

(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, 2019

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

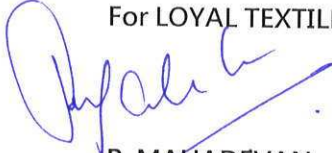
Dear Sir,

Sub: Annual Report 2018 - 19

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 2018-19 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 2018-19**

|   |  |
|---|--|
| <b>BOARD OF DIRECTORS</b>                         | : Mrs.Valli M Ramaswami, Chairperson & Whole Time Director<br>Mr. P. Manivannan, Whole Time Director<br>Mr. R. Poornalingam, I.A.S. (Retd.)<br>Mr. Madhavan Nambiar, I.A.S. (Retd.)<br>Mr. B.T. Bangera, B.E., M.B.A.,<br>Mr. B. Vaidyanathan, B.Tech.<br>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<br>Export Import Bank of India<br>State Bank of India<br>Karur Vysya Bank<br>Indian Bank<br>IDBI Bank<br>Kotak Mahindra Bank<br>IndusInd Bank  |
| <b>REGISTERED OFFICE</b>                          | : 21/4, Mill Street,<br>Kovilpatti – 628 501.<br>Phone: 04632 – 220001<br>E-mail: investors@loyaltextiles.com  |
| <b>REGISTRAR AND SHARE TRANSFER AGENTS</b>        | : M/s. GNSA Infotech Private Limited,<br>STA Department, Nelson Chambers,<br>4 <sup>th</sup> Floor, F Block, No.115, Nelson Manickam Road,<br>Aminjikarai, Chennai – 600 029<br>Phone: 044-42962025<br>E-mail: sta@gnsaindia.com   |
| <b>WEBSITE</b>                                    | : <a href="http://www.loyaltextiles.com">www.loyaltextiles.com</a>   |

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## Notice

# 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 73<sup>rd</sup> Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company situated at 21/4, Mill Street, Kovilpatti - 628 501 at **10.30 A.M.** on **Thursday** the **26<sup>th</sup> September, 2019** 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 2019, the Cash Flow Statement for the year ended 31<sup>st</sup> March 2019, the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on equity shares for the year 2018-19
3. To appoint a Director in Place of Mr. B Vaidyanathan, Director (DIN: 00263983), who retires by rotation and being eligible offers himself for re-appointment.

### SPECIAL BUSINESS:

#### 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 2020 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 : 30<sup>th</sup> May 2019

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective must be lodged with the Company not later than 48 hours before the meeting.  
A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a Member would be entitled to inspect the proxies lodged at any time during the business hours of the company provided that not less than three days of notice in writing is given to the Company.
4. 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.
5. 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 20<sup>th</sup> September 2019 to 26<sup>th</sup> September 2019 (both days inclusive) for the purpose of payment of dividend for the financial year ended 31<sup>st</sup> March 2019 and Annual General Meeting.
6. A Corporate Member, intending to send its Authorized Representative to attend the meeting in terms of Section 113 of the Companies Act, 2013 is requested to send to the Company a certified copy of Board Resolution / Power of Attorney authorizing such representative to attend and vote on its behalf at the meeting.
7. The Statutory Registers will be available for inspection by the Members at the AGM. Relevant documents and statements referred to in this Notice are open for inspection

## Notice

by the Members at the Registered Office of the company during the business hours till the date of the AGM.

8. The dividend for the year ended 31<sup>st</sup> March 2019 as recommended by the Board, if approved at the meeting, will be paid to those Members whose names appear in the Company's Register of Members on **19<sup>th</sup> September 2019**. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
9. 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 26,007 Equity shares pertaining to Dividend for the Financial Year 2010-11 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.

10. 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](mailto:sta@gnsaindia.com)

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.

11. The business set out in the Notice will be transacted through electronic voting system and the company is providing facility for voting by electronic means. The Members may cast their votes using an electronic voting

system from a place other than the venue of the meeting ('remote e-voting').

The facility for voting through Ballot papers shall be made available at the 73<sup>rd</sup> Annual General Meeting and the Members attending the AGM who have not cast their vote by 'remote e-voting' shall be eligible to vote at the AGM venue.

12. Electronic copy of the Annual Report and the Notice of 73<sup>rd</sup> Annual General Meeting of the Company inter-alia indicating the process and manner of 'remote e-voting' along with Attendance Slip and Proxy Form are being sent to all the Members whose e-mail IDs are registered with the Company/Depository Participant(s) for communication purposes, unless any Member has requested for a hard copy of the same. For Members who have not registered their e-mail address, physical copies of the above documents are being sent in the permitted mode.
13. Members may also note that the Notice of 73<sup>rd</sup> Annual General Meeting and Annual Report for 2018-19 will also be available on the Company's and stock exchange website at [www.loyaltextiles.com](http://www.loyaltextiles.com) and [www.bseindia.com](http://www.bseindia.com) respectively for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office at Kovilpatti for inspection during normal business hours on working days. Even after registering for e-communication, Members are entitled to receive Annual Report and Notice of Annual General Meeting in physical form, upon making a request for the same, by post for free of cost.
14. A route map showing directions to reach the venue of the 73<sup>rd</sup> Annual General Meeting is given at the end of this Notice as per the requirement of the Secretarial Standard on General Meetings (SS-2).
15. **Remote Voting through electronic means**

In Compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules 2014, as amended, Read with Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide Members, facility to exercise their right to vote by electronic means through e-voting services provided by National Securities Depository Limited (NSDL):

The instruction for 'remote e-voting' are as under:

- A. In case of a Member receiving Notice of AGM through e-mail:
  - (i) Open e-mail and open PDF file viz; "Loyal Textile Mills – 73<sup>rd</sup> AGM e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your User ID and Password/PIN for e-voting. Please note that the password is an initial password. However, if you have

## Notice

already registered with NSDL for e-voting, you can use your existing User ID and Password for casting your votes.

- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
- (iii) Click on Shareholder – Login
- (iv) Enter user ID and password as initial password / PIN noted in step (i) above. Click Login
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and special character (@,#,\$ etc). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) You need to login again with the new credentials;
- (vii) On successful login, the system will prompt you to select the EVEN, (i.e.) Loyal Textile Mills Limited;
- (viii) On the voting page, the number of shares (which represents the number of votes) as held by the Member as on the Cut-Off-date will appear. If you desire to cast all the votes assenting/dissenting to the resolutions, then enter all the number of shares and click “FOR” / “AGAINST”, as the case may be or partially in “FOR” and partially in “AGAINST”, but the total number in “FOR / AGAINST” taken together should not exceed your total shareholding as on the ‘Cut-Off date’. You may also choose the option “ABSTAIN” and the shares held will not be counted under either head;
- (ix) Members holding multiple folios/demat accounts shall choose the voting process separately for each folio / demat account;
- (x) Cast your votes by selecting an appropriate option and click on “SUBMIT”. A confirmation box will be displayed. Click ‘OK’ to confirm or ‘CANCEL’ to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolutions;
- (xi) Corporate / Institutional Members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc., together with attested specimen signature

of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [vigneshmbacs@gmail.com](mailto:vigneshmbacs@gmail.com) They may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format “Corporate Name EVEN No.”

- (xii) Members can cast their vote online from **23<sup>rd</sup> September 2019 (9:00 A.M)** to **25<sup>th</sup> September 2019 (5.00 P.M.)** through ‘remote e-voting’. Once the vote on a resolution is cast by the Member, the Member will not be allowed to change it subsequently. The ‘remote e-voting’ will not be allowed beyond the aforesaid date and time; The ‘remote e-voting’ module will be disabled by NSDL for voting thereafter;

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

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

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

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

- B. In case of a Member receiving physical copy of the Notice of AGM [for Members whose e-mail IDs are not registered with the Company / Depository Participant(s) or requesting physical copy]:

- (i) Initial password is provided on the Attendance Slip for the AGM :

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

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

16. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the company as on the Cut-Off date of 19<sup>th</sup> September 2019.

## Notice

17. Any person who acquires shares of the Company and becomes Member of the Company after dispatch of the Notice of the AGM and holding shares as of the cut-off date i.e. 19<sup>th</sup> September 2019 may obtain the Login ID and password for remote e-voting by sending a request to NSDL at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) by mentioning the Folio No. / DP ID and Client ID. Members who are already registered with NSDL for 'remote e-voting' can use their existing USER ID and Password for casting their votes.
18. A person whose name is recorded in the register of Members or in the register of Beneficial owners maintained by the depositories as on the Cut-Off date only shall be entitled to avail the facility of 'remote e-voting' as well as voting at the AGM through ballot paper.
19. Mr. S.S. Vignesh, Practicing Company Secretary (C.P.No.11620), Madurai has been appointed as the Scrutinizer to scrutinize the voting and 'remote e-voting' process in a fair and transparent manner.
20. The Chairman of the meeting shall at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of ballot paper for all those Members who are present at the AGM but have not cast their votes by availing the 'remote e-voting' facility.
21. The Scrutinizer shall after the conclusion of the voting at the AGM, first count the votes cast at the meeting, thereafter unblock the votes cast through 'remote e-voting' in the presence of at least two witnesses, not in the employment of the Company and shall make, not later than 48 hours from the conclusion of the AGM, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman of the meeting, or a person authorized by him in writing who shall countersign the same and declare the result of the voting forthwith.
22. The Scrutinizer will submit his report to the Chairman of the meeting, or a person authorized by him in writing, who will declare the result of the voting. The results declared along with the Scrutinizer's report will be placed on the Company's website [www.loyaltextiles.com](http://www.loyaltextiles.com) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) and shall also be communicated to the Stock Exchange.
23. Additional information pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Director seeking re-appointment at the AGM is furnished and forms part of the Notice. The Director has furnished the requisite consent / declaration for his re-appointment.
24. Members / Proxies / Authorized Representatives are requested to bring the attendance slip sent with Annual Report duly filled in for attending the meeting.
25. To support the 'Green Initiative', Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communications including Annual Report, Notices, Circulars, etc. from the Company through electronic mode.

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

Place : Chennai  
Date : 30<sup>th</sup> May 2019



**EXPLANATORY STATEMENT**

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

**Item No. 4**

The Board of Directors at their meeting held on 30<sup>th</sup> May 2019 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 2019-20 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 Auditor is to be ratified by the shareholders.

The Board of Directors recommends this resolution for approval.

None of the Directors and Key Managerial Personnel either directly or through their relatives are in any way concerned or interested whether financially or otherwise in the proposed resolution.

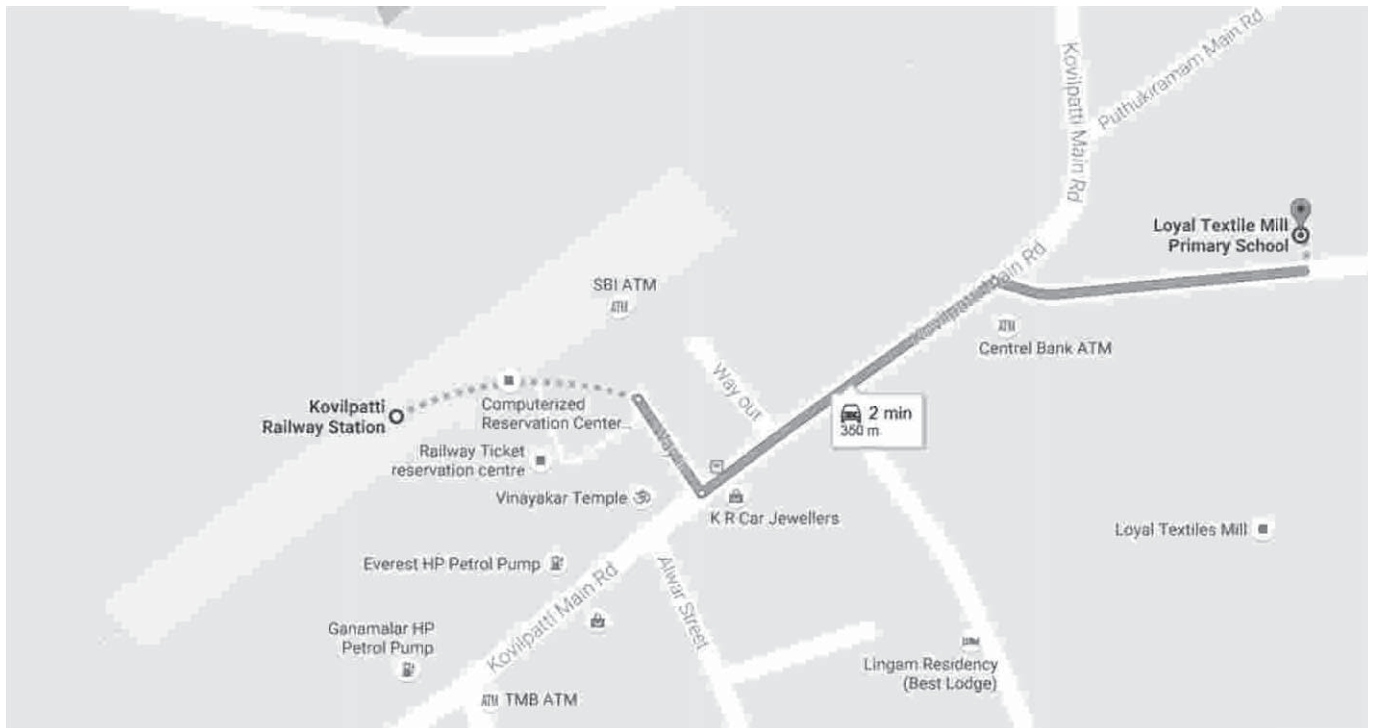
**ANNEXURE TO THE NOTICE**

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:

|                                  |   |
|----------------------------------|---|
| Name                             | Mr. B Vaidyanathan  |
| Date of Birth and Age            | 07/10/1956, 62 years  |
| Qualification                    | B.Tech (Electronics) at IIT Madras<br>P.G. Diploma in Management in IIM Ahmedabad |
| Inter – se Director Relationship | He is not having any inter-se relation with other Directors of the Company.       |
| Directorship in other Companies  | M/s. Telekonnnectors Limited<br>M/s. Fabheads Automation Private Limited          |
| Committee Membership             | Nil   |
| Shareholding in Company          | Nil   |

### ROUTE MAP

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



## Board's Report

### BOARD'S REPORT

Your Directors have great pleasure in presenting the 73<sup>rd</sup> Annual Report of the Company along with the Audited Financial statements for the financial year ended 31<sup>st</sup> March 2019.

#### FINANCIAL RESULTS

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

(Rs. in Crs.)

| Particulars   | Standalone      |          | Consolidated    |          |
|---|-----------------|----------|-----------------|----------|
|   | 2019            | 2018     | 2019            | 2018     |
| <b>Revenue from operations</b>                                  | <b>1,306.94</b> | 1,156.03 | <b>1,306.94</b> | 1,158.82 |
| <b>Gross Profit</b>   | <b>119.65</b>   | 116.06   | <b>122.12</b>   | 118.42   |
| Less : Interest   | <b>39.23</b>    | 39.07    | <b>39.23</b>    | 39.07    |
| <b>Operating Profit (EBDT)</b>                                  | <b>80.42</b>    | 76.99    | <b>82.89</b>    | 79.36    |
| Less : Depreciation   | <b>57.39</b>    | 60.48    | <b>57.39</b>    | 60.59    |
| <b>Profit Before Tax (PBT)</b>                                  | <b>23.03</b>    | 16.51    | <b>25.50</b>    | 18.76    |
| Less: Current Tax   | <b>(2.70)</b>   | (6.57)   | <b>(2.70)</b>   | (6.57)   |
| <b>Profit After Tax (PAT)</b>                                   | <b>25.73</b>    | 23.08    | <b>28.20</b>    | 25.33    |
| Profit after OCI Income   | <b>26.36</b>    | 22.30    | <b>28.82</b>    | 24.56    |
| Add : Surplus brought forward from previous year                | <b>100.78</b>   | 82.84    | <b>111.16</b>   | 91.76    |
| Less: Dividend  | <b>2.41</b>     | 4.82     | <b>2.95</b>     | 5.62     |
| Less: Dividend Tax  | <b>0.49</b>     | 0.98     | <b>0.49</b>     | 0.98     |
| Less: Transfer to General Reserve                               | <b>NIL</b>      | NIL      | <b>NIL</b>      | NIL      |
| (Add) / Less : Transfer to OCI Reserve due to Ind AS Transition | <b>0.63</b>     | (1.44)   | <b>0.63</b>     | (1.44)   |
| <b>Balance carried to Balance sheet</b>                         | <b>123.61</b>   | 100.78   | <b>135.92</b>   | 111.16   |
| Earning Per Share - Basic (in Rs.)                              | <b>53.42</b>    | 47.92    | <b>58.55</b>    | 52.60    |
| Earning Per Share - Diluted (in Rs.)                            | <b>53.42</b>    | 47.92    | <b>58.55</b>    | 52.60    |

#### PERFORMANCE OF THE COMPANY

During the year, your Company has produced 283.06 lakhs Kg. Yarn, 510.07 lakhs meter Woven fabrics and 201.63 lakhs Kg. Knitted fabrics.

The revenue from operations during the year 2018-19 increased to Rs.1,306.94 crores from Rs.1,156.03 crores in 2017-18. Profit after tax increased to Rs. 25.73 crores from Rs. 23.08 crores in 2017-18.

The Export turnover including incentives during the year was at Rs. 1,133.15 crores against Rs.1,025.18 crores in the previous year. Export turnover accounts for 87% of the total income of the Company.

#### DIVIDEND

Your Directors recommend a Dividend of 15% (i.e Rs.1.50/- per share) for the year ended 31<sup>st</sup> March 2019.

The Dividend if approved by the shareholders at the AGM, will be paid to the equity shareholders whose names appear in the Register of Members as on 19<sup>th</sup> September, 2019 and in respect of shares held in dematerialized form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on the same date. The cash outgo will be Rs. 0.87 Cr. (Rs. 0.72 Cr. as dividend and Rs. 0.15 Cr. as Dividend tax)

#### SHARE CAPITAL

The paid-up Share Capital as on 31<sup>st</sup> March 2019 was Rs.4.82 Crs. 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 OCCURRED 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 is estimated to be growing at a Compounded Average Growth Rate (CAGR) of 3.4%. Apparel constitutes to 58% and Fabric 19% in the Total trade with a CAGR of 4.3% and 1% respectively.

## Board's Report

India is one of the key players in the Global Textile Industry with 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 Indian Textile Industry occupies a key position in the Indian Economy with a contribution of 2% to the Indian GDP. The Indian Textile Industry provides direct employment to about 50 million people. Textile industry is one of the leading segments of Indian economy and one of the key sources of foreign earnings.

With the strong domestic consumption supported by consistent economic growth and buoyant export demand. Indian Textile and Apparel exports trade is set to grow at a CAGR of 3.7% with a breakup of 4.5% in Apparel trade and 2.5% in Textiles.

The trade war between USA & China and consequent imposition of higher tariff for Textile & Apparel imports from China into USA is expected to give a flip to other large scale textile manufacturing countries like India.

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 demand growth in the domestic and export markets.

Now the mills at large is focusing on continuous improvement in production and cost reduction measures. Loyal Textile Mills is a vertically Integrated Textile Mill with activities from cotton ginning to garmenting. Loyal Textile Mills has four textile mills, one process house and a garment division.

The Company has established its credentials both in the domestic & export market, through supplies of quality products. During the current year the company has added 30 knitting machines and increased the knitting machines capacity to 265. The company will endeavor to growth both on top line and active bottom line on a consistent basis.

### AWARDS

The Company has bagged the following awards during the year.

1. TEXPROCIL Gold Trophy for 13<sup>th</sup> time in a row for the highest exports of grey fabrics.
2. SRTEPC Export Award for Best Export Performance in Knitted Fabrics

### 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 6.89 crore units of wind power against 7.61 crore units in the previous year and

solar power 49.79 lakh units against 51.73 lakh units in the previous year. The wind power generation during the year has declined by 10.45% 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. B Vaidyanathan, Director 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. B.Vaidyanathan has been given in the Notice convening the AGM.

As per Regulation 17 (1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, during the year approval of the members of the company was obtained through postal ballot process for continuation of Mr. Bendoor Tarachand Bangera, Independent Director who has attained the age of 75 years.

Mr. Bendoor Tarachand Bangera, continues to be Independent and Non-Executive Director of the company from April 1, 2019 till the completion of his present tenure.

### 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.

## Board's Report

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, 2015.

### BOARD MEETING

The Board met five times during the year on 12<sup>th</sup> April 2018, 25<sup>th</sup> May 2018, 11<sup>th</sup> August 2018, 12<sup>th</sup> November 2018 and 8<sup>th</sup> February 2019 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 and they 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 statements for the year ended 31<sup>st</sup> March 2019 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 / C.P. No.3837), Practising Company Secretary, Madurai to undertake the secretarial audit of the company for the financial year ended 31<sup>st</sup> March 2019.

