

# **LOYAL TEXTILE MILLS LIMITED**

**ANNUAL REPORT 2017-18**



## LOYAL TEXTILE MILLS LIMITED

(CIN: L17111TN1946PLC001361)

### BOARD OF DIRECTORS

(As on 25<sup>th</sup> May 2018)

: Mrs.Valli M Ramaswami, Whole Time Director  
Mr. P. Manivannan, Whole Time Director  
Mr. R. Poornalingam, I.A.S. (Retd.)  
Mr. Madhavan Nambiar, I.A.S. (Retd.)  
Mr. B.T. Bangera, B.E., M.B.A.,  
Mr. B. Vaidyanathan, B.Tech.  
Mrs. Vijalakshmi Rao, B.Sc., M.B.A.,

### CHIEF EXECUTIVE OFFICER

: Mr. A. Velliangiri, B.Com., FCA., FCS., FCMA, M.B.A., D.M.A. (ICA)

### CHIEF FINANCIAL OFFICER

: Mr. K. Ganapathi, B.Com., ACA

### COMPANY SECRETARY

: Mr. P. Mahadevan, FCS, M.C.L.

### STATUTORY AUDITOR

: M/s. Ganesh Prasad,  
Chartered Accountants, Madurai

### COST AUDITOR

: Mr. V. Balasubramanian, B.A., FCMA  
Cost Accountant, Coimbatore

### INTERNAL AUDITOR

: M/s. Capri Assurance and Advisory Services,  
Chartered Accountants, Chennai

### SECRETARIAL AUDITOR

: Mr. M.K. Bashyam, FCS  
Practising Company Secretary, Madurai.

### BANKERS

: Central Bank of India  
Export Import Bank of India  
State Bank of India  
Karur Vysya Bank Ltd  
Indian Bank  
IDBI Bank

### REGISTERED OFFICE

: 21/4, Mill Street,  
Kovilpatti – 628 501.  
Phone: 04632 – 220001  
E-mail: investors@loyaltextiles.com

### REGISTRAR AND SHARE TRANSFER AGENTS

: M/s. GNSA Infotech Limited,  
STA Department, Nelson Chambers,  
4<sup>th</sup> Floor, F Block, No.115, Nelson Manikam Road,  
Aminjikarai, Chennai – 600 029  
Phone: 044-42962025  
E-mail: sta@gnsaindia.com

### Website

: www.loyaltextiles.com

# Contents

CONTENTS	Page No.
Notice	3
Board's Report	11
Annexures I - VIII to the Board's Report	17
<b>Standalone Financial Statements</b>	
Independent Auditors' Report	42
Balance Sheet	50
Statement of Profit and Loss	51
Statement of Cash Flows	52
Notes to the Financial Statements	54
<b>Consolidated Financial Statements</b>	
Independent Auditors' Report	81
Balance Sheet	84
Statement of Profit and Loss	85
Statement of Cash Flows	86
Notes to the Financial Statements	88

# Notice

## LOYAL TEXTILE MILLS LTD

(CIN: L17111TN1946PLC001361)

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

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

Phone: 04632-220001 Fax: 04632-221353

### NOTICE

**Notice** is hereby given that the 72<sup>nd</sup> Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at 21/4, Mill Street, Kovilpatti : 628 501 at **10.30 a.m** on **Thursday** the **27<sup>th</sup> September, 2018** to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Standalone and Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2018, the Cash Flow Statement for the year ended 31<sup>st</sup> March 2018, the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on equity shares for the year 2017-18
3. To appoint a Director in place of Mr.P.Manivannan, Director (holding DIN 00366954), who retires by rotation and being eligible, offers himself for reappointment.

#### SPECIAL BUSINESS:

#### 4. Appointment of Mrs.Valli M Ramaswami, as Whole time Director

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

**RESOLVED THAT** pursuant to the provisions of Section 196, 198, 203, read with Schedule V and other applicable provisions if any, of the Companies Act, 2013 and subject to such other approvals, as may be necessary, Mrs. Valli M Ramaswami (holding DIN:00036508) who was appointed as Additional Director of the Company by the Board of Directors with effect from 12<sup>th</sup> April 2018 and whose term of office expires at this Annual General Meeting (AGM) and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing her candidature for the office of Director, be and is hereby appointed as Whole Time Director of the Company for a tenure of 5 years with effect from 12.04.2018.

