

ANNUAL REPORT
2009 - 2010

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M/s. GNSA INVESTOR SERVICES P LTD.,
(Unit : Loyal Textile Mills Limited)

GR Mansion

No. 11, Srinivasa Road, Pondy Bazar,

T. NAGAR,

CHENNAI - 600 017.



LOYAL TEXTILE MILLS LTD

ANNUAL REPORT 2009 - 2010

LOYAL TEXTILE MILLS LIMITED

BOARD OF DIRECTORS : Mr. MANIKAM RAMASWAMI,
(As on 24th May 2010) Chairman & Managing Director

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

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

AUDITORS : MESSRS. SURI & CO., MADURAI.

REGISTERED OFFICE : 21/4, MILL STREET, KOVILPATTI - 628 501.
: PHONE : 04632 - 220001
: E-mail:investors@loyaltextiles.com

REGISTRAR AND SHARE : GNSA INFOTECH (P) LIMITED
TRANSFER AGENTS G.R. MANSION
NO. 11, SRINIVASA ROAD
PONDY BAZAR
T. NAGAR
CHENNAI - 600 017
PHONE : (044) 4296 2209 / 4296 2222
E-mail:info@gnsaindia.com

LOYAL TEXTILE MILLS LTD.

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Sixty Fourth Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at 21/4, Mill Street, Kovilpatti : 628 501 at 10.00 A.M. on Monday, the 20th day of September, 2010 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date together with the reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in the place of Mr. S. Venkataramani who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Mr. Shridhar Subrahmanyam who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint M/s. Suri & Co., Chartered Accountants, Madurai, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES :

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

2. The Register of Members and Share Transfer Books of the Company will be closed from 07th September, 2010 to 20th September, 2010 (both days inclusive).

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

- a) any change in their registered address along with PIN code number.
- b) details about their bank account number, name of the bank, bank's branch name and address to enable the Company to print the same on the dividend warrants.

Please quote your Ledger Folio No./DP and Client ID in all correspondence with the Company / R&TA.

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

5. As per the amended provisions of the Companies Act, 1956, dividends remaining unclaimed for a period of 7 years has to be transferred to the Investor Education and Protection Fund established by the Government of India. Members who have not encashed the dividend warrants for the year ended 31st March 2003 and/or any subsequent years are requested to write to the Company, giving necessary details before 12.10.2010.

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

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

I. Mr. S. Venkataramani

Mr. S. Venkataramani aged 67 years, is a fellow member of Institute of Chartered Accountant of India. He has been in the Board since October 2004. He is also a member of the Audit committee and Shareholders grievances committee of the Board of Directors.

Outside Directorship :

1. Maris Spinners Limited.
2. Shri Chintamani Textile Mills Limited.
3. Kerry Jost Engineering Limited.
4. Bharat Travel Service P Limited.
5. Janatha Travels India P Limited.
6. Maris Enterprises P Limited.
7. Nilgiri Agro Agencies P Limited.

Committee Membership :

1. Maris Spinners Limited

Mr. S. Venkataramani does not hold any share in the Company.

II. Mr. Shridhar Subrahmanyam

Mr. Shridhar Subrahmanyam aged 71 hold Master of Science in engineering from University of California at Los Angeles, USA, Bachelor of Technology (Honours) in Mechanical Engineering from IIT, Kharagpur, India and Bachelor of Science in Physics, Chemistry and Mathematics from University of Allahabad, India. He has vast experience and served across the globe as a top Managerial person. He has been in the Board since May 2007. He is also a member of the Audit committee of the Board of Directors.

Outside Directorship : NIL

Committee Membership : NIL

Mr. Shridhar Subrahmanyam does not hold any share in the Company.

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

Place : CHENNAI
Date : 24th May, 2010.

MANIKAM RAMASWAMI
Chairman & Managing Director

Directors' Report

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have great pleasure in presenting their 64th Report on the business and operations of the Company together with the audited statement of accounts for the year ended 31st March 2010.

WORKING RESULTS

Financial results for the year under review are as follows :

	(Rs. in Crore)
	For Year ended 31 st March 2010
GROSS PROFIT	68.98
Less : Interest	21.13
OPERATING PROFIT	47.85
Less : Depreciation	44.86
PROFIT BEFORE TAX	2.99
Less : Provision for Current Tax	0.99
PROFIT AFTER CURRENT TAX	2.00
Less : Provision for Deferred Tax	0.03
PROFIT AFTER DEFERRED TAX	1.97
Add : Surplus brought forward from previous year	-
PROFIT FOR THE YEAR	1.97

After transferring Rs. 0.20 Crore to General Reserve, your Directors recommend the balance of Rs. 1.77 Crore be appropriated as under :

PROPOSED DIVIDEND ON EQUITY SHARES (30%)	1.41
PROVISION FOR TAX ON DISTRIBUTED PROFITS	0.24
BALANCE CARRIED TO NEXT YEAR	0.12

DIVIDEND

Your Directors recommend a Dividend of Rs. 3.00 (30%) per equity share of Rs. 10/- each for the financial year ended 31st March 2010.

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

GENERAL ECONOMY AND ITS IMPACT ON TEXTILES :

The Indian economy grew by 7.40% in spite of global issues and not so favorable a monsoon.

Exports from the country registered a -3.98% growth, lower growth than the previous year.

Textile exports registered a growth rate of 6.18%

Although the GDP growth rate came down, various factors have made the income at the bottom of the pyramid go up steeply. **NREGA**, Farm loan write off, higher support prices for agricultural produce have directly improved the income accruing at the bottom of the pyramid. More than this, the indirect benefit of NREGA of raising the minimum wages paid across all low paying sectors mainly farming and textiles has been significant. It is estimated that NREGA's direct and indirect impact would be in excess of Rs. 200,000 crores getting added to the income of the bottom of the pyramid.

This huge additional income will most certainly positively impact textile consumption. One meter increase in per capita consumption will need 10 lac bales of cotton and 18 lac spindles. It is clear that for the next few years the domestic consumption growth in textiles will be robust and textile industry will enjoy a good domestic market. Since the Textile industry is predominantly export oriented, improvements in domestic consumption alone will not be sufficient to keep demand exceeding supply.

Textile exports and government policies : Textile industry in India is very highly export dependent, almost 50% of the factory gate turnover of textiles comes from exports. Textile exports from India suffered heavily during this period due to government policies.

1. Unrestricted flow of foreign currency into India including large in flows through ECB's even after RBI put it on a restricted list together with speculative news of rupee appreciating to very high levels, made rupee appreciate for the wrong reasons. This affected Indian exports as a whole.

2. Government from krishi youjana gave incentives to cotton traders with retrospective effect and government controlled CCI (Cotton corporation of India) gave these large exporters 10% discount in various forms thus making our Indian cotton at least 10% cheaper to our competitors in China, Pakistan and Bangladesh.

3. During the period of global slow down all other textile exporting nations gave upto 100% additional incentives to the labour intense textile industry, our government on the other hand reduced incentives.

Directors' Report

4. TUF's loan interest subsidy to an extent of 2000 crores was not disbursed.

However ever since the new Minister took over textiles he has in quick time rectified all those issues in his control and the Rupee which appreciated for the wrong and unsustainable reasons retraced its path. Today the textile industry is back on tracks and the exports are set to grow. The policies on exports are thus favorable for value added exports for the first time and auger well for Indian.

Textiles Power Scenario : The power situation in Tamil Nadu where our factories are located continues to be critical. More than the actual shortage, the unequal distribution of the shortage and poor grid maintenance, frequent power tripping is causing huge losses to our company. It is estimated that our company would have suffered an additional loss of Rs 20 crores due to the unequal distribution of shortage and poor grid quality in addition to the normal losses due to genuine power shortage.

Interest rate : The market remained sluggish as the government during most part of the financial year was following wrong policies and encouraging exports from our competitors we were forced to give longer credit, carry much larger finished goods inventory etc, and our borrowings on working capital went up steeply. Fixed investment made was not utilized fully due to non-availability of power. With creeping increase in interest rate, interest costs went up both in absolute terms and in % terms. However, since November of 2009 there is a marked improvement in the all round performance; interest rates are coming down, working capital is also being reduced, utilisation is improving. It is expected that very soon interest rate as a % of our turnover will come down.

Current working and future prospects : The year under review has been better than the previous year and we have been able to return to profits, the year ahead certainly looks better and we can expect to do much better both in terms of turnover and profits. The policies are favoring value addition which our company is focused on. The levels of inequality in power distribution will certainly come down and board has promised to improve the quality of power. Both domestic market; due to the bottom of the pyramid getting more money and the export markets due to the stoppage of subsidized exports of cotton to our competitors are showing good improvements.

Expansion of capacity: Our new investment in Andhra Pradesh is progressing well and the new state of art spinning with a capacity of 22500 spindles and 100 Air Jet looms will get completed and commissioned by the end of this year.

Industrial relations : The company has cordial industrial relations at all its plants, the total employee strength stands at 3100.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

All amounts which are due to be transferred to the Investor Education and Protection Fund are regularly monitored and transferred. During the year, the Company has transferred a sum of Rs. 3.11 Lakhs, being the amount due and payable and remaining unpaid for a period of 7 years, as provided under Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (awareness and protection of investors) Rules, 2001. Members who have not encashed the Dividend warrants for the financial year ended 2002-2003 and / or any subsequent years are requested to write to the Company with necessary details before 12.10.2010.

EXPORTS

During the Year under review, the company exported goods to the tune of Rs. 314.08 crore.

MODERNISATION :

A sum of Rs. 5.94 crore (Previous year Rs. 14.63 crore) was spent on modernization / replacement of plant and machinery during the year under review.

FINANCE :

During the year the Company availed term loans to the tune of Rs. 8.32 crore and repaid loans to the extent of Rs. 9.64 crore to Banks/ Financial institutions.

FIXED DEPOSITS :

4 deposits aggregating to Rs. 2.04 lakhs remained unclaimed as on 31st March 2010. No deposit has since been renewed / repaid.

DIRECTORS :

In accordance with the provisions of the Companies Act, 1956, Mr. S. Venkataramani, Director and Mr. Shridhar Subrahmanyam retires by rotation and are eligible for reappointment.

