

(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 : www.loyaltextiles.com

REF: LTM/BSE/AGM/002

August 29, 2020

The General Manager  
Bombay Stock Exchange Limited  
P J Towers, Dalal Street,  
Mumbai – 400 001

Dear Sir,

Sub: Annual Report 2019-20

Pursuant to Regulation 34 (1) (a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we herewith submit the Annual Report of the Company for the financial year 2019-20 for your information and record.

Thanking You,

Yours faithfully  
For LOYAL TEXTILE MILLS LIMITED



P. MAHADEVAN  
COMPANY SECRETARY & COMPLIANCE OFFICER



Encl : Annual Report

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  
GSTIN Tamil Nadu : 33AAACL2632C1Z8  
Andhra Pradesh : 37AAACL2632C1Z0  
CIN : L17111TN1946PLC001361. Pan No : AAACL2632C



# **LOYAL TEXTILE MILLS LIMITED**

**ANNUAL REPORT 2019-20**

<b>BOARD OF DIRECTORS</b>	: Mrs.Valli M Ramaswami, Chairperson & Whole Time Director Mr. P. Manivannan, Whole Time Director Mr. R. Poornalingam, I.A.S. (Retd.) Mr. Madhavan Nambiar, I.A.S. (Retd.) Mr. B.T. Bangera, B.E., M.B.A., Mr. B. Vaidyanathan, B.Tech. Mrs. Vijayalakshmi Rao, B.Sc., M.B.A.,
<b>CHIEF EXECUTIVE OFFICER</b>	: Mr. A. Velliangiri, B.Com., FCA., FCS., FCMA, M.B.A., D.M.A. (ICA)
<b>CHIEF FINANCIAL OFFICER</b>	: Mr. K. Ganapathi, B.Com., ACA
<b>COMPANY SECRETARY &amp; COMPLIANCE OFFICER</b>	: Mr. P. Mahadevan, FCS, M.C.L.
<b>STATUTORY AUDITOR</b>	: M/s. Ganesh Prasad, Chartered Accountants, Madurai
<b>COST AUDITOR</b>	: Mr. B. Venkateswar, B.Sc., FCMA, Coimbatore
<b>INTERNAL AUDITOR</b>	: M/s. Capri Assurance and Advisory Services, Chennai
<b>SECRETARIAL AUDITOR</b>	: Mr. M.K. Bashyam, FCS, Practicing Company Secretary, Madurai.
<b>BANKERS</b>	: Central Bank of India Export Import Bank of India State Bank of India Karur Vysya Bank Indian Bank IDBI Bank Kotak Mahindra Bank IndusInd Bank HDFC Bank
<b>REGISTERED OFFICE</b>	: 21/4, Mill Street, Kovilpatti – 628 501. Phone: 04632 – 220001 E-mail: investors@loyaltextiles.com
<b>REGISTRAR AND SHARE TRANSFER AGENT</b>	: M/s. GNSA Infotech Private Limited, STA Department, Nelson Chambers, 4 <sup>th</sup> Floor, F Block, No.115, Nelson Manickam Road, Aminjikarai, Chennai – 600 029 Phone: 044-42962025 E-mail: sta@gnsaindia.com
<b>WEBSITE</b>	: <a href="http://www.loyaltextiles.com">www.loyaltextiles.com</a>

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## LOYAL TEXTILE MILLS LTD

(CIN: L17111TN1946PLC001361)

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

Email: [investors@loyaltextiles.com](mailto:investors@loyaltextiles.com), Website: [www.loyaltextiles.com](http://www.loyaltextiles.com)

Phone: 04632-220001 Fax: 04632-221353

### NOTICE

**NOTICE** is hereby given that the 74<sup>th</sup> Annual General Meeting of the Members of the Company will be held on **Wednesday, September 23, 2020 at 10.15 A.M (IST)** through Video Conference ("VC") / Other Audio-Visual Means ("OAVM") to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Standalone and Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2020, the Cash Flow Statement for the year ended 31<sup>st</sup> March 2020, the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in Place of Mr. P. Manivannan, Director (DIN: 00366954), who retires by rotation and being eligible offers himself for re-appointment

#### SPECIAL BUSINESS:

3. **Re-Appointment of Mr. B.T. Bangera as an Independent Director**

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

**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b), Regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations") the approval of the Members of the Company be and is hereby accorded for re-appointment of Mr. B.T.Bangera (DIN 00432492), as Independent Director of the Company, who is eligible for reappointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of the Director, be and is hereby reappointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for another (second) term of three consecutive years with effect from September 27, 2020 till the conclusion of Annual General Meeting to be held in the Calendar year 2023.

**RESOLVED FURTHER THAT** Mrs. Valli M Ramaswami, Chairperson and Whole Time Director and Mr. P Mahadevan, Company Secretary and Compliance Officer of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this Resolution.

4. **Ratification of Remuneration to the Cost Auditor**

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

**RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. B. Venkateswar, Practicing Cost Accountant, (holding Membership No.27622), appointed by the Board as Cost Auditor to conduct the audit of the cost accounts with the remuneration of Rs.1,00,000/- (Rupees One Lakh Only), in addition to GST, travelling and out-of-pocket expenses for the financial year ending 31<sup>st</sup> March, 2021 be and is hereby confirmed and ratified.

**By order of the Board  
For Loyal Textile Mills Limited  
VALLI M RAMASWAMI  
Chairperson & Whole Time Director**

Place : Chennai  
Date : 24<sup>th</sup> June 2020

#### NOTES:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through Video Conference ("VC") / Other Audio-Visual Means ("OAVM"), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements)

## Notice

Regulations, 2015 (“the Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM.

2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Attendance Slip and Proxy Form are not annexed to this Notice. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
3. The Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 in respect of the special business, as set out in the Notice is annexed hereto and forms part of the Notice.
4. Pursuant to the provisions of Section 91 of the Companies Act, 2013 and Regulation 42 of SEBI (LODR) Regulations 2015, the Register of Members and Share Transfer Books of the company will be closed from **17<sup>th</sup> September, 2020 to 23<sup>rd</sup> September, 2020** (both days inclusive) for the purpose of Annual General Meeting.
5. 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.  
Members shall quote their Registered Folio No. in all their correspondences and notify the change, if any, in their Address / bank mandate to the Company's Registrar and Share Transfer Agent M/s. GNSA Infotech Private Limited, STA Department, Nelson Chambers, 4<sup>th</sup> Floor, F Block, No.115 Nelson Manickam Road, Aminjikarai, Chennai-600 029. Phone: 044-42962025, E-mail: sta@gnsaindia.com
6. Pursuant to Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, shares in physical form can be transferred only in dematerialized form with effect from 1<sup>st</sup> April, 2019, except in case of request received for transmission or transposition of Securities.
7. To support the “Green Initiative”, Members who have not registered their email addresses are requested to register the same with the Company's Registrar and Share Transfer Agent/their Depository Participants, in respect of shares held in physical/electronic mode, respectively.
8. In terms of requirements of Section 124(6) of the Companies Act, 2013 Read with Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Amendment Rules 2017 (“the Rules”), the Company is required to transfer the

shares in respect of which the dividend remains unpaid or unclaimed for a period of seven consecutive years to the IEPF account established by the Central Government. The Company had accordingly transferred 12,440 Equity shares pertaining to Dividend for the Financial Year 2011-12 to the IEPF account.

Any person, whose shares have been transferred to the Fund, may claim the shares from the authority by submitting an online Application form IEPF-5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in) and after making an application in form IEPF-5, send the same duly signed by him along with requisite documents to the Company for verification of the claim.

9. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection by the Members by writing an e-mail to the Company Secretary at [investors@loyaltextiles.com](mailto:investors@loyaltextiles.com)
10. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with Annual Report 2019-20 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company / Depository Participants. Members may note that the Notice and the Annual Report 2019-20 will also be available on the Company's website at [www.loyaltextiles.com](http://www.loyaltextiles.com) on the website of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and on the website of NSDL <https://www.evoting.nsdl.com>
11. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), the Company is providing facility of remote e-voting to its Members in respect of the business set out in the Notice. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.
12. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
13. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

**By order of the Board  
For Loyal Textile Mills Limited**  
**VALLI M RAMASWAMI**  
**Chairperson & Whole Time Director**

Place : Chennai  
Date : 24<sup>th</sup> June 2020

## EXPLANATORY STATEMENT

*[Pursuant to Section 102 of the Companies Act, 2013]*

### Item No. 4

Mr. B. T. Bangera, was appointed as Independent Director of the Company under section 149 and 152 of the Companies Act, 2013 read with Schedule IV attached thereto and Rules made thereunder, not subject to retirement by rotation, for a term of 3 (three) consecutive years with effect from September 25, 2017 till the conclusion of the Annual General Meeting to be held in the Calendar year 2020.

The Board of Directors on recommendation of the Nomination and Remuneration Committee held on 24<sup>th</sup> June 2020 has approved the appointment of Mr.B.T.Bangera as Independent Director of the company not liable to retire by rotation, to hold office for another term of three consecutive years with effect from the end of this annual general meeting to till the conclusion of annual general meeting to be held in the calendar year 2023.

Mr. B.T.Bangera fulfills all conditions specified by applicable laws for the position of an Independent Director of the Company. The Company has also received necessary declarations from him, that he meets the criteria of independence as prescribed under the Companies Act, 2013 and the Listing Regulations, presently applicable. Further he has also confirmed that he is not disqualified from being continued as a Director under section 164 of the Companies Act, 2013.

The Board of Directors and the Nomination & Remuneration Committee are of the opinion that the Company has benefited immensely through his association, and believe that his

judgment and knowledge are very important elements in the discussions and business decisions adopted by the Board of Directors.

Your Directors recommend the resolution for your approval.

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 this Notice.

### Item No. 5

The Board of Directors at their meeting held on 24<sup>th</sup> June, 2020 have approved the appointment of Mr. B. Venkateswar, Practicing Cost Accountant, (Membership No.27622) as Cost Auditor to conduct the audit of the Cost Accounts of the Company for the financial year 2020-21 at remuneration given in the resolution in the Notice.

As per Section 148 (3) of the Companies Act 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditors is to be ratified by the shareholders.

Your Directors recommend the resolution for your approval.

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 this Notice.



## Notice

### ANNEXURE TO THE NOTICE

Details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings, a brief Resume of the Director proposed to be re-appointed is given below.

#### Resolution No.2

Name	Mr.P.Manivannan
Date of Birth and Age	23/06/1961, 59 years
Date of Appointment	01/11/2016
Experience	Mr.P.Manivannan aged 59 years. He has over 37 years of experience in Marketing and Administration. He has been in the Board since November, 2008.
Inter-se Director Relationship	He is not having any inter-se relation with other directors of the Company.
Directorship in other companies	M/s.Loyal International Sourcing Private Limited
Committee Membership	NIL
Shareholding in the company	2 shares

#### Resolution No.3

Name	Mr.B.T.Bangera
Date of Birth and Age	17/03/1942, and 78
Date of Appointment	23/08/2017
Experience	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 Ahmedabad. He 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 HITECH ARAI 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.
Inter-se Director Relationship	He is not having any inter-se relation with other directors of the Company.
Directorship in other companies	M/s. Hi-Tech Arai Private Limited
Committee Membership	NIL
Shareholding in the company	NIL

#### THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period begins on 20<sup>th</sup> September 2020 at 09:00 A.M. and ends on 22<sup>nd</sup> September 2020 at 05:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.

#### How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

**Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**Step 2: Cast your vote electronically on NSDL e-Voting system.**



## Notice

Details on Step 1 is mentioned below:

### How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsd.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsd.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below
  - a. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c. How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a. Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
  - b. "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
  - c. If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - d. Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

## Notice

7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

### **Details on Step 2 is given below:**

#### **How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### **General Guidelines for shareholders**

1. Institutional shareholders (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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [vigneshmbacs@gmail.com](mailto:vigneshmbacs@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request to (Name of NSDL Official) at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

#### **Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card) by email to [investors@loyaltextiles.com](mailto:investors@loyaltextiles.com).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card) to [investors@loyaltextiles.com](mailto:investors@loyaltextiles.com)

## Notice

### **THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

### **INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsd.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. The Members can join the AGM in the VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
3. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID / folio number, PAN, mobile number at [investors@loyaltextiles.com](mailto:investors@loyaltextiles.com) from **September 09, 2020 (9:00 a.m. IST) to September 16, 2020 (5:00 p.m. IST)**. Those Members who have registered themselves as a speaker will only be allowed to express their views / ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
4. Members who need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.com](mailto:evoting@nsdl.com) or use Toll free No. 1800-22-990 or Contact Mr. Amit Vishal, Senior Manager, NSDL at the designated email ID: [evoting@nsdl.com](mailto:evoting@nsdl.com) or [Amitv@nsdl.com](mailto:Amitv@nsdl.com) or telephone No.022-24994360 or Contact Ms. Pallavi Mhatre, Manager, NSDL at the designated email ID: [evoting@nsdl.com](mailto:evoting@nsdl.com) or [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in) or at telephone No.022-24994545.

## Board's Report

### BOARD'S REPORT

#### BOARD'S REPORT

Your Directors have great pleasure in presenting the 74<sup>th</sup> Annual Report of the Company along with the Audited Financial statements for the financial year ended 31<sup>st</sup> March 2020.

#### FINANCIAL RESULTS

The Financial Results for the year under review are summarized hereunder.

(Rs. in Crs.)

Particulars	Standalone		Consolidated	
	2020	2019	2020	2019
Revenue from operations	1,104.43	1,306.94	1,104.43	1,306.94
Gross Profit	88.72	119.65	93.25	122.12
Less : Interest	36.91	39.23	36.91	39.23
Operating Profit (EBDT)	51.81	80.42	56.34	82.89
Less : Depreciation	52.13	57.39	52.13	57.39
Profit Before Tax (PBT)	(0.32)	23.03	4.20	25.50
Less: Current Tax	(4.58)	(2.70)	(4.58)	(2.70)
Profit After Tax (PAT)	4.26	25.73	8.78	28.20
Profit after OCI Income	4.40	26.36	8.92	28.82
Add : Surplus brought forward from previous year	123.61	100.78	135.91	111.16
Less: Dividend	0.72	2.41	1.29	2.95
Less: Dividend Tax	0.15	0.49	0.15	0.49
Less: Transfer to General Reserve	-	-	-	-
(Add) / Less : Transfer to OCI Reserve due to Ind AS Transition	0.14	0.63	0.14	0.63
Balance carried to Balance sheet	127.01	123.61	143.26	135.91
Earnings Per Share				
Basic – EPS per Share (in Rs.)	8.85	53.42	18.24	58.55
Diluted – EPS per Share (in Rs.)	8.85	53.42	18.24	58.55

#### PERFORMANCE OF THE COMPANY

During the year, your Company has produced 247.25 lakh Kg Yarn, 507.98 lakh meter Woven fabrics and 177.26 lakh Kg. Knitted fabrics.

The revenue from operations during the year 2019-20 decreased to Rs.1,104.43 crore from Rs.1,306.94 crore in 2018-19. Profit after tax declined to Rs.4.26 crore from Rs. 25.73 crore in 2018-19.

The revenue from exports during the year was at Rs.791.24 crore against Rs.1,133.15 crore in the previous year. Exports accounts for 71.64 % of the Revenue from Operations of the Company.

#### DIVIDEND

Covid 19 has impacted severally the operation from mid March 2020. The steep decline in production since then has affected severely the revenue and cash flow. The production has improved to a level of 60% in May 2020. The normalcy can be achieved only from August/September 2020. In view of this your Directors have not recommended any dividend for the year 2019-20.

#### SHARE CAPITAL

The paid-up Share Capital as on 31<sup>st</sup> March 2020 was Rs.4.82 Cr. During the year 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 General Reserve.

#### MATERIAL CHANGES OCCURED AFTER THE END OF FINANCIAL YEAR

No material changes and commitments which could affect the company's financial position have occurred between the end of the financial year and the date of this report.

#### MANAGEMENT DISCUSSIONS ON THE INDUSTRY SCENARIO & OUTPUTS

Global Textiles and Apparel Trade estimated at USD 764 billion in 2017 was growing at a Compounded Average Growth Rate (CAGR) of 3.4%. The Covid-19 has affected the growth in the Global Textiles and Apparel trade since March 2020. Many Brands have stopped procurement from March 2020. Normalcy can be returned gradually over and above 9–12 months.

India is one of the key players in the Global Textile Industry. India has good raw materials base and manufacturing strength across the production chain. India is the second largest exporter in the Global Textiles & Apparel Trade, next to China with an estimate turnover of US \$ 39 billion in 2018-19. The

## Board's Report

Indian Textile Industry occupies a key position in the Indian Economy providing direct employment to about 50 million people contributing about 2% of GDP.

With the strong domestic consumption and buoyant export demand, Indian Textile and Apparel exports trade was growing at a CAGR of 3.7%. However with the impact of Covid-19 the growth rate will sharply decline in 2020-21.

The strained relation between USA & China is expected to provide more opportunity for Indian Textile Industry for increasing the exports to US.

Volatility in Cotton prices, higher interest rates, reduction in export incentives, huge labour turnover and thin profit margin are the major challenges faced by Textile Mills in the country. At the same time there is good potential for the growth in Textile and Apparel production due to the consistent growth in the domestic and export markets. The company has added new large volume customers in the garment export business. To mitigate the impact of COVID as a proactive measure, the company ventured in to the new segment of manufacturing washable and reusable face masks made out of treated woven and knitted fabric and well designed PPE Kits and supplied to a large number of industrial houses, educational institutions, hospitals and public at large. The masks and PPE Kits are supplied under the brand name SUPERA SHIELD. These masks and PPE kits have received overwhelming response and very much appreciated for its quality by eminent personalities.

Loyal Textile Mills has four textile mills, one process house and a garment division. The Company is focusing on continuous improvement in production and cost reduction measures. The Company has established its credentials both in the domestic and export market, through supplying quality products.

### AWARDS

The Company has bagged TEXPROCIL Export Award in the following categories during the year.

1. Gold Trophy for Highest Women Employment Generation for Women.
2. Gold Trophy for Highest export performance in Grey Fabrics under Category III.
3. Gold Plaque for the Highest export performance in Processed Yarns under Category.
4. Gold Plaque for the Highest export performance in Bleached / Dyed/Yarn Dyed / Printed Fabrics under Category I.

### LOYAL INTERNATIONAL SOURCING PRIVATE LTD.

Loyal International Sourcing Private Limited (LISPL) is a 100% Wholly Owned Subsidiary Company started in the year 2014. The operations in LISPL has been stopped.

### RENEWABLE ENERGY

During the year, the company has generated 5.97 crore units of wind power against 6.41 crore units in the previous year and solar power 48.68 lakh units against 49.79 lakh units in the previous year. The wind power generation during the year has declined by 7.15% as compared to the previous year due to low wind velocity.

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

The Particulars required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8, of the Companies (Accounts) Rules, 2014, is furnished in **Annexure I** to this Report.

### CONSOLIDATED FINANCIAL STATEMENT

The consolidated financial statements of the Company are prepared in accordance with the provisions of Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014 and Regulations 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 along with a separate statement containing the salient features of the financial performance of subsidiaries and joint ventures is attached to the financial statements in the prescribed format.

### DIRECTORS

As per the provisions of Section 152 of the Companies Act, 2013, Mr. P.Manivannan, Director (DIN: 00366954), retires by rotation at the forthcoming Annual General Meeting and being eligible for re-appointment offers himself for re-appointment as Director of the Company subject to the approval by the Shareholders of the Company in the Annual General meeting by an Ordinary Resolution. The Board recommends his re-appointment for the considerations of the members of the company at forthcoming Annual General Meeting. Brief profile of Mr. P. Manivannan has been given in the Notice convening the AGM.

As per the provisions of Section 149 and 152 of the Companies Act 2013, read with Schedule IV attached thereto and Rules made thereunder Mr. B. T. Bangera (DIN 00432492), was appointed as Independent Director of the Company, not subject to retirement by rotation, for a term of 3 (three) consecutive years with effect from September 25, 2017 till the conclusion of the Annual General Meeting to be held in the Calendar year 2020.

The Board recommends his re-appointment for another term of three consecutive years, for the considerations of the members of the company at forthcoming Annual General Meeting. Brief profile of Mr. B. T. Bangera has been given in the Notice convening the AGM.



## Board's Report

### DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Independent directors have submitted their disclosure to the Board confirming that they fulfill the requirements as to qualify for their appointment as an Independent Director under the provisions of Section 149 of the Companies Act, 2013 as well as SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board confirms that the said Independent Directors meet the criteria as laid down under the Companies Act, 2013 as well as SEBI Listing Regulations.

### BOARD MEETING

The Board met five times during the year on 30<sup>th</sup> May 2019, 9<sup>th</sup> August 2019, 1<sup>st</sup> November 2019, 11<sup>th</sup> November 2019 and 31<sup>st</sup> January 2020 and the gap between two meetings did not exceed one hundred and twenty days.

### STATUTORY AUDITORS

M/s.Ganesh Prasad (Firm Regd.No.000872S) Chartered Accountants, were appointed as statutory auditors of the Company for a period of 5 years in the 71<sup>st</sup> AGM held on 25<sup>th</sup> September 2017.

M/s.Ganesh Prasad (Firm Regd.No.000872S) Chartered Accountants will hold office till the conclusion of 76<sup>th</sup> AGM. The Auditor's Report to the Shareholders on the Standalone and Consolidated financial statement for the year ended March 31, 2020 does not contain any qualification, observation or adverse comment.

### SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed Mr. M.K. Bashyam (FCS No.600), Practicing Company Secretary, Madurai to undertake the secretarial audit of the company for the financial year ended 31<sup>st</sup> March, 2020.

The Secretarial Audit Report is enclosed in this report as **Annexure III**. The Secretarial Audit report does not contain any qualifications, reservation or adverse remark.

### COST AUDITOR

Mr. B. Venkateswar, Cost Accountant was appointed as Cost Auditor for auditing the cost accounts of the Company for the year ended 31<sup>st</sup> March, 2020. The Cost Audit Report for the financial year 2019-20 will be submitted to the Central Government before due date.

The Board of Directors of the Company have appointed Mr. B. Venkateswar, Practicing Cost Accountant, holding Membership No.27622 as Cost Auditor for the year ending 31<sup>st</sup> March 2021.

In accordance with the provisions of Section 148(3) of the Companies Act 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company. Appropriate resolution forms part of the Notice.

### INTERNAL AUDITORS

The company has appointed M/s. Capri Assurances and Advisory Services, as External Internal Auditors of the Company for two financial years viz., 2020-21 and 2021-22.

### EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual return in Form MGT- 9 as per the provisions of the Companies Act 2013 and Rules thereto are annexed to this report as **Annexure II**.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- a) In the preparation of the annual accounts for the year ended March 31, 2020, 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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the March 31, 2020 and 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 compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

In terms of Section 135 and Schedule VII of the Companies Act, 2013 the Board of Directors of the Company have constituted a CSR Committee. The Committee comprises of three Directors comprising of two Independent Directors and one Whole Time

## Board's Report

Director. The company spends 2% of the average net profit of the previous three years for CSR activities. The CSR activities are mainly focused on Education and Health Care. The CSR Policy is available on the website of the company.

