
LOYAL

LOYAL TEXTILE MILLS LTD

ANNUAL REPORT 2011 - 2012

LOYAL TEXTILE MILLS LIMITED

BOARD OF DIRECTORS (As on 11 th May 2012)	:	Mr. MANIKAM RAMASWAMI, 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
	:	Mr. MADHAVAN NAMBIAR I.A.S. (Retd)
BANKERS	:	EXPORT IMPORT BANK OF INDIA
	:	CENTRAL BANK OF INDIA
	:	STATE BANK OF INDIA
	:	KARUR VYSYA BANK LTD
	:	INDIAN BANK
	:	STATE BANK OF MYSORE
	:	INDIAN OVERSEAS BANK
AUDITORS	:	MESSRS. SURI & CO., CHENNAI.
REGISTERED OFFICE	:	21/4, MILL STREET, KOVILPATTI - 628 501.
	:	PHONE : 04632 - 220001
	:	E-mail:investors@loyaltextiles.com
REGISTRAR AND SHARE TRANSFER AGENTS	:	GNSA INFOTECH LIMITED STA Department, Nelson Chambers, 4th Floor, F Block, No. 115 Nelson Manickam Road, Aminjekarai, CHENNAI - 600 029 PHONE : (044) 4296 2025 E-mail : sta@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 Sixth 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 Wednesday, the 22nd day of August, 2012 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012 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. K.J.M. Shetty who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Mr. S. Venkataramani who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint M/s. Suri & Co., Chartered Accountants, Chennai, 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.

SPECIAL BUSINESS:

6. To consider and if thought fit to pass the following resolutions with or without modification as an **ORDINARY RESOLUTION:**

RESOLVED THAT Mr. Madhavan Nambiar, who was co-opted as an Additional Director by the Board of Directors with effect from 11th May, 2012 and who vacates office at this annual general meeting and in respect of whom the company has received a notice from a member under section 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- proposing his candidature for the office of director, be and is hereby appointed as a director of the company".

7. To consider and if thought fit to pass the following resolutions with or without modification as a **SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of section 198,269,309,310,311, and other applicable provisions of the Companies Act, 1956 if any and read with Section II, Part II of Schedule XIII to the Companies Act, 1956, subject to the approval of the Central Government, if necessary, and such other approvals, permissions and sanctions, as may be required, Mr. P. Manivannan be and is hereby reappointed as a Whole time Director of the Company for a further period of 5 years with effect from 1st November 2011 on the following terms of remuneration and perquisites.

- (A) i) Salary -Rs.50,000/- per month subject to a revision of upto Rs.75,000/- per month with an authority to the Board to increase the salary from time to time within the limits prescribed under Schedule XIII of the Companies Act 1956.

ii) Educational Allowances -Rs. 9,500/- per month subject to a maximum of Rs.10,000/- per month

iii) City Compensatory Allowance - Rs.5,000/- per month subject to a maximum of Rs. 7,500/- per month.

iv) Annual Bouns at the discretion of the Board will be paid at sum not exceeding Rs. 5 lakhs per annum

v) Festival allowance-as applicable to other employees, as per rules of the Company

B) Perquisites:

i) Gratuity - As per rules of the Company and as per the provisions of the Gratuity Act.

ii) Rent-Mr. P.Manivannan shall also be entitled to rent free accommodation or house rent allowance of Rs.25,000/- per month subject to a maximum of Rs. 50,000/- per month as approved by the Board of Directors.

iii) In addition to the basic salary and allowances, Mr. P.Manivannan is also entitled to medical reimbursement, leave travel concessions for self and family(family includes his spouse, children) as per company policy applicable to the senior management personnel of the company.

iv) Mr. P.Manivannan will also be eligible for Company's contribution to Provident Fund as per the rules of the Company.

v) He shall be provided with a car for use of Company's business and in case he is not provided with a car, he shall be eligible for reimbursement of petrol and maintenance expenses incurred by him for company's business.

vi) He shall be provided with cellphone and a telephone at his residence for official purpose and personal long distance calls shall be billed by the Company.

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

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

It is **RESOLVED FURTHER THAT** pursuant to the above provisions of the Companies Act, 1956 and subject to the approval of the Central Government, if any required, the remuneration/allowances aforesaid and the perquisites provided to Mr. P.Manivannan be paid as minimum remuneration in the event of absence or inadequacy of profits in any year during the currency of the appointment subject to such limits as may be prescribed in Section II of part II of Schedule XIII to the Companies Act, 1956 from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds and things as may be necessary or required to give effect to this resolution."

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

Place: CHENNAI
Date : 11th May, 2012.

MANIKAM RAMASWAMI
Chairman & Managing Director

LOYAL TEXTILE MILLS LTD.

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

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 10th August, 2012 to 22th August, 2012 (both days inclusive).

3. Members are requested to notify to the Company's Registrar and Transfer Agent (R&TA) M/s GNSA Infotech Limited, STA Department, Nelson Chambers, 4th Floor, F Block, No.115 Nelson Manickam Road, Aminjikarai, Chennai-600 029. Phone : 044-4296 2025

E-mail : sta@gnsaindia.com

a) any change in their registered address along with PIN code number.

b) details about their bank account number, name of the bank, bank's branch name and address to enable the Company to print the same on the dividend warrants. Please quote your Ledger Folio No./DP and Client ID in all correspondence with the Company / R&TA.

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 2005 and/or any subsequent years are requested to write to the Company, giving necessary details before 11.07.2012.

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. KJM Shetty

Mr. K.J.M Shetty aged 78 years, is a retired IAS officer. He has been in the Board since June 2002. He is also the Chairman of the Audit committee and Shareholders grievances committee of the Board of Directors.

He holds 50 No. of equity shares of the Company as second holder.

Outside Directorship :

1. Jumbo Bag Ltd, Chennai
2. Endeka Ceramics India Private Ltd
3. Gateway Distriparks Ltd
4. Savant India Institute of Technology Private Ltd, Chennai
5. Gateway Distriparks (South) Private Ltd
6. VKS Solutions Private Ltd

Committee Membership :

1. Jumbo Bag Ltd, Chennai
2. Endeka Ceramics India Private Ltd
3. Gateway Distriparks Ltd
4. Savant India Institute of Technology Private Ltd, Chennai
5. Gateway Distriparks (South) Private Ltd
6. VKS Solutions Private Ltd

II. Mr. S. VENKATARAMANI

Mr. S.Venkataramani aged 69 years, is a fellow member of Institute of Chartered Accountants of India. He has been in the Board since October 2004. He is also a member of the Audit Committee and Shareholders Grievance committee of the Board of Directors.

Outside Directorship :

1. Maris Spinners Limited.
2. Bharat Travel Services P Limited.
3. Janatha Traders India P Limited
4. Maris enterprises P Limited
5. Nilgiri Agro Agencies P Limited
6. Tulvie Developers Ltd

Committee Membership :

1. Maris Spinners Limited

Mr. S. Venkataramani does not hold any Share of the Company.

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

Place: CHENNAI
Date : 11th May, 2012.

MANIKAM RAMASWAMI
Chairman & Managing Director

EXPLANATORY STATEMENT

As required by Section 173 of the Companies, Act, 1956 , the following explanatory statement sets out all material facts relating to the Special Business mentioned under item No.6 to 7 of the Notice dated 11th May 2012.

Item No. 6: Mr. Madhavan Nambiar was appointed by the Board of Director with effects from 11th May 2012 as an Additional Directors in terms of section 260 of the Companies Act, 1956 to Act as a Director. He holed office as a Director upto the Date of this Annual General Meeting and is eligible for be-appointed. A notice in writing along with the requisite deposit as required in terms of Section 257 of the Companies Act, 1956 has been received from a shareholder of the Company signifying his intention to propose the aforesaid individual as a Director of the Company at this Annual General Meeting.

Mr. Madhavan Nambiar retired as Secretary to Government of India in The Ministry of Civil Aviation, where he was closely involved in the Airport privatization programs, especially in the Metros of Delhi, Mumbai, Hyderabad and Bangalore. He also served as Secretary in the Ministry of Information Technology, Where he was responsible for framing of the National Hardware Manufacturing policy and several e-government initiatives.

Earlier, he held posts as Chairman and Managing Director of Electronics Corporation of Tamilnadu Limited (ELCOT) and Tamilnadu Development Corporation (TIDCO) in the state of Tamilnadu.

Mr. Madhavan Nambiar has rich teaching backround. He is a fellow at the Judge Business School, Cambridge University. He has also been an Associate Professor, Teaching puplic policy at the School of International and Puplic Affairs (SIPA), Columbia University. He was also a fellow at the Queen Elizabeth House, Oxford University.

Mr. Madhavan Nambiar does not hold any shares in the Company.

None of the directors of the Company is interested or concerned in this resolution.

Your directors recommend the resolution at item No.6 for approval by the members.

Item No.7: Mr. P. Manivannan aged about 51 years is employed in the Company since 1982. He rapidly occupied positions of increasing responsibility and is presently holding the position of Vice President, Marketing of the Company. He has vast experience in marketing and in administration of a Textile Mill.

Mr. P. Manivannan holds 1634 shares in the Company.

Mr. P. Manivannan was appointed as Whole Time Director of the Company w.e.f 1st November 2008 by the Members of the Company at their Annual General Meeting of the Company held on 02nd September 2009.

Your Directors consider the aforesaid remuneration is commensurate with the duties and responsibilities of Mr. P. Manivannan. On his reappointment as a whole time Director with effect from 1st November 2011. In Compliance with the provisions of section 309 read with Schedule XIII of the Companies Act, terms of the remuneration specified in the resolution is placed before the members for their approval.

The Board desires that in view of his qualification and experience he be paid the remuneration as fixed by the Board from time to time as a whole time Director. Hence the Board recommends the payment of remuneration to Mr. P. Manivannan including the minimum remuneration in case of inadequacy of Profit in any year during the currency of the appointment.