Directors' Report

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

The Directors hereby state :-

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures.
- b) that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year;
- c) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the directors have got prepared the annual accounts on a going concern basis. COMPANY SECRETARY : During the year under report, Mr. Shiva Prasad Padhy was appointed as Company Secretary with effect from 17th September, 2009.

LISTING :

The Company's equity shares continue to be listed on the Bombay Stock Exchange, Mumbai. The listing fees for the year 2010-2011 has been paid.

AUDITORS :

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

The Auditors Report to the shareholders does not contain any qualifications.

REPORT ON CORPORATE GOVERNANCE

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

PARTICULARS OF EMPLOYEES :

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

PARTICULARS OF ENERGY CONSUMPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Place: CHENNAI
Date : 24th May, 2010.

MANIKAM RAMASWAMI
Chairman & Managing Director

ANNEXURE TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH 2010.

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

Name	Designation	Nature of Duties	Age	Remuneration (Rs.)	Qualification	Date of appointment	Experience	Last employment
Manikam Ramaswami	Chairman & Managing Director	Management of affairs of the company	56 Years	28,59,631	B. Tech. (Hons)	01.06.1979	31 Years	NIL

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

_____ NONE _____

Note :

- 1) Remuneration includes Salary, allowances, value of perquisites and Company's contribution to provident and superannuation funds but excludes contribution to gratuity fund on the basis of actuarial valuation as separate figures are not available.
- 2) The nature of employment is contractual.
- 3) Mr. Manikam Ramaswami belongs to the promoter group and holds 1,09,315 shares in the Company which comprises of 2.32% of the total paid up share capital of the Company. Along with his wife and dependent child he holds 1,96,011 shares in the company which comprises of 4.17% of the total paid up share capital of the Company.

STATEMENT OF PARTICULARS PURSUANT TO THE PROVISIONS OF SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 ANNEXED TO AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH 2010.

(a). Energy conservation measures taken

The Company continuously monitors the energy usage in all its units and following major measures have been taken during the year ended 31st March, 2010 for bringing down the energy cost.

- ❖ Air leakages arrested in all the areas of the spinning department.
- ❖ Cyclic timer provided in OHTC waste collection system.
- ❖ Chinese filter installed in Blow Room in lieu of Cross Roll Filter.

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

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

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

Due to above energy saving measures implemented during 2009-10, the Company has an annual savings of Rs. 0.36 crore.

ANNEXURE

FORM A

(See Rule 2)

Form for disclosure of particulars with respect to conservation of energy

(A) POWER AND FUEL CONSUMPTION	2009-2010	2008-2009
1. Electricity		
a) Purchased		
Units	74,389,164.00	69,523,237.00
Total Amount Rs.	342,158,171.50	304,215,347.56
Rate/ Unit Rs.	4.60	4.38
b) Generation		
i) Through Diesel etc./ Generator Units		
Units	1,207,253.00	283,926.01
Fuel Value	12,179,191.71	3,260,091.03
Fuel Quantity	347,746.00	90.688.00
Units per Ltr of Oil	3.47	3.13
Cost/unit Rs.	10.09	11.48
ii) Through Furnace Oil /Generator Units		
Units	15,418,061.00	2,16,11,467.00
Fuel Value	96,884,688.94	107,769,272.93
Fuel Quantity	3,776,779.00	5,180,128.00
Units per Ltr of Oil	4.08	4.17
Cost / unit Rs.	6.28	4.99
iii) Through Wind /Generator Units		
Units	47,484,045.00	41,682,829.00
Value	178,483,860.89	145,889,901.50
Cost / unit Rs.	3.76	3.50
iv) Through Steam Turbine/ Generator	Not applicable	Not applicable
2. Coal (specify quantity and where used)		
Qty. (Tonnes)		
Total Cost	Not Applicable	Not Applicable
Average cost		
3. Furnace oil		
Qty (Ltrs)	--	--
Total Cost Rs.	--	--
Average Cost Rs.	--	--
4. Others / Internal Generation		
Fire wood (for boiler)		
Quantity (Kgs)	14,806,006.00	18,555,703.00
Total cost Rs.	40,333,516.04	49,746,564.97
Rate/unit Rs.	2.72	2.68
(B) Consumption per unit of production products with details unit (per kg/mtr)		
Electricity		
Yarn	4.21	4.60
Cloth	3.17	2.87
Garments	0.14	0.14

FORM B
(See Rule 2)

Form for disclosure of particulars with respect to Absorption.

Research and Development :

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

Foreign Exchange earnings and outgo :

The Company is one of the leading exporters of Textiles.

Initiatives are constantly undertaken to improve exports to various Countries.

	(Rs. in Crore)	(Rs. in Crore)
	2009 - 2010	2008 - 2009
Total Foreign Exchange Earned	281.01	268.13
Total Foreign Exchange Used	58.18	81.56

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

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

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

2. BOARD OF DIRECTORS :

i) The composition of the Board of Directors as on 31st March, 2010 is as follows :

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

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

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

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

ii) Board Meetings & AGM

During the year under review four Board meetings were held i.e. on 20th May, 2009, 31st July, 2009, 30th October, 2009, and 25th January, 2010. The Company regularly furnishes all the relevant information, as recommended by the Securities and Exchange Board of India / Stock Exchange, to the Board.

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

Directors	No.of Board Meetings Attended	Whether attended last AGM
Mr.Manikam Ramaswami	4	No
Mr.K.J.M. Shetty	4	No
Mr.S.Venkataramani	4	No
Mr.R. Poornalingam	3	No
Mr.Shridhar Subrahmanyam	3	Yes
Mr.P. Manivannan	4	Yes

iii) Remuneration to Directors

No remuneration other than the sitting fees and other expenses (travelling, boarding and lodging incurred for attending the Board / Committee Meetings) were paid to the non-executive Directors in 2009-2010.

a) Details of Remuneration paid to the Managing Director and a Director during the year 2009-2010 is given below.

NAME OF DIRECTOR	SALARY	PERKS	COMMISSION	PF & SUPER ANNUATION FUND	TOTAL
	Rs.	Rs.	Rs.	Rs.	Rs.
Mr. Manikam Ramaswami	18,00,000	6,09,631	---	4,50,000	28,59,631
Mr. P. Manivannan	4,23,000	43,750	---	50,760	5,17,510

b) Details of payments made to Non-Executive Directors during the year 2009-2010 is given below :-

Directors	Sitting Fees (in Rupees)		Total No. of Shares held in the Company as on 31 st March 2010.
	Board Meeting	Committee Meeting	
Mr.K.J.M. Shetty	20,000	25,000	50*
Mr.S.Venkataramani	20,000	25,000	Nil
Mr.R. Poornalingam	15,000	Nil	Nil
Mr.Shridhar Subrahmanyam	15,000	15,000	Nil

* Shares held as second joint holder.

3. BOARD COMMITTEES

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

(i) Audit Committee

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

During the year the Committee met four times i.e. on 20th May 2009, 31st July, 2009, 30th October, 2009 and 25th January, 2010.

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

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

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

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

The Statutory Auditor, Vice President (Operations), Company Secretary and other concerned executives of the Company attended the Committee Meetings.

ii) Shareholders' / Investors' Grievance Committee

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

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

The Committee met once during the year, on 20th May 2009.

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

14 shareholders' complaints in the nature of non-receipt of dividend warrants, non - receipt of share certificates after transfer, non - receipt of Annual Report etc were received during 2009 - 2010.

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

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

4. MANAGEMENT DISCUSSION & ANALYSIS REPORT :

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

5. DISCLOSURES

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

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

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

6. GENERAL SHAREHOLDER INFORMATION

a) Annual General Meeting

Day : Monday
Date : 20th September, 2010
Time : 10.00 a.m
Venue : 21/4, Mill Street, Kovilpatti : 628 501.

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

Last three Annual General Meetings :

Date & Time	Location	Special Resolution passed
27 th August, 2007, 10.00.A.M.	21/4, Mill Street, Kovilpatti - 628 501. Tamil Nadu	Re-Appointment of Mr.Manikam Ramaswami as Chairman and Managing Director and payment of Remuneration
04 th September, 2008, 10.30.A.M.		Commencement of new business of Farming
2 nd September, 2009, 9.45.A.M.		1. Appointment of Mr. P. Manivannan as Whole Time Director and payment of remuneration. 2. Approval for Mr. Shridhar Subrahmanyam to hold an office or place of profit.

- * No Special Resolution was passed last year through postal Ballot.
- * No Special Resolution is proposed to be passed through postal ballot this year.

b) Financial Calendar (tentative calendar of events and subject to change) **for the 2010 - 2011.**

Financial reporting for the quarter ending 30th June 2010 : End of July 2010
 Financial reporting for the quarter ending 30th September 2010 : End of October, 2010
 Financial reporting for the quarter ending 31st December 2010 : End of January, 2011
 Financial reporting for the quarter ending 31st March 2011 : With in 60 days from the end of March 2011
 Annual General Meeting for the year ending 31st March, 2011: Last week of August 2011.

c) Book Closure period :

07th September, 2010 to 20th September, 2010. (As stipulated in the Listing agreement)

d) Share Capital :

The Share capital of the Company comprises of 47,03,946 equity shares of Rs. 10/- each. No shares were issued / allotted during the year.

e) Dividend :

The dividend recommended by the Directors, after the same is approved by the shareholders at the Annual General Meeting, will be paid to those shareholders whose name appear on the Company's Register of Members as on the date of Annual General Meeting and in case of shares in dematerialized form, as per the details furnished by NSDL/CDSL. The warrants will be posted on or before by 19th October 2010.

f) Listing on Stock Exchange and stock code :