During the year the company has contributed to a Charitable Trust a sum of Rs.41.15 Lakhs in accordance with the provisions of Section 135 of the Companies Act, 2013 for spending towards CSR activities. Annual Report on CSR activities is enclosed as **Annexure IV**.

### 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 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 V**. Also Refer Note No.41 of Financial statement which sets out the transactions with related parties.

The Board of Directors of the Company, has on the recommendation of the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act 2013, the Rules there under and the Listing Regulations. This Policy was considered and approved by the Board has been uploaded on the website of the Company.

### PARTICULARS OF EMPLOYEES

No employee of the Company was in receipt of remuneration of not less than Rs.1.02 Crs. during the year or Rs.8.50 lakhs per month during any part of the said year as per Section 197 of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014.

### RATIO OF REMUNERATION OF DIRECTOR

As per Section 197 (12) of the Companies Act 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the details of Ratio of Remuneration to each Director to the median employee's remuneration is furnished as **Annexure VI**.

### CEO / CFO CERTIFICATION

In accordance with Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, a certificate on the Financial Statements and Cash Flow Statement of the

company for the year ended March 31, 2020 duly signed by CEO and CFO was submitted to the Board of Directors and the same is attached as **Annexure VII**.

### CORPORATE GOVERNANCE

The Company has in place a system of Corporate Governance. Corporate Governance is about maximizing shareholder value legally, ethically and sustainably. The company has taken adequate steps to adhere to all the conditions laid down in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time with respect to Corporate Governance. A report on Corporate Governance is included as part of this annual report as **Annexure VIII**.

A Certificate from the Statutory Auditors of the Company confirming the compliance of conditions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Annual report.

### BOARD EVALUATION

As required under the provisions of Section 134(3) (p) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, 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.

The performance evaluation of the Directors was completed during the year under review. The performance evaluation of the Chairperson and the Non-Independent Directors was carried out by the Independent Directors and Non-Executive Director. The Board of Directors expressed their satisfaction with the evaluation process.

### FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

Pursuant to 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 on Familiarisation Programme as approved can be viewed on the Company's website.

### VIGIL MECHANISM / WHISTLE BLOWER POLICY

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, the company has framed a Vigil Mechanism / Whistle Blower Policy. The Vigil Mechanism Policy has been posted on the website of the Company. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. No complaint has been received from any employee during this year.



## Board's Report

### DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT 2013

In order to comply with provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder, the Company has formulated and implemented a policy on prevention, prohibition and redressal of complaints related to sexual harassment of women at the workplace. All women employees either permanent, temporary or contractual are covered under the above policy. An Internal Complaint Committee (ICC) has been set up in compliance with the said Act. During the year under review, there were no cases filed pursuant to the provisions of the Act.

### SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the company and its future operations.

### 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.

### RISK MANAGEMENT

The company takes utmost care in managing the risks and it helps to improve operations and production. Risk management framework has been formulated. The Board members are regularly informed of the risk assessment and risk mitigation measures. The forex exchange risk is actively managed within the framework laid down by the Forex management policy approved by the Board.

### TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year, the company has transferred Rs.1,51,608/- being the dividend amount which was due and payable and remained unclaimed and unpaid for a period of 7 years to Investor Education and Protection Fund as per the requirements of the Companies Act, 2013.

Pursuant to the provisions of Section 124 and rules and regulation made thereunder and other applicable 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).

Due dates for transfer of Unclaimed Dividends to the IEPF is given below:

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 to Transfer to IEPF
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
2016-2017	100%	25-09-2017	25-10-2017	25-09-2024	25-10-2024
2017-2018	50%	27-09-2018	29-10-2018	27-09-2025	27-10-2025
2018-2019	15%	26-09-2019	28-10-2019	26-09-2026	26-10-2026

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

### PUBLIC DEPOSITS

During the year the company has not accepted deposit from the public falling within the ambit of section 73 of the Companies Act 2013 and the Companies (Acceptance of deposits) Rules 2014 and the amendments made thereunder.

### 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.4).

### LISTING

The Company's equity shares are listed on Bombay Stock Exchange.

### ENHANCING SHAREHOLDERS' VALUE

The company believes in the importance of its Members who are among its most important stakeholders. Accordingly, the company's operations are committed to the goal of achieving high levels of performance and cost effectiveness, growth building, enhancing the productive asset and resource base and nurturing overall corporate reputation. The company is also committed to creating value for its stakeholders by ensuring that its corporate actions have positive impact on the socio-economic and environmental growth and development.

## Board's Report

### ACKNOWLEDGEMENT

The Board has pleasure in recording its appreciation for the assistance, cooperation and support extended to the company by the banks and the government departments.

The Board also places on record its sincere appreciation of the response received from the company's valuable customers and thanks them for their continued support.

The company is grateful to all the employees for their continued co-operation extended to the company. Their contribution has been outstanding and the Directors place on record their appreciation for the same.

The Directors also thanks the shareholders for their support and for the confidence they have reposed in the company.

### CAUTIONARY STATEMENT

Statements in the Board's report and the Management Discussion & Analysis describing the Company's objectives,

expectations or forecasts may be forward - looking within the meaning of applicable securities, laws and regulations. The Company cannot guarantee the accuracy of assumptions and the projected future performance of the Company. The actual results may materially differ from those expressed or implied in this report. Important factors that could influence the company's operations include global and domestic demand and supply conditions affecting selling price of finished goods, input availability and prices, changes in government regulations, tax laws, economical developments within the country and other factors such as litigation and industrial relations.

### For and on behalf of the Board

**VALLI M RAMASWAMI**  
Chairperson & Whole Time Director

**P. MANIVANNAN**  
Whole Time Director

Place : Chennai  
Date : 24<sup>th</sup> June 2020

**ANNEXURE – I**

**Information pursuant to Section 134(3) (m) of the Companies Act, 2013**

**A. CONSERVATION OF ENERGY**

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

- a. We have replaced the energy efficient motors in Suesen compact system in LTM C mill to get 150 units/day saving without affecting performance.
- b. Optimization of dry cooling tower energy consumption by reprogramming the ABB PLC to get power saving of 300 units/day in LTM.
- c. Blower air used in ETP instead of compressor air and achieved the power savings of 500 units per day in LTM.
- d. Conservation of energy by the Parallel operation of all dry cooling towers in compressors and get 450 units/day in LTM.
- e. Modified the TFO circuits from delta to star connection and get the power saving of 150 units per day in LTM.
- f. Firewood consumption reduction by 450 kgs per day due to improved boiler efficiency by daily cleaning of fire tubes in boiler.
- g. Reduction of Water consumption by 90 KL/day from last year consumption of 360 KL/day by taking various efforts like reusing of condensated steam water and reusing of drinking water RO reject water after softening and optimum usage by all workers and staff.

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

During the year, the company has utilized 605 lakhs units power generated through wind mills and 48.28 lakhs units through solar power plant.

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

Around Rs.3.6 lakhs was spent for replacing energy efficient motors, Inverters and timers for the Boilers and departments.

**B. TECHNOLOGY ABSORPTION**

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

- a. Company has changed spindles to reduce lift and improve productivity by 5% and energy saving by 10% in one ring frame in VTM.
- b. Company has done stretch conversion to reduce spinning angle and improve productivity by 4 % in four ring frames.
- c. Company has done nipper conversion in one comber to save 1% realization in VTM

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

The company has developed new innovative products like doobby design fabrics, sustainable wear from recycled cotton, mixture of bamboo with recycled cotton, modal and recycled cotton etc. We also developed four track knitting designs.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

(Rs. in Crs.)

Particulars	2019 - 2020	2018 - 2019
Total Foreign Exchange Earned	<b>800.58</b>	1,142.44
Total Foreign Exchange Used	<b>97.94</b>	114.17

**Annexure – II**  
**EXTRACT OF ANNUAL RETURN**  
**(Financial Year ended on 31<sup>st</sup> March 2020)**

**Form No. MGT-9**

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

**I. REGISTRATION AND OTHER DETAILS**

CIN	L17111TN1946PLC001361
Registration Date	09.04.1946
Name of the Company	Loyal Textile Mills Limited
Category / Sub-category of the Company	Public Limited Company
Address of the Registered office and contact details	21/4, Mill Street, Kovilpatti – 628 501 Tamilnadu Phone : 04632 – 220001 Email : secretarial@loyaltextiles.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent	GNSA Infotech Private Limited Nelson Chambers, F-Block, 4 <sup>th</sup> Floor, No.115, Nelson Manickam Road, Aminthakarai, Chennai – 600 029 Phone : +91 44 42962025 Email : ravi.k@gnsaindia.com, sta@gnsaindia.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

S. No.	Name and Description of Main Product	NIC code of the Product	% to total turnover of the company
1	Yarn	5403	15%
2	Cloth & Hosiery Cloth	5911	74%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section of the Companies Act, 2013
1	M/s. Loyal International Sourcing Private Limited New No. 83, First Main Road, R.A. Puram, Chennai - 600 028	U51909TN2014PTC097852	Subsidiary Company	100	2 (87) of Companies Act, 2013
2	M/s. Gruppo P&P Loyal SPA, Italy	-	Joint Venture	47.5	2 (6) of Companies Act, 2013
3	M/s. Loyal IRV Textile, LDA, Portugal	-	Joint Venture	51	2 (6) of Companies Act, 2013
4	M/s. Loyal Dimco Group A.E.C.E, Greece	-	Joint Venture	50	2 (6) of Companies Act, 2013
5	Loyal Textiles (UK) Limited	-	Associate	49	2 (6) of Companies Act, 2013

## Board's Report

### IV. SHAREHOLDING 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	% of Total Shares
A. Promoter										
1) Indian										
a) Individual/ HUF	1,96,013	4	1,96,017	4.07	1,96,013	4	1,96,017	4.07	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-	-
d) Bodies Corp	33,43,828	-	33,43,828	69.43	33,43,828	-	33,43,828	69.43	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-	-
Sub-total(A)(1)	35,39,841	4	35,39,845	73.49	35,39,841	4	35,39,845	73.49	-	-
2) Foreign										
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-	-
Sub-total(A)(2)	-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	35,39,841	4	35,39,845	73.49	35,39,841	4	35,39,845	73.49	-	-
B. Public Shareholding										
1. Institutions										
a) Mutual Funds	-	-	-	-	-	-	-	-	-	-
b) Banks / FI	4,000	700	4,700	0.10	4,000	-	4,000	0.08	(700)	(0.02)
c) Central Govt	-	-	-	-	-	-	-	-	-	-
d) State Govt (s)	-	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
i) Others (Foreign Nationals)	-	-	-	-	-	-	-	-	-	-
Sub-total(B)(1)	4,000	700	4,700	0.10	4,000	0	4,000	0.08	(700)	(0.02)
2. Non Institutions										
a) Bodies Corp.										
(i) Indian	1,53,897	14,931	1,68,828	3.51	1,74,223	14,931	1,89,154	3.93	20,326	0.42
(ii) Overseas	6,437	18,235	24,672	0.51	7,756	18,235	25,991	0.54	1,319	0.03
b) Individuals										
(i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	4,32,390	1,57,791	5,90,181	12.25	4,36,155	1,40,796	5,76,951	11.98	(13,230)	(0.27)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	3,78,502	-	3,78,502	7.86	3,58,347	-	3,58,347	7.44	(20,155)	(0.42)
c) Others	-	-	-	-	-	-	-	-	-	-
IEPF - INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS	1,09,718	-	1,09,718	2.28	1,22,158	-	1,22,158	2.54	12,440	0.26
Sub-total(B)(2)	10,80,944	1,90,957	12,71,901	26.41	10,98,639	1,73,962	12,72,601	26.42	700	0.02
Total Public Shareholding (B)= (B)(1)+ (B)(2)	10,84,944	1,91,657	12,76,601	26.51	11,02,639	1,73,962	12,76,601	26.51	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	46,24,785	1,91,661	48,16,446	100.00	46,42,480	1,73,966	48,16,446	100.00	-	-

## Board's Report

### b. Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of Change during the year
		No. of Shares	% to total shares of the Company	% of Shares Pledged / encumbered to total Shares	No. of Shares	% to total shares of the Company	% of Shares Pledged / encumbered To total Shares	
1	Mr. Manikam Ramaswami (Deceased)	1,09,315	2.27	-	1,09,315	2.27	-	-
2	Mrs. Valli M Ramaswami	86,148	1.79	-	86,148	1.79	-	-
3	Ms. Vishala Ramaswami	550	0.01	-	550	0.01	-	-
4	Mr. M Ramakrishnan	2	0	-	2	0.00	-	-
5	Mr. P Manivannan	2	0	-	2	0.00	-	-
6	M/s. Madurai Tara Traders Private Ltd.	7,76,887	16.13	-	7,76,887	16.13	-	-
7	M/s. FelsparCredit and Investments Private Ltd.	6,61,126	13.73	-	6,61,126	13.73	-	-
8	M/s. Dhanalakshmi Investments Private Ltd.	6,29,343	13.07	-	6,29,343	13.07	-	-
9	M/s. Kurunji Investments Private Ltd.	3,46,887	7.20	-	3,46,887	7.20	-	-
10	M/s. Chinthamani Investments Private Ltd.	2,80,270	5.82	-	2,80,270	5.82	-	-
11	M/s. Nemesis Cotton Trading Company Private Ltd.	1,36,086	2.83	-	1,36,086	2.83	-	-
12	M/s. Rhea Cotton Traders Private Ltd.	1,16,660	2.42	-	1,16,660	2.42	-	-
13	M/s. Nike Cotton Traders Private Ltd.	1,15,000	2.39	-	1,15,000	2.39	-	-
14	M/s. HellenCottonTrading Company Private Ltd.	71,950	1.49	-	71,950	1.49	-	-
15	M/s. Valli AgriIndustries Private Ltd.	55,620	1.15	-	55,620	1.15	-	-
16	M/s. Valli Yarn Processors Private Ltd.	53,496	1.11	-	53,496	1.11	-	-
17	M/s. Vishala Apparels Private Ltd.	30,625	0.64	-	30,625	0.64	-	-
18	M/s. Vishala Knitwear Private Ltd.	29,375	0.61	-	29,375	0.61	-	-
19	M/s. Sri ManikavasagamTrades and Finance Private Ltd.	22,501	0.47	-	22,501	0.47	-	-
20	M/s. EmmarTrades and Finance Private Ltd.	18,002	0.37	-	18,002	0.37	-	-
	<b>Total</b>	<b>35,39,845</b>	<b>73.49</b>	<b>-</b>	<b>35,39,845</b>	<b>73.49</b>	<b>-</b>	<b>-</b>

### c. Change in Promoters' Shareholding:

There is no change in promoter's shareholding during FY 2019-20.

## Board's Report

### d. Shareholding pattern of top ten shareholders (other than Promoters and Directors)

S. No.	Name of the Shareholders, Date and Reason for change	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS	1,09,718	2.28	1,09,718	2.28
	11.09.2019 - Transfer to IEPF	12,440	0.26	1,22,158	2.54
	At the end of the year (31.03.2020)	-	-	1,22,158	2.54
2	Mr. MAYUR MANGALDAS KOTHARI	1,07,182	2.23	1,07,182	2.23
	19.04.2019 - Market Buying	477	0.01	1,07,659	2.24
	26.04.2019 - Market Buying	438	0.01	1,08,097	2.24
	27.09.2019 - Market Selling	1,000	0.02	1,07,097	2.22
	At the end of the year (31.03.2020)			1,07,097	2.22
3	M/s. MUSES COTTON TRADING COMPANY PRIVATE LTD	90,484	1.88	90,484	1.88
	At the end of the year (31.03.2020)			90,484	1.88
4	Mr. VIJAY KUMAR KASERA	55,387	1.15	55,387	1.15
	05.04.2019 - Market Buying	5	0.00	55,392	1.15
	18.10.2019 - Market Buying	5	0.00	55,397	1.15
	15.11.2019 - Market Buying	13	0.00	55,410	1.15
	22.11.2019 - Market Buying	30	0.00	55,440	1.15
	06.12.2019 - Market Buying	11	0.00	55,451	1.15
	03.01.2020 - Market Buying	1	0.00	55,452	1.15
	10.01.2020 – Market Buying	2	0.00	55,454	1.15
	24.01.2020 – Market Buying	9	0.00	55,463	1.15
	At the end of the year (31.03.2020)			55,463	1.15
5	Mr. VINODCHANDRA MANSUKHLAL PAREKH	25,351	0.53	25,351	0.53
	24.05.2019 – Market Buying	1,868	0.04	27,219	0.57
	31.05.2019 – Market Buying	1,449	0.03	28,668	0.60
	16.08.2019 – Market Buying	132	0.00	28,800	0.60
	30.08.2019 – Market Buying	6,090	0.13	34,890	0.73
	13.09.2019 – Market Buying	951	0.01	35,841	0.74
	27.09.2019 – Market Buying	1	0.00	35,842	0.74
	11.10.2019 – Market Buying	5	0.00	35,847	0.74
At the end of the year (31.03.2020)			35,847	0.74	
6	Mr. SANJEEV VINODCHANDRA PAREKH	30,894	0.64	30,894	0.64
	08.11.2019 - Market Buying	125	0.00	31,019	0.64
	At the end of the year (31.03.2020)			31,019	0.64
7	M/s. BRN COMMODITIES AND TRADING CO PRIVATE LTD	29,755	0.62	29,755	0.62
	At the end of the year (31.03.2020)			29,755	0.62



## Board's Report

d. Shareholding pattern of top ten shareholders (other than Promoters, Directors and Holders of GDRs and ADRS) : (Contd....)

8	Mr. MOHAN GUPTA	45,000	0.93	45,000	0.93
	15.11.2019 - Market Selling	21,937	0.46	23,063	0.48
	22.11.2019 - Market Buying	1,192	0.02	24,255	0.50
	29.11.2019 - Market Buying	200	0.00	24,455	0.51
	06.12.2019 - Market Buying	476	0.01	24,931	0.52
	20.12.2019 - Market Buying	332	0.01	25,263	0.53
	07.02.2020 - Market Buying	300	0.01	25,563	0.53
	14.02.2020 - Market Buying	200	0.01	25,763	0.54
	13.03.2020 - Market Buying	158	0.00	25,921	0.54
	At the end of the year (31.03.2020)			25,921	0.54
9	M/s. NIRMALBANG SECURITIES PVT. LTD.	0	0.00	0	0.00
	15.11.2019 - Market Buying	21,937	0.46	21,937	0.46
	At the end of the year (31.03.2020)			21,937	0.46
10	M/s. DAYCO COMMODITY BROKERS LLP	20,000	0.42	20,000	0.42
	At the end of the year (31.03.2020)	-	-	20,000	0.42

e. Shareholding of Directors

S. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to Shares of the Company	No. of Shares	% to Shares of the Company
1	Mrs. Valli M Ramaswami Chairperson and Whole Time Director				
	Opening Balance as on 01.04.2019	86,148	1.78	86,148	1.78
	Closing Balance as on 31.03.2020	86,148	1.78	86,148	1.78
2	Mr.P.Manivannan Whole Time Director				
	Opening Balance as on 01.04.2019	2	0.00	2	0.00
	Closing Balance as on 31.03.2020	2	0.00	2	0.00

f. Shareholding of Key Managerial Personnel

S. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to Shares of the Company	No. of Shares	% to Shares of the Company
1	Mr. A. Velliangiri Chief Executive Officer				
	Opening Balance as on 01.04.2019	0	0	0	0
	Closing Balance as on 31.03.2020	0	0	0	0
2	Mr. K. Ganapathi Chief Financial Officer				
	Opening Balance as on 01.04.2019	0	0	0	0
	Closing Balance as on 31.03.2020	0	0	0	0
3	Mr. P. Mahadevan Company Secretary & Compliance Officer				
	Opening Balance as on 01.04.2019	0	0	0	0
	Closing Balance as on 31.03.2020	0	0	0	0

## Board's Report

### V. INDEBTEDNESS

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

(Rs. in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
(i) Principal Amount	48,410	200	-	48,610
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	17	-	-	17
<b>TOTAL (i+ii+iii)</b>	<b>48,427</b>	<b>200</b>	<b>-</b>	<b>48,627</b>
<b>Change in Indebtedness during the financial year</b>				
a) Addition	-	-	-	-
b) Reduction	8,493	-	-	-
<b>Net Change</b>	<b>(8,493)</b>	<b>-</b>	<b>-</b>	<b>(8,493)</b>
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	39,891	200	-	40,091
(ii) Interest due but not paid	43	-	-	43
(iii) Interest accrued but not due	-	-	-	-
<b>TOTAL (i+ii+iii)</b>	<b>39,934</b>	<b>200</b>	<b>-</b>	<b>40,134</b>

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

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

(Rs. in Lakhs)

S. No.	PARTICULARS OF REMUNERATION	Mrs.Valli M Ramaswami Chairperson & Whole Time Director	Mr. P. Manivannan Whole Time Director	TOTAL
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	60.00	21.98	<b>81.98</b>
	(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	-	-	-
5	Others – PF & Pension	7.20	2.02	<b>9.22</b>
	<b>TOTAL</b>	<b>67.20</b>	<b>24.00</b>	<b>91.20</b>
	<b>Ceiling as per Companies Act, 2013</b>			<b>120.67</b>

## Board's Report

### B. Remuneration to other Directors

(Rs. in Lakhs)

S. No.	Name of the Director	Remuneration		Total
		Sitting Fees	Commission	
<b>I</b>	<b>Independent Directors</b>			
1	Mr. R. Poornalingam	4.70	-	<b>4.70</b>
2	Mr. Madhavan Nambiar	2.90	-	<b>2.90</b>
3	Mr. B.T. Bangera	5.00	-	<b>5.00</b>
4	Mrs.Vijayalakshmi Rao	2.80	-	<b>2.80</b>
	<b>Total (A)</b>	<b>15.40</b>	<b>-</b>	<b>15.40</b>
<b>II</b>	<b>Non Independent Director</b>			
1	Mr.B.Vaidyanathan	4.50	-	<b>4.50</b>
	<b>Total (B)</b>	<b>4.50</b>	<b>-</b>	<b>4.50</b>
	<b>Grand Total (A+B)</b>	<b>19.90</b>	<b>-</b>	<b>19.90</b>

### C. Remuneration to Key Managerial Personnel :

(Rs. in Lakhs)

S. No.	PARTICULARS OF REMUNERATION	KEY MANAGERIAL PERSONNEL			TOTAL
		Mr. A Velliangiri, Chief Executive Officer	Mr. K Ganapathi, Chief Financial Officer	Mr. P Mahadevan, Company Secretary & Compliance Officer	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961 (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	34.92	29.99	10.07	<b>74.98</b>
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
5	Others – PF & Superannuation	1.94	1.44	0.32	<b>3.70</b>
	<b>TOTAL</b>	<b>36.86</b>	<b>31.43</b>	<b>10.39</b>	<b>78.68</b>

### 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
<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					

### Annexure III FORM MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2020

[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, 2020 ('Audit Period'), 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, 2020 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereof;
  - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 – **(Not applicable)**;
  - e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 – **(Not applicable)**;
  - 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)**;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – **(Not applicable)**; and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 – **(Not applicable)**.
- (vi) I have examined the adequacy of systems and processes in place to monitor and ensure compliance under the other applicable Laws, Rules, Regulations and Guidelines prescribed under various acts which are specifically applicable and as identified by the Company and categorized under the following major heads / groups:
- a) Acts and Rules under prevention and control of pollution.
  - b) Acts and Rules relating to Environmental protection and energy conservation.
  - c) Acts and Rules relating to hazardous substances and chemicals.
  - d) Acts and Rules relating to electricity, motor, vehicles, explosives, fire service, boilers , gas cylinders, Petroleum, etc.
  - e) The Information Technology Act, 2000 and rules made there under.
  - f) Land Revenue Laws.