None of the Directors other than Mr. P. Manivannan is concerned or interested in this resolution. The agreement entered into with Mr. P. Manivannan contains the terms and conditions of his re-appointment including remuneration. The Agreement shall be open for inspection on all working days between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.

The Explanation together with the accompanying notice is and should be treated as an abstract of the terms of appointment of Mr. P. Manivannan, as a Whole Time Director of the Company under section 302 of the Companies Act, 1956.

Hence your Board seeks the approval of the Members of this resolution.

No Director is concerned or interested either directly or indirectly in this resolution.

Directors' Report

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have great pleasure in presenting their 66th Report on the business and operations of the Company together with the audited statement of accounts for the year ended 31st March 2012.

WORKING RESULTS

Financial results for the year under review are as follows :
(Rs. in Crore)

For Year ended 31st March 2012

GROSS PROFIT	103.29
Less : Interest	43.79
OPERATING PROFIT	59.5
Less : Depreciation	66.2
LOSS BEFORE TAX	(6.70)
Add : Excess Provision Written Back	2.31
LOSS AFTER CURRENT TAX	(4.40)
Provision for Deferred Tax - Asset	2.45
LOSS AFTER DEFERRED TAX	(1.95)
Add : Surplus brought forward from previous year	24.22
PROFIT FOR THE YEAR CARRIED TO THE NEXT YEAR	22.28
PROPOSED DIVIDEND ON EQUITY SHARES (10%)	0.48
PROVISION FOR TAX ON DISTRIBUTED PROFITS	0.08
TRANSFER TO GENERAL RESERVE	2.43
BALANCE CARRIED TO NEXT YEAR	19.29

DIVIDEND

Your Directors recommend a dividend of Rs.1.00 (10%) per equity shares of Rs. 10 each/- for the financial year ended 31st March 2012 out of free reserves of the Company.

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

The year 2011 -2012 was an extremely challenging year, especially for textile mills in South India.

Last year's government decision to first ban cotton and later yarn had destroyed demand due to huge price increase that happened while the export ban was in force in the International markets. The ban ensured that Indian mills did not benefit from the high prices but were severely impacted when prices crashed to 50% level post lifting of the ban.

When trading conditions slowly returned to normal from the impact of Indian governments inexplicable actions. Both Tamilnadu and Andhra Pradesh where we have our units faced severe power problems and the mills were badly impacted.

35% power shortage in Tamilnadu resulted in almost 90% shortage to mills and industries in South and West Tamilnadu due to TNEBs discrimination. Units in and around Chennai, Cement, Steel, Flour mills and a few others managed to get themselves exempt from the severe power restrictions. This large scale discrimination resulted in others bearing nearly 90% power cuts.

In Andhra Pradesh too the power situation was bad with upto 3 days power holidays per week besides peak hour restrictions.

As a result of adverse trading conditions during the first half and severe power constraints later we were forced to incur net loss.

The steep increase in interest costs, disallowance of TUF rebate for investments made during the shadow period when the government was contemplating of the extension of TUF etc steeply increased our Interest burden.

Our efforts to get a dedicated line to kovilpatti unit which was suffering over 10 hours of power outage every day being linked to Kovilpatti town feeder fructified only in June. We have invested over 6 crores for the same. In the coming months thanks to our dedicated feeder we will be able to get continuous power to the extent that we generate using our wind mills and third party purchase.

We have augmented our power supply position to take our own power to 80% of our requirement by additional investment in wind mills and purchase of power, as two of our 3 units in Tamilnadu have dedicated feeders.

Working is going on to create a new substation near our third unit, once the substation gets commissioned, we will be able to lay a dedicated line to our third unit as well.

India despite its various infrastructural and policy issues is fast emerging as the most competitive destination for yarns and grey fabric, the few aberrations in draw back affecting fabric exports are expected to be corrected in this years draw back policy. We expect a normal year with reasonable net profits as we have taken adequate measures to overcome last year's issues.

The turnover dropped marginally to Rs. 910.60 Crores due to lower per unit realisation and power constraints in spite of commissioning our new unit.

Directors' Report

Cash generation during the year was Rs. 59.51 Crores, Repayments made Rs. 39.43 Crores, capital investments made Rs. 163.85 Crores, and loans availed Rs. 98.36 Crores.

We were able to tighten the receivables and keep a tight control over inventories during the year which helped in improved cash flow.

As we have little capital work in progress and no new projects except the 2 wind mills we expect to have a comfortable cash flow situation and will be able to bring down our borrowings especially the non TUF portion during this year.

We enjoyed excellent industrial relation at all our units and the employee strength stands at 4271.

Dividends, as we have sufficient carry forward in our profit and loss account even though we have incurred a net loss, it is proposed to declare a dividend of 10%.

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. 4.60 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 2004-2005 and/or any subsequent years are requested to write to the Company with necessary details before 11.07.2012.

EXPORTS

During the Year under review, the company exported goods to the tune of Rs. 715.11 crores.

MODERNISATION :

A sum of Rs. 151.42 Crores (Previous year Rs. 128.07 Crores) 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. 98.36 Crores and repaid loans to the extent of Rs. 40.83 Crores to Banks/ Financial institutions.

FIXED DEPOSITS :

4 deposits aggregating to Rs. 2.91 lakhs remained unclaimed as on 31st March 2012. No deposit has since been renewed / repaid.

DONATION :

During the year 2011-2012 the company has paid a donation of Rs. 6.51 Lakhs.

DIRECTORS :

In accordance with the provisions of the Companies Act, 1956, Mr. K.J.M Shetty, Director and Mr. S.Venkataramani Director retire by rotation and are eligible for reappointment.

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.

LISTING :

The Company's equity shares continue to be listed on the Bombay Stock Exchange, Mumbai. The listing fees for the financial year 2012-2013 has been paid to BSE and the Annual Custodian fee has been paid to the NSDL and CDSL for the financial year 2012-13

Directors' Report

AUDITORS :

M/s. Suri & Co., Chartered Accountants, Auditors of the Company retires 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 qualification.

COST AUDITOR

The Central Government has approved the appointment of Mr. V.BALASUBRAMANIAN as Cost Auditor of the Company to do Cost Audit for the financial year 2011-12.

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, State Bank of Mysore and Indian Overseas Bank. Your Directors appreciate the continued co-operation extended by staff and workers of the company and look forward to the same cordial relationship in the coming years.

For and on behalf of the Board of Directors

Place: CHENNAI
Date : 11th May, 2012.

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 2012

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

_____ None _____

B) Employed for part of the year and in receipt of remuneration of more than Rs. 5 lakhs per month.

_____ None _____

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 2012.

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 2012 for bringing down the energy cost.

1. We have installed Energy saving inverters to all our Ring frame machines, now all machines run with Energy saving Inverters.

The Total Investment is Rs.49.30 Lakhs and Achieved power saving nearly 4200 units per day, Rs.25 thousands per day Savings or Rs.91.25 Lakhs per year.

2. Partially we have changed the Normal Tube light fittings to Energy saving LED Lamps. Recently 500 no's tube light fittings are changed with Energy Saving Lamps. 120 units per day saving through this LED lamps Investment Rs.9. lakhs. Amount saved is Rs.2.40 Lakhs per year.

3. Most of the High power consumption street light fittings are changed by CFL and also Solar and Wind energy saving street light erection work is under progress. Achieved energy saving is 100 unit per day. Amount saved is Rs.2.00 Lakhs per year.

4. We have installed Individual power monitor system to monitor the Energy loss and Energy saving. Due to these installations nearly 2500 units per day energy savings achieved or Rs. 50.18 Lakhs savings per year.

5. We have installed Supervisor Calling system (SMS Alert System) to our entire Unit for better follow up and communication.

Due to this all stoppage of Electrical, maintenance and Quality related Complaints are reached to concern person with in limited time.

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 cost of production of goods.

Due to the energy saving measures implemented during 2011-12, the Company has an annual savings of Rs.145.83 Lakhs per year.

ANNEXURE

FORM A

(See Rule 2)

Form for disclosure of particulars with respect to conservation of energy

(A) POWER AND FUEL CONSUMPTION	2011-2012	2010-2011
1. Electricity		
a) Purchased		
Units	102,026,935.00	113,493,959.00
Total Amount Rs.	581,253,500.29	530,129,017.47
Rate/ Unit Rs.	5.70	4.67
b) Generation		
i) Through Diesel etc./ Generator Units		
Units	1,540,415.00	3,027,659.00
Fuel Value	21,654,795.84	34,507,879.31
Fuel Quantity	516,072.00	869,561.22
Units per Ltr of Oil	2.98	3.27
Cost/unit Rs.	14.06	11.97
ii) Through Furnace Oil /Generator Units		
Units	8,951,726.00	11,725,981.00
Fuel Value	92,314,912.60	802,299,227.99
Fuel Quantity	2,021,876.00	2,843,692.00
Units per Ltr of Oil	4.43	4.16
Cost / unit Rs.	10.31	7.66
iii) Through Wind /Generator Units		
Units	55,872,381.64	45,767,995.00
Value	270,676,503.82	194,458,599.08
Cost / unit Rs.	4.84	4.25
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)	14,418,989.00	15,182,229.88
Total cost Rs.	59,350,772.85	45,783,766.32
Rate/unit Rs.	4.12	3.02
(B) Consumption per unit of production products with details unit (per kg/mtr)		
Electricity		
Yarn	3.59	3.82
Cloth	2.78	2.95
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.

ABSTRACT

	(Rs. in Crore)	(Rs. in Crore)
	<u>2011 - 2012</u>	<u>2010 - 2011</u>
Total Foreign Exchange Earned	677.17	744.19
Total Foreign Exchange Used	80.74	58.31

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, 2012 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	2	2
3.	Mr.S. Venkataramani	Independent & Non-Executive	2	1
4.	Mr.R.Poornalingam	Independent & Non-Executive	2	1
5.	Mr.Shridhar Subrahmanyam	Independent & Non-Executive	Nil	Nil
6.	Mr.P. Manivannan	Executive Director	Nil	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 27th May, 2011, 3rd August, 2011, 14th November, 2011, and 6th February, 2012, . 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	3	No
Mr.K.J.M. Shetty	4	No
Mr.S.Venkataramani	3	No
Mr.R. Poornalingam	3	No
Mr.Shridhar Subrahmanyam	4	No
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 2011-2012.

a) Details of Remuneration paid to the Managing Director and Directors during the year 2011-2012 is given below.

