             |                                  |                                  |
| Inventories  | (4,593)                          | (658)                            |
| Debtors  | (2,543)                          | 3,742                            |
| Loans & Advances and Other Current Assets              | 2,194                            | 75                               |
| Amount deposited as Margin Money                       | (431)                            | 114                              |
| Current liabilities and provisions                     | (186)                            | 4                                |
| CASH FLOW FROM OPERATING ACTIVITIES                    | 7,965                            | 18,617                           |
| Interest receipts                                      | 136                              | 106                              |
| Income Tax (Paid)/Refund                               | (686)                            | (707)                            |
| NET CASH FLOW (A)                                      | 7,415                            | 18,016                           |
| <b>INVESTING ACTIVITIES</b>                            |                                  |                                  |
| Payments for Assets acquisition                        | (3,146)                          | (7,186)                          |
| Proceeds on Sale of Fixed Assets                       | 236                              | 105                              |
| Capital Subsidy Received                               | 272                              |                                  |
| Purchase of Investments                                | (574)                            |                                  |
| Sale Proceeds from Investments                         | 141                              | 44                               |
| Dividend receipts                                      | 1                                | 57                               |
| NET CASH FLOW (B)                                      | (3,070)                          | (6,980)                          |
| <b>FINANCING ACTIVITIES</b>                            |                                  |                                  |
| Interest paid  | (4,307)                          | (5,303)                          |
| Raised   | 10,590                           | 3,743                            |
| Repaid   | (10,093)                         | (9,074)                          |
| Dividend paid included taxes                           | (580)                            | (435)                            |
| NET CASH FLOW (C)                                      | (4,390)                          | (11,069)                         |
| NET CASH INFLOW / (OUTFLOW) (A+B+C)                    | (45)                             | (33)                             |
| OPENING CASH AND CASH EQUIVALENTS (D)                  | 130                              | 164                              |
| CLOSING CASH AND CASH EQUIVALENTS (E)                  | 85                               | 130                              |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | (45)                             | (33)                             |

See accompanying notes to financial statements 1 to 47

# Cash Flow Statement

Notes:

- 1) Cash and cash equivalent represents cash in hand and cash with scheduled banks.
- 2) Cash and cash equivalent include foreign currency balances which do not include items of restrictive realisability.
- 3) Reconciliation of amounts of Cash and Cash equivalents in Cash Flow Statement to Cash and Cash equivalents reported in Financial Statements:

| <b>Particulars</b>   | <b>31.03.2017</b> | <b>31.03.2016</b> |
|--|-------------------|-------------------|
| Cash and Cash equivalents as per Cash Flow statement                               | 85                | 130               |
| Add: Balances which are earmarked against liabilities and is not available for use | 804               | 360               |
| Cash and Cash equivalents as reported in Financial Statements                      | 889               | 490               |

**MANIKAM RAMASWAMI**  
*Managing Director*

**VALLI M RAMASWAMI**  
**P.MANIVANNAN**  
**K.J.M SHETTY**  
**S VENKATARAMANI**  
**SRIDHAR SUBRAHMANYAM**  
*Directors*

**V.BALAMURUGAN**  
Company Secretary

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

DATE : 29.05.2017  
PLACE: CHENNAI

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



# 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) INVENTORIES

a) Inventories are valued at lower of cost and 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.

### C) 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.

### D) 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.

### E) 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) Service / Process Charge is accounted on completed service contract method.
- iii) Rental Income / Interest income is recognized on time proportion basis.
- iv) Dividend income on investments and claims are accounted for, when the right to receive the payment is established. Dividend from foreign company is accounted on receipt.
- v) Incentives receivable from Government is accounted on certainty of receipt.

### F) EXPORT INCENTIVES

- 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 MEIS Scrips for which no obligation is attached, is recognised under income approach method.

### G) EXPENDITURE

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

### H) PROPERTY, PLANT AND EQUIPMENT:

- 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 less impairment loss. 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. Exchange fluctuations are considered to cost up to commencement. 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 Property, Plant and Equipment 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

# Notes Accompanying Financial Statements

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 estimated useful lives, residual values and the depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.
- v) 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 Statement of Profit and Loss. 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.

## I) FOREIGN CURRENCY TRANSACTIONS

- i) Foreign Currency transactions are recorded at the negotiated rates prevailing on the dates of transactions. Exchange differences 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 yearend 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 Statement of Profit and Loss.

## J) INVESTMENTS

Investments being long term are valued at Cost. Provision is made for diminution in value, other than temporary, when considered necessary.

The carrying amount of current investments is lower of cost and fair value. In respect of investments for which an active market exists, it has been valued at fair value.

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

## L) BORROWING COSTS

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

## M) 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.
- 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.

# Notes Accompanying Financial Statements

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

## N) LEASES

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

## O) 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.

## P) TAXES ON INCOME

Current Tax is determined on the basis of taxable income for the year. Deferred tax is recognised for all timing differences only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised, subject to the consideration of prudence.

Deferred tax in respect of timing difference which reverse during the tax holiday period is not recognised to the extent deduction from total income is allowed during the tax holiday period as per the provisions of the Income Tax Act, 1961.

## Q) RESEARCH AND DEVELOPMENT COSTS

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

## R) 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.

## S) 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.

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

(Rs.in Lakhs)

| Particulars  | As at<br>31.03.2017 | As at<br>31.03.2016 |
|--|---------------------|---------------------|
| <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<br>(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<br>(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<br>(Previous year 48,16,446 equity shares of Rs.10/- each)             | 482                 | 482                 |
|  | 482                 | 482                 |

# Notes Accompanying Financial Statements

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

| Particulars  | As at      | As at      |
|--|------------|------------|
|  | 31.03.2017 | 31.03.2016 |
| Number of shares outstanding as at the beginning of the year | 48,16,446  | 48,16,446  |
| Number of shares outstanding as at the end of the year       | 48,16,446  | 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 |            |
|------|---------------------------------------|--------------------------------------|------------|
|      |                                       | As at                                | As at      |
|      |                                       | 31.03.2017                           | 31.03.2016 |
| 1    | Madurai Tara Traders Pvt Ltd          | 7,76,887                             | 7,76,887   |
| 2    | Felspar Credit and Investment Pvt Ltd | 6,61,126                             | 6,61,126   |
| 3    | Dhanalakshmi Investment Pvt Ltd       | 6,29,343                             | 6,29,343   |
| 4    | Kurunji Investments Pvt Ltd           | 3,46,887                             | 3,46,887   |
| 5    | Chinthamani Investments Pvt Ltd       | 2,79,220                             | 2,79,220   |

( Rs in Lakhs )

| Particulars | As at 31.03.2017 | As at 31.03.2016 |
|-------------|------------------|------------------|
|-------------|------------------|------------------|

## Note No.3. RESERVES AND SURPLUS

### (a) Capital Reserves

|                            |    |    |
|----------------------------|----|----|
| Opening Balance            | 24 | 24 |
| Additions during the year  | -  | -  |
| Deductions during the year | -  | -  |
| Closing Balance            | 24 | 24 |

### (b) Capital Redemption Reserve

|                            |     |     |
|----------------------------|-----|-----|
| Opening Balance            | 430 | 430 |
| Additions during the year  | -   | -   |
| Deductions during the year | -   | -   |
| Closing Balance            | 430 | 430 |

### (c) Revaluation Reserve

|                            |    |    |
|----------------------------|----|----|
| Opening Balance            | 41 | 41 |
| Additions during the year  | -  | -  |
| Deductions during the year | -  | -  |
| Closing Balance            | 41 | 41 |

### (d) Amalgamation Reserve

|                            |     |     |
|----------------------------|-----|-----|
| Opening Balance            | 243 | 243 |
| Additions during the year  | -   | -   |
| Deductions during the year | -   | -   |
| Closing Balance            | 243 | 243 |

# Notes Accompanying Financial Statements

(Rs in Lakhs)

| Particulars  | As at 31.03.2017 | As at 31.03.2016 |
|--|------------------|------------------|
| <b>(e) General Reserve</b>                               |                  |                  |
| Opening Balance  | 8,475            | 8,214            |
| Add:   |                  |                  |
| Transfer from Surplus                                    | -                | 261              |
| Less:  |                  |                  |
| Deductions during the year                               | -                | -                |
| Closing Balance  | <u>8,475</u>     | <u>8,475</u>     |
| <b>(f) Surplus</b>                                       |                  |                  |
| Opening Balance  | 5,486            | 3,730            |
| Add:   |                  |                  |
| Profit for the period as per Profit & Loss Statement     | 2,669            | 2,597            |
| Less:  |                  |                  |
| Proposed Final dividend (PY @ 100% - Rs. 10/- per share) | -                | 482              |
| Tax on distributed profits on equity shares              | -                | 98               |
| Transfer to General Reserve                              | -                | 261              |
| Closing Balance  | <u>8,155</u>     | <u>5,486</u>     |
| <b>Total Reserves &amp; Surplus</b>                      | <u>17,367</u>    | <u>14,699</u>    |

## **NON-CURRENT LIABILITIES**

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

#### **(A) Term Loans - Secured**

|                               |        |        |
|-------------------------------|--------|--------|
| - from Banks                  | 15,605 | 14,345 |
| - from Financial Institutions | 3,677  | 3,480  |

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 paripassu with one another.

- (i) Term loans availed from Central Bank of India and Karur Vysya Bank and Indian Bank to the extent of Rs.158.31 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 Chairman and Managing Director.
- (iv) Term loan instalments repayable minimum 4 and maximum 24 instalments.

#### **(B) Other Loans And Advances : Unsecured**

|  |               |               |
|--|---------------|---------------|
| Inter corporate deposit                      | 200           | 200           |
| - Interest free - repayable beyond 12 months |               |               |
|  | <u>19,482</u> | <u>18,025</u> |

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

|   |              |              |
|---|--------------|--------------|
| Deferred Tax Liabilities - on account of Depreciation                   | 3,921        | 4,710        |
| Deferred Tax Assets - on account of timing differences under Income tax | (653)        | (683)        |
| Deferred Tax Liabilities (Net)  | <u>3,268</u> | <u>4,027</u> |

# Notes Accompanying Financial Statements

( Rs in Lakhs )

| Particulars   | As at 31.03.2017 | As at 31.03.2016 |
|---|------------------|------------------|
| <b>CURRENT LIABILITIES</b>  |                  |                  |
| <b>Note No.6 SHORT TERM BORROWINGS:</b>   |                  |                  |
| <b>Loans Repayable On Demand - From Banks</b>   |                  |                  |
| <b>Secured</b>  |                  |                  |
| 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 and are guaranteed by the Chairman and Managing Director. | 21,748           | 24,361           |
|   | <b>21,748</b>    | <b>24,361</b>    |
| <b>Note No.7. OTHER CURRENT LIABILITIES</b>   |                  |                  |
| Current Maturities of Long term Debts   | 6,535            | 7,495            |
| Interest accrued but not due on borrowings  | 60               | 164              |
| Unclaimed Dividends   | 72               | 59               |
| Creditor for Capital Goods  | 213              | 221              |
| Expenses Payable  | 8,402            | 6,841            |
| Statutory Liabilities Payable   | 275              | 120              |
| Advance received against Supplies   | 495              | 597              |
|   | <b>16,052</b>    | <b>15,497</b>    |
| <b>Note No.8. SHORT-TERM PROVISIONS</b>   |                  |                  |
| For Provident Fund and Other Funds  | 82               | 88               |
| Provision for Gratuity  | 19               | 128              |
| Provision for Leave Salary  | 60               | 85               |
| Proposed Dividend (Refer Note No. 30)   |                  | 482              |
| Tax on Proposed Dividend (Refer Note No. 30)  |                  | 98               |
|   | <b>161</b>       | <b>881</b>       |

# Notes Accompanying Financial Statements

## NOTE NO. 9 PROPERTY, PLANT & EQUIPMENT

(Rs. in Lakhs)

| Description                    | Gross Block                    |              |                       | Depreciation and Amortization  |                            |              | Net Block    |                            |                                  |                                  |
|--------------------------------|--------------------------------|--------------|-----------------------|--------------------------------|----------------------------|--------------|--------------|----------------------------|----------------------------------|----------------------------------|
|                                | Carrying Cost as at 01.04.2016 | Addition     | Sales / Adjust - ment | Carrying Cost as at 31.03.2017 | Acc. Dep. as at 01.04.2016 | For the year | With- drawal | Acc. Dep. as at 31.03.2017 | Carrying amount as at 31.03.2017 | Carrying amount as at 31.03.2016 |
| <b>LAND</b>                    |                                |              |                       |                                |                            |              |              |                            |                                  |                                  |
| - OWN                          | 1,331                          |              |                       | 1,331                          |                            |              |              |                            | 1,331                            | 1,331                            |
| - LEASE HOLD                   | 228                            |              |                       | 228                            | 2                          | 2            |              | 3                          | 225                              | 227                              |
| <b>BUILDINGS</b>               |                                |              |                       |                                |                            |              |              |                            |                                  |                                  |
| - OWN                          | 12,690                         | 1,402        |                       | 14,093                         | 3,625                      | 435          |              | 4,060                      | 10,033                           | 9,065                            |
| - LEASED OUT                   | 422                            |              |                       | 422                            | 55                         | 20           |              | 75                         | 347                              | 367                              |
| <b>FURNITURE</b>               |                                |              |                       |                                |                            |              |              |                            |                                  |                                  |
| - OWN                          | 338                            | 67           |                       | 405                            | 172                        | 52           |              | 223                        | 177                              | 162                              |
| - LEASED OUT                   |                                |              |                       |                                |                            |              |              |                            |                                  |                                  |
| <b>PLANT &amp; MACHINERY</b>   |                                |              |                       |                                |                            |              |              |                            |                                  |                                  |
| - OWN                          | 93,007                         | 2,650        | 742                   | 94,915                         | 57,911                     | 5,839        | 447          | 63,303                     | 31,612                           | 35,096                           |
| - LEASED OUT                   | 2,059                          | 7            | 11                    | 2,054                          | 1,715                      | 48           | 11           | 1,752                      | 302                              | 344                              |
| <b>VEHICLES</b>                |                                |              |                       |                                |                            |              |              |                            |                                  |                                  |
| - OWN                          | 569                            | 35           | 53                    | 552                            | 387                        | 55           | 37           | 405                        | 147                              | 182                              |
| - LEASED OUT                   | 14                             |              |                       | 14                             | 9                          | 2            |              | 11                         | 3                                | 5                                |
| <b>COMPUTERS</b>               |                                |              |                       |                                |                            |              |              |                            |                                  |                                  |
| - OWN                          | 391                            | 144          |                       | 535                            | 276                        | 98           |              | 374                        | 166                              | 120                              |
| - LEASED OUT                   |                                |              |                       |                                |                            |              |              |                            |                                  |                                  |
| <b>ELETRICAL INSTALLATIONS</b> |                                |              |                       |                                |                            |              |              |                            |                                  |                                  |
| - OWN                          | 1,973                          | 42           |                       | 2,015                          | 757                        | 217          |              | 973                        | 1,042                            | 1,216                            |
| - LEASED OUT                   | 29                             |              |                       | 29                             | 5                          | 3            |              | 7                          | 21                               | 24                               |
| <b>TOTAL</b>                   | <b>1,13,052</b>                | <b>4,348</b> | <b>806</b>            | <b>1,16,593</b>                | <b>64,913</b>              | <b>6,770</b> | <b>495</b>   | <b>71,188</b>              | <b>45,406</b>                    | <b>48,139</b>                    |

Notes:

- Adjustment/Sale includes the following:
  - Assets retired from active use and held for Disposal - NIL
  - Acquisition through Business Combination - NIL
  - Increase/Decrease resulting from Revaluation of - NIL
- Accumulated Depreciation includes impairment loss of Rs. NIL for the year.
- Impairment loss during the year recognized or reversed is NIL.