## Board's Report

- g) Other local laws as applicable to the plant and office.
- h) Labour laws and other incidental laws related to labour and employees appointed by the Company including those on contractual basis as relating to industrial disputes, wages, bonus, gratuity, provident fund, insurance and
- i) All other laws applicable to the textile industry.

### 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 Listing Agreement entered into by the Company with stock exchange (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. as 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 under the provisions of the Act and the LODR Regulations, 2015 for the year under review. The changes in the composition of the Board of Directors that

took place during the period under review were carried out in compliance with the provisions of the Act.

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

Decisions were carried out by majority, 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 : 1<sup>st</sup> June 2020

## 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.

1. 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.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the relevant records and compliances. The verification was done on test basis to verify that correct facts are reflected in secretarial and other relevant records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. 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 random test basis.
6. 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.

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

Place : Madurai  
Date : 1<sup>st</sup> June 2020

**ANNEXURE IV**  
**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES**

**1. A brief outline of the Company's CSR policy**

The Company's CSR policy is focused primarily on Education and Health Care. The CSR Policy has been uploaded in the company's website [www.loyaltextiles.com](http://www.loyaltextiles.com)

**2. Composition of CSR Committee**

NAME	POSITION	CATEGORY
Mrs. Vijayalakshmi Rao	Chairperson	Independent Director
Mr. Madhavan Nambiar	Member	Independent Director
Mr. P. Manivannan	Member	Whole Time Director

**3. Average Net Profit**

Average net profit of the company for the last three financial years is Rs.20.58 Crs.

**4. Prescribed CSR Expenditure**

2% of the average net profit as stated in point no.3 above is Rs.0.41 Crs.

**5. Details of CSR spent / contributed during the financial year**

a. The Company during the financial year 2019-20 has contributed Rs 41.15 Lakhs to the Trust to spend towards CSR activities.

b) Amount unspent, if any :NIL

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

(Rs. 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)	20.57	20.57	20.57	Implementing agency
2	Educational Expenses incurred for Thiagarajar Perceptor college	Promoting education, including special education and vocation skills.	Madurai, (Above location is in Tamilnadu)	20.58	20.58	20.58	Implementing agency
<b>TOTAL</b>				<b>41.15</b>	<b>41.15</b>	<b>41.15</b>	

**6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report.**

Not Applicable

**7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR Objectives and Policy of the company**

The Loyal Textile Mills Board and CSR Committee are wholeheartedly committed to fulfilling the company's CSR vision of aspiring to be a trusted partner while striving to contribute to a safe and better quality of life.

The CSR Committee hereby confirms that the implementation and monitoring of CSR policy is in compliance with the CSR objectives and Policy of the company.

**Vijayalakshmi Rao**  
Chairperson of CSR Committee

**P. Manivannan**  
Member - CSR Committee

Place: Chennai

Date : 24<sup>th</sup> June 2020

**ANNEXURE V**  
**RELATED PARTY TRANSACTIONS**

**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 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 – Joint Venture
b)	Nature of contracts / arrangements / transactions	Sale of Garments and Purchase of raw materials
c)	Duration of the contracts / arrangements / transactions	01.04.2019 – 31.03.2020
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Sale of Garments Rs 57.11 crs. Purchase of Raw materials Rs.0.49 crs.
e)	Date(s) of approval by the Board, if any	Transactions for the four quarters were approved by Board in the meeting held on 09.08.2019, 11.11.2019, 31.01.2020, 24.06.2020
f)	Amount paid as advances, if any	Nil

**Valli M Ramaswami**  
Chairperson & Whole Time Director

**P. Manivannan**  
Whole Time Director

Place : Chennai  
Date : 24<sup>th</sup> June 2020



**ANNEXURE – VI**  
**RATIO OF REMUNERATION OF DIRECTOR**

**[Part A : Information pursuant to Section 197 (12) of the Companies Act, 2013  
read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014]**

- a. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year and percentage of increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year

<b>S. No.</b>	<b>Name</b>	<b>Designation</b>	<b>Ratio / Times of remuneration to the Median remuneration of employee</b>	<b>Percentage of Increase of remuneration</b>
1	Mrs. Valli M Ramaswami	Chairperson & Whole Time director	149	0%
2	Mr. P.Manivannan	Whole Time Director	48	0%
3	Mr. A.Velliangiri	Chief Executive Officer	83	0%
4	Mr. K.Ganapathi	Chief Financial Officer	69	0%
5	Mr. P. Mahadevan	Company Secretary & Compliance Officer	23	0%

- b. Percentage increase in the median remuneration of employees in the financial year : 15.3%.
- c. No. of permanent employees on the rolls of the Company : 1575.
- d. Average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

Average percentage increase/(Decrease) made in the salaries of employees other than the managerial personnel in the last financial year (i.e.,) 2019-20 was (6.64%) whereas the increase/(decrease) in the managerial remuneration for the same financial year was (4.73%).

- e. It is hereby affirmed that the remuneration is as per the remuneration policy of the company.

**Part B : Statement of Disclosure pursuant to Section 197 of the Companies Act, 2013**

**[Read with Rule 5 (2) and 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014]**

- a. No employee of the Company was in receipt of remuneration of not less than Rs.1.02 crores during the year or Rs. 8.50 lakhs per month during any part of the financial year.

**ANNEXURE – VII**

**COMPLIANCE CERTIFICATE BY  
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER**

Pursuant to Regulation 17 (8) read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we certify that:

1. We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) These statements 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 our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept overall responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control system of the company pertaining to financial reporting, and we
4. We have indicated to the Auditors and to the Audit Committee:
  - a) That there 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.

have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we aware and the steps we have taken or propose to take to rectify these deficiencies.

**A.Velliangiri**  
Chief Executive Officer

**K.Ganapathi**  
Chief Financial Officer

Place : Chennai  
Date : 24<sup>th</sup> June 2020

**ANNEXURE VIII  
REPORT ON CORPORATE GOVERNANCE**

**COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY**

The Company's philosophy on Corporate Governance is to achieve high levels of integrity, equity and transparency in all its operations. The company believes that good Corporate Governance is essential for achieving long term goals and enhancing stakeholders' value. The Company's business objective is to manufacture and market products which create value that can be sustained over time for the benefit of customers, shareholders, employees, bankers and Government.

**1. BOARD OF DIRECTORS**

**a. Composition and Category of Directors**

The Board has seven Directors, with an optimum combination of Executive and Non-Executive Directors. There are four Independent Non-Executive Directors, two Executive Directors and one Non-Independent, Non-Executive Director. All the directors are having considerable professional experience in their respective fields and they use independent judgement in the Board deliberation and decisions.

Mrs. Valli M Ramaswami was the Chairperson and Whole Time Director of the Company.

**b. Attendance of Directors at the Board Meetings and Annual General Meeting**

S. No.	Directors	No. of Board Meeting held	No. of Board Meetings Attended	Attendance at last AGM
1	Mrs. Valli M Ramaswami	5	5	No
2	Mr. P. Manivannan	5	5	Yes
3	Mr. R. Poornalingam	5	5	No
4	Mr. Madhavan Nambiar	5	3	No
5	Mr. B.T. Bangera	5	5	No
6	Mrs. Vijayalakshmi Rao	5	5	No
7	Mr. B. Vaidyanathan	5	5	No

**c. No. of Directorship / Membership in other Companies**

S. No.	Name	Category	No. of Directorship in other Companies	No. of Committee Membership in other Companies
1	Mrs. Valli M Ramaswami	Promoter & Executive Director	-	-
2	Mr. P. Manivannan	Executive & Non-Independent Director	-	-
3	Mr. R. Poornalingam	Non-Executive & Independent Director	2	2
4	Mr. M. Madhavan Nambiar	Non-Executive & Independent Director	2	3
5	Mr. B.T. Bangera	Non-Executive & Independent Director	-	-
6	Mrs. Vijayalakshmi Rao	Non-Executive & Independent Director	-	-
7	Mr. B. Vaidyanathan	Non-Executive & Non-Independent Director	1	-

- Other Directorship excludes Foreign Companies, Private Limited Companies, Section 8 companies and alternate directorship.
- Only Audit Committee and Stakeholders 'Relationship Committee have been reckoned for other committee memberships.

## Board's Report

### d. Number of meetings of the Board of Directors held and its dates

S.No.	Date of Board meeting	No. of Directors	No. of Directors present
1	30.05.2019	7	6
2	09.08.2019	7	7
3	01.11.2019	7	7
4	11.11.2019	7	6
5	31.01.2020	7	7

### e. Relationship between Directors inter-se

There is no inter-se relationship between any of the Directors in the Company.

### f. Number of shares and convertible instruments held by Non-Executive Directors

S.No	Name	Category	No. of Equity Shares held
1	Mr. R. Poornalingam	Non-Executive & Independent Director	Nil
2	Mr. M. Madhavan Nambiar	Non-Executive & Independent Director	Nil
3	Mr. B.T. Bangera	Non-Executive & Independent Director	Nil
4	Mrs. Vijayalakshmi Rao	Non-Executive & Independent Director	Nil
5	Mr. B. Vaidyanathan	Non – Executive & Non-Independent Director	Nil

### g. Familiarisation programme imparted to Independent Directors

On an ongoing basis as a part of Agenda of Board / Committee Meetings, presentations are regularly made to the Independent Directors on various matters inter-alia covering the Company's businesses and operations, industry and regulatory updates, strategy, finance, risk management framework, role, rights, responsibilities of the Independent Directors under various statutes and other relevant matters. The details of the familiarisation programme for Directors are available on the Company's website.

### h. Skills, Expertise and Competence of the Board

The Board comprises of persons with diverse experiences in different areas who bring in the required skills, competence and expertise that allows them to make effective contribution to the Board and its Committees. The following list summarizes the key skills, expertise and competence that the Board thinks is necessary for functioning in the context of the Company's business and sector and which in the opinion of the Board, its members possess:

1. Commercial
2. Finance
3. Sales and Marketing
4. Science and Technology
5. Domain Industry
6. General Management and Human Resource
7. Legal, including laws related to Corporate Governance

## Board's Report

### i. Code of Conduct for Members of the Board and Senior Management Personnel

The company has laid down the code of conduct for all the Board members and Senior Management personnel of the Company. 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.

The Independent Directors of the company are bound by duties of Independent directors and in the opinion of the Board, the Independent Directors fulfill the conditions specified in the Companies Act, 2013 read with Rules and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

## 2. AUDIT COMMITTEE

### a. Terms of Reference

The terms of reference of the Audit Committee covers all matters specified in Regulation 18 of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 and also as per Section 177 of the Companies Act, 2013. The terms of reference broadly include, review of financial reporting system, internal controls system, discussion on financial results, interaction with Statutory and Internal Auditors, recommendation for the appointment of Statutory, Secretarial, Internal and Cost Auditors and their remuneration, review of Management Discussions and Analysis, Review of Internal Audit Reports and significant related party transactions.

The Audit Committee takes note of any default in the payments to creditors and shareholders. The committee also looks into those matters specifically referred to it by the Board.

### b. Composition of the Committee

The Audit Committee comprises of the following Directors of the Company.

S.NO.	NAME OF THE DIRECTOR	POSITION
1	Mr. R. Poornalingam	Chairman
2	Mr. Madhavan Nambiar	Member
3	Mr. B.T. Bangera	Member
4	Mr. B. Vaidyanathan	Member

### c. Meetings and attendance

The Committee met four times during the year on 30<sup>th</sup> May 2019, 9<sup>th</sup> August 2019, 11<sup>th</sup> November 2019 and 31<sup>st</sup> January 2020. The attendance details of the meetings are as follows:

S.NO.	NAME OF THE DIRECTOR	POSITION	NO. OF MEETING ATTENDED
1	Mr. R. Poornalingam	Chairman	4
2	Mr. Madhavan Nambiar	Member	2
3	Mr. B.T. Bangera	Member	4
4	Mr. B. Vaidyanathan	Member	4

## 3. NOMINATION AND REMUNERATION COMMITTEE

### a. Terms of Reference

The 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.

It shall also formulate the criteria for determining qualifications, positive attributes, Independence of the Directors and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

## Board's Report

### b. Composition of the Committee

The Committee comprises of the following Directors of the Company.

S.NO.	NAME OF THE DIRECTOR	POSITION
1	Mr. Madhavan Nambiar	Chairman
2	Mr. R. Poornalingam	Member
3	Mrs. Vijayalakshmi Rao	Member

### c. Meetings and attendance

The Committee met one time during the year on 31<sup>st</sup> January 2020. The attendance details of the meetings are as follows:

S.NO.	NAME OF THE DIRECTOR	POSITION	NO. OF MEETING ATTENDED
1	Mr. Madhavan Nambiar	Chairman	1
2	Mr. R. Poornalingam	Member	1
3	Mrs. Vijayalakshmi Rao	Member	1

## 4. STAKEHOLDERS' RELATIONSHIP COMMITTEE

Mr. Madhavan Nambiar, Non-Executive & Independent Director is the Chairman of the Committee. Mr. B.T. Bangera and Mr. P. Manivannan are the other members of the Committee. Mr. P. Mahadevan, Company Secretary is a Compliance Officer of the Company.

The Committee approves and monitors share transfers and transmissions, splitting and consolidation of shares and issue of duplicate share certificates and 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.

During the year under review, the company received 26 request from the shareholders with respect to non-receipt of dividend warrants, non-receipt of share certificates after transfer, non-receipt of Annual Report etc.

All the requests of the shareholders were attended within the stipulated time and there is no pending request / complaints of the shareholders as at 31<sup>st</sup> March 2020.

The Company has designated an exclusive E-Mail ID [investors@loyaltextiles.com](mailto:investors@loyaltextiles.com) 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.

## 5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As per the provisions of the Section 135 of the Companies Act 2013, the company has constituted the Corporate Social Responsibility Committee. Currently, the company focus the CSR activities on Education and Health Care.

The committee comprises of three Directors. Mrs. Vijayalakshmi Rao, Non-Executive Independent Director is a Chairperson of the Committee. Mr. Madhavan Nambiar and Mr. P. Manivannan, Directors are the other members of the Committee.

During the year the Committee met one time (i.e.) on 30<sup>th</sup> May 2019. The attendance of the meeting is as follows:

S.NO.	NAME OF THE DIRECTOR	POSITION	NO. OF MEETING ATTENDED
1	Mrs. Vijayalakshmi Rao	Chairperson	1
2	Mr. Madhavan Nambiar	Member	-
3	Mr. P. Manivannan	Member	1

## Board's Report

### 6. REMUNERATION OF DIRECTORS

While formulating policy the Committee has ensured that (1) The Level and composition of remuneration is reasonable and sufficient to attract /retain and motivate the Directors. (2) The composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate the Key Managerial Personnel and Senior Management of the quality required to meet high standards of performance. The relationship of remuneration to performance shall be clear and meet appropriate performance benchmarks. The Committee may review remuneration of Senior Management Personnel from time to time.

#### a. Details of Remuneration paid to Executive Directors during the Financial Year 2019-20: (Rs. in Lakhs)

S.No.	Particulars	Mrs.Valli M Ramaswami, Chairperson & Whole Time Director	Mr. P. Manivannan Whole Time Director	Total
1	Salary	60.00	21.98	81.98
2	Bonus / Benefits	-	-	-
3	Commission	-	-	-
4	Other perquisites / Performance linked incentives	-	-	-
5	Contribution to Provident Fund / Pension	7.20	2.02	9.22
6	Contribution to Superannuation Fund	-	-	-
7	Stock Options	-	-	-
8	Service contracts / Notice Period / Severance fees	-	-	-
	<b>Total</b>	<b>67.20</b>	<b>24.00</b>	<b>91.20</b>

#### b. Remuneration to Non-Executive Directors

The Non-Executive Directors do not draw any remuneration from the company except sitting fees for attending the meetings of the Board and the Committees.

Details of Sitting Fees paid to Non-Executive Directors during the Financial Year 2019-20: (Rs. in Lakhs)

S.No.	Name	Sitting Fee		Total
		Board Meeting	Committee Meetings	
1	Mr. R. Poornalingam	2.50	2.20	4.70
2	Mr. M. Madhavan Nambiar	1.50	1.40	2.90
3	Mr. B.T. Bangera	2.50	2.50	5.00
4	Mrs. Vijayalakshmi Rao	2.50	0.30	2.80
5	Mr. B. Vaidyanathan	2.50	2.00	4.50
	<b>Total</b>	<b>11.50</b>	<b>8.40</b>	<b>19.90</b>

#### c. Pecuniary Relationship or Transaction of the Non-Executive Directors

There were no pecuniary relationship or transactions of the Non-Executive Directors vis-a-vis the Company during the financial year ended 31<sup>st</sup> March 2020.

#### d. Criteria of making payments to Non-Executive Directors

As per the Company's policy for making payments to Non-Executive Directors, all the Non-Executive Directors were entitled sitting fee for attending the Board and other committee meetings.



## Board's Report

### 7. GENERAL BODY MEETINGS

#### a. Details of the last three Annual General Meetings held

AGM	Date and Time	Venue	Details of Special Resolution passed
71 <sup>st</sup>	25.09.2017, 12.00 Noon	Registered Office: 21/4 Mill Street, Kovilpatti-628 501	1. Re-appointment of Mr.R.Poornalingam as Independent Director 2. Re-appointment of Mr.Madhavan Nambiar as Independent Director
72 <sup>nd</sup>	27.09.2018, 10.30 AM	Registered Office: 21/4 Mill Street, Kovilpatti-628 501	Nil
73 <sup>rd</sup>	26.09.2019, 10.30 AM	Registered Office: 21/4 Mill Street, Kovilpatti-628 501	Nil

### 8. MEANS OF COMMUNICATION

- The financial results for the Quarter / Year ended are published in the leading English Newspaper viz., Business Line and Tamil version in Tamil Murasu. The financial results have been sent to Stock Exchange within stipulated time and uploaded in the Company's website [www.loyaltextiles.com](http://www.loyaltextiles.com)
- The Company's website [www.loyaltextiles.com](http://www.loyaltextiles.com) contains basic information about the Company and other details as required under the Listing Regulations.
- No presentations have been made to institutional investors or to analysts during the year.

### 9. GENERAL SHAREHOLDER INFORMATION

<b>a</b>	<b>Annual General meeting</b>	
	Date	23.09.2020
	Time	10.15 A.M.
	Venue	Not applicable. Through Video Conference ("VC") / Other Audio-Visual Means ("OAVM")
<b>b</b>	<b>Financial Year</b>	
	Unaudited Financial Results for the Quarter ended 30 <sup>th</sup> June 2020	On or before 14 <sup>th</sup> August 2020
	Unaudited Financial Results for the Quarter ended 30 <sup>th</sup> September 2020	On or before 14 <sup>th</sup> November 2020
	Unaudited Financial Results for the Quarter ended 31 <sup>st</sup> December 2020	On or before 14 <sup>th</sup> February 2021
	Audited Financial Results for the year ended 31 <sup>st</sup> March 2021	On or before 30 <sup>th</sup> May 2021
<b>c</b>	Dividend Payment Date	Not Applicable
<b>d</b>	<b>Name and Address of the Stock Exchange where the Company's Shares Listed</b>	Bombay Stock Exchange Listing Fee for the Financial year 2020-21 has been paid.
<b>e</b>	<b>Stock Code / ISIN</b>	514036 / INE970D01010

## Board's Report

### f. Share market price data of financial Year 2019-20

MONTH	COMPANY'S SHARE PRICE			BSE SENSEX		
	HIGH	LOW	CLOSE	HIGH	LOW	CLOSE
April 2019	461	382	382	39,487	38,460	39,031
May	412	361	366	40,124	36,956	39,714
June	407	332	372	40,312	38,870	39,394
July	390	285	299	40,032	37,128	37,481
August	321	260	265	37,807	36,102	37,332
September	322	252	290	39,441	35,987	38,667
October	284	254	274	40,392	37,415	40,129
November	309	263	280	41,163	40,014	40,793
December	294	256	275	41,809	40,135	41,253
January 2020	311	264	285	42,273	40,476	40,723
February	300	250	255	41,709	38,219	38,297
March	262	190	190	39,083	25,638	29,468

### g. Distribution of Shareholder as on 31<sup>st</sup> March 2020

No. of Shares Held	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
Up to – 500	1,628	85.50	1,79,084	3.72
501 – 1000	119	6.25	91,779	1.90
1001 – 2000	60	3.15	92,181	1.91
2001 – 3000	24	1.26	59,280	1.23
3001 – 4000	17	0.89	61,187	1.27
4001 – 5000	6	0.32	28,290	0.59
5001 – 10000	14	0.74	94,712	1.97
10001 & above	36	1.89	42,09,933	87.41
<b>TOTAL</b>	<b>1,904</b>	<b>100.00</b>	<b>48,16,446</b>	<b>100.00</b>

### h. Shareholding Pattern as on 31<sup>st</sup> March 2020

S.No	Category	No. of Shares	% of Total Capital
1	Promoter Group	35,39,845	73.49
2	Nationalized Banks	4,000	0.08
3	Non Residents	7,756	0.16
4	Others	12,64,845	26.27
	<b>Total</b>	<b>48,16,446</b>	<b>100.00</b>

### i. Dematerialization of Shares

The Company has entered into an agreement with both NSDL & CDSL to have electronic depository facilities for the shares of the Company. Out of 48,16,446 total shares of the company, 46,42,480 shares were in dematerialized form representing 96.39% of the total shares. The Demat ISIN code number of our share is INE970D01010.

### j. Share transfer system

In line with amended SEBI (LODR) Regulations, 2015, the Share Transfers are entertained only in dematerialized form, with effect from 1<sup>st</sup> April, 2019. As at 31<sup>st</sup> March, 2020, No Equity Shares were pending for transfer.

## Board's Report

### k. Outstanding GDRs/ADRs/Warrants or any convertible instrument, conversion date and likely impact on equity

The company have no GDRs / ADRs / or convertible instrument outstanding as at 31<sup>st</sup> March 2020.