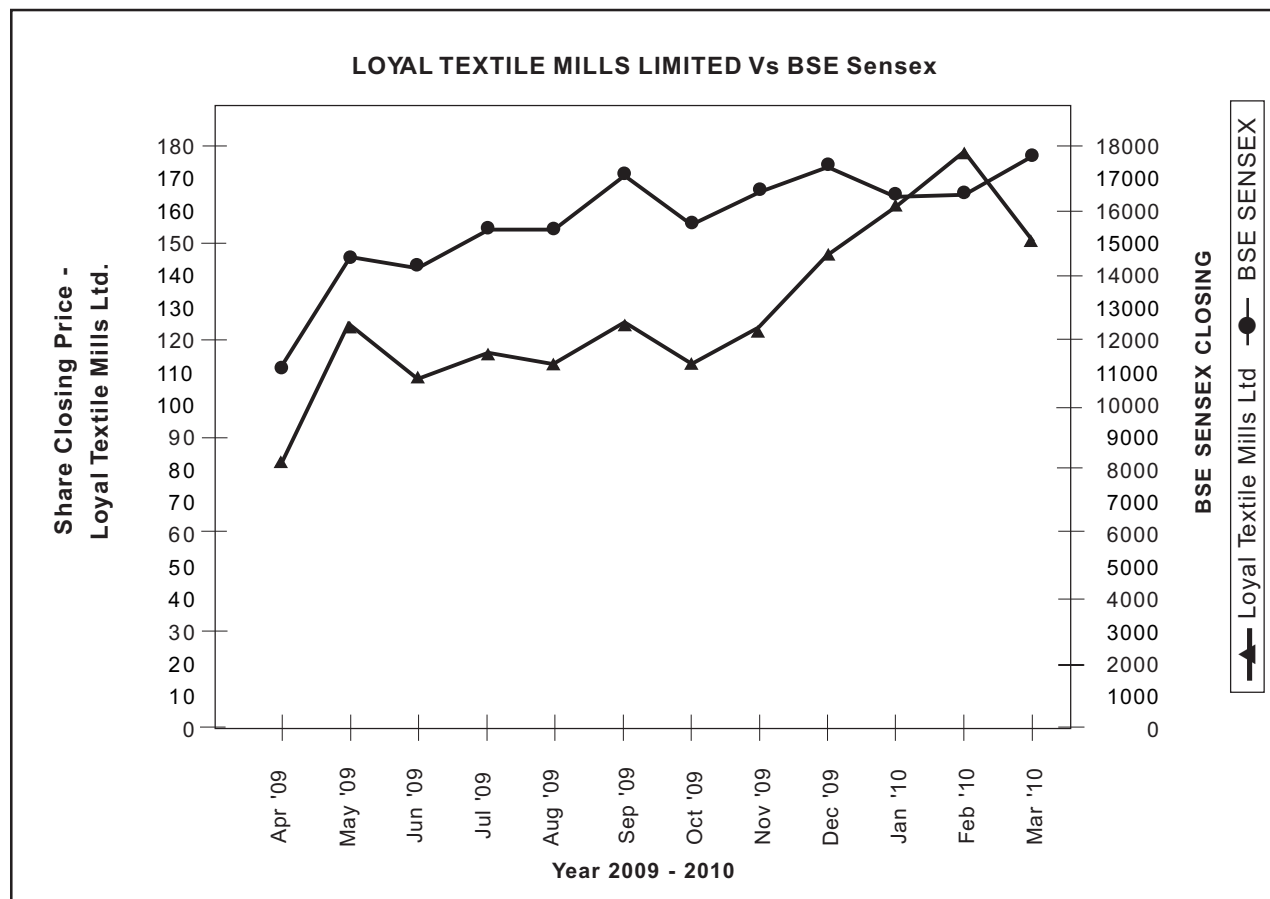
The Company's equity shares are listed on the Stock Exchange, Mumbai. The address of the Stock exchange and the stock code is given below :

Stock Exchange	Stock code
Bombay Stock Exchange Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001	514036

g) Market price data :

MONTH	COMPANY'S SHARE PRICE			BSE SENSEX		
	HIGH	LOW	CLOSE	HIGH	LOW	CLOSE
Apr 09	80.50	50.30	80.45	11,492.10	9,546.29	11,403.25
May 09	128.00	76.50	124.00	14,930.54	11,621.30	14,625.25
June 09	125.00	105.55	109.90	15,600.30	14,016.95	14,493.84
July 09	117.50	103.60	114.90	15,732.81	13,219.99	15,670.31
Aug 09	119.90	103.00	112.00	16,002.46	14,684.45	15,666.64
Sept 09	133.00	109.00	126.25	17,142.52	15,356.72	17,126.84
Oct 09	125.00	105.05	112.20	17,493.17	15,805.20	15,896.28
Nov 09	137.00	103.05	123.00	17,290.48	15,330.56	16,926.22
Dec 09	156.70	117.00	147.15	17,530.94	16,577.78	17,464.81
Jan 10	179.50	142.65	162.00	17,790.33	15,982.08	16,357.96
Feb 10	178.00	141.00	178.00	16,669.25	15,651.99	16,429.55
Mar 10	176.00	143.10	150.40	17,793.01	16,438.45	17,527.77

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



h) Share Transfer System :

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

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

i) Dematerialisation of shares :

The Company has entered in to an agreement with both NSDL & CDSL to have electronic depository facilities for the shares of the Company. As on 31st March, 2010, **8,29,710** shares were in dematerialised form representing 17.64% of the total shares. The Demat ISIN code Number of our share is INE970D01010.

j) Shareholding Pattern (As on 31st March, 2010) :

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

k) Distribution of shareholding of the Company as on 31st March 2010 :

Nominal value (in Rs.)	Shareholders		Share Amount	
	Number	% to Total	In Rs.	% to Total
up to 5000	1870	83.00	26,47,540	5.63
5001 - 10000	180	7.99	14,5 2,370	3.09
10001 - 20000	98	4.35	15,0 9,200	3.21
20001 - 30000	31	1.38	7,71,010	1.64
30001 - 40000	19	0.84	7,07,700	1.50
40001 - 50000	8	0.36	3,75,570	0.80
50001 - 100000	21	0.93	15,5 1,670	3.30
100001 and above	26	1.15	3,80,24,400	80.84
Total	2253	100.00	470,39,460	100.00

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

m) Plant locations :

Spinning, Knitting, Weaving and Garments

21/4, Mill Street, Kovilpatti - 628 501.

N. Venkateswarapuram, N. Subbiahpuram, Sattur Taluk - 626 205.

Menakur Village, naidupatta Mandal, Nellore District, Andhra Pradesh - 524 221.

Processing :

C7-1, SIPCOT Industrial Complex, Kudikadu, Cuddalore - 607 005.

n) Means of Communication :

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

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

o) Address for Communication :

a. Compliance Officer

Mr. Shiva Prasad Padhy

Company Secretary

Loyal Textile Mills Ltd.

No. 83, (Old No.41) First Main Road,

R A Puram, Chennai - 600 028

Phone : (044) 42277374 Fax : (044) 43060622

Email : investors@loyaltextiles.com

(or)

2. Registrar and Share Transfer Agent

GNSA Infotech (P) Limited

G.R. Mansion, No. 11, Srinivasa Road

Pondy Bazar, T. Nagar, Chennai - 600 017

Phone : (044) 4296 2209 / 4296 2222

E-mail : sta@gnsaindia.com

Contact person : Mr. Krishna Kumar, Director

INSIDER TRADING POLICY

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

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

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

EXTENT OF COMPLIANCE WITH NON MANDATORY REQUIREMENTS

Remuneration Committee :

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

Circulation of Quarterly / Half-yearly results :

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

Audit qualifications :

The auditors have not made any qualifications on the financial statements of the Company.

Postal Ballot :

During the year no resolutions were passed by postal ballot.

Training of Board Members and their evaluation

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

Whistle Blower Policy :

The Company is yet to implement a Whistle Blower Policy.

MANIKAM RAMASWAMI

Chairman & Managing Director

To

The Members of Loyal Textile Mills Limited

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

I, Manikam Ramaswami, Chairman & Managing Director of Loyal Textile Mills Limited, to the best of my knowledge and belief, declare that all the members of the Board and Senior Management Personnel have affirmed compliance with the code of conduct of the Company for the year ended 31st March 2010.

Place : CHENNAI

Date : 24th May 2010.

MANIKAM RAMASWAMI

Chairman & Managing Director

Report of the auditors

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

1. We have audited the attached Balance Sheet of M/s. Loyal Textile Mills Limited, Kovilpatti as at 31st March, 2010 and also the Profit and Loss Account for the year ended on that date annexed thereto and the cash flow statement for the year ended on that date.
2. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
3. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
4. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
5. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
6. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
7. In our opinion, the Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
8. On the basis of written representations received from the Directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
9. As per information furnished, pending notification from the Central Government, the company is not required to pay any cess under Section 441A of the Companies Act 1956, as on the date of Balance Sheet.
10. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.
 - ii) In the case of the profit and Loss Account, of the PROFIT for the year ended on that date, and
 - iii) In the case of cash flow statement, of the cash flows for the year ended on that date.

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

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

Report of the Auditors

- As per information furnished, the company has not received any order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
17. In our opinion, the Company has an Internal Audit system which is commensurate with the size of the company and the nature of its business.
 18. We have broadly reviewed the cost records maintained by the company in respect of products where pursuant to the Rules made by the Central Government, the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
 - 19.a) According to the information and explanations given to us, the company has been regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income-tax, Sales-tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty, Cess and any other material statutory dues with the appropriate authorities during the year.
 - b) According to the information and explanations given to us, there are no undisputed statutory dues payable in respect of above which are outstanding as at 31-3-2010 for a period of more than six months from the dates they became payable.
 - c) According to the information and explanations furnished to us there are no dues of Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited with appropriate authorities on account of any dispute. In respect of income tax and sales tax which are pending payment on account of dispute, the information of which is given below :
 20. The company has neither any accumulated losses nor has incurred any cash losses in the financial year or in the immediately preceding financial year.
 21. According to the information and explanations given to us the company has not defaulted in repayment of dues to financial institutions or banks. The Company has no outstanding debentures.
 22. The company has not granted any loans / advances on the basis of security by way of pledge of shares, debentures and other securities.
 23. The company not being a Chit fund, Nidhi or mutual benefit Society, the requirements of item (xiii) of paragraph 4 of the Order is not applicable to the company.
 24. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. In respect of shares held as investments, the same are held in the name of the Company.
 25. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others, from a bank or financial institution.
 26. As per information and explanations given to us, term loans were applied for the purpose of which loans were obtained.
 27. According to the information and explanations given to us, no fund raised on short-term basis has been used for long-term investment.
 28. The company has not made any allotment of shares during the year.
 29. The company has not issued debentures. Hence the requirements of clause (xix) of paragraph 4 of the Order regarding creation of securities for debentures issued are not applicable to the company.
 30. The Company has not raised any amount by public issues.
 31. According to the information and explanations given to us, a fraud on or by the Company has not been noticed or reported during the year.