The Secretarial Audit Report is enclosed in this report as **Annexure II**. 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 2019. The Cost Audit Report for the financial year 2018-19 will be submitted to the Central Government before due date.

The Board of Directors of the Company have appointed Mr. B. Venkateswar, Practising Cost Accountant, holding Membership No.27622 as Cost Auditor for the year ending 31<sup>st</sup> March 2020.

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 of the AGM.

### INTERNAL AUDITORS

The company has appointed M/s. Capri Assurances and Advisory Services, Chennai as External Internal Auditors of the Company for two financial years viz., 2018-19 and 2019-20.

### 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 III**.

### 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 31<sup>st</sup> March 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the 31<sup>st</sup> March 2019 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 systems to ensure 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 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.48.64 Lakhs in accordance with the

## Board's Report

provisions u/s 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 31<sup>st</sup> March 2019 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.

### 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.

### 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

## Board's Report

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.6,36,106/- 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 |
|----------------|------------------|---------------------------------|--|--|-------------------------|
| 2011 -2012     | 10%              | 22-08-2012                      | 27-09-2012   | 23-08-2019                             | 23-09-2019              |
| 2012-2013      | 50%              | 23-09-2013                      | 28-10-2013   | 30-08-2020                             | 30-09-2020              |
| 2013-2014      | 75%              | 11-09-2014                      | 16-10-2014   | 28-08-2021                             | 28-09-2021              |
| 2014-2015      | 75%              | 24-09-2015                      | 29-10-2015   | 29-09-2022                             | 29-10-2022              |
| 2015-2016      | 100%             | 14-09-2016                      | 29-10-2016   | 29-09-2023                             | 29-10-2023              |
| 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              |

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 (BSE Limited).

### 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

## Board's Report

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.

### 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 thank 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 Report 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 of Directors

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

**P. MANIVANNAN**  
Whole Time Director

Place : Chennai  
Date : 30<sup>th</sup> May 2019



**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. In carding department a system is implemented to switch off the Carding cylinder motor, if doffer is not running for 15 minutes in 30 cardings this year and saved 200 units per day in 2018-19.
- b. In Valli Mill, a system is implemented to switch off the Carding cylinder motor, if doffer is not running for 15 minutes in cardings and saved 150 units per day in 2018-19.
- c. By closely monitoring and maximizing the efficiency, we stopped preparatory machines and auxiliaries whenever excess production and because of this around 2.7 lakhs units was saved.
- d. The street lightings and department lighting lamps were replaced with 800 Nos. of LED lamps in Loyal Textile Mills – saved 360 units per day and 480 lamps replaced in Valli Textile Mills – saved 192 units per day.
- e. By arresting air leakages, we have saved around 150 units per day in Loyal Textile Mills and 100 units in Valli Textile Mills.
- f. By providing 4 nos. of 11 KW inverters for RIFA compactor ring frames saved 200 units per day.
- g. By segregated BR WCS system – 36 units per day saved in Valli Mills

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

During the year, the company utilized 689.2 lakhs units power generated through will mills and 50.3 lakhs units from solar power plant.

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

Around Rs. 4.5 lakhs was spent for installing LED lamps, inverters and timers for the humidification plant and departments.

**B. TECHNOLOGY ABSORPTION**

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

Company has installed 30 new knitting machines for expanding its knitting capacity.

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

- a. In Valli Textile Mills, we have installed performance kit in 9 Suessen compact system to get 5% higher productivity.
- b. Company has done short stretch conversions in 2 ring frames in Valli Textile Mills to get 5% higher productivity.
- c. Modification has been carried out in nipper of one comber at Valli Textile Mills to get 1% noil saving.
- d. In Q-pro autoconers, suction arm modification have been done to reduce hard waste by 15%.

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

Company has imported 30 knitting machines from China to enhance its knitting capacity.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

(Rs. in Crs.)

| <b>Particulars</b>            | <b>2018 - 2019</b> | <b>2017 - 2018</b> |
|-------------------------------|--------------------|--------------------|
| Total Foreign Exchange Earned | <b>1,142.44</b>    | 960.54             |
| Total Foreign Exchange Used   | <b>114.17</b>      | 217.48             |

**Annexure – II**  
**EXTRACT OF ANNUAL RETURN**  
**(Financial Year ended on 31<sup>st</sup> March 2019)**

**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,<br>Kovilpatti – 628 501<br>Tamilnadu<br>Phone : 04632 – 220001<br>Email : investors@loyaltextiles.com  |
| Whether listed company  | Yes   |
| Name, Address and Contact details of Registrar and Transfer Agent | GNSA Infotech Private Limited<br>Nelson Chambers,<br>F-Block, 4 <sup>th</sup> Floor,<br>No.115, Nelson Manickam Road,<br>Aminthakarai,<br>Chennai – 600 029<br>Phone : +91 44 42962025<br>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                    | 21.28 %                            |
| 2      | Cloth & Hosiery Cloth                | 5911                    | 70.47 %                            |

**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<br>New No. 83, First Main Road,<br>R.A. Puram,<br>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,<br>Portugal  | -                     | Joint Venture                    | 51               | 2 (6) of Companies Act, 2013                  |
| 4      | M/s. Loyal Dimco Group A.E.C.E,<br>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 |                          |
| A. Promoter   |   |                 |                  |                   |   |                 |                  |                   |                          |
| 1) Indian   |   |                 |                  |                   |   |                 |                  |                   |                          |
| a) Individual/ HUF  | 1,95,463  | 554             | 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)   | <b>35,39,291</b>                                | <b>554</b>      | <b>35,39,845</b> | <b>73.49</b>      | <b>35,39,841</b>                          | <b>4</b>        | <b>35,39,845</b> | <b>73.49</b>      | -                        |
| 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)                                    | <b>35,39,291</b>                                | <b>554</b>      | <b>35,39,845</b> | <b>73.49</b>      | <b>35,39,841</b>                          | <b>4</b>        | <b>35,39,845</b> | <b>73.49</b>      | -                        |
| B. Public Shareholding  |   |                 |                  |                   |   |                 |                  |                   |                          |
| 1. Institutions   |   |                 |                  |                   |   |                 |                  |                   |                          |
| a) Mutual Funds   | -   | -               | -                | -                 | -   | -               | -                | -                 | -                        |
| b) Banks / FI   | 4,000   | 1,200           | 5,200            | 0.11              | 4,000                                     | 700             | 4,700            | 0.10              | (0.01)                   |
| 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)   | 3,105   | 0               | 3,105            | 0.06              | 0   | 0               | 0                | 0.00              | (0.06)                   |
| Sub-total(B)(1)   | <b>7,105</b>                                    | <b>1,200</b>    | <b>8,305</b>     | <b>0.17</b>       | <b>4,000</b>                              | <b>700</b>      | <b>4,700</b>     | <b>0.10</b>       | <b>(0.07)</b>            |
| 2. Non Institutions   |   |                 |                  |                   |   |                 |                  |                   |                          |
| a) Bodies Corp.   |   |                 |                  |                   |   |                 |                  |                   |                          |
| (i) Indian  | 1,49,468  | 16,031          | 1,65,499         | 3.44              | 1,53,897                                  | 14,931          | 1,68,828         | 3.51              | 0.06                     |
| (ii) Overseas   | 3,676   | 21,905          | 25,581           | 0.53              | 6,437                                     | 18,235          | 24,672           | 0.51              | (0.02)                   |
| b) Individuals  |   |                 |                  |                   |   |                 |                  |                   |                          |
| (i) Individual shareholders holding nominal share capital up to Rs. 1 lakh            | 4,04,710  | 2,92,895        | 6,97,605         | 14.48             | 4,32,390                                  | 1,57,791        | 5,90,181         | 12.25             | (2.23)                   |
| (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh     | 3,79,611  | -               | 3,79,611         | 7.88              | 3,78,502                                  | -               | 3,78,502         | 7.86              | (0.02)                   |
| c) Others   | -   | -               | -                | -                 | -   | -               | -                | -                 | -                        |
| IEPF - INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS | -   | -               | -                | 0.00              | 1,09,718                                  | -               | 1,09,718         | 2.28              | 2.28                     |
| Sub-total(B)(2)   | <b>9,37,465</b>                                 | <b>3,30,831</b> | <b>12,68,296</b> | <b>26.33</b>      | <b>10,80,944</b>                          | <b>1,90,957</b> | <b>12,71,901</b> | <b>26.41</b>      | <b>0.07</b>              |
| Total Public Shareholding (B)=(B)(1)+ (B)(2)  | <b>9,44,570</b>                                 | <b>3,32,031</b> | <b>12,76,601</b> | <b>26.51</b>      | <b>10,84,944</b>                          | <b>1,91,657</b> | <b>12,76,601</b> | <b>26.51</b>      | <b>0.00</b>              |
| C. Shares held by Custodian for GDRs & ADRs   | -   | -               | -                | -                 | -   | -               | -                | -                 | -                        |
| Grand Total (A+B+C)   | <b>44,83,861</b>                                | <b>3,32,585</b> | <b>48,16,446</b> | <b>100.00</b>     | <b>46,24,785</b>                          | <b>1,91,661</b> | <b>48,16,446</b> | <b>100.00</b>     | <b>0.00</b>              |

## 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      | M/s. Madurai Tara Traders Private Ltd.                  | 7,76,887                                  | 16.13                            | -  | 7,76,887                            | 16.13                            | -  | -                           |
| 2      | M/s. Felspar Credit and Investments Private Ltd.        | 6,61,126                                  | 13.73                            | -  | 6,61,126                            | 13.73                            | -  | -                           |
| 3      | M/s. Dhanalakshmi Investments Private Ltd.              | 6,29,343                                  | 13.07                            | -  | 6,29,343                            | 13.07                            | -  | -                           |
| 4      | M/s. Kurunji Investments Private Ltd.                   | 3,46,887                                  | 7.20                             | -  | 3,46,887                            | 7.20                             | -  | -                           |
| 5      | M/s. Chinthamani Investments Private Ltd.               | 2,80,270                                  | 5.82                             | -  | 2,80,270                            | 5.82                             | -  | -                           |
| 6      | M/s. Nemesis Cotton Trading Company Private Ltd.        | 1,36,086                                  | 2.83                             | -  | 1,36,086                            | 2.83                             | -  | -                           |
| 7      | M/s. Rhea Cotton Traders Private Ltd.                   | 1,16,660                                  | 2.42                             | -  | 1,16,660                            | 2.42                             | -  | -                           |
| 8      | M/s. Nike Cotton Traders Private Ltd.                   | 1,15,000                                  | 2.39                             | -  | 1,15,000                            | 2.39                             | -  | -                           |
| 9      | Mr. Manikam Ramaswami (Deceased)                        | 1,09,315                                  | 2.27                             | -  | 1,09,315                            | 2.27                             | -  | -                           |
| 10     | Mrs. Valli M Ramaswami                                  | 86,148                                    | 1.79                             | -  | 86,148                              | 1.79                             | -  | -                           |
| 11     | M/s. Hellen Cotton Trading Company Private Ltd.         | 71,950                                    | 1.49                             | -  | 71,950                              | 1.49                             | -  | -                           |
| 12     | M/s. Valli Agri Industries Private Ltd.                 | 55,620                                    | 1.15                             | -  | 55,620                              | 1.15                             | -  | -                           |
| 13     | M/s. Valli Yarn Processors Private Ltd.                 | 53,496                                    | 1.11                             | -  | 53,496                              | 1.11                             | -  | -                           |
| 14     | M/s. Vishala Apparels Private Ltd.                      | 30,625                                    | 0.64                             | -  | 30,625                              | 0.64                             | -  | -                           |
| 15     | M/s. Vishala Knitwear Private Ltd.                      | 29,375                                    | 0.61                             | -  | 29,375                              | 0.61                             | -  | -                           |
| 16     | M/s. Shri Manikavasagam Trades and Finance Private Ltd. | 22,501                                    | 0.47                             | -  | 22,501                              | 0.47                             | -  | -                           |
| 17     | M/s. Emmar Trades and Finance Private Ltd.              | 18,002                                    | 0.37                             | -  | 18,002                              | 0.37                             | -  | -                           |
| 18     | Ms. Vishala Ramaswami                                   | 550                                       | 0.01                             | -  | 550                                 | 0.01                             | -  | -                           |
| 19     | Mr. M Ramakrishnan                                      | 2   | 0                                | -  | 2                                   | 0.00                             | -  | -                           |
| 20     | Mr. P Manivannan  | 2   | 0                                | -  | 2                                   | 0.00                             | -  | -                           |
|        | <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 the year.

## Board's Report

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

| S. No.                              | Name of the Shareholders,<br>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<br>MINISTRY OF CORPORATE AFFAIRS | -   | -                                | -                                       | -                                |
|                                     | 13.04.2018 - Transfer to IEPF   | 83,711                                    | 1.74                             | 83,711                                  | 1.74                             |
|                                     | 28.09.2018 - Transfer to IEPF   | 26,007                                    | 0.54                             | 1,09,718                                | 2.28                             |
|                                     | At the end of the year (31.03.2019)   | -   | -                                | 1,09,718                                | 2.28                             |
| 2                                   | Mr. MAYUR MANGALDAS KOTHARI   | 1,06,626                                  | 2.21                             | 1,06,626                                | 2.21                             |
|                                     | 13.04.2018 - Market Selling   | 818                                       | 0.02                             | 1,05,808                                | 2.20                             |
|                                     | 18.05.2018 - Market Selling   | 1,216                                     | 0.03                             | 1,04,592                                | 2.17                             |
|                                     | 16.11.2018 - Market Selling   | 2,000                                     | 0.04                             | 1,02,592                                | 2.13                             |
|                                     | 01.02.2019 - Market Buying  | 735                                       | 0.02                             | 1,03,327                                | 2.15                             |
|                                     | 22.02.2019 - Market Buying  | 1,869                                     | 0.04                             | 1,05,196                                | 2.18                             |
|                                     | 08.03.2019 - Market Buying  | 617                                       | 0.01                             | 1,05,813                                | 2.20                             |
|                                     | 22.03.2019 - Market Buying  | 911                                       | 0.02                             | 1,06,724                                | 2.22                             |
|                                     | 29.03.2019 - Market Buying  | 458                                       | 0.01                             | 1,07,182                                | 2.23                             |
|                                     | At the end of the year (31.03.2019)   |   |                                  | 1,07,182                                | 2.23                             |
| 3                                   | M/s. MUSES COTTON TRADING COMPANY PRIVATE LTD                                     | 90,484                                    | 1.88                             | 90,484                                  | 1.88                             |
|                                     | At the end of the year (31.03.2019)   |   |                                  | 90,484                                  | 1.88                             |
| 4                                   | Mr. VIJAY KUMAR KASERA  | 55,175                                    | 1.15                             | 55,175                                  | 1.15                             |
|                                     | 21.12.2018 - Market Buying  | 50  | 0.00                             | 55,225                                  | 1.15                             |
|                                     | 28.12.2018 - Market Buying  | 50  | 0.00                             | 55,275                                  | 1.15                             |
|                                     | 04.01.2019 - Market Buying  | 7   | 0.00                             | 55,282                                  | 1.15                             |
|                                     | 11.01.2019 - Market Buying  | 75  | 0.00                             | 55,357                                  | 1.15                             |
|                                     | 15.02.2019 - Market Buying  | 25  | 0.00                             | 55,382                                  | 1.15                             |
|                                     | 15.03.2019 - Market Buying  | 5   | 0.00                             | 55,387                                  | 1.15                             |
|                                     | At the end of the year (31.03.2019)   |   |                                  | 55,387                                  | 1.15                             |
| 5                                   | Mr. MOHAN GUPTA   | 37,500                                    | 0.78                             | 37,500                                  | 0.78                             |
|                                     | 18.05.2018 - Market Buying  | 3,000                                     | 0.06                             | 40,500                                  | 0.84                             |
|                                     | 15.06.2018 - Market Buying  | 115                                       | 0.00                             | 40,615                                  | 0.84                             |
|                                     | 22.06.2018 - Market Buying  | 288                                       | 0.01                             | 40,903                                  | 0.85                             |
|                                     | 29.06.2018 - Market Buying  | 97  | 0.00                             | 41,000                                  | 0.85                             |
|                                     | 19.10.2018 - Market Buying  | 1,305                                     | 0.03                             | 42,305                                  | 0.88                             |
|                                     | 26.10.2018 - Market Buying  | 1,195                                     | 0.02                             | 43,500                                  | 0.90                             |
|                                     | 07.12.2018 - Market Buying  | 500                                       | 0.01                             | 44,000                                  | 0.91                             |
|                                     | 14.12.2018 - Market Buying  | 1,000                                     | 0.02                             | 45,000                                  | 0.93                             |
| At the end of the year (31.03.2019) |   |   | 45,000                           | 0.93                                    |                                  |

## Board's Report

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

|    |   |        |      |        |      |
|----|---|--------|------|--------|------|
| 6  | Mr. SANJEEV VINODCHANDRA PAREKH                 | 28,103 | 0.58 | 28,103 | 0.58 |
|    | 23.11.2018 - Market Buying                      | 2,791  | 0.06 | 30,894 | 0.64 |
|    | At the end of the year (31.03.2019)             |        |      | 30,894 | 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 (31.03.2019)             |        |      | 29,755 | 0.62 |
| 8  | Mr. VINODCHANDRA MANSUKHLAL PAREKH              | 25,351 | 0.53 | 25,351 | 0.53 |
|    | At the end of the year (31.03.2019)             |        |      | 25,351 | 0.53 |
| 9  | M/s. DAYCO COMMODITY BROKERS LLP                | 0      | 0    | 0      | 0.00 |
|    | 21.04.2017 - Market Buying                      | 20,000 | 0.42 | 20,000 | 0.42 |
|    | At the end of the year (31.03.2019)             |        |      | 20,000 | 0.42 |
| 10 | Mr. PRANAV KUMARPAL PAREKH                      | 18,642 | 0.39 | 18,642 | 0.39 |
|    | At the end of the year (31.03.2019)             |        |      | 18,642 | 0.39 |

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<br>Chairperson and Whole Time Director |   |                            |   |                            |
|        | Opening Balance as on 01.04.2018                              | 86,148                                    | 1.78                       | 86,148                                  | 1.78                       |
|        | Closing Balance as on 31.03.2019                              | 86,148                                    | 1.78                       | 86,148                                  | 1.78                       |
| 2      | Mr.P.Manivannan<br>Whole Time Director                        |   |                            |   |                            |
|        | Opening Balance as on 01.04.2018                              | 2   | 0.00                       | 2                                       | 0.00                       |
|        | Closing Balance as on 31.03.2019                              | 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<br>Chief Executive Officer              |   |                            |   |                            |
|        | Opening Balance as on 01.04.2018                           | 0   | 0                          | 0                                       | 0                          |
|        | Closing Balance as on 31.03.2019                           | 0   | 0                          | 0                                       | 0                          |
| 2      | Mr. K. Ganapathi<br>Chief Financial Officer                |   |                            |   |                            |
|        | Opening Balance as on 01.04.2018                           | 0   | 0                          | 0                                       | 0                          |
|        | Closing Balance as on 31.03.2019                           | 0   | 0                          | 0                                       | 0                          |
| 3      | Mr. P. Mahadevan<br>Company Secretary & Compliance Officer |   |                            |   |                            |
|        | Opening Balance as on 01.04.2018                           | 0   | 0                          | 0                                       | 0                          |
|        | Closing Balance as on 31.03.2019                           | 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   | 51,860                           | 200             | -        | 52,060             |
| (ii) Interest due but not paid                               | -                                | -               | -        | -                  |
| (iii) Interest accrued but not due                           | -                                | -               | -        | -                  |
| <b>TOTAL (i+ii+iii)</b>                                      | <b>51,860</b>                    | <b>200</b>      | <b>-</b> | <b>52,060</b>      |
| <b>Change in Indebtedness during the financial year</b>      |                                  |                 |          |                    |
| a) Addition  | 2,083                            | -               | -        | 2,083              |
| b) Reduction   | 5,516                            | -               | -        | 5,516              |
| <b>Net Change</b>  | <b>(3,433)</b>                   | <b>-</b>        | <b>-</b> | <b>(3,433)</b>     |
| <b>Indebtedness at the end 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>      |