### l. Plant Locations

#### Spinning, Knitting, Weaving, Ginning & Garments

- 1) 21/4, Mill Street, Kovilpatti – 628501
- 2) N Venkateswarapuram, N Subbiahpuram, SatturTaluk - 626205
- 3) Menakur Village, Naidupet Mandal, Nellore District, Andhra Pradesh – 524221
- 4) Arasanur, Thirumantholai Post, SivagangaiTaluk– 630561
- 5) Annarugudan Village, TalladaMandal, KhammamDistrict, Telangana

#### Processing

- 6) C7 – 1, Sipcot Industrial Complex, Kudikadu , Cuddalore – 607 005

### m. Address for Correspondence

Compliance Officer	Registrar and Share Transfer Agent
P. Mahadevan, Company Secretary & Compliance Officer Loyal Textile Mills Ltd. 21/4, Mill Street, Kovilpatti – 628 501 Phone: (04632) 2220001 Email: <a href="mailto:investors@loyaltextiles.com">investors@loyaltextiles.com</a>	GNSA Infotech Private Limited STA Department, Nelson Chambers, 4th Floor, F Block, No. 115, Nelson Manickam Road, Aminjikarai, Chennai – 600 029 Phone: 044-42962025 Email: <a href="mailto:sta@gnsaindia.com">sta@gnsaindia.com</a> Contact Person: Mr. Krishna Kumar, Director

### 10. Other 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.
- 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.

## Board's Report

### DISCRETIONARY REQUIREMENTS

*Pursuant to Regulation 27(1), read with Part E of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company adopted the following discretionary requirements*

- 1. The Board** – The Board has a Separate Post of Chairperson and Chief Executive Officer.
- 2. Modified Opinion(s) in audit report** – The Financial Statements of the Company have unmodified audit opinion.
- 3. Reporting of Internal Auditor** – The internal auditors directly report to the audit committee.

### DISCLOSURE OF THE COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

*[Pursuant to Regulation 34(3) read with Schedule V Para-C (13) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

REGULATION	PARTICULARS	COMPLIANCE STATUS (YES/NO/N.A.)
17	Board of Directors	YES
18	Audit Committee	YES
19	Nomination and Remuneration Committee	YES
20	Stakeholders Relationship Committee	YES
21	Risk Management Committee	N.A.
22	Vigil Mechanism	YES
23	Related Party Transactions	YES
24	Corporate Governance requirements with respect to subsidiary companies	N.A.
25	Obligations with respect to Independent Directors	YES
26	Obligations with respect to Directors and Senior Management	YES
27	Other Corporate Governance Requirements	YES
46(2) (b) to (i)	Website	YES

## Board's Report

### DECLARATION OF COMPLIANCE OF CODE OF CONDUCT

This is to confirm that the company has adopted a Code of Conduct for its Board of Directors and Senior Management personnel. The Code of Conduct is available on the Company's website.

It is hereby confirmed that the Members of the Board and the Senior Management Personnel of the Company have affirmed Compliance of the Code of Conduct of the Company for the year ended 31<sup>st</sup> March 2020.

Place : Chennai  
Date : 24<sup>th</sup> June 2020

**A Velliangiri**  
Chief Executive Officer

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

*[Pursuant to Regulation 34 (3) and Schedule V Para C sub clause (10) (i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

The Members,  
**LOYAL TEXTILE MILLS LIMITED,**  
21/4, Mill Street,  
Kovilpatti – 628 501

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **M/s. Loyal Textile Mills Limited** having CIN L17111TN1946PLC001361 and having registered office at 21/4, Mill Street, Kovilpatti – 628 501 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that None of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sl. No.	Name of the Director	DIN	Date of Appointment in the Company
1.	Mrs. Valli M Ramaswami	00036508	12/04/2018
2.	Mr. P. Manivannan	00366954	01/11/2016
3.	Mr. B. Vaidyanathan	00263983	27/09/2018
4.	Mr. R. Poornalingam	00955742	11/09/2017
5.	Mr. Madhavan Nambiar	01122411	11/09/2017
6.	Mr. B.T. Bangera	00432492	25/09/2017
7.	Mrs. Vijayalakshmi Rao	00259208	25/09/2017

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Place : Madurai  
Date : 1<sup>st</sup> June 2020

### ANNEXURE – D TO THE DIRECTORS' REPORT

#### AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER REGULATION 34 READ WITH SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 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 31<sup>st</sup> March 2020, 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, 2020.
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 **Ganesh Prasad**,  
Chartered Accountants  
Firm Registration No.000872S

**S. Natanagopal**  
Partner  
Membership No.022841  
UDIN: 20022841AAAABH4093

Place : Chennai  
Date : 24<sup>th</sup> June 2020

## Independent Auditor's Report

### Independent Auditor's Report

To the Members of Loyal Textile Mills Limited

### Report on the Audit of the Standalone Ind AS Financial Statements

#### Opinion

We have audited the Standalone Ind AS Financial Statements of **M/s. LOYAL TEXTILE MILLS LIMITED** ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the statement of Profit and Loss, the statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the 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 2020, and its profit/loss including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Key Audit Matters

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

We have no material matters or issues to be reported upon.

### 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 Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant Rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibility for the Audit of the Financial Statements

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



## Independent Auditor's Report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting (We draw attention to note no.32(ii)(a) in the financial statements along with the matters set forth to state that there is no material uncertainty that exists which may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter) and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw Appendices 87 attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Those Charged With Governance regarding, among other matters, the planned scope and

timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

### Report on Other Legal and Regulatory Requirements

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, the Statement of Cash flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder;
  - (e) on the basis of the written representations received from the Directors as on 31<sup>st</sup> March 2020 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March 2020 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".

## Independent Auditor's Report

- (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. 32 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.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure B, a statement on the matters specified in the paragraph 3 and 4 of the order, to the extent applicable.

For **Ganesh Prasad**,  
Chartered Accountants  
Firm Registration No.000872S

**S. Natanagopal**  
Partner  
Membership No.022841  
UDIN: 20022841AAAABH4093

Place: Madurai  
Date : 24<sup>th</sup> June 2020

## Independent Auditor's Report

### ANNEXURE "A" to the Independent Auditor's Report of even date on the Standalone Ind AS 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, 2020 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

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

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

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

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

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

- (i) pertain to the maintenance of records that, in reasonable 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 standalone Ind AS financial statements.

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

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

## Independent Auditor's Report

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### 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, 2020, 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 **Ganesh Prasad**,  
Chartered Accountants  
Firm Registration No.000872S

**S. Natanagopal**  
Partner  
Membership No.022841  
UDIN: 20022841AAAABH4093

Place : Madurai

Date : 24<sup>th</sup> June 2020

## Independent Auditor's Report

### Annexure "B" to the Independent Auditor's Report of even date on the Standalone Ind AS 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 on the Standalone Ind AS financial statements of even date, we report that:

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- b) The Company has a programme of periodic physical verification of fixed assets at all locations by which during the year, the Company has verified fixed assets at selected locations in a phased manner and we were informed that no material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us and based on the, the title deeds of immovable properties, as disclosed in Note No. 9 to the Standalone Ind AS Financial Statements, are held in the name of the Company, except for the following:

Particulars	Free hold (Rs. in Lakhs)	Lease hold (Rs. in Lakhs)	Remarks
Gross Block as at 31 <sup>st</sup> March 2020	Nil	161.90	SIPCOT Lease hold Land

- (ii) As explained to us, the inventories at all locations have been physically verified by the Management at regular intervals during the year. We are informed that the discrepancies noted on such verification of stocks, as compared to book records were not material and the same have been properly dealt with in the books of accounts. However no detailed examination has been carried out by us.
- (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 31st March 2020 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	Nil

(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
	Demand	Paid/ adjusted against refunds		
CST (other than SVTM)	212.21	84.90	2005-06, 2007-08, 2008-09, 2009-10, 2013-14	ADC – TNVLY, Dy Commr. (Appeal)
CST (SVTM)	795.54	-	2018	Commercial Tax Officer
VAT	690.02	319.92	2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14	Addl. Commissioner, ADC-TNVLY
TNGST	41.78	28.31	2018	Appellate Commissioner
Labour cases Pending	18.14	-	Different dates	Cases pertain to accident compensation / Bonus / ESI Benefit / Disciplinary cases

## 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 are 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.

For **Ganesh Prasad**,  
Chartered Accountants  
Firm Registration No.000872S

**S. Natanagopal**  
Partner  
Membership No.022841  
UDIN: 20022841AAAABH4093

Place : Madurai  
Date : 24<sup>th</sup> June 2020

## Operating Result Summary

(Rs. in Lakhs)

Year ended	31.03.2020	31.03.2019	31.03.2018	31.03.2017	31.03.2016
Revenue from Operations	110,443	130,694	115,603	113,474	117,825
Other Income	344	549	1,059	383	250
<b>Total</b>	<b>110,787</b>	<b>131,243</b>	<b>116,663</b>	<b>113,857</b>	<b>118,075</b>
Cost of materials consumed	65,326	72,550	59,617	51,050	44,398
Purchase of Stock-in-Trade	2,946	12,535	13,122	19,139	24,362
Changes in Inventories of Finished Goods, Work-in-progress	(2,282)	(1,233)	991	(1,176)	(1,035)
Employee Benefits Expense	12,117	10,778	9,292	9,023	9,020
Finance costs	3,691	3,923	3,907	4,203	5,452
Depreciation and amortization expense	5,213	5,739	6,048	6,768	6,721
Other expenses	23,808	24,647	22,034	22,487	25,864
<b>Total Expenses</b>	<b>110,819</b>	<b>128,940</b>	<b>115,011</b>	<b>111,495</b>	<b>114,782</b>
Profit/(Loss) before tax	(32)	2,303	1,651	2,362	3,293
Export	76,291	109,520	98,805	99,093	103,032
Production of Yarn in Lakh Kgs	247.25	283.06	259.08	249.49	267.17
Production of Cloth in Lakh Mtrs	507.98	510.07	494.66	490.72	483.84



## Balance Sheet Summary

(Rs. in Lakhs)

Year ended	31.03.2020	31.03.2019	31.03.2018	31.03.2017	31.03.2016
Net Fixed Assets	35,214	39,494	42,136	45,513	49,447
Investments	256	264	420	1,000	517
Long Term Loans and Advances	469	485	500	1,166	664
Current Assets	57,658	59,213	51,613	45,190	40,990
Deferred Tax Assets (Net)	382	-	-	-	-
<b>Total</b>	<b>93,979</b>	<b>99,456</b>	<b>94,669</b>	<b>92,869</b>	<b>91,617</b>
Long Term Borrowings	6,091	10,149	15,292	19,482	18,025
Deferred Tax Liability (Net)	-	123	783	1,803	2,562
Current Liabilities	65,721	67,371	59,127	53,718	55,324
<b>Total</b>	<b>71,812</b>	<b>77,643</b>	<b>75,202</b>	<b>75,003</b>	<b>75,911</b>
Networth	22,167	21,814	19,468	17,865	15,706
<b>Represented By</b>					
Share Capital	482	482	482	482	482
Reserves & Surplus	21,685	21,332	18,986	17,384	15,224
Pre Tax Profits	(32)	2,303	1,651	2,362	3,293
Dividend paid on equity shares	72	241	482	482	482
% of dividend paid on equity shares	15%	50%	100%	100%	100%

# Standalone Balance Sheet as at 31<sup>st</sup> March, 2020

(Rs. in Lakhs)

PARTICULARS	Note No.	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
<b>ASSETS</b>			
<b>A. Non-Current Assets</b>			
(a) Property, Plant & Equipment	3	34,613	38,854
(b) Capital Work-in-progress	3	243	274
(c) Investment property	3	288	294
(d) Other Intangible assets	3	70	72
(e) Financial Assets			
(i) Investments	4	213	213
(f) Other Non-Current Assets	5	469	485
(g) Deferred Tax Assets (Net)	16	382	-
<b>Total Non-Current Assets (A)</b>		<b>36,278</b>	<b>40,192</b>
<b>B. Current Assets</b>			
(a) Inventories	7	29,559	26,717
(b) Financial Assets			
(i) Investments	6	43	51
(ii) Trade Receivables	8	15,612	21,873
(iii) Cash and Cash Equivalents	9	152	497
(iv) Bank Balance Other than (iii) above	9	1,241	1,049
(v) Loans	10	1,673	1,658
(vi) Others	11	650	393
(c) Other current Assets	12	8,758	7,026
(d) Current Tax Assets(Net)	22	13	-
<b>Total Current Assets (B)</b>		<b>57,701</b>	<b>59,264</b>
<b>Total Assets (A+B)</b>		<b>93,979</b>	<b>99,456</b>
<b>EQUITY AND LIABILITIES</b>			
<b>C. EQUITY</b>			
(a) Equity Share Capital	13	482	482
(b) Other Equity	14	21,685	21,332
<b>Total Equity (C)</b>		<b>22,167</b>	<b>21,814</b>
<b>D. LIABILITIES</b>			
<b>D1. Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowing	15	6,091	10,149
(b) Deferred Tax Liabilities (Net)	16	-	123
<b>Total Non-Current Liabilities (D1)</b>		<b>6,091</b>	<b>10,272</b>
<b>D2. Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowing	17	29,558	33,474
(ii) Trade Payables	18	23,380	20,603
(iii) Other financial liabilities	19	11,801	12,338
(b) Other current liabilities	20	753	716
(c) Provisions	21	229	201
(d) Current Tax Liabilities (Net)	22	-	39
<b>Total Current Liabilities (D2)</b>		<b>65,721</b>	<b>67,371</b>
<b>Total Liabilities D (D1+D2)</b>		<b>71,812</b>	<b>77,643</b>
<b>Total Equity and Liabilities (C+D)</b>		<b>93,979</b>	<b>99,456</b>

Note No. 3 to 30 and 31 to 43 form an integral part of this Financial Statements

**Valli M Ramaswami**  
Chairperson & Whole Time Director

**P Manivannan**  
Whole Time Director

Vide our report of even date  
For **GANESH PRASAD**  
Chartered Accountants  
(ICAI Firm Reg. No: 000872 S)

**A Velliangiri**  
Chief Executive Officer

**K Ganapathi**  
Chief Financial Officer

**P Mahadevan**  
Company Secretary & Compliance Officer

**S. Natanagopal**  
Partner  
M. No: 022841

Place : Chennai  
Date : 24<sup>th</sup> June 2020

## Standalone Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2020

(Rs. in Lakhs)

PARTICULARS	Note No.	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
I. Revenue from Operations	23	110,443	130,694
II. Other Income	24	344	549
<b>III. Total Income (I +II)</b>		<b>110,787</b>	<b>131,243</b>
IV. Expenses:			
Cost of materials consumed	25	65,326	72,550
Purchase of Stock-in-Trade	26	2,946	12,535
Changes in Inventories of	27		
Finished Goods		(1,375)	(1,015)
Work-in-progress		(907)	(217)
Employee Benefits Expense	28	12,117	10,778
Finance costs	29	3,691	3,923
Depreciation and amortization expense	3	5,213	5,739
Other expenses	30	23,808	24,647
<b>Total Expenses</b>		<b>110,819</b>	<b>128,940</b>
V. Profit / (Loss) before exceptional items and tax - (III - IV)		(32)	2,303
VI. Exceptional Items		Nil	Nil
VII. Profit / (Loss) before tax (V - VI)		(32)	2,303
VIII. Tax expense:			
(1) Current tax		-	384
(2) Deferred tax		(374)	(261)
(3) MAT Entitlement		-	
- Pertaining to Current Year		-	(162)
- Pertaining to prior year		(125)	(237)
(4) Income Tax relating to Previous Year		41	6
IX. Profit/(Loss) for the period from continuing operations (VII-VIII)		426	2,573
X. Profit/(Loss) from discontinuing operations		Nil	Nil
<b>XI. Profit/(Loss) for the period after tax (IX + X)</b>		<b>426</b>	<b>2,573</b>
XII. Other Comprehensive Income, net off Income Tax			
(a) Items that will not be reclassified to Profit or Loss		8	63
(b) Income tax relating to items that will not be reclassified to Profit or Loss		6	(1)
(c) Items that will be reclassified to profit or Loss			
(d) Income tax relating to Items that will be reclassified to profit or Loss			
<b>XIII. Total Comprehensive Income for the Period (XI+XII)</b>		<b>440</b>	<b>2,636</b>
XIV. Earning per equity share of Rs.10/- :			
(1) Basic		8.85	53.42
(2) Diluted		8.85	53.42

Note No. 3 to 30 and 31 to 43 form an integral part of this Financial Statements

**Valli M Ramaswami**  
Chairperson & Whole Time Director

**P Manivannan**  
Whole Time Director

Vide our report of even date  
For **GANESH PRASAD**  
Chartered Accountants  
(ICAI Firm Reg. No: 000872 S)

**A Velliangiri**  
Chief Executive Officer

**K Ganapathi**  
Chief Financial Officer

**P Mahadevan**  
Company Secretary & Compliance Officer

**S. Natanagopal**  
Partner  
M. No: 022841

Place : Chennai  
Date : 24<sup>th</sup> June 2020

## Standalone Cash Flow Statement for the year ended 31<sup>st</sup> March, 2020

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
PROFIT BEFORE TAX	(32)	2,303
ADJUSTMENTS FOR		
Depreciation	5,213	5,739
Interest paid	3,691	3,923
Interest received	(143)	(158)
Dividend received on Investments - Others	(57)	(54)
Bad Debts Written Off	0	157
(Profit)/Loss on disposal of Fixed Assets	(1)	(56)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>8,671</b>	<b>11,854</b>
ADJUSTMENTS FOR CHANGES IN		
Inventories	(2,842)	(4,793)
Debtors	6,337	(2,963)
Loans & Advances and Other Current Assets	(1,900)	742
Amount deposited as Margin Money	(191)	(525)
Current liabilities and provisions	(1,785)	9,804
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>8,290</b>	<b>14,119</b>
Interest receipts	143	158
Income Tax (Paid)/Refund	(75)	(581)
<b>NET CASH FLOW (A)</b>	<b>8,358</b>	<b>13,696</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payments for Assets acquisition	(949)	(3,210)
Proceeds on Sale of Fixed Assets	17	170
Sale/(Purchase) of Investments	8	156
Dividend receipts	57	54
<b>NET CASH FLOW (B)</b>	<b>(867)</b>	<b>(2,830)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(3,691)	(3,906)
Repayment of Long Term Borrowings	(4,058)	(6,467)
Dividend paid included taxes	(87)	(290)
<b>NET CASH FLOW (C)</b>	<b>(7,836)</b>	<b>(10,663)</b>
<b>NET CASH INFLOW / (OUTFLOW) ( A+B+C )</b>	<b>(345)</b>	<b>203</b>
<b>OPENING CASH AND CASH EQUIVALENTS (D)</b>	<b>497</b>	<b>294</b>
<b>CLOSING CASH AND CASH EQUIVALENTS (E)</b>	<b>152</b>	<b>497</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(345)</b>	<b>203</b>

## Standalone Cash Flow Statement for the year ended 31<sup>st</sup> March, 2020

### 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 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Cash and Cash equivalents as per Cash Flow statement	152	496
Add: Balances which are earmarked against liabilities and is not available for use	1,241	1,049
Cash and Cash equivalents as reported in Financial Statements	1,393	1,546

**Valli M Ramaswami**  
Chairperson & Whole Time Director

**P Manivannan**  
Whole Time Director

Vide our report of even date  
For **GANESH PRASAD**  
Chartered Accountants  
(ICAI Firm Reg. No: 000872 S)

**A Velliangiri**  
Chief Executive Officer

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Company Secretary & Compliance Officer

**S. Natanagopal**  
Partner  
M. No: 022841

Place : Chennai  
Date : 24<sup>th</sup> June 2020

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 1 General Information:

Loyal Textiles Mills Limited ("the Company") is engaged in manufacturing of yarn, woven fabric, knitted fabric and technical clothing. The Company has manufacturing plants at Kovilpatti, Sattur, Cuddalore, Sivagangai in Tamilnadu, Khammam in Telangana, and Nellore in Andhra Pradesh. The Company is a public listed company and listed on The Bombay Stock Exchange.

### 2 Significant Accounting Policies:

#### Statement of Compliance:

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

#### Basis for Preparation and Presentation:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value: -

#### Derivative financial instruments –

Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### (a) Inventories:

Inventories are valued at cost or net realizable value, whichever is lower. The cost in respect of the various items of inventory is computed as under:

- Raw materials, Stores & Spares are valued at weighted average basis. The cost includes cost of purchase and other costs incurred in bringing

the inventories to their present location and condition.

- Stock-in-process is valued at Cost and Finished goods are valued at Cost or Net Realisable value as Applicable - Cost includes applicable production overheads.
- Traded goods are valued at lower of Cost and Net Realizable Value.

The stock of saleable waste is valued at Net Realisable value.

Net Realisable Value (NRV) is the estimated selling price in the ordinary course of business less estimated cost of completion and estimated selling expenses necessary to make the sale.

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

#### (b) Cash flow statement:

The cash flow statement is prepared in accordance with the Indian Accounting Standard (Ind AS) - 7 "Statement of Cash flows" using the indirect method for operating activities, whereby net profit before tax is adjusted for the effects of transactions of 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.

#### (c) Use of Estimates and Judgements:

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made. Differences between actual results and estimates are recognised in the period in which the results are known/ materialised, and if material, their effects are disclosed in the Notes to the Financial Statements.

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

### (d) Revenue Recognition:

Revenue is recognized at the fair value of the consideration received or receivable. The company recognizes revenue when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity.

Sales are recognized when goods are despatched and are recorded excluding Goods and Services Tax and recoveries as applicable.

Service / Process Charge is accounted on completed service contract method. Revenue from the sale of services is recognised on the basis of the stage of completion, right to receive the amount is clearly established and there is no uncertainty about its realisation. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Interest income from financial asset is recognized when it is probable that the economic benefit will flow to the company and the amount of income can be measured reliably. Interest income is accrued on time basis by reference to principal outstanding using the effective interest rate method (EIR).

Dividend income on investments is recognized when the right to receive the payment is established and when no significant uncertainty as to the measurability or collectability exists.

Incentives receivable from Government is accounted on certainty of receipt.

Insurance claims are recognized on the basis of claims admitted / expected to be admitted and when there is no significant uncertainty exists with regard to the amount to be recovered and it is reasonable to expect ultimate collection.

Duty draw back claims and other export benefits are accounted on completion of exports, on complying with the rules of the scheme governing it based on eligibility and expected amount on realization.

### (e) Property, Plant And Equipment:

i) The Company has elected to consider carrying amount of all items of property, plant and equipments measured as per Indian GAAP as recognized in the financial statements as at the date of transition, as deemed cost at the date of transition. Deemed cost is the differential between the cost of the asset less the depreciation at the given date.

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.

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, wherever applicable, 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.

### (f) Intangible Assets:

Intangible assets are stated at cost less accumulated amount of amortization. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, etc. The amortization method and useful lives are reviewed periodically at end of each financial year.

### (g) Foreign Currency Transactions:

#### i) Functional and Presentation currency:

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which these entities operate, (i.e., the "functional currency"). The functional currency of the company is Indian Rupee. These financial statements are presented in Indian Rupee.

#### ii) Transaction and balances:

The foreign currency transactions are recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. The foreign currency monetary



## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

items are translated using the closing rate at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction. Exchange differences arising on translation/settlement are recognized as income or expense in the period in which they arise.