FOR SURI & CO.,

(R.KRISHNAMOORTHY)
PARTNER

CHARTERED ACCOUNTANTS
M.No. 20695

Place : CHENNAI

Date : 24th May 2010

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

Name Statute / Dues	Unpaid Disputed Liability (Rs. in '000s)	Period to which the amount relates	Forum where dispute is pending
Income Tax	1,05,69	2002-03, 2003 - 04 and 2004 -05	Commissioner of Income Tax (Appeals)
Sales Tax - TNGST	16,34	2002 - 2003	Appellate Assistant Commissioner of Sales Tax
Sales Tax - CST	6,06	2002 - 2003	Appellate Assistant Commissioner of Sales Tax
Service Tax	65.59	01-07-2003 to 30-11-06	High Court Madurai Bench.
Total	1,93,68		

FOR SURI & CO.,

(R.KRISHNAMOORTHY)
PARTNER

CHARTERED ACCOUNTANTS

Place : CHENNAI

Date : 24th May 2010

Report of the Auditors

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

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

We have examined the Compliance of conditions of Corporate Governance by M/s.Loyal Textile Mills Ltd. Kovilpatti for the year ended on 31st March 2010, as stipulated in clause 49 of the Listing Agreement of the Company with Stock Exchanges.

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

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

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

FOR SURI & CO.,

(R.KRISHNAMOORTHY)
PARTNER

CHARTERED ACCOUNTANTS
M.No. 20695

Place : CHENNAI

Date : 24th May 2010

Operating Results Summary

(Rs. in Lakhs)

Year Ended	31.3.2010	31.3.2009	31.3.2008	31.3.2007	31.3.2006
Turnover	44421.56	42405.65	39256.82	36099.38	30283.50
Export Incentives / Duty Drawback	1785.41	1649.19	1614.33	1000.31	723.21
Other income	144.63	188.86	557.39	564.04	349.67
Increase / (Decrease) in Stock	(812.50)	38.22	787.33	520.69	280.94
	<u>45539.10</u>	<u>44281.92</u>	<u>42215.87</u>	<u>38184.42</u>	<u>31637.32</u>
Raw Material Consumed	21281.35	20746.05	18159.97	16526.39	12354.34
Conversion / Processing Charges	1834.09	1980.33	1467.27	1646.85	2074.14
Stores Consumed	1923.00	2135.15	1839.16	1844.05	1799.20
Purchase of Finished Goods for Processing / Sales	2774.00	4132.12	4220.12	2208.41	1277.64
Power and Fuel	2970.43	3042.19	3269.91	3472.45	3264.39
Salaries, Wages, Bonus & Amenities	2798.74	2406.95	2185.08	1915.93	1649.59
Repairs & Maintenance	1340.64	1297.16	1272.39	1287.00	1534.49
Interest	2113.18	2212.39	1524.30	893.13	649.75
Other Expenses	3718.37	3898.68	3277.22	3083.15	2493.82
Depreciation	4486.06	4531.87	4225.95	3286.71	2832.20
	<u>45239.86</u>	<u>46382.89</u>	<u>41441.37</u>	<u>36164.07</u>	<u>29929.56</u>
Pre Tax Profit (Loss)	299.24	(2100.97)	774.50	2020.35	1707.76
Export (C & F Value)	29623.19	28671.18	27618.55	26635.27	21748.72
Production of yarn in Lakh Kgs.	194.62	180.20	178.33	150.61	127.23
Production of Cloth in Lakh Mtrs.	256.93	269.11	252.10	234.13	234.49

Balance Sheet Summary

(Rs. in Lakhs)

As at	31.3.2010	31.3.2009	31.3.2008	31.3.2007	31.3.2006
Gross Block	52615.20	52444.59	50928.62	43287.43	37004.15
Depreciation	25986.47	21890.68	17734.87	14364.28	12710.76
Net Fixed Assets	26628.73	30553.91	33193.75	28923.15	24293.39
Investments	180.19	180.19	186.29	192.58	214.92
Current Assets	19085.91	18404.30	17836.75	13156.81	13293.85
Loans and Advances	5349.23	4078.19	3927.53	3594.50	2950.79
	51244.06	53216.59	55144.32	45867.04	40752.95
Secured & Unsecured Loans	35776.60	39247.16	37561.91	30219.32	25413.97
Current Liabilities & Provisions	4793.76	3331.71	4824.02	3344.20	4565.18
Deferred Tax Liability	2311.60	2307.78	3015.28	2819.28	2360.28
	42881.96	44886.65	45401.21	36382.80	32339.43
Net Worth	8362.10	8329.94	9743.11	9484.24	8413.52
Represented By :					
Share Capital	470.40	470.40	470.40	470.40	470.40
Reserves and surplus	7891.70	7859.54	9272.71	9013.84	7943.12
Pre Tax Profit (Loss)	299.24	(2100.97)	774.50	2020.35	1707.76
Dividend paid on Equity shares	141.12	--	183.45	183.45	183.45
% of Dividend on Equity Shares	30.00	--	39.00	39.00	39.00

Profit and Loss Account

for the year ended 31st March, 2010

(Rs. '000)

Particulars	Schedule No.	Year ended 31.03.2010	Year ended 31.03.2009
INCOME			
Net Sales		444,08,34	423,42,17
Export Incentives & Duty Drawback		17,85,41	16,49,19
Processing Charges		13,22	63,48
Other Income	1	1,44,63	1,88,86
Increase/ (Decrease) in Stocks	2	(8,12,50)	38,22
Total		455,39,10	442,81,92
EXPENDITURE			
Raw Material Consumed	3	212,81,35	207,46,05
Conversion and Processing Charges		18,34,09	19,80,33
Stores Consumed		19,23,00	21,35,15
Purchase of Items traded		27,74,00	41,32,12
Power and Fuel		29,70,43	30,42,19
Salaries, Wages, Bonus and Amenities	4	27,98,74	24,06,95
Repairs and Maintenance	5	13,40,64	12,97,16
Interest	6	21,13,18	22,12,39
Other Expenses	7	37,18,37	38,98,68
Depreciation		44,86,06	45,31,87
Total		452,39,86	463,82,89
Profit / (Loss) Before Taxation		2,99,24	(21,00,97)
Less : Provision for Current Tax		98,70	70
Less : Provision for Fringe Benefit Tax		-	19,00
Profit after Current Tax and FBT		2,00,54	(21,20,67)
Less : Provision for Deferred Tax		3,82	(7,07,50)
Profit / (Loss) after Taxation		1,96,72	(14,13,17)
Add : Balance Brought Forward		-	4,90,34
LESS : APPROPRIATIONS		1,96,72	(9,22,83)
(a) Transfer to General Reserve		20,00	9,22,83
(b) Proposed Dividend on Equity Shares (30%)		1,41,12	--
(c) Provision for tax on distributed profits		23,44	--
Balance carried to Balance Sheet		12,16	--
Earnings per share			
a) Before extra ordinary Item Basic and Diluted		4.18	(30.04)
b) After extra ordinary Item Basic and Diluted		4.18	(30.04)

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

MANIKAM RAMASWAMI
Chairman & Managing Director

S. VENKATARAMANI
R. POORNALINGAM
SHRIDHAR SUBRAHMANYAM
P. MANIVANNAN
Directors

SHIVA PRASAD PADHY
Company Secretary

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

Date : 24th May 2010
Place : Chennai.

Date : 24th May 2010
Place : Chennai.

Balance Sheet as at 31st March, 2010

(Rs.'000)

Particulars	Schedule No.	As at 31.03.2010	As at 31.03.2009
SOURCES OF FUNDS :			
SHARE HOLDERS FUNDS :			
Capital	8	4,70,40	4,70,40
Reserves and Surplus	9	78,91,70	78,59,54
		<u>83,62,10</u>	<u>83,29,94</u>
Deferred Tax Liability (Net)	10	23,11,60	23,07,78
LOAN FUNDS :			
Secured Loans	11	357,49,49	392,04,97
Unsecured Loans	12	27,11	42,19
		<u>357,76,60</u>	<u>392,47,16</u>
Total		<u>464,50,30</u>	<u>498,84,88</u>
APPLICATION OF FUNDS :			
FIXED ASSETS			
Gross Block	13	524,87,26	523,05,89
Less : Depreciation		<u>259,86,47</u>	<u>218,90,68</u>
Net Block		<u>265,00,79</u>	<u>304,15,21</u>
Capital Work-in-Progress		1,27,94	1,38,70
		<u>266,28,73</u>	<u>305,53,91</u>
INVESTMENTS	14	1,80,19	1,80,19
CURRENT ASSETS, LOANS & ADVANCES :			
Interest on deposits & Interest subsidy receivable		9,60,23	9,13,47
Inventories	15	111,02,03	92,08,57
Sundry Debtors	16	67,14,15	81,05,91
Cash and Bank Balances	17	3,09,50	1,76,35
Loans and Advances	18	53,49,23	40,78,19
		<u>244,35,14</u>	<u>224,82,49</u>
Less : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	19	45,41,02	32,14,37
Provisions	20	2,52,74	1,17,34
		<u>47,93,76</u>	<u>33,31,71</u>
Net Current Assets		<u>196,41,38</u>	<u>191,50,78</u>
Total		<u>464,50,30</u>	<u>498,84,88</u>

Schedules 8 to 20 and 21 (Notes) form part of this Balance Sheet

MANIKAM RAMASWAMI
Chairman & Managing Director

S. VENKATARAMANI
R. POORNALINGAM
SHRIDHAR SUBRAHMANYAM
P. MANIVANNAN
Directors

SHIVA PRASAD PADHY
Company Secretary

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

Date : 24th May 2010
Place : Chennai.

Date : 24th May 2010
Place : Chennai.