NAME OF DIRECTOR	SALARY Rs.	PERKS Rs.	COMMISSION Rs.	PF & SUPER ANNUATION FUND Rs.	TOTAL Rs.
Mr. Manikam Ramaswami	18,00,000	6,21,699	NIL	4,50,000	28,71,699
Mr. P. Manivannan	6,84,981			68,760	7,53,741
Mr. Shridhar Subramaniyam	Professional fee				4,13,625

b) Details of payments made to Non-Executive Directors during the year 2011-2012 is given below :-

Directors	Sitting Fees (in Rupees)		Total No. of Shares held in the Company as on 31 st March 2012.
	Board Meeting	Committee Meeting	
Mr.K.J.M. Shetty	40,000	50,000	50*
Mr.S.Venkataramani	30,000	40,000	Nil
Mr.R. Poornalingam	30,000	Nil	Nil
Mr.Shridhar Subrahmanyam	40,000	40,000	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 27th May 2011, 3rd August, 2011, 14th November, 2011 and 6th February, 2012.

Annexure

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	3
Mr. Shridhar Subrahmanyam	4

The Statutory Auditor, Chief Financial Officer, 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 27th May 2011.

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

12 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 2011 - 2012.

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. 44 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 : Wednesday
Date : 22nd August, 2012
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
2 nd September, 2009, 9.45 A.M.	21/4, Mill Street, Kovilpatti - 628 501. Tamil Nadu	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.
20 th September, 2010, 10 A.M.		NIL
24 th August, 2011, 10 A.M.		NIL

Annexure

- * 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 2012 - 2013.**

Financial reporting for the quarter ending 30 th June 2012	: End of July 2012
Financial reporting for the quarter ending 30 th September 2012	: End of October, 2012
Financial reporting for the quarter ending 31 st December 2012	: End of January, 2013
Financial reporting for the quarter ending 31 st March 2013	: With in 60 days from the end of March 2013

Annual General Meeting for the year ending 31st March, 2013: Last week of August 2013.

c) Book Closure period :

10th August, 2012 to 22nd August, 2012. (As stipulated in the Listing agreement)

d) Share Capital :

The Share Capital of the Company comprises of 48,16,446 equity shares of Rupees 10/- each. The Company has allotted **1,12,500** pursuant to the amalgamation of Shri. Chintamani Textile Mills Limited with our company.

g) Market price data :

e) Dividend :

Your Directors recommend a Dividend of Rupees 1.00 (10%) per equity share of Rs. 10/- each for financial year ended 31.03.2012. Out of free reserves of the Company.

f) Listing on Stock Exchange and stock code :

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

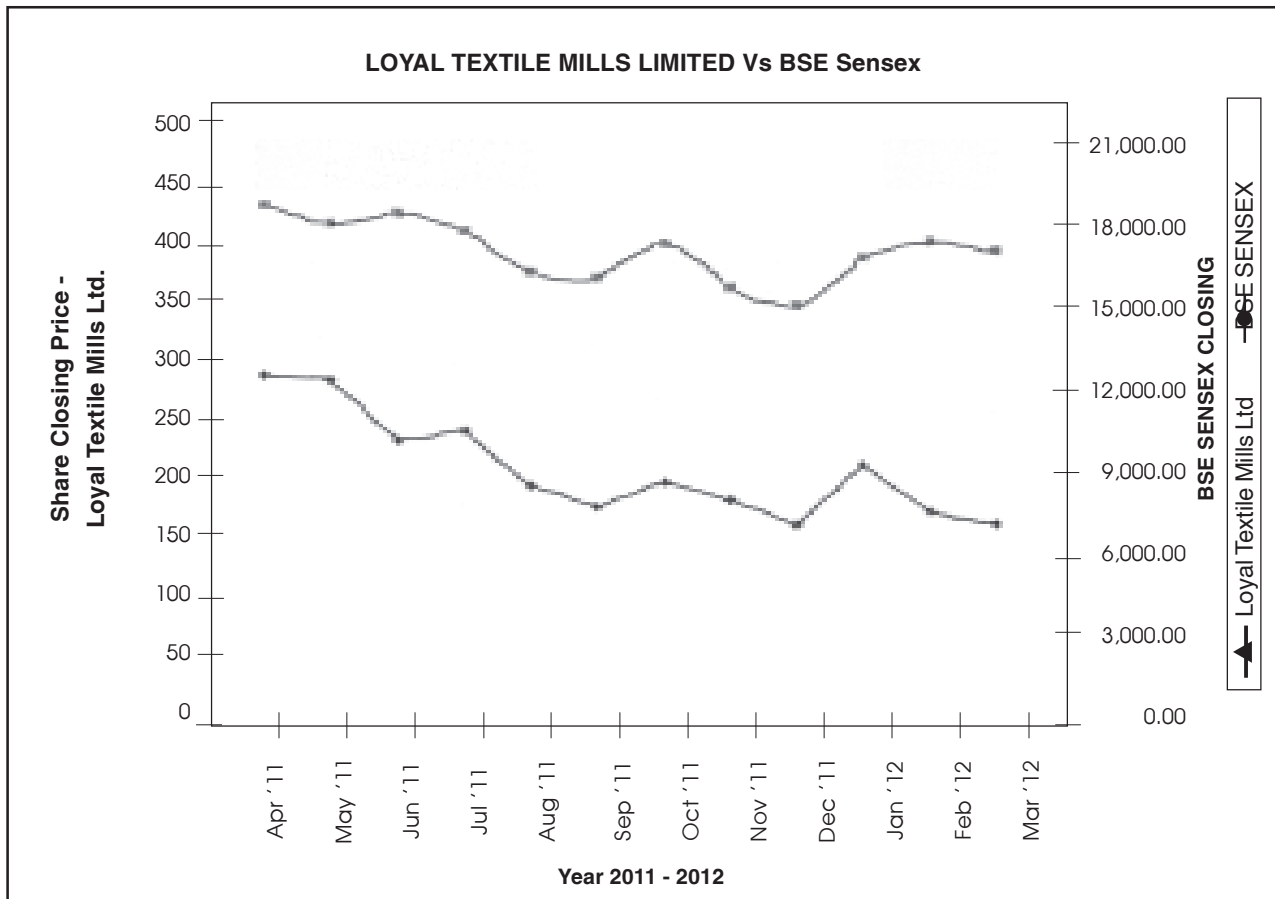
Stock Exchange	Stock code
Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001	514036

The Annual listing fee for the year 2012-2013 has been paid by the Company to the Bombay Stock Exchange Limited.

The Annual Custodian fee for the year 2012-2013 has been paid by the Company to NSDL and CDSL.

MONTH	COMPANY'S SHARE PRICE			BSE SENSEX		
	HIGH	LOW	CLOSE	HIGH	LOW	CLOSE
Apr 11	329.75	291.25	294.50	19,811.14	18,976.19	19,135.96
May 11	308.50	256.05	290.00	19,253.87	17,786.13	18,503.28
June 11	299.00	225.00	240.00	18,873.39	17,314.38	18,845.87
July 11	261.65	238.00	247.50	19,131.70	18,131.86	18,197.20
Aug 11	248.00	153.00	201.70	18,440.07	15,765.53	16,676.75
Sept 11	234.00	184.10	184.10	17,211.80	15,801.01	16,453.76
Oct 11	214.65	172.00	204.35	17,908.13	15,745.43	17,705.01
Nov 11	219.90	180.00	190.00	17,702.26	15,478.69	16,123.46
Dec 11	190.00	160.00	170.00	17,003.71	15,135.86	15,454.92
Jan 12	218.25	162.05	218.25	17,258.97	15,358.02	17,193.55
Feb 12	239.80	158.50	179.90	18,523.78	17,061.55	17,752.68
Mar 12	195.00	157.00	169.00	18,040.69	16,920.61	17,404.20

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



h) Share Transfer System :

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

No. of Transfers	07	2745
No. of Transmissions	13	5500
No. of Duplicate Share Certificates issued	03	250

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, 2012, **8,61,374** shares were in dematerialised form representing 17.88% of the total shares. The Demat ISIN code Number of our share is INE970D01010.

No.of shares

j) Shareholding Pattern (As on 31st March, 2012) :

S. No.	Category	No. of Shares	% to total capital
1	Promoter Group	3541477	73.53%
2	Nationalized Banks	5200	0.11%
3	Insurance Companies	Nil	Nil
4	Non Residents	37149	0.77%
5	Others	1232620	25.59%
	TOTAL	4816446	100.00%

k) Distribution of shareholding of the Company as on 31st March 2012 :

DISTRIBUTION OF HOLDINGS - 31-03-2012					
Shares	Number of Folios	% of Folios	Total Shares	Amount	% of shares
0 - 500	1848	83.36	2,55,777	25,57,770	5.31
501 - 1000	154	6.95	1,24,035	12,40,350	2.58
1001 - 2000	104	4.69	1,64,954	16,49,540	3.42
2001 - 3000	30	1.35	75,605	7,56,050	1.57
3001 - 4000	19	0.86	69,973	6,99,730	1.45
4001 - 5000	8	0.36	38,118	3,81,180	0.79
5001 - 10000	21	0.95	1,46,933	14,69,330	3.05
10000 and above	33	1.49	39,41,051	3,94,10,510	81.82
Total	2217	100.00	48,16,446	4,81,64,460	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, Naidupet Mandal, Nellore District, Andhra Pradesh - 524 221.
- Arasanur, Thirumancholai Post, Sivagangai Taluk -630 561.