# Notes Accompanying Financial Statements

(Rs. in Lakhs)

Financial Year 2015-16

Note No.9 Property, Plant & Equipment

| Description              | Gross Block                    |              |                      | Depreciation                   |                            |              | Net Block  |                            |                                  |                                  |
|--------------------------|--------------------------------|--------------|----------------------|--------------------------------|----------------------------|--------------|------------|----------------------------|----------------------------------|----------------------------------|
|                          | Carrying Cost as at 01.04.2015 | Addition     | Sales / Adjust -ment | Carrying Cost as at 31.03.2016 | Acc. Dep. as at 01.04.2015 | For the year | Withdrawal | Acc. Dep. as at 31.03.2016 | Carrying amount as at 31.03.2016 | Carrying amount as at 31.03.2015 |
| LAND                     | 1,394                          |              |                      | 1,394                          |                            |              |            |                            | 1,394                            | 1,394                            |
| - OWNED                  |                                |              |                      |                                |                            |              |            |                            |                                  |                                  |
| - LEASE HOLD BUILDINGS   | 165                            | 165          |                      | 165                            |                            | 2            |            | 2                          | 164                              | NIL                              |
| - OWNED                  | 11,840                         | 850          |                      | 12,690                         | 3,205                      | 420          |            | 3,625                      | 9,065                            | 8,635                            |
| - LEASED OUT**           | 422                            |              |                      | 422                            | 33                         | 22           |            | 55                         | 367                              | 389                              |
| FURNITURE                |                                |              |                      |                                |                            |              |            |                            |                                  |                                  |
| - OWNED                  | 235                            | 104          |                      | 338                            | 134                        | 38           |            | 172                        | 167                              | 101                              |
| PLANT & MACHINERY        |                                |              |                      |                                |                            |              |            |                            |                                  |                                  |
| - OWNED                  | 88,637                         | 4,875        | 504                  | 93,007                         | 52,486                     | 5,803        | 378        | 57,911                     | 35,096                           | 36,151                           |
| - LEASED OUT**           | 2,081                          |              | 22                   | 2,059                          | 1,600                      | 125          | 9          | 1,715                      | 344                              | 481                              |
| VEHICLES                 |                                |              |                      |                                |                            |              |            |                            |                                  |                                  |
| - OWNED                  | 562                            | 68           | 60                   | 569                            | 358                        | 64           | 35         | 387                        | 182                              | 204                              |
| - LEASED OUT**           | 14                             |              |                      | 14                             | 7                          | 2            |            | 9                          | 5                                | 8                                |
| COMPUTERS                |                                |              |                      |                                |                            |              |            |                            |                                  |                                  |
| - OWNED                  | 276                            | 131          | 16                   | 391                            | 245                        | 46           | 15         | 276                        | 115                              | 31                               |
| ELECTRICAL INSTALLATIONS |                                |              |                      |                                |                            |              |            |                            |                                  |                                  |
| - OWNED                  | 1,689                          | 284          |                      | 1,973                          | 559                        | 197          |            | 757                        | 1,216                            | 1,130                            |
| - LEASED OUT**           | 29                             |              |                      | 29                             | 2                          | 3            |            | 5                          | 24                               | 27                               |
| <b>TOTAL</b>             | <b>1,07,178</b>                | <b>6,476</b> | <b>602</b>           | <b>1,13,052</b>                | <b>58,629</b>              | <b>6,721</b> | <b>437</b> | <b>64,913</b>              | <b>48,139</b>                    | <b>48,550</b>                    |

\*\* 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 - AT COST

(Rs. in Lakhs)

| Particulars                             | As at 31.03.2017 | As at 31.03.2016 |
|---|------------------|------------------|
| Land pending registration               | 201              | 120              |
| Plant & Machinery under erection        | 97               | 773              |
| Electrical Installations under erection | 12               | 2                |
| Building under construction             | NIL              | 524              |
| Computer under erection                 | NIL              | 93               |
| <b>Total</b>                            | <b>310</b>       | <b>1 512</b>     |



# Notes Accompanying Financial Statements

(Rs. in Lakhs)

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

| S.No      | Particulars  | Face value | No of Shares | 31.03.2017 | No of Shares | 31.03.2016 |
|-----------|--|------------|--------------|------------|--------------|------------|
| <b>I</b>  | <b><u>Trade Investments</u></b>                        |            |              |            |              |            |
|           | <b><u>Investments in Equity Instruments:</u></b>       |            |              |            |              |            |
|           | <b><u>A) Quoted</u></b>                                |            |              |            |              |            |
|           | Kitex Garments Limited                                 | 1          | 2,000        | 1          | 2,000        | 1          |
|           | <b><u>B) Unquoted</u></b>                              |            |              |            |              |            |
| 1         | Gruppo P&P Loyal spa (Joint Venture 47.5%)             | Euro 85    | 3,325        | 149        | 3,325        | 149        |
| 2         | Loyal Dimco Group A.E.B.E.(Joint venture 50%)          |            | 50,000       | 18         | 50,000       | 18         |
| 3         | Loyal Textiles (UK) Ltd (49%)                          |            | 2,450        |            | 2,450        |            |
| 4         | Loyal International Sourcing Pvt Ltd (Subsidiary 100%) | 10         | 20,000       | 2          | 20,000       | 2          |
| 5         | Loyal IRV Textile LDA, Portugal (Joint Venture 51%)    | Euro 1     | 2,550        | 2          | 2,550        | 2          |
| 6         | Cuddalore Sipcot Industries Common Utilities Limited   | 100        | 4,665        | 5          | 4,665        | 5          |
| 7         | SIMA Textile Processing Centre Ltd                     | 10         | 20,000       | 2          | 20,000       | 2          |
|           |  |            |              | <b>178</b> |              | <b>178</b> |
| <b>II</b> | <b><u>Other Investments</u></b>                        |            |              |            |              |            |
|           | <b><u>Investments in Equity Instruments:</u></b>       |            |              |            |              |            |
|           | <b><u>A) Quoted</u></b>                                |            |              |            |              |            |
| 1         | Central Bank of India                                  | 10         | 1,469        | 2          | 1,469        | 2          |
| 2         | Hatsun Agro Food                                       | 1          | 3,948        | 10         | 2,820        | 10         |
| 3         | Page Industries Limited                                | 10         | 75           | 10         | 75           | 10         |
| 4         | Reliance gold -ETF-Units                               |            | 6,525        | 133        | 6,750        | 133        |
| 5         | Larsen and Toubro Limited                              | -          | -            | -          | 412          | 5          |
| 6         | Oil & Natural Gas Corporation Ltd                      | -          | -            | -          | 27,665       | 100        |
| 7         | State Bank of India                                    | -          | -            | -          | 20,850       | 56         |
|           |  |            |              | <b>155</b> |              | <b>316</b> |
|           | <b><u>B) Unquoted</u></b>                              |            |              |            |              |            |
|           | Matrimony.com Ltd                                      | 5          | 2,120        | 15         | 1,058        | 10         |
|           | <b>Investment in Government or trust securities</b>    |            |              |            |              |            |
|           | <b>Total</b>   |            |              | <b>348</b> |              | <b>505</b> |

| Particulars                             | As at 31.03.2017 | As at 31.03.2016 |
|---|------------------|------------------|
| Aggregate Value of Quoted Investments   | 155              | 316              |
| Market Value of Quoted Investments      | 212              | 304              |
| Aggregate Value of Unquoted Investments | 193              | 188              |

# Notes Accompanying Financial Statements

(Rs. in Lakhs)

## Note No. 12. LONG-TERM LOANS AND ADVANCES

| Particulars                | As at 31.03.2017 | As at 31.03.2016 |
|----------------------------|------------------|------------------|
| Capital Advances           |                  |                  |
| Unsecured, Considered good | 1,005            | 502              |
|                            | <u>1,005</u>     | <u>502</u>       |

## Note No. 13. CURRENT INVESTMENTS

| Particulars   | No. of Shares | Face value | 31.03.2017 | No. of Shares | 31.03.2016 |
|---|---------------|------------|------------|---------------|------------|
| <b>(A) Trade Investments</b>                        |               |            |            |               |            |
| <b>Investments in Equity Instruments - Unquoted</b> |               |            |            |               |            |
| Echanda Urja Private Ltd                            | 63,010        | 10         | 6          | 63,010        | 6          |
| TVH Energy Resource Private Ltd                     | 36,500        | 10         | 20         | 196,400       | 20         |
| Saheli Exports Private Limited                      | 10,600        | 10         | 5          |               |            |
| RVK Energy Private Limited                          | 5,168,470     | 10         | 517        |               |            |
| OPG Power Generation Pvt Ltd                        | 63,000        | 10         | 7          |               |            |
| Cauvery Power Generation Chennai Private Limited    | 400,000       | 10         | 40         |               |            |
| Aggregate Amount of Unquoted Investments            |               |            | <u>595</u> |               | <u>26</u>  |
| <b>Total</b>  |               |            | <u>595</u> | 0             | <u>26</u>  |

## Note No. 14. INVENTORIES

|  |               |               |
|--|---------------|---------------|
| (a) Raw Materials                        | 6,510         | 3,663         |
| (b) Work-in-progress                     | 4,866         | 4,140         |
| (c) Finished Goods                       | 7,156         | 6,706         |
| (d) Stores, spares and Packing Materials | 1,644         | 1,074         |
|  | <u>20,176</u> | <u>15,583</u> |

## Note No. 15. TRADE RECEIVABLES

### (A) Trade receivables outstanding for more than six months from the date they become due for payment:

|                                       |              |              |
|---------------------------------------|--------------|--------------|
| (i) Unsecured, Considered good        | 14           | 43           |
| (ii) Considered doubtful              | 583          | 453          |
|                                       | <u>597</u>   | <u>496</u>   |
| Less : Allowance for bad and doubtful | (583)        | (453)        |
|                                       | <u>14</u>    | <u>43</u>    |
| <b>(B) Trade receivables (others)</b> |              |              |
| (i) Unsecured, Considered good        | 7,128        | 4,836        |
|                                       | <u>7,142</u> | <u>4,880</u> |

## Note No.16. CASH AND CASH EQUIVALENTS

### (I) Cash and cash equivalents

|                    |    |     |
|--------------------|----|-----|
| Balance with banks | 64 | 110 |
| Cash on hand       | 21 | 20  |

# Notes Accompanying Financial Statements

(Rs. in Lakhs)

| Particulars  | As at 31.03.2017 | As at 31.03.2016 |
|--|------------------|------------------|
| <b>(II) Earmarked Bank Balances</b>                                    |                  |                  |
| - Unpaid Dividend Bank account   | 72               | 59               |
| <b>(III) Bank balances held as margin money or as security</b>         | <u>732</u>       | <u>301</u>       |
|  | <u>889</u>       | <u>490</u>       |
| <b>Note No. 17. SHORT TERM LOANS AND ADVANCES</b>                      |                  |                  |
| Tax payments pending adjustments (Net)                                 | <u>1,385</u>     | <u>1,374</u>     |
|  | <u>1,385</u>     | <u>1,374</u>     |
| <b>Note No. 18. OTHER CURRENT ASSETS</b>                               |                  |                  |
| a) Interest Receivable   | 426              | 729              |
| b) Export Benefits Receivable  | 879              | 1,512            |
| c) Refund Receivable   | 1,725            | 1,063            |
| d) Advances recoverable in cash or in kind or for value to be received | 3,697            | 6,439            |
| e) Deposits  | <u>2,025</u>     | <u>1,706</u>     |
|  | <u>8,752</u>     | <u>11,449</u>    |
| <b>NOTE NO.19. REVENUE FROM OPERATIONS</b>                             |                  |                  |
| Sale of Products   | 1,05,237         | 1,09,589         |
| Sale of Services   | 283              | 318              |
| Other operating Revenues   | 7,954            | 7,918            |
| Less: Excise Duty  |                  |                  |
|  | <u>1,13,474</u>  | <u>1,17,825</u>  |
| <b>NOTE NO.20. OTHER INCOME</b>  |                  |                  |
| Interest Income  | 136              | 106              |
| Dividend Income  | 1                | 57               |
| Other Non operating income   | <u>246</u>       | <u>87</u>        |
|  | <u>383</u>       | <u>250</u>       |
| <b>NOTE NO.21. COST OF MATERIALS CONSUMED</b>                          |                  |                  |
| i) Cotton, Staple Fibre and Cotton waste                               | 35,680           | 33,992           |
| ii) Yarn   | 14,996           | 9,199            |
| iii) Cloth   | 39               | 273              |
| iv) Dyes   | 228              | 563              |
| v) Reflective band   | <u>107</u>       | <u>371</u>       |
|  | <u>51,050</u>    | <u>44,398</u>    |
| <b>NOTE NO.22. PURCHASE OF STOCK-IN-TRADE</b>                          |                  |                  |
| Yarn   | 7,860            | 13,680           |
| Cloth  | <u>11,279</u>    | <u>10,682</u>    |
|  | <u>19,139</u>    | <u>24,362</u>    |