Schedules to Profit and Loss Account

(Rs. '000)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
SCHEDULE 1 - OTHER INCOME		
Rent (TDS Rs. 14,45,136/-)	85.58	77.62
Profit on Sale of Assets (Net)	41.56	65.39
Insurance claim Received	79	29.50
Dividends - Non Trade (Trade) - (TDS Rs. NIL/-)	2	2
Miscellaneous Income	14.82	15.37,
Testing charges	1.86	96
TOTAL	<u>1,44,63</u>	<u>1,88,86</u>
SCHEDULE 2 - INCREASE / (DECREASE) IN STOCK		
OPENING STOCK		
Process Stock	18,91,97	21,52,11
Finished Goods	29,41,04	26,48,66
Waste Cotton	30,47	24,49
TOTAL (A)	<u>48,63,48</u>	<u>48,25,26</u>
Less : CLOSING STOCK		
Process Stock	16,43,23	18,91,97
Finished Goods	23,58,95	29,41,04
Waste Cotton	48,80	30,47
TOTAL (B)	<u>40,50,98</u>	<u>48,63,48</u>
INCREASE / (DECREASE) IN STOCK (B-A)	<u><u>(8,12,50)</u></u>	<u><u>38,22</u></u>
SCHEDULE 3 - RAW MATERIAL CONSUMED		
OPENING STOCK	38,38,68	30,33,99
Add : Purchase and Expenses	237,28,08	215,50,74
	<u>275,66,76</u>	<u>245,84,73</u>
Less : CLOSING STOCK	62,85,41	38,38,68
*Include cotton in transit of Rs. 362.79 lakhs		
TOTAL	<u><u>212,81,35</u></u>	<u><u>207,46,05</u></u>

Schedules to Profit and Loss Account

(Rs. '000)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
SCHEDULE 4 - SALARIES, WAGES, BONUS AND AMENITIES		
Salaries, Wages and Bonus	23,18,46	19,72,82
Un availed earned Leave Encashment	21,65	20,71
Contribution to Super Annuation Fund	2,34	2,21
Contribution to Provident Fund	1,08,78	1,13,40
Contribution to E.S.I. & Group Insurance	39,12	33,10
Gratuity	55,86	70,10
Welfare Expenses	2,52,53	1,94,61
TOTAL	27,98,74	24,06,95
SCHEDULE 5 - REPAIRS AND MAINTENANCE		
Machinery	10,32,67	10,45,26
Buildings	1,33,21	1,85,89
Others	1,74,76	66,01
TOTAL	13,40,64	12,97,16
SCHEDULE 6 - INTEREST		
Interest paid on Fixed Loans	16,09,01	15,72,87
Interest on other loans	8,17,20	9,33,57
	24,26,21	25,06,44
Less : Interest received (TDS Rs. 6,44,135/-)	3,13,03	2,94,05
TOTAL	21,13,18	22,12,39
SCHEDULE 7 - OTHER EXPENSES		
Insurance	1,14,04	92,68
Rent, Taxes and Licence Fees*	1,45,76	1,27,38
Brokerage and Commission	7,95,36	7,09,11
Selling Expenses	5,34,66	5,95,10
Freight and forwarding charges	10,84,91	13,86,49
Travelling Expenses	1,00,40	1,03,83
Postage, Telephone, Telegram etc.,	45,26	56,96
Miscellaneous Expenses**	4,52,61	7,14,21
Donation	62	41
Auditor's Remuneration	5,03	5,54
Directors' Sitting Fees	1,35	1,15
Bad debts	2,23,90	--
Provision for doubtful debts	2,14,47	1,05,82
TOTAL	37,18,37	38,98,68

* Include Rent paid of Rs. 432860/- (Previous year Rs. 2401780/-)

** Misc Expenses include loss on exchange fluctuation of Rs. 1335079/- (Previous year Rs. 2,83,78,632/-)

** Misc Expenses include provision for diminution in value of investment Rs. Nil (P.Y. Rs. 6,10,726/-)

Schedules to Profit and Loss Account

(Rs.'000)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Auditors' Remuneration		
For Audit	2,50	2,50
For Taxation and tax appeals	1,22	1,31
For Certification work	60	75
Service tax	44	56
Reimbursement of Expenses	27	43
TOTAL	5,03	5,54

SCHEDULES TO BALANCE SHEET

SCHEDULE 8 - SHARE CAPITAL

AUTHORISED :

80,00,000 Equity Shares of Rs. 10/- each	8,00,00	8,00,00
6,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each	6,00,00	6,00,00
TOTAL	14,00,00	14,00,00

ISSUED, SUBSCRIBED AND PAID-UP :

47,03,946 Equity Shares of Rs. 10/- each Fully paid-up	4,70,40	4,70,40
TOTAL	4,70,40	4,70,40

NOTE :

EQUITY SHARES -OF THE ABOVE

- (i) 27,69,970 Equity Shares of Rs. 10/- each were issued as Fully paid-up Bonus Shares by way of Capitalising part of General Reserve.
- (ii) 60,000 Equity Shares of Rs. 10/- each were issued as Fully paid-up shares pursuant to a Scheme of Reorganisation of Capital Structure without the payment being received in Cash.
- (iii) 15,38,266 Equity Shares of Rs. 10/- each were issued as Fully paid up shares pursuant to amalgamation of "Valli Cotton Traders Ltd". and "Loyal Super Fabrics Ltd".

Schedules to Balance Sheet

(Rs. '000)

Particulars	As at 31.03.2010	As at 31.03.2009
SCHEDULE 9 - RESERVES AND SURPLUS		
1. (a) Capital Reserve		
As per Last Balance Sheet	24,19	24,19
(b) Amalgamation Reserve		
As per Last Balance sheet	2,08,77	2,08,77
(c) Capital Redemption Reserve		
As per Last Balance Sheet	4,30,00	4,30,00
2. Revaluation Reserve		
Surplus on Revaluation of Land		
As per Last Balance Sheet	40,52	40,52
3. General Reserve		
As per Last Balance Sheet	71,56,06	
Add : Transfer from Profit & Loss A/c	<u>20,00</u>	
	71,76,06	71,56,06
4. Surplus		
Balance in Profit and Loss Account	12,16	--
TOTAL	<u>78,91,70</u>	<u>78,59,54</u>
SCHEDULE 10 - DEFERRED TAX LIABILITY		
Deferred Tax Liability	32,79,95	38,62,83
Deferred Tax Assets	<u>(9,68,35)</u>	<u>(15,55,05)</u>
TOTAL	<u>23,11,60</u>	<u>23,07,78</u>
SCHEDULE 11 - SECURED LOANS		
(A) TERM LOANS		
From Financial Institutions (including interest accrued thereon)	8,68,66	8,96,24
From Banks	<u>2,51,51,76</u>	<u>2,52,47,63</u>
	2,60,20,42	2,61,43,87
(B) Working Capital Loans from Banks	97,29,07	1,30,61,10
TOTAL	<u>3,57,49,49</u>	<u>3,92,04,97</u>
NOTES		
Term Loans are secured by Joint and equitable mortgage of all immovable properties, present and future, and by hypothecation of machineries ranking paripassu with one another.		
Working Capital Loans from Banks are secured by hypothecation of Raw Materials, Stock-in-process, finished goods, stores, consumables, spares and book debts and are also secured by a second charge on block assets.		
GUARANTEE		
Term Loans and Working Capital loans are guaranteed by the Chairman and Managing Director.		
SCHEDULE 12 - UNSECURED LOANS		
1) Fixed Deposits	24,66	39,74
2) Interest accrued and due on fixed deposits	2,45	2,45
TOTAL	<u>27,11</u>	<u>42,19</u>

Schedules to Balance Sheet

SCHEDULE : 13 - FIXED ASSETS

(Rs. '000)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Cost as on 01-04-2009	Addition	Sales	Cost as on 31-03-2010	Acc. Dep. as On 01-04-2009	For the year	Withdrawal	Acc. Dep. as On 31-03-2010	W.D.V. AS ON 31-03-2010	W.D.V. AS ON 31-03-2009
1. LAND*	9,02,27	1,77,14	199,45	8,79,96	—	—	—	—	8,79,96	9,02,27
2. BUILDINGS	42,98,17	—	—	42,98,17	11,79,40	1,54,79	—	13,34,19	29,63,98	31,18,77
3. FURNITURE	2,55,24	6,51	—	2,61,75	1,94,15	17,64	—	2,11,79	49,96	61,09
4. PLANT AND MACHINERY	4,66,27,56	6,05,06	4,41,83	4,67,90,79	2,03,64,87	42,94,46	3,90,05	2,42,69,28	2,25,21,51	2,62,62,69
5. VEHICLES	2,22,65	34,17	23	2,56,59	1,52,26	19,17	22	1,71,21	85,38	70,39
TOTAL	5,23,05,89	8,22,88	6,41,51	5,24,87,26	2,18,90,68	44,86,06	3,90,27	2,59,86,47	2,65,00,79	3,04,15,21
PREVIOUS YEAR TOTAL	4,98,25,82	29,22,74	4,42,67	5,23,05,89	1,77,34,89	45,31,87	3,76,06	2,18,90,68	3,04,15,21	3,20,90,95
* Include Lease Land Rs. 5,87,588/-.										
WORK IN PROGRESS										
LEASE LAND PENDING ALLOTMENT										
PLANT AND MACHINERY										
Total										
31.03.2010										
31.03.2009										
1,19,88										
1,19,88										
8,06										
18,82										
1,27,94										
1,38,70										

Schedules to Balance Sheet

(Rs. '000)

SCHEDULE 14 - INVESTMENTS

LONG TERM	BALANCE AS ON 01.04.2009		PURCHASES		SALES / ADJUSTMENTS		BALANCE AS ON 31.03.2010	
	No. of Shares	Cost Rs.	No. of Shares	Cost Rs.	No. of Shares	Cost Rs.	No. of Shares	Cost Rs.
1. NON-TRADE (QUOTED) IN EQUITY SHARES								
CENTRAL BANK OF INDIA	762	78					762	78
	762	78					762	78
(Market value Rs. 1,11,633/-)								
2. INVESTMENT IN GOVERNMENT SECURITIES :								
NON-TRADE - UN QUOTED :								
i) 12 Year National Plan Certificate *		7						7
ii) 12 Year National Defence Certificate *		1						1
iii) 5 Year Postal Deposit*		1						1
iv) 6 Year National Savings Certificate**		1						1
		10						10