**RESOLVED FURTHER THAT** the consent of the members of the Company be and is hereby accorded for payment of remuneration to Mrs.Valli M Ramaswami,

Whole Time Director on such terms and conditions and such remuneration as below with effect from 12.04.2018 notwithstanding the absence or inadequacy of profits during any financial year.

- (a) Basic Salary: Rs.5,00,000/- per month (Rupees Five lakhs per month).
- (b) Perquisites:
  - i) Housing – She shall be entitled for rent free Accommodation provided by the Company.
  - ii) Medical Reimbursement: Reimbursement of expenses for self and family subject to a ceiling of one month's salary in a year or five months salary over a period of five years.
  - iii) Leave Travel Concession: Reimbursement of expenditure incurred for self and family once a year subject to a maximum of one month's salary.
  - iv) Club Fees: Fees of clubs subject to a maximum of two clubs excluding admission and life membership fees.
  - v) Personal Accident Insurance and Medi-claim Insurance: The premium shall be paid as per the rules of the Company.
  - vi) Contributions to Provident Fund and Superannuation Fund shall be paid as per the rules of the Company and shall not be included in the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
  - vii) Gratuity shall not exceed half a month's salary for each completed years of service.
  - viii) Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.
  - ix) Leave: Privilege Leave on full pay and allowance as per the Rules of the Company. Encashment of the leave at the end of tenure

# Notice

will not be included in the computation of ceiling and perquisites. She will also be entitled to Casual and Sick leave as per the leave rules of the Company.

## 5. Appointment of Mr. B. Vaidyanathan, (DIN 00263983) as a Director

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

**RESOLVED THAT** pursuant to the provisions of Section 152 and any other applicable provisions of the Companies Act 2013 ("Act") and the Rules made there under (including any statutory modification(s) or re-enactments thereof for the time being in force), Mr.B.Vaidyanathan, (DIN:00263983) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 07<sup>th</sup> December, 2017 and whose term of office expires at this Annual General Meeting ('AGM') and in respect of whom the Company has received a notice in writing from a member, under section 160 of the Companies Act 2013, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to be retire by rotation.

## 6. Ratification of Remuneration to the Cost Auditor

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

**RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) the remuneration of Rs.1,00,000/- (Rupees One Lakh Only), in addition to service tax, travelling and out-of-pocket expenses for the financial year ending 31<sup>st</sup> March 2019 as approved by the Board of Directors of the Company to be paid to Mr.B.Venkateshwar, Practicing Cost Accountant, (holding Membership No.27622), appointed by the Board as Cost Auditor to conduct the audit of the cost accounts of the Company be and is hereby ratified and confirmed.

By order of the Board  
For Loyal Textile Mills Limited

**P. Mahadevan**  
Company Secretary & Compliance Officer

Place: Chennai  
Date: August 11, 2018

## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

2. Proxies in order to be effective must be lodged with the Company not later than 48 hours before the meeting.

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

3. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the company provided that not less than three days of notice in writing is given to the Company.

4. The Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 (the Act 2013), in respect of the special businesses, as set out in the Notice is annexed hereto and forms part of the notice.

5. Pursuant to the provisions of Section 91 of the Companies Act 2013 and Regulation 42 of SEBI (LODR) Regulations 2015, the Register of Members and Share Transfer Books of the Company will be closed from 21.09.2018 to 27.09.2018 (both days inclusive) for the purpose of payment of the dividend for the financial year ended 31.03.2018 and the AGM.

6. The Statutory Registers will be available for inspection by the Members at the AGM. Relevant documents and statements referred to in this Notice are open for inspection by the Members at the Registered Office of the Company during business hours till the date of the AGM.