The Company enters into forward exchange contract to hedge its risk associated with Foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract is amortized as expense or income over the life of the contract. In case of monetary items which are covered by forward exchange contract, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference. Any profit or loss arising on cancellation of a forward exchange contract is recognized as income or expense for that year.

### (h) Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### i) Initial Recognition and measurement:

On initial recognition, all the financial assets and liabilities are recognized at its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability other than financial asset or financial liability that are measured at fair value through profit or loss. Transaction costs of financial assets and liabilities carried at fair value through the Profit and Loss are immediately recognized in the Statement of Profit and Loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

#### ii) Subsequent measurement

##### a. Non-derivative financial instruments :

- (i) **Financial assets carried at amortised cost:** A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual

terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### (ii) Financial assets at fair value through other comprehensive income (FVTOCI)

:A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### (iii) Financial assets at fair value through profit or loss (FVTPL):

A financial asset is measured at fair value through profit and loss unless it is measured at amortized cost or at fair value through other comprehensive income.

#### (iv) Investments in subsidiaries, joint ventures and associates:

The Company has adopted to measure investments in subsidiaries, joint ventures and associates at cost in accordance with Ind AS 27 and carrying amount as per previous GAAP at the date of transition has been considered as deemed cost in accordance with Ind AS 101.

- (v) **Financial liabilities:** The financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

#### b. Derivative financial instruments:

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

Instruments. Any derivative that is either not designated as hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss. Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of profit and loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

### c. Derecognition of financial instruments:

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability is derecognized when the obligation specified in the contract is discharged or cancelled or expired.

### d. Fair value measurement of financial instruments:

The fair value of financial instruments is determined using the valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Based on the three level fair value hierarchy, the methods used to determine the fair value of financial assets and liabilities include quoted market price, discounted cash flow analysis and valuation certified by the external valuer. In case of financial instruments where the carrying amount approximates fair value due to the short maturity of those instruments, carrying amount is considered as fair value.

### (i) 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. Remeasurement comprising actuarial gains and losses, the effect of changes to the asset ceiling if applicable and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with the charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

- 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.

### (j) Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

### (k) Segment Reporting:

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the company to make decisions for performance assessment and resource allocation. The reporting

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments.

The operating segments are the segments for which separate financial information is available. The Accounting policies adopted for segment reporting are in line with the accounting policy of the company.

The Company has identified two reportable operating segments viz., manufacturing and trading activities.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segments.

Pricing for Inter Segment transfers has been made, considering the normal internal business reporting system of the company at estimated realisable value.

Revenue, expenses, assets and liabilities which relate to the company as a whole and are not allocable to segment on reasonable basis are reported under unallocated revenue / expenses / assets / liabilities.

### (l) Leases:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are operating leases.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that

the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

### (m) Earnings Per Share:

The basic earnings per share are computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, if found necessary.

### (n) Income Taxes:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is recognised as an asset viz. MAT Credit Entitlement, to the extent there is convincing evidence that the Company will pay normal tax in the future and it is highly probable that future economic benefits associated with it will flow to the Company during the specified period and that can be measured reliably.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Where there is deferred tax assets arising from carry forward of unused tax losses and unused tax created, they are recognised to the extent of deferred tax liability.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### (o) Impairment of Assets:

#### (i) Financial assets

The company recognizes loss allowances using the Expected Credit Loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition, in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal)

that is required to adjust the loss allowance at the reporting date to the amount that is required to be, recognised is recognized as an impairment gain or loss in statement of profit or loss.

#### (ii) Non-financial assets:

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash-Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

### (p) Provisions, Contingent Liabilities, and Contingent Assets:

#### Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are discounted, if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Necessary provision for doubtful debts, claims, etc., are made, if realisation of money is doubtful in the judgement of the management.

#### Contingent Liabilities:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

there is a liability that cannot be recognized because it cannot be measured reliably. Contingent liabilities are disclosed separately.

Show cause notices issued by various Government authorities are considered for evaluation of contingent liabilities only when converted into demand.

### **Contingent Assets:**

Where an inflow of economic benefits is probable, the Company discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect.

Contingent assets are disclosed but not recognised in the financial statements.

### **(q) Cash and Cash Equivalents:**

The Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity period of three months or less from the balance sheet date, highly liquid investments that are readily convertible into cash, which are subject to an insignificant risk of changes in value.

### **(r) Government Grants:**

The government grants are recognized only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to assets are treated as deferred income and are recognized in the statement of profit and loss on a systematic and rational basis over the useful life of the asset. Government grants related to revenue are recognized on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate.

### **(s) Investment Property:**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes).

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16 - Property, plant and equipments requirements for cost model. The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Company depreciates investment property as per the useful life prescribed in Schedule II of the Companies Act, 2013.

Though the Company measures investment property using the cost-based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation applying a valuation model. External valuers are involved, wherever necessary with the approval of Company's board of directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss in the period in which the property is derecognised.

### **(t) Intangible Assets:**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives which are generally in accordance with those specified in Schedule II to Companies Act, 2013.



Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

(Rs. in Lakhs)

Note No: 3 PROPERTY, PLANT AND EQUIPMENT

Particulars	Tangible Assets							Total Tangible Assets	Intangible Assets	Total Tangible and Intangible Assets	Invest- ment Property	Total Tangible Assets, Intangible Assets & Investment Properties	
	Land	Building	Plant and Equip- ment	Furniture and Fittings	Electrical Fittings	Vehicles	Office Equip- ment						Computer Software
Cost as at 1 <sup>st</sup> April 2018	1,249.58	10,953.73	38,791.72	250.27	1,326.28	195.24	140.21	52,907.04	128.93	53,035.96	310.94	53,346.90	
Additions	-	895.56	2,563.07	26.69	16.34	40.65	48.28	3,590.58	10.65	3,601.24	-	3,601.24	
Disposals	(10.88)	(82.72)	(313.01)	-	-	(57.47)	-	(464.09)	-	(464.09)	-	(464.09)	
Cost as at 31 <sup>st</sup> March 2019	1,238.70	11,766.57	41,041.77	276.96	1,342.62	178.42	188.50	56,033.53	139.58	56,173.11	310.94	56,484.05	
Additions	-	122.74	730.54	18.39	30.62	10.00	49.75	962.04	17.00	979.04	-	979.04	
Disposals	(5.36)	-	(180.31)	-	-	(12.74)	-	(198.42)	-	(198.42)	-	(198.42)	
Cost as at 31 <sup>st</sup> March 2020	1,233.34	11,889.30	41,592.01	295.35	1,373.24	175.67	238.25	56,797.16	156.58	56,953.73	310.94	57,264.67	
Depreciation / Amortisation													
As at 1 <sup>st</sup> April 2018	-	832.09	10,369.86	71.85	409.53	33.20	94.64	11,811.19	51.05	11,862.24	13.04	11,875.28	
Charge for the year 2018-19	-	438.43	5,005.28	23.75	198.85	29.06	23.44	5,718.80	16.87	5,735.67	3.48	5,739.15	
Disposals	-	(0.96)	(294.87)	-	-	(54.48)	-	(350.31)	-	(350.31)	-	(350.31)	
As at 31 <sup>st</sup> March, 2019	-	1,269.57	15,080.26	95.60	608.38	7.78	118.08	17,179.68	67.92	17,247.60	16.51	17,264.11	
Charge for the year 2019-20	-	534.75	4,373.57	24.33	199.62	29.53	26.22	5,188.02	18.79	5,206.81	6.02	5,212.83	
Disposals	-	-	(170.84)	-	-	(12.11)	-	(182.94)	-	(182.94)	-	(182.94)	
As at 31 <sup>st</sup> March 2020	-	1,804.32	19,283.00	119.93	808.00	25.21	144.30	22,184.75	86.71	22,271.47	22.54	22,294.00	
Net Block													
As at 31 <sup>st</sup> March, 2019	1,238.70	10,496.99	25,961.51	181.36	734.24	170.64	70.42	38,853.85	71.65	38,925.51	294.42	39,219.93	
As at 31 <sup>st</sup> March 2020	1,233.34	10,084.98	22,309.01	175.42	565.24	150.46	93.95	34,612.41	69.86	34,682.27	288.40	34,970.66	
Capital Work in Progress													
at Cost	(Rs. in Lakhs)												
Particulars	31.03.2020	31.03.2019											
Land Pending For Registration	200.64	200.64											
Building Under Construction	19.08	15.31											
Plant & Machinery	23.11	56.16											
Electrical Installations	-	1.65											
Computers	-	-											
Total	242.83	273.75											

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

### Note No. 4. NON-CURRENT INVESTMENTS - AT COST ( Except Quoted Investments)

(Rs. in Lakhs)

S.No.	PARTICULARS	Face value	No. of Shares	31 <sup>st</sup> March 2020	No. of Shares	31 <sup>st</sup> March 2019
<b>Investment in Subsidiary and Joint ventures</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	0	2,450	0
4	Loyal International Sourcing Pvt Ltd (Subsidiary 100%)	Rs 10	20,000	2	20,000	2
5	Loyal IRV Textile LDA, Portugal (Joint Venture 51%)	Euro 1	2,550	2	2,550	2
				<b>172</b>		<b>172</b>
<b>I</b>	<b>Trade Investments</b>					
<b>Investments in Equity Instruments:</b>						
<b>A) Unquoted</b>						
1	Cuddalore Sipcot Industries Common Utilities Limited	100	4,665	5	4,665	5
2	SIMA Textile Processing Centre Ltd	10	20,000	2	20,000	2
				<b>7</b>		<b>7</b>
<b>II</b>	<b>Other Investments</b>					
<b>Investments in Equity Instruments:</b>						
<b>A) Quoted</b>						
1	Central Bank of India	10	1,469	0	1,469	1
2	Amrutanjan Health Care Ltd	1	1,000	3	1,000	3
3	Matrimony.com Ltd	5	2,120	6	2,120	14
				<b>9</b>		<b>17</b>
<b>B) Unquoted</b>						
1	Dhanvantari Nano Ayushadi Private Limited	5	25,000	3	25,000	2
<b>C) Investment in Compulsorily Convertible Debentures</b>						
1	Dhanvantari Nano Ayushadi Private Limited	10	2,25,000	23	2,25,000	16
<b>D) Investment in Government or Trust Securities</b>						
				<b>0</b>		<b>0</b>
<b>Total</b>				<b>213</b>		<b>213</b>
<b>Particulars</b>				<b>As at</b>	<b>As at</b>	
				<b>31.03.2020</b>	<b>31.03.2019</b>	
Aggregate Value of Quoted Investments				<b>9</b>	<b>17</b>	
Market Value of Quoted Investments				<b>9</b>	<b>17</b>	
Aggregate Value of Unquoted Investments				<b>32</b>	<b>24</b>	



## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

### Note No. 5. OTHER NON-CURRENT ASSET

(Rs. in Lakhs)

S.No.	PARTICULARS	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
1	Capital Advances		
	- Unsecured, Considered good	314	328
2	Prepayment of Lease	155	157
	<b>Total</b>	<b>469</b>	<b>485</b>

### Note No. 6. CURRENT INVESTMENTS

(Rs. in Lakhs)

S.No.	PARTICULARS	Face value	No. of Shares	31 <sup>st</sup> March 2020	No. of Shares	31 <sup>st</sup> March 2019
<b>(A) Trade Investments</b>						
<b>Investments in Equity Instruments - Unquoted</b>						
1	TVH Energy Resource Private Ltd	10	-	-	29,200	3
2	Saheli Exports Private Limited	10	10,600	5	16,900	8
3	OPG Power Generation Pvt Ltd	10	68,600	6	68,600	8
4	Continuum Wind Energy Pvt Ltd	10	3,18,927	32	3,18,927	32
	<b>Total</b>			<b>43</b>		<b>51</b>

(Rs. in Lakhs)

	PARTICULARS	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
<b>Note No. 7. INVENTORIES</b>			
(a)	Raw Materials	13,335	12,758
(b)	Work-in-progress	5,708	4,802
(c)	Finished Goods	8,836	7,461
(d)	Stores, spares and Packing Materials	1,680	1,696
		<b>29,559</b>	<b>26,717</b>

### Note No. 8. TRADE RECEIVABLES

(i)	Unsecured, Considered good	15,612	21,873
(ii)	Unsecured and Considered doubtful	188	188
		<b>15,800</b>	<b>22,061</b>
	Less : Provision for bad and doubtful	(188)	(188)
		<b>15,612</b>	<b>21,873</b>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
<b>Note No. 9. CASH AND CASH EQUIVALENTS</b>		
<b>Cash on hand</b>	<b>6</b>	<b>4</b>
<b>Balance with banks</b>		
(i) In current accounts	<b>144</b>	486
(ii) In EEFC accounts	<b>2</b>	7
	<u><b>152</b></u>	<u>497</u>
<b>Other Bank Balances</b>		
<b>(I) Earmarked Deposit accounts</b>		
- Unpaid Dividend Bank account	<b>50</b>	50
<b>(II) In Deposit Accounts</b>		
- Bank balances held as margin money	<b>1,191</b>	1,000
	<u><b>1,241</b></u>	<u>1,049</u>
<b>Note No. 10. LOANS</b>		
Security Deposits	<b>1,673</b>	1,658
	<u><b>1,673</b></u>	<u>1,658</u>
<b>Note No. 11. OTHER FINANCIAL ASSETS</b>		
a) Interest Receivable	<b>650</b>	393
	<u><b>650</b></u>	<u>393</u>
<b>Note No. 12. OTHER CURRENT ASSETS</b>		
a) Advances recoverable in cash or in kind or for value to be received	<b>3,801</b>	3,285
b) Export Benefits Receivable	<b>1,008</b>	654
c) GST Refund / GST ITC / AP Power Subsidy Receivable	<b>3,947</b>	3,085
d) Prepayment of Lease	<b>2</b>	2
	<u><b>8,758</b></u>	<u>7,026</u>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

### Note No. 13 (a) Authorised, Issued, Subscribed, Paid-up share capital and par value per share (Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
<b>Authorised Share Capital</b>		
90,00,000 Equity Shares of Rs. 10/- each	900	900
6,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each (Previous year 6,00,000 preference shares of Rs. 100/- each)	600	600
<b>Issued &amp; Subscribed Share Capital</b>		
48,16,446 Equity Shares of Rs. 10/- each fully paid - up (Previous year 48,16,446 equity shares of Rs. 10/- each)	482	482
<b>Paid-up Share Capital</b>		
48,16,446 Equity Shares of Rs. 10/- each fully paid - up (Previous year 48,16,446 equity shares of Rs. 10/- each)	482	482
	482	482

### Note No. 13 (b) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year

PARTICULARS	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
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. 13 (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	
		31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
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

### Note No.13 (d) Details of allotments of shares for consideration other than cash, allotments of bonus shares and shares bought back (during the period of five years from Financial year 2010-2011)

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

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
<b>Note No. 14. OTHER EQUITY</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) 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>(c) General Reserve</b>		
Opening Balance	8,475	8,475
Add:		
Transfer from Surplus	Nil	Nil
Less:		
Deductions during the year	Nil	Nil
Closing Balance	<u>8,475</u>	<u>8,475</u>
<b>(d) Other Comprehensive Income Reserve on Ind AS Transition</b>		
Opening Balance	229	166
Increase / (Decrease) in OCI reserve due to		
- Actuarial Gain / (Loss) on Gratuity	22	(2)
- Gain / (Loss) on Fair Value of Investments	(8)	65
Closing Balance	<u>243</u>	<u>229</u>
<b>(e) Retained Earnings</b>		
Opening Balance	12,361	10,078
<b>Add:</b>		
Profit for the period as per Profit & Loss Statement	440	2,636
Proposed Dividend and Tax thereon for the Year	Nil	Nil
Capital Redemption Reserve transfer to Surplus	Nil	Nil
Transfer from OCI Reserve due to IND AS Transition	Nil	Nil
<b>Less:</b>		
Final dividend (PY @ 15% - Rs. 1.5/- per share)	72	241
Tax on distributed profits on equity shares	15	49
Transfer to General Reserve	Nil	Nil
Transfer to OCI Reserve due to Ind AS Transition	15	63
Closing Balance	<u>12,700</u>	<u>12,361</u>
<b>Total Other Equity</b>	<u>21,685</u>	<u>21,332</u>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
<b>NON-CURRENT FINANCIAL LIABILITIES</b>		
<b>Note No. 15. BORROWING</b>		
<b>(A) Term Loans - Secured</b>		
- From Banks	5,424	8,765
- From Financial Institutions	467	1,184
Term loans are secured by joint and equitable mortgage of all immovable properties present and future and by hypothecation of machineries ranking paripassu with one another.		
Term loans availed from Central Bank of India , Karur Vysya Bank and Indian Bank to the extent of Rs.296.91 Cr are exclusively charged against the specific assets purchased out of the term loans. Now this has agreed by the banks as paripassu basis. (Since changed to pari passu charges among lenders from exclusive charges w.e.f. 06-09-2019).		
(i)		
(ii)	Term loans availed from Banks to the extent of Rs. 139.90 Cr rank paripaasu with another.	
(iii)	Term loans are repayable on quarterly rest as per agreement at floating rate of interest.	
(iv)	Term loan installments repayable at minimum of four and maximum of twenty four installments.	
<b>(B) Other Loans And Advances : Unsecured</b>		
Inter corporate deposit	200	200
- Interest free - repayable beyond twelve months		
	<u>6,091</u>	<u>10,149</u>
<b>Note No. 16. DEFERRED TAX LIABILITIES (NET)</b>		
<b>Deferred Tax Net</b>		
<b>Deferred Tax Liabilities:</b>		
- On account of Depreciation	2,769	3,143
<b>Deferred Tax Assets:</b>		
- On account of timing differences under Income tax	(706)	(700)
	<u>2,063</u>	<u>2,443</u>
Less: MAT credit availment	(2,445)	(2,320)
<b>Deferred Tax Liabilities (Net)</b>	<u>(382)</u>	<u>123</u>
<b>CURRENT LIABILITIES</b>		
<b>Financial Liabilities</b>		
<b>Note No.17 BORROWINGS</b>		
<b>Loans Repayable On Demand</b>		
<b>From Banks Secured</b>		
- Packing Credit / Cash Credit	22,135	23,575
- Bills Discounted But not Realised - With Banks	7,423	9,898
(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.)		
	<u>29,558</u>	<u>33,474</u>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
<b>Note No. 18. TRADE PAYABLES</b>		
- Outstanding dues of creditor other than Micro and Small Enterprises	22,697	20,248
- Outstanding dues of creditor of Micro and Small Enterprises	683	355
	<u>23,380</u>	<u>20,603</u>
<b>Note No. 19. OTHER FINANCIAL LIABILITIES</b>		
Current Maturities of Long term Debts	4,442	4,987
Interest accrued but not due on borrowings	Nil	17
Interest Payable -Others	Nil	41
Interest due but not paid	43	Nil
Unpaid Dividends	50	50
Creditors for Capital Goods	141	186
Expenses Payable	7,126	7,057
	<u>11,801</u>	<u>12,338</u>
<b>Note No. 20. OTHER CURRENT LIABILITIES</b>		
Statutory Liabilities Payable	73	375
Advance received against Supplies	680	341
	<u>753</u>	<u>716</u>
<b>Note No. 21. SHORT-TERM PROVISIONS</b>		
For Provident Fund and Other Funds	38	26
Provision for Gratuity	69	73
Provision for Leave Salary	122	102
	<u>229</u>	<u>201</u>
<b>Note No. 22. CURRENT TAX - LIABILITIES (NET)</b>		
Tax payments pending adjustments (Net)	(13)	39
	<u>(13)</u>	<u>39</u>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
<b>NOTE No. 23. REVENUE FROM OPERATIONS</b>		
Sale of Products	1,04,205	1,24,292
Sale of Services	699	284
Other operating Revenues	5,539	6,118
	<u>1,10,443</u>	<u>1,30,694</u>
<b>NOTE No. 24. OTHER INCOME</b>		
Interest Income	143	158
Dividend Income	57	54
Other Non operating income	144	336
	<u>344</u>	<u>549</u>
<b>NOTE No. 25. COST OF MATERIALS CONSUMED</b>		
i) Cotton, Staple Fibre and Cotton waste	35,668	40,309
ii) Yarn	28,600	31,431
iii) Fabric	359	124
iv) Dyes	406	345
v) Reflective band	293	341
	<u>65,326</u>	<u>72,550</u>
<b>NOTE No. 26. PURCHASE OF STOCK-IN-TRADE</b>		
Yarn	2,667	12,315
Others - Packing materials and Cotton	279	220
	<u>2,946</u>	<u>12,535</u>
<b>NOTE No. 27. CHANGES IN INVENTORIES</b>		
OPENING STOCK		
Process Stock	4,802	4,584
Finished goods	7,461	6,445
TOTAL (A)	<u>12,263</u>	<u>11,030</u>
LESS: CLOSING STOCK		
Process Stock	5,709	4,802
Finished goods	8,836	7,461
TOTAL (B)	<u>14,545</u>	<u>12,263</u>
<b>CHANGES IN INVENTORIES NET (INCREASE ) / DECREASE (A-B)</b>		
Process Stock	(907)	(217)
Finished goods	(1,375)	(1,015)
	<u>(2,282)</u>	<u>(1,233)</u>



## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
<b>NOTE No. 28. EMPLOYEE BENEFITS / EXPENSES</b>		
Salaries, Wages and Bonus	10,290	9,385
Unavailed earned Leave	132	119
Contribution to Provident Fund and other funds	860	754
Other Welfare Expenses	835	519
	<u>12,117</u>	<u>10,778</u>
<b>NOTE No. 29. FINANCE COSTS</b>		
Interest Expenses		
- For Term Loan	966	1,318
- For Working capital Loan	2,140	1,811
- For Export Bills Discounting	444	592
- For Domestic Bill Discounting	39	3
Other Borrowing Cost	102	199
	<u>3,691</u>	<u>3,923</u>
<b>NOTE No. 30. OTHER EXPENSES</b>		
Freight and forwarding charges	2,447	3,243
Selling Expenses	1,247	2,159
<b>PAYMENT TO THE AUDITORS</b>		
As Auditors	10	10
For Certification work	2	1
For Reimbursement of Expenses	0	1
Conversion Charges	820	779
Processing Charges	828	557
Stores Consumed	6,766	6,356
Power and Fuel	8,208	7,772
Repairs to Machinery	1,219	1,080
Repairs to Building	216	340
Insurance	195	178
Bad Debts	0	157
Rates and Taxes excluding Taxes on Income	132	228
Expenditure on CSR Activities	41	49
Rent	43	26
Miscellaneous Expenses	1,635	1,715
	<u>23,808</u>	<u>24,647</u>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

(Rs. in Lakhs)

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
<b>31) Contingent Liabilities (To the extent not provided for)</b>		
i) Claim against the Company not acknowledged as debts	18	18
ii) Disputed Sales tax demand not provided for	1,306	478
iii) On account of export obligation covered by letter of undertaking	17,347	15,705

### 32) Financial Instruments

#### i) Capital management

The Company manages its capital to ensure the Company will be able to continue as going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, internal accruals and both long-term and short-term borrowings.