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

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

3. INVESTMENT IN EQUITY SHARES :

TRADE UNQUOTED (FULLY PAID UP)

i) Uniloyal Expotex Ltd.	24700	2,47					24700	2,47
ii) Shri Teyem Processors Ltd.	24808	2,48					24808	2,48
iii) Gruppo P&P Loyal Spa (Joint Venture 47.5%)	3325	1,49,30					3325	1,49,30
iv) Cuddalore Sipcot Industries Association	4665	4,67					4665	4,67
v) Loyal Dimco Group A.E.B.E. (Joint Venture 50%)	50000	18,39					50000	18,39
vi) SIMA Textile Processing Centre Ltd.	20000	2,00					20000	2,00
vii) Loyal Textile (UK) Ltd.	2450	—					2450	—
	129948	1,79,31					129948	1,79,31
GRAND TOTAL	130710	1,80,19					130710	1,80,19

31.03.2010 31.03.2009

Aggregate Cost of Un-quoted investments

1,79,41 1,79,41

Aggregate Cost of quoted investments

78 78

1,80,19 1,80,19

Schedules to Balance Sheet

Particulars	(Rs. '000)	
	As at 31.03.2010	As at 31.03.2009
SCHEDULE 15 - INVENTORIES (As Certified by Management)		
1. Stores and Spares	7,65,64	5,06,41
2. Stock-in-Trade		
i) Raw Materials	62,85,41	38,38,68
ii) Yarn, Cloth and Garments	23,58,95	29,41,04
iii) Stock in Process	16,43,23	18,91,97
iv) Waste Cotton	48,80	30,47
TOTAL	1,11,02,03	92,08,57
SCHEDULE 16 - SUNDRY DEBTORS		
a) Exceeding Six Months		
(i) Unsecured - Good	14,02,77	15,55,40
(ii) Considered doubtful	3,52,04	1,37,57
LESS : Provisions	3,52,04	1,37,57
	<u>14,02,77</u>	<u>15,55,40</u>
b) Other Debts - Unsecured Good	53,11,38	65,50,51
TOTAL	67,14,15	81,05,91
SCHEDULE 17 - CASH AND BANK BALANCES		
1. Cash and Stamps on hand	13,80	19,06
2. Bank Balances		
a) With Scheduled Banks :		
i) In Current Accounts	1,93,09	1,27,75
ii) In Deposit Accounts	1,02,61	29,54
(Deposit Receipts for Rs.96,11,447/- lodged with Bank and are in Margin Money Account)		
TOTAL	3,09,50	1,76,35
SCHEDULE 18 - LOANS AND ADVANCES (Unsecured Good)		
i) Advance recoverable in cash or in kind or for services to be rendered	44,48,67	30,32,30
ii) Deposits with Government Departments	7,01,25	7,46,05
iii) Tax payments pending adjustments	17,44,06	
Less : Provision for tax	<u>15,44,75</u>	<u>2,99,84</u>
TOTAL	53,49,23	40,78,19
SCHEDULE 19 - CURRENT LIABILITIES		
i) Sundry Creditors	44,94,16	31,62,68
ii) Due to Micro and small Enterprises / SSI	--	--
iii) Due to Managing Director	16,18	17,73
iv) Unclaimed Dividend	30,68	33,96
TOTAL	45,41,02	32,14,37

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

Schedules to Balance Sheet

(Rs. '000)

Particulars	As at 31.03.2010	As at 31.03.2009
SCHEDULE 20 - PROVISIONS		
a) Proposed Dividends	1,41,12	--
b) For Provident Funds and other Funds	29,67	23,93
c) Gratuity	55,86	70,10
d) Un availed earned Leave Encashment	26,09	23,31
TOTAL	2,52,74	1,17,34

SCHEDULE 21 - NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES :

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

B) Revenue recognition:

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

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

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

C) Expenditure:

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

D) Duty Draw Back claims:

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

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

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

E) Use of estimates:

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

F) Fixed Assets and Depreciation :

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

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

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

Notes Forming Part of Accounts for the year ended 31st March 2010

(Rs. '000)

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

Notes Forming Part of Accounts for the year ended 31st March 2010

(Rs. '000)

Particulars	As at 31.03.2010	As at 31.03.2009
M. Impairment of Fixed Assets :		
Consideration is given at each Balance Sheet date to determine whether there is any impairment of the carrying amount of the company's fixed assets. Impairment loss is recognised as and when required.		
N. Earnings per share :		
In determining earnings per share, the company considers the net profit after tax and includes the post tax effect on any extra ordinary items. The number of shares used in computing basic and diluted equity shares is the weighted average number of shares outstanding during the year.		
O. Provisions and contingent liabilities :		
The Company creates a provision when there is a present obligation as a result of an event that requires an outflow of resources and a reliable estimate can be made of the amount. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources.		
P. SEGMENT REPORTING :		
SEGMENT INFORMATION :		
a) The company has identified three reportable business segments as primary segments viz:yarn, cloth and garments.		
b) The secondary segment information are identified on the basis of geographical segments viz. Europe, Asia and Others.		
c) The Accounting policies adopted for segment reporting are in line with the accounting policy of the company with the following additional policies for segment reporting.		
i) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Expenses incurred on behalf of other segments and not directly identifiable to each reportable segment have been allocated to each segment on the basis of associated revenues of each segment.		
ii) Pricing for Inter segment transfers has been made, considering the normal internal business reporting system of the company at estimated realisable value.		
iii) Operating assets and liabilities represent assets / liabilities in respective segments.		
2. Estimated amount of Contracts remaining to be executed on Capital Accounts and not provided for	22,24,57	Nil
3. Contingent Liabilities :		
i) On Account of Bills discounted	44,25,94	30,06,57
ii) Counter Guarantee given to Banks	21,03	83,38
iii) Guarantee to a third party	--	--
iv) Claim against the Company not acknowledged as debts	57,18	23,22
v) Disputed Income tax demand not provided for-Appeals filed before Appellate Authorities are pending	2,82,00	2,42,00
vi) Disputed Sales tax demand not provided for	22,40	29,45
vii) Disputed Service tax not provided for	8,40	23,08
viii)On account of export obligation covered by letter of undertaking	20,37,05	35,11,49
4. The Company has already preferred a petition before the High Court of Mumbai through the Indian Exporters Grievances Forum challenging the validity of the retrospective amendment of the provisions of section 80HHC of the Income Tax Act. The company based on the information given by the legal counsel expects no tax liability and therefore has not made any provision for the sum of Rs. 497 Lakhs. The amount of liability if any arise, relates to earlier years and could be met out of the opening reserves of the Company. The reopened Asst relating to the Assessment year 2002-03 and 2003-04 and the Assessment 2004-05, consequent to the amendment to section 80HHC of the Income Tax Act 1961are pending before the Assessing Officer / Commissioner of Income Tax (Appeals).		

Notes Forming Part of Accounts for the year ended 31st March 2010

(Rs. '000)

Particulars	As at 31.03.2010	As at 31.03.2009
5. Confirmation of balances have not been received from parties.		
6. a) Managing Director's remuneration and perquisites included under the various heads in the profit and loss a/c		
1. Salaries	18,00	17,00
2. Contribution to provident fund - Defined contribution plan	2,16	2,04
3. Contribution to Super annuation fund - defined benefit plan	2,34	2,21
4. Perquisites and other allowances	6,10	6,03
	<u>28,60</u>	<u>27,28</u>
b) Whole Time Director's remuneration and perquisites included under various heads in the Profit and Loss Account.		
1. Salaries	4,23	1,45
2. Contribution to Provident fund - Defined contribution plan	51	15
3. Perquisites and other allowances	44	17
	<u>5,18</u>	<u>1,77</u>

Previous year's figures relate to part period of the year from Nov'09

7. Previous Year's figures have been regrouped / reclassified wherever necessary and figures have been rounded off to the nearest thousand.
8. a) Considering the remaining useful life of certain machinery, the rates of depreciation on straight line is adopted as follows :
- | | | |
|----------------------------------------------------------------------|--------|--------|
| 1) On compact conversion machinery of spinning division (upto 2005) | 35.00% | 35.00% |
| 2) On the addition of Humidification Plant | 35.00% | 35.00% |
| 3) On certain electrical installations of Building | 25.00% | 25.00% |
| 4) On the dust collection attachment to Ring Frames added after 2002 | 95.00% | 95.00% |
| 5) On the spectrocolour matching machine | 95.00% | 95.00% |
| 6) On Interior decorations of office buildings after 2007 | 35.00% | 35.00% |
| 7) On addition of card cans and simplex bobbins (2007 - 08) | 33.33% | 33.33% |
| 8) Solar heater | 95.00% | 95.00% |
| 9) Air Receiver | 95.00% | 95.00% |
- b) The Company has received a sum of Rs. 39.30 lakhs in its Processing Division as terminal excise duty refund which is credited to the respective assets account. There is no condition that is attached to this refund.
9. a) The Amount of capital commitments / contingencies incurred in respect of jointly controlled entities NIL
- b) No significant restriction is attached on the investments held outside India.
- c) The Cash and Cash equivalents in the cash flow statement include foreign currency balances, which does not include any amount, which is of restrictive realisability.
- d) Power and fuel cost is net of Rs. 20.42 Crores (P.Y. Rs. 14.31 Crores) being electricity generated through wind mills.
10. In view of the adjustment of carried forward losses as per the provisions to Income Tax Act 1961 no tax is payable under the normal computation of tax, provision for tax is made on book profits.
11. Deferred tax liability mainly represent timing difference relating to depreciation of Rs. -17.52 Crore (P.Y. Rs. -9.41 Crore) and Deferred asset mainly represent timing difference on account of carried forward depreciation permissible under Income Tax Act 1961 amounting to Rs. NIL (P.Y. Rs. 11.76 Crore) The MAT credit available is Rs. 4.23 Crore.
12. Disclosure regarding Derivative Instruments :

Notes Forming Part of Accounts for the year ended 31st March 2010

(Rs. '000)