7. The dividend for the year ended 31.03.2018 as recommended by the Board, if approved at the meeting, will be paid to those members whose names appear in the Company's Register of Members on 20<sup>th</sup> September 2018. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.

8. In terms of requirements of Section 124(6) of the Companies Act, 2013 read with Investor Education and

# Notice

Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Amendment Rules 2017 ("the Rules"), the Company is required to transfer the shares, in respect of which the dividend remains unpaid or unclaimed for a period of seven consequent years to the IEPF account established by the Central Government. The Company had accordingly transferred 83,711 Equity shares pertaining to Dividend for the Financial year 2008-09 & 2009-10 respectively to the IEPF account.

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

9. Members holding shares in physical form are requested to quote their Registered Folio No. in all their correspondences and notify promptly change, if any, in their Address / bank mandate to the Company's Registrars and Share Transfer Agent M/s. GNSA Infotech Limited, STA Department, Nelson Chambers, 4th Floor, F Block, No.115 Nelson Manickam Road, Aminjikai, Chennai - 600029.: Phone : 044-42962025, E-mail : [sta@gnsaindia.com](mailto:sta@gnsaindia.com)
10. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or R&TA for assistance in this regard.
11. 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.9 above.
12. Electronic copy of the Annual Report and the Notice of the 72<sup>nd</sup> Annual General Meeting of the Company inter alia indicating the process and manner of Remote e-voting along with Attendance Slip and Proxy Form are being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes, unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the above documents are being sent in the permitted mode.
13. Members may also note that the Notice of the 72<sup>nd</sup> Annual General Meeting and Annual Report for 2017-18 will also be available on the Company's website [www.loyaltextiles.com](http://www.loyaltextiles.com) for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Kovilpatti for inspection during normal business hours on working days. Even after

registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the members may also send their requests to [investors@loyaltextiles.com](mailto:investors@loyaltextiles.com).

14. A route map showing directors to reach the venue of the 72<sup>nd</sup> AGM is given at the end of this notice as per the requirement of the Secretarial Standard on General Meetings (SS-2).
15. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the meeting ('remote e-Voting').

The facility for voting through Ballot papers shall be made available at the 72<sup>nd</sup> annual general meeting (AGM) and the members attending the AGM who have not cast their vote by remote e-Voting shall be able to vote at the AGM.

#### 16. Remote Voting through electronic means

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

The instruction for e-voting are as under:

- A. In case a Member receives notice of AGM through email:
  - (i) Open email and open PDF file viz; "Loyal Textile Mills – 72<sup>nd</sup> AGM e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
  - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
  - (iii) Click on Shareholder – Login
  - (iv) Enter user ID and password as initial password/ PIN noted in step (i) above. Click Login
  - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character

# Notice

(@,#,\$ etc). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (vi) You need to login again with the new credentials;
- (vii) On successful login, the system will prompt you to select the EVEN, i.e Loyal Textile Mills Limited;
- (viii) On the voting page, the number of shares (which represents the number of votes) as held by the member as on the Cut-Off-date will appear. If you desire to cast all the votes assenting/dissenting to the resolutions, then enter all the number of shares and click "FOR" / "AGAINST", as the case may be or partially in "FOR" and partially in "AGAINST", but the total number in "FOR/ AGAINST" taken together should not exceed your total shareholding as on the 'Cut-Off date'. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head;
- (ix) Members holding multiple folios/demat accounts shall choose the voting process separately for each folio / demat account;
- (x) Cast your votes by selecting an appropriate option and click on "SUBMIT". A confirmation box will be displayed. Click 'OK' to confirm or 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolutions;
- (xi) Corporate / Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [vigneshmbacs@gmail.com](mailto:vigneshmbacs@gmail.com). They may also upload the same in the e-Voting module in their login. The scanned image of the above documents should be in the naming format "Corporate Name EVEN No.";
- (xii) Members can cast their vote online from **24<sup>th</sup> September, 2018 (9:00 am) to 26<sup>th</sup> September, 2018 (5:00 pm)** through remote e-Voting. Once the vote on a resolution is cast by the member, the member will not be allowed to change it subsequently. The remote e-Voting will not be allowed beyond the aforesaid date and time; The remote e-Voting module will be disabled by