# Notes Accompanying Financial Statements

## NOTE NO.23. CHANGES IN INVENTORIES

|                     |               |               |
|---------------------|---------------|---------------|
| OPENING STOCK       |               |               |
| Process Stock       | 4,140         | 3,400         |
| Finished goods      | 6,706         | 6,411         |
| TOTAL (A)           | <u>10,846</u> | <u>9,811</u>  |
| LESS: CLOSING STOCK |               |               |
| Process Stock       | 4,866         | 4,140         |
| Finished goods      | 7,156         | 6,706         |
| TOTAL (B)           | <u>12,022</u> | <u>10,846</u> |

## CHANGES IN INVENTORIES (A-B)

|                |                |                |
|----------------|----------------|----------------|
| Process Stock  | (726)          | (740)          |
| Finished goods | (450)          | (295)          |
|                | <u>(1,176)</u> | <u>(1,035)</u> |

## NOTE NO.24. EMPLOYEE BENEFITS EXPENSES

|  |              |              |
|--|--------------|--------------|
| Salaries, Wages and Bonus *                    | 7,324        | 7,311        |
| Unavailed earned Leave                         | 78           | 122          |
| Contribution to Provident Fund and other funds | 711          | 846          |
| Other Welfare Expenses                         | 687          | 741          |
|  | <u>8,800</u> | <u>9,020</u> |

\* includes amount paid to Whole Time Director amounting to Rs. 6.15 Lakhs which is subject to approval of the members at the Annual General Meeting

## NOTE NO.25. FINANCE COSTS

|                      |              |              |
|----------------------|--------------|--------------|
| Interest Expenses    | 3,956        | 5,379        |
| Other Borrowing Cost | 247          | 73           |
|                      | <u>4,203</u> | <u>5,452</u> |

## NOTE NO.26. DEPRECIATION AND AMORTISATION EXPENSE

|                              |              |              |
|------------------------------|--------------|--------------|
| Building                     | 455          | 442          |
| Plant and Machinery          | 5,887        | 5,927        |
| Furniture                    | 52           | 38           |
| Vehicle                      | 57           | 66           |
| Computer                     | 98           | 46           |
| Electrical Installations     | 219          | 200          |
| Amortization expenses - Land | 2            | 2            |
| TOTAL                        | <u>6,770</u> | <u>6,721</u> |

## NOTE NO.27. OTHER EXPENSES

|                                |       |       |
|--------------------------------|-------|-------|
| Freight and forwarding charges | 2,430 | 2,710 |
| Brokerage and Commission       | 1,074 | 1,538 |
| Selling Expenses               | 358   | 345   |
| <b>PAYMENT TO THE AUDITORS</b> |       |       |
| As Auditors                    | 9     | 9     |
| For Taxation Matters           | 6     | 10    |
| For Certification work         | 3     | 3     |
| For Service Tax                | 3     | 3     |

# Notes Accompanying Financial Statements

(Rs. in Lakhs)

| PARTICULARS                                 | For the year ended<br>31.03.2017 | For the year ended<br>31.03.2016 |
|---|----------------------------------|----------------------------------|
| For Reimbursement of Expenses               | 2                                | 2                                |
| Conversion and Processing Charges           | 1,314                            | 1,859                            |
| Stores Consumed                             | 5,608                            | 4,135                            |
| Power and Fuel                              | 7,310                            | 9,642                            |
| Repairs to Machinery                        | 1,402                            | 2,741                            |
| Repairs to Building                         | 537                              | 359                              |
| Bank Charges                                | 640                              | 521                              |
| Insurance                                   | 212                              | 207                              |
| Bad Debts                                   | 150                              | 18                               |
| Rates and Taxes excluding Taxes on Income   | 228                              | 328                              |
| Provision for Doubtful Debts                | 130                              | 84                               |
| Expenditure on CSR Activities               | 55                               | 50                               |
| Loss on sale of Long Term Investments (Net) | 20                               | NIL                              |
| Rent  | 5                                | 8                                |
| Miscellaneous Expenses                      | 990                              | 1,291                            |
| <b>Total</b>                                | <b>22,486</b>                    | <b>25,864</b>                    |

## Additional Information

### A) SALE OF PRODUCTS

|                    |                 |                 |
|--------------------|-----------------|-----------------|
| i) Yarn            | 18,694          | 27,706          |
| ii) Cloth          | 33,016          | 32,468          |
| iii) Hosiery Cloth | 44,450          | 39,053          |
| iv) Garments       | 9,078           | 10,362          |
| <b>Total</b>       | <b>1,05,237</b> | <b>1,09,589</b> |

### B) INTEREST INCOME

|                 |            |            |
|-----------------|------------|------------|
| i) From Banks   | 24         | 21         |
| ii) From Others | 112        | 85         |
| <b>Total</b>    | <b>136</b> | <b>106</b> |

### C) VALUE OF IMPORTS CALCULATED ON CIF BASIS

|  |               |              |
|--|---------------|--------------|
| i) Raw Materials (Staple Fibre, cotton, dyes, reflective band) | 15,369        | 8,287        |
| ii) Components and Spares                                      | 367           | 316          |
| iii) Capital Goods   | 1,311         | 379          |
| <b>Total</b>   | <b>17,046</b> | <b>8,982</b> |

### D) CONSUMPTION OF RAW MATERIALS

|               |               |               |
|---------------|---------------|---------------|
| i) Indigenous | 36,140        | 36,163        |
| ii) Imported  | 14,911        | 8,235         |
| <b>Total</b>  | <b>51,050</b> | <b>44,398</b> |

### E) CONSUMPTION OF STORES AND SPARES

|               |              |              |
|---------------|--------------|--------------|
| i) Indigenous | 4,962        | 4,821        |
| ii) Imported  | 646          | 1,496        |
| <b>Total</b>  | <b>5,608</b> | <b>6,317</b> |

# Notes Accompanying Financial Statements

(Rs. in Lakhs)

| PARTICULARS  | For the year ended | For the year ended |
|--|--------------------|--------------------|
|  | 31.03.2017         | 31.03.2016         |
| <b>F) EXPENDITURE IN FOREIGN CURRENCY</b>  |                    |                    |
| i) Commission on export sales  | 966                | 1,272              |
| ii) On Account of Travel   | 34                 | 85                 |
| iii) Other professional charges  |                    | 3                  |
| iv) Subscription Fees  | 3                  |                    |
| v) Interest Expenditure  | 60                 |                    |
| vi) Salary   | 43                 | 33                 |
| <b>Total</b>   | <b>1,107</b>       | <b>1,392</b>       |
| <b>G) EARNINGS IN FOREIGN EXCHANGE</b>   |                    |                    |
| i) on export of goods, including export through Merchant Exporters calculated on FOB basis | 96,009             | 99,121             |
| ii) Dividends received   |                    | 54                 |
| <b>Total</b>   | <b>96,009</b>      | <b>99,175</b>      |

## 28) A. Contingent Liabilities (To the extent not provided for)

(Rs. in Lakhs)

|  | 31.03.2017 | 31.03.2016 |
|--|------------|------------|
| i) Claim against the Company not acknowledged as debts               | 43         | 26         |
| ii) Counter Guarantee given to Banks                                 | 101        | 101        |
| iii) On Account of Bills discounted                                  | 7,728      | 8,586      |
| iv) Disputed Sales tax demand not provided for                       | 164        | 126        |
| v) Disputed Service tax, Excise/Customs duty not provided for        |            | 109        |
| vi) On account of export obligation covered by letter of undertaking | 2,981      | 2,985      |

## B. Commitment :

|   |     |       |
|---|-----|-------|
| Estimated amount of Contracts remaining to be executed on Capital Accounts and not provided for | 866 | 1,106 |
|---|-----|-------|

29) Power and fuel cost is net of Rs. 47.75 Crores (P.Y. Rs.30.91 Crores) being electricity generated through Wind Mills and Rs. 3.60 Crores (P.Y. Rs. 3.61 Crores) being electricity generated through Solar Power.

30) The Board of Directors, at their meeting on 29.05.2017, recommended a dividend of 100% i.e Rs. 10/- per equity share for the financial year ended March 31, 2017. The proposal is subject to the approval of shareholders at the ensuing Annual General Meeting and if approved, would result in a cash outflow of approximately Rs. 579.70 lakhs including corporate dividend tax. To that extent, the amounts mentioned under Note No. 8 Short Term Provisions for the current year and previous year are not comparable. As per the amended AS-4, the dividend proposed would be accounted and paid out of the retained earnings available for distribution.

# Notes Accompanying Financial Statements

- 31) The existence of the restrictions on title and Property, Plant and Equipment pledged as security for liability is stated under Note No. 4 and Note No. 6. The amount of restriction is equal to the amount of outstanding liabilities.
- 32) No significant restriction is attached on the investments held outside India.
- 33) 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. 473.31 lacs (P.Y. Rs. 457.42 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  | (Rs.)                                   |   |
|--|---|---|
|  | 31.03.2017<br>Gratuity<br>(Funded Plan) | 31.03.2016<br>Gratuity<br>(Funded Plan) |
| Opening balance of Present Value of the Obligation | 10,13,07,232                            | 9,28,12,007                             |
| Interest Cost                                      | 75,95,301                               | 71,26,302                               |
| Current Service Cost                               | 71,89,396                               | 66,93,449                               |
| Benefits Paid                                      | (88,38,455)                             | (28,98,332)                             |
| Actuarial loss/(gain)                              | (2,14,01,200)                           | (24,26,194)                             |
| Closing balance of Present Value of the Obligation | <u>8,58,52,274</u>                      | <u>10,13,07,232</u>                     |

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

|  | 31.03.2017          | 31.03.2016         |
|--|---------------------|--------------------|
| Opening balance Fair Value of Plan Asset     | 9,75,88,548         | 8,10,53,227        |
| Expected return on plan assets               | 83,86,889           | 74,50,060          |
| Contribution by the Company                  | 80,00,000           | 1,26,28,857        |
| Benefits Paid                                | (88,38,455)         | (28,98,332)        |
| Actuarial gain/(loss)                        | 7,68,321            | (6,45,264)         |
| Closing balance of Fair Value of Plan Assets | <u>10,59,05,303</u> | <u>9,75,88,548</u> |

# Notes Accompanying Financial Statements

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

|   | 31.03.2017          | 31.03.2016   | 31.03.2015    | 31.03.2014  | 31.03.2013  |
|---|---------------------|--------------|---------------|-------------|-------------|
| Present value of the obligation         | <b>8,58,52,274</b>  | 10,13,07,232 | 9,28,12,007   | 7,32,19,885 | 7,02,43,028 |
| Fair value of the Plan assets           | <b>10,59,05,303</b> | 9,75,88,548  | 8,10,53,227   | 7,47,74,273 | 6,18,18,916 |
| Surplus/(Deficit) Experience            | <b>2,00,53,029</b>  | (37,18,684)  | (1,17,58,780) | 15,54,388   | (84,24,112) |
| adjustments on plan liabilities         | <b>2,14,01,200</b>  | 24,26,194    | (69,02,393)   | 46,83,464   | (16,40,576) |
| (loss)/ gain Experience                 | <b>7,68,321</b>     | (6,45,264)   | (1,57,013)    | 36,14,317   | (1,66,463)  |
| adjustments on plan assets (loss)/ gain |                     |              |               |             |             |

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

|  | 31.03.2017           | 31.03.2016  |
|--|----------------------|-------------|
| Current Service Cost                             | <b>71,89,396</b>     | 66,93,449   |
| Interest Cost                                    | <b>75,95,301</b>     | 71,26,302   |
| Expected return on plan assets                   | <b>(83,86,889)</b>   | (74,50,060) |
| Net Actuarial (gain)/loss recognised in the year | <b>(2,21,69,521)</b> | (17,80,930) |
|  | <b>(1,57,71,713)</b> | 45,88,761   |

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

|   | 31.03.2017    | 31.03.2016 |
|---|---------------|------------|
| a) Government Securities                  | <b>39.68%</b> | 66.42%     |
| b) Bank deposits (Special deposit scheme) | <b>1.85%</b>  | 2.30%      |
| c) Others / approved securities           | <b>58.48%</b> | 31.28%     |

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

|  | 31.03.2017   | 31.03.2016 |
|--|--------------|------------|
| Discount Rate                          | <b>7.10%</b> | 7.85%      |
| Salary Escalation Rate                 | <b>9.00%</b> | 9.00%      |
| Attrition Rate                         | <b>6.00%</b> | 5.00%      |
| Expected rate of return on plan assets | <b>8.50%</b> | 8.50%      |

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.

34) Borrowing cost capitalised during the year is NIL (P.Y. Rs. 20.83 Lacs)

35) Certain knitting machinery at Valli Textile Mills and Chinthamani Textile Mills divisions and Fixed assets of Ginning unit at Thallada, Telangana were given on cancellable operating lease at a monthly lease rent.