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.bseindia.com/

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

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)

b. Registrar and Share Transfer Agent

GNSA Infotech Limited
STA Department, Nelson Chambers,
4th Floor, F Block, No. 115 Nelson Manickam Road,
Aminjikarai, Chennai - 600 029.
Phone No: 044-42962025
E-Mail: sta@gnsaindia.com
Contact person : Mr. Krishna Kumar, Director

INSIDER TRADING POLICY

As per the SEBI Guidelines on Insider Trading, all listed companies were required to setup an appropriate mechanism for regulating transactions in the shares of the Company by insiders. Your company has framed a Code of Conduct for Prevention of Insider Trading for Promoters, Directors, Designated Employees & their 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 2012.

Place : CHENNAI

Date : 11th May 2012.

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, 2012 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
9. 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, 2012.
 - ii) In the case of the profit and Loss Account, of the LOSS 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:

 - 10.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.
 - 11.a) As explained to us, the inventories have been physically verified by the management at regular intervals during the year.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The company has maintained proper records of inventory. As explained to us, the discrepancies noticed on physical verification of stocks, as compared to book records were not material and the same have been properly dealt with in the books of accounts.
 - 12.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.

Report of the auditors

- 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
13. 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.
- 14.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.
15. 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. 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.
16. 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.
17. 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.
- 18.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 31-3-2012 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 :
19. The company has neither any accumulated losses nor has incurred any cash losses in the financial year or in the immediately preceding financial year.
20. 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.
21. The company has not granted any loans / advances on the basis of security by way of pledge of shares, debentures and other securities.
22. 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.
23. 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.

Report of the auditors

24. 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.
25. As per information and explanations given to us, term loans were applied for the purpose of which loans were obtained.
26. According to the information and explanations given to us, no fund raised on short-term basis has been used for long-term investment.
27. The company has not made any allotment of shares during the year except for the shares allotted to the shareholders of amalgamated Company as per the order High Court of Madras.
28. 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.
29. The Company has not raised any amount by public issues.
30. According to the information and explanations given to us, a fraud on or by the Company has not been noticed or reported during the year.

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

Place : CHENNAI
Date : 11th May 2012

(R.KRISHNAMOORTHY)
PARTNER
M.No. 20695

ANNEXURE TO REPORT OF THE AUDITORS FOR THE YEAR ENDED 31st MARCH 2012 STATEMENT OF UNPAID DISPUTED DUES

Name Statute / Dues	Unpaid Disputed Liability (Rs. in '000s)	Period	Forum where dispute is pending
Sales Tax - TNGST	8,09	2002 - 2003	Appellate Assistant Commissioner of Sales Tax
Sales Tax - CST	6,06 20,37	2002 - 2003 2003 - 2004	Appellate Assistant Commissioner of Sales Tax
Service Tax	8,54	2009 - 2010	High Court Madurai Bench
	19,26	2009 - 2010	
	9,71	2010 - 2011	
	5,57	2011 - 2012	Tribunal
	77	2010 - 2011	
	67,10	2011 - 2012	Commissioner Appeals
Total	145,47		

Operating Results Summary

(Rs. in Lakhs)

Year Ended	31.3.2012	31.3.2011	31.3.2010	31.3.2009	31.3.2008	31.3.2007
Turnover	87222.83	94157.45	44421.56	42405.65	39256.82	36099.38
Export Incentives / Duty Drawback	3836.56	2087.90	1785.41	1649.19	1614.33	1000.31
Other income	961.90	1261.52	144.63	188.86	557.39	564.04
Increase / (Decrease) in Stock	-2811.10	5449.16	-812.50	38.22	787.33	520.69
	89210.19	102956.03	45539.10	44281.92	42215.87	38184.42
Raw Material Consumed	39907.56	43980.68	21281.35	20746.05	18159.97	16526.39
Conversion / Processing Charges	877.70	795.47	1834.09	1980.33	1467.27	1646.85
Stores Consumed	2832.51	2697.34	1923.00	2135.15	1839.16	1844.05
Purchase of Finished Goods for Processing / Sales	16534.34	23654.50	2774.00	4132.12	4220.12	2208.41
Power and Fuel	5138.97	4962.61	2970.43	3042.19	3269.91	3472.45
Salaries, Wages, Bonus & Amenities	4696.76	4356.35	2798.74	2406.95	2185.08	1915.93
Repairs & Maintenance	2498.62	2304.32	1340.64	1297.16	1272.39	1287.00
Interest	4378.97	2394.57	2113.18	2212.39	1524.30	893.13
Other Expenses	6393.47	7425.03	3718.37	3898.68	3277.22	3083.15
Depreciation	6621.30	5038.96	4486.06	4531.87	4225.95	3286.71
	89880.20	97609.83	45239.86	46382.89	41441.37	36164.07
Pre Tax Profit (Loss)	-670.01	5346.20	299.24	-2100.97	774.50	2020.35
Export (C & F Value)	67674.86	77975.53	29623.19	28671.18	27618.55	26635.27
Production of yarn in Lakh Kgs.	219.38	225.14	194.62	180.20	178.33	150.61
Production of Cloth in Lakh Mtrs.	338.07	288.15	256.93	269.11	252.10	234.13

Note : Figures for 2010-11 and 2011-12 have been reclassified erstwhile schedule 6 format to enable comparison over years.

Balance Sheet Summary

(Rs. in Lakhs)

As at	31.03.2012	31.3.2011	31.3.2010	31.3.2009	31.3.2008	31.3.2007
Gross Block	89089.81	73274.48	52615.20	52444.59	50928.62	43287.43
Depreciation	36765.22	31113.39	25986.47	21890.68	17734.87	14364.28
Net Fixed Assets	52324.58	42161.09	26628.73	30553.91	33193.75	28923.15
Investments	364.58	357.75	180.19	180.19	186.29	192.58
Current Assets	23013.61	32086.75	19085.91	18404.30	17836.75	13156.81
Loans and Advances	10672.82	12891.19	5349.23	4078.19	3927.53	3594.50
	86375.59	87496.78	51244.06	53216.59	55144.32	45867.04
Secured & Unsecured Loans	64870.29	62681.42	35776.60	39247.16	37561.91	30219.32
Current Liabilities & Provisions	7680.98	10495.81	4793.76	3331.71	4824.02	3344.20
Deferred Tax Liability	2937.10	3182.09	2311.60	2307.78	3015.28	2819.28
	75488.38	76359.32	42881.96	44886.65	45401.21	36382.80
Net Worth	10887.22	11137.46	8362.10	8329.94	9743.11	9484.24
Represented By :						
Share Capital	481.64	481.64	470.40	470.40	470.40	470.40
Reserves and surplus	10405.57	10655.81	7891.70	7859.54	9272.71	9013.84
Pre Tax Profit (Loss)	-670.01	5346.20	299.24	-2100.97	774.50	2020.35
Dividend paid on Equity shares	48.16	658.24	141.12	--	183.45	183.45
% of Dividend on Equity Shares	10	139	30	--	39	39

Profit and Loss Statement for the year ended 31st March, 2012

(Rs. in Lakhs)

Particulars	Note No.	Year ended 31.03.2012	Year ended 31.03.2011
I REVENUE FROM OPERATION	1	9,10,59	9,62,45
II. OTHER INCOME	2	10,81	14,72
III. TOTAL REVENUE (I + II)		9,21,40	9,77,17
IV. EXPENSES			
Cost of Material consumed	3	3,99,08	4,39,81
Purchase of stock in trade	4	1,65,34	2,36,54
Changes in inventories of Finished Goods work in progress and stock in trade	5	28,11	(54,49)
Employee benefits expenses	6	46,97	43,56
Finance Costs	7	48,03	26,05
Depreciation and amortisation expense	8	66,21	50,39
Other expenses	9	1,74,36	1,81,85
TOTAL EXPENSES		9,28,10	9,23,71
V. Profit Before Exceptional and extraordinary items and tax (III - IV)		(6,70)	53,46
VI. Exceptional and extraordinary items			
VII. Profit After Exceptional extraordinary items and tax (V - VI)		(6,70)	53,46
VIII. Profit before tax		(6,70)	53,46
IX. Tax Expenses			
i. Current tax / Wealth Tax			10,90
ii. Deferred Tax		2,45	7,37
iii. Excess Tax Provision written back		2,31	3,83
X. Profit / (Loss) for the period continuing operations		(1,94)	31,37
XI. Profit / (Loss) from discontinuing operations			
XII. Profit / (Loss) from for the period (X + XI)		(1,94)	31,37
XIII. Earning per equity share			
I. Basic		(4.03)	65.12
II. Diluted		(4.03)	65.12

Notes 1 to 9 and 26 to 45 form an integral part of this Profit and Loss Statement.

MANIKAM RAMASWAMI
Chairman & Managing
Director

Date : 11th May 2012
Place : Chennai.

S. VENKATARAMANI
SHRIDHAR SUBRAHMANYAM
P. MANIVANNAN
K.J.M. SHETTY
Directors

SHIVA PRASAD PADHY
Company Secretary

Vide our Report of even date attached
For **SURI & CO.**,
Chartered Accountants
Firm Reg. no. 004283S

R. KRISHNAMOORTHY
Chartered Accountants
Firm Reg. no. 20695

Balance Sheet as at 31st March, 2012

(Rs. in Lakhs)

Particulars	Note No.	As at 31.03.2012	As at 31.03.2011
I. EQUITY AND LIABILITIES			
1. SHAREHOLDERS FUNDS :			
a. Share Capital	10	4,82	4,82
b. Reserves and Surplus	11	1,04,06	1,06,56
2. NON CURRENT LIABILITIES :			
a. Long term borrowings	12	4,24,29	3,65,56
b. Deferred Tax Liabilities (Net)	13	29,37	31,82
c. Other Long Term Liabilities			
d. Long Term Provision	14	20	86
3. CURRENT LIABILITIES :			
a. Short term borrowings	15	2,39,93	2,61,668
b. Trade Payables		40,19	68,47
c. Other Current Liabilities	16	49,45	46,83
d. Short Term Provisions	17	29,34	32,94
Total		9,21,65	9,19,54
II. ASSETS			
1. NON CURRENT ASSETS :			
a. Fixed Assets			
i. Tangible Assets	18	4,82,22	3,82,73
ii. Intangible Assets			
iii. Capital Work in Progress	19	41,03	38,88
iv. Intangible Assets under Development			
b. Non Current Investments	20	6,25	3,58
c. Deferre Tax Assets (net)			
d. Long term Loans and advances	21	12,31	29,06
e. Other Non Current Assets			
2. CURRENT ASSETS :			
a. Current Investments			
b. Inventories	22	1,35,10	2,30,56
c. Trade receivables	23	82,19	75,23
d. Cash & Cash Equivalents	24	32,80	18,83
e. Short Term Loans & Advances			
f. Other Current Assets	25	1,29,75	1,40,67
Total		9,21,65	9,19,54

Notes 10 to 45 form an integral part of this Balance Sheet

MANIKAM RAMASWAMI
Chairman & Managing
Director

Date : 11th May 2012
Place : Chennai.