\* Re-classified as per Ind AS

### 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 | 58.53   | 19.18                                 | 77.71         |
|   | (b) Value of perquisites u/s 17(2) Income tax Act 1961                              | -   | -                                     | -             |
|   | (c) Profits in lieu of salary under section 17(3) Income tax Act 1961               | -   | -                                     | -             |
| 2   | Stock Option  | -   | -                                     | -             |
| 3   | Sweat Equity  | -   | -                                     | -             |
| 4   | Commission  | -   | -                                     | -             |
|   | as % of profit  | -   | -                                     | -             |
|   | others, specify   | -   | -                                     | -             |
| 5   | Others, please specify (PF & Superannuation)  | 7.02  | 2.01                                  | 9.04          |
| <b>TOTAL</b>                              |   | <b>65.55</b>  | <b>21.19</b>                          | <b>86.75</b>  |
| <b>Ceiling as per Companies Act, 2013</b> |   |   |                                       | <b>254.90</b> |

## Board's Report

### B. Remuneration to other Directors

(Rs. in Lakhs)

| S. No.                             | Name                      | Sitting Fees | Commission | Total        |
|------------------------------------|---------------------------|--------------|------------|--------------|
| <b>I Independent Directors</b>     |                           |              |            |              |
| 1                                  | Mr. R. Poornalingam       | 4.60         | -          | <b>4.60</b>  |
| 2                                  | Mr. Madhavan Nambiar      | 3.00         | -          | <b>3.00</b>  |
| 3                                  | Mr. B.T. Bangera          | 4.50         | -          | <b>4.50</b>  |
| 4                                  | Mrs.Vijayalakshmi Rao     | 3.10         | -          | <b>3.10</b>  |
|                                    | <b>Total (I)</b>          | <b>15.20</b> | <b>-</b>   | <b>15.20</b> |
| <b>II Non Independent Director</b> |                           |              |            |              |
| 1                                  | Mr.B.Vaidyanathan         | 4.10         | -          | <b>4.10</b>  |
|                                    | <b>Total (II)</b>         | <b>4.10</b>  | <b>-</b>   | <b>4.10</b>  |
|                                    | <b>Grand Total (I+II)</b> | <b>19.30</b> | <b>-</b>   | <b>19.30</b> |

### C. Remuneration to Key Managerial Personnel other than MD / WTD / MANAGER :

(Rs. in Lakhs)

| S. No. | PARTICULARS OF REMUNERATION   | KEY MANAGERIAL PERSONNEL                         |   |  | TOTAL        |
|--------|---|--|---|--|--------------|
|        |   | Mr. A Velliangiri,<br>Chief Executive<br>Officer | Mr. K<br>Ganapathi,<br>Chief Financial<br>Officer | Mr. P Mahadevan,<br>Company Secretary<br>& Compliance<br>Officer * |              |
| 1      | Gross salary  |  |   |  |              |
|        | (a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961 | 38.99  | 42.00   | 6.96   | <b>87.95</b> |
|        | (b) Value of perquisites u/s 17(2) Income tax Act 1961                              | -  | -   | -  | -            |
|        | (c) Profits in lieu of salary under section 17(3) Income tax Act 1961               | -  | -   | -  | -            |
| 2      | Stock Option  | -  | -   | -  | -            |
| 3      | Sweat Equity  | -  | -   | -  | -            |
| 4      | Commission  | -  | -   | -  | -            |
|        | as % of profit  | -  | -   | -  | -            |
|        | others, specify   | -  | -   | -  | -            |
| 5      | Others, please specify (PF & Super Annuation)                                       | 1.94   | 1.44  | 0.22   | <b>3.60</b>  |
|        | <b>TOTAL</b>  | <b>40.93</b>                                     | <b>43.44</b>                                      | <b>7.18</b>  | <b>91.56</b> |

\* Appointed with effect from 20<sup>th</sup> June 2018.

### 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 2019

*[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 2019 ('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 2019 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 thereunder.
  - 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year under review.

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 : 15<sup>th</sup> May 2019

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 : 15<sup>th</sup> May 2019

**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.24.32 Cr.

**4. Prescribed CSR Expenditure**

2% of the average net profit as stated in point no.3 above is Rs.48.64 lakhs

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

a. The Company during the financial year 2018-19 has contributed Rs. 48.64 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)  | 24.32  | 24.32                                   | 24.32  | Implementing agency                                 |
| 2            | Educational Expenses incurred for Thiagarajar Perceptor college         | Promoting education, including special education And vocation skills. | Madurai, (Above location is in Tamilnadu) | 24.32  | 24.32                                   | 24.32  | Implementing agency                                 |
| <b>TOTAL</b> |   |   |   | <b>48.64</b>                                       | <b>48.64</b>                            | <b>48.64</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 Board and CSR Committee of the Company are wholeheartedly committed to fulfill 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 the Committee

**P. Manivannan**  
Member of the Committee

Place : Chennai

Date : 30<sup>th</sup> May 2019

**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                                    | 01.04.2018 – 31.03.2019   |
| d)     | Salient terms of the contracts or arrangements or transactions including the value, if any | Sale of Garments Rs.46.86 crs.<br>Purchase of Raw materials Rs.0.15 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 11.08.2018, 12.11.2018, 08.02.2019, 30.05.2019 |
| f)     | Amount paid as advances, if any  | Nil   |

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

**P. Manivannan**  
Whole Time Director

Place : Chennai  
Date : 30<sup>th</sup> May 2019

**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 Financial Officer, Chief Executive 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      | 167   | 388%  |
| 2             | Mr. P. Manivannan      | Whole Time Director                    | 55  | 3.04%   |
| 3             | Mr. A. Velliangiri     | Chief Executive Officer                | 96  | N.A.  |
| 4             | Mr. K. Ganapathi       | Chief Financial Officer                | 80  | 0.00%   |
| 5             | Mr. P. Mahadevan*      | Company Secretary & Compliance Officer | 20  | N.A.  |

\* No remuneration is paid during the previous financial year.

- b. Percentage increase in the median remuneration of employees in the financial year : 25.20%.
- c. No. of permanent employees on roll of the Company : 1,598.
- d. Average percentage increases already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage 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. 2018-19 was 5.37% whereas the increase / (decrease) in the managerial remuneration for the same financial year was 60.43%.
- 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 ended 31<sup>st</sup> March 2019 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 have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and to the Audit Committee:
  - a) That there are no significant changes in internal control over financial reporting during the year;
  - b) That there are no significant changes in accounting policies during the year;
  - c) That there are no instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the Company's internal control system over financial reporting.

**A.Velliangiri**  
Chief Executive Officer

**K.Ganapathi**  
Chief Financial Officer

Place : Chennai  
Date : 30<sup>th</sup> May 2019

**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 judgment 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     | 1                                      | 1  |
| 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 | -                                      | -  |

- 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     | 12.04.2018            | 7                | 7                        |
| 2     | 25.05.2018            | 7                | 6                        |
| 3     | 11.08.2018            | 7                | 7                        |
| 4     | 12.11.2018            | 7                | 6                        |
| 5     | 08.02.2019            | 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 includes, 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 25<sup>th</sup> May 2018, 11<sup>th</sup> August 2018, 12<sup>th</sup> November 2018 and 8<sup>th</sup> February 2019. 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 three times during the year on 12<sup>th</sup> April 2018, 8<sup>th</sup> February 2019, and 6<sup>th</sup> March 2019. 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 | 3                       |
| 2     | Mr. R. Poornalingam    | Member   | 3                       |
| 3     | Mrs. Vijayalakshmi Rao | Member   | 3                       |

## 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 the 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 2019.

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 the 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 25<sup>th</sup> May 2018. 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 standard 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 2018-19: (Rs. in Lakhs)

| S.No.        | Particulars  | Mrs.Valli M<br>Ramaswami,<br>Chairperson & Whole<br>Time Director | Mr.P.Manivannan<br>Whole Time Director | Total        |
|--------------|--|---|--|--------------|
| 1            | Salary   | 58.53   | 19.18                                  | 77.71        |
| 2            | Bonus / Benefits                                   | -   | -                                      | -            |
| 3            | Commission   | -   | -                                      | -            |
| 4            | Other perquisites / Performance linked incentives  | -   | -                                      | -            |
| 5            | Contribution to Provident Fund / Pension           | 7.02  | 2.01                                   | 9.04         |
| 6            | Contribution to Superannuation Fund                | -   | -                                      | -            |
| 7            | Stock Options                                      | -   | -                                      | -            |
| 8            | Service contracts / Notice Period / Severance fees | -   | -                                      | -            |
| <b>Total</b> |  | <b>65.55</b>  | <b>21.19</b>                           | <b>86.75</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 2018-19: (Rs. in Lakhs)

| S.No.        | Name                    | Sitting Fee   |                    | Total        |
|--------------|-------------------------|---------------|--------------------|--------------|
|              |                         | Board Meeting | Committee Meetings |              |
| 1            | Mr.R.Poornalingam       | 2.50          | 2.10               | 4.60         |
| 2            | Mr. M. Madhavan Nambiar | 1.50          | 1.50               | 3.00         |
| 3            | Mr. B.T. Bangera        | 2.50          | 2.00               | 4.50         |
| 4            | Mrs.Vijayalakshmi Rao   | 2.50          | 0.60               | 3.10         |
| 5            | Mr. B. Vaidyanathan     | 2.50          | 1.60               | 4.10         |
| <b>Total</b> |                         | <b>11.50</b>  | <b>7.80</b>        | <b>19.30</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 2019.

#### 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   |
|------------------|---------------------------|--|--|
| 70 <sup>th</sup> | 14.09.2016,<br>10.45 AM   | Registered Office: 21/4 Mill Street,<br>Kovilpatti-628 501 | Nil  |
| 71 <sup>st</sup> | 25.09.2017,<br>12.00 Noon | Registered Office: 21/4 Mill Street,<br>Kovilpatti-628 501 | 1. Re-appointment of Mr.R.Poornalingam as<br>Independent Director<br>2. Re-appointment of Mr.Madhavan Nambiar as<br>Independent Director |
| 72 <sup>nd</sup> | 27.09.2018,<br>10.30 AM   | Registered Office: 21/4 Mill Street,<br>Kovilpatti-628 501 | Nil  |

#### b. Postal Ballot

During the year under review, the Company passed a special resolution for approval for continuation of Mr. Bendoor Tarachand Bangera, (DIN: 00432492) as Independent and Non-Executive Director from April 1, 2019 through postal ballot as per provisions of Section 110 of the Companies Act, 2013. Mr. S Hari Krishnan, Practicing Company Secretary (CP No.13740), Chennai, was appointed as Scrutinizer for conducting postal ballot in a fair and transparent manner. The voting was conducted through physical mode as well as electronic mode. The Company had engaged the services of NSDL to provide e-voting facility to its Members. The notice of postal ballot was accompanied with detailed instructions kit to enable the members to understand the procedure and manner in which postal ballot voting (including remote e-voting) to be carried out.

The following Resolution is deemed to have been passed on the last date of e-voting and receipt of Postal Ballot forms i.e. on Friday, 22<sup>nd</sup> March, 2019. The aforesaid voting results along with the Scrutinizer's Report has been submitted to the Bombay Stock Exchange and uploaded in the Company's website.

The details of the Postal Ballot:

| S.No. | Resolution   | No. of Votes received | No. of Votes favour & % | No. of Votes against & % | Invalid votes |
|-------|--|-----------------------|-------------------------|--------------------------|---------------|
| 1     | Special Resolution - Approval for Continuation of Mr. Bendoor Tarachand Bangera, (DIN: 00432492) as Independent and Non-Executive Director from April 1, 2019. | 35,34,895             | 35,30,765<br>(99.99)    | 20<br>(0.001)            | 4,110         |

At present there is no special resolution proposed to be conducted through postal ballot.

### 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.

a. No presentations have been made to institutional investors or to analysts during the year.

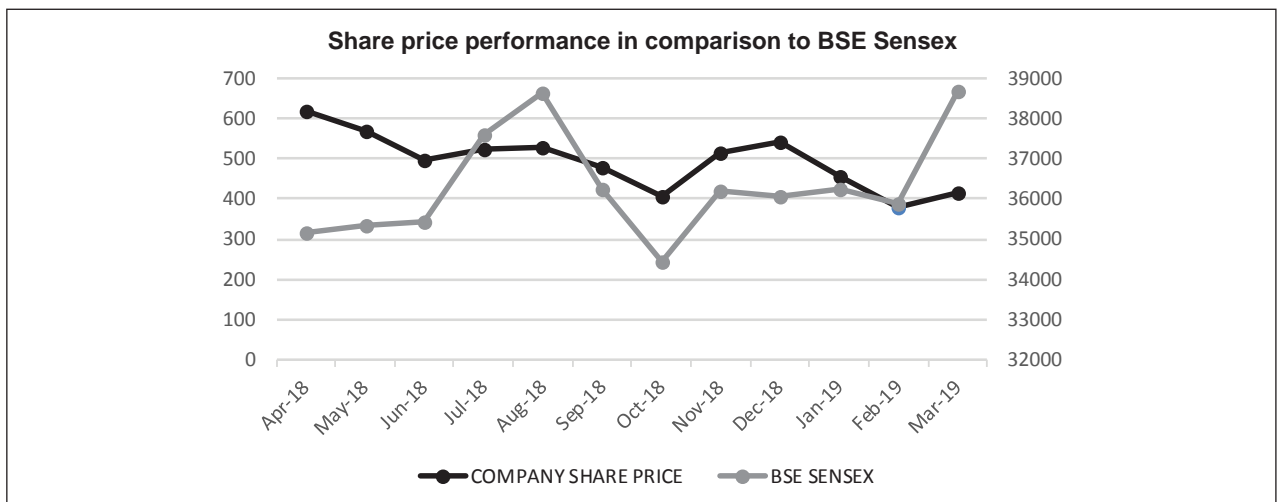
## Board's Report

### 9. GENERAL SHAREHOLDER INFORMATION

|          |  |  |
|----------|--|--|
| <b>a</b> | <b>Annual General meeting</b>  |  |
|          | Date   | 26 <sup>th</sup> September 2019                            |
|          | Time   | 10.30 AM   |
|          | Venue  | Registered Office: 21/4 Mill Street,<br>Kovilpatti-628 501 |
| <b>b</b> | <b>Financial Year</b>  |  |
|          | Unaudited Financial Results for the Quarter ended 30 <sup>th</sup> June 2019       | On or before 14 <sup>th</sup> August 2019                  |
|          | Unaudited Financial Results for the Quarter ended 30 <sup>th</sup> September 2019  | On or before 14 <sup>th</sup> November 2019                |
|          | Unaudited Financial Results for the Quarter ended 31 <sup>st</sup> December 2019   | On or before 14 <sup>th</sup> February 2020                |
|          | Audited Financial Results for the year ended 31 <sup>st</sup> March 2020           | On or before 30 <sup>th</sup> May 2020                     |
| <b>c</b> | <b>Dividend Payment date</b>   |  |
|          | On or before 30 days from the end of AGM   |  |
| <b>d</b> | <b>Name and Address of the Stock Exchange where the Company's Shares Listed</b>    |  |
|          | Bombay Stock Exchange<br>Listing Fee for the Financial year 2019-20 has been paid. |  |
| <b>e</b> | <b>Stock Code / ISIN</b>   |  |
|          | 514036 / INE970D01010  |  |

#### f. Share market price data of financial Year 2018-19

| MONTH        | COMPANY'S SHARE PRICE |     |       | BSE SENSEX |       |       |
|--------------|-----------------------|-----|-------|------------|-------|-------|
|              | HIGH                  | LOW | CLOSE | HIGH       | LOW   | CLOSE |
| April 2018   | 778                   | 563 | 620   | 35213      | 32973 | 35160 |
| May          | 788                   | 525 | 570   | 35994      | 34303 | 35322 |
| June         | 618                   | 455 | 498   | 35877      | 34785 | 35423 |
| July         | 579                   | 470 | 525   | 37645      | 35107 | 37607 |
| August       | 551                   | 505 | 530   | 38990      | 37129 | 38645 |
| September    | 533                   | 460 | 480   | 38934      | 35986 | 36227 |
| October      | 522                   | 362 | 407   | 36617      | 33292 | 34442 |
| November     | 590                   | 395 | 513   | 36389      | 34303 | 36194 |
| December     | 555                   | 481 | 540   | 36555      | 34426 | 36068 |
| January 2019 | 547                   | 425 | 458   | 36701      | 35376 | 36257 |
| February     | 509                   | 380 | 380   | 37172      | 35287 | 35867 |
| March        | 470                   | 375 | 417   | 38749      | 35927 | 38673 |



## Board's Report

### g. Distribution of Shareholder as on 31<sup>st</sup> March 2019

| No. of Shares Held | No. of Shareholders | % of Shareholders | No. of Shares Held | % of Shareholding |
|--------------------|---------------------|-------------------|--------------------|-------------------|
| Up to – 500        | 1684                | 85.87             | 1,82,902           | 3.80              |
| 501 – 1000         | 125                 | 6.35              | 95,979             | 1.99              |
| 1001 – 2000        | 63                  | 3.20              | 96,483             | 2.00              |
| 2001 – 3000        | 21                  | 1.07              | 51,489             | 1.07              |
| 3001 – 4000        | 18                  | 0.91              | 65,843             | 1.37              |
| 4001 – 5000        | 6                   | 0.30              | 27,734             | 0.58              |
| 5001 – 10000       | 15                  | 0.76              | 1,00,305           | 2.08              |
| 10001 & above      | 36                  | 1.83              | 41,95,711          | 87.11             |
| <b>TOTAL</b>       | <b>1968</b>         | <b>100.00</b>     | <b>48,16,446</b>   | <b>100.00</b>     |

### h. Shareholding Pattern as on 31<sup>st</sup> March 2019

| S.No | Category           | No. of Shares    | % of Total Capital |
|------|--------------------|------------------|--------------------|
| 1    | Promoter Group     | 35,39,845        | 73.49              |
| 2    | Nationalized Banks | 4,700            | 0.10               |
| 3    | Non Residents      | 6,437            | 0.13               |
| 4    | Others             | 12,65,464        | 26.28              |
|      | <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, 46,24,785 shares were in dematerialized form representing 96.02% of the total shares. The Demat ISIN code number of our share is INE970D01010.

### j. Share transfer system

M/s. GNSA Infotech Private Ltd, Chennai is the Share Transfer Agent of the Company. The share transfer process is reviewed by the Stakeholders' Relationship Committee. The share transfer requests in physical form and other shares related issues are processed and dispatched to the respective lodgers within the statutory period, provided the documents are complete in all respects.

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

The Company has no GDRs / ADRs / or convertible instrument outstanding as at 31<sup>st</sup> March 2019.

### l. Plant Locations

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

- 1) 21/4, Mill Street, Kovilpatti – 628 501
- 2) N Venkatesapuram, N Subbiahpuram, Sattur Taluk - 626 205
- 3) Menakur Village, Naidupet Mandal, Nellore District, Andhra Pradesh - 524 221
- 4) Arasanur, Thirumantholai Post, Sivagangai Taluk - 630 561
- 5) Annarugudan Village, Tallada Mandal, Khammam District, Telangana - 507 167

#### Processing

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

## Board's Report

### m. Address for Correspondence

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

### 10. Other Disclosures

- 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.
- 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.

#### DISCRETIONARY REQUIREMENTS

*[Pursuant to Regulation 27 (1), read with Part E of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

- The Board** –The Board has a Separate Post of Chairperson and Chief Executive Officer
- Modified Opinion(s) in audit report** –The Financial Statements of the Company have unmodified audit opinion
- 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 2019.

For Loyal Textile Mills Limited

Place : Chennai  
Date : 30<sup>th</sup> May 2019

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 2019 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 : 30<sup>th</sup> May 2019

## Auditors' Certificate

### AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER REGULATION 34 READ WITH SCHEDULE V OF SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENT) 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 2019, 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 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 2019.
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

Place : Chennai  
Date : 30<sup>th</sup> May 2019

## 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<sup>st</sup> March 2019, the statement of Profit and Loss (statement of changes in equity), 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 31<sup>st</sup> March 2019, 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 judgment, 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.

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

In preparing the standalone Ind AS financial statements, management is responsible for assessing the 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 judgment 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 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 2019 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March 2019 from being appointed as a Director in terms of Section 164 (2) of the Act; and
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us:

## Independent Auditor's Report

- (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.

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

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of

Place : Chennai  
Date : 30<sup>th</sup> May 2019

## 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 31<sup>st</sup> March 2019 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 31<sup>st</sup> March 2019, 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

Place : Chennai  
Date : 30<sup>th</sup> May 2019

## 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 2019 | 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. The discrepancies noticed on physical verification of stocks, as compared to book records were not material and the same have been properly dealt with in the books of account.
- (iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to the companies, firms, limited liability partnership or other parties listed in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loan or provided any guarantee or security to the parties covered under Sections 185 and 186 of the Act. In respect of investment in securities, the company has complied with the provisions of Section 186 of the Act.
- (v) The Company has not accepted any deposits from the public during the year as per the provisions of Sections 73 and 76 of the Companies Act, 2013. The Company has accepted/taken interest free inter corporate deposit from a Company.
- (vi) We have broadly reviewed the cost records maintained by the company, as prescribed by the Central Government

under Sub-section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that, prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.