# Notes Accompanying Financial Statements

|   | 31.03.2017   | 31.03.2016   |
|---|--------------|--------------|
| <b>36) EARNINGS PER SHARE</b>             |              |              |
| (a) Opening / Closing number of shares    | 48,16,446    | 48,16,446    |
| (b) Profit / Loss after Tax Expense (Rs.) | 26,68,59,024 | 25,97,47,570 |
| (c) Earnings per share (Rs.)              | 55.41        | 53.93        |
| (d) Face value of shares (Rs.)            | 10.00        | 10.00        |

## 37) Research and Development Expenditure

| Particulars         | (Rs. in Lakhs)<br>31.03.2017 | 31.03.2016   |
|---------------------|------------------------------|--------------|
| Capital Expenditure | -                            | Nil          |
| Revenue Expenditure | -                            | 65.09        |
| <b>TOTAL</b>        | -                            | <b>65.09</b> |

## 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 2017.
- b) The net gain/loss on cancellation of Forward Contracts during the year is taken to the Statement of Profit and Loss. 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.

39) Based on the information available with the Company, the principal amount due to Micro Small and Medium Enterprises as on 31.03.17 is Rs. NIL. There has been no overdue principal amount and therefore no interest is paid / payable.

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) Disclosure on Specified Bank Notes:

| Particulars                           | SBNs        | Other Denomination | Total       |
|---------------------------------------|-------------|--------------------|-------------|
| Closing cash in hand as on 08-11-2016 | 1,126,000   | 2,118,058          | 3,244,058   |
| Add: Permitted receipts               | -           | 4,084,971          | 4,084,971   |
| Less: Permitted payments              | -           | (4,572,364)        | (4,572,364) |
| Less: Amount deposited in Banks       | (1,126,000) | -100               | (1,126,100) |
| Closing cash in hand as on 30-12-2016 | -           | 1,630,565          | 1,630,565   |

42) There is no amount due and outstanding to be credited to Investors' Education and Protection Fund.

43) Balances of certain parties are subject to confirmation / reconciliation if any.

# Notes Accompanying Financial Statements

## Note No. 44 : SEGMENT REPORTING

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

(Rs. in lakhs)

|  | Yarn Manufacturing |               | Yarn Trading |               | Cloth         |               | Cloth Trading |               | Garments     |               | Total           |                 |
|--|--------------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|---------------|-----------------|-----------------|
|  | 31.03.2017         | 31.03.2016    | 31.03.2017   | 31.03.2016    | 31.03.2017    | 31.03.2016    | 31.03.2017    | 31.03.2016    | 31.03.2017   | 31.03.2016    | 31.03.2017      | 31.03.2016      |
| <b>Revenue</b>                               |                    |               |              |               |               |               |               |               |              |               |                 |                 |
| External Sales                               | 11,215             | 12,790        | 8,281        | 14,971        | 64,990        | 60,301        | 11,672        | 11,483        | 9,361        | 10,362        | 1,05,519        | 1,09,907        |
| Inter-segment transfer                       |                    |               |              |               | 5,878         | 6,139         |               |               |              |               | 5,878           | 6,139           |
|  | <b>11,215</b>      | <b>12,790</b> | <b>8,281</b> | <b>14,971</b> | <b>70,868</b> | <b>66,440</b> | <b>11,672</b> | <b>11,483</b> | <b>9,361</b> | <b>10,362</b> | <b>1,11,397</b> | <b>1,16,046</b> |
| <b>Results</b>                               |                    |               |              |               |               |               |               |               |              |               |                 |                 |
| Segment Results                              | 2,155              | 3,711         | 128          | 817           | 2,211         | 1,982         | 788           | 814           | 1,122        | 1,243         | 6,405           | 8,566           |
| Add: Unallocated income/ (expenditure) (Net) |                    |               |              |               |               |               |               |               |              |               | 383             | 178             |
| <b>Profit from Operations</b>                |                    |               |              |               |               |               |               |               |              |               | <b>6,788</b>    | <b>8,744</b>    |
| Interest Expenses                            |                    |               |              |               |               |               |               |               |              |               | 4,203           | 5,452           |
| <b>Profit before tax</b>                     |                    |               |              |               |               |               |               |               |              |               | <b>2,585</b>    | <b>3,292</b>    |
| Tax  |                    |               |              |               |               |               |               |               |              |               | (84)            | 695             |
| <b>Profit after tax</b>                      |                    |               |              |               |               |               |               |               |              |               | <b>2,669</b>    | <b>2,597</b>    |
| <b>OTHER INFORMATION:</b>                    |                    |               |              |               |               |               |               |               |              |               |                 |                 |
| Segment Assets                               | 25,612             | 23,356        | 1,256        | 2,299         | 50,048        | 48,973        | 1,771         | 1,764         | 4,994        | 6,163         | 83,681          | 82,555          |
| Unallocable Assets                           |                    |               |              |               |               |               |               |               |              |               | 2,328           | 3,705           |
| <b>Total Assets</b>                          |                    |               |              |               |               |               |               |               |              |               | <b>86,009</b>   | <b>86,261</b>   |
| Segment Liabilities                          | 2,382              | 2,293         | 1,759        | 2,695         | 15,053        | 10,808        | 2,479         | 2,067         | 1,988        | 1,865         | 23,662          | 19,728          |
| Unallocable Liabilities                      |                    |               |              |               |               |               |               |               |              |               |                 |                 |
| <b>Total Liabilities</b>                     |                    |               |              |               |               |               |               |               |              |               | <b>23,662</b>   | <b>19,728</b>   |
| Segment Capital Expenditure                  | 333                | 824           |              |               | 3,453         | 5,328         |               |               | 562          | 324           | 4,348           | 6,476           |
| Unallocable Capital Expenditure              |                    |               |              |               |               |               |               |               |              |               |                 |                 |
| <b>Total Capital Expenditure</b>             |                    |               |              |               |               |               |               |               |              |               | <b>4,348</b>    | <b>6,476</b>    |
| Segment Depreciation                         | 1,209              | 4,498         |              |               | 5,294         | 2,021         |               |               | 267          | 202           | 6,770           | 6,721           |
| Unallocable Depreciation                     |                    |               |              |               |               |               |               |               |              |               |                 |                 |
| <b>Total Depreciation</b>                    |                    |               |              |               |               |               |               |               |              |               | <b>6,770</b>    | <b>6,721</b>    |

### (B) SECONDARY SEGMENT - GEOGRAPHICAL

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

Rs. in lakhs

| Region  | 31.3.2017       | 31.03.2016      |
|---------|-----------------|-----------------|
| Europe  | 12,725          | 18,360          |
| Asia    | 65,971          | 60,624          |
| America | 23,588          | 29,430          |
| Others  | 3,235           | 1,493           |
|         | <b>1,05,519</b> | <b>1,09,907</b> |

Rs. in lakhs

| Region  | 31.3.2017     | 31.03.2016    |
|---------|---------------|---------------|
| Europe  | 861           | 803           |
| Asia**  | 81,004        | 80,400        |
| America | 1,597         | 1,287         |
| Others  | 219           | 65            |
|         | <b>83,681</b> | <b>82,555</b> |

Rs. in lakhs

| Region  | 31.3.2017     | 31.03.2016    |
|---------|---------------|---------------|
| Europe  | 89            | 280           |
| Asia    | 23,387        | 18,976        |
| America | 164           | 449           |
| Others  | 23            | 23            |
|         | <b>23,662</b> | <b>19,728</b> |

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

## 45. RELATED PARTY DISCLOSURES FOR THE FINANCIAL YEAR ENDED 31.03.2017

| No | 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 IRV Textile LDA, Portugal                | Joint Venture Company   |
| 4  | Loyal International Sourcing Private Limited   | Wholly owned subsidiary   |
| 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 Person   |
| 12 | Sri P.Manivannan (Director)                    | Key Managerial Personnel  |
| 13 | Smt Valli M Ramaswami (Woman Director)         | Key Managerial Personnel  |

|  | (Rs. in Lakhs)                         |  |   |            |
|--|--|--|---|------------|
|  | 31.03.2017                             | 31.03.2016                             | 31.03.2017  | 31.03.2016 |
| The name of the transacting related party                                | <b>Gruppo P&amp;P Loyal Spa, Italy</b> | <b>Loyal IRV Textile LDA, Portugal</b> | <b>Loyal International Sourcing Private Limited</b> |            |
| i) Description of the relationship between the parties                   | Joint Venture                          | Joint Venture                          | Wholly owned subsidiary                             |            |
| ii) Description of the nature of transactions:                           | Sale of Garments and Fabrics           | No operation                           |   |            |
| iii) Volume of the transactions:   | Purchases of Raw Materials             |  |   | Rs.1       |
| Sale of Garments   | 3,812.94                               | 5,256.62                               |   |            |
| Sale of Fabric   | 338.58                                 | 874.62                                 | 4.76  |            |
| Sale of Services   |  |  |   |            |
| Purchase of Reflective Band  | 84.23                                  | 438.19                                 |   |            |
| Purchase of Accessories  |  | 118.26                                 |   |            |
| v) Finance (including loans and equity contributions in cash or in kind) |  |  |   |            |
| During this year   |  |  | 25.54   | 314.57     |
| Year end balance   | 149.00                                 | 149.00                                 | 25.54   | 330.73     |

# Notes Accompanying Financial Statements

(Rs.in Lakhs)

|  | 31.03.2017                                  | 31.03.2016    | 31.03.2017                             | 31.03.2016   | 31.03.2017  | 31.03.2016   |
|--|---|---------------|--|--------------|---|--------------|
| The name of the transacting related party  | <b>Gruppo P&amp;P Loyal Spa, Italy</b>      |               | <b>Loyal IRV Textile LDA, Portugal</b> |              | <b>Loyal International Sourcing Private Limited</b> |              |
| vi) 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 | 662.50                                      | 446.20        | 33.57                                  | 33.57        | Rs. 150   |              |
| vii) Amount written off in the period of debts due from or to related parties  |   | 54.04         |  |              |   |              |
| viii) Dividend received  |   |               |  |              |   |              |
| ix) Remuneration paid to key managerial personnel:   | Sri. Manikam Ramaswami<br>Managing Director |               |  |              |   |              |
| Salary, Perquisites and Other allowances   | 23.98                                       | 24.03         | 12.84                                  | 14.45        | 12.00   | 12.00        |
| Contribution to provident fund - defined contribution plan   | 2.16  | 2.16          | 1.02                                   | 1.04         | 1.44  | 1.44         |
| Contribution to super annuation fund - defined benefit plan  | 2.34  | 2.34          | -                                      | -            | -   | -            |
| Commission   | 100.00                                      | 100.00        | -                                      | -            | -   | -            |
|  | <b>128.48</b>                               | <b>128.53</b> | <b>13.86</b>                           | <b>15.49</b> | <b>13.44</b>  | <b>13.44</b> |

Notes :- 1. There is no transaction with Loyal Dimco Group A.E.E Greece, during this year

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

46) Previous year figures have been regrouped wherever necessary to conform to the current year's classification.

47) Figures have been rounded off to the nearest lakh in the financial statement and in the accompanying notes.

**MANIKAM RAMASWAMI**  
Managing Director

**VALLI M RAMASWAMI**  
**P.MANIVANNAN**  
**K.J.M SHETTY**  
**S VENKATARAMANI**  
**SRIDHAR SUBRAHMANYAM**  
Directors

**V.BALAMURUGAN**  
Company Secretary

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

**LOYAL**

DATE : 29.05.2017  
PLACE: CHENNAI

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

# 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, 2017, 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. 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.

## 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, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

## 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.3411.73 lakhs as at 31<sup>st</sup> March, 2017, total revenues of

# Independent Auditors' Report

Rs.3707.09lakhs and net cash flows amounting to Rs. 187.30 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:

1. 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 of the aforesaid Consolidated Financial Statement.
- (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 Consolidated Balance Sheet, Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the aforesaid Consolidated 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 of group company as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act; and
- (f) With respect to the adequacy of the internal financial controls over the company and the operating effectiveness of such controls, refer to our separate report in "Annexure A" and
- (g) 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 group has disclosed the impact of pending litigations on Consolidated Financial Statement

which would impact its consolidated financial position –Refer note no. 30 to the Consolidated Financial Statements.

- II. The group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses in its Consolidated 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.
- IV. The Company has provided requisite disclosure in the Consolidated Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 of the Group entities as applicable. Based on the audit procedures and relying on the management representation we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management - Refer Note no. 37

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

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

DATE : 29.05.2017  
PLACE: CHENNAI

# Independent Auditors' Report

## ANNEXURE-A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF LOYAL TEXTILE MILLS LIMITED.

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

In conjunction with our audit of the consolidated financial statements of the company as of and for the year ended March 31, 2017, We have audited the internal financial controls over financial reporting of Loyal Textile Mills Limited (hereinafter referred to as "the Holding Company") its subsidiary LOYAL INTERNATIONAL SOURCING PRIVATE LIMITED, (the Holding Company and its subsidiary together referred to as "the Group"), which are the companies incorporated in India, as of that date.