Particulars	As at 31.03.2010	As at 31.03.2009	
a) The Company enters into forward contracts and either to hedge its foreign exchange exposure or to reduce costs and not for any speculative purposes. The Company has not entered into any derivative deals during the year and the company has no outstanding derivative exposure as on 31st March 2010.			
b) The net loss incurred by the Company on cancellation of Forward Contracts during the year is grouped under miscellaneous expenditure. As the Company has taken forward cover only for hedging purposes, the Company is not required to mark to market the forward contracts as on the Balance Sheet date.			
13. Earnings per share			
(a) Opening / Closing number of shares	47,04	47,04	
(b) (Loss) / Profit after Tax	1,96,71	(14,13,17)	
(c) Earnings per share (Rs.)	4.18	(30.04)	
(d) Face value of shares (Rs.)	10.00	10.00	
14. Based on the information available with the Company, the principal amount due to Micro and small enterprises on 31.03.2010 is Rs. NIL. There has been no overdue principal amount and therefore no interest is paid / payable.			
15. Employee Benefits:			
(a) The Company has adopted the Accounting Standard (AS) 15 (Revised) from the year 2008.			
(b) Post employment benefits Provident fund and other funds Being a defined contribution plan, the company makes fixed monthly contributions, in respect of covered employees, to the Government managed funds and the company has no legal obligation to pay any further sum beyond the contribution made towards the claims settled. The company has during the year recognised Rs. 150.24 lacs as expense towards contribution towards these plans.			
(c) 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.			
	Gratuity	Gratuity	Gratuity
	(Funded Plan)	(Funded Plan)	(Funded Plan)
	31.03.2010	31.03.2009	31.03.2008
(d) Present Value of the Obligation as on 01.04.2009	3,90,66	3,16,55	2,54,67
Current Service Cost	47,90	31,99	24,73
Interest Cost	26,62	19,96	18,47
Benefits Paid	(21,21)	(19,22)	(17,15)
Actuarial Loss / (gain)	10,07	41,38	35,83
Present Value of the Obligation as on 31.03.2010	<u>4,54,04</u>	<u>3,90,66</u>	<u>3,16,55</u>
(e) Reconciliation of changes in the fair value of plan Assets :			
Fair Value of Plan Asset as on 01.04.2009	3,20,56	2,54,26	2,09,63
Expected return / on plan assets	29,35	22,11	17,24
Contribution by the Company	70,10	62,29	45,04
Benefits Paid	(21,21)	(19,22)	(17,15)
Actuarial gain/(loss)	(63)	1,13	(50)
Fair Value of Plan Assets as on 31.03.2010	<u>3,98,17</u>	<u>3,20,57</u>	<u>2,54,26</u>

Notes Forming Part of Accounts for the year ended 31st March 2010

(Rs. '000)

Particulars	As at		As at
	31.03.2010		31.03.2009
	Gratuity (Funded Plan) 31.03.2010	Gratuity (Funded Plan) 31.03.2009	Gratuity (Funded Plan) 31.03.2008
(f) The total expenses recognised in the profit and loss account is as follows :			
Current Service Cost	47,90	31,99	24,73
Interest Cost	26,61	19,96	18,47
Expected return on plan assets	(29,35)	(22,11)	(17,24)
Net Actuarial (gain) / loss recognised in the year	10,70	40,26	36,33
	<u>55,86</u>	<u>70,10</u>	<u>62,29</u>
(g) Reconciliation of Net Liability recognised in the balance sheet			
Net Liability as at the beginning of the year	70,10	62,29	45,04
Add : Expenses as (d) above	55,86	70,10	62,29
Less : Employers Contribution / Payment	70,10	62,29	45,04
Net Liability as at the end of the year	<u>55,86</u>	<u>70,10</u>	<u>62,29</u>
(h) Constitution of Plan Assets :			
In Government approved securities / deposits / Bonds	3,98,17	3,20,56	2,54,26
(i) Principal actuarial assumptions used as at the Balance Sheet date :			
Discount Rate	7.00%	6.50%	7.50%
Salary Escalation Rate	8.00%	8.00%	8.00%
Attrition Rate	5.00%	5.00%	5.00%
Expected rate of return on plan assets	7.20%	7.20%	7.00%
(j) The expected contribution to the defined benefit during the annual period beginning or after the Balance Sheet date	Rs. 70.10 Lacs	Rs. 70.10 Lacs	Rs. 62.29 Lacs
a) Actual return on plan assets	Rs. 29.35 Lacs	Rs. 22.11 Lacs	Rs. 17.40 Lacs
(k) The estimates of future salary increases, considered in actuarial valuation, taken into account inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. The expected rate of return on assets are estimated as per the return on government of India bonds.			
(l) Percentage of each category of plan assets to total fair value of plan assets as at 31.3.2010			
a) Government Securities	38.00%	40.00%	49.00%
b) Bank deposits (Special deposit scheme)	6.00%	7.00%	9.00%
c) Others / approved securities	56.00%	53.00%	42.00%

Notes Forming Part of Accounts for the year ended 31st March 2010

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

(Rs. '000)

	Units	31.03.2010		31.03.2009	
		Qty. ('000)	Value Rs.	Qty. ('000)	Value Rs.
1. SALES					
A) Yarn	Kgs.	94,15	1,24,83,31	91,95	128,25,04
B) Cloth	Mtrs.	2,45,12	1,20,66,10	2,41,36	119,88,60
C) Hosiery Cloth	Kgs.	97,14	1,46,19,35	89,56	124,61,83
D) Garments	Nos.	35,07	49,46,84	24,99	47,43,03
E) Cotton waste	Kgs.	13,30	1,85,12	15,40	1,84,58
F) Miscellaneous sales			1,07,62		1,39,09
Total			4,44,08,34		4,23,42,17
2. RAW MATERIALS CONSUMED					
i) Cotton, Staple Fibre and cotton waste	Kgs.	2,81,87	1,51,60,67	1,93,96	133,13,92
ii) Yarn (including excise duty on yarn own consumption)	Kgs.	41,52	56,99,56	57,12	68,93,88
iii) Cloth	Mtrs.	82	37,90	3,00	1,80,07
iv) Hosiery cloth	Kgs.	----	90	----	71
v) Dyes (consumed in processing division)	Kgs.	29	1,89,57	35	2,10,00
vi) Reflective band (Consumed in Garments Division)	Mtrs.	7,04	1,92,75	7,33	1,47,47
Total			2,12,81,35		2,07,46,05
3. OPENING STOCK OF FINISHED GOODS					
i) Yarn	Kgs.	4,51	5,40,43	5,42	6,67,45
ii) Cloth	Mtrs.	20,09	8,11,76	16,30	7,23,92
iii) Hosiery Cloth	Kgs.	3,64	4,11,56	3,37	4,11,87
iv) Garments	Nos.	8,22	11,77,29	6,57	8,45,42
v) Waste Cotton	Kgs.	166	30,47	2,04	24,49
Total			29,71,51		26,73,15
4. PURCHASE OF ITEMS TRADED					
i) Yarn	Kgs.	19,62	27,74,00	29,52	35,98,53
ii) Cloth	Mtrs.	----	----	2,62	2,73,09
iii) Hosiery cloth	Kgs.	----	----	2,16	2,60,50
iv) Garments	Nos.	----	----	----	----
Total			27,74,00		41,32,12

Notes Forming Part of Accounts for the year ended 31st March 2010

(Rs. '000)

	Units	31.03.2010		31.03.2009	
		Qty. ('000)	Value Rs.	Qty. ('000)	Value Rs.
5. CLOSING STOCK OF FINISHED GOODS					
i) Yarn	Kgs.	3,68	3,73,33	4,51	5,40,43
ii) Cloth	Mtrs.	13,36	6,98,50	20,09	8,11,76
iii) Hosiery cloth	Kgs.	2,50	2,77,87	3,64	4,11,56
iv) Garments	Nos.	7,34	10,09,25	8,22	11,77,29
v) Waste Cotton	Kgs.	2,06	48,80	1,66	30,47
Total			24,07,75		29,71,51

6. CAPACITY INSTALLED

(As certified by Managing Director)

i) Ring Spindles	Nos.	120,456	120,456
ii) Rotors	Nos.	1,680	1,680
iii) Automatic Looms	Nos.	256	256
iv) Cloth processing	Mtrs.	14,400,000	14,400,000
v) Hosiery Processing	Kgs.	5,400,000	5,400,000
vi) Sewing Machines	Nos.	585	537
vii) Knitting Machines	Nos.	98	95

Note :

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

7. ACTUAL PRODUCTION	Units	Qty. ('000)	Qty. ('000)
i) Yarn (4221839.41 Kgs manufactured by outsiders) (previous year:4028464.32 kgs)] of which 11317.1 kgs were processed (previous year 19056.50 kgs)	Kgs.	1,94,62	1,80,20
ii) Cloth net of shrinkage (2184279 metres manufactured by outsiders) (previous year 4106358.00 mtrs)of which 3371446.70 mtrs were processed. (Previous year 3917413.45 mtrs)	Mtrs.	2,56,93	2,69,11
iii) Hosiery Cloth (including produced by others) of which 887567.25 kgs. were processed (Previous year 934146.56 kgs.)	Kgs.	97,29	89,06

Notes Forming Part of Accounts for the year ended 31st March 2010

(Rs. '000)

	Units	31.03.2010		31.03.2009		
		Qty. ('000)	Value Rs.	Qty. ('000)	Value Rs.	
iv) Cotton Waste (including loss on reprocessing waste)	Kgs.	48,86		48,36		
v) Garments (including produced by others 1414009 Nos.) (previous year 1187407 Nos.)	Nos.	34,45		26,74		
8. CIF VALUE OF IMPORTS						
i) Raw Materials (Staple Fibre, cotton, dyes, reflective band)			42,03,18		56,82,59	
ii) Capital Goods			2,85,63		15,86,31	
iii) Spare Parts			8,25,21		4,75,66	
Total			53,14,02		77,44,56	
9. EXPENDITURE IN FOREIGN CURRENCY (Equivalent Indian Rupees)						
i) On Account of Travel			7,68		10,40	
ii) Commission on export sales			4,72,36		4,03,12	
iii) Professional Charges			1,78		7,07	
iv) Others			-		21	
v) Salary			21,71		--	
			Value Rs.	%	Value Rs.	%
10. CONSUMPTION OF RAW MATERIALS						
i) Indigenous		1,68,42,41	79.14	1,68,63,09	81.28	
ii) Imported		44,38,94	20.86	38,82,96	18.72	
Total		2,12,81,35	100.00	2,07,46,05	100.00	
11. CONSUMPTION OF STORES AND SPARES						
i) Indigenous		15,41,69	71.81	17,99,92	69.89	
ii) Imported		6,05,14	28.19	7,75,49	30.11	
Total		21,46,83	100.00	25,75,41	100.00	
12. Amount remitted in foreign currency on account of dividend						
			Nil		Nil	
13. Earnings in foreign exchange						
a) on export of goods, including export through Merchant Exporters calculated on F.O.B. basis.			2,81,01,01		2,68,13,29	
b) Dividends received			----		----	