The Company monitors the capital structure on the basis of total debt to equity and maturity profile of the overall debt portfolio of the company.

(Rs. in Lakhs)

<b>Gearing Ratio:</b>	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Debt	10,332	14,953
Less: Cash and bank balances	1,392	1,546
Net debt	<u>8,940</u>	<u>13,407</u>
Total equity	22,167	21,814
Net debt to equity ratio	0.40	0.61

<b>Categories of Financial Instruments</b>	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
<b>Financial assets Measured at amortised cost</b>		
Loans	1,673	1,658
Trade receivables	15,612	21,873
Cash and cash equivalents	152	497
Bank balances other than above	1,241	1,049
Other financial assets	650	393

<b>Financial liabilities Measured at amortised cost</b>		
Borrowings (short term)	29,558	33,474
Trade payables	23,380	20,603
Other financial liabilities	7,360	7,334

#### ii) Financial Risk Management

The principal financial assets of the Company include loans, trade and other receivables, and cash and bank balances that derive directly from its operations. The principal financial liabilities of the company, include loans and borrowings, trade and other payables and the main purpose of these financial liabilities is to finance the day to day operations of the company.

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks and advises on financial risks and the appropriate financial risk governance framework for the Company.

This note explains the risk which the company is exposed to and policies and framework adopted by the company to manage these risks.

### (a) Covid Risk

The company performed elaborate review exercise of its operations, strength & weakness in the light of Covid19 pandemic. The company's, ability and its preparedness to tackle the financial risk, market risk, customer risk, liquidity risk and credit risk were analyzed. In conclusion the company reckons that the core strength of the business operation, the past experience and the inherent strength in the efficiency of the facilities at our disposal will carry the company as a going concern. The company has resilience to tide over the short term impact the pandemic will have on the operations and also the overall impact it can have on the global scenario.

### (b) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two types of risk: foreign currency risk, interest rate risk.

#### (i) Foreign Currency Risk

The company operates internationally and business is transacted in several currencies. The current year export sales of company comprise around 88% of the total sales of the company. Further the company also imports certain assets and material. The exchange rate between the Indian Rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently the company is exposed to foreign currency risks and the results of the company may be affected as the rupee appreciates/ depreciates against foreign currencies. Foreign exchange risk arises from the future probable transactions and recognized assets and liabilities denominated in a currency other than company's functional currency.

The company measures the risk through a forecast of highly probable foreign currency cash flows and manages its foreign currency risk by appropriately hedging the transactions.

Exchange rate exposures are managed through non derivative forward foreign exchange contracts.

#### (ii) Interest Rate Risk

The exposure to the risk of changes in market interest rates relates primarily to the debt obligations with floating interest rates. The company borrow funds from banks only at fixed rates, the rates are reviewed every year by the bank. The company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. Therefore there is no material interest risk relating to the company's financial liabilities.

### (c) Liquidity Risk

Liquidity Risk is the risk that the company may not be able to meet on its financial obligations as they become due. The objective of the liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as and when required. The finance management policy of the company includes an appropriate liquidity risk management framework for the management of the short-term, medium-term and long term funding and cash management requirements.

The company manages the liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast, future cash flows, and by matching the maturity profiles of financial assets and liabilities.

### (d) Credit Risk

Credit Risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to financial loss. The Company is exposed to credit risk from its operating activities which is primarily trade receivables.

The carrying amount of financial assets represents maximum credit exposure, being total of the carrying amount of balances with banks, short term deposits with banks, short term investment, trade receivables and other financial assets excluding equity investments.

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

### (e) Trade receivables

Trade receivables of the company are typically unsecured and derived from sale made to a large number of independent customers. Customer credit risk is managed by each business unit subject to established policies, procedures and control relating to customer credit risk management. Before accepting any new customer, the company has appropriate level of control procedures to assess the potential customer credit quality. The credit worthiness of its customers are reviewed based on their financial position, past experience and other facts. The credit period provided by the company to its customers generally ranges from 0-90 days. Outstanding customer receivables are reviewed periodically.

The credit related to the trade receivables is mitigated by taking security deposits/ bank guarantee/letter of credit- as and where considered necessary, setting appropriate credit terms and by setting and monitoring internal limits on exposure to individual customers.

There is no substantial concentration of the credit risk as the revenue / trade receivables pertaining to any of the single customer do not exceed 10% of company revenue.

### 33) Disclosure of Employee Benefits

#### (a) Defined Contribution Plans : (Rs. in Lakhs)

Particulars	2019-20	2018-19
Provident Fund	475	417

#### (b) Defined Benefit Plans - 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:

(Rs. in Lakhs)

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
	Gratuity (Funded Plan)	Gratuity (Funded Plan)
Opening balance of Present Value of the Obligation	1,078	1,021
Interest Cost	82	74
Current Service Cost	71	78
Prior service cost	-	-
Benefits Paid	(89)	(124)
Actuarial loss/(gain)	(1)	30
Closing balance of Present Value of the Obligation	1,141	1,078

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

(Rs. in Lakhs)

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Opening balance of Fair Value of Plan Assets	1,064	1,063
Expected return on Plan Assets	70	78
Contribution by the Company	10	20
Benefits Paid	(89)	(124)
Actuarial gain/(loss)	16	28
Closing balance of Fair Value of Plan Assets	1,071	1,064

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

### iii) Reconciliation of Fair value of Assets & Obligation (Rs. in Lakhs)

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Present value of the obligation	1,141	1,078
Fair value of the Plan Assets	1,071	1,064
Surplus/(Deficit)	(69)	(14)
Experience adjustments on Plan Liabilities (loss) / gain	1	(30)
Experience adjustments on Plan Assets (loss) / gain	16	28

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

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Current Service Cost	71	78
Interest Cost	82	74
Expected return on plan assets	(70)	(78)
Net Actuarial (gain) / loss recognised in the year	(17)	2
	<b>66</b>	<b>76</b>

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

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
a) Government Securities	38.00%	29.00%
b) Bank deposits (Special deposit scheme)	2.00%	2.00%
c) Others / approved securities	60.00%	69.00%

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

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Discount Rate	6.83%	7.67%
Salary Escalation Rate	8.00%	8.00%
Attrition Rate	8.00%	8.00%
Expected rate of return on plan assets	6.83%	7.67%

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) EARNINGS PER SHARE

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
(a) Opening / Closing number of shares	48,16,446	48,16,446
(b) Profit / Loss after Tax Expense (Rs. Lakhs)	426	2,573
(c) Earnings per share (Rs.)	8.85	53.42
(d) Face value of shares (Rs.)	10.00	10.00

35) Based on the information available with the Company, the principal amount due to Micro Small and Medium Enterprises as on 31.03.2020 is Rs. 638 Lacs. There has been no overdue principal amount and therefore no interest is paid / payable.

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.

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

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

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

39) Expenditure towards Corporate Social Responsibility (CSR) activities		(Rs. in Lakhs)	
Particulars	31.03.2020	31.03.2019	
a) Gross amount required to be spent by the Company during the year	41	49	
b) Amount spent in cash during the year on:			
i) Construction / acquisition of any asset	-	-	
ii) On purposes other than (i) above	41	49	
<b>Balance</b>	<b>-</b>	<b>-</b>	

### Note No: 40 SEGMENT REPORTING

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

PARTICULARS	Manufacturing		Trading		Total	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
<b>Segment Revenue</b>						
Revenue from Operations	1,07,547	1,17,328	2,896	13,366	1,10,443	1,30,694
<b>Net Sales / Income from Operations</b>	<b>1,07,547</b>	<b>1,17,328</b>	<b>2,896</b>	<b>13,366</b>	<b>1,10,443</b>	<b>1,30,694</b>
Segment Results Profit / (Loss) before tax and interest from: (Textile)	3,516	5,774	92	452	3,608	6,225
<b>Total</b>	<b>3,516</b>	<b>5,774</b>	<b>92</b>	<b>452</b>	<b>3,608</b>	<b>6,225</b>
Less: Interest					3,691	3,923
Add: Unallocable income / (Expenditure) (Net)					51	1
<b>Total Profit / (Loss) before Tax</b>					<b>(32)</b>	<b>2,303</b>
Tax Expenses					(458)	(270)
<b>Total Profit / (Loss) after Tax</b>					<b>426</b>	<b>2,574</b>
<b>OTHER INFORMATION:</b>						
Segment Assets	90,198	94,739	410	2,237	90,608	96,976
Unallocable Assets					3,371	2,480
<b>Total Assets</b>	<b>90,198</b>	<b>94,739</b>	<b>410</b>	<b>2,237</b>	<b>93,979</b>	<b>99,456</b>
Segment Liabilities	35,550	31,786	613	2,111	36,163	33,897
Unallocable Liabilities						123
<b>Total Liabilities</b>	<b>35,550</b>	<b>31,786</b>	<b>613</b>	<b>2,111</b>	<b>36,163</b>	<b>34,020</b>
Segment Capital Expenditure	979	3,601			979	3,601
Unallocable Capital Expenditure						
<b>Total Capital Expenditure</b>	<b>979</b>	<b>3,601</b>			<b>979</b>	<b>3,601</b>
Segment Depreciation	5,213	5,739			5,213	5,739
Unallocable Depreciation						
<b>Total Depreciation</b>	<b>5,213</b>	<b>5,739</b>			<b>5,213</b>	<b>5,739</b>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

### (B) SECONDARY SEGMENT - GEOGRAPHICAL

1. An analysis of the sales by geographical market is given below: (Rs. in Lakhs)

<b>Region</b>	<b>31<sup>st</sup> March 2020</b>	<b>31<sup>st</sup> March 2019</b>
Europe	14,655	14,750
Asia	67,788	77,120
America	19,623	30,203
Others	1,751	2,190

2. Carrying amount of Segment Assets: (Rs. in Lakhs)

<b>Region</b>	<b>31<sup>st</sup> March 2020</b>	<b>31<sup>st</sup> March 2019</b>
Europe	12,790	10,756
Asia	59,163	56,236
America	17,126	22,024
Others	1,528	1,597

3. Carrying amount of Segment Liabilities: (Rs. in Lakhs)

<b>Region</b>	<b>31<sup>st</sup> March 2020</b>	<b>31<sup>st</sup> March 2019</b>
Europe	5,105	4,463
Asia	23,613	23,335
America	6,835	9,139
Others	610	663



## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 41. RELATED PARTY DISCLOSURES FOR THE FINANCIAL YEAR ENDED 31.03.2020

No.	NAME OF THE RELATED PARTIES AND NATURE OF RELATIONSHIP	
1	Joint Venture	Gruppo P&P Loyal Spa, Italy Loyal Dimco Group A.E.B.E., Greece Loyal IRV Textile LDA, Portugal
2	Wholly owned subsidiary	Loyal International Sourcing Private Limited
3	Key Management Personnel (KMP)	Smt. Valli M Ramaswami, Chairperson and Whole Time Director Sri. P. Manivannan, Whole Time Director
4	Where control Exists through KMP	Hellen Cotton Trading Company Private Limited Kurunji Investment Private Limited Madurai Tara Traders Private Limited Nemesis Cotton Trading Company Private Limited Nike Cotton Traders Private Limited Rhea Cotton Traders Private Limited

(Rs. in Lakhs)

The name of the transacting related party		31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
		Gruppo P&P Loyal Spa, Italy		Loyal International Sourcing Private Limited	
i)	Description of the relationship between the parties	Joint Venture		Wholly owned subsidiary	
ii)	Description of the nature of transactions:	Sale of Garments / Fabrics and Purchase of Materials		-	
iii)	Volume of the transactions:				
	Sale of Garments	5,375.76	4,470.35	NIL	NIL
	Sale of Fabric	335.61	196.93	NIL	NIL
	Sale of Yarn	NIL	9.48	NIL	NIL
	Sale of Services	NIL	NIL	NIL	NIL
	Purchase of Accessories	49.37	15.10	NIL	NIL
iv)	Finance (including loans and equity contributions in cash or in kind)				
	During this year	NIL	NIL	(16.09)	0.76

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

(Rs. in Lakhs)

	The name of the transacting related party	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
		Gruppo P&P Loyal Spa, Italy		Loyal International Sourcing Private Limited	
v)	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	649.89	652.30	NIL	NIL
vi)	Amount written off in the period of debts due from or to related parties	NIL	NIL	NIL	NIL
vii)	Dividend received	57.02	53.90	NIL	NIL

(Rs. in Lakhs)

	Remuneration paid to key managerial personnel:	Mrs. Valli M Ramaswami Chairperson and Whole Time Director		Mr. P. Manivannan Whole Time Director	
		31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
viii)					
	Salary, Perquisites and Other allowances	60.00	58.53	21.98	21.53
	Contribution to provident fund - defined contribution plan	7.20	7.02	2.02	2.02
	Contribution to super annuation fund - defined benefit plan	-	-	-	-
	Commission	-	-	-	-
	<b>TOTAL</b>	<b>67.20</b>	<b>65.56</b>	<b>23.99</b>	<b>23.55</b>

Notes :-

- There is no transaction with Loyal Dimco Group A.E.B.E, Greece and Loyal IRV Textile, Portugal, during this year
- Previous year figures have been regrouped wherever necessary to conform to the current year's classification.
- Figures have been rounded off to the nearest lakh in the financial statement and in the accompanying notes.

**Valli M Ramaswami**  
Chairperson & Whole Time Director

**P Manivannan**  
Whole Time Director

Vide our report of even date  
For **GANESH PRASAD**  
Chartered Accountants  
(ICAI Firm Reg. No: 000872 S)

**A Velliangiri**  
Chief Executive Officer

**K Ganapathi**  
Chief Financial Officer

**P Mahadevan**  
Company Secretary & Compliance Officer

**S. Natanagopal**  
Partner  
M. No: 022841

Place : Chennai  
Date : 24<sup>th</sup> June 2020

# Independent Auditor's Report

## Independent Auditor's Report on Consolidated Ind AS Financial Statements

To  
**The Members of Loyal Textile Mills Limited**

### Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of **M/s. LOYAL TEXTILE MILLS LIMITED** (hereinafter referred to as the 'Holding Company') and its subsidiary Loyal International Sourcing Private Limited (Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entity, Gruppo P&P Loyal Spa, Italy which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March 2020, and the Consolidated statement of Profit and Loss (the consolidated statement of changes in equity), and the Consolidated statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2020, and its Consolidated profit/loss, consolidated changes in equity and its consolidated cash flows for the year then ended.

### Basis for Opinion

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

### Key Audit Matters

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

We have no material matters or issues to be reported upon.

### Responsibilities of Management and Those Charged with Governance for the Consolidated 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 Consolidated Ind AS Financial Statements that give a true and fair view of the financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant Rules issued thereunder.

The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities 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 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.

In preparing the Consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

### Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

## Independent Auditor's Report

with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting we draw attention to note no. 32(ii)(a) in the financial statements along with the matters set forth to state that there is no material uncertainty that exists which may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### Other Matters

- (a) We did not audit the financial statements financial information of wholly owned subsidiary, and jointly controlled entity, whose financial statements / financial information reflect total assets of Rs.57.66 lakhs as at 31st March, 2020, total revenues of Nil and net cash flows amounting to Rs (16.85)lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.
- (b) The consolidated financial statements also include the Group's share of net profit/loss of Rs.453.23 lakhs for the year ended 31st March, 2020, as considered in the consolidated financial statements, in respect of joint venture, whose financial statements / financial information have not been audited by us. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries,

## Independent Auditor's Report

jointly controlled entities and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, this financial statements / financial information is not material to the Group.

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

### 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 statements.
  - (b) in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
  - (c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated financial statements;
  - (d) in our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder;
  - (e) on the basis of the written representations received from the Directors of the Holding Company as on 31<sup>st</sup> March 2020 taken on record by the Board of

Directors of the Holding Company and the reports of the Statutory Auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the Directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on 31<sup>st</sup> March 2020 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 Group 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 Consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities - Refer Note No.32 to the consolidated financial statements;
  - (ii) The Group, its associates and jointly controlled entities did not have any material foreseeable losses on 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 Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

For **Ganesh Prasad**,  
Chartered Accountants  
Firm Registration No. 000872S

**S. Natanagopal**  
Partner

Place : Madurai  
Date : 24<sup>th</sup> June 2020

Membership No. 022841  
UDIN: 20022841AAAABH4093



## Independent Auditor's Report

### ANNEXURE "A" to the Independent Auditor's Report of even date on the Consolidated Ind AS 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 Ind AS financial statements of the company as of and for the year ended March 31, 2020, 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, which are the companies incorporated in India, as of that date, are responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India "(ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### 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 Consolidated Ind AS financial statements, whether due to fraud or error.

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

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

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

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

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

## Independent Auditor's Report

### 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, 2020, 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 **Ganesh Prasad**,  
Chartered Accountants  
Firm Registration No. 000872S

**S. Natanagopal**  
Partner

Place : Madurai  
Date : 24<sup>th</sup> June 2020

Membership No. 022841  
UDIN: 20022841AAAABH4093



## Consolidated Balance Sheet as at 31<sup>st</sup> March 2020

(Rs. in Lakhs)

PARTICULARS	Note No.	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
<b>ASSETS</b>			
<b>A. Non-Current Assets</b>			
(a) Property, Plant & Equipment	3	34,613	38,854
(b) Capital Work-in-progress	3	243	274
(c) Investment property	3	288	294
(d) Other Intangible assets	3	70	72
(e) Financial Assets			
(i) Investments	4	2,033	1,636
(f) Other Non-Current Assets	5	469	485
(g) Deferred Tax Assets (Net)	16	382	-
<b>Total Non-Current Assets (A)</b>		<b>38,098</b>	<b>41,615</b>
<b>B. Current Assets</b>			
(a) Inventories	7	29,559	26,717
(b) Financial Assets			
(i) Investments	6	43	51
(ii) Trade Receivables	8	15,649	21,912
(iii) Cash and Cash Equivalents	9	157	518
(iv) Bank Balance Other than (iii) above	9	1,241	1,049
(v) Loans	10	1,684	1,669
(vi) Others	11	650	393
(c) Other current Assets	12	8,600	6,851
(d) Current Tax Assets(Net)	22	13	-
<b>Total Current Assets (B)</b>		<b>57,596</b>	<b>59,159</b>
<b>Total Assets (A+B)</b>		<b>95,694</b>	<b>1,00,774</b>
<b>EQUITY AND LIABILITIES</b>			
<b>C. EQUITY</b>			
(a) Equity Share Capital	13	482	482
(b) Other Equity	14	23,388	22,639
<b>Total Equity (C)</b>		<b>23,870</b>	<b>23,120</b>
<b>D. LIABILITIES</b>			
<b>D1. Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowing	15	6,091	10,149
(b) Deferred Tax Liabilities (Net)	16	-	123
<b>Total Non-Current Liabilities (D1)</b>		<b>6,091</b>	<b>10,272</b>
<b>D2. Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowing	17	29,558	33,475
(ii) Trade Payables	18	23,381	20,604
(iii) Other financial liabilities	19	11,811	12,348
(b) Other current liabilities	20	754	716
(c) Provisions	21	229	201
(d) Current Tax Liabilities (Net)	22	-	39
<b>Total Current Liabilities (D2)</b>		<b>65,733</b>	<b>67,382</b>
<b>Total Liabilities D (D1+D2)</b>		<b>71,824</b>	<b>77,654</b>
<b>Total Equity and Liabilities (C+D)</b>		<b>95,694</b>	<b>1,00,774</b>

Note No. 3 to 30 and 31 to 45 form an integral part of this Financial Statements

**Valli M Ramaswami**  
Chairperson & Whole Time Director

**P Manivannan**  
Whole Time Director

Vide our report of even date  
For **GANESH PRASAD**  
Chartered Accountants  
(ICAI Firm Reg. No: 000872 S)

**A Velliangiri**  
Chief Executive Officer

**K Ganapathi**  
Chief Financial Officer

**P Mahadevan**  
Company Secretary & Compliance Officer

**S. Natanagopal**  
Partner  
M. No: 022841

Place : Chennai  
Date : 24<sup>th</sup> June 2020

## Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2020

		(Rs. in Lakhs)	
PARTICULARS	Note No.	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
I. Revenue from Operations	23	1,10,443	1,30,694
II. Other Income	24	344	549
<b>III. Total Income (I +II)</b>		<b>1,10,787</b>	<b>1,31,243</b>
IV. Expenses:			
Cost of materials consumed	25	65,326	72,550
Purchase of Stock-in-Trade	26	2,946	12,535
Changes in Inventories of	27		
Finished Goods		(1,375)	(1,015)
Work-in-progress		(907)	(217)
Employee Benefits Expense	28	12,117	10,778
Finance costs	29	3,691	3,923
Depreciation and amortization expense	3	5,213	5,739
Other expenses	30	23,809	24,648
<b>Total Expenses</b>		<b>1,10,820</b>	<b>1,28,941</b>
V. Profit / (Loss) before share of Profit / (Loss) of a Joint Venture and exceptional items and tax - (III - IV)		(33)	2,302
VI. Share of Profit / (Loss) from a Joint Venture		453	248
<b>VII. Profit / (Loss) before Exceptional items and tax (V + VI)</b>		<b>420</b>	<b>2,550</b>
VIII. Exceptional Items		Nil	Nil
<b>IX. Profit / (Loss) before tax (VII - VIII)</b>		<b>420</b>	<b>2,550</b>
X. Tax expense:			
(1) Current tax		Nil	384
(2) Deferred tax		(374)	(261)
(3) MAT Entitlement			
- Pertaining to Current Year		Nil	(162)
- Pertaining to prior years		(125)	(237)
(4) Income Tax relating to Previous Year		41	6
XI. Profit/(Loss) for the period from continuing operations (IX-X)		878	2,820
XII. Profit/(Loss) from discontinuing operations		Nil	Nil
<b>XIII. Profit/(Loss) for the period after tax (XI + XII)</b>		<b>878</b>	<b>2,820</b>
XIV. Other Comprehensive Income, net off Income Tax			
(a) items that will not be reclassified to Profit or Loss		8	63
(b) Income tax relating to items that will not be reclassified to Profit or Loss		6	(1)
(c) Items that will be reclassified to profit or Loss			
(d) Income tax relating to Items that will be reclassified to profit or Loss			
<b>XV. Total Comprehensive Income for the Period (XIII+XIV)</b>		<b>892</b>	<b>2,882</b>
XVI. Earning per equity share of Rs. 10/- :			
(1) Basic		18.24	58.55
(2) Diluted		18.24	58.55

Note No. 3 to 30 and 31 to 45 form an integral part of this Financial Statements

**Valli M Ramaswami**  
Chairperson & Whole Time Director

**P Manivannan**  
Whole Time Director

Vide our report of even date  
For **GANESH PRASAD**  
Chartered Accountants  
(ICAI Firm Reg. No: 000872 S)

**A Velliangiri**  
Chief Executive Officer

**K Ganapathi**  
Chief Financial Officer

**P Mahadevan**  
Company Secretary & Compliance Officer

**S. Natanagopal**  
Partner  
M. No: 022841

Place : Chennai  
Date : 24<sup>th</sup> June 2020

## Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2020

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>		
PROFIT BEFORE TAX	(33)	2,302
ADJUSTMENTS FOR		
Depreciation	5,213	5,739
Interest paid	3,691	3,923
Interest received	(143)	(158)
Dividend received on Investments - Others	(57)	(54)
Bad Debts Written Off	0	157
(Profit)/Loss on disposal of Fixed Assets	(1)	(56)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>8,670</b>	<b>11,853</b>
ADJUSTMENTS FOR CHANGES IN		
Inventories	(2,842)	(4,793)
Debtors	6,337	(2,963)
Loans & Advances and Other Current Assets	(1,899)	742
Amount deposited as Margin Money	(191)	(525)
Current liabilities and provisions	(1,785)	8,850
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>8,289</b>	<b>13,164</b>
Interest receipts	143	158
Income Tax (Paid)/Refund	(75)	(581)
<b>NET CASH FLOW (A)</b>	<b>8,357</b>	<b>12,742</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Payments for Assets acquisition	(939)	(3,210)
Proceeds on Sale of Fixed Assets	7	170
Sale/(Purchase) of Investments	8	156
Dividend receipts	57	54
<b>NET CASH FLOW (B)</b>	<b>(867)</b>	<b>(2,830)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(3,691)	(3,906)
Repayment of Long Term Borrowings	(4,073)	(5,533)
Dividend paid included taxes	(87)	(290)
<b>NET CASH FLOW (C)</b>	<b>(7,851)</b>	<b>(9,729)</b>
<b>NET CASH INFLOW / (OUTFLOW) ( A+B+C )</b>	<b>(361)</b>	<b>182</b>
<b>OPENING CASH AND CASH EQUIVALENTS (D)</b>	<b>518</b>	<b>336</b>
<b>CLOSING CASH AND CASH EQUIVALENTS (E)</b>	<b>157</b>	<b>518</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (D-E)</b>	<b>(361)</b>	<b>182</b>

## Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2020

### 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	31.03.2020	31.03.2019
Cash and Cash equivalents as per Cash Flow statement	157	518
Add: Balances which are earmarked against liabilities and is not available for use	1,241	1,049
Cash and Cash equivalents as reported in Financial Statements	1,398	1,568

**Valli M Ramaswami**  
Chairperson & Whole Time Director

**P Manivannan**  
Whole Time Director

Vide our report of even date  
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**S. Natanagopal**  
Partner  
M. No: 022841

Place : Chennai  
Date : 24<sup>th</sup> June 2020

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 1 General Information:

Loyal Textiles Mills Limited ( "the Company" ) is engaged in manufacturing of yarn, woven fabric, knitted fabric and technical clothing. The Company has manufacturing plants at Kovilpatti, Sattur, Cuddalore, Sivagangai in Tamilnadu, Khammam in Telangana, and Nellore in Andhra Pradesh. The Company is a public listed company and listed on The Bombay Stock Exchange.