S. VENKATARAMANI
SHRIDHAR SUBRAHMANYAM
P. MANIVANNAN
K.J.M. SHETTY
Directors

SHIVA PRASAD PADHY
Company Secretary

Vide our Report of even date attached

For **SURI & CO.**,
Chartered Accountants
Firm Reg. no. 004283S

R. KRISHNAMOORTHY
Chartered Accountants
Firm Reg. no. 20695

Cash Flow Statement

Note No.45	(Rs. in Lakhs)	
	31.03.2012	31.03.2011
OPERATING ACTIVITIES		
PROFIT BEFORE TAX	(6,70)	53,46
ADJUSTMENTS FOR :		
Depreciation	66,71	50,39
Interest paid	44,98	26,05
Interest Received	(1,19)	(2,10)
Dividend Received		
Investments	-	-
Joint Venture Investment	(42)	(19)
(Profit)/Loss on disposal of Fixed Assets	(2,19)	(2,16)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1,00,70	1,25,45
ADJUSTMENTS FOR CHANGES IN :		
Inventories	95,45	(1,19,30)
Debtors	(6,96)	(8,09)
Advances	13,75	(61,38)
Current Liabilities and Provisions	(5,13)	57,42
CASH FLOW FROM OPERATING ACTIVITIES	1,97,81	(5,58)
Dividend Receipts		--
Interest Receipts	1,31	(2,08)
Income Tax (Paid)/Refund	(3,77)	(9,87)
NET CASH FLOW - (A)	1,95,35	(13,38)
INVESTING ACTIVITIES		
Payments for Assets acquisition	(1,63,85)	(1,91,45)
Proceeds on Sale of Fixed Assets	9,17	4,29
Dividend received from Joint venture	42	19
Investment - others	(2,68)	(1,78)
NET CASH FLOW - (B)	(1,56,94)	(1,88,75)
FINANCING ACTIVITIES		
Interest paid	(47,44)	(26,59)
Borrowings		
Raised	98,36	2,78,13
Repaid	(73,48)	(28,64)
Dividend paid	(1,88)	(6,12)
NET CASH FLOW - (C)	(24,44)	216,78
NET CASH INFLOW / (OUTFLOW)(A-B-C)	13,97	14,66
OPENING CASH AND CASH EQUIVALENTS (D)	18,83	4,17
CLOSING CASH AND CASH EQUIVALENTS (E)	32,80	18,83
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	13,97	14,66
MANIKAM RAMASWAMI Chairman & Managing Director	S. VENKATARAMANI SHRIDHAR SUBRAHMANYAM P. MANIVANNAN K.J.M. SHETTY Directors	SHIVA PRASAD PADHY Company Secretary
Date : 11 th May 2012 Place : Chennai.		<i>Vide our Report of even date attached</i> For SURI & CO. , Chartered Accountants Firm Reg. no. 004283S R. KRISHNAMOORTHY Chartered Accountants Firm Reg. no. 20695

Notes Accompanying the Profit and Loss Account

(Rs. in Lakhs)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
NOTE 1 - REVENUE FROM OPERATIONS (NOTE NO. 1)		
Sale of Products	8,70,23	9,39,10
Revenue from services	2,00	2,47
Other Operating Revenues	38,37	20,88
TOTAL	9,10,59	9,62,45
NOTE 2 - OTHER INCOME (NOTE NO. 2)		
Interest Income	1,19	2,10
Dividend Income	42	19
Net Gain / Loss on Sale of Investments	2	
Other Non-Operating Income	9,18	9,24
Net Gain from Foreign Currency of Transaction		3,19
TOTAL	10,81	14,72
ADDITIONAL INFORMATION :		
A. SALES		
i. Yarn	2,83,11	4,34,06
ii. Cloth	2,19,19	1,76,55
iii. Hosiery Cloth	2,93,72	2,54,62
iv. Garments	66,88	69,03
v. Cotton Waste	5,07	2,93
vi. Miscellaneous Sales	2,26	1,92
TOTAL	8,70,23	9,39,10
B. INTEREST INCOME		
Form Banks (TDS Rs. 9,21)	90	86
From Others (TDS Rs. 0.21)	29	125
TOTAL	1,19	2,10
C. RAW MATERIALS CONSUMED (NOTE NO.3)		
i. Cotton Staple, Fiber & Cotton Waste	2,84,09	2,53,15
ii. Yarn	1,08,00	1,81,88
iii. Cloth	3,21	1,29
iv. Dyes	2,01	2,04
v. Reflective band	1,77	1,44
TOTAL	3,99,08	4,39,81
D. PURCHASE OF ITEM TRADED (NOTE NO 4)		
Yarn	1,65,34	2,36,54
TOTAL	1,65,34	2,36,54

Notes Accompanying the Profit and Loss Account

(Rs. in Lakhs)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
E. CHANGES IN INVENTORIES (NOTE NO. 5)		
OPENING STOCK		
Process Stock	22,05	16,43
Finished Goods	72,64	23,59
Waste Cotton	31	49
TOTAL (A)	95,00	40,51
Less : CLOSING STOCK		
Process Stock	22,93	22,05
Finished Goods	43,47	72,64
Waste Cotton	49	31
TOTAL (B)	66,89	95,00
CHANGES IN INVENTORIES (B - A)	28,11	(54,49)
F. PROCESS STOCK (NOTE NO. 5a)		
Yarn Stock in Process	11,88	10,83
Woven Cloth stock in process	7,21	7,24
Knitted cloth stock in process	2,17	1,62
Garments stock in process	1,67	2,36
TOTAL	22,93	22,05
G. EMPLOYEE BENEFITS EXPENSE (NOTE NO. 6)		
Salaries, Wages & Bonus	38,84	35,63
Unavailed earned leave	18	63
Contribution to Provident Fund and other funds	2,88	3,44
Other Welfare expenses	5,07	3,87
TOTAL	46,97	43,56
G1. DIRECTORS REMUNERATION :		
Chairman and Managing Director's remuneration and perquisites included under the various heads in the Profit and Loss Account		
i. Salary	18	18
ii. Contribution to provident fund-defined contribution plan	2	2
iii. Commission		50
iv. Contribution to Superannuation fund - defined benefit plan	2	2
v. Perquisites and Other Allowances	6	5
TOTAL	29	78
G2. Whole time Directors Remuneration and Perquisites included under various heads in the Profit & Loss Account:		
i. Salary, Performance Incentive and bonus	7	6
ii. Contribution provident fund-defined contribution plan	1	1
iii. Perquisites and Other Allowances	8	7
G3. Payment of Professional Charges (Inclusive of Taxes) to a Director		
	4	5

Notes Accompanying the Profit and Loss Account

(Rs. in Lakhs)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
H. FINANCE COSTS (NOTE NO 7)		
i. Interest Expenses	44,62	24,99
ii Other Borrowing cost	36	106
iii. Net Loss from Foreign Currency Transaction	3,05	
TOTAL	<u>48,03</u>	<u>26,05</u>
I. 1 DEPRECIATION AND AMORTIZATION EXPENSE (NOTE NO.8)		
S. No.	Depreciation	
i. Building	2,01	1,74
ii Plant & machinery	63,41	48,02
iii. Furniture	24	27
iv. Vehicle	56	35
TOTAL	<u>66,21</u>	<u>50,39</u>
I. 2. DEPRECIATION RATES USED ON CERTAIN ASSETS:		
i. On compact conversion machinery of spinning division (upto 2005)	35.00%	35.00%
ii On the addition of Humidification Plant	35.0%	35.00%
iii. On certain electrical installation of building	25.00%	25.00%
iv. On the dust collection attachment to ring frames added after 2002	95.00%	95.00%
v. On the Spectro colour matching machine	95.00%	95.00%
vi. On Interior decorations of office buildings after 2007	35.00%	35.00%
vii. On addition card cans and simplex bobins (2007-08)	33.33%	33.33%
viii. Solar Heater	95.00%	95.00%
ix. Air receiver	95.00%	95.00%
J. OTHER EXPENSES (NOTE NO. 9)		
Freight and forwarding charges	20,55	23,71
Brokerage and Commission	14,93	16,59
Selling expenses	9,04	13,06
PAYMENT TO AUDITORS		
As Auditos	5	5
For Taxation Matters	3	3
For certification Work	1	1
For Service Tax	1	1
For reimbursement of expenses		
Conversion and processing charges	8,78	7,95
Stores Consumed	28,33	26,97
Power and Fuel	51,39	49,63
Rent	54	15
Repairs to Building	4,59	3,12
Repairs to Machinery	20,39	19,93
Insurance	1,75	1,77
Rate and Taxes Excluding Taxes on Income	1,98	96
Miscellaneous expenses	11,99	17,91
TOTAL	<u>1,74,36</u>	<u>1,81,85</u>