Notes Forming Part of Accounts for the year ended 31st March 2010

17. PRIMARY SEGMENT REVENUES, RESULTS AND OTHER INFORMATION

	Yarn		Cloth		Garments		Total
	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009	
Revenue							
External Sales	1,32,14,16	1,34,21,32	2,76,49,60	2,55,39,15	53,43,21	50,94,37	4,62,06,97
Inter-segment transfer			31,18,29	36,62,00			31,18,29
	1,32,14,16	1,34,21,32	3,07,67,89	2,92,01,15	53,43,21	50,94,37	4,93,25,26
Results							
Segment Results	14,65,44	2,88,71	4,72,53	(1,94,94)	3,99,24	3,26,50	23,37,21
Less : Unallocated expenses less income							(75,21)
Profit from Operations							24,12,42
Interest Expenses							21,13,18
Profit before tax							2,99,24
Tax							98,70
Profit after tax							(21,00,97)
OTHER INFORMATION							2,00,54
Segment Assets	1,38,67,71	1,38,46,68	3,13,69,97	328,84,47	36,23,63	40,48,93	4,88,61,31
Unallocable Assets							23,82,75
Total Assets	30,13,04	14,20,27	15,24,39	17,32,45	2,23,82	1,44,10	5,12,44,06
Segment Liabilities							47,61,25
Unallocable Liabilities							32,51
Total Liabilities	1,38,89	1,48,02	3,89,13	12,12,36	1,01,38	2,15,48	47,93,76
Segment Capital Expenditure							6,29,40
Unallocable Capital Expenditure							1,82,72
Total Capital Expenditure	13,85,54	12,40,88	29,99,29	32,17,95	92,53	64,35	44,77,36
Segment Depreciation							8,70
Unallocable Depreciation							
Total Depreciation							44,86,06

18. Secondary Segment - Geographical (Rs.,'000)

Region	Amount		Amount		Amount	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Europe	86,72,54	95,90,48	13,44,47	16,52,89	10,67,47	35,31
Asia	1,81,16,86	2,03,22,39	4,66,65,88	479,72,69	36,51,66	32,30,69
Others	1,76,18,94	1,24,29,30	8,50,96	11,54,50	42,12	30,82
	4,44,08,34	4,23,42,17	4,88,61,31	5,07,80,08	47,61,25	32,96,82

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

2. All fixed assets of the company are located in India

3. Carrying amount of segment assets

4. Carrying amount of segment liabilities

Notes Forming Part of Accounts for the year ended 31st March 2010

19. RELATED PARTY DISCLOSURES FOR THE FINANCIAL YEAR ENDED 31.03.2010

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

(‘000)

i) The name of the transacting related party	Gruppo P&P Loyal Spa Italy	Loyal Textiles (UK) Ltd.
ii) Description of the relationship between the parties	Joint Venture	Substantial Interest in Voting Power
iii) Description of the nature of transactions	Sale of Garments Purchase of Raw Materials	Sale of Knitted Fabrics
iv) Volume of the transactions	Sale value - Rs. 33,87,83 Purchases - Rs.1,75,68 Commission - Rs. 7,61	Sale value - Nil
v) Purchase of Fixed Assets & Leases	Nil	Nil
vi) Finance (including loans and equity contributions in cash or in kind)	During the year - Nil As on 31/3/10- Rs.1,49,30	During the year - Nil As on 31/03/10 - Rs.Nil
vii) Management contracts including for deputation of employees	Nil	Nil
viii) Any other elements of the related party transaction necessary for an understanding of the financial statements	Nil	Nil
ix) The amounts or appropriate proportions of outstanding items pertaining to related parties at the balance sheet date and provisions for doubtful debts due from such parties at that date	Rs. 11,04,06 Considered good	Rs. Nil
x) Amount written off in the period of debts due from or to related parties	Nil	Rs. 2,23,90
xi) Dividend Received	Nil	Nil
xii) Guarantee given	Nil	Nil

- Notes :**
1. Mr. Manikam Ramaswami, Chairman and Managing Director is the key management personnel of the enterprise and his remuneration particulars are disclosed in the notes on accounts.
 2. Mr. P. Manivannan is employed on a whole time basis and hence his name has been included. His remuneration particulars are disclosed in the notes on accounts.
 3. There is no transaction with Loyal Dimco Group, A.E.B.E. Greece. Uniloyal Expotex Limited, Chennai and Shri Teyem Processors Ltd., during the year. In respect of Shri Teyem Processors Ltd., the equity contribution is Rs. 2.48 Lakhs as on 31.03.2010 (Rs. 2.48 Lakhs - 31.03.2009).
 4. The information regarding applicable transactions as given in clause 24 of AS 18 is given above.

Balance Sheet Abstract and Company's General Business Profile

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

I. REGISTRATION DETAILS

Registration No.

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

 State Code No. :

1	8
---	---

Balance Sheet Date

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

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

Public Issue

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

 Rights Issue

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

Bonus Issue

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

 Private Placement

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

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

(Amount in Rs. '000)

Total Liabilities

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

 Total Assets

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

SOURCES OF FUNDS

Paid up Capital

4	7	0	4	0
---	---	---	---	---

 Reserves & Surplus

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

Secured Loans

3	5	7	4	9	4	9
---	---	---	---	---	---	---

 Unsecured Loans

2	7	1	1
---	---	---	---

APPLICATION OF FUNDS

Net Fixed Assets

2	6	6	2	8	7	3
---	---	---	---	---	---	---

 Investments

1	8	0	1	9
---	---	---	---	---

Net Current Assets

1	9	6	4	1	3	8
---	---	---	---	---	---	---

 Misc. Expenditure

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

Accumulated Losses

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

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

Turnover

4	5	5	3	9	1	0
---	---	---	---	---	---	---

 Total Expenditure

4	5	2	3	9	8	6
---	---	---	---	---	---	---

Profit / (Loss) Before Tax

2	9	9	2	4
---	---	---	---	---

 Profit/ (Loss) After Tax

1	9	6	7	2
---	---	---	---	---

Earnings per share in Rs.

4

 Dividend Rate %

3	0
---	---

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY

(As per monetary terms)

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

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

MANIKAM RAMASWAMI
Chairman & Managing Director

S. VENKATARAMANI
R. POORNALINGAM
Company Secretary

SHRIDHAR SUBRAHMANYAM
P. MANIVANNAN
Directors

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

Date : 24th May 2010
Place : Chennai.

Date : 24th May 2010
Place : Chennai.

Cash Flow Statement

(Rs. '000)

	31.03.2010	31.03.2009
OPERATING ACTIVITIES		
PROFIT BEFORE TAX	2,99,24	(21,00,97)
ADJUSTMENTS FOR :		
Depreciation	44,86,06	45,31,87
Interest paid	24,26,21	25,06,44
Interest Received	(3,13,03)	(2,94,05)
Dividend Received	--	--
Investments	--	1,89
Joint Venture Investment	--	4,21
(Profit)/Loss on disposal of Fixed Assets	(41,56)	(65,39)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	68,56,92	45,84,00
ADJUSTMENTS FOR CHANGES IN :		
Inventories	(18,93,46)	(9,06,26)
Debtors	13,91,76	(2,47,44)
Advances	(11,30,08)	(36,49)
Current Liabilities and Provisions	14,16,76	(5,23,14)
CASH FLOW FROM OPERATING ACTIVITIES	66,41,90	28,70,67
Dividend Receipts	0	0
Interest Receipts	3,41,87	2,74,62
Income tax (Paid)/Refund	(21,61)	(98,67)
NET CASH FLOW - (A)	69,62,16	30,46,62
INVESTING ACTIVITIES		
Payments for Assets acquisition	(10,73,98)	(27,90,45)
Proceeds on Sale of Fixed Assets	2,92,80	1,32,00
Dividend received from Joint venture	--	--
NET CASH FLOW - (B)	(7,81,18)	(26,58,45)
FINANCING ACTIVITIES		
Interest paid	(25,68,79)	(20,16,10)
Borrowings		
Raised	8,46,94	43,94,44
Repaid	(43,25,98)	(27,36,62)
Dividend paid	0	(1,83,45)
NET CASH FLOW - (C)	(60,47,83)	(5,41,73)
NET CASH INFLOW / (OUTFLOW)	1,33,15	(1,53,56)
OPENING CASH AND CASH EQUIVALENTS (D)	1,76,35	3,29,91
CLOSING CASH AND CASH EQUIVALENTS (E)	3,09,50	1,76,35
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	1,33,15	(1,53,56)

MANIKAM RAMASWAMI
Chairman & Managing Director

S. VENKATARAMANI
R. POORNALINGAM
SHRIDHAR
SUBRAHMANYAM
P. MANIVANNAN
Directors

SHIVA PRASAD PADHY
Company Secretary

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

Date : 24th May 2010
Place : Chennai.

Date : 24th May 2010
Place : Chennai.

LOYAL TEXTILE MILLS LIMITED

Registered Office :

21/4, Mill Street, Kovilpatti - 628 501.

PROXY FORM

Ledger Folio No. / Client Id :

I/We of
in the district of being a member / members of
LOYAL TEXTILE MILLS LIMITED hereby appoint of
..... in the district of or failing him
of in the district of as my / our Proxy, to attend and vote on
my/our behalf at the Sixty Fourth Annual General Meeting of the Company to be held
at 10.00 a.m. on Monday, 20th day of September 2010 and at any adjournment thereof.

Dated this day of 2010.

Signed by the said



.....

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