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

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

### **Auditor's Responsibility:**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and

plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

### **Meaning of Internal Financial Controls Over Financial Reporting:**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the

# Independent Auditors' Report

internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion:

In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

PLACE: CHENNAI  
DATE : 29.05.2017

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



# Consolidated Balance Sheet as at 31<sup>st</sup> March 2017

(₹. in Lakhs)

| PARTICULARS                           | Note No | as at 31.03.2017 | as at 31.03.2016 |
|---------------------------------------|---------|------------------|------------------|
| <b>I. EQUITY AND LIABILITIES</b>      |         |                  |                  |
| (1) Shareholders' Funds               |         |                  |                  |
| (a) Share Capital                     | 2       | 482              | 482              |
| (b) Reserves and Surplus              | 3       | 18,479           | 15,804           |
| (2) Non-Current Liabilities           |         |                  |                  |
| (a) Long Term borrowings              | 4       | 19,479           | 18,024           |
| (b) Deferred Tax Liabilities (Net)    | 5       | 3,268            | 4,027            |
| (c) Long Term Provisions              |         | 1                | 1                |
| (3) Current Liabilities               |         |                  |                  |
| (a) Short- Term Borrowings            | 6       | 23,336           | 25,765           |
| (b) Trade payables                    |         |                  |                  |
| - Due to MSMED Enterprises            |         | Nil              | Nil              |
| - Due to other than MSMED Enterprises |         | 7,082            | 6,878            |
| (c) Other Current Liabilities         | 7       | 16,174           | 15,568           |
| (d) Short-Term Provisions             | 8       | 227              | 1,043            |
|                                       |         | <b>88,528</b>    | <b>87,592</b>    |
| <b>II. ASSETS</b>                     |         |                  |                  |
| (1) Non-Current Assets                |         |                  |                  |
| (a) Fixed Assets                      |         |                  |                  |
| (i) Property, Plant and Equipment     | 9       | 45,990           | 48,759           |
| (ii) Capital Work-in-progress         | 10      | 310              | 1,512            |
| (b) Non-Current investments           | 11      | 197              | 436              |
| (c) Long term Loans and advances      | 12      | 1,008            | 516              |
| (2) Current Assets                    |         |                  |                  |
| (a) Current investments               | 13      | 595              | 26               |
| (b) Inventories                       | 14      | 21,057           | 16,679           |
| (c) Trade Receivables                 | 15      | 8,188            | 6,507            |
| (d) Cash and cash equivalents         | 16      | 1,098            | 571              |
| (e) Short term loans and advances     | 17      | 1,395            | 1,404            |
| (f) Other Current assets              | 18      | 8,690            | 11,182           |
|                                       |         | <b>88,528</b>    | <b>87,592</b>    |

See accompanying notes to Consolidated Financial Statements 1 - 45

**MANIKAM RAMASWAMI**  
Managing Director

**VALLI M RAMASWAMI**  
**P.MANIVANNAN**  
**K.J.M.SHETTY**  
**S.VENKATARAMANI**  
**SHRIDHAR SUBRAMANYAM**  
Directors

**V.BALAMURUGAN**  
Company Secretary

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

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

DATE : 29.05.2017  
PLACE: CHENNAI

# Consolidated Profit and Loss Statement

## for the year ended 31st March 2017

(₹. in Lakhs)

| Particulars  | Note No | For the year ended<br>31.03.2017 | For the year ended<br>31.03.2016 |
|--|---------|----------------------------------|----------------------------------|
| I. Revenue from operations   | 19      | 1,11,544                         | 1,15,849                         |
| II. Other Income   | 20      | 409                              | 259                              |
| III. Total Revenue (I + II)  |         | <u>1,11,953</u>                  | <u>1,16,108</u>                  |
| IV. Expenses:  |         |                                  |                                  |
| Cost of materials consumed   | 21      | 51,050                           | 44,398                           |
| Purchase of Stock-in-Trade   | 22      | 15,903                           | 21,325                           |
| Changes in Inventories of  | 23      |                                  |                                  |
| Finished Goods   |         | (450)                            | (314)                            |
| Stock in Trade   |         | 194                              | (205)                            |
| Work-in-progress   |         | (726)                            | (721)                            |
| Employee benefits expense  | 24      | 9,290                            | 9,313                            |
| Finance costs  | 25      | 4,221                            | 5,478                            |
| Depreciation and amortisation expense  | 26      | 6,821                            | 6,796                            |
| Other expenses   | 27      | 22,854                           | 26,562                           |
| Total Expenses   |         | <u>1,09,157</u>                  | <u>1,12,632</u>                  |
| V. Profit before exceptional and extraordinary items<br>and tax - (III - IV) |         | 2,794                            | 3,475                            |
| VI. Exceptional and Extraordinary Items                                      |         |                                  |                                  |
| VII. Profit before tax (V - VI)  |         | <u>2,794</u>                     | <u>3,475</u>                     |
| VIII. Tax expense:   |         |                                  |                                  |
| (1) Current tax  |         | 743                              | 915                              |
| (2) Earlier year tax provision   |         | -                                | (23)                             |
| (3) Deferred tax   |         | (760)                            | (108)                            |
| IX. Profit(Loss) for the period from continuing operations                   |         | 2,811                            | 2,690                            |
| X. Profit/(Loss) from discontinuing operations                               |         |                                  |                                  |
| XI. Profit/(Loss) for the period (IX + X)                                    |         | 2,811                            | 2,690                            |
| XII. Earning per equity share of Rs. 10/- :                                  |         |                                  |                                  |
| (1) Basic  |         | 58.35                            | 55.86                            |
| (2) Diluted  |         | 58.35                            | 55.86                            |

See accompanying notes to Consolidated Financial Statements 1 - 45

**MANIKAM RAMASWAMI**  
Managing Director

**VALLI M RAMASWAMI**  
**P.MANIVANNAN**  
**K.J.M.SHETTY**  
**S.VENKATARAMANI**  
**SHRIDHAR SUBRAMANYAM**  
Directors

**V.BALAMURUGAN**  
Company Secretary

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

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

DATE : 29.05.2017  
PLACE: CHENNAI

# Consolidated Cash Flow Statement

(₹. In Lakhs)

| PARTICULARS  | 31.03.2017     | 31.03.2016     |
|--|----------------|----------------|
| <b>OPERATING ACTIVITIES</b>                            |                |                |
| PROFIT BEFORE TAX                                      | 2,794          | 3,475          |
| ADJUSTMENTS FOR  |                |                |
| Depreciation   | 6,821          | 6,796          |
| Interest paid  | 4,221          | 5,478          |
| Effect of Exchange rate change                         | (125)          | 52             |
| Interest received                                      | (136)          | (107)          |
| Dividend received on Investments - Others              | (1)            | (57)           |
| Provision for Doubtful Debts                           | 130            | 84             |
| (Profit)/Loss on sale of assets                        | (192)          | (47)           |
| Loss on sale of investment                             | 20             | Nil            |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b> | <b>13,531</b>  | <b>15,676</b>  |
| ADJUSTMENTS FOR CHANGES IN                             |                |                |
| Inventories  | (4,377)        | (919)          |
| Debtors  | (2,007)        | 3,016          |
| Loans & Advances and Other Current Assets              | 2,119          | 78             |
| Amount deposited as Margin Money                       | (431)          | 114            |
| Current liabilities and provisions                     | (616)          | 285            |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>             | <b>8,220</b>   | <b>18,250</b>  |
| Interest receipts                                      | 136            | 107            |
| Income Tax (Paid)/Refund                               | (754)          | (797)          |
| <b>NET CASH FLOW (A)</b>                               | <b>7,602</b>   | <b>17,559</b>  |
| <b>INVESTING ACTIVITIES</b>                            |                |                |
| Payments for Assets acquisition                        | (3,179)        | (7,275)        |
| Proceeds on Sale of Fixed Assets                       | 239            | 43             |
| Capital Subsidy Received                               | 272            | Nil            |
| Purchase of Investments                                | (574)          | Nil            |
| Proceeds from sale of Investments                      | 224            | 38             |
| Dividend receipts                                      | 1              | 57             |
| <b>NET CASH FLOW (B)</b>                               | <b>(3,017)</b> | <b>(7,137)</b> |

# Consolidated Cash Flow Statement

(₹. In Lakhs)

| PARTICULARS   | 31.03.2017     | 31.03.2016      |
|---|----------------|-----------------|
| <b>FINANCING ACTIVITIES</b>   |                |                 |
| Interest paid   | (4,324)        | (5,329)         |
| Borrowings (Net)  | Nil            | 346             |
| Raised  | 10,497         | 3,974           |
| Repaid  | (10,093)       | (9,075)         |
| Dividend paid including taxes                                       | (580)          | (499)           |
| NET CASH FLOW (C)   | <b>(4,501)</b> | <b>(10,583)</b> |
| NET CASH INFLOW / (OUTFLOW) (A+B+C)                                 | <b>84</b>      | (161)           |
| OPENING CASH AND CASH EQUIVALENTS (D)                               | <b>210</b>     | 371             |
| CLOSING CASH AND CASH EQUIVALENTS (E)                               | <b>294</b>     | 210             |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS              | <b>84</b>      | <b>(161)</b>    |
| See accompanying notes to consolidated financial statements 1 to 45 |                |                 |

Notes:

- 1) Cash and cash equivalent represents cash in hand and cash with scheduled banks
- 2) Cash and cash equivalent include foreign currency balances which do not include items of restrictive realisability
- 3) Reconciliation of amounts of Cash and Cash equivalents in Cash Flow Statement to Cash and Cash equivalents reported in Financial Statements:

| Particulars  | 31.03.2017   | 31.03.2016 |
|--|--------------|------------|
| Cash and Cash equivalents as per Cash Flow statement                               | 294          | 210        |
| Add: Balances which are earmarked against liabilities and is not available for use | 804          | 360        |
| Cash and Cash equivalents as reported in Financial Statements                      | <u>1,098</u> | <u>571</u> |

**MANIKAM RAMASWAMI**  
Managing Director

**VALLI M RAMASWAMI**  
**P.MANIVANNAN**  
**K.J.M.SHETTY**  
**S.VENKATARAMANI**  
**SHRIDHAR SUBRAMANYAM**  
Directors

**V.BALAMURUGAN**  
Company Secretary

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

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

DATE : 29.05.2017  
PLACE: CHENNAI

# 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 subsidiary company being wholly owned, 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 Statement 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

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

₹. in Lakhs

| Particulars  | 31.03.2017 | 31.03.2016 |
|--|------------|------------|
| Authorised Share Capital   |            |            |
| 90,00,000 Equity Shares of Rs.10/- each  | 900        | 900        |
| 6,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each<br>(Previous year 6,00,000 preference shares of Rs.100 each) | 600        | 600        |
| Issued & Subscribed Share Capital  |            |            |
| 48,16,446 Equity Shares of Rs.10/- each fully paid - up<br>(Previous year 48,16,446 equity shares of Rs.10/- each)             | 482        | 482        |
| Paid-up Share Capital  |            |            |
| 48,16,446 Equity Shares of Rs.10/- each fully paid - up<br>(Previous year 48,16,446 equity shares of Rs.10/- each)             | 482        | 482        |
|  | 482        | 482        |

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

| Particulars  | 31.03.2017 | 31.03.2016 |
|--|------------|------------|
| Number of shares outstanding as at the beginning of the year | 48,16,446  | 48,16,446  |
| Number of shares outstanding as at the end of the year       | 48,16,446  | 48,16,446  |

## 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 |            |
|---------------------------------------|--------------------------------------|------------|
|                                       | 31.03.2017                           | 31.03.2016 |
| Madurai Tara Traders Pvt Ltd          | 7,76,887                             | 7,76,887   |
| Felspar Credit and Investment Pvt Ltd | 6,61,126                             | 6,61,126   |
| Dhanalakshmi Investment Pvt Ltd       | 6,29,343                             | 6,29,343   |
| Kurunji Investments Pvt Ltd           | 3,46,887                             | 3,46,887   |
| Chinthamani Investments Pvt Ltd       | 2,79,220                             | 2,79,220   |

# Consolidated Notes Accompanying Financial Statements

( ₹ in Lacs)

| Particulars   | 31.03.2017    | 31.03.2016    |
|---|---------------|---------------|
| <b>Note No.3. Reserves and Surplus</b>                    |               |               |
| <b>(a) Capital Reserves</b>                               |               |               |
| Opening Balance   | 24            | 24            |
| Additions during the year                                 | Nil           | Nil           |
| Deductions during the year                                | Nil           | Nil           |
| Closing Balance   | <u>24</u>     | <u>24</u>     |
| <b>(b) Capital Redemption Reserve</b>                     |               |               |
| Opening Balance   | 430           | 430           |
| Additions during the year                                 | Nil           | Nil           |
| Deductions during the year                                | Nil           | Nil           |
| Closing Balance   | <u>430</u>    | <u>430</u>    |
| <b>(c) Revaluation Reserve</b>                            |               |               |
| Opening Balance   | 235           | 216           |
| Additions during the year                                 | Nil           | 20            |
| Deductions during the year                                | 11            | Nil           |
| Closing Balance   | <u>225</u>    | <u>235</u>    |
| <b>(d) Amalgamation Reserve</b>                           |               |               |
| Opening Balance   | 243           | 243           |
| Additions during the year                                 | Nil           | Nil           |
| Deductions during the year                                | Nil           | Nil           |
| Closing Balance   | <u>243</u>    | <u>243</u>    |
| <b>(e) General Reserve</b>                                |               |               |
| Opening Balance   | 8,545         | 8,275         |
| Add: Transfer from Surplus                                | 7             | 270           |
| Less: Deductions during the year                          | Nil           | Nil           |
| Closing Balance   | <u>8,552</u>  | <u>8,545</u>  |
| <b>(f) Foreign Currency Transation Reserve</b>            |               |               |
| Opening Balance   | 83            | 31            |
| Additions during the year                                 | Nil           | 52            |
| Deductions during the year                                | 125           | Nil           |
| Closing Balance   | <u>(42)</u>   | <u>83</u>     |
| <b>(g) Surplus</b>  |               |               |
| Opening Balance   | 6,244         | 4,403         |
| Add:  | Nil           | Nil           |
| Profit for the period as per Statement of Profit and Loss | 2,810         | 2,690         |
| Less:   |               |               |
| Proposed Final Dividend (PY : 100% - Rs. 10 per share)    | Nil           | 482           |
| Tax on distributed profits on equity shares               | Nil           | 98            |
| Transfer to General Reserve                               | 7             | 270           |
| Closing Balance   | <u>9,047</u>  | <u>6,244</u>  |
| <b>Total Reserves &amp; Surplus</b>                       | <u>18,479</u> | <u>15,804</u> |