- (vii) (a) According to the information and explanations given to us, the Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other Statutory Dues to the appropriate authorities. In respect of undisputed Statutory dues payable in respect of above which are outstanding as at 31<sup>st</sup> March 2019 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 | 64.81                 |

- (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 |  |  |
| Sales Tax           | 267.79                | 109.38                         | 2002-03, 2003-04, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, | Addl. Dy. Commissioner/ Sales Tax Appellate Tribunal.                          |
| VAT                 | 619.63                | 306.39                         | 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13           | Addl. Dy. Commissioner/ Joint Commissioner, Madurai Bench of Madras High Court |
| Central Excise      | 142.18                |                                | 2008-09  | High Court order in company's favour. Department going on appeal.              |
| Service Tax         | 120.54                |                                | 2008-09, 2009-10, 2010-11, 2011-12                             | Department appeal pending with CESTAT.   |



## Independent Auditor's Report

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

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

**S. Natanagopal**  
Partner  
Membership No.022841

Place : Chennai  
Date : 30<sup>th</sup> May 2019

## Operating Result Summary

(Rs. in Lakhs)

| Year ended  | 31.03.2019      | 31.03.2018      | 31.03.2017      | 31.03.2016      | 31.03.2015      |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenue from Operations                                       | 1,30,694        | 1,15,603        | 1,13,474        | 1,17,825        | 1,41,709        |
| Other Income  | 549             | 1,059           | 383             | 250             | 165             |
| <b>Total</b>  | <b>1,31,243</b> | <b>1,16,663</b> | <b>1,13,857</b> | <b>1,18,075</b> | <b>1,41,874</b> |
| Cost of materials consumed                                    | 72,550          | 59,617          | 51,050          | 44,398          | 51,802          |
| Purchase of Stock-in-Trade                                    | 12,535          | 13,122          | 19,139          | 24,362          | 38,292          |
| Changes in Inventories of Finished Goods,<br>Work-in-progress | (1,233)         | 991             | (1,176)         | (1,035)         | (214)           |
| Employee Benefits Expense                                     | 10,778          | 9,292           | 9,023           | 9,020           | 8,273           |
| Finance costs   | 3,923           | 3,907           | 4,203           | 5,452           | 6,884           |
| Depreciation and amortization expense                         | 5,739           | 6,048           | 6,768           | 6,721           | 8,230           |
| Other expenses  | 24,647          | 22,034          | 22,487          | 25,864          | 27,637          |
| <b>Total Expenses</b>   | <b>1,28,940</b> | <b>1,15,011</b> | <b>1,11,495</b> | <b>1,14,782</b> | <b>1,40,904</b> |
| Profit / (Loss)   | 2,303           | 1,651           | 2,362           | 3,293           | 970             |
| Export  | 1,09,520        | 98,805          | 99,093          | 1,03,032        | 1,22,026        |
| Production of Yarn in Lakh Kgs                                | 283.06          | 259.08          | 249.49          | 267.17          | 290.31          |
| Production of Cloth in Lakh Mtrs                              | 510.07          | 494.66          | 490.72          | 483.84          | 487.57          |

## Balance Sheet Summary

(Rs. in Lakhs)

| Year ended                          | 31.03.2019    | 31.03.2018    | 31.03.2017    | 31.03.2016    | 31.03.2015    |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Net Fixed Assets                    | 39,494        | 42,136        | 45,513        | 49,447        | 49,245        |
| Investments                         | 264           | 420           | 1,000         | 517           | 574           |
| Long Term Loans and Advances        | 485           | 500           | 1,166         | 664           | 607           |
| Current Assets                      | 59,213        | 51,613        | 45,190        | 40,990        | 41,073        |
| <b>Total</b>                        | <b>99,456</b> | <b>94,669</b> | <b>92,869</b> | <b>91,617</b> | <b>91,499</b> |
| Long Term Borrowings                | 10,149        | 15,292        | 19,482        | 18,025        | 22,708        |
| Deferred Tax Liability (Net)        | 123           | 783           | 1,803         | 2,562         | 4,134         |
| Current Liabilities                 | 67,371        | 59,127        | 53,718        | 55,324        | 51,494        |
| <b>Total</b>                        | <b>77,643</b> | <b>75,202</b> | <b>75,003</b> | <b>75,911</b> | <b>78,336</b> |
| Networth                            | 21,814        | 19,468        | 17,865        | 15,706        | 13,163        |
| <b>Represented By</b>               |               |               |               |               |               |
| Share Capital                       | 482           | 482           | 482           | 482           | 482           |
| Reserves & Surplus                  | 21,332        | 18,986        | 17,384        | 15,224        | 12,681        |
| Pre Tax Profits                     | 2,303         | 1,651         | 2,362         | 3,293         | 970           |
| Dividend paid on equity shares      | 241           | 482           | 482           | 482           | 361           |
| % of dividend paid on equity shares | 50%           | 100%          | 100%          | 100%          | 75%           |

## Standalone Balance Sheet as at 31<sup>st</sup> March, 2019

(Rs. in Lakhs)

| PARTICULARS                               | Note No. | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|---|----------|-----------------------------|-----------------------------|
| <b>ASSETS</b>                             |          |                             |                             |
| <b>A. Non-Current Assets</b>              |          |                             |                             |
| (a) Property, Plant & Equipment           | 3        | 38,854                      | 41,096                      |
| (b) Capital Work-in-progress              | 3        | 274                         | 665                         |
| (c) Investment property                   | 3        | 294                         | 298                         |
| (d) Other Intangible assets               | 3        | 72                          | 78                          |
| (e) Financial Assets                      |          |                             |                             |
| (i) Investments                           | 4        | 213                         | 211                         |
| (f) Other Non-Current Assets              | 5        | 485                         | 500                         |
| <b>Total Non-Current Assets (A)</b>       |          | <b>40,192</b>               | <b>42,847</b>               |
| <b>B. Current Assets</b>                  |          |                             |                             |
| (a) Inventories                           | 7        | 26,717                      | 21,923                      |
| (b) Financial Assets                      |          |                             |                             |
| (i) Investments                           | 6        | 51                          | 209                         |
| (ii) Trade Receivables                    | 8        | 21,873                      | 19,067                      |
| (iii) Cash and Cash Equivalents           | 9        | 497                         | 293                         |
| (iv) Bank Balance Other than (iii) above  | 9        | 1,049                       | 524                         |
| (v) Loans                                 | 10       | 1,658                       | 1,316                       |
| (vi) Others                               | 11       | 393                         | 212                         |
| (c) Other current Assets                  | 12       | 7,026                       | 8,277                       |
| <b>Total Current Assets (B)</b>           |          | <b>59,264</b>               | <b>51,822</b>               |
| <b>Total Assets (A+B)</b>                 |          | <b>99,456</b>               | <b>94,669</b>               |
| <b>EQUITY AND LIABILITIES</b>             |          |                             |                             |
| <b>C. EQUITY</b>                          |          |                             |                             |
| (a) Equity Share Capital                  | 13       | 482                         | 482                         |
| (b) Other Equity                          | 14       | 21,332                      | 18,986                      |
| <b>Total Equity (C)</b>                   |          | <b>21,814</b>               | <b>19,468</b>               |
| <b>D. LIABILITIES</b>                     |          |                             |                             |
| <b>D1. Non-Current Liabilities</b>        |          |                             |                             |
| (a) Financial Liabilities                 |          |                             |                             |
| (i) Borrowing                             | 15       | 10,149                      | 15,292                      |
| (b) Deferred Tax Liabilities (Net)        | 16       | 123                         | 783                         |
| <b>Total Non-Current Liabilities (D1)</b> |          | <b>10,272</b>               | <b>16,074</b>               |
| <b>D2. Current Liabilities</b>            |          |                             |                             |
| (a) Financial Liabilities                 |          |                             |                             |
| (i) Borrowing                             | 17       | 33,474                      | 31,391                      |
| (ii) Trade Payables                       | 18       | 20,603                      | 12,590                      |
| (iii) Other financial liabilities         | 19       | 12,338                      | 13,390                      |
| (b) Other current liabilities             | 20       | 716                         | 1,353                       |
| (c) Provisions                            | 21       | 201                         | 178                         |
| (d) Current Tax Liabilities(Net)          | 22       | 39                          | 224                         |
| <b>Total Current Liabilities (D2)</b>     |          | <b>67,371</b>               | <b>59,127</b>               |
| <b>Total Liabilities D (D1+D2)</b>        |          | <b>77,643</b>               | <b>75,202</b>               |
| <b>Total Equity and Liabilities (C+D)</b> |          | <b>99,456</b>               | <b>94,669</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 : 30<sup>th</sup> May 2019

## Standalone Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2019

(Rs. in Lakhs)

| PARTICULARS  | Note No. | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|----------|-----------------------------|-----------------------------|
| I. Revenue from Operations   | 23       | 130,694                     | 115,603                     |
| II. Other Income   | 24       | 549                         | 1,059                       |
| <b>III. Total Income (I +II)</b>   |          | <b>131,243</b>              | <b>116,663</b>              |
| IV. Expenses:  |          |                             |                             |
| Cost of materials consumed   | 25       | 72,550                      | 59,617                      |
| Purchase of Stock-in-Trade   | 26       | 12,535                      | 13,122                      |
| Changes in Inventories of  | 27       |                             |                             |
| Finished Goods   |          | (1,015)                     | 710                         |
| Work-in-progress   |          | (217)                       | 281                         |
| Employee Benefits Expense  | 28       | 10,778                      | 9,292                       |
| Finance costs  | 29       | 3,923                       | 3,907                       |
| Depreciation and amortization expense  | 3        | 5,739                       | 6,048                       |
| Other expenses   | 30       | 24,647                      | 22,034                      |
| <b>Total Expenses</b>  |          | <b>128,940</b>              | <b>115,012</b>              |
| V. Profit / (Loss) before exceptional items and tax - (III - IV)                 |          | 2,303                       | 1,651                       |
| VI. Exceptional Items  |          | Nil                         | Nil                         |
| VII. Profit / (Loss) before tax (V - VI)   |          | 2,303                       | 1,651                       |
| VIII. Tax expense:   |          |                             |                             |
| (1) Current tax  |          | 384                         | 318                         |
| (2) Deferred tax   |          | (261)                       | (587)                       |
| (3) MAT Entitlement  |          |                             |                             |
| - Pertaining to Current Year   |          | (162)                       | Nil                         |
| - Pertaining to prior year   |          | (237)                       | (456)                       |
| (4) Income Tax relating to Previous Year   |          | 6                           | 67                          |
| IX. Profit/(Loss) for the period from continuing operations (VII-VIII)           |          | 2,573                       | 2,308                       |
| X. Profit/(Loss) from discontinuing operations                                   |          | Nil                         | Nil                         |
| <b>XI. Profit/(Loss) for the period after tax (IX + X)</b>                       |          | <b>2,573</b>                | <b>2,308</b>                |
| XII. Other Comprehensive Income, net off Income Tax                              |          |                             |                             |
| (a) items that will not be reclassified to Profit or Loss                        |          | 63                          | (55)                        |
| (b) Income tax relating to items that will not be reclassified to Profit or Loss |          | (1)                         | (22)                        |
| (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>2,636</b>                | <b>2,230</b>                |
| XIV. Earning per equity share of Rs.10/- :                                       |          |                             |                             |
| (1) Basic  |          | 53.42                       | 47.92                       |
| (1) Diluted  |          | 53.42                       | 47.92                       |

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 : 30<sup>th</sup> May 2019

## Standalone Cash Flow Statement for the year ended 31<sup>st</sup> March, 2019

(Rs. in Lakhs)

| PARTICULARS   | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|---|-----------------------------|-----------------------------|
| <b>CASHFLOW FROM OPERATING ACTIVITIES</b>                     |                             |                             |
| PROFIT BEFORE TAX   | 2,303                       | 1,651                       |
| ADJUSTMENTS FOR   |                             |                             |
| Depreciation  | 5,739                       | 6,048                       |
| Interest paid   | 3,923                       | 3,907                       |
| Interest received   | (158)                       | (102)                       |
| Dividend received on Investments - Others                     | (54)                        | (81)                        |
| Provision for Doubtful Debts                                  | NIL                         | NIL                         |
| Bad Debts Written Off   | 157                         | 155                         |
| (Profit)/Loss on disposal of Fixed Assets                     | (56)                        | (454)                       |
| (Profit)/Loss on sale of investments                          | NIL                         | 6                           |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>        | <b>11,854</b>               | <b>11,130</b>               |
| ADJUSTMENTS FOR CHANGES IN                                    |                             |                             |
| Inventories   | (4,793)                     | (1,747)                     |
| Debtors   | (2,963)                     | (3,835)                     |
| Loans & Advances and Other Current Assets                     | 742                         | (385)                       |
| Amount deposited as Margin Money                              | (525)                       | 263                         |
| Current liabilities and provisions                            | 8,870                       | 6,169                       |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                    | <b>13,185</b>               | <b>11,595</b>               |
| Interest receipts   | 158                         | 102                         |
| Income Tax (Paid)/Refund                                      | (581)                       | (174)                       |
| <b>NET CASH FLOW (A)</b>                                      | <b>12,763</b>               | <b>11,523</b>               |
| <b>CASHFLOW FROM INVESTING ACTIVITIES</b>                     |                             |                             |
| Payments for Assets acquisition                               | (3,210)                     | (2,777)                     |
| Proceeds on Sale of Fixed Assets                              | 170                         | 560                         |
| Purchase of Investments                                       | (39)                        | (17)                        |
| Sale Proceeds from Investments                                | 194                         | 638                         |
| Dividend receipts   | 54                          | 81                          |
| <b>NET CASH FLOW (B)</b>                                      | <b>(2,830)</b>              | <b>(1,516)</b>              |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                    |                             |                             |
| Interest paid   | (3,906)                     | (3,837)                     |
| Proceeds from Long Term Borrowings                            | NIL                         | 1,082                       |
| Repayment of Long Term Borrowings                             | (5,533)                     | (6,464)                     |
| Dividend paid included taxes                                  | (290)                       | (580)                       |
| <b>NET CASH FLOW (C)</b>                                      | <b>(9,729)</b>              | <b>(9,799)</b>              |
| <b>NET CASH INFLOW / (OUTFLOW) ( A+B+C )</b>                  | <b>203</b>                  | <b>208</b>                  |
| <b>OPENING CASH AND CASH EQUIVALENTS (D)</b>                  | <b>293</b>                  | <b>85</b>                   |
| <b>CLOSING CASH AND CASH EQUIVALENTS (E)</b>                  | <b>497</b>                  | <b>293</b>                  |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b> | <b>203</b>                  | <b>208</b>                  |

## Standalone Cash Flow Statement for the year ended 31<sup>st</sup> March, 2019

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 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| Cash and Cash equivalents as per Cash Flow statement                               | 497                         | 293                         |
| Add: Balances which are earmarked against liabilities and is not available for use | 1,049                       | 524                         |
| Cash and Cash equivalents as reported in Financial Statements                      | 1,546                       | 818                         |

**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 : 30<sup>th</sup> May 2019

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

### 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 and 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, judgments and assumptions. These estimates, judgments 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.

#### (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.



## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

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

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 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.

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

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 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 /

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

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.

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

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

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 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.

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

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.

### (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.

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

### 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, 2019

Note No: 3 PROPERTY, PLANT AND EQUIPMENT

(Rs. in Lakhs)

| Particulars                                  | Tangible Assets |                  |                             |                              |                        |               |                          | Total<br>Tangible<br>Assets | Intangible<br>Assets | Total<br>Tangible<br>and<br>Intangible<br>Assets | Invest-<br>ment<br>Property | Total<br>Tangible<br>Assets,<br>Intangible<br>Assets &<br>Investment<br>Properties |                      |
|--|-----------------|------------------|-----------------------------|------------------------------|------------------------|---------------|--------------------------|-----------------------------|----------------------|--|-----------------------------|--|----------------------|
|  | Land            | Building         | Plant and<br>Equip-<br>ment | Furniture<br>and<br>Fittings | Electrical<br>Fittings | Vehicles      | Office<br>Equip-<br>ment |                             |                      |  |                             |  | Computer<br>Software |
|  |                 |                  |                             |                              |                        |               |                          |                             |                      |  |                             |  |                      |
| 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> | <b>1,238.70</b> | <b>11,766.57</b> | <b>41,041.77</b>            | <b>276.96</b>                | <b>1,342.62</b>        | <b>178.42</b> | <b>188.50</b>            | <b>56,033.53</b>            | <b>139.58</b>        | <b>56,173.11</b>                                 | <b>310.94</b>               | <b>56,484.05</b>   |                      |
| <b>Depreciation / Amortisation</b>           |                 |                  |                             |                              |                        |               |                          |                             |                      |  |                             |  |                      |
| <b>As at 1<sup>st</sup> April 2018</b>       | -               | <b>832.09</b>    | <b>10,369.86</b>            | <b>71.85</b>                 | <b>409.53</b>          | <b>33.20</b>  | <b>94.64</b>             | <b>11,811.19</b>            | <b>51.05</b>         | <b>11,862.24</b>                                 | <b>13.04</b>                | <b>11,875.28</b>   |                      |
| 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>     | -               | <b>1,269.57</b>  | <b>15,080.26</b>            | <b>95.60</b>                 | <b>608.38</b>          | <b>7.78</b>   | <b>118.08</b>            | <b>17,179.68</b>            | <b>67.92</b>         | <b>17,247.60</b>                                 | <b>16.51</b>                | <b>17,264.11</b>   |                      |
| <b>Net Block</b>                             |                 |                  |                             |                              |                        |               |                          |                             |                      |  |                             |  |                      |
| As at 31 <sup>st</sup> March, 2018           | 1,249.58        | 10,121.64        | 28,421.86                   | 178.41                       | 916.75                 | 162.03        | 45.57                    | 41,095.85                   | 77.87                | 41,173.72  | 297.90                      | 41,471.62  |                      |
| <b>As at 31<sup>st</sup> March, 2019</b>     | <b>1,238.70</b> | <b>10,496.99</b> | <b>25,961.51</b>            | <b>181.36</b>                | <b>734.24</b>          | <b>170.64</b> | <b>70.42</b>             | <b>38,853.85</b>            | <b>71.65</b>         | <b>38,925.51</b>                                 | <b>294.42</b>               | <b>39,219.93</b>   |                      |

| Capital Work in Progress at Cost |               | (Rs. in Lakhs) |
|----------------------------------|---------------|----------------|
| Particulars                      | 31.03.2019    | 31.03.2018     |
| Land Pending For Registration    | 200.64        | 200.64         |
| Building Under Construction      | 15.31         | 419.98         |
| Plant & Machinery                | 56.16         | 41.79          |
| Electrical Installations         | 1.65          | -              |
| Computers                        | -             | 2.30           |
| <b>Total</b>                     | <b>273.75</b> | <b>664.71</b>  |

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

### 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 2019 | No. of Shares | 31 <sup>st</sup> March 2018 |
|---|--|------------|---------------|-----------------------------|---------------|-----------------------------|
| <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                           |
|   |  |            |               | 172                         |               | 172                         |
| <b>I 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                           |
|   |  |            |               | 7                           |               | 7                           |
| <b>II Other Investments</b>                                 |  |            |               |                             |               |                             |
| <b>Investments in Equity Instruments:</b>                   |  |            |               |                             |               |                             |
| <b>A) Quoted</b>  |  |            |               |                             |               |                             |
| 1   | Central Bank of India                                  | 10         | 1,469         | 1                           | 1,469         | 1                           |
| 2   | Amrutanjan Health Care Ltd                             | 1          | 1,000         | 3                           | 500           | 3                           |
| 3   | Matrimony.com Ltd                                      | 5          | 2,120         | 14                          | 2,120         | 15                          |
|   |  |            |               | 17                          |               | 19                          |
| <b>B) Unquoted</b>  |  |            |               |                             |               |                             |
| 1   | Dhanvantari Nano Ayushadi Private Limited              | 5          | 25,000        | 2                           | 25,000        | 1                           |
| <b>C) Investment in Compulsorily Convertible Debentures</b> |  |            |               |                             |               |                             |
| 1   | Dhanvantari Nano Ayushadi Private Limited              | 10         | 225,000       | 16                          | 225,000       | 12                          |
| <b>D) Investment in Government or Trust Securities</b>      |  |            |               |                             |               |                             |
|   |  |            |               | 0                           |               | 0                           |
| <b>Total</b>  |  |            |               | <b>213</b>                  |               | <b>211</b>                  |

| Particulars                             | As at 31.03.2019 | As at 31.03.2018 |
|---|------------------|------------------|
| Aggregate Value of Quoted Investments   | 17               | 19               |
| Market Value of Quoted Investments      | 17               | 19               |
| Aggregate Value of Unquoted Investments | 24               | 21               |



## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

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

(Rs. in Lakhs)

| S.No. | PARTICULARS                  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|-------|------------------------------|-----------------------------|-----------------------------|
| 1     | Capital Advances             |                             |                             |
|       | - Unsecured, Considered good | 328                         | 341                         |
| 2     | Prepayment of Lease          | 157                         | 159                         |
|       | <b>Total</b>                 | <b>485</b>                  | <b>500</b>                  |

### Note No. 6. CURRENT INVESTMENTS

(Rs. in Lakhs)

| S.No. | PARTICULARS   | Face value | No. of Shares | 31 <sup>st</sup> March 2019 | No. of Shares | 31 <sup>st</sup> March 2018 |
|-------|---|------------|---------------|-----------------------------|---------------|-----------------------------|
|       | <b>(A) Trade Investments</b>                        |            |               |                             |               |                             |
|       | <b>Investments in Equity Instruments - Unquoted</b> |            |               |                             |               |                             |
| 1     | TVH Energy Resource Private Ltd                     | 10         | 29,200        | 3                           | 76,750        | 8                           |
| 2     | Saheli Exports Private Limited                      | 10         | 16,900        | 8                           | 16,900        | 8                           |
| 3     | RVK Energy Private Limited                          | 10         | NIL           | NIL                         | 16,68,470     | 167                         |
| 4     | OPG Power Generation Pvt Ltd                        | 10         | 68,600        | 8                           | 57,400        | 6                           |
| 5     | Cauvery Power Generation Chennai Private Limited    | 10         | NIL           | NIL                         | 2,00,000      | 20                          |
| 6     | Continuum Wind Energy Pvt Ltd                       | 10         | 3,18,927      | 32                          | NIL           | NIL                         |
|       | <b>Total</b>  |            |               | <b>51</b>                   |               | <b>209</b>                  |

(Rs. in Lakhs)

| PARTICULARS                              | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| <b>Note No. 7. INVENTORIES</b>           |                             |                             |
| (a) Raw Materials                        | 12,758                      | 9,052                       |
| (b) Work-in-progress                     | 4,802                       | 4,584                       |
| (c) Finished Goods                       | 7,461                       | 6,445                       |
| (d) Stores, spares and Packing Materials | 1,696                       | 1,842                       |
|  | <b>26,717</b>               | <b>21,923</b>               |

### Note No. 8. TRADE RECEIVABLES

|  |               |               |
|--|---------------|---------------|
| (i) Unsecured, Considered good         | 21,873        | 19,067        |
| (ii) Unsecured and Considered doubtful | 188           | 476           |
|  | <b>22,061</b> | <b>19,544</b> |
| Less : Provision for bad and doubtful  | (188)         | (476)         |
|  | <b>21,873</b> | <b>19,067</b> |

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

(Rs. in Lakhs)

| PARTICULARS  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| <b>Note No. 9. CASH AND CASH EQUIVALENTS</b>                           |                             |                             |
| <b>Cash on hand</b>  | 4                           | 4                           |
| <b>Balance with banks</b>  |                             |                             |
| (i) In current accounts  | 486                         | 280                         |
| (ii) In EEFC accounts  | 7                           | 9                           |
|  | <u>497</u>                  | <u>293</u>                  |
| <b>Other Bank Balances</b>   |                             |                             |
| <b>(I) Earmarked Deposit accounts</b>                                  |                             |                             |
| - Unpaid Dividend Bank account   | 50                          | 56                          |
| <b>(II) In Deposit Accounts</b>  |                             |                             |
| - Bank balances held as margin money                                   | 1,000                       | 469                         |
|  | <u>1,049</u>                | <u>524</u>                  |
| <b>Note No. 10. LOANS</b>  |                             |                             |
| Security Deposits  | 1,658                       | 1,316                       |
|  | <u>1,658</u>                | <u>1,316</u>                |
| <b>Note No. 11. OTHER FINANCIAL ASSETS</b>                             |                             |                             |
| a) Interest Receivable   | 393                         | 212                         |
|  | <u>393</u>                  | <u>212</u>                  |
| <b>Note No. 12. OTHER CURRENT ASSETS</b>                               |                             |                             |
| a) Advances recoverable in cash or in kind or for value to be received | 3,285                       | 3,688                       |
| b) Export Benefits Receivable  | 654                         | 999                         |
| c) VAT / GST Refund / GST ITC / AP Power Subsidy Receivable            | 3,085                       | 3,589                       |
| d) Prepayment of Lease   | 2                           | 2                           |
|  | <u>7,026</u>                | <u>8,277</u>                |

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

### 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 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| <b>Authorised Share Capital</b>  |                             |                             |
| 90,00,000 Equity Shares of Rs. 10/- each   | 900                         | 900                         |
| 6,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each<br>(Previous year 6,00,000 preference shares of Rs. 100 each) | 600                         | 600                         |
| <b>Issued &amp; Subscribed Share Capital</b>   |                             |                             |
| 48,16,446 Equity Shares of Rs. 10/- each fully paid - up<br>(Previous year 48,16,446 equity shares of Rs. 10/- each)             | 482                         | 482                         |
| <b>Paid-up Share Capital</b>   |                             |                             |
| 48,16,446 Equity Shares of Rs. 10/- each fully paid - up<br>(Previous year 48,16,446 equity shares of Rs. 10/- each)             | 482                         | 482                         |
|  | 482                         | 482                         |

### 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 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| 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 2019          | 31 <sup>st</sup> March 2018 |
| 1     | M/s. Madurai Tara Traders Pvt Ltd          | 7,76,887                             | 7,76,887                    |
| 2     | M/s. Felspar Credit and Investment Pvt Ltd | 6,61,126                             | 6,61,126                    |
| 3     | M/s. Dhanalakshmi Investment Pvt Ltd       | 6,29,343                             | 6,29,343                    |
| 4     | M/s. Kurunji Investments Pvt Ltd           | 3,46,887                             | 3,46,887                    |
| 5     | M/s. Chintamani 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, 2019

(Rs. in Lakhs)

| PARTICULARS  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| <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  | 166                         | 358                         |
| Increase/ (Decrease) in OCI reserve due to                                   |                             |                             |
| -Actuarial Gain / (Loss) on Gratuity   | (2)                         | (86)                        |
| -Gain / (Loss) on Fair Value of Investments                                  | 65                          | (105)                       |
| Closing Balance  | <u>229</u>                  | <u>166</u>                  |
| <b>(e) Retained Earnings</b>   |                             |                             |
| Opening Balance  | 10,078                      | 8,284                       |
| <b>Add:</b>  |                             |                             |
| Profit for the period as per Profit & Loss Statement                         | 2,636                       | 2,230                       |
| 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                         | 144                         |
| <b>Less:</b>   |                             |                             |
| Final dividend (FY 2017-18 @ 50% and FY 2016-17 @ 100% - Rs. 10/- per share) | 241                         | 482                         |
| Tax on distributed profits on equity shares                                  | 49                          | 98                          |
| Transfer to General Reserve  | Nil                         | Nil                         |
| Transfer to OCI Reserve due to Ind AS Transition                             | 63                          | Nil                         |
| Closing Balance  | <u>12,361</u>               | <u>10,078</u>               |
| <b>Total Other Equity</b>  | <u>21,332</u>               | <u>18,986</u>               |

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

(Rs. in Lakhs)

| PARTICULARS   | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|---|-----------------------------|-----------------------------|
| <b>NON-CURRENT FINANCIAL LIABILITIES</b>  |                             |                             |
| <b>Note No. 15. BORROWING</b>   |                             |                             |
| <b>(A) Term Loans - Secured</b>   |                             |                             |
| - From Banks  | 7,831                       | 12,203                      |
| - From Financial Institutions   | 2,118                       | 2,889                       |
| 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. |                             |                             |
| (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>10,149</u>               | <u>15,292</u>               |
| <b>Note No. 16. DEFERRED TAX LIABILITIES (NET)</b>  |                             |                             |
| <b>Deferred Tax Net</b>   |                             |                             |
| <b>Deferred Tax Liabilities:</b>  |                             |                             |
| - On account of Depreciaiton  | 3,143                       | 3,522                       |
| <b>Deferred Tax Assets:</b>   |                             |                             |
| - On account of timing differences under Income tax   | (700)                       | (818)                       |
|   | <u>2,443</u>                | <u>2,704</u>                |
| Less: MAT credit availment  | (2,320)                     | (1,921)                     |
| <b>Deferred Tax Liabilities (Net)</b>   | <u>123</u>                  | <u>783</u>                  |
| <b>CURRENT LIABILITIES</b>  |                             |                             |
| <b>Financial Liabilities</b>  |                             |                             |
| <b>Note No.17 BORROWING</b>   |                             |                             |
| <b>Loans Repayable On Demand</b>  |                             |                             |
| <b>From Banks Secured</b>   |                             |                             |
| - Packing Credit / Cash Credit  | 23,576                      | 21,899                      |
| - Bills Discounted But not Realised - With Banks  | 9,898                       | 9,492                       |
| (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>33,474</u>               | <u>31,391</u>               |

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

(Rs. in Lakhs)

| PARTICULARS   | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|---|-----------------------------|-----------------------------|
| <b>Note No. 18. TRADE PAYABLE</b>   |                             |                             |
| - Outstanding dues of creditor other than Micro and Small Enterprises                     | 20,248                      | 12,248                      |
| - Outstanding dues of creditor of Micro and Small Enterprises                             | 355                         | 342                         |
|   | <u>20,603</u>               | <u>12,590</u>               |
| <b>Note No. 19. OTHER FINANCIAL LIABILITIES</b>   |                             |                             |
| Current Maturities of Long term Debts   | 4,987                       | 5,377                       |
| Interest accrued but not due on borrowings  | 17                          | Nil                         |
| Interest Payable - Others   | 41                          | 96                          |
| Unpaid Dividends  | 50                          | 56                          |
| Creditors for Capital Goods   | 186                         | 274                         |
| Expenses Payable (Includes Long term provision Rs. 21.18 Cr / Previous Year Rs. 21.18 Cr) | 7,057                       | 7,588                       |
|   | <u>12,338</u>               | <u>13,390</u>               |
| <b>Note No. 20. OTHER CURRENT LIABILITIES</b>   |                             |                             |
| Statutory Liabilities Payable   | 375                         | 415                         |
| Advance received against Supplies   | 341                         | 938                         |
|   | <u>716</u>                  | <u>1,353</u>                |
| <b>Note No. 21. SHORT-TERM PROVISIONS</b>   |                             |                             |
| For Provident Fund and Other Funds  | 26                          | 20                          |
| Provision for Gratuity  | 73                          | 73                          |
| Provision for Leave Salary  | 102                         | 85                          |
|   | <u>201</u>                  | <u>178</u>                  |
| <b>Note No. 22. CURRENT TAX - LIABILITIES (NET)</b>                                       |                             |                             |
| Tax payments pending adjustments (Net)  | 39                          | 224                         |
|   | <u>39</u>                   | <u>224</u>                  |

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

(Rs. in Lakhs)

| PARTICULARS  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| <b>NOTE No. 23. REVENUE FROM OPERATIONS</b>                    |                             |                             |
| Sale of Products   | 1,24,292                    | 1,09,272                    |
| Sale of Services   | 284                         | 191                         |
| Other operating Revenues                                       | 6,118                       | 6,140                       |
|  | <u>1,30,694</u>             | <u>1,15,603</u>             |
| <b>NOTE No. 24. OTHER INCOME</b>                               |                             |                             |
| Interest Income  | 158                         | 102                         |
| Dividend Income  | 54                          | 81                          |
| Other Non operating income                                     | 336                         | 877                         |
|  | <u>549</u>                  | <u>1,059</u>                |
| <b>NOTE No. 25. COST OF MATERIALS CONSUMED</b>                 |                             |                             |
| i) Cotton, Staple Fibre and Cotton waste                       | 40,309                      | 36,359                      |
| ii) Yarn   | 31,431                      | 22,591                      |
| iii) Fabric  | 124                         | 111                         |
| iv) Dyes   | 345                         | 313                         |
| v) Reflective band   | 341                         | 243                         |
|  | <u>72,550</u>               | <u>59,617</u>               |
| <b>NOTE No. 26. PURCHASE OF STOCK-IN-TRADE</b>                 |                             |                             |
| Yarn   | 12,315                      | 12,520                      |
| Fabric   | NIL                         | 555                         |
| Others - Packing materials and Cotton                          | 220                         | 47                          |
|  | <u>12,535</u>               | <u>13,122</u>               |
| <b>NOTE No. 27. CHANGES IN INVENTORIES</b>                     |                             |                             |
| OPENING STOCK  |                             |                             |
| Process Stock  | 4,584                       | 4,866                       |
| Finished goods   | 6,445                       | 7,156                       |
| TOTAL (A)  | <u>11,030</u>               | <u>12,022</u>               |
| LESS: CLOSING STOCK  |                             |                             |
| Process Stock  | 4,802                       | 4,584                       |
| Finished goods   | 7,461                       | 6,445                       |
| TOTAL (B)  | <u>12,263</u>               | <u>11,030</u>               |
| <b>CHANGES IN INVENTORIES NET (INCREASE ) / DECREASE (A-B)</b> |                             |                             |
| Process Stock  | (217)                       | 281                         |
| Finished goods   | (1,015)                     | 710                         |
|  | <u>(1,233)</u>              | <u>992</u>                  |

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

(Rs. in Lakhs)

| PARTICULARS                                      | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| <b>NOTE No. 28. EMPLOYEE BENEFITS / EXPENSES</b> |                             |                             |
| Salaries, Wages and Bonus                        | 9,385                       | 7,972                       |
| Unavailed earned Leave                           | 119                         | 140                         |
| Contribution to Provident Fund and other funds   | 754                         | 634                         |
| Other Welfare Expenses                           | 519                         | 546                         |
|  | <u>10,778</u>               | <u>9,292</u>                |
| <b>NOTE No. 29. FINANCE COSTS</b>                |                             |                             |
| Interest Expenses                                |                             |                             |
| - For Term Loan                                  | 1,318                       | 1,747                       |
| - For Working capital Loan                       | 1,811                       | 1,561                       |
| - For Export Bills Discounting                   | 592                         | 566                         |
| - For Domestic Bill Discounting                  | 3                           | NIL                         |
| Other Borrowing Cost                             | 199                         | 33                          |
|  | <u>3,923</u>                | <u>3,907</u>                |
| <b>NOTE No. 30. OTHER EXPENSES</b>               |                             |                             |
| Freight and forwarding charges                   | 3,243                       | 2,909                       |
| Selling Expenses                                 | 2 159                       | 1 502                       |
| <b>PAYMENT TO THE AUDITORS</b>                   |                             |                             |
| As Auditors                                      | 10                          | 10                          |
| For Certification work                           | 1                           | 3                           |
| For Reimbursement of Expenses                    | 1                           | 2                           |
| Conversion Charges                               | 779                         | 1 024                       |
| Processing Charges                               | 557                         | 534                         |
| Stores Consumed                                  | 6,356                       | 5,902                       |
| Power and Fuel                                   | 7,772                       | 6,469                       |
| Repairs to Machinery                             | 1,080                       | 1,444                       |
| Repairs to Building                              | 340                         | 174                         |
| Insurance  | 178                         | 195                         |
| Bad Debts  | 157                         | 155                         |
| Rates and Taxes excluding Taxes on Income        | 228                         | 144                         |
| Expenditure on CSR Activities                    | 49                          | 47                          |
| Loss on sale of Long Term Investments (Net)      | -                           | 6                           |
| Rent   | 26                          | 11                          |
| Miscellaneous Expenses                           | 1,715                       | 1,505                       |
|  | <u>24,647</u>               | <u>22,034</u>               |



## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

(Rs. in Lakhs)

| Particulars   | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|---|-----------------------------|-----------------------------|
| <b>31) A. Contingent Liabilities (To the extent not provided for)</b> |                             |                             |
| i) Claim against the Company not acknowledged as debts                | 18                          | 23                          |
| ii) Disputed Sales tax demand not provided for                        | 478                         | 722                         |
| iii) On account of export obligation covered by letter of undertaking | 15,705                      | 7,554                       |

### 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)

| Gearing Ratio:               | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|------------------------------|-----------------------------|-----------------------------|
| Debt                         | 14,953                      | 20,469                      |
| Less: Cash and bank balances | 1,546                       | 818                         |
| Net debt                     | 13,407                      | 19,651                      |
| Total equity                 | 21,814                      | 19,468                      |
| Net debt to equity ratio     | 0.61                        | 1.01                        |

| Categories of Financial Instruments                | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| <b>Financial assets Measured at amortised cost</b> |                             |                             |
| Loans  | 1,658                       | 1,316                       |
| Trade receivables                                  | 21,873                      | 19,067                      |
| Cash and cash equivalents                          | 497                         | 293                         |
| Bank balances other than above                     | 1,049                       | 524                         |
| Other financial assets                             | 393                         | 212                         |

|   |        |        |
|---|--------|--------|
| <b>Financial liabilities Measured at amortised cost</b> |        |        |
| Borrowings (short term)                                 | 33,474 | 31,391 |
| Trade payables  | 20,603 | 12,590 |
| Other financial liabilities                             | 7,334  | 8,013  |

#### 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, 2019

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) 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.

### (b) 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.

### (c) 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.

### (d) 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.

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

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    | 2018-19 | 2017-18 |
|----------------|---------|---------|
| Provident Fund | 417     | 390     |

#### (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 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
|  | Gratuity<br>(Funded Plan)   | Gratuity<br>(Funded Plan)   |
| Opening balance of Present Value of the Obligation | 1,021                       | 825                         |
| Interest Cost                                      | 74                          | 58                          |
| Current Service Cost                               | 78                          | 67                          |
| Prior service cost                                 | -                           | 44                          |
| Benefits Paid                                      | (124)                       | (105)                       |
| Actuarial loss/(gain)                              | 30                          | 132                         |
| Closing balance of Present Value of the Obligation | 1,078                       | 1,021                       |

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

(Rs. in Lakhs)

| Particulars                                  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| Opening balance Fair Value of Plan Assets    | 1,063                       | 1,059                       |
| Expected return on Plan Assets               | 78                          | 76                          |
| Contribution by the Company                  | 20                          | 10                          |
| Benefits Paid                                | (124)                       | (105)                       |
| Actuarial gain/(loss)                        | 28                          | 23                          |
| Closing balance of Fair Value of Plan Assets | 1,064                       | 1,063                       |

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

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

(Rs. in Lakhs)

| Particulars  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| Present value of the obligation                          | 1,078                       | 1,021                       |
| Fair value of the Plan Assets                            | 1,064                       | 1,063                       |
| Surplus/(Deficit)  | (14)                        | 42                          |
| Experience adjustments on Plan Liabilities (loss) / gain | (30)                        | (132)                       |
| Experience adjustments on Plan Assets (loss) / gain      | 28                          | 23                          |

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

| Particulars  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| Current Service Cost                               | 78                          | 67                          |
| Interest Cost                                      | 74                          | 58                          |
| Expected return on plan assets                     | (78)                        | (76)                        |
| Net Actuarial (gain) / loss recognised in the year | 2                           | 110                         |
|  | <b>76</b>                   | <b>158</b>                  |

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

| Particulars                               | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|---|-----------------------------|-----------------------------|
| a) Government Securities                  | 29.00%                      | 17.83%                      |
| b) Bank deposits (Special deposit scheme) | 2.00%                       | 1.80%                       |
| c) Others / approved securities           | 69.00%                      | 80.37%                      |

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

| Particulars                            | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| Discount Rate                          | 7.67%                       | 7.55%                       |
| Salary Escalation Rate                 | 8.00%                       | 8.00%                       |
| Attrition Rate                         | 8.00%                       | 8.00%                       |
| Expected rate of return on plan assets | 7.67%                       | 7.55%                       |

### 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 2019 | 31 <sup>st</sup> March 2018 |
|---|-----------------------------|-----------------------------|
| (a) Opening / Closing number of shares          | 48,16,446                   | 48,16,446                   |
| (b) Profit / Loss after Tax Expense (Rs. Lakhs) | 2,573                       | 2,308                       |
| (c) Earnings per share (Rs.)                    | 53.42                       | 47.92                       |
| (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 31.03.2019 is Rs. 355 Lakhs. 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, 2019