### 2 Significant Accounting Policies:

#### Statement of Compliance:

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

#### Basis for Preparation and Presentation:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value: -

#### Derivative financial instruments –

Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### (a) Inventories:

Inventories are valued at cost or net realizable value, whichever is lower. The cost in respect of the various items of inventory is computed as under:

- Raw materials, Stores & Spares are valued at weighted average basis. The cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

- Stock-in-process is valued at Cost and Finished goods are valued at Cost or Net Realisable value as Applicable - Cost includes applicable production overheads.
- Traded goods are valued at lower of Cost and Net Realizable Value.

The stock of saleable waste is valued at Net Realisable value.

Net Realisable Value (NRV) is the estimated selling price in the ordinary course of business less estimated cost of completion and estimated selling expenses necessary to make the sale.

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

#### (b) Cash flow statement:

The cash flow statement is prepared in accordance with the Indian Accounting Standard (Ind AS) - 7 "Statement of Cash flows" using the indirect method for operating activities, whereby net profit before tax is adjusted for the effects of transactions of 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.

#### (c) Use of Estimates and Judgements:

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made. Differences between actual results and estimates are recognised in the period in which the results are known/ materialised, and if material, their effects are disclosed in the Notes to the Financial Statements.

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

### (d) Revenue Recognition:

Revenue is recognized at the fair value of the consideration received or receivable. The company recognizes revenue when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity.

Sales are recognized when goods are despatched and are recorded excluding Goods and Services Tax and recoveries as applicable.

Service / Process Charge is accounted on completed service contract method. Revenue from the sale of services is recognised on the basis of the stage of completion, right to receive the amount is clearly established and there is no uncertainty about its realisation. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Interest income from financial asset is recognized when it is probable that the economic benefit will flow to the company and the amount of income can be measured reliably. Interest income is accrued on time basis by reference to principal outstanding using the effective interest rate method (EIR).

Dividend income on investments is recognized when the right to receive the payment is established and when no significant uncertainty as to the measurability or collectability exists.

Incentives receivable from Government is accounted on certainty of receipt.

Insurance claims are recognized on the basis of claims admitted / expected to be admitted and when there is no significant uncertainty exists with regard to the amount to be recovered and it is reasonable to expect ultimate collection.

Duty draw back claims and other export benefits are accounted on completion of exports, on complying with the rules of the scheme governing it based on eligibility and expected amount on realization.

### (e) Property, Plant And Equipment:

i) The Company has elected to consider carrying amount of all items of property, plant and equipments measured as per Indian GAAP as recognized in the financial statements as at the date of transition, as deemed cost at the date of transition. Deemed cost is the differential between the cost of the asset less the depreciation at the given date.

- 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.
- 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, wherever applicable, 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.

### (f) Intangible Assets:

Intangible assets are stated at cost less accumulated amount of amortization. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, etc. The amortization method and useful lives are reviewed periodically at end of each financial year.

### (g) Foreign Currency Transactions:

#### i) Functional and Presentation currency:

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which these entities operate, (i.e., the "functional currency"). The functional currency of the company is Indian Rupee. These financial statements are presented in Indian Rupee.

#### ii) Transaction and balances:

The foreign currency transactions are recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. The foreign currency monetary



## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

items are translated using the closing rate at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction. Exchange differences arising on translation/settlement are recognized as income or expense in the period in which they arise.

The Company enters into forward exchange contract to hedge its risk associated with Foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract is amortized as expense or income over the life of the contract. In case of monetary items which are covered by forward exchange contract, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference. Any profit or loss arising on cancellation of a forward exchange contract is recognized as income or expense for that year.

### (h) Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### i) Initial Recognition and measurement:

On initial recognition, all the financial assets and liabilities are recognized at its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability other than financial asset or financial liability that are measured at fair value through profit or loss. Transaction costs of financial assets and liabilities carried at fair value through the Profit and Loss are immediately recognized in the Statement of Profit and Loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

#### ii) Subsequent measurement

##### a. Non-derivative financial instruments :

##### (i) Financial assets carried at amortised cost:

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give

rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### (ii) Financial assets at fair value through other comprehensive income (FVTOCI) :

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### (iii) Financial assets at fair value through profit or loss (FVTPL):

A financial asset is measured at fair value through profit and loss unless it is measured at amortized cost or at fair value through other comprehensive income.

##### (iv) Investments in subsidiaries, joint ventures and associates:

The Company has adopted to measure investments in subsidiaries, joint ventures and associates at cost in accordance with Ind AS 27 and carrying amount as per previous GAAP at the date of transition has been considered as deemed cost in accordance with Ind AS 101.

##### (v) Financial liabilities:

The financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

#### b. Derivative financial instruments:

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated as hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss. Derivatives not designated



## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of profit and loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

### c. Derecognition of financial instruments:

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability is derecognized when the obligation specified in the contract is discharged or cancelled or expired.

### d. Fair value measurement of financial instruments:

The fair value of financial instruments is determined using the valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Based on the three level fair value hierarchy, the methods used to determine the fair value of financial assets and liabilities include quoted market price, discounted cash flow analysis and valuation certified by the external valuer. In case of financial instruments where the carrying amount approximates fair value due to the short maturity of those instruments, carrying amount is considered as fair value.

### (i) 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. Remeasurement comprising actuarial gains and losses, the effect of changes to the asset ceiling if applicable and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with the charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

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.

### (j) Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

### (k) Segment Reporting:

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the company to make decisions for performance assessment and resource allocation. The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments.

The operating segments are the segments for which separate financial information is available. The Accounting policies adopted for segment reporting are in line with the accounting policy of the company.

The Company has identified two reportable operating segments viz., manufacturing and trading activities.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segments.

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

Pricing for Inter Segment transfers has been made, considering the normal internal business reporting system of the company at estimated realisable value.

Revenue, expenses, assets and liabilities which relate to the company as a whole and are not allocable to segment on reasonable basis are reported under unallocated revenue / expenses / assets / liabilities.

### (l) Leases:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are operating leases.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

### (m) Earnings Per Share:

The basic earnings per share are computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have

been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, if found necessary.

### (n) Income Taxes:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is recognised as an asset viz. MAT Credit Entitlement, to the extent there is convincing evidence that the Company will pay normal tax in the future and it is highly probable that future economic benefits associated with it will flow to the Company during the specified period and that can be measured reliably.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Where there is deferred tax assets arising from carry forward of unused tax losses and unused tax created, they are recognised to the extent of deferred tax liability.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### (o) Impairment of Assets:

#### (i) Financial assets

The company recognizes loss allowances using the Expected Credit Loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition, in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be, recognised is recognized as an impairment gain or loss in statement of profit or loss.

#### (ii) Non-financial assets:

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash-Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or

groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

### (p) Provisions, Contingent Liabilities, and Contingent Assets:

#### Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are discounted, if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Necessary provision for doubtful debts, claims, etc., are made, if realisation of money is doubtful in the judgement of the management.

#### Contingent Liabilities:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent liabilities are disclosed separately.

Show cause notices issued by various Government authorities are considered for evaluation of contingent liabilities only when converted into demand.

#### Contingent Assets:

Where an inflow of economic benefits is probable, the Company discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect.

Contingent assets are disclosed but not recognised in the financial statements.

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

### (q) Cash and Cash Equivalents:

The Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity period of three months or less from the balance sheet date, highly liquid investments that are readily convertible into cash, which are subject to an insignificant risk of changes in value.

### (r) Government Grants:

The government grants are recognized only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to assets are treated as deferred income and are recognized in the statement of profit and loss on a systematic and rational basis over the useful life of the asset. Government grants related to revenue are recognized on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate.

### (s) Investment Property:

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes).

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16 - Property, plant and equipments requirements for cost model. The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at

intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Company depreciates investment property as per the useful life prescribed in Schedule II of the Companies Act, 2013.

Though the Company measures investment property using the cost-based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation applying a valuation model. External valuers are involved, wherever necessary with the approval of Company's board of directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss in the period in which the property is derecognised.

### (t) Intangible Assets:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives which are generally in accordance with those specified in Schedule II to Companies Act, 2013.

Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

(Rs. in Lakhs)

Note No: 3 PROPERTY, PLANT AND EQUIPMENT

Particulars	Tangible Assets								Total Tangible Assets	Intangible Assets	Total Tangible and Intangible Assets	Investment Property	Total Tangible Assets, Intangible Assets & Investment Properties
	Land	Building	Plant and Equip-ment	Furniture and Fittings	Electrical Fittings	Vehicles	Office Equip-ment	Computer Software					
<b>Cost as at 1<sup>st</sup> April 2018</b>	1,249.58	10,953.73	38,791.72	250.27	1,326.28	195.24	140.21	52,907.04	128.93	53,035.96	310.94	53,346.90	
Additions	-	895.56	2,563.07	26.69	16.34	40.65	48.28	3,590.58	10.65	3,601.24	-	3,601.24	
Disposals	(10.88)	(82.72)	(313.01)	-	-	(57.47)	-	(464.09)	-	(464.09)	-	(464.09)	
<b>Cost as at 31<sup>st</sup> March 2019</b>	1,238.70	11,766.57	41,041.77	276.96	1,342.62	178.42	188.50	56,033.53	139.58	56,173.11	310.94	56,484.05	
Additions	-	122.74	730.54	18.39	30.62	10.00	49.75	962.04	17.00	979.04	-	979.04	
Disposals	(5.36)	-	(180.31)	-	-	(12.74)	-	(198.42)	-	(198.42)	-	(198.42)	
Cost as at 31 <sup>st</sup> March 2020	1,233.34	11,889.30	41,592.01	295.35	1,373.24	175.67	238.25	56,797.16	156.58	56,953.73	310.94	57,264.67	
<b>Depreciation / Amortisation</b>													
<b>As at 1<sup>st</sup> April 2018</b>	-	832.09	10,369.86	71.85	409.53	33.20	94.64	11,811.19	51.05	11,862.24	13.04	11,875.28	
Charge for the year 2018-19	-	438.43	5,005.28	23.75	198.85	29.06	23.44	5,718.80	16.87	5,735.67	3.48	5,739.15	
Disposals	-	(0.96)	(294.87)	-	-	(54.48)	-	(350.31)	-	(350.31)	-	(350.31)	
<b>As at 31<sup>st</sup> March, 2019</b>	-	1,269.57	15,080.26	95.60	608.38	7.78	118.08	17,179.68	67.92	17,247.60	16.51	17,264.11	
Charge for the year 2019-20	-	534.75	4,373.57	24.33	199.62	29.53	26.22	5,188.02	18.79	5,206.81	6.02	5,212.83	
Disposals	-	-	(170.84)	-	-	(12.11)	-	(182.94)	-	(182.94)	-	(182.94)	
<b>As at 31<sup>st</sup> March 2020</b>	-	1,804.32	19,283.00	119.93	808.00	25.21	144.30	22,184.75	86.71	22,271.47	22.54	22,294.00	
<b>Net Block</b>													
<b>As at 31<sup>st</sup> March, 2019</b>	1,238.70	10,496.99	25,961.51	181.36	734.24	170.64	70.42	38,853.85	71.65	38,925.51	294.42	39,219.93	
<b>As at 31<sup>st</sup> March, 2020</b>	1,233.34	10,084.98	22,309.01	175.42	565.24	150.46	93.95	34,612.41	69.86	34,682.27	288.40	34,970.66	
<b>Capital Work in Progress</b>													
<b>at Cost</b>	(Rs. in Lakhs)												
<b>Particulars</b>	31.03.2020	31.03.2019											
Land Pending For Registration	200.64	200.64											
Building Under Construction	19.08	15.31											
Plant & Machinery	23.11	56.16											
Electrical Installations	-	1.65											
Computers	-	-											
<b>Total</b>	242.83	273.75											

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

### Note No. 4. NON-CURRENT INVESTMENTS - AT COST ( Except Quoted Investments)

(Rs. in Lakhs)

S.No.	PARTICULARS	Face value	No. of Shares	31 <sup>st</sup> March 2020	No. of Shares	31 <sup>st</sup> March 2019
	<b>Investment in Subsidiary and Joint ventures</b>					
1	Gruppo P&P Loyal spa (Joint Venture 47.5%)	Euro 85	3,325	<b>1,971</b>	3,325	1,574
2	Loyal Dimco Group A.E.B.E. (Joint venture 50%)		50,000	<b>18</b>	50,000	18
3	Loyal Textiles (UK) Ltd (49%)		2,450	<b>0</b>	2,450	0
4	Loyal IRV Textile LDA, Portugal (Joint Venture 51%)	Euro 1	2,550	<b>2</b>	2,550	2
				<b>1,991</b>		1,594
<b>I</b>	<b>Trade Investments</b>					
	<b>Investments in Equity Instruments:</b>					
	<b>A) Unquoted</b>					
1	Cuddalore Sipcot Industries Common Utilities Limited	100	4,665	<b>5</b>	4,665	5
2	SIMA Textile Processing Centre Ltd	10	20,000	<b>2</b>	20,000	2
				<b>7</b>		7
<b>II</b>	<b>Other Investments</b>					
	<b>Investments in Equity Instruments:</b>					
	<b>A) Quoted</b>					
1	Central Bank of India	10	1,469	<b>0</b>	1,469	1
2	Amrutanjan Health Care Ltd	1	1,000	<b>3</b>	1,000	3
3	Matrimony.com Ltd	5	2,120	<b>6</b>	2,120	14
				<b>9</b>		17
	<b>B) Unquoted</b>					
1	Dhanvantari Nano Ayushadi Private Limited	5	25,000	<b>3</b>	25,000	2
	<b>C) Investment in Compulsorily Convertible Debentures</b>					
1	Dhanvantari Nano Ayushadi Private Limited	10	2,25,000	<b>23</b>	2,25,000	16
	<b>D) Investment in Government or Trust Securities</b>			<b>0</b>		0
	<b>Total</b>			<b>2,033</b>		1,636

PARTICULARS	As at 31.03.2020	As at 31.03.2019
Aggregate Value of Quoted Investments	<b>9</b>	17
Market Value of Quoted Investments	<b>9</b>	17
Aggregate Value of Unquoted Investments	<b>32</b>	24



## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

### Note No. 5 OTHER NON-CURRENT ASSET

(Rs. in Lakhs)

S.No.	PARTICULARS	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
1	Capital Advances		
	- Unsecured, Considered good	314	328
2	Prepayment of Lease	155	157
	<b>Total</b>	<b>469</b>	<b>485</b>

### Note No. 6. CURRENT INVESTMENTS

(Rs. in Lakhs)

S.No.	PARTICULARS	Face value	No. of Shares	31 <sup>st</sup> March 2020	No. of Shares	31 <sup>st</sup> March 2019
	<b>(A) Trade Investments</b>					
	<b>Investments in Equity Instruments - Unquoted</b>					
1	TVH Energy Resource Private Ltd	10	-	-	29,200	3
2	Saheli Exports Private Limited	10	10,600	5	16,900	8
3	OPG Power Generation Pvt Ltd	10	68,600	6	68,600	8
4	Continuum Wind Energy Pvt Ltd	10	3,18,927	32	3,18,927	32
	<b>Total</b>			<b>43</b>		<b>51</b>

(Rs. in Lakhs)

	PARTICULARS	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
	<b>Note No. 7. INVENTORIES</b>		
(a)	Raw Materials	13,335	12,758
(b)	Work-in-progress	5,708	4,802
(c)	Finished Goods	8,836	7,461
(d)	Stores, Spares and Packing Materials	1,680	1,696
		<b>29,559</b>	<b>26,717</b>

### Note No. 8. TRADE RECEIVABLES

(i)	Unsecured, Considered good	15,649	21,912
(ii)	Unsecured and Considered doubtful	188	188
		<b>15,837</b>	<b>22,100</b>
	Less : Provision for bad and doubtful	(188)	(188)
		<b>15,649</b>	<b>21,912</b>



## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
<b>Note No. 9. CASH AND CASH EQUIVALENTS</b>		
<b>Cash on hand</b>	<b>6</b>	<b>5</b>
<b>Balance with banks</b>		
(i) In current accounts	<b>149</b>	506
(ii) In EEFC accounts	<b>2</b>	7
	<u><b>157</b></u>	<u>518</u>
<b>Other Bank Balances</b>		
<b>(I) Earmarked Deposit accounts</b>		
- Unpaid Dividend Bank account	<b>50</b>	50
<b>(II) In Deposit Accounts</b>		
- Bank balances held as margin money	<b>1,191</b>	1,000
	<u><b>1,241</b></u>	<u>1,049</u>
<b>Note No. 10. LOANS</b>		
Security Deposits	<b>1,684</b>	1,669
	<u><b>1,684</b></u>	<u>1,669</u>
<b>Note No. 11. OTHER FINANCIAL ASSETS</b>		
a) Interest Receivable	<b>650</b>	393
	<u><b>650</b></u>	<u>393</u>
<b>Note No. 12. OTHER CURRENT ASSETS</b>		
a) Advances recoverable in cash or in kind or for value to be received	<b>3,642</b>	3,110
b) Export Benefits Receivable	<b>1,008</b>	654
c) GST Refund / GST ITC / AP Power Subsidy Receivable	<b>3,948</b>	3,085
d) Prepayment of Lease	<b>2</b>	2
	<u><b>8,600</b></u>	<u>6,851</u>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

### Note No. 13 (a) Authorised, Issued, Subscribed, Paid-up share capital and par value per share (Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
<b>Authorised Share Capital</b>		
90,00,000 Equity Shares of Rs. 10/- each	900	900
6,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each (Previous year 6,00,000 preference shares of Rs. 100 each)	600	600
<b>Issued &amp; Subscribed Share Capital</b>		
48,16,446 Equity Shares of Rs. 10/- each fully paid - up (Previous year 48,16,446 equity shares of Rs. 10/- each)	482	482
<b>Paid-up Share Capital</b>		
48,16,446 Equity Shares of Rs. 10/- each fully paid - up (Previous year 48,16,446 equity shares of Rs. 10/- each)	482	482
	482	482

### Note No. 13 (b) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
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. 13 (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	
		31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
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

### Note No.13 (d) Details of allotments of shares for consideration other than cash, allotments of bonus shares and shares bought back (during the period of five years from Financial year 2010-2011)