Notes Accompanying the Profit and Loss Account

(Rs. in Lakhs)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011		
K. VALUE OF IMPORTS CALCULATED & CIF BASIS				
i. Raw Material (Stable Fibre, Cotton, Dyes, Reflective band)	8,70	1,12		
ii. Components and spares	9,55	1,98		
iii. Capital goods	50,63	43,12		
TOTAL	<u>68,88</u>	<u>46,22</u>		
L. EXPENDITURE IN FOREIGN CURRENCY				
i. On Account of Travel	40	21		
ii. Commission on Export sales	11,22	11,63		
iii. Professional Charges	22	5		
iv. Salary	22	20		
TOTAL	<u>11,86</u>	<u>12,09</u>		
M. CONSUMPTION OF RAW MATERIAL				
	2012	%	2011	%
i. Indigenous	3,67,94	92.20	4,14,41	94.23
ii. Imported	31,14	7.80	25,40	5.77
TOTAL	<u>3,99,08</u>	<u>100.00</u>	<u>4,39,81</u>	<u>100.00</u>
N. CONSUMPTION OF STORES AND SPARES				
	2012	%	2011	%
i. Indigenous	36,89	69.19	22,90	61.26
ii. Imported	16,42	30.81	14,48	38.74
TOTAL	<u>53,31</u>	<u>100.00</u>	<u>37,38</u>	<u>100.00</u>
O. AMOUNT REMITTED IN FOREIGN CURRENCY				
	NIL		NIL	
P. EARNINGS IN FOREIGN EXCHANGE				
On export of goods, including export through Merchant Exporters				
Calculated on FOB Basis	6,76,75		7,44,00	
Dividend received	42		19	
TOTAL	<u>6,77,17</u>		<u>7,44,19</u>	

Notes Accompanying Financial Statements

(Rs. in Lakhs)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
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NOTE NO. 10(a) AUTHORISED, ISSUED, SUBSCRIBED, PAID-UP SHARE CAPITAL AND PAR VALUE PER SHARE.

PARTICULARS		
AUTHORISED SHARE CAPITAL		
90,00,000 Equity Shares of Rs. 10/- each	9,00	9,00
Note No. 10 (d) Shares in the Company held by each shareholder holding more than 5 % shares		
6,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each	6,00	6,00
(Previous year 6,00,000 preference shares of Rs. 100 each)		
ISSUED, SUBSCRIBED AND PAID-UP :		
48,16,446 Equity Shares of Rs. 10/- each Fully paid-up	4,82	4,70
(Previous year 47,03,946 equity shares of Rs. 10/- each)		
Shares on Amalgamation (1,12,500 equity shares)		11
PAID-UP SHARE CAPITAL		
48,16,446 Equity Shares of Rs. 10/- each Fully paid-up	4,82	4,70
(Previous year 47,03,946 equity shares of Rs. 10/- each)		
Shares on Amalgamation (1,12,500 equity shares)		11
Total	4,82	4,82

b. RECONCILIATION OF NUMBER OF EQUITY SHARES OUTSTANDING AT THE BEGINNING AND AT THE END OF THE YEAR

Number of Shares outstanding as the beginning of the year	47,03,946	47,03,946
ADD :		
Number of Shares allotted during the year fully paid - up pursuant to a scheme of Amalgamation with "Sri Chintamani Textiles Mills Ltd.,	1,12,500	NIL
Number of Shares outstanding as the end of the year	48,16,446	47,03,946

Note No. 10(c) Rights, preferences and restrictions attaching to various classes of Shares.

Sl. No.	Class of Shares	Rights, preference and restrictions (including restrictions on distribution of dividend and repayment of capital) attached to the class of shares
1.	Equity shares issued pursuant to amalgamation	Lock in period upto 18/10/2014

Notes Accompanying Financial Statements

(Rs. in Lakhs)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
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Note No. 10(d) Shares in the Company held by each share holding more than 5% shares

Sl. No.	Name of the Share holder	Number of shares held in the Company
1.	Madurai Tara Traders (P) Ltd	776887
2.	Felspar credit and investment (P) Ltd.,	661126
3.	Dhanalakshmi Investment (P) Ltd.,	629343
4.	Kurunji Investments (P) Ltd.,	346887
5.	Chintamani Investments (P) Ltd.,	279220

Note No. 10(e) Details of allotment of shares for consideration other than cash, allotments of bonus shares and shares bought back (During the period of five years from 2007)

Particulars	Amount
1. Allotment of shares as fully paid-up pursuant to contracts without payments being received in cash	11

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

As at 31.03.2011	Additions during the year	Deductions during the year	As at 31.3.2012
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NOTE No. 11 - RESERVES AND SURPLUS

Capital Reserve	24	0	0	24
Capital Redemption Reserve	4,30	0	0	4,30
Revaluation Reserve	41	0	0	41
Amalgamation Reserve	2,43	0	0	2,43
General Reserve	74,96	2,43	0	77,39
Surplus (Profit and Loss Account) (Note 1)	24,23	0	4,93	19,29
Total	1,06,56	2,43	4,93	1,04,06

NOTE No. 1 -SURPLUS (Profit & Loss Account)

Opening Balance	24,23	3,72
ADD :		
Profit for the Period	(1,94)	31,37
LESS :		
Interim dividend on equity shares @ NIL (P.Y. 100%)	0	4,70
Tax on Interim Dividend	0	78
Proposed final dividend @ 10% (P.Y. 39%)	48	1,88
Tax on Distributed profits on equity shares	8	30
Transferred to General Reserve	2,43	3,20
Closing Balance	19,29	24,23

Notes Accompanying Financial Statements

(Rs. in Lakhs)

Particulars		
NOTE No. 12 - LONG TERM BORROWINGS		
Particulars	As at 31.3.2012	As at 31.3.2011
(A) TERM LOANS : SECURED		
Term Loan from Banks	3,72,09	3,31,15
(B) TERM LOANS FROM FINANCIAL INSTITUTION		
Term loans except the following are secured by joint and equitable mortgage of all immovable properties present and future and by hypothecation of machineries ranking paripassu with one another.	51,98	34,13
Term loans availed from Central bank of India and Karur Vysya Bank to the extend of Rupees 115.89 crores are exclusively charged by the specific assets purchased out of the term loan		
Term loans availed from Indian Overseas Bank to the extend Rupees of 12.78 crores is exclusively charged on Land, building and Plant and machinery purchased under their Term Loans		
The term loan repayable half yearly / quartely as per agreement at floating rate of interests. Term loans payable with in a period of 12 months Rupees 62.38 Crores. (PY Rs.43.91 Crores)		
(C) FIXED DEPOSITS (UNSECURED)		
	22	28
TOTAL	4,24,29	3,65,56
NON CURRENT LIABILITIES		
NOTE NO. 13 DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liabilities	51,99	44,29
Deferred Tax Assets	(22,62)	(12,47)
Deferred Tax Liabilities (Net)	29,37	31,82
NOTE NO. 14 LONG TERM PROVISIONS		
Employee Benefits - Gratuity	20	86
TOTAL	20	86

Notes Accompanying Financial Statements

(Rs. in Lakhs)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
CURRENT LIABILITES		
NOTE NO. 15 SHORT TERM BORROWINGS		
A. LOANS REPAYABLE ON DEMAND - FROM BANKS		
Secured		
Working Capital Loans from Banks are Secured by the hypothecation of Raw materials, stock in process, Finished goods, Stores Consumables, Spares and Book debts. and are also secured by second charge on block assets (Secured against hypothecation of stocks)	2,39,93	2,61,68
Working Capital Loans are guaranteed by the Chairman and Managing director		
B. Loans and Advances from related parties		
C. Other deposits - Unsecured		
TOTAL	<u>2,39,93</u>	<u>2,61,68</u>
NOTE NO. 16. OTHER CURRENT LIABILITIES		
Current Maturities of Long term debt.		
Other (Specify)		
Advance for Capital goods	5,73	11,50
Expenses Payable	17,68	25,94
Statutory Liabilities Payable	69	93
Others Payable	18,45	78
Advance for Supplies	5,89	4,04
Interests Accrued but not due on borrowings	27	0
Interests Accrued and duo on borrowings	0	3,08
Un-paid dividends	70	50
Un Claimed Matured deposits and interest accrued thereon	3	3
Interests Accrued but not duo on fixed deposits	1	2
TOTAL	<u>49,45</u>	<u>46,83</u>
NOTE NO. 17 SHORT - TERM PROVISIONS		
Provision for Dividend	48	1,88
Provision for Dividend Distribution Tax	8	30
Provision for income Tax	27,09	29,11
Provision for Wealth Tax	9	8
Provision for FBT	69	69
For Provident Fund and other Funds	44	22
Leave Salary	47	67
Other provisions (Deferred Tax)		
TOTAL	<u>29,34</u>	<u>32,94</u>

Notes Accompanying Financial Statements

NOTE No. : 18 - FIXED ASSETS - TANGIBLE

(Rs. in Lakhs)

Class of Assets	GROSS CARRYING AMOUNT				DEPRECIATION				NET CARRYING AMOUNT	
	Cost as on 01-04-2011	Addition/ Adjustment	Deductions/ Adjustment	As at 31.03.2012	As at 31.03.2011	For the Year	Deduction/ Adjustment	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
1. LAND	9.33	1.98	52	10,79	—	—	—	—	10,79	9.33
2. BUILDINGS	60.42	18.44	—	78,86	16,09	2,01	—	18,10	60,76	44,33
3. PLANT & EQUIPMENT	617.04	151.59	15,94	752,70	290,61	63,41	9,48	344,53	408,17	326,44
4. FURNITURE & FIXTURES	3.12	23	—	3,35	2,40	24	—	2,64	71	72
5. VEHICLES	3.95	44	22	4,16	2,03	56	21	2,38	1,78	1,91
6. OFFICE & EQUIPMENTS	—	—	—	—	—	—	—	—	—	—
TOTAL	6,93.87	1,72.68	16.68	8,49.87	3,11,13	66,21	9,69	3,67,65	4,82,22	3,82,73
PREVIOUS YEAR TOTAL	5,70.52	1,39.64	16.30	6,93.87	2,74,92	50,39	14,17	3,11,13	3,82,73	2,95,61