NSDL for voting thereafter;

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

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

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

- (xiii) In case of any query, the member may refer the Frequently Asked Questions (FAQs) for Members and remote e-Voting use manual for Members available at downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.1800-222-990
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/ Depository Participants(s) or requesting physical copy] :
  - (i) Initial password is provided on the Attendance Slip for the AGM : **EVEN** (E-voting Event Number) **USER ID PASSWORD/PIN**
  - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xiii) above to cast vote.
- 17. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the company as on the cut-off date of 21.09.2018.
- 18. Any person who acquires shares of the Company and becomes member of the Company after despatch of the Notice of the AGM and holding shares as of the cut off date i.e 21.09.2018 may obtain the Login ID and password for remote e-voting by sending a request to NSDL at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) by mentioning the Folio No. / DP ID and Client ID. Members who are already registered with NSDL for Remote e-voting can use their existing USER ID and Password for casting their votes.
- 19. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- 20. Mr. S.S. Vignesh, Practising Company Secretary (Membership No. 31114 and Certificate of Practise No. 11620) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner. His e-mail ID is [vigneshmbacs@gmail.com](mailto:vigneshmbacs@gmail.com)



# Notice

21. The Chairman shall at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
22. The Scrutinizer shall after the conclusion of the voting at the AGM, will first count the votes cast at the meeting, thereafter unlock the votes through remote e-Voting in the presence of at least two witnesses, not in the employment of the Company and shall make not later than three days from the conclusion of the AGM, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the chairman of the Company, or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.
23. The Scrutinizer will submit his report to the Chairman, or a person authorised by him in writing, who will declare the result of the voting. The results declared along with the Scrutinizer's report will be placed on the Company's website [www.loyaltextiles.com](http://www.loyaltextiles.com) & on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) and shall also be communicated to the Stock Exchange.
24. Additional information pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 in respect of the Directors seeking appointment / re-appointment at the AGM are furnished and forms a part of the Notice. The Directors have furnished the requisite consents / declarations for their appointment / re-appointment.
25. Members / Proxies / Authorised Representatives are requested to bring the attendance slip sent with Annual Report duly filled in for attending the meeting.
26. Members are requested to bring their copies of Annual Report for the meeting. Copies of the Annual Report will not be distributed at the Annual General Meeting.
27. Members desiring any information as regards accounts are requested to write to the Company at least 7 days before the meeting so as to enable the Management to keep the information ready.
28. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the company, a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the meeting.
29. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in the Securities market. Members holding Shares in electronic form are therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding Shares in Physical form can submit their PAN to the company/R&TA.
30. To support the 'Green Initiative' of the country, Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communications including Annual Report, Notices, Circulars, etc. from the Company electronically.
31. The documents referred to in the Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

By order of the Board  
For Loyal Textile Mills Limited

**P. Mahadevan**  
Company Secretary & Compliance Officer

Place: Chennai  
Date: August 11, 2018

# Notice

## ANNEXURE TO THE NOTICE

Details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and Secretarial Standards on General Meetings, a brief resume of the Directors proposed to be appointed / re-appointed are given below:

<b>Name</b>	<b>Mrs.Valli M Ramaswami</b>
Date of Birth and Age	02-03-1961 and 57 years
Date of Appointment	12.04.2018
Experience	Mrs. Valli M Ramaswami is a graduate. She has good business experience for more than 30 years. She has been actively involved in social welfare measures / activities and helping the poor and needy persons.
Inter-se Director Relationship	Mrs.Valli Ramaswami is not having any inter-se relation with other directors of the Company.
Directorship in other companies	<ol style="list-style-type: none"><li>1. M/s. Dhanalakshmi Investments Private Limited</li><li>2. M/s. Rhea Cotton Traders Private Limited</li><li>3. M/s. Hellen Cotton Trading Company Private Limited</li><li>4. M/s. Madurai Tara Traders Private Limited</li><li>5. M/s. Nemesis Cotton Trading Company Private Limited</li><li>6. M/s. Kurunji Investment Private Limited</li><li>7. M/s. Loyal International Sourcing Private Limited</li></ol>
Committee Membership	NIL
Shareholding in the company	86,148 Shares.