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

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
<b>Note No. 14. OTHER EQUITY</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) 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>(c) General Reserve</b>		
Opening Balance	8,552	8,552
Add:		
Transfer from Surplus	Nil	Nil
Less:		
Deductions during the year	Nil	Nil
Closing Balance	<u>8,552</u>	<u>8,552</u>
<b>(d) Foreign Currency Translation Reserve</b>		
Opening Balance	(1)	110
Additions during the year	1	Nil
Deductions during the year	Nil	(111)
Closing Balance	<u>0</u>	<u>(1)</u>
<b>(e) Other Comprehensive Income Reserve on Ind AS Transition</b>		
Opening Balance	229	166
Increase / (Decrease) in OCI reserve due to		
- Actuarial Gain / (Loss) on Gratuity	22	(2)
- Gain / (Loss) on Fair Value of Investments	(8)	65
Closing Balance	<u>243</u>	<u>229</u>
<b>(f) Retained Earnings</b>		
Opening Balance	13,592	11,116
<b>Add:</b>		
Profit for the period as per Profit & Loss Statement	893	2,882
Proposed Dividend and Tax thereon for the Year	Nil	Nil
Capital Redemption Reserve transfer to Surplus	Nil	Nil
Transfer from OCI Reserve due to IND AS Transition	Nil	Nil
<b>Less:</b>		
Final dividend (PY @ 15% - Rs. 1.5/- per share)	130	295
Tax on distributed profits on equity shares	15	49
Transfer to General Reserve	Nil	Nil
Transfer to OCI Reserve due to Ind AS Transition	14	63
Closing Balance	<u>14,326</u>	<u>13,592</u>
<b>Total Other Equity</b>	<u>23,388</u>	<u>22,639</u>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
<b>NON-CURRENT FINANCIAL LIABILITIES</b>		
<b>Note No. 15. BORROWING</b>		
<b>(A) Term Loans - Secured</b>		
- From Banks	5 424	8,765
- From Financial Institutions	467	1,184
Term loans are secured by joint and equitable mortgage of all immovable properties present and future and by hypothecation of machineries ranking paripassu with one another.		
(i) Term loans availed from Central Bank of India, Karur Vysya Bank and Indian Bank to the extent of Rs.296.91 Cr are exclusively charged against the specific assets purchased out of the term loans. (Since changed to pari passu charges among lenders from exclusive charges w.e.f. 06-09-2019).		
(ii) Term loans availed from Banks to the extent of Rs. 139.90 Cr rank paripaasu with another.		
(iii) Term loans are repayable on quarterly rest as per agreement at floating rate of interest.		
(iv) Term loan instalments repayable at minimum of four and maximum of twenty four instalments.		
<b>(B) Other Loans And Advances : Unsecured</b>		
Inter corporate deposit	200	200
- Interest free - repayable beyond twelve months		
	<u>6,091</u>	<u>10,149</u>
<b>Note No. 16. DEFERRED TAX LIABILITIES (NET)</b>		
<b>Deferred Tax Net</b>		
<b>Deferred Tax Liabilities:</b>		
- On account of Depreciation	2,769	3,143
<b>Deferred Tax Assets:</b>		
- On account of timing differences under Income tax	(706)	(700)
	<u>2,063</u>	<u>2,443</u>
Less: MAT credit availment	(2,445)	(2,320)
<b>Deferred Tax Liabilities (Net)</b>	<u>(382)</u>	<u>123</u>
<b>CURRENT LIABILITIES</b>		
<b>Financial Liabilities</b>		
<b>Note No. 17 BORROWINGS</b>		
<b>Loans Repayable On Demand</b>		
<b>From Banks Secured</b>		
- Packing Credit / Cash Credit	22,135	23,577
- Bills Discounted But not Realised - With Banks	7,423	9,898
(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.)		
	<u>29,558</u>	<u>33,475</u>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
<b>Note No. 18. TRADE PAYABLE</b>		
- Outstanding dues of creditor other than Micro and Small Enterprises	22,698	20,249
- Outstanding dues of creditor of Micro and Small Enterprises	683	355
	<u>23,381</u>	<u>20,604</u>
<b>Note No. 19. OTHER FINANCIAL LIABILITIES</b>		
Current Maturities of Long term Debts	4,442	4,987
Interest accrued but not due on borrowings	Nil	17
Interest Payable -Others	Nil	41
Interest due but not paid	43	Nil
Unpaid Dividends	50	50
Creditors for Capital Goods	141	186
Expenses Payable	7,135	7,067
	<u>11,810</u>	<u>12,348</u>
<b>Note No. 20. OTHER CURRENT LIABILITIES</b>		
Statutory Liabilities Payable	73	375
Advance received against Supplies	681	341
	<u>754</u>	<u>716</u>
<b>Note No. 21. SHORT-TERM PROVISIONS</b>		
For Provident Fund and Other Funds	38	26
Provision for Gratuity	69	73
Provision for Leave Salary	122	102
	<u>229</u>	<u>201</u>
<b>Note No. 22. CURRENT TAX - LIABILITIES (NET)</b>		
Tax payments pending adjustments (Net)	(13)	39
	<u>(13)</u>	<u>39</u>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
<b>NOTE No. 23. REVENUE FROM OPERATIONS</b>		
Sale of Products	1,04,205	1,24,292
Sale of Services	699	284
Other operating Revenues	5,539	6,118
	<u>1,10,443</u>	<u>1,30,694</u>
<b>NOTE No. 24. OTHER INCOME</b>		
Interest Income	143	158
Dividend Income	57	54
Other Non operating income	144	337
	<u>344</u>	<u>549</u>
<b>NOTE No. 25. COST OF MATERIALS CONSUMED</b>		
i) Cotton, Staple Fibre and Cotton waste	35,668	40,309
ii) Yarn	28,600	31,431
iii) Fabric	359	124
iv) Dyes	406	345
v) Reflective band	293	341
	<u>65,326</u>	<u>72,550</u>
<b>NOTE No. 26. PURCHASE OF STOCK-IN-TRADE</b>		
Yarn	2,667	12,315
Others - Packing materials and Cotton	279	220
	<u>2,946</u>	<u>12,535</u>
<b>NOTE No. 27. CHANGES IN INVENTORIES</b>		
OPENING STOCK		
Process Stock	4,802	4,584
Finished goods	7,461	6,445
TOTAL (A)	<u>12,263</u>	<u>11,030</u>
LESS: CLOSING STOCK		
Process Stock	5,709	4,802
Finished goods	8,836	7,461
TOTAL (B)	<u>14,545</u>	<u>12,263</u>
<b>CHANGES IN INVENTORIES NET (INCREASE ) / DECREASE (A-B)</b>		
Process Stock	(907)	(217)
Finished goods	(1,375)	(1,015)
	<u>(2,282)</u>	<u>(1,233)</u>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
<b>NOTE No. 28. EMPLOYEE BENEFITS / EXPENSES</b>		
Salaries, Wages and Bonus	10,290	9,385
Unavailed earned Leave	132	119
Contribution to Provident Fund and other funds	860	754
Other Welfare Expenses	835	519
	<u>12,117</u>	<u>10,778</u>
<b>NOTE No. 29. FINANCE COSTS</b>		
Interest Expenses		
- For Term Loan	966	1,318
- For Working capital Loan	2,140	1,811
- For Export Bills Discounting	444	592
- For Domestic Bill Discounting	39	3
Other Borrowing Cost	102	199
	<u>3,691</u>	<u>3,923</u>
<b>NOTE No. 30. OTHER EXPENSES</b>		
Freight and forwarding charges	2,447	3,243
Selling Expenses	1,247	2,159
<b>PAYMENT TO THE AUDITORS</b>		
As Auditors	10	10
For Certification work	2	1
For Reimbursement of Expenses	0	1
Conversion Charges	820	779
Processing Charges	828	557
Stores Consumed	6,766	6,356
Power and Fuel	8,208	7,772
Repairs to Machinery	1,219	1,080
Repairs to Building	216	340
Insurance	195	178
Bad Debts	0	157
Rates and Taxes excluding Taxes on Income	132	228
Expenditure on CSR Activities	41	49
Rent	43	26
Miscellaneous Expenses	1,635	1,715
	<u>23,809</u>	<u>24,648</u>



## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

(Rs. in Lakhs)

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
<b>31) Contingent Liabilities (To the extent not provided for)</b>		
i) Claim against the Company not acknowledged as debts	18	18
ii) Disputed Sales tax demand not provided for	1,306	478
iii) On account of export obligation covered by letter of undertaking	17,347	15,705

### 32) Financial Instruments

#### i) Capital management

The Company manages its capital to ensure the Company will be able to continue as going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, internal accruals and both long-term and short-term borrowings.

The Company monitors the capital structure on the basis of total debt to equity and maturity profile of the overall debt portfolio of the company.

(Rs. in Lakhs)

<b>Gearing Ratio:</b>	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Debt	10,332	14,953
Less: Cash and bank balances	1,397	1,568
Net debt	<u>8,935</u>	<u>13,385</u>
Total equity	23,870	23,120
Net debt to equity ratio	0.37	0.58

<b>Categories of Financial Instruments</b>	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
<b>Financial assets Measured at amortised cost</b>		
Loans	1,684	1,669
Trade receivables	15,649	21,912
Cash and cash equivalents	157	518
Bank balances other than above	1,069	1,049
Other financial assets	650	393

<b>Financial liabilities Measured at amortised cost</b>		
Borrowings (short term)	29,558	33,475
Trade payables	23,381	20,604
Other financial liabilities	7,370	7,343

#### ii) Financial Risk Management

The principal financial assets of the Company include loans, trade and other receivables, and cash and bank balances that derive directly from its operations. The principal financial liabilities of the company, include loans and borrowings, trade and other payables and the main purpose of these financial liabilities is to finance the day to day operations of the company.

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks and advises on financial risks and the appropriate financial risk governance framework for the Company.

This note explains the risk which the company is exposed to and policies and framework adopted by the company to manage these risks.

### (a) Covid Risk

The company performed elaborate review exercise of its operations, strength & weakness in the light of Covid19 pandemic. The company's, ability and its preparedness to tackle the financial risk, market risk, customer risk, liquidity risk and credit risk were analyzed. In conclusion the company reckons that the core strength of the business operation, the past experience and the inherent strength in the efficiency of the facilities at our disposal will carry the company as a going concern. The company has resilience to tide over the short term impact the pandemic will have on the operations and also the overall impact it can have on the global scenario.

### (b) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two types of risk: foreign currency risk, interest rate risk.

#### (i) Foreign Currency Risk

The company operates internationally and business is transacted in several currencies. The current year export sales of company comprise around 88% of the total sales of the company. Further the company also imports certain assets and material. The exchange rate between the Indian Rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently the company is exposed to foreign currency risks and the results of the company may be affected as the rupee appreciates/ depreciates against foreign currencies. Foreign exchange risk arises from the future probable transactions and recognized assets and liabilities denominated in a currency other than company's functional currency.

The company measures the risk through a forecast of highly probable foreign currency cash flows and manages its foreign currency risk by appropriately hedging the transactions.

Exchange rate exposures are managed through non derivative forward foreign exchange contracts.

#### (ii) Interest Rate Risk

The exposure to the risk of changes in market interest rates relates primarily to the debt obligations with floating interest rates. The company borrow funds from banks only at fixed rates, the rates are reviewed every year by the bank. The company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. Therefore there is no material interest risk relating to the company's financial liabilities.

### (c) Liquidity Risk

Liquidity Risk is the risk that the company may not be able to meet on its financial obligations as they become due. The objective of the liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as and when required.

The finance management policy of the company includes an appropriate liquidity risk management framework for the management of the short-term, medium-term and long term funding and cash management requirements. The company manages the liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast, future cash flows, and by matching the maturity profiles of financial assets and liabilities.

### (d) Credit Risk

Credit Risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to financial loss. The Company is exposed to credit risk from its operating activities which is primarily trade receivables.

The carrying amount of financial assets represents maximum credit exposure, being total of the carrying amount of balances with banks, short term deposits with banks, short term investment, trade receivables and other financial assets excluding equity investments.

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

### (e) Trade receivables

Trade receivables of the company are typically unsecured and derived from sale made to a large number of independent customers. Customer credit risk is managed by each business unit subject to established policies, procedures and control relating to customer credit risk management. Before accepting any new customer, the company has appropriate level of control procedures to assess the potential customer credit quality. The credit worthiness of its customers are reviewed based on their financial position, past experience and other facts. The credit period provided by the company to its customers generally ranges from 0-90 days. Outstanding customer receivables are reviewed periodically.

The credit related to the trade receivables is mitigated by taking security deposits/ bank guarantee/letter of credit- as and where considered necessary, setting appropriate credit terms and by setting and monitoring internal limits on exposure to individual customers.

There is no substantial concentration of the credit risk as the revenue / trade receivables pertaining to any of the single customer do not exceed 10% of company revenue.

### 33) Disclosure of Employee Benefits

#### (a) Defined Contribution Plans :

(Rs. in Lakhs)

Particulars	2019-20	2018-19
Provident Fund	475	417

#### (b) Defined Benefit Plans - 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:

(Rs. in Lakhs)

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
	Gratuity (Funded Plan)	Gratuity (Funded Plan)
Opening balance of Present Value of the Obligation	1,078	1,021
Interest Cost	82	74
Current Service Cost	71	78
Prior service cost	-	-
Benefits Paid	(89)	(124)
Actuarial loss/(gain)	(1)	30
Closing balance of Present Value of the Obligation	1,141	1,078

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

(Rs. in Lakhs)

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Opening balance of Fair Value of Plan Assets	1,064	1,063
Expected return on Plan Assets	70	78
Contribution by the Company	10	20
Benefits Paid	(89)	(124)
Actuarial gain/(loss)	16	28
Closing balance of Fair Value of Plan Assets	1,071	1,064

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

### iii) Reconciliation of Fair value of Assets & Obligation (Rs. in Lakhs)

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Present value of the obligation	1,141	1,078
Fair value of the Plan Assets	1,071	1,064
Surplus/(Deficit)	(69)	(14)
Experience adjustments on Plan Liabilities (loss)/ gain	1	(30)
Experience adjustments on Plan Assets (loss)/ gain	16	28

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

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Current Service Cost	71	78
Interest Cost	82	74
Expected return on plan assets	(70)	(78)
Net Actuarial (gain)/loss recognised in the year	(17)	2
	<b>66</b>	<b>76</b>

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

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
a) Government Securities	38.00%	29.00%
b) Bank deposits (Special deposit scheme)	2.00%	2.00%
c) Others / approved securities	60.00%	69.00%

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

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Discount Rate	6.83%	7.67%
Salary Escalation Rate	8.00%	8.00%
Attrition Rate	8.00%	8.00%
Expected rate of return on plan assets	6.83%	7.67%

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) EARNINGS PER SHARE

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
(a) Opening / Closing number of shares (numbers)	48,16,446	48,16,446
(b) Profit / Loss after Tax Expense (Rs. in Lakhs)	879	2,820
(c) Earnings per share (Rs.)	18.24	58.55
(d) Face value of shares (Rs.)	10.00	10.00

35) Based on the information available with the Company, the principal amount due to Micro Small and Medium Enterprises as on 31.03.2020 is Rs. 638 Lacs. There has been no overdue principal amount and therefore no interest is paid / payable.

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.

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

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

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

39) Expenditure towards Corporate Social Responsibility (CSR) activities		(Rs. in Lakhs)	
Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019	
a) Gross amount required to be spent by the Company during the year	41	49	
b) Amount spent in cash during the year on:			
i) Construction/acquisition of any asset	-	-	
ii) On purposes other than (i) above	41	49	
<b>Balance</b>	<b>-</b>	<b>-</b>	

### Note No: 40 SEGMENT REPORTING

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

PARTICULARS	(Rs. in lakhs)					
	Manufacturing		Trading		Total	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
<b>Segment Revenue</b>						
Revenue from Operations	1,07,547	1,17,328	2,896	13,366	1,10,443	1,30,694
<b>Net Sales / Income from Operations</b>	<b>1,07,547</b>	<b>1,17,328</b>	<b>2,896</b>	<b>13,366</b>	<b>1,10,443</b>	<b>1,30,694</b>
Segment Results Profit / (Loss) before tax and interest from: (Textile)	3,515	5,774	92	452	3,607	6,225
<b>Total</b>	<b>3,515</b>	<b>5,774</b>	<b>92</b>	<b>452</b>	<b>3,607</b>	<b>6,225</b>
Less: Interest					3,691	3,923
Add: Unallocable income / (Expenditure) (Net)					51	-
<b>Total Profit / (Loss) before share of Profit / (Loss) of a Joint Venture</b>					<b>(33)</b>	<b>2,302</b>
Share of Profit / (Loss) of a Joint Venture					453	248
Tax Expenses					(458)	(270)
<b>Total Profit / (Loss) after Tax</b>					<b>878</b>	<b>2,820</b>
<b>OTHER INFORMATION:</b>						
Segment Assets	90,092	94,305	411	2,567	90,503	96,872
Unallocable Assets					5,191	3,903
<b>Total Assets</b>	<b>90,092</b>	<b>94,305</b>	<b>411</b>	<b>2,567</b>	<b>95,694</b>	<b>1,00,774</b>
Segment Liabilities	35,561	31,489	613	2,418	36,174	33,907
Unallocable Liabilities						123
<b>Total Liabilities</b>	<b>35,561</b>	<b>31,489</b>	<b>613</b>	<b>2,418</b>	<b>36,174</b>	<b>34,031</b>
Segment Capital Expenditure	979	3,601			979	3,601
Unallocable Capital Expenditure						
<b>Total Capital Expenditure</b>	<b>979</b>	<b>3,601</b>			<b>979</b>	<b>3,601</b>
Segment Depreciation	5,213	5,739			5,213	5,739
Unallocable Depreciation						
<b>Total Depreciation</b>	<b>5,213</b>	<b>5,739</b>			<b>5,213</b>	<b>5,739</b>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

### (B) SECONDARY SEGMENT - GEOGRAPHICAL

1. An analysis of the sales by geographical market is given below: (Rs. in lakhs)

Region	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Europe	14,655	14,750
Asia	67,788	77,120
America	19,623	30,203
Others	1,751	2,190

2. Carrying amount of Segment Assets: (Rs. in lakhs)

Region	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Europe	12,775	8,993
Asia	59,094	70,394
America	17,107	11,164
Others	1,527	1,463

3. Carrying amount of Segment Liabilities: (Rs. in lakhs)

Region	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Europe	5,106	5,004
Asia	23,620	15,724
America	6,838	6,212
Others	610	814

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

Name	Country of Incorporation	% of ownership interest	Nature of Business
DIRECT SUBSIDIARY			
Loyal International Sourcing Pvt. Ltd.	India	100.00	Textile - Trading
JOINT VENTURE			
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.

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

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	(Rs. in Lakhs)	As % of Consolidated Profit or Loss	(Rs. in Lakhs)
<b>Parent</b>				
Loyal Textile Mills Limited	92.9%	22,166.79	49.33%	440.32
<b>Subsidiary</b>				
Loyal International Sourcing Pvt. Ltd.	-0.5%	(119.10)	-0.11%	(0.96)
<b>Joint Venture</b>				
<b>Foreign</b>				
Gruppo P&P Loyal SPA Italy	7.6%	1,822.02	50.78%	453.25
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 Loyal Dimco Group A.E.B.E. (under the process of winding up) and Loyal IRV Textile LDA, Portugal are not significant in relation to the Group's business.

The investments in Loyal IRV Textile LDA, Portugal, Joint Venture Company was made during the year 2014-2015 with a view to explore overseas market opportunities. The Joint venture company did not identify any prospective buyers and it remains inoperative. Further, due to lack of expertise support and non-availability of manpower resources to carry on the operation, the management has decided to terminate the Joint Venture arrangement. The investment is stated at cost as there is no significant operating activities carried out by the company to impact the carrying amount of the investment made. The company was unable to obtain the financial statements of the joint venture company inspite of its best efforts.

The process of terminating the Joint Venture company Loyal Dimco Group A.E.C.E., Greece, by winding up the Joint Venture Company was initiated.

Due to inadequate financial information and considering the insignificance, Loyal IRV Textile LDA and Loyal Dimco Group A.E.C.E. are not consolidated for the purpose of Consolidated Financial Statement in accordance with Ind AS 110 and for the requirement of the Companies Act, 2013.

### 42) 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	(Rs. in Lakhs)
	As at 31.03.2020
<b>(i) Assets</b>	
Fixed Assets	638
Current Assets	3,706
<b>(ii) Liabilities</b>	
Short term Borrowings	949
Current Liabilities and provisions	754
<b>(iii) Income</b>	6,977
<b>(iv) Expenses</b>	6,524



## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2020

### 43. RELATED PARTY DISCLOSURES FOR THE FINANCIAL YEAR ENDED 31.03.2020

No.	NAME OF THE RELATED PARTIES AND NATURE OF RELATIONSHIP	
1	Joint Venture	Gruppo P&P Loyal Spa, Italy Loyal Dimco Group A.E.B.E., Greece Loyal IRV Textile LDA, Portugal
2	Wholly owned subsidiary	Loyal International Sourcing Pvt. Ltd.
3	Key Management Personnel (KMP)	Smt. Valli M Ramaswami, Chairperson and Whole Time Director Sri. P. Manivannan, Whole Time Director
4	Where control Exists through KMP	Hellen Cotton Trading Company Private Limited Kurunji Investment Private Limited Madurai Tara Traders Private Limited Nemesis Cotton Trading Company Private Limited Nike Cotton Traders Private Limited Rhea Cotton Traders Private Limited

Remuneration paid to key managerial personnel:	Smt. Valli M Ramaswami Chairperson and Whole Time Director		Sri. P. Manivannan Whole Time Director	
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Salary, Perquisites and Other allowances	60.00	58.53	21.98	21.53
Contribution to provident fund - defined contribution plan	7.20	7.02	2.02	2.02
Contribution to super annuation fund - defined benefit plan	-	-	-	-
Commission	-	-	-	-
<b>TOTAL</b>	<b>67.20</b>	<b>65.56</b>	<b>23.99</b>	<b>23.55</b>

Notes :-

1. There is no transaction with Loyal Dimco Group A.E.B.E Greece and Loyal IRV Textile, Portugal, during this year.

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.

**Valli M Ramaswami**  
Chairperson & Whole Time Director

**P Manivannan**  
Whole Time Director

Vide our report of even date  
For **GANESH PRASAD**  
Chartered Accountants  
(ICAI Firm Reg. No: 000872 S)

**A Velliangiri**  
Chief Executive Officer

**K Ganapathi**  
Chief Financial Officer

**P Mahadevan**  
Company Secretary & Compliance Officer

**S. Natanagopal**  
Partner  
M. No: 022841

Place : Chennai  
Date : 24<sup>th</sup> June 2020

**Form AOC - 1****Statement containing salient features of the financial statement of subsidiaries /  
Associate Companies / Joint Ventures**

[Pursuant to first provision to Sub section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014]

**Part "A" : Subsidiaries**

(Amounts in Rs.)

Sl. No.	Particulars	Details
1	Name of the subsidiary	LOYAL INTERNATIONAL SOURCING PRIVATE LIMITED
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	NA
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	(1,19,10,115)
6	Total Assets	57,66,120
7	Total Liabilities	1,74,76,234
8	Investments	NIL
9	Turnover	NIL
10	Profit before taxation	(96,457)
11	Provision for taxation	NIL
12	Profit after taxation	(96,457)
13	Proposed Dividend	NIL
14	% of shareholding	100%

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

1. Names of subsidiaries which are yet to commence operations

NIL

2. Names of subsidiaries which have been liquidated or sold during the year

NIL

## Part "B": Associates and Joint Ventures

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

Name of associates / Joint Ventures		Gruppo P&P Loyal spa Italy	Loyal IRV Textile LDA Portugal	LOYAL DIMCO GROUP A.E.B.E Greece
1	Latest audited Balance Sheet Date	31/12/2019	NA	NA
2	Shares of Associate / Joint Ventures held by the company of the year	3,325 Shares	2,550 Shares	50,000 Shares
	Amount of Investment in Associates / Joint Venture	1,49,30,077	1,98,620	18,38,780
	Extend of Holding %	47.50%	51%	50%
3	Description of how there is significant influence	% of Share holding	% of Share holding	% of Share holding
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 (Rs.)	19,71,23,168	Nil	Nil
6.	Profit / Loss for the year (Rs.)	9,54,21,831	Nil	Nil
	• Considered in Consolidation (Rs.)	4,53,25,370	Nil	Nil
	• Not Considered in Consolidation (Rs.)	5,00,96,461	Nil	Nil

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

**Valli M Ramaswami**  
Chairperson & Whole Time Director

**P Manivannan**  
Whole Time Director

Vide our report of even date  
For **GANESH PRASAD**  
Chartered Accountants  
(ICAI Firm Reg. No: 000872 S)

**A Velliangiri**  
Chief Executive Officer

**K Ganapathi**  
Chief Financial Officer

**P Mahadevan**  
Company Secretary & Compliance Officer

**S. Natanagopal**  
Partner  
M. No: 022841

Place : Chennai  
Date : 24<sup>th</sup> June 2020