NOTE NO. 19

CAPITAL WORK IN PROGRESS	31.03.2012	31.03.2011
LAND UNDER PROGRESS	1,20	1,20
BUILDINGS	14,92	6,59
PLANT & MACHINERY	24,90	31,09
Total	41,03	38,88

Notes Accompanying Financial Statements

(Rs. in Lakhs)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
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NOTE NO. 20 NON-CURRENT INVESTMENTS - AT COST - LONG TERM

a. Investment Property	2,61	0,00
b. Trade Investments		
(i) Investments in equity instruments	1,79	1,79
(ii) Investments in preference share	0.00	0.00
(iii) Investments in debentures or bonds	0.00	0.00
c. Non Trade Investments		
(i) Investments in equity instruments	1,85	1,78
(ii) Investments in preference share	0.00	0.00
(iii) Investments in debentures or bonds	0.00	0.00
(iv) Investments in mutual funds	0.00	0.00
(v) Investments in Government or trust Securities	0.00	0.00
(vi) Investments in Partnership firms	0.00	0.00
TOTAL	6,25	3,58

NOTE NO. 20 - NON-CURRENT INVESTMENTS

AT COST-LONG TERM

Trade Investment (Un Quoted)	31-3-2012		31-3-2011	
	No. of Shares	At Cost	No. of Shares	At Cost
i) Uniloyal Expotex Ltd.,	24,700	2	24,700	2
ii) Shree Teyem Processors Ltd.,	24,808	2	24,808	2
iii) Gruppo P & P Loyal spa (Joint Venture 47.5%)	33,25	1,49	33,25	1,49
iv) Cuddalore Sipcot Industries Association	4,665	5	4,665	5
v) Loyal Dimco Group A.E.B.E. (Joint venture 50%)	50,000	18	50,000	18
vi) SIMA Textile Processing Centre Ltd.,	20000	2	20000	2
vii) Loyal Textile (UK) Ltd.,	2450	0	2450	0
TOTAL	1,29,948	1,79	1,29,948	1,79

NON TRADE INVESTMENT (QUOTED)

i) Central Bank of India	1469	2	762	1
ii) Reliance gold - ETF - Units	9000	1,77	8782	1,73
iii) Larsen and Toubro limited	275	5	275	5
iv) Page Industries Limited	47	1		
v) Tata Consultancy service				
vi) Kitex Garments Limited	47	1		
TOTAL	10,838	1,85	9,819	1,78

Notes Accompanying Financial Statements

(Rs. in Lakhs)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
NON TRADE INVESTMENT (UN QUOTED)		
12 Year National Plan certificate *	}	0.10
12 Year National defence certificate *		
5 Year postal deposit *		
6 Year National savings certificate ***		
<p>* Investment value of Rs. 9000/- deposited with central excise Department ** Investment value of Rs. 1000/- deposited with Andhra Sales Tax Department</p>		
Aggregate amount quoted Investment	1,85	1,78
Market value of Quoted investment	2,43	1,78
Aggregate amount Un quoted Investment	1,79	1,79
Aggregate provision for Diminution in value of Investment	NIL	NIL
NOTE NO. 21 LONG-TERM LOANS AND ADVANCES		
(A) Capital Advances		
(i) Secured, Considered good		
(ii) Unsecured, Considered good	12,31	29,06
(iii) Doubtful		
Less: Allowance for bad and doubtful advances		
Total (A)	12,31	29,06
NOTE NO. 22 INVENTORIES		
(a) Raw Materials		
(i) in stock	57,61	129,36
(ii) in transit	0.00	0.00
(b) Work-in-progress		
(i) in stock	22,93	22,05
(ii) in transit	0.00	0.00
(c) Finished goods		
(i) in stock	43,96	72,95
(ii) in transit	0.00	0.00
(d) Stock-in-trade (in respect of goods acquired for trading)		
(i) in stock	0.00	0.00
(ii) in transit	0.00	0.00
(e) Stores and spares and Packing Materials		
(i) in stock	10,60	6,20
(ii) in transit	0.00	0.00
Total	135,10	230,56

Notes Accompanying Financial Statements

(Rs. in Lakhs)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
NOTE NO.23 TRADE RECEIVABLES		
(A) Trade receivables outstanding for more than six months from the date they become due to payment :		
i) Secured, Considered good	-	-
ii) Unsecured, Considered good	15,53	8,72
TOTAL - A	15,53	8,72
(B) Trade receivables (others)		
i) Secured, Considered good	-	-
ii) Unsecured, Considered good	66,66	66,51
TOTAL - B	66,66	66,51
Total (A+B)	82,19	75,23
NOTE NO.24 CASH AND CASH EQUIVALENTS		
(A) Balance with Banks		
(I) Earmarked Bank Balances		
(i) Unpaid Dividend Bank account	49	33
(II) Bank balances held as margin money or as security against		
(i) Borrowings	0	0
(ii) Guarantees	92	98
(iii) Letters of Credit	6,18	5,64
(iv) Other commitments	0	0
(III) Other bank balances		
(i) Bank deposits with more than 12 months maturity		
(ii) Others	24,76	11,68
(B) Cheques, drafts in hand	0	0
(C) Cash on hand	45	20
TOTAL	32,80	18,83
NOTE NO. 25 OTHER CURRENT ASSETS		
Interest Subsidy Receivable	9,99	10,64
Advances recoverable in cash or in kind or for value to be received	81,21	1,03,49
Deposits	8,53	0
Tax payments pending Adjustments	30,01	26,53
TOTAL	1,29,75	1,40,67

Notes Accompanying the Financial statements for the year ended 31st March 2012

26. 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 standards 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 / Service / Process Charge is accounted on accrual basis.
 - iii) Dividend income on investments / claims are accounted for, when the right to receive the payment is established.
- C) 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.
- D) 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.
- 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 .Assets under erection / construction are stated at value incurred.
 - ii) Depreciation in respect of all assets at Loyal division excepting Plant and Machinery(On SLM basis) 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), SCTM division 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 certain assets as per the internal assessment on the useful life of such assets.

Notes Accompanying the Financial statements for the year ended 31st March 2012

- iv) Depreciation in respect of all assets (except Furniture & Vehicles, which has been provided on WDV basis) at Shri Vishala Textile Mills division has been provided on SLM basis at the rates specified in Schedule XIV of the Companies Act, 1956.
 - v) 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.
 - vi) 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. Investments being long term are valued at Cost. Provision for permanent diminution in value is made, when considered necessary.
- K. Taxes on Income - Current Tax is determined on the basis of taxable income for the year. Deferred tax is recognised for all timing differences, subject to the consideration of prudence.

Notes Accompanying the Financial statements for the year ended 31st March 2012

L. Cash Flow Statement :

Cashflow is reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future operating cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.

M. Impairment of Fixed Assets :

Consideration is given at each Balance Sheet date to determine whether there is any impairment of the carrying amount of the company's fixed assets. 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,U.S.A and Others.
- c) The Accounting policies adopted for segment reporting are in line with the accounting policy of the company with the following additional policies for segment reporting.
 - 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 are 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.

27. Contingent Liabilities :

(Rs. in Lakhs)

(To the extent not provided for)	31.03.12	31.03.11
i) Claim against the Company not acknowledged as debts	29	23
ii) Counter Guarantee given to Banks	5,95	5,94
iii) On Account of Bill discounted	46,66	1,42,63
iv) Disputed income tax demand not provided for-Appeals filed before Appellate Authorities are pending	-	2,00
v) Disputed Sales tax demand not provided for	35	14
vi) Disputed Service tax not provided for	1,11	9
vii) On account of export obligation covered by letter of undertaking	47,03	61,00

Notes Accompanying the Financial statements for the year ended 31st March 2012

(Rs. in Lakhs)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
28. Commitment :		
i) Estimated amount of Contracts remaining to be executed an Capital Accounts and not provided for	26,09	84,27
ii) The Amount of capital commitments / contingencies incurred in respect of jointly controlled entities		NIL
29. No significant restriction is attached on the investments held outside India		
30. The Cash and Cash equivalents in the Cash flow statement include foreign currency balances, which does not include any amount, which is of restrictive realisability.		
31. Power and fuel cost is net of Rs. 24.07 Crores (P.Y.Rs 19.44 Crores) being electricity generated through wind mills.		
32. The amount of borrowing cost capitalised during the year Rs. 1.26 Crores /- (PY Rs.3.74 Crores)		
33. In view of the loss incurred by the Company no income tax is payable.		
34. Deferred tax liability mainly represent timing differences relating to depreciation of Rs. 51.99 Crores (P.Y Rs. 44.29 Crores) and Deferred asset mainly represent timing' difference on account of carried forward depreciation permissible Rs. 12.97 Crores(PY: 12.47 Crores) under Income tax Act 1961. The MAT credit available is Rs. 9.64 Crores .		
35. Disclosure regarding Derivative Instruments:		
a) The Company enters into forward contracts either to hedge its foreign exchange exposure or to reduce costs and not for any speculative purposes. The Company has not entered into any derivative deals during the year and the Company has' no outstanding derivative exposure as on 31 st March 2012		
b) The net loss incurred by the company on cancellation of Forward Contracts during the year is grouped under misscellaneous 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.		
36. Earnings per share		
(a) Opening / Closing number of shares	48	48
(b) Profit / Loss after deferred Tax	(1,94)	31,37
(c) Earnings per share (Rs.)	(4.03)	65.12
(d) Face value of shares (Rs.)	10.00	10.00
37. Based on the information available with the Company, the principal amount due to Micro and small enterprises on 31.03.2012 is Rs. NIL. There has been no overdue principal amount and therefore no interest is paid / payable.		
38. The Company has adopted the Accounting Standard (AS) 15 (Revised) from the year 2008.		
(a) Post employment benefits		
(b) 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.190.81(PY.160.84) 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.		