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  | 31.03.2019 | 31.03.2018     |  |
| a) Gross amount required to be spent by the Company during the year      | 49         | 47             |  |
| b) Amount spent during the year on:                                      |            |                |  |
| i) Construction / acquisition of any asset                               | -          | -              |  |
| ii) On purposes other than (i) above                                     | 49         | 47             |  |
| <b>Balance</b>   | <b>-</b>   | <b>-</b>       |  |

### Note No: 40 SEGMENT REPORTING

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

| PARTICULARS   | Manufacturing   |                 | Trading       |               | Total           |                 |
|---|-----------------|-----------------|---------------|---------------|-----------------|-----------------|
|   | 31.03.2019      | 31.03.2018      | 31.03.2019    | 31.03.2018    | 31.03.2019      | 31.03.2018      |
|   |                 |                 |               |               |                 |                 |
| <b>Segment Revenue</b>  |                 |                 |               |               |                 |                 |
| Revenue from Operations   | 1,17,328        | 1,01,651        | 13,366        | 13,952        | 1,30,694        | 1,15,603        |
| <b>Net Sales / Income from Operations</b>                               | <b>1,17,328</b> | <b>1,01,651</b> | <b>13,366</b> | <b>13,952</b> | <b>1,30,694</b> | <b>1,15,603</b> |
| Segment Results Profit / (Loss) before tax and interest from: (Textile) | 5,774           | 5,104           | 452           | 432           | 6,225           | 5,536           |
| <b>Total</b>  | <b>5,774</b>    | <b>5,104</b>    | <b>452</b>    | <b>432</b>    | <b>6,225</b>    | <b>5,536</b>    |
| Less: Interest  |                 |                 |               |               | 3,923           | 3,907           |
| Add: Unallocable income / (Expenditure) (Net)                           |                 |                 |               |               | 1               | 22              |
| <b>Total Profit / (Loss) before Tax</b>                                 |                 |                 |               |               | <b>2,303</b>    | <b>1,651</b>    |
| Tax Expenses  |                 |                 |               |               | (270)           | (657)           |
| <b>Total Profit / (Loss) after Tax</b>                                  |                 |                 |               |               | <b>2,573</b>    | <b>2,308</b>    |
| <b>OTHER INFORMATION:</b>   |                 |                 |               |               |                 |                 |
| Segment Assets  | 94,739          | 89,729          | 2,237         | 2,301         | 96,976          | 92,030          |
| Unallocable Assets  |                 |                 |               |               | 2,480           | 2,639           |
| <b>Total Assets</b>   | <b>94,739</b>   | <b>89,729</b>   | <b>2,237</b>  | <b>2,301</b>  | <b>99,456</b>   | <b>94,669</b>   |
| Segment Liabilities   | 31,786          | 26,216          | 2,111         | 1,520         | 33,897          | 27,736          |
| Unallocable Liabilities   |                 |                 |               |               | 123             | 783             |
| <b>Total Liabilities</b>  | <b>31,786</b>   | <b>26,216</b>   | <b>2,111</b>  | <b>1,520</b>  | <b>34,020</b>   | <b>28,519</b>   |
| Segment Capital Expenditure   | 3,601           | 2,422           |               |               | 3,601           | 2,422           |
| Unallocable Capital Expenditure   |                 |                 |               |               |                 |                 |
| <b>Total Capital Expenditure</b>  | <b>3,601</b>    | <b>2,422</b>    |               |               | <b>3,601</b>    | <b>2,422</b>    |
| Segment Depreciation  | 5,739           | 6,048           |               |               | 5,739           | 6,048           |
| Unallocable Depreciation  |                 |                 |               |               |                 |                 |
| <b>Total Depreciation</b>   | <b>5,739</b>    | <b>6,048</b>    |               |               | <b>5,739</b>    | <b>6,048</b>    |

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

### (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 2019</b> | <b>31<sup>st</sup> March 2018</b> |
|---------------|-----------------------------------|-----------------------------------|
| Europe        | <b>14,750</b>                     | 20,169                            |
| Asia          | <b>77,120</b>                     | 63,377                            |
| America       | <b>30,203</b>                     | 25,040                            |
| Others        | <b>2,190</b>                      | 3,280                             |

2. Carrying amount of Segment Assets:

| <b>Region</b> |               |        |
|---------------|---------------|--------|
| Europe        | <b>11,511</b> | 8,993  |
| Asia          | <b>60,185</b> | 70,394 |
| America       | <b>23,571</b> | 11,164 |
| Others        | <b>1,709</b>  | 1,463  |

3. Carrying amount of Segment Liabilities:

| <b>Region</b> |               |        |
|---------------|---------------|--------|
| Europe        | <b>4,024</b>  | 5,004  |
| Asia          | <b>21,037</b> | 15,724 |
| America       | <b>8,239</b>  | 6,212  |
| Others        | <b>597</b>    | 814    |

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

### 41. RELATED PARTY DISCLOSURES FOR THE FINANCIAL YEAR ENDED 31.03.2019

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

(Rs. in Lakhs)

| The name of the transacting related party |   | 31 <sup>st</sup> March<br>2019                          | 31 <sup>st</sup> March<br>2018 | 31 <sup>st</sup> March<br>2019                  | 31 <sup>st</sup> March<br>2018 |
|---|---|---|--------------------------------|---|--------------------------------|
|   |   | Gruppo P&P Loyal Spa,<br>Italy                          |                                | Loyal International<br>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<br>and Purchase of Materials |                                | -   |                                |
| iii)                                      | Volume of the transactions:   |   |                                |   |                                |
|   | Sale of Garments  | <b>4,470.35</b>   | 3,992.84                       | <b>NIL</b>                                      | NIL                            |
|   | Sale of Fabric  | <b>196.93</b>   | 249.94                         | <b>NIL</b>                                      | NIL                            |
|   | Sale of Yarn  | <b>9.48</b>   | 0.38                           | <b>NIL</b>                                      | NIL                            |
|   | Sale of Services  | <b>NIL</b>  | NIL                            | <b>NIL</b>                                      | NIL                            |
|   | Purchase of Accessories   | <b>149.30</b>   | 149.30                         | <b>NIL</b>                                      | NIL                            |
| iv)                                       | Finance (including loans and equity contributions in cash or in kind) |   |                                |   |                                |
|   | During this year  | <b>NIL</b>  | NIL                            | <b>0.76</b>                                     | 4.83                           |
|   | Year end balance  | <b>149.30</b>   | 149.30                         | <b>179.74</b>                                   | 178.68                         |

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

(Rs. in Lakhs)

|      | The name of the transacting related party  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 | 31 <sup>st</sup> March 2019                  | 31 <sup>st</sup> March 2018 |
|------|--|-----------------------------|-----------------------------|--|-----------------------------|
|      |  | 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 | 652.30                      | 608.64                      | NIL  | NIL                         |
| vi)  | Amount written off in the period of debts due from or to related parties   | NIL                         | NIL                         | NIL  | 36                          |
| vii) | Dividend received  | 53.90                       | 80.23                       | NIL  | NIL                         |

(Rs. in Lakhs)

| viii) | Remuneration paid to key managerial personnel:              | Mr. Manikam Ramaswami - Managing Director (upto 02.10.2017) |                             | Mrs. Valli M Ramaswami Chairperson and Whole Time Director |                             | Mr. P. Manivannan Whole Time Director |                             | Ms. Vishala Ramswami (CEO) (from 20.10.2017 to 19.03.2018) |                             |
|-------|---|---|-----------------------------|--|-----------------------------|---------------------------------------|-----------------------------|--|-----------------------------|
|       |   | 31 <sup>st</sup> March 2019                                 | 31 <sup>st</sup> March 2018 | 31 <sup>st</sup> March 2019                                | 31 <sup>st</sup> March 2018 | 31 <sup>st</sup> March 2019           | 31 <sup>st</sup> March 2018 | 31 <sup>st</sup> March 2019                                | 31 <sup>st</sup> March 2018 |
|       | Salary, Perquisites and Other allowances                    | -   | 11.80                       | 58.53  | 12.00                       | 19.18                                 | 16.57                       | -  | 24.39                       |
|       | Contribution to provident fund - defined contribution plan  | -   | 1.09                        | 7.02   | 1.44                        | 2.02                                  | 1.58                        | -  | 1.95                        |
|       | Contribution to super annuation fund - defined benefit plan | -   | -                           | -  | -                           | -                                     | -                           | -  | -                           |
|       | Commission  | -   | 20.87                       | -  | -                           | -                                     | -                           | -  | -                           |
|       | <b>TOTAL</b>  | -   | 33.76                       | 65.55  | 13.44                       | 21.19                                 | 18.16                       | -  | 26.34                       |

Notes :-

There is no transaction with Loyal Dimco Group A.E.B.E Greece and Loyal IRV Textile, Portugal, during this year

42. Previous year figures have been regrouped wherever necessary to conform to the current year's classification.
43. 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 : 30<sup>th</sup> May 2019



# 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 2019, 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 2019, 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 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.74.66 lakhs as at 31<sup>st</sup> March 2019, total revenues of Rs.0.11 lakhs and net cash flows amounting to Rs.0.11 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.247.74 lakhs for the year ended 31<sup>st</sup> March, 2019, 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, 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

## Independent Auditor's Report

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 2019 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 2019 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  
Membership No. 022841

Place : Chennai  
Date : 30<sup>th</sup> May 2019

## 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, 2019, 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 31<sup>st</sup> March 2019, 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

Place : Chennai  
Date : 30<sup>th</sup> May 2019

**S. Natanagopal**  
Partner  
Membership No. 022841

## Consolidated Balance Sheet as at 31<sup>st</sup> March 2019

(Rs. in Lakhs)

| PARTICULARS                               | Note No. | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|---|----------|-----------------------------|-----------------------------|
| <b>ASSETS</b>                             |          |                             |                             |
| <b>A. Non-Current Assets</b>              |          |                             |                             |
| (a) Property, Plant & Equipment           | 3        | 38,854                      | 41,096                      |
| (b) Capital Work-in-progress              | 3        | 274                         | 665                         |
| (c) Investment property                   | 3        | 294                         | 298                         |
| (d) Other Intangible assets               | 3        | 72                          | 78                          |
| (e) Financial Assets                      |          |                             |                             |
| (i) Investments                           | 4        | 1,636                       | 1,550                       |
| (f) Other Non-Current Assets              | 5        | 485                         | 500                         |
| <b>Total Non-Current Assets (A)</b>       |          | <b>41,615</b>               | <b>44,186</b>               |
| <b>B. Current Assets</b>                  |          |                             |                             |
| (a) Inventories                           | 7        | 26,717                      | 21,923                      |
| (b) Financial Assets                      |          |                             |                             |
| (i) Investments                           | 6        | 51                          | 209                         |
| (ii) Trade Receivables                    | 8        | 21,912                      | 19,089                      |
| (iii) Cash and Cash Equivalents           | 9        | 518                         | 336                         |
| (iv) Bank Balance Other than (iii) above  | 9        | 1,049                       | 524                         |
| (v) Loans                                 | 10       | 1,669                       | 1,326                       |
| (vi) Others                               | 11       | 393                         | 212                         |
| (c) Other current Assets                  | 12       | 6,851                       | 8,103                       |
| <b>Total Current Assets (B)</b>           |          | <b>59,159</b>               | <b>51,723</b>               |
| <b>Total Assets (A+B)</b>                 |          | <b>100,774</b>              | <b>95,909</b>               |
| <b>EQUITY AND LIABILITIES</b>             |          |                             |                             |
| <b>C. EQUITY</b>                          |          |                             |                             |
| (a) Equity Share Capital                  | 13       | 482                         | 482                         |
| (b) Other Equity                          | 14       | 22,639                      | 20,210                      |
| <b>Total Equity (C)</b>                   |          | <b>23,120</b>               | <b>20,692</b>               |
| <b>D. LIABILITIES</b>                     |          |                             |                             |
| <b>D1. Non-Current Liabilities</b>        |          |                             |                             |
| (a) Financial Liabilities                 |          |                             |                             |
| (i) Borrowing                             | 15       | 10,149                      | 15,258                      |
| (b) Deferred Tax Liabilities (Net)        | 16       | 123                         | 783                         |
| <b>Total Non-Current Liabilities (D1)</b> |          | <b>10,272</b>               | <b>16,041</b>               |
| <b>D2. Current Liabilities</b>            |          |                             |                             |
| (a) Financial Liabilities                 |          |                             |                             |
| (i) Borrowing                             | 17       | 33,475                      | 31,412                      |
| (ii) Trade Payables                       | 18       | 20,604                      | 12,575                      |
| (iii) Other financial liabilities         | 19       | 12,348                      | 13,609                      |
| (b) Other current liabilities             | 20       | 716                         | 1,178                       |
| (c) Provisions                            | 21       | 201                         | 178                         |
| (d) Current Tax Liabilities (Net)         | 22       | 39                          | 224                         |
| <b>Total Current Liabilities (D2)</b>     |          | <b>67,382</b>               | <b>59,177</b>               |
| <b>Total Liabilities D (D1+D2)</b>        |          | <b>77,654</b>               | <b>75,217</b>               |
| <b>Total Equity and Liabilities (C+D)</b> |          | <b>100,774</b>              | <b>95,909</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 : 30<sup>th</sup> May 2019

## Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2019

(Rs. in Lakhs)

| PARTICULARS  | Note No. | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|----------|-----------------------------|-----------------------------|
| I. Revenue from Operations   | 23       | 130,694                     | 115,882                     |
| II. Other Income   | 24       | 549                         | 773                         |
| <b>III. Total Income (I +II)</b>   |          | <b>131,243</b>              | <b>116,655</b>              |
| IV. Expenses:  |          |                             |                             |
| Cost of materials consumed   | 25       | 72,550                      | 59,617                      |
| Purchase of Stock-in-Trade   | 26       | 12,535                      | 13,124                      |
| Changes in Inventories of  | 27       |                             |                             |
| Finished Goods   |          | (1,015)                     | 837                         |
| Work-in-progress   |          | (217)                       | 155                         |
| Employee Benefits Expense  | 28       | 10,778                      | 9,295                       |
| Finance costs  | 29       | 3,923                       | 3,907                       |
| Depreciation and amortization expense  | 4        | 5,739                       | 6,059                       |
| Other expenses   | 30       | 24,648                      | 22,010                      |
| <b>Total Expenses</b>  |          | <b>128,941</b>              | <b>115,004</b>              |
| V. Profit / (Loss) before share of Profit / (Loss) of a Joint Venture and exceptional items and tax - (III - IV) |          | 2,302                       | 1,651                       |
| VI. Share of Profit / (Loss) from a Joint Venture  |          | 248                         | 225                         |
| <b>VII. Profit / (Loss) before Exceptional items and tax (V + VI)</b>  |          | <b>2,550</b>                | <b>1,876</b>                |
| VIII. Exceptional Items  |          | Nil                         | Nil                         |
| IX. Profit / (Loss) before tax (VII - VIII)  |          | 2,550                       | 1,876                       |
| X. Tax expense:  |          |                             |                             |
| (1) Current tax  |          | 384                         | 318                         |
| (2) Deferred tax   |          | (261)                       | (587)                       |
| (3) MAT Entitlement  |          |                             |                             |
| - Pertaining to Current Year   |          | (162)                       | Nil                         |
| - Pertaining to prior year   |          | (237)                       | (456)                       |
| (4) Income Tax relating to Previous Year   |          | 6                           | 67                          |
| XI. Profit/(Loss) for the period from continuing operations (IX-X)   |          | 2,820                       | 2,533                       |
| XII. Profit/(Loss) from discontinuing operations   |          | Nil                         | Nil                         |
| <b>XIII. Profit/(Loss) for the period after tax (XI + XII)</b>   |          | <b>2,820</b>                | <b>2,533</b>                |
| XIV. Other Comprehensive Income, net off Income Tax  |          |                             |                             |
| (a) items that will not be reclassified to Profit or Loss  |          | 63                          | (55)                        |
| (b) Income tax relating to items that will not be reclassified to Profit or Loss                                 |          | (1)                         | (22)                        |
| (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 (XI+XII)</b>  |          | <b>2,882</b>                | <b>2,456</b>                |
| XVI. Earning per equity share of Rs. 10/- :  |          |                             |                             |
| (1) Basic  |          | 58.55                       | 52.60                       |
| (1) Diluted  |          | 58.55                       | 52.60                       |

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 : 30<sup>th</sup> May 2019

## Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2019

(Rs. in Lakhs)

| PARTICULARS   | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|---|-----------------------------|-----------------------------|
| <b>CASHFLOW FROM OPERATING ACTIVITIES</b>                     |                             |                             |
| PROFIT BEFORE TAX   | 2,302                       | 1,651                       |
| ADJUSTMENTS FOR   |                             |                             |
| Depreciation  | 5,739                       | 6,059                       |
| Interest paid   | 3,923                       | 3,907                       |
| Interest received   | (158)                       | (102)                       |
| Dividend received on Investments - Others                     | (54)                        | (81)                        |
| Provision for Doubtful Debts                                  | Nil                         | (95)                        |
| Bad Debts Written Off   | 157                         | 119                         |
| (Profit)/Loss on disposal of Fixed Assets                     | (56)                        | (427)                       |
| (Profit)/Loss on sale of investments                          | Nil                         | 6                           |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>        | <b>11,853</b>               | <b>11,038</b>               |
| ADJUSTMENTS FOR CHANGES IN                                    |                             |                             |
| Inventories   | (4,793)                     | (1,747)                     |
| Debtors   | (2,963)                     | (3,672)                     |
| Loans & Advances and Other Current Assets                     | 742                         | (381)                       |
| Amount deposited as Margin Money                              | (525)                       | 263                         |
| Current liabilities and provisions                            | 8,850                       | 6,117                       |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                    | <b>13,164</b>               | <b>11,619</b>               |
| Interest receipts   | 158                         | 102                         |
| Income Tax (Paid)/Refund                                      | (581)                       | (174)                       |
| <b>NET CASH FLOW (A)</b>                                      | <b>12,742</b>               | <b>11,546</b>               |
| <b>CASHFLOW FROM INVESTING ACTIVITIES</b>                     |                             |                             |
| Payments for Assets acquisition                               | (3,210)                     | (2,777)                     |
| Proceeds on Sale of Fixed Assets                              | 170                         | 561                         |
| Purchase of Investments                                       | (39)                        | (17)                        |
| Sale Proceeds from Investments                                | 194                         | 638                         |
| Dividend receipts   | 54                          | 81                          |
| <b>NET CASH FLOW (B)</b>                                      | <b>(2,830)</b>              | <b>(1,515)</b>              |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                    |                             |                             |
| Interest paid   | (3,906)                     | (3,837)                     |
| Proceeds from Long Term Borrowings                            | Nil                         | 1,082                       |
| Repayment of Long Term Borrowings                             | (5,533)                     | (6,464)                     |
| Dividend paid included taxes                                  | (290)                       | (580)                       |
| <b>NET CASH FLOW (C)</b>                                      | <b>(9,729)</b>              | <b>(9,799)</b>              |
| <b>NET CASH INFLOW / (OUTFLOW) ( A+B+C )</b>                  | <b>182</b>                  | <b>232</b>                  |
| <b>OPENING CASH AND CASH EQUIVALENTS (D)</b>                  | <b>336</b>                  | <b>104</b>                  |
| <b>CLOSING CASH AND CASH EQUIVALENTS (E)</b>                  | <b>518</b>                  | <b>336</b>                  |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b> | <b>182</b>                  | <b>232</b>                  |



## Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2019

### 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  | 31.03.2019 | 31.03.2018 |
|--|------------|------------|
| Cash and Cash equivalents as per Cash Flow statement                               | 518        | 336        |
| Add: Balances which are earmarked against liabilities and is not available for use | 1,049      | 524        |
| Cash and Cash equivalents as reported in Financial Statements                      | 1 568      | 860        |

**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 : 30<sup>th</sup> May 2019

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

### 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, Nellore, Sivagangai, Khammam - Telangana, and Cuddalore. The Company is a public listed company and listed on The Bombay Stock Exchange. In addition the Company has an investment in an associate and a joint venture which have been collectively referred to as "the Group".

### 2 Significant Accounting Policies:

This note provides a list of the significant accounting policies adopted in the preparation of the consolidated financial statements. These policies have been consistently applied to all the years presented unless otherwise stated. The financial statements are for the group consisting of Loyal Textile Mills Limited ("the Company") and its associate and joint venture.

#### Statement of Compliance:

These consolidated 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.

#### (a) Basis for Preparation and Presentation:

The consolidated financial statements 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 consolidated 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.

### (b) Principles of Consolidation and Equity Accounting:

#### i) Associates:

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investment in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.

#### ii) Joint Arrangements:

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligation of each investor, rather than the legal structure of the joint arrangement. Loyal Textiles Mills Limited has determined its interest in a joint arrangement to be in the nature of joint venture.