# Consolidated Notes Accompanying Financial Statements

( ₹ in Lacs)

| Particulars  | 31.03.2017    | 31.03.2016    |
|--|---------------|---------------|
| <b>NON-CURRENT LIABILITIES</b>   |               |               |
| <b>Note No.4. LONG TERM BORROWINGS</b>   |               |               |
| <b>(A) TERM LOANS : SECURED</b>  |               |               |
| - from Banks   | 15,605        | 14,345        |
| - from Financial Institutions  | 3,677         | 3,480         |
| 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 paripassu with one another.   |               |               |
| (i) Term loans availed from Central Bank of India, Karur Vysya Bank and Indian to the extent of Rs.158.43 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 Chairman and Managing Director.   |               |               |
| (iv) Term loan instalments repayable minimum 4 and maximum 24 instalments.   |               |               |
| <b>(B) Other Loans And Advances : Unsecured</b>  |               |               |
| Inter corporate deposit  |               |               |
| - Interest free - repayable beyond 12 months   | 197           | 199           |
|  | <b>19,479</b> | <b>18,024</b> |
| <b>Note No.5. DEFERRED TAX LIABILITIES (NET)</b>   |               |               |
| Deferred Tax Liabilities - on account of Depreciation  | 3,921         | 4,710         |
| Deferred Tax Assets- on account of timing difference under   | (653)         | (683)         |
| Deferred Tax Liabilities (Net)   | <b>3,268</b>  | <b>4,027</b>  |
| <b>CURRENT LIABILITIES</b>   |               |               |
| <b>Note No.6 SHORT TERM BORROWINGS</b>   |               |               |
| <b>(A) LOANS REPAYABLE ON DEMAND - FROM BANKS</b>  |               |               |
| <b>Secured</b>   |               |               |
| 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 and are guaranteed by the Chairman and Managing Director. | 23,335        | 25,764        |
| Security Deposit   | 1             | 1             |
|  | <b>23,336</b> | <b>25,765</b> |



# Consolidated Notes Accompanying Financial Statements

|  | ( ₹ in Lacs) |            |
|--|--------------|------------|
| Particulars                                  | 31.03.2017   | 31.03.2016 |
| <b>Note No.7. OTHER CURRENT LIABILITIES</b>  |              |            |
| Current Maturities of Long term Debts        | 6,535        | 7,495      |
| Interest accrued but not due on borrowings   | 60           | 164        |
| Unclaimed Dividends                          | 72           | 59         |
| Creditor for Capital Goods                   | 213          | 221        |
| Expenses Payable                             | 8,416        | 6,890      |
| Statutory Liabilities Payable                | 334          | 150        |
| Advance received against Supplies            | 545          | 590        |
|  | 16,174       | 15,568     |
| <b>Note No.8. SHORT-TERM PROVISIONS</b>      |              |            |
| Proposed Dividend (Refer Note No. 40)        | 56           | 524        |
| Tax on Proposed Dividend (Refer Note No. 40) |              | 98         |
| For Provident Fund and Other Funds           | 92           | 100        |
| Provision for Gratuity                       | 19           | 235        |
| Provision for Leave Salary                   | 60           | 85         |
|  | 227          | 1,043      |

# Consolidated Notes Accompanying Financial Statements

## LOYAL TEXTILE MILLS LIMITED - NOTES ACCOMPANYING CONSOLIDATE FINANCIAL STATEMENTS NOTE NO.9 PROPERTY, PLANT & EQUIPMENT

(2016-17) (₹. In lakhs)

| Description              | Gross Block                    |              |                     | Depreciation and Amortization  |                            |              | Net Block  |                            |                                  |
|--------------------------|--------------------------------|--------------|---------------------|--------------------------------|----------------------------|--------------|------------|----------------------------|----------------------------------|
|                          | Carrying Cost as at 01.04.2016 | Addition     | Sales / Adjust-ment | Carrying Cost as at 31.03.2017 | Acc. Dep. as at 01.04.2016 | For the year | Withdrawal | Acc. Dep. as at 31.03.2017 | Carrying amount as at 31.03.2017 |
| LAND                     |                                |              |                     |                                |                            |              |            |                            |                                  |
| - OWN                    | 1,372                          | Nil          | 1                   | 1,371                          | Nil                        | Nil          | Nil        | Nil                        | 1,371                            |
| - LEASE HOLD             | 228                            | Nil          | Nil                 | 228                            | 2                          | 2            | Nil        | 3                          | 225                              |
| BUILDINGS                |                                |              |                     |                                |                            |              |            |                            |                                  |
| - OWN                    | 13,464                         | 1,438        | 49                  | 14,853                         | 3,912                      | 457          | 6          | 4,364                      | 10,489                           |
| - LEASED OUT             | 422                            | Nil          | Nil                 | 422                            | 55                         | 20           | Nil        | 75                         | 347                              |
| FURNITURE                |                                |              |                     |                                |                            |              |            |                            |                                  |
| - OWN                    | 456                            | 70           | 8                   | 517                            | 230                        | 59           | 2          | 287                        | 230                              |
| - LEASED OUT             | Nil                            | Nil          | Nil                 | Nil                            | Nil                        | Nil          | Nil        | Nil                        | Nil                              |
| PLANT & MACHINERY        |                                |              |                     |                                |                            |              |            |                            |                                  |
| - OWN                    | 93,126                         | 2,652        | 747                 | 95,031                         | 58,035                     | 5,849        | 473        | 63,410                     | 31,620                           |
| - LEASED OUT             | 2,059                          | 7            | 11                  | 2,054                          | 1,715                      | 48           | 11         | 1,752                      | 302                              |
| VEHICLES                 |                                |              |                     |                                |                            |              |            |                            |                                  |
| - OWN                    | 596                            | 35           | 53                  | 579                            | 398                        | 57           | 37         | 418                        | 161                              |
| - LEASED OUT             | 14                             | Nil          | Nil                 | 14                             | 9                          | 2            | Nil        | 11                         | 3                                |
| COMPUTERS                |                                |              |                     |                                |                            |              |            |                            |                                  |
| - OWN                    | 407                            | 147          |                     | 553                            | 283                        | 105          | 2          | 385                        | 168                              |
| - LEASED OUT             | Nil                            | Nil          | Nil                 | Nil                            | Nil                        | Nil          | Nil        | Nil                        | Nil                              |
| ELECTRICAL INSTALLATIONS |                                |              |                     |                                |                            |              |            |                            |                                  |
| - OWN                    | 1,988                          | 42           |                     | 2,030                          | 759                        | 220          |            | 979                        | 1,052                            |
| - LEASED OUT             | 29                             | Nil          | Nil                 | 29                             | 5                          | 3            | Nil        | 7                          | 21                               |
| <b>TOTAL</b>             | <b>1,14,162</b>                | <b>4,391</b> | <b>870</b>          | <b>1,17,683</b>                | <b>65,403</b>              | <b>6,821</b> | <b>531</b> | <b>71,693</b>              | <b>45,990</b>                    |
|                          |                                |              |                     |                                |                            |              |            |                            | <b>48,759</b>                    |

Notes:

- Adjustment/Sale includes the following:
  - Assets retired from active use and held for Disposal - NIL
  - Acquisition through Business Combination - NIL
  - Increase/Decrease resulting from Revaluation of - NIL
- Accumulated Depreciation includes impairment loss of Rs. NIL for the year.
- Impairment loss during the year recognized or reversed is NIL.

# Consolidated Notes Accompanying Financial Statements

( In Lakhs)

Financial Year 2015-16

Note No.9 Property, Plant & Equipment

| Description            | Gross Block                    |              |                      | Depreciation                   |                            |              | Net Block  |                            |                                  |                                  |
|------------------------|--------------------------------|--------------|----------------------|--------------------------------|----------------------------|--------------|------------|----------------------------|----------------------------------|----------------------------------|
|                        | Carrying Cost as at 01.04.2015 | Addition     | Sales / Adjust -ment | Carrying Cost as at 31.03.2016 | Acc. Dep. as at 01.04.2015 | For the year | Withdrawal | Acc. Dep. as at 31.03.2016 | Carrying amount as at 31.03.2016 | Carrying amount as at 31.03.2015 |
| LAND                   | 1,432                          | Nil          | (3)                  | 1,435                          | Nil                        | Nil          | Nil        | Nil                        | 1,435                            | 1,432                            |
| - OWNED                | Nil                            | 165          | Nil                  | 165                            | Nil                        | 2            | Nil        | 2                          | 164                              | Nil                              |
| - LEASE HOLD BUILDINGS | 12,528                         | 936          | Nil                  | 13,464                         | 3,451                      | 444          | (18)       | 3,912                      | 9,552                            | 9,077                            |
| - OWNED                | 422                            | Nil          | Nil                  | 422                            | 33                         | 22           | Nil        | 55                         | 367                              | 389                              |
| - LEASED OUT**         | 301                            | 157          | 3                    | 456                            | 189                        | 43           | 2          | 230                        | 225                              | 112                              |
| FURNITURE              | 88,749                         | 4,875        | 520                  | 93,104                         | 52,604                     | 5,839        | 418        | 58,025                     | 35,078                           | 36,145                           |
| - OWNED                | 2,081                          | Nil          | Nil                  | 2,081                          | 1,600                      | 125          | Nil        | 1,724                      | 357                              | 481                              |
| - LEASED OUT**         | 588                            | 68           | 60                   | 596                            | 366                        | 67           | 35         | 398                        | 198                              | 222                              |
| - OWNED                | 14                             | Nil          | Nil                  | 14                             | 7                          | 2            | Nil        | 9                          | 5                                | 8                                |
| - LEASED OUT**         | 287                            | 135          | 15                   | 407                            | 248                        | 50           | 15         | 283                        | 124                              | 39                               |
| COMPUTERS              | 1,700                          | 289          | Nil                  | 1,988                          | 559                        | 200          | Nil        | 759                        | 1,229                            | 1,140                            |
| - OWNED                | 29                             | Nil          | Nil                  | 29                             | 2                          | 3            | Nil        | 5                          | 24                               | 27                               |
| - LEASED OUT**         |                                |              |                      |                                |                            |              |            |                            |                                  |                                  |
| <b>TOTAL</b>           | <b>1,08,132</b>                | <b>6,625</b> | <b>595</b>           | <b>1,14,162</b>                | <b>59,058</b>              | <b>6,796</b> | <b>452</b> | <b>65,403</b>              | <b>48,759</b>                    | <b>49,074</b>                    |

\*\* 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 - AT COST

| Particulars                             | As at 31.03.2017          | As at 31.03.2016 |
|---|---------------------------|------------------|
|   | Land pending registration | 201              |
| Plant & Machinery under erection        | 97                        | 773              |
| Electrical Installations under erection | 12                        | 2                |
| Building under construction             | Nil                       | 524              |
| Computer under erection                 | Nil                       | 93               |
| <b>Total</b>                            | <b>310</b>                | <b>1,512</b>     |

# Consolidated Notes Accompanying Financial Statements

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

₹. In lacs

| S.No      | Particulars   | No of Shares | Face value | 31.03.2017              | No of Shares | 31.03.2016              |
|-----------|---|--------------|------------|-------------------------|--------------|-------------------------|
| <b>I</b>  | <b>Trade Investments</b>                              |              |            |                         |              |                         |
|           | <b>Investments in Equity Instruments</b>              |              |            |                         |              |                         |
|           | <b>A) Quoted:</b>                                     |              |            |                         |              |                         |
|           | Kitex Garments Limited                                | 2,000        | 1          | 1                       | 2,000        | 1                       |
|           | <b>B) Unquoted:</b>                                   |              |            |                         |              |                         |
| 1         | Loyal Dimco Group A.E.B.E.(Joint venture 50%)         | 50,000       |            | 18                      | 50,000       | 18                      |
| 2         | Loyal Textiles (UK) Ltd ( 49% )                       | 2,450        |            |                         | 2,450        |                         |
| 3         | Loyal IRV Textile LDA, Portugal ( Joint Venture 51% ) | 2,550        | Euro 1     | 2                       | 2,550        | 2                       |
| 4         | Cuddalore Sipcot Industries common utilities Limited  | 4,665        | 100        | 5                       | 4,665        | 5                       |
| 5         | SIMA Textile Processing Centre Ltd                    | 20,000       | 10         | 2                       | 20,000       | 2                       |
|           |   |              |            | <b>27</b>               |              | <b>27</b>               |
| <b>II</b> | <b>Other Investments</b>                              |              |            |                         |              |                         |
|           | <b>Investments in Equity Instruments</b>              |              |            |                         |              |                         |
|           | <b>A) Quoted:</b>                                     |              |            |                         |              |                         |
| 1         | Central Bank of India                                 | 1,469        | 10         | 2                       | 1,469        | 2                       |
| 2         | Hatsun Agro Food Limited                              | 3,948        | 1          | 10                      | 2,820        | 10                      |
| 3         | Page Industries Limited                               | 75           | 10         | 10                      | 75           | 10                      |
| 4         | Reliance gold -ETF-Units                              | 6,525        |            | 133                     | 6,750        | 133                     |
| 5         | Larsen and Toubro Limited                             | -            | Nil        | Nil                     | 412          | 5                       |
| 6         | Oil & Natural Gas Corporation Ltd                     | -            | Nil        | Nil                     | 27,665       | 100                     |
| 7         | State Bank of India                                   | -            | Nil        | Nil                     | 20,850       | 56                      |
|           |   |              |            | <b>154</b>              |              | <b>316</b>              |
|           | <b>B) Unquoted:</b>                                   |              |            |                         |              |                         |
|           | Matrimony.com Ltd                                     | 2,120        | 5          | 15                      | 1,058        | 10                      |
|           | <b>Investment in Government or trust securities</b>   |              |            |                         |              | <b>83</b>               |
|           | <b>Total</b>  |              |            | <b>197</b>              |              | <b>436</b>              |
|           | <b>Particulars</b>                                    |              |            | <b>As at 31.03.2017</b> |              | <b>As at 31.03.2016</b> |
|           | Aggregate Amount of Quoted Investments                |              |            | <b>155</b>              |              | <b>316</b>              |
|           | Market value of quoted investments                    |              |            | <b>212</b>              |              | <b>304</b>              |
|           | Aggregate Amount of Unquoted Investments              |              |            | <b>43</b>               |              | <b>188</b>              |

# Consolidated Notes Accompanying Financial Statements

## Note No.12. LONG-TERM LOANS AND ADVANCES

| Particulars                | ₹. in Lakhs  | ₹. in Lakhs |
|----------------------------|--------------|-------------|
|                            | 31.03.2017   | 31.03.2016  |
| Capital Advances           |              |             |
| Unsecured, Considered good | 1,008        | 516         |
| <b>Total</b>               | <b>1,008</b> | <b>516</b>  |