<b>Name</b>	<b>Mr. P. Manivannan</b>
Date of Birth and Age	23/06/1961, 57 years
Date of Appointment	01/11/2016
Experience	Mr. P. Manivannan has over 35 years of experience in Marketing and Administration. He has been in the Board since November, 2008.
Inter-se Director Relationship	Mr. P. Manivannan is not having any inter-se relation with other directors of the Company.
Directorship in other companies	M/s. Loyal International Sourcing Private Limited
Committee Membership	NIL
Shareholding in the company	2 shares

<b>Name</b>	<b>Mr. B. Vaidyanathan</b>
Date of Birth and Age	07/10/1956, 62 years
Date of Appointment	07/12/2017
Profile	B.Tech (Electronics) at IIT Madras P.G Diploma in Management in IIM Ahmedabad
Inter-se Director Relationship	Mr. B. Vaidyanathan is not having any inter-se relation with other directors of the Company.
Directorship in other companies	M/s. Teleconnectors Limited
Committee Membership	NIL
Shareholding in the company	NIL

# Notice

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item No. 4

Mrs. Valli M Ramaswami (DIN: 00036508) was appointed as an Additional Director of the Company with effect from 12.04.2018 and designated as Whole Time Director of the Company by the Board of Directors. In terms of Section 161(1) of the Companies Act, 2013 Mrs. Valli M Ramaswami holds office upto the date of this Annual General Meeting. The Company has received a notice in writing from a member proposing her candidature for the office of Director under section 160 of the Companies Act 2013.

The resolution seeks the approval of the members in terms of Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions of the Companies Act 2013 and the Rules made thereunder for the appointment of Mrs. Valli M Ramaswami as Whole Time Director from 12.04.2018 and the payment of remuneration to her during tenure of the period.

The Board of Directors recommends this resolution for approval.

None of the Directors of the Company and their relatives or Key Managerial Personnel and their relatives other than Mrs. Valli M Ramaswami is interested or concerned in the resolution.

### Item No. 5

Mr. B. Vaidyanathan (DIN 00263983) was appointed as an Additional Director of the Company with effect from 07.12.2017 and designated as Executive Director of the Company by the Board of Directors in terms of Section 161 (1) of the Companies Act 2013 and he holds office upto the date of this Annual General Meeting. He was subsequently designated as Non-Executive Director of the company by the Board of Directors in the meeting held on 19<sup>th</sup> March 2018.

B Vaidyanathan (Vaidy) completed his B Tech from IIT Madras in Electronics in 1978 and Post Graduate Diploma in Management (PGDM) from IIM, Ahmedabad in 1980.

He joined Pond's (India) Ltd as a Management Trainee in 1980 and worked in Pond's/ Hindustan Lever till 1998, heading the Export Division as General Manager Exports. Subsequently, he joined Sanmar Engineering in 1999 and served as the Executive Vice President of Tyco Sanmar and Flowserve Sanmar Ltd.

He joined Engelhard Environmental Systems in 2002 as Managing Director. Engelhard was a Global Leader in Catalysts and he played a key role in establishing Engelhard as the leader in Indian Auto Catalyst business. Subsequent to the global acquisition of Engelhard by BASF in 2006, he continued to serve as the MD of of BASF Catalysts India till April 2017.

He played a key role in scaling up the business from Rs 30 crores in 2002 to Rs 1000 crores in 2016 as the Emission Norms progressed from BS1 to BS4. He also established a new Greenfield site for BASF which was inaugurated in March 2017. He has well established contacts at senior levels with the Auto OEMs.

Subsequent to his superannuation from BASF in April 2017, he continued as an Advisor and Consultant to BASF till October 2017. Currently, he is serving as a member of the Board of Directors at