#### Joint Venture:

Interests in joint ventures are accounted for using the equity method (see (iii) below), after initially being recognised at cost in the consolidated balance sheet.

#### iii) Equity Method:

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 2(q) below.

### (c) Inventories:

- (1) 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 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, Finished goods - Cost includes applicable production overheads.
  - Traded goods - at lower of Cost and Net Realizable Value.
- (2) Obsolete/non-moving Inventories are provided for to the extent of requirement and are stated at net realisable value.

### (d) 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 a non-cash nature and any deferrals or accruals of past or future operating cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the group are segregated.

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

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments 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 consolidated 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.

### (f) Revenue Recognition:

- (1) Revenue is recognized at the fair value of the consideration received or receivable. The group 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.
- (2) Sales are recognized when goods are despatched and are recorded excluding Goods and Service Tax and recoveries.
- (3) 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. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.
- (4) Income from interest is recognized using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.
- (5) Dividend income on investments and claims are accounted for, when the right to receive the payment is established.
- (6) Incentives receivable from Government is accounted on certainty of receipt.
- (7) 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.
- (8) 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.

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

- i) Land including lease is stated at cost except for a portion revalued. Other Fixed Assets including leased out assets are stated at cost less depreciation less impairment loss. The cost includes borrowing cost and in respect of imported machinery the cost includes the value portion of

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

customs duty credit availed as granted by the government under export incentive schemes. Exchange fluctuations are considered to cost up to commencement. Assets under erection/construction are stated at value incurred.

- ii) Depreciation on Property, Plant and Equipment is provided over their useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013 on Straight Line method basis.
- iii) Depreciation in respect of additions/sales has been provided pro-rata from the date of commissioning or till the date of sale as rounded off to the nearest month.
- iv) The estimated useful lives, residual values and the depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.
- v) The increase / decrease in long term liability due to fluctuation in foreign currency in respect of imported Plant and Machinery beyond the date of commissioning is taken to Statement of Profit and Loss. Depreciation has been provided from the date of commissioning. The assets identified as obsolete and held for disposal are stated at their estimated net realisable values.

### (h) 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.

### (i) Foreign Currency Transactions:

#### (1) 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.

#### (2) 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 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 the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognised in profit or loss in the period in which they arise.

The Group 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 yearend 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.

### (j) 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 Group 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) **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 Group 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 Group 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 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.

(k) **Employee Benefits:**

i) **Short term benefits:** The gross amounts are recognized as expense and to the extent unpaid it is recognized as liability. Short term compensated absences are provided for based on internal assessment. Long term compensated absences are provided for based on actuarial valuation.

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

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.

### (l) **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.

### (m) **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 Group 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.

### (n) **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 Group 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 Group 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.

### (o) **Earnings Per Share:**

The basic earnings per share are computed by dividing the net profit for the period attributable to

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

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.

### (p) 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 Group 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 Income tax and it is highly probable that future economic benefits associated with it will flow to the Company during the specified period. The Company reviews the "MAT Credit Entitlement" at each Balance Sheet date and writes down the carrying amount of the same to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income tax during the specified period.

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 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.

### (q) Impairment of Assets:

#### a. 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.

### b. Non-financial assets:

The Group 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 Group 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.

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

#### Provisions:

Provisions are recognised when the Group 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 group 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 Group 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.

### (s) 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.

### (t) 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.

### (u) 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 Group 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.



## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

Though the Group 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.

### (v) 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, 2019

Note No: 3 PROPERTY, PLANT AND EQUIPMENT

(Rs. in Lakhs)

| Particulars                               | Tangible Assets |           |                             |                              |                        |          |                          | Total<br>Tangible<br>Assets | Intangible<br>Assets | Total<br>Tangible<br>and<br>Intangible<br>Assets | Invest-<br>ment<br>Property | Total<br>Tangible<br>Assets,<br>Intangible<br>Assets &<br>Investment<br>Properties |                      |
|---|-----------------|-----------|-----------------------------|------------------------------|------------------------|----------|--------------------------|-----------------------------|----------------------|--|-----------------------------|--|----------------------|
|   | Land            | Building  | Plant and<br>Equip-<br>ment | Furniture<br>and<br>Fittings | Electrical<br>Fittings | Vehicles | Office<br>Equip-<br>ment |                             |                      |  |                             |  | Computer<br>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<br>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  |                      |
| 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<br>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  |                      |
| Net Block                                 |                 |           |                             |                              |                        |          |                          |                             |                      |  |                             |  |                      |
| As at 31 <sup>st</sup> March, 2018        | 1,249.58        | 10,121.64 | 28,421.86                   | 178.41                       | 916.75                 | 162.03   | 45.57                    | 41,095.85                   | 77.87                | 41,173.72  | 297.90                      | 41,471.62  |                      |
| 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  |                      |

| Capital Work in Progress at Cost | (Rs. in Lakhs) |            |
|----------------------------------|----------------|------------|
| Particulars                      | 31.03.2019     | 31.03.2018 |
| Land Pending For Registration    | 201            | 201        |
| Building Under Construction      | 15             | 420        |
| Plant & Machinery                | 56             | 42         |
| Electrical Installations         | 2              | -          |
| Computers                        | -              | 2          |
| <b>Total</b>                     | <b>274</b>     | <b>665</b> |

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

### 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 2019 | No. of Shares | 31 <sup>st</sup> March 2018 |
|-----------|---|------------|---------------|-----------------------------|---------------|-----------------------------|
|           | <b>Investment in Subsidiary and Joint ventures</b>          |            |               |                             |               |                             |
| 1         | Gruppo P&P Loyal spa (Joint Venture 47.5%)                  | Euro 85    | 3,325         | <b>1,574</b>                | 3,325         | 1,491                       |
| 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>1,594</b>                |               | 1,511                       |
| <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>1</b>                    | 1,469         | 1                           |
| 2         | Amrutanjan Health Care Ltd                                  | 1          | 1,000         | <b>3</b>                    | 500           | 3                           |
| 3         | Matrimony.com Ltd   | 5          | 2,120         | <b>14</b>                   | 2,120         | 15                          |
|           |   |            |               | <b>17</b>                   |               | 19                          |
|           | <b>B) Unquoted</b>  |            |               |                             |               |                             |
| 1         | Dhanvantari Nano Ayushadi Private Limited                   | 5          | 25,000        | <b>2</b>                    | 25,000        | 1                           |
|           | <b>C) Investment in Compulsorily Convertible Debentures</b> |            |               |                             |               |                             |
| 1         | Dhanvantari Nano Ayushadi Private Limited                   | 10         | 2,25,000      | <b>16</b>                   | 2,25,000      | 12                          |
|           | <b>D) Investment in Government or Trust Securities</b>      |            |               | <b>0</b>                    |               | 0                           |
|           | <b>Total</b>  |            |               | <b>1,636</b>                |               | 1,550                       |

| PARTICULARS                             | As at<br>31.03.2019 | As at<br>31.03.2018 |
|---|---------------------|---------------------|
| Aggregate Value of Quoted Investments   | <b>17</b>           | 19                  |
| Market Value of Quoted Investments      | <b>17</b>           | 19                  |
| Aggregate Value of Unquoted Investments | <b>24</b>           | 21                  |

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

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

(Rs. in Lakhs)

| S.No. | PARTICULARS                  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|-------|------------------------------|-----------------------------|-----------------------------|
| 1     | Capital Advances             |                             |                             |
|       | - Unsecured, Considered good | 328                         | 341                         |
| 2     | Prepayment of Lease          | 157                         | 159                         |
|       | <b>Total</b>                 | <b>485</b>                  | <b>500</b>                  |

### Note No. 6. CURRENT INVESTMENTS

(Rs. in Lakhs)

| S.No.   | PARTICULARS                                    | Face value | No. of Shares | 31 <sup>st</sup> March 2019 | No. of Shares | 31 <sup>st</sup> March 2018 |
|---|--|------------|---------------|-----------------------------|---------------|-----------------------------|
| <b>(A) Trade Investments</b>                        |  |            |               |                             |               |                             |
| <b>Investments in Equity Instruments - Unquoted</b> |  |            |               |                             |               |                             |
| 1   | M/s. TVH Energy Resource Pvt. Ltd.             | 10         | 29,200        | 3                           | 76,750        | 8                           |
| 2   | M/s. Saheli Exports Pvt. Ltd.                  | 10         | 16,900        | 8                           | 16,900        | 8                           |
| 3   | M/s. RVK Energy Pvt. Ltd.                      | 10         | NIL           | NIL                         | 16,68,470     | 167                         |
| 4   | M/s. OPG Power Generation Pvt Ltd.             | 10         | 68,600        | 8                           | 57,400        | 6                           |
| 5   | M/s. Cauvery Power Generation Chennai Pvt. Ltd | 10         | NIL           | NIL                         | 2,00,000      | 20                          |
| 6   | M/s. Continuum Wind Energy Pvt Ltd.            | 10         | 3,18,927      | 32                          | NIL           | NIL                         |
|   | <b>Total</b>                                   |            |               | <b>51</b>                   |               | <b>209</b>                  |

(Rs. in Lakhs)

|                                | PARTICULARS                          | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--------------------------------|--------------------------------------|-----------------------------|-----------------------------|
| <b>Note No. 7. INVENTORIES</b> |                                      |                             |                             |
| (a)                            | Raw Materials                        | 12,758                      | 9,467                       |
| (b)                            | Work-in-progress                     | 4,802                       | 4,584                       |
| (c)                            | Finished Goods                       | 7,461                       | 6,445                       |
| (d)                            | Stores, Spares and Packing Materials | 1,696                       | 1,427                       |
|                                | <b>Total</b>                         | <b>26,717</b>               | <b>21,923</b>               |

### Note No. 8. TRADE RECEIVABLES

|      |                                       |               |               |
|------|---------------------------------------|---------------|---------------|
| (i)  | Unsecured, Considered good            | 21,912        | 19,089        |
| (ii) | Unsecured and Considered doubtful     | 188           | 476           |
|      |                                       | <b>22,100</b> | <b>19,565</b> |
|      | Less : Provision for bad and doubtful | (188)         | (476)         |
|      |                                       | <b>21,912</b> | <b>19,089</b> |

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

(Rs. in Lakhs)

| PARTICULARS  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| <b>Note No. 9. CASH AND CASH EQUIVALENTS</b>                           |                             |                             |
| Cash on hand   | 5                           | 6                           |
| <b>Balance with banks</b>  |                             |                             |
| (i) In current accounts  | 506                         | 322                         |
| (ii) In EEFC accounts  | 7                           | 9                           |
|  | <u>518</u>                  | <u>336</u>                  |
| <b>Other Bank Balances</b>   |                             |                             |
| <b>(I) Earmarked Deposit accounts</b>                                  |                             |                             |
| - Unpaid Dividend Bank account   | 50                          | 56                          |
| <b>(II) In Deposit Accounts</b>  |                             |                             |
| - Bank balances held as margin money                                   | 1,000                       | 469                         |
|  | <u>1,049</u>                | <u>524</u>                  |
| <b>Note No. 10. LOANS</b>  |                             |                             |
| Security Deposits  | 1,669                       | 1,326                       |
|  | <u>1,669</u>                | <u>1,326</u>                |
| <b>Note No. 11. OTHER FINANCIAL ASSETS</b>                             |                             |                             |
| a) Interest Receivable   | 393                         | 212                         |
|  | <u>393</u>                  | <u>212</u>                  |
| <b>Note No. 12. OTHER CURRENT ASSETS</b>                               |                             |                             |
| a) Advances recoverable in cash or in kind or for value to be received | 3,110                       | 3,513                       |
| b) Export Benefits Receivable  | 654                         | 999                         |
| c) VAT / GST Refund / GST ITC / AP Power Subsidy Receivable            | 3,085                       | 3,589                       |
| d) Prepayment of Lease   | 2                           | 2                           |
|  | <u>6,851</u>                | <u>8,103</u>                |

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

### 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 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| <b>Authorised Share Capital</b>  |                             |                             |
| 90,00,000 Equity Shares of Rs. 10/- each   | 900                         | 900                         |
| 6,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each<br>(Previous year 6,00,000 preference shares of Rs. 100 each) | 600                         | 600                         |
| <b>Issued &amp; Subscribed Share Capital</b>   |                             |                             |
| 48,16,446 Equity Shares of Rs. 10/- each fully paid - up<br>(Previous year 48,16,446 equity shares of Rs. 10/- each)             | 482                         | 482                         |
| <b>Paid-up Share Capital</b>   |                             |                             |
| 48,16,446 Equity Shares of Rs. 10/- each fully paid - up<br>(Previous year 48,16,446 equity shares of Rs. 10/- each)             | 482                         | 482                         |
|  | 482                         | 482                         |

### 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 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| 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 2019          | 31 <sup>st</sup> March 2018 |
| 1.    | M/s. Madurai Tara Traders Pvt Ltd          | 7,76,887                             | 7,76,887                    |
| 2.    | M/s. Felspar Credit and Investment Pvt Ltd | 6,61,126                             | 6,61,126                    |
| 3.    | M/s. Dhanalakshmi Investment Pvt Ltd       | 6,29,343                             | 6,29,343                    |
| 4.    | M/s. Kurunji Investments Pvt Ltd           | 3,46,887                             | 3,46,887                    |
| 5.    | M/s. Chintamani 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, 2019

(Rs. in Lakhs)

| PARTICULARS  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| <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 Transition Reserve</b>                               |                             |                             |
| Opening Balance  | 110                         | (42)                        |
| Additions during the year  | Nil                         | 151                         |
| Deductions during the year   | (111)                       | Nil                         |
| Closing Balance  | <u>(1)</u>                  | <u>110</u>                  |
| <b>(e) Other Comprehensive Income Reserve on Ind AS Transition</b>           |                             |                             |
| Opening Balance  | 166                         | 358                         |
| Increase / (Decrease) in OCI reserve due to                                  |                             |                             |
| - Actuarial Gain / (Loss) on Gratuity  | (2)                         | (86)                        |
| - Gain / (Loss) on Fair Value of Investments                                 | 65                          | (105)                       |
| Closing Balance  | <u>229</u>                  | <u>166</u>                  |
| <b>(f) Retained Earnings</b>   |                             |                             |
| Opening Balance  | 11,116                      | 9,176                       |
| <b>Add:</b>  |                             |                             |
| Profit for the period as per Profit & Loss Statement                         | 2,882                       | 2,456                       |
| 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                         | 144                         |
| <b>Less:</b>   |                             |                             |
| Final dividend (FY 2017-18 @ 50% and FY 2016-17 @ 100% - Rs. 10/- per share) | 295                         | 562                         |
| Tax on distributed profits on equity shares                                  | 49                          | 98                          |
| Transfer to General Reserve  | Nil                         | Nil                         |
| Transfer to OCI Reserve due to Ind AS Transition                             | 63                          | Nil                         |
| Closing Balance  | <u>13,592</u>               | <u>11,116</u>               |
| <b>Total Other Equity</b>  | <u>22,639</u>               | <u>20,210</u>               |

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

(Rs. in Lakhs)

| PARTICULARS   | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|---|-----------------------------|-----------------------------|
| <b>NON-CURRENT FINANCIAL LIABILITIES</b>  |                             |                             |
| <b>Note No. 15. BORROWING</b>   |                             |                             |
| <b>(A) Term Loans - Secured</b>   |                             |                             |
| - From Banks  | 7,831                       | 12,203                      |
| - From Financial Institutions   | 2,118                       | 2,889                       |
| 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. |                             |                             |
| (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>10,149</u>               | <u>15,292</u>               |
| <b>Note No. 16. DEFERRED TAX LIABILITIES (NET)</b>  |                             |                             |
| <b>Deferred Tax Net</b>   |                             |                             |
| <b>Deferred Tax Liabilities:</b>  |                             |                             |
| - On account of Depreciaiton  | 3,143                       | 3,522                       |
| <b>Deferred Tax Assets:</b>   |                             |                             |
| - On account of timing differences under Income tax   | (700)                       | (818)                       |
|   | <u>2,443</u>                | <u>2,704</u>                |
| Less: MAT credit availment  | (2,320)                     | (1,921)                     |
| <b>Deferred Tax Liabilities (Net)</b>   | <u>123</u>                  | <u>783</u>                  |
| <b>CURRENT LIABILITIES</b>  |                             |                             |
| <b>Financial Liabilities</b>  |                             |                             |
| <b>Note No. 17 BORROWING</b>  |                             |                             |
| <b>Loans Repayable On Demand</b>  |                             |                             |
| <b>From Banks Secured</b>   |                             |                             |
| - Packing Credit / Cash Credit  | 23,577                      | 21,920                      |
| - Bills Discounted But not Realised - With Banks  | 9,898                       | 9,492                       |
| (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>33,475</u>               | <u>31,412</u>               |



## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

(Rs. in Lakhs)

| PARTICULARS  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| <b>Note No. 18. TRADE PAYABLE</b>  |                             |                             |
| - Outstanding dues of creditor other than Micro and Small Enterprises    | 20,249                      | 12,233                      |
| - Outstanding dues of creditor of Micro and Small Enterprises            | 355                         | 342                         |
|  | <u>20,604</u>               | <u>12,575</u>               |
| <b>Note No. 19. OTHER FINANCIAL LIABILITIES</b>                          |                             |                             |
| Current Maturities of Long term Debts                                    | 4,987                       | 5,377                       |
| Interest accrued but not due on borrowings                               | 17                          | Nil                         |
| Interest Payable - Others  | 41                          | 96                          |
| Unclaimed Dividends  | 50                          | 56                          |
| Creditors for Capital Goods  | 186                         | 274                         |
| Expenses Payable   | 7,067                       | 7,773                       |
| (Includes Long term provision Rs. 21.18 Cr / Previous Year Rs. 21.18 Cr) |                             |                             |
|  | <u>12,348</u>               | <u>13,575</u>               |
| <b>Note No. 20. OTHER CURRENT LIABILITIES</b>                            |                             |                             |
| Statutory Liabilities Payable  | 375                         | 239                         |
| Advance received against Supplies  | 341                         | 940                         |
|  | <u>716</u>                  | <u>1,178</u>                |
| <b>Note No. 21. SHORT-TERM PROVISIONS</b>                                |                             |                             |
| For Provident Fund and Other Funds                                       | 26                          | 20                          |
| Provision for Gratuity   | 73                          | 73                          |
| Provision for Leave Salary   | 102                         | 85                          |
|  | <u>201</u>                  | <u>178</u>                  |
| <b>Note No. 22. CURRENT TAX - LIABILITIES (NET)</b>                      |                             |                             |
| Tax payments pending adjustments (Net)                                   | 39                          | 224                         |
|  | <u>39</u>                   | <u>224</u>                  |

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

(Rs. in Lakhs)

| PARTICULARS  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| <b>NOTE No. 23. REVENUE FROM OPERATIONS</b>                    |                             |                             |
| Sale of Products   | 124,292                     | 109,275                     |
| Sale of Services   | 284                         | 195                         |
| Other operating Revenues                                       | 6,118                       | 6,412                       |
|  | <u>1,30,694</u>             | <u>1,15,882</u>             |
| <b>NOTE No. 24. OTHER INCOME</b>                               |                             |                             |
| Interest Income  | 158                         | 102                         |
| Dividend Income  | 54                          | 81                          |
| Other Non operating income                                     | 337                         | 591                         |
|  | <u>549</u>                  | <u>773</u>                  |
| <b>NOTE No. 25. COST OF MATERIALS CONSUMED</b>                 |                             |                             |
| i) Cotton, Staple Fibre and Cotton waste                       | 40,309                      | 36,359                      |
| ii) Yarn   | 31,431                      | 22,591                      |
| iii) Fabric  | 124                         | 111                         |
| iv) Dyes   | 345                         | 313                         |
| v) Reflective band   | 341                         | 243                         |
|  | <u>72,550</u>               | <u>59,617</u>               |
| <b>NOTE No. 26. PURCHASE OF STOCK-IN-TRADE</b>                 |                             |                             |
| Yarn   | 12,315                      | 12,520                      |
| Fabric   | NIL                         | 557                         |
| Others - Packing materials and Cotton                          | 220                         | 47                          |
|  | <u>12,535</u>               | <u>13,124</u>               |
| <b>NOTE No. 27. CHANGES IN INVENTORIES</b>                     |                             |                             |
| OPENING STOCK  |                             |                             |
| Process Stock  | 4,584                       | 4,739                       |
| Finished goods   | 6,445                       | 7,282                       |
| TOTAL (A)  | <u>11,030</u>               | <u>12,021</u>               |
| LESS: CLOSING STOCK  |                             |                             |
| Process Stock  | 4,802                       | 4,584                       |
| Finished goods   | 7,461                       | 6,445                       |
| TOTAL (B)  | <u>12,263</u>               | <u>11,029</u>               |
| <b>CHANGES IN INVENTORIES NET (INCREASE ) / DECREASE (A-B)</b> |                             |                             |
| Process Stock  | (217)                       | 155                         |
| Finished goods   | (1,015)                     | 837                         |
|  | <u>(1,233)</u>              | <u>992</u>                  |