## Note No.13 CURRENT INVESTMENTS - AT COST

| S.No                                       | Particulars                                      | No of Shares | Face value | 31.03.2017 | No of Shares | 31.03.2016 |
|--|--|--------------|------------|------------|--------------|------------|
| <b>(A) Trade Investments</b>               |  |              |            |            |              |            |
| <b>Investments in Equity Instruments -</b> |  |              |            |            |              |            |
| <b>I</b>                                   | <b>Unquoted</b>                                  |              |            |            |              |            |
| 1  | Echanda Urja Private Ltd                         | 63,010       | 10         | 6          | 63,010       | 6          |
| 2  | TVH Energy Resource Private Ltd                  | 36,500       | 10         | 20         | 196,400      | 20         |
| 3  | Saheli Exports Private Limited                   | 10,600       | 10         | 5          | Nil          | Nil        |
| 4  | RVK Energy Private Limited                       | 5,168,470    | 10         | 517        | Nil          | Nil        |
| 5  | OPG Power Generation Pvt Ltd                     | 63,000       | 10         | 7          | Nil          | Nil        |
| 6  | Cauvery Power Generation Chennai Private Limited | 400,000      | 10         | 40         | Nil          | Nil        |
|  | Aggregate Amount of Unquoted Investments         |              |            | <b>595</b> |              | <b>26</b>  |
|  | <b>Total</b>                                     |              |            | <b>595</b> |              | <b>26</b>  |

# Consolidated Notes Accompanying Financial Statements

|  | ( ₹. In Lakhs) | ( ₹. In Lakhs) |
|--|----------------|----------------|
| Particulars  | 31.03.2017     | 31.03.2016     |
| <b>Note No.14. INVENTORIES</b>   |                |                |
| (a) Raw Materials  | 6,510          | 3,663          |
| (b) Work-in-progress   | 4,866          | 4,140          |
| (c) Finished Goods   | 8,036          | 7,802          |
| (d) Stores, spares and Packing Materials   | 1,645          | 1,074          |
|  | <u>21,057</u>  | <u>16,679</u>  |
| <b>Note No.15 TRADE RECEIVABLES</b>  |                |                |
| <b>(A) Trade receivables outstanding for more than six months from the date they become due for payment:</b> |                |                |
| (i) Unsecured, Considered good   | 23             | 43             |
| (ii) Considered doubtful   | 583            | 453            |
|  | 606            | 496            |
| Less : Allowance for bad and doubtful  | (583)          | (453)          |
|  | 23             | 43             |
| <b>(B) Trade receivables (others)</b>  |                |                |
| (i) Unsecured, Considered good   | 8,165          | 6,464          |
|  | <u>8,188</u>   | <u>6,507</u>   |
| <b>Note No.16. CASH AND CASH EQUIVALENTS</b>   |                |                |
| (I) Cash and cash equivalents  |                |                |
| Balance with banks   | 270            | 186            |
| Cash on hand   | 25             | 24             |
| (II) Earmarked Bank Balances   |                |                |
| - Unpaid Dividend Bank account   | 72             | 59             |
| (III) Bank balances held as margin money or as security  | 732            | 301            |
|  | <u>1,098</u>   | <u>571</u>     |
| <b>Note No.17. SHORT TERM LOANS AND ADVANCES</b>   |                |                |
| Tax payments pending Adjustments   | 1,385          | 1,374          |
| Staff Advance  | 11             | 31             |
|  | <u>1,396</u>   | <u>1,405</u>   |
| <b>Note No.18. OTHER CURRENT ASSETS</b>  |                |                |
| a) Interest Subsidy Receivable   | 504            | 729            |
| b) Export Benefits Receivable  | 883            | 1,512          |
| c) Refund Receivable   | 1,725          | 1,063          |
| d) Advances recoverable in cash or in kind or for value to be received                                       | 3,468          | 6,171          |
| e) Deposits  | 2,109          | 1,706          |
|  | <u>8,689</u>   | <u>11,182</u>  |

# Consolidated Notes Accompanying Financial Statements

| Particulars                                   | ( ₹. In Lakhs)  | ( ₹. In Lakhs)  |
|---|-----------------|-----------------|
|   | 31.03.2017      | 31.03.2016      |
| <b>NOTE NO.19. REVENUE FROM OPERATIONS</b>    |                 |                 |
| Sale of Products                              | 1,03,245        | 1,07,469        |
| Sale of Services                              | 339             | 462             |
| Other operating Revenues                      | 7,960           | 7,918           |
| Less: Excise Duty                             | Nil             | Nil             |
|   | <u>1,11,544</u> | <u>1,15,849</u> |
| <b>NOTE NO.20. OTHER INCOME</b>               |                 |                 |
| Interest Income                               | 136             | 107             |
| Dividend Income                               | 1               | 57              |
| Other Non operating income                    | 272             | 95              |
|   | <u>409</u>      | <u>259</u>      |
| <b>NOTE NO.21. COST OF MATERIALS CONSUMED</b> |                 |                 |
| i) Cotton, Staple Fibre and Cotton waste      | 35,680          | 33,992          |
| ii) Yarn                                      | 14,996          | 9,199           |
| iii) Cloth                                    | 39              | 273             |
| iv) Dyes                                      | 228             | 563             |
| v) Reflective band                            | 107             | 371             |
|   | <u>51,050</u>   | <u>44,398</u>   |
| <b>NOTE NO.22. PURCHASE OF STOCK-IN-TRADE</b> |                 |                 |
| Yarn  | 7,859           | 13,681          |
| Cloth and garments                            | 8,044           | 7,644           |
|   | <u>15,903</u>   | <u>21,325</u>   |
| <b>NOTE NO.23. CHANGES IN INVENTORIES</b>     |                 |                 |
| OPENING STOCK                                 |                 |                 |
| Process Stock                                 | 4,140           | 3,400           |
| Finished goods                                | 6,706           | 6,411           |
| Stock in Trade                                | 1,127           | 922             |
| TOTAL (A)                                     | <u>11,973</u>   | <u>10,734</u>   |
| LESS: CLOSING STOCK                           |                 |                 |
| Process Stock                                 | 4,866           | 3,953           |
| Finished goods                                | 7,156           | 6,894           |
| Stock in Trade                                | 933             | 1,127           |
| TOTAL (B)                                     | <u>12,954</u>   | <u>11,973</u>   |
| <b>CHANGES IN INVENTORIES (A-B)</b>           |                 |                 |
| Process Stock                                 | (726)           | (721)           |
| Finished goods                                | (450)           | (314)           |
| Stock in Trade                                | 194             | (205)           |
| NET (A - B)                                   | <u>(981)</u>    | <u>(1,240)</u>  |

# Consolidated Notes Accompanying Financial Statements

|  | ( ₹. In Lakhs) | ( ₹. In Lakhs) |
|--|----------------|----------------|
| Particulars  | 31.03.2017     | 31.03.2016     |
| <b>NOTE NO.24. EMPLOYEE BENEFITS EXPENSES</b>  |                |                |
| Salaries, Wages and Bonus  | 7,809          | 7,593          |
| Unavailed earned Leave   | 78             | 122            |
| Contribution to Provident Fund and other funds   | 711            | 850            |
| Other Welfare Expenses   | 693            | 747            |
|  | <u>9,290</u>   | <u>9,313</u>   |
| <p>* includes amount paid to Whole Time Director amounting to Rs. 6.15 Lakhs which is subject to approval of the members at the Annual General Meeting</p> |                |                |
| <b>NOTE NO.25 FINANCE COSTS</b>  |                |                |
| Interest Expenses  | 3,973          | 5,405          |
| Other Borrowing Cost   | 248            | 73             |
|  | <u>4,221</u>   | <u>5,478</u>   |
| <b>NOTE NO.26. DEPRECIATION AND AMORTISATION EXPENSE</b>   |                |                |
| Building   | 478            | 466            |
| Plant and Machinery  | 5,896          | 5,964          |
| Furniture  | 60             | 45             |
| Vehicle  | 59             | 70             |
| Computers  | 105            | 50             |
| Electrical Installations   | 221            | 200            |
| Amortization expenses - Land   | 2              | 2              |
|  | <u>6,821</u>   | <u>6,796</u>   |



# Consolidated Notes Accompanying Financial Statements

|   | ( ₹. In Lakhs) | ( ₹. In Lakhs) |
|---|----------------|----------------|
| Particulars                                 | 31.03.2017     | 31.03.2016     |
| <b>NOTE NO.27. OTHER EXPENSES</b>           |                |                |
| Freight and forwarding charges              | 2,504          | 2,772          |
| Brokerage and Commission                    | 1,175          | 1,632          |
| Selling Expenses                            | 376            | 348            |
| <b>PAYMENT TO THE AUDITORS</b>              |                |                |
| As Auditors                                 | 18             | 18             |
| For Taxation Matters                        | 7              | 11             |
| For Certification work                      | 3              | 3              |
| For Service Tax                             | 3              | 4              |
| For Reimbursement of Expenses               | 2              | 2              |
| Conversion and Processing Charges           | 1,321          | 1,859          |
| Stores Consumed                             | 5,613          | 4,142          |
| Power and Fuel                              | 7,316          | 9,649          |
| Rent  | 24             | 33             |
| Repairs to Building                         | 542            | 366            |
| Repairs to Machinery                        | 1,428          | 2,759          |
| Bank Charges                                | 640            | 521            |
| Insurance                                   | 221            | 216            |
| Rates and Taxes excluding Taxes on Income   | 243            | 344            |
| Provision for Doubtful Debts                | 139            | 84             |
| Bad Debts                                   | 18             | 18             |
| Loss on sale of Long Term Investments (Net) | 20             |                |
| Expenditure on CSR Activities               | 55             | 50             |
| Miscellaneous Expenses                      | 1,186          | 1,732          |
| Total                                       | <u>22,854</u>  | <u>26,562</u>  |

# Consolidated Notes Accompanying Financial Statements

28) 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. Purchase of reflective band and trims. |
| Loyal Dimco Group A.E.B.E*                          | Greece                   | 50.00                   | No operations   |
| Loyal IRV Textile LDA, Portugal (Joint Venture 51%) | Portugal                 | 51.00                   | The investment is held for disposal in near future.                 |

29) 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 i.e. Total assets minus total liabilities |                      | 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.       | 94.1%   | 17,849.04            | 94.95%                              | 2,668.59             |
| <b>Subsidiary</b>                  |   |                      |                                     |                      |
| Loyal International Sourcing       | -0.6%   | (117.59)             | 0.10%                               | 2.74                 |
| <b>Joint Venture</b>               |   |                      |                                     |                      |
| <b>Foreign</b>                     |   |                      |                                     |                      |
| Gruppo P&P Loyal SPA Italy         | 6.5%  | 1,229.27             | 4.95%                               | 139.09               |
| Loyal Dimco Group A.E.B.E. Greece* | N.A   | N.A                  | N.A                                 | N.A                  |
| Loyal IRV Textile LDA, Portugal ** | N.A   | N.A                  | N.A                                 | N.A                  |

\* The operations of LoyalDimco 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 IRV Textile LDA, Portugal are not significant in relation to the Group's business

30) Contingent Liabilities & Commitments (To the extent not provided for)

(Rs in Lakhs.)

| A) Contingent Liabilities:   | 31.03.2017 | 31.03.2016 |
|--|------------|------------|
| i) Claim against the Company not acknowledged as debts               | 42.73      | 26.30      |
| ii) Counter Guarantee given to Banks                                 | 100.80     | 100.80     |
| iii) On Account of Bills discounted                                  | 7,727.87   | 8,585.64   |
| iv) Disputed Sales tax demand not provided for                       | 164.22     | 125.81     |
| v) Disputed Service tax, Excise/Customs duty not provided for        | -          | 109.05     |
| vi) On account of export obligation covered by letter of undertaking | 2,981.12   | 2,985.18   |

# Consolidated Notes Accompanying Financial Statements

## B) Commitment:

|   |               |          |
|---|---------------|----------|
| Estimated amount of Contracts remaining to be executed on Capital Accounts and not provided for | <b>865.72</b> | 1,106.38 |
|---|---------------|----------|

- 31) The existence of the restrictions on title and Property, Plant and Equipment pledged/hypothecation as security for liability is stated under Note No. 4 and Note No. 6. The amount of restriction is equal to the amount of outstanding liabilities.
- 32) No significant restriction is attached on the investments held outside India.

| EARNINGS PER SHARE                     | 31.03.2017          | 31.03.2016   |
|--|---------------------|--------------|
| (a) Opening / Closing number of shares | <b>4,816,446</b>    | 4,816,446    |
| (b) Profit / Loss after Tax Expense    | <b>28,10,42,647</b> | 26,90,39,582 |
| (c) Earnings per share (Rs.)           | <b>58.35</b>        | 55.86        |
| (d) Face value of shares (Rs.)         | <b>10.00</b>        | 10.00        |

- 34) **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 31.03.2017<br>Amount in Lakhs (Rs.) |
|------------------------------------|---|
| <b>(i) Assets</b>                  |   |
| Fixed Assets                       | <b>516</b>                                |
| Current Assets                     | <b>2,896</b>                              |
| <b>(ii) Liabilities</b>            |   |
| Short term Borrowings              | <b>1,587</b>                              |
| Current Liabilities and provisions | <b>446</b>                                |
| <b>(iii) Income</b>                | <b>3,707</b>                              |
| <b>(iv) Expenses</b>               | <b>3,568</b>                              |

- 35) 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 1st January, 2017 to 31st March, 2017 in respect of Joint Venture having Financial Year ended 31st December, 2016.
- 36) 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.
- 37) Disclosure on Specified Bank Notes: (Amt. in Rs)

| Particulars                           | SBNs        | Other Denomination | Total       |
|---------------------------------------|-------------|--------------------|-------------|
| Closing cash in hand as on 08-11-2016 | 11,47,000   | 21,85,914          | 33,32,914   |
| Add: Permitted receipts               | -           | 42,04,971          | 42,04,971   |
| Less: Permitted payments              | (21,000)    | (47,19,554)        | (47,40,554) |
| Less: Amount deposited in Banks       | (11,26,000) | (100)              | (11,26,100) |
| Closing cash in hand as on 30-12-2016 | -           | 16,71,231          | 16,71,231   |

- 38) There is no amount due and outstanding to be credited to Investors' Education and Protection Fund.
- 39) In the absence of required notification prescribed format, relating to the statement of change to equity, the same is not furnished.
- 40) The Board of Directors, at their meeting on 29.05.2017, recommended a dividend of 100% i.e. Rs. 10/- per equity share for the financial year ended March 31, 2017. The proposal is subject to the approval of shareholders at the ensuing Annual General Meeting and if approved, would result in a cash outflow of approximately Rs. 579.70 lakhs including corporate dividend tax. To that extent, the amounts mentioned under Note No. 8 Short Term Provisions for the current year and previous year are not comparable. As per the amended AS-4, the dividend proposed would be accounted and paid out of the retained earnings available for distribution.
- 41) Balances of certain parties are subject to confirmation / reconciliation if any.