Notes Accompanying the Financial statements for the year ended 31st March 2012

(Rs. in Lakhs)

Particulars	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
	Gratuity (Funded Plan)	Gratuity (Funded Plan)	Gratuity (Funded Plan)	Gratuity (Funded Plan)	Gratuity (Funded Plan)
d) Present Value of the Obligation as on 01.04.2011	5,45	4,54	3,91	3,17	2,55
Current Service Cost	59	53	48	32	25
Interest Cost	43	35	27	20	18
Benefits Paid	(16)	(31)	(21)	(19)	(17)
Actuarial loss(gain)	(25)	34	10	41	36
Present Value of the Obligation as on 31.03.2012	<u>6,06</u>	<u>5,45</u>	<u>4,54</u>	<u>3,91</u>	<u>3,17</u>
e) Reconciliation of changes in the fair value of plan Assets :					
	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Fair Value of Plan Asset as on 01.04.2011	4,52	3,98	3,21	2,54	2,10
Expected return / on plan assets	42	33	29	22	17
Contribution by the Company	94	56	70	62	45
Benefits Paid	(16)	(31)	(21)	(19)	(17)
Actuarial gain/(loss)	-	(5)	(1)	1	(1)
Fair Value of Plan Assets as on 31.03.2012	<u>5,71</u>	<u>4,52</u>	<u>3,98</u>	<u>3,21</u>	<u>2,54</u>
f) The total expenses recognised in the profit and loss account is as follows :					
Current Service Cost	59	53	48	32	25
Interest Cost	43	35	27	20	18
Expected return on plan assets	(42)	(33)	(29)	(22)	(17)
Net Actuarial (gain) / loss recognised in the year	<u>(25)</u>	<u>24</u>	<u>11</u>	<u>40</u>	<u>36</u>
	<u>36</u>	<u>79</u>	<u>56</u>	<u>70</u>	<u>62</u>
g) Reconciliation of Net Liability recognised in the balance sheet					
	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Net Liability as at the beginning of the year	79	56	70	62	45
Add : Expenses as (d) above	36	79	56	70	62
Less : Employers Contribution / Payment	<u>(94)</u>	<u>(56)</u>	<u>(70)</u>	<u>(62)</u>	<u>(45)</u>
Net Liability as at the end of the year	<u>20</u>	<u>79</u>	<u>56</u>	<u>70</u>	<u>62</u>

Notes Accompanying the Financial statements for the year ended 31st March 2012

(Rs. in Lakhs)

Particulars	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
(h) Constitution of Plan Assets :					
In Government approved securities / deposits / Bonds	5,71	4,52	3,98	3,21	2,54
(i) Principal actuarial assumptions used as at the Balance Sheet date :					
Discount Rate	8.70%	8.00%	7.00%	6.50%	7.50%
Salary Escalation Rate	9.00%	9.00%	8.00%	8.00%	8.00%
Attrition Rate	5.00%	5.00%	5.00%	5.00%	5.00%
Expected rate of return on plan assets	8.00%	7.20%	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.79.02lacs	Rs.55.86lacs	Rs.70.10lacs	Rs.70.10lacs	Rs.62.29lacs
a) Actual return on plan assets	Rs.41.61lacs	Rs.33.19lacs	Rs.29.35lacs	Rs.22.11lacs	Rs.17.40lacs
(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 31.03.2012					
	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
a) Government Securities	48.18%	34.00%	38.00%	40.00%	49.00%
b) Bank deposits (Special deposit scheme)	4.37%	16.00%	6.00%	7.00%	9.00%
c) Others / approved securities	47.45%	50.00%	56.00%	53.00%	42.00%

39) In the opinion of the board, all the assets other than fixed asset and non-current investments have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated.

40) There is no amount due and outstanding to be credited to investor's education and protection fund.

41) Confirmation of balances have not been received from parties.

42) Previous year figures have been regrouped wherever necessary to conform to the current years classification.

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

Notes Forming Part of Accounts for the year ended 31st March 2012

17. PRIMARY SEGMENT REVENUES, RESULTS AND OTHER INFORMATION

(Rs. in Lakhs)

	Yarn		Cloth		Garments		Total	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Revenue								
External Sales	3,02,11	4,48,96	5,72,27	4,88,84	70,73	73,28	9,45,10	10,11,08
Inter-segment transfer			34,51	36,01			34,51	36,01
	3,02,11	4,48,96	6,06,78	5,24,85	70,73	73,28	9,10,59	10,47,09
Results								
Segment Results	(8,90,)	54,43	28,49	8,25	9,39	8,04	28,98	70,72
Less : Unallocated expenses less income							8,11	6,69
Profit from Operations							37,09	77,41
Interest Expenses							43,79	(23,95)
Profit before tax							(6,70)	53,46
Tax							(4,76)	22,10
Profit after tax							(1,94)	31,36
OTHER INFORMATION								
Segment Assets	2,82,56	3,00,06	4,61,66	5,21,46	29,65	35,52	7,73,87	8,57,04
Unallocable Assets							13,64	15,43
Total Assets							7,87,51	8,72,47
Segment Liabilities	(9,72)	6,27	81,72	94,67	4,33	3,51	76,33	1,04,44
Unallocable Liabilities								52
Total Liabilities							76,33	1,04,96
Segment Capital Expenditure	58,89	84,48	1,03,96	1,51,34	1,67	3,83	1,64,52	2,39,65
Unallocable Capital Expenditure							8,16	35,44
Total Capital Expenditure							1,72,68	2,75,09
Segment Depreciation	5,75	21,03	59,27	28,37	1,11	95	66,13	50,35
Unallocable Depreciation							9	4
Total Depreciation							66,22	50,39

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

3. Carrying amount of segment assets

Region	Amount	
	31.03.2012	31.03.2011
Europe	20,86	27,53
USA	28,23	24,88
Asia	31,80	3,92,80
Others	1,30	4,57
	82,19	4,49,78

4. Carrying amount of segment liabilities

Region	Amount	
	31.03.2012	31.03.2011
Europe	2,51	4,00
USA	1	49
Asia	37,62	63,65
Others	5	33
	40,19	68,47

Notes Accompanying the Financial statements for the year ended 31st March 2012

44. RELATED PARTY DISCLOSURES FOR THE FINANCIAL YEAR ENDED 31.03.2012

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. Gruppo P&P Loyal Spa, Italy	Joint Venture Company
4. Loyal Dimco Group A.E.B.E., Greece	Joint Venture Company
5. Sri. Manikam Ramaswami Chairman and Managing Director	Key Management Personnel
6. Sri. P. Manivannan and Sri Shridhar Subrahmaniyam (DIRECTORS)	Key Management Personnel

(Rs.in Laks)

i) The name of the transacting related party	Gruppo P&P Loyal Spa Italy	
ii) Description of the relationship between the parties	Joint Venture	
ii) Description of the nature of transactions	Sale of Garments Purchase of Raw Materials	
iv) Volume of the transactions	Sale value - 38.68 Purchases - 2,77 Commission- 81	
v) Purchase of Fixed Assets & Leases		Nil
vi) Finance (including loans and equity contributions in cash or in kind)	During the year - As on 31/03/12 - 1,49	Nil
vii) Management contracts including for deputation of employees		Nil
viii) Any other elements of the related party transaction necessary for an understanding of the financial statements		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		10,40 Considered good
x) Amount written off in the period of debts due from or to related parties		Nil
xi) Dividend Received		41
xii) Guarantee given		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. Sri Shridhar Subrahmanyam, Director is paid professional charges as given in the notes.
 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.
 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

(Rs. in Lakhs)

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

I. REGISTRATION DETAILS

Registration No.

0	1	3	6	1
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 State Code No. :

1	8
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Balance Sheet Date

3	1	0	3	2	0	1	2
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II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. in Lakhs)

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. in Lakhs)

Total Liabilities

		9	2	1	6	5
--	--	---	---	---	---	---

 Total Assets

		9	2	1	6	5
--	--	---	---	---	---	---

SOURCES OF FUNDS

Paid up Capital

		4	8	2
--	--	---	---	---

 Reserves & Surplus

		1	0	4	0	6
--	--	---	---	---	---	---

Secured Loans

		6	6	4	0	0
--	--	---	---	---	---	---

 Unsecured Loans

		1	4	8	7	7
--	--	---	---	---	---	---

APPLICATION OF FUNDS

Net Fixed Assets

		5	2	3	2	5
--	--	---	---	---	---	---

 Investment

		6	2	5
--	--	---	---	---

Net Current Assets

		3	9	2	1	5
--	--	---	---	---	---	---

 Misc. Expenditure

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

Accumulated Losses

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

IV. PERFORMANCE OF COMPANY (Amount in Rs. in Lakhs)

Turnover

		9	2	1	4	0
--	--	---	---	---	---	---

 Total Expenditure

		9	2	8	1	0
--	--	---	---	---	---	---

Profit / (Loss) Before Tax

				-6	7	0
--	--	--	--	----	---	---

 Profit/ (Loss) After Tax

				-1	9	4
--	--	--	--	----	---	---

Earnings per share in Rs.

				-4
--	--	--	--	----

 Dividend Rate %

		1	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

Date : 11th May 2012
Place : Chennai.

S. VENKATARAMANI
SHRIDHAR SUBRAHMANYAM
P. MANIVANNAN
K.J.M. SHETTY
Directors

SHIVA PRASAD PADHY
Company Secretary

Vide our Report of even date attached

For **SURI & CO.**,
Chartered Accountants
Firm Reg. no. 004283S

R. KRISHNAMOORTHY
Chartered Accountants
Firm Reg. no. 20695

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 Sixth Annual General Meeting of the Company to be held at
10.00 a.m. on Wednesday, 22th day of August 2012 and at any adjournment thereof.

Dated this day of 2012

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.

**ANNUAL REPORT
2011 - 2012**

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STA DEPARTMENT , NELSON CHAMBERS,
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NO. 115, NELSON MANICKAM ROAD,
AMINJIKARAI,
CHENNAI - 600 029.