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

(Rs. in Lakhs)

| PARTICULARS                                      | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| <b>NOTE No. 28. EMPLOYEE BENEFITS / EXPENSES</b> |                             |                             |
| Salaries, Wages and Bonus                        | 9,385                       | 7,975                       |
| Unavailed earned Leave                           | 119                         | 140                         |
| Contribution to Provident Fund and other funds   | 754                         | 634                         |
| Other Welfare Expenses                           | 519                         | 546                         |
|  | <u>10,778</u>               | <u>9,295</u>                |
| <b>NOTE No. 29. FINANCE COSTS</b>                |                             |                             |
| Interest Expenses                                |                             |                             |
| - For Term Loan                                  | 1,318                       | 1,747                       |
| - For Working capital Loan                       | 1,811                       | 1,561                       |
| - For Export Bills Discounting                   | 592                         | 566                         |
| - For Domestic Bill Discounting                  | 3                           | NIL                         |
| Other Borrowing Cost                             | 199                         | 33                          |
|  | <u>3,923</u>                | <u>3,907</u>                |
| <b>NOTE No. 30. OTHER EXPENSES</b>               |                             |                             |
| Freight and forwarding charges                   | 3,243                       | 2,909                       |
| Selling Expenses                                 | 2,159                       | 1,505                       |
| <b>PAYMENT TO THE AUDITORS</b>                   |                             |                             |
| As Auditors                                      | 10                          | 10                          |
| For Taxation Matters                             | 0                           | 1                           |
| For Certification work                           | 1                           | 3                           |
| For Reimbursement of Expenses                    | 1                           | 2                           |
| Conversion Charges                               | 779                         | 1,024                       |
| Processing Charges                               | 557                         | 534                         |
| Stores Consumed                                  | 6,356                       | 5,902                       |
| Power and Fuel                                   | 7,772                       | 6,469                       |
| Repairs to Machinery                             | 1,080                       | 1,444                       |
| Repairs to Building                              | 340                         | 174                         |
| Insurance  | 178                         | 195                         |
| Bad Debts  | 157                         | 119                         |
| Rates and Taxes excluding Taxes on Income        | 228                         | 144                         |
| Expenditure on CSR Activities                    | 49                          | 47                          |
| Loss on sale of Long Term Investments (Net)      | 0                           | 6                           |
| Rent   | 26                          | 12                          |
| Miscellaneous Expenses                           | 1,715                       | 1,511                       |
|  | <u>24,648</u>               | <u>22,010</u>               |

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

(Rs. in Lakhs)

| Particulars   | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|---|-----------------------------|-----------------------------|
| <b>31) A. Contingent Liabilities (To the extent not provided for)</b> |                             |                             |
| i) Claim against the Company not acknowledged as debts                | 18                          | 23                          |
| ii) Disputed Sales tax demand not provided for                        | 478                         | 722                         |
| iii) On account of export obligation covered by letter of undertaking | 15,705                      | 7,554                       |

### 32) Financial Instruments

#### i) Capital management

The Company manages its capital to ensure that entities in 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 2019 | 31 <sup>st</sup> March 2018 |
|------------------------------|-----------------------------|-----------------------------|
| Debt                         | 15,136                      | 20,669                      |
| Less: Cash and bank balances | 1,568                       | 860                         |
| Net debt                     | 13,568                      | 19,808                      |
| Total equity                 | 23,120                      | 20,692                      |
| Net debt to equity ratio     | 0.59                        | 0.96                        |

| <b>Categories of Financial Instruments</b>         | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| <b>Financial assets Measured at amortised cost</b> |                             |                             |
| Loans  | 1,669                       | 1,326                       |
| Trade receivables                                  | 21,912                      | 19,089                      |
| Cash and cash equivalents                          | 518                         | 336                         |
| Bank balances other than above                     | 1,049                       | 524                         |
| Other financial assets                             | 393                         | 212                         |

|   |        |        |
|---|--------|--------|
| <b>Financial liabilities Measured at amortised cost</b> |        |        |
| Borrowings (short term)                                 | 33,475 | 31,412 |
| Trade payables  | 20,604 | 12,575 |
| Other financial liabilities                             | 7,343  | 8,198  |

#### 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, 2019

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) 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. 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.

### (b) 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.

### (c) 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.

### (d) 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.

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

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    | 2018-19 | 2017-18 |
|----------------|---------|---------|
| Provident Fund | 417     | 390     |

#### (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 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
|  | Gratuity<br>(Funded Plan)   | Gratuity<br>(Funded Plan)   |
| Opening balance of Present Value of the Obligation | 1,021                       | 825                         |
| Interest Cost                                      | 74                          | 58                          |
| Current Service Cost                               | 78                          | 67                          |
| Prior service cost                                 | -                           | 44                          |
| Benefits Paid                                      | (124)                       | (105)                       |
| Actuarial loss/(gain)                              | 30                          | 132                         |
| Closing balance of Present Value of the Obligation | 1,078                       | 1,021                       |

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

(Rs. in Lakhs)

| Particulars                                  | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| Opening balance Fair Value of Plan Assets    | 1,063                       | 1,059                       |
| Expected return on Plan Assets               | 78                          | 76                          |
| Contribution by the Company                  | 20                          | 10                          |
| Benefits Paid                                | (124)                       | (105)                       |
| Actuarial gain/(loss)                        | 28                          | 23                          |
| Closing balance of Fair Value of Plan Assets | 1,064                       | 1,063                       |

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

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

| Particulars   | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|---|-----------------------------|-----------------------------|
| Present value of the obligation                         | 1,078                       | 1,021                       |
| Fair value of the Plan Assets                           | 1,064                       | 1,063                       |
| Surplus/(Deficit)                                       | (14)                        | 42                          |
| Experience adjustments on Plan Liabilities (loss)/ gain | (30)                        | (132)                       |
| Experience adjustments on Plan Assets (loss)/ gain      | 28                          | 23                          |

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

| Particulars   | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|---|-----------------------------|-----------------------------|
| Current Service Cost  | 78                          | 67                          |
| Interest Cost   | 74                          | 58                          |
| Expected return on plan assets                                | (78)                        | (76)                        |
| Net Actuarial (gain)/loss recognised in the year              | 2                           | 110                         |
| Total expenses recognised in the Statement of Profit and Loss | 76                          | 158                         |

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

| Particulars                               | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|---|-----------------------------|-----------------------------|
| a) Government Securities                  | 29.00%                      | 17.83%                      |
| b) Bank deposits (Special deposit scheme) | 2.00%                       | 1.80%                       |
| c) Others / approved securities           | 69.00%                      | 80.37%                      |

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

| Particulars                            | 31 <sup>st</sup> March 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| Discount Rate                          | 7.67%                       | 7.55%                       |
| Salary Escalation Rate                 | 8.00%                       | 8.00%                       |
| Attrition Rate                         | 8.00%                       | 8.00%                       |
| Expected rate of return on plan assets | 7.67%                       | 7.55%                       |

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 2019 | 31 <sup>st</sup> March 2018 |
|--|-----------------------------|-----------------------------|
| (a) Opening / Closing number of shares (numbers)   | 48,16,446                   | 48,16,446                   |
| (b) Profit / Loss after Tax Expense (Rs. in Lakhs) | 2,820                       | 2,533                       |
| (c) Earnings per share (Rs.)                       | 58.55                       | 52.60                       |
| (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 31.03.2019 is Rs. 335 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, 2019

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 2019 | 31 <sup>st</sup> March 2018 |
|---|-----------------------------|-----------------------------|
| a) Gross amount required to be spent by the Company during the year | 49                          | 47                          |
| b) Amount spent in cash during the year on:                         |                             |                             |
| i) Construction/acquisition of any asset                            | -                           | -                           |
| ii) On purposes other than (i) above                                | 49                          | 47                          |
| <b>Balance</b>  | <b>-</b>                    | <b>-</b>                    |

### Note No: 40 SEGMENT REPORTING

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

(Rs. in lakhs)

| PARTICULARS   | Manufacturing   |                 | Trading       |               | Total           |                 |
|---|-----------------|-----------------|---------------|---------------|-----------------|-----------------|
|   | 31.03.2019      | 31.03.2018      | 31.03.2019    | 31.03.2018    | 31.03.2019      | 31.03.2018      |
| <b>Segment Revenue</b>  |                 |                 |               |               |                 |                 |
| Revenue from Operations   | 1,17,328        | 1,01,651        | 13,366        | 13,952        | 1,30,694        | 1,15,603        |
| <b>Net Sales / Income from Operations</b>                                       | <b>1,17,328</b> | <b>1,01,651</b> | <b>13,366</b> | <b>13,952</b> | <b>1,30,694</b> | <b>1,15,603</b> |
| Segment Results Profit / (Loss) before tax and interest from: (Textile)         | 5,774           | 5,122           | 452           | 432           | 6,225           | 5,554           |
| <b>Total</b>  | <b>5,774</b>    | <b>5,122</b>    | <b>452</b>    | <b>432</b>    | <b>6,225</b>    | <b>5,554</b>    |
| Less: Interest  |                 |                 |               |               | 3,923           | 3,907           |
| Add: Unallocable income / (Expenditure) (Net)                                   |                 |                 |               |               | 0               | 4               |
| <b>Total Profit / (Loss) before share of Profit / (Loss) of a Joint Venture</b> |                 |                 |               |               | <b>2,302</b>    | <b>1,651</b>    |
| Share of Profit / (Loss) of a Joint Venture                                     |                 |                 |               |               | 248             | 225             |
| Tax Expenses  |                 |                 |               |               | (270)           | (657)           |
| <b>Total Profit / (Loss) after Tax</b>  |                 |                 |               |               | <b>2,820</b>    | <b>2,533</b>    |
| <b>OTHER INFORMATION:</b>   |                 |                 |               |               |                 |                 |
| Segment Assets  | 94,305          | 89,632          | 2,567         | 2,299         | 96,872          | 91,931          |
| Unallocable Assets  |                 |                 |               |               | 3,903           | 3,979           |
| <b>Total Assets</b>   | <b>94,305</b>   | <b>89,632</b>   | <b>2,567</b>  | <b>2,299</b>  | <b>100,774</b>  | <b>95,909</b>   |
| Segment Liabilities   | 31,489          | 26,251          | 2,418         | 1,514         | 33,907          | 27,765          |
| Unallocable Liabilities   |                 |                 |               |               | 123             | 783             |
| <b>Total Liabilities</b>  | <b>31,489</b>   | <b>26,251</b>   | <b>2,418</b>  | <b>1,514</b>  | <b>34,031</b>   | <b>28,547</b>   |
| Segment Capital Expenditure   | 3,601           | 2,422           |               |               | 3,601           | 2,422           |
| Unallocable Capital Expenditure   |                 |                 |               |               |                 |                 |
| <b>Total Capital Expenditure</b>  | <b>3,601</b>    | <b>2,422</b>    |               |               | <b>3,601</b>    | <b>2,422</b>    |
| Segment Depreciation  | 5,739           | 6,059           |               |               | 5,739           | 6,059           |
| Unallocable Depreciation  |                 |                 |               |               |                 |                 |
| <b>Total Depreciation</b>   | <b>5,739</b>    | <b>6,059</b>    |               |               | <b>5,739</b>    | <b>6,059</b>    |



## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

### (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 2019 | 31 <sup>st</sup> March 2018 |
|---------|-----------------------------|-----------------------------|
| Europe  | 14,750                      | 20,169                      |
| Asia    | 77,120                      | 63,385                      |
| America | 30,203                      | 25,040                      |
| Others  | 2,190                       | 3,280                       |

2. Carrying amount of Segment Assets:

| Region  |        |        |
|---------|--------|--------|
| Europe  | 11,499 | 8,993  |
| Asia    | 60,120 | 70,394 |
| America | 23,546 | 11,164 |
| Others  | 1,707  | 1,463  |

3. Carrying amount of Segment Liabilities:

| Region  |        |        |
|---------|--------|--------|
| Europe  | 4,025  | 5,004  |
| Asia    | 21,044 | 15,724 |
| America | 8,242  | 6,212  |
| Others  | 597    | 814    |

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

| Name                                   | Country of Incorporation | % of ownership interest | Nature of Business   |
|--|--------------------------|-------------------------|--|
| <b>DIRECT SUBSIDIARY</b>               |                          |                         |  |
| Loyal International Sourcing Pvt. Ltd. | India                    | 100.00                  | Textile - Trading  |
| <b>JOINT VENTURE</b>                   |                          |                         |  |
| Gruppo P&P Loyal Spa                   | Italy                    | 47.50                   | Sale of garment and fabrics.<br>Purchase of reflective band and trims. |
| Loyal Dimco Group A.E.B.E*             | Greece                   | 50.00                   | No operations  |
| Loyal IRV Textile LDA, Portugal        | 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, 2019

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>                               |   |                |                                     |                |
| M/s. Loyal Textile Mills Limited            | 94.3%   | 21,782.35      | 91.34%                              | 2,604.40       |
| <b>Subsidiary</b>                           |   |                |                                     |                |
| M/s. Loyal International Sourcing Pvt. Ltd. | -0.5%   | (118.14)       | -0.03%                              | (0.93)         |
| <b>Joint Venture</b>                        |   |                |                                     |                |
| <b>Foreign</b>                              |   |                |                                     |                |
| Gruppo P&P Loyal SPA Italy                  | 6.2%  | 1,424.72       | 8.69%                               | 247.74         |
| 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 31.03.2019 |
| <b>(i) Assets</b>                  |                  |
| Fixed Assets                       | 552              |
| Current Assets                     | 3,594            |
| <b>(ii) Liabilities</b>            |                  |
| Short term Borrowings              | 1,515            |
| Current Liabilities and provisions | 604              |
| <b>(iii) Income</b>                | 4,498            |
| <b>(iv) Expenses</b>               | 4,257            |

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2019

### 43. RELATED PARTY DISCLOSURES FOR THE FINANCIAL YEAR ENDED 31.03.2019

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

| Remuneration paid to key managerial personnel:              | Mr. Manikam Ramaswami - Managing Director (upto 02.10.2017) |                             | Mrs. Valli M Ramaswami Chairperson and Whole Time Director |                             | Mr. P. Manivannan Whole Time Director |                             | Ms. Vishala Ramswami CEO (from 20.10.2017 to 19.03.2018) |                             |
|---|---|-----------------------------|--|-----------------------------|---------------------------------------|-----------------------------|--|-----------------------------|
|   | 31 <sup>st</sup> March 2019                                 | 31 <sup>st</sup> March 2018 | 31 <sup>st</sup> March 2019                                | 31 <sup>st</sup> March 2018 | 31 <sup>st</sup> March 2019           | 31 <sup>st</sup> March 2018 | 31 <sup>st</sup> March 2019                              | 31 <sup>st</sup> March 2018 |
| Salary, Perquisites and Other allowances                    | -   | 11.80                       | 58.53  | 12.00                       | 19.18                                 | 16.57                       | -  | 24.39                       |
| Contribution to provident fund - defined contribution plan  | -   | 1.09                        | 7.02   | 1.44                        | 2.02                                  | 1.58                        | -  | 1.95                        |
| Contribution to super annuation fund - defined benefit plan | -   | -                           | -  | -                           | -                                     | -                           | -  | -                           |
| Commission  | -   | 20.87                       | -  | -                           | -                                     | -                           | -  | -                           |
| <b>TOTAL</b>  | -   | 33.76                       | 65.55  | 13.44                       | 21.19                                 | 18.16                       | -  | 26.34                       |

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 : 30<sup>th</sup> May 2019

**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   | (1,18,13,658)                                |
| 6       | Total Assets   | 74,66,827                                    |
| 7       | Total Liabilities  | 1,90,80,484                                  |
| 8       | Investments  | NIL  |
| 9       | Turnover   | NIL  |
| 10      | Profit before taxation   | (92,565)                                     |
| 11      | Provision for taxation   | NIL  |
| 12      | Profit after taxation  | (92,565)                                     |
| 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

| Name of associates / Joint Ventures |  | Gruppo P&P<br>Loyal spa Italy | Loyal IRV<br>Textile LDA<br>Portugal | LOYAL DIMCO<br>GROUP<br>A.E.B.E<br>Greece |
|-------------------------------------|--|-------------------------------|--------------------------------------|---|
| 1                                   | Latest audited Balance Sheet Date  | 31/12/2018                    | NA                                   | NA  |
| 2                                   | Shares of Associate/Joint Ventures held by the company of the year               | 3325 Shares                   | 2550 Shares                          | 50000 Shares                              |
|                                     | Amount of Investment in Associates/ Joint Venture                                | 1,49,30,077                   | 1,98,620                             | 18,38,780                                 |
|                                     | Extend of Holding %  | 47.50%                        | 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.) | 15,74,99,795                  | Nil                                  | Nil                                       |
| 6.                                  | Profit/Loss for the year (Rs.)   | 5,21,56,496                   | Nil                                  | Nil                                       |
|                                     | • Considered in Consolidation (Rs.)  | 2,47,74,336                   | Nil                                  | Nil                                       |
|                                     | • Not Considered in Consolidation (Rs.)  | 2,73,82,160                   | 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 : 30<sup>th</sup> May 2019



## LOYAL TEXTILE MILLS LTD

CIN: L17111TN1946PLC001361

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

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

Phone: 04632-220001 Fax :04632 - 221353



### ATTENDANCE SLIP

I / We hereby record my/ our presence at the 73<sup>rd</sup> Annual General Meeting of the Company at 21/4, Mill Street, Kovilpatti - 628 501 on Thursday, 26<sup>th</sup> September 2019 at 10.30 A.M.

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

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

Signature of member / proxy : .....

#### Note :

1. Members of their proxies / representatives of bodies corporate should bring the attendance slip duly filled infor attending the meeting.
2. ELECTRONIC Copy of the Annual Report for the year 2018-19 and Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form are being sent to all the members whose e-mail address is registered with the Company / Depository Participant.
3. Physical copy of the Annual Report for the year 2018-19 and Notice of the AGM along with Attendance Slip and Proxy Form are sent in the permitted mode(s) to all members.
4. The Company is offering electronic voting facility to its members in respect of the ordinary / special business to be transacted at the ensuing AGM, pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 the Companies (Management and Administration) Rules 2014.

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

#### ELECTRONIC VOTING PARTICULARS

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

Please read the instructions given at Note.15 of the Notice convening 73<sup>rd</sup> AGM carefully before voting electronically. Members who have cast their vote electronically shall not be allowed to vote again at the meeting.





# PROXY FORM

## FORM MGT 11

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

Name of the Company : **LOYAL TEXTILE MILLS LTD**  
CIN: L17111TN1946PLC001361  
Regd Office : 21/4 MILL STREET, KOVILPATTI 628 501  
Email : investors@loyaltextiles.com, Website : www.loyaltextiles.com  
Phone: 04632 - 220001 Fax: 04632 - 221353

|                               |  |
|-------------------------------|--|
| Name of the Member(s)         |  |
| Registered Address            |  |
| E-mail ID                     |  |
| Folio / DP ID - Client ID No. |  |

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

|                   |                      |
|-------------------|----------------------|
| (1) Name : .....  | or failing him / her |
| Address : .....   |                      |
| E-mail ID : ..... |                      |
| Signature : ..... |                      |

|                   |
|-------------------|
| (2) Name : .....  |
| Address : .....   |
| E-mail ID : ..... |
| Signature : ..... |

| No. | Resolution  | Type of Resolution |
|-----|---|--------------------|
|     | <b>Ordinary Business</b>  |                    |
| 1   | Adoption of Audited Financial Statements for the year ended 31 <sup>st</sup> March, 2019              | Ordinary           |
| 2   | Approval of Dividend for the year 2018-19   | Ordinary           |
| 3   | Re-appointment of Mr. B Vaidyanthan, Director who retires by rotation and eligible for re-appointment | Ordinary           |
|     | <b>Special Business</b>   |                    |
| 4   | Ratification of remuneration to the Cost Auditor  | Ordinary           |

Signed this ..... day of ..... 2019

Signature of the Share holder .....

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

Affix  
revenue  
stamp  
Rs. 1.00

Note :

1. This form of proxy, In order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the resolutions, explanatory statement and notes, please refer to the Notice of the 73<sup>rd</sup> Annual General Meeting.
3. Please complete all details including details of member(s) in above box before submission.