# Consolidated Notes Accompanying Financial Statements

## Note No. 42: SEGMENT REPORTING

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

|  | Yarn Manufacturing |               | Yarn Trading |               | Cloth         |               | Cloth Trading |               | Garments     |              | Total           |                 |
|--|--------------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|-----------------|-----------------|
|  | 31.03.2017         | 31.03.2016    | 31.03.2017   | 31.03.2016    | 31.03.2017    | 31.03.2016    | 31.03.2017    | 31.03.2016    | 31.03.2017   | 31.03.2016   | 31.03.2017      | 31.03.2016      |
|  | (Rs. in lakhs)     |               |              |               |               |               |               |               |              |              |                 |                 |
| <b>Revenue</b>                               |                    |               |              |               |               |               |               |               |              |              |                 |                 |
| External Sales                               | 11,215             | 12,790        | 8,281        | 14,971        | 64,990        | 60,301        | 11,672        | 11,483        | 5,352        | 8,139        | 1,01,511        | 1,07,684        |
| Inter-segment transfer                       |                    |               |              |               | 5,878         | 6,139         |               |               |              |              | 5,878           | 6,139           |
|  | <b>11,215</b>      | <b>12,790</b> | <b>8,281</b> | <b>14,971</b> | <b>70,868</b> | <b>66,440</b> | <b>11,672</b> | <b>11,483</b> | <b>5,352</b> | <b>8,139</b> | <b>1,07,389</b> | <b>1,13,823</b> |
| <b>Results</b>                               |                    |               |              |               |               |               |               |               |              |              |                 |                 |
| Segment Results                              | 2155               | 3,711         | 128          | 817           | 2,211         | 1,982         | 788           | 814           | 1,256        | 1,546        | 6,539           | 8,869           |
| Add: Unallocated income/ (expenditure) (Net) |                    |               |              |               |               |               |               |               |              |              | 476             | 84              |
| <b>Profit from Operations</b>                |                    |               |              |               |               |               |               |               |              |              | <b>7,014</b>    | <b>8,953</b>    |
| Interest Expenses                            |                    |               |              |               |               |               |               |               |              |              | 4,221           | 5,478           |
| <b>Profit before tax</b>                     |                    |               |              |               |               |               |               |               |              |              | <b>2,794</b>    | <b>3,475</b>    |
| Tax  |                    |               |              |               |               |               |               |               |              |              | (17)            | 785             |
| <b>Profit after tax</b>                      |                    |               |              |               |               |               |               |               |              |              | <b>2,811</b>    | <b>2,690</b>    |
| <b>OTHER INFORMATION</b>                     |                    |               |              |               |               |               |               |               |              |              |                 |                 |
| Segment Assets                               | 25,612             | 23,356        | 1,256        | 2,299         | 50,048        | 48,973        | 1,771         | 1,764         | 7,529        | 9,269        | 86,216          | 85,661          |
| Unallocable Assets                           |                    |               |              |               |               |               |               |               |              |              | 2,312           | 3,733           |
| <b>Total Assets</b>                          |                    |               |              |               |               |               |               |               |              |              | <b>88,529</b>   | <b>89,394</b>   |
| Segment Liabilities                          | 2,382              | 2,293         | 1,759        | 2,695         | 15,053        | 10,808        | 2,479         | 2,067         | 3,294        | 3,828        | 24,968          | 21,691          |
| Unallocable Liabilities                      |                    |               |              |               |               |               |               |               |              |              | 104             | 66              |
| <b>Total Liabilities</b>                     |                    |               |              |               |               |               |               |               |              |              | <b>25,073</b>   | <b>21,757</b>   |
| Segment Capital Expenditure                  | 333                | 824           |              |               | 3,453         | 5,328         |               |               | 584          | 469          | 4,370           | 6,621           |
| Unallocable Capital Expenditure              |                    |               |              |               |               |               |               |               |              |              | -               | 62              |
| <b>Total Capital Expenditure</b>             |                    |               |              |               |               |               |               |               |              |              | <b>4,370</b>    | <b>6,683</b>    |
| Segment Depreciation                         | 1,209              | 4,498         |              |               | 5,294         | 2,021         |               |               | 307          | 266          | 6,810           | 6,785           |
| Unallocable Depreciation                     |                    |               |              |               |               |               |               |               |              |              | 111             | 11              |
| <b>Total Depreciation</b>                    |                    |               |              |               |               |               |               |               |              |              | <b>6,921</b>    | <b>6,796</b>    |

### (B) SECONDARY SEGMENT - GEOGRAPHICAL

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

| Region  | Rs. in lakhs    |                 | Rs. in lakhs  |               | Rs. in lakhs  |               |
|---------|-----------------|-----------------|---------------|---------------|---------------|---------------|
|         | 31.3.2017       | 31.03.2016      | 31.3.2017     | 31.03.2016    | 31.3.2017     | 31.03.2016    |
| Europe  | 8,716           | 16,137          | 3,396         | 3,909         | 1,395         | 280           |
| Asia    | 65,971          | 60,624          | 81,004        | 80,400        | 23,387        | 20,939        |
| America | 23,588          | 29,430          | 1,597         | 1,287         | 164           | 449           |
| Others  | 3,235           | 1,493           | 219           | 65            | 23            | 23            |
|         | <b>1,01,510</b> | <b>1,07,684</b> | <b>86,216</b> | <b>85,661</b> | <b>24,968</b> | <b>21,691</b> |

2. Carrying amount of segment assets

3. Carrying amount of segment liabilities

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

# Consolidated Notes Accompanying Financial Statements

## Note no. 43. RELATED PARTY DISCLOSURES FOR THE FINANCIAL YEAR ENDED 31.03.2017

| No | 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 IRV Textile LDA, Portugal                | Joint Venture Company  |
| 4  | Loyal International Sourcing Private Limited   | Wholly owned subsidiary  |
| 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   |

(Rs.in Lakhs)

|  | 31.03.2017                                  | 31.03.2016    | 31.03.2017                    | 31.03.2016   | 31.03.2017                                 | 31.03.2016   |
|--|---|---------------|-------------------------------|--------------|--|--------------|
| Remuneration paid to key managerial personnel:               | Sri. Manikam Ramaswami<br>Managing Director |               | Sri. P.Manivannan<br>Director |              | Smt. Valli M Ramaswami -<br>Woman Director |              |
| Salary, Perquisites and Other allowances                     | 23.98                                       | 24.03         | 12.84                         | 14.45        | 12.00                                      | 12.00        |
| Contribution to provident fund - defined contribution plan   | 2.16  | 2.16          | 1.02                          | 1.04         | 1.44                                       | 1.44         |
| Contribution to super annulation fund - defined benefit plan | 2.34  | 2.34          | -                             | -            | -  | -            |
| Commission   | 100.00                                      | 100.00        | -                             | -            | -  | -            |
|  | <b>128.48</b>                               | <b>128.53</b> | <b>13.86</b>                  | <b>15.49</b> | <b>13.44</b>                               | <b>13.44</b> |

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.

- 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.

**MANIKAM RAMASWAMI**  
Managing Director

**VALLI M RAMASWAMI**  
**P.MANIVANNAN**  
**K.J.M.SHETTY**  
**S.VENKATARAMANI**  
**SHRIDHAR SUBRAMANYAM**  
Directors

**V.BALAMURUGAN**  
Company Secretary

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

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

DATE : 29.05.2017  
PLACE: CHENNAI

**LOYAL**

## 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.)

| Sl. No. | Particulars   | Details   |
|---------|---|---|
| 1.      | Name of the subsidiary  | 1   |
| 2.      | Reporting period for the subsidiary concerned, if different from the holding company's reporting period                     | <b>LOYAL INTERNATIONAL SOURCING PRIVATE LIMITED</b> |
| 3.      | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | INR   |
| 4.      | Share capital   | 2,00,000  |
| 5.      | Reserves & surplus  | (1,17,58,559)                                       |
| 6.      | Total assets  | 2,24,41,771   |
| 7.      | Total Liabilities   | 3,40,00,330   |
| 8.      | Investments   | NIL   |
| 9.      | Turnover  | 1,71,94,536   |
| 10.     | Profit before taxation  | 2,74,196  |
| 11.     | Provision for taxation  | NIL   |
| 12.     | Profit after taxation   | 2,74,196  |
| 13.     | Proposed Dividend   | NIL   |
| 14.     | % of shareholding   | 100%  |

**Notes:** The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations
- Names of subsidiaries which have been liquidated or sold during the year.

## 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<br>Loyal spa Italy | Loyal IRV<br>Textile LDA<br>Portugal | LOYAL DIMCO<br>GROUP A.E.B.E<br>Greece |
|---|-------------------------------|--------------------------------------|--|
| 1. Latest audited Balance Sheet Date  | 31 - 12 - 2016                | NA                                   | Na                                     |
| 2. Shares of Associate/Joint Ventures held by the company on the year end     | 3325 Shares                   | 2550 Shares                          | 50000 Shares                           |
| Amount of Investment in Associates/ Joint Venture                             | 1, 49,30,077                  | 1,98,620                             | 18,38,780                              |
| Extend of Holding%  | 47.5%                         | 51%                                  | 50%                                    |
| 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. Net worth attributable to shareholding as per latest audited Balance Sheet | 13 ,78 ,56 ,759               | NIL                                  | NIL                                    |
| 6. Profit/Loss for the year   | 2,92 ,83 ,003                 | NIL                                  | NIL                                    |
| i. Considered in Consolidation  | 1,39 ,09 ,426                 | NIL                                  | NIL                                    |
| ii. Not Considered in Consolidation   | 1,53 ,73 ,577                 | NIL                                  | NIL                                    |

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

NIL

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

NIL

**Note:** This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

**MANIKAM RAMASWAMI**  
*Managing Director*

**VALLI M RAMASWAMI**  
**P.MANIVANNAN**  
**K.J.M SHETTY**  
**S VENKATARAMANI**  
**SRIDHAR SUBRAHMANYAM**  
*Directors*

**V.BALAMURUGAN**  
Company Secretary

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

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

DATE : 29.05.2017  
PLACE: CHENNAI





# LOYAL TEXTILE MILLS LTD

CIN: L17111TN1946PLC001361  
REGD OFFICE: 21/4 MILL STREET, KOVILPATTI 628 501  
Email: investors@loyaltextiles.com, Website :www.loyaltextiles.com  
Phone: 04632-220001 Fax :04632 - 221353



## ATTENDANCE SLIP

I/We hereby record my/ our presence at the 71<sup>st</sup> Annual General Meeting of the Company at 21/4, Mill Street, Kovilpatti - 628501. on Monday the 25th day of September, 2017 at 12.00 noon.

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

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

Signature of member / proxy : .....

### Note :

1. Members of 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 2016-2017 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 2016-2017 and Notice of the AGM along with Attendance Slip and Proxy Form are sent in the permitted model(s) to all members.
4. The Company is offering electronic voting facility to its members in respect of the ordinary / special business 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 particular are set out below :

### ELECTRONIC VOTING PARTICULARS

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

Please read instructions given at Note No. 18 of the Notice convening the 71<sup>st</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** : investors@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

(1) Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
Email Id : \_\_\_\_\_  
Signature : \_\_\_\_\_

or failing him/her

(1) 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, 2017                    | Ordinary           |
| 2.             | Approval of Final dividend for the year 31 <sup>st</sup> March, 2017  | Ordinary           |
| 3.             | Re-Appointment of Mrs.Valli M Ramaswami, Director, who retires by rotation and eligible for re-appointment. | Ordinary           |

P.T.O



| Resolution No. | Resolutions  | Type of Resolution |
|----------------|--|--------------------|
| 4.             | Appointment of M/s. GANESH PRASAD, Chartered Accountants, (Firm Registration No. 000842S) as Statutory Auditors and to hold the office from the conclusion of the 71 <sup>st</sup> Annual General Meeting till the Conclusion of the 76 <sup>th</sup> Annual General Meeting of the Company. | Ordinary           |
|                | <b>Special Business</b>  |                    |
| 5.             | Approval of re-appointment of Mr.P.Manivannan, Whole time Director   | Ordinary           |
| 6.             | Ratification of remuneration of Cost Auditor   | Ordinary           |
| 7.             | Appointment of Mr.B.T.Bangera, as Independent Director   | Ordinary           |
| 8.             | Appointment of Mrs.Vijayalakshmi Rao, as Independent Director  | Ordinary           |
| 9.             | Re-appointment of Mr.R.Poornalingam, as Independent Director   | Special            |
| 10.            | Re-appointment of Mr.M.Madhavan Nambiar, as Independent Director   | Special            |

Signed this ..... day of ..... 2017

Signature of the Share holder .....

Signature of proxy holder(s) .....

Affix  
revenue  
stamp  
Rs. 1.00

- 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 71<sup>st</sup> Annual General Meeting.
  3. Please complete all details including details of member(s) in above box before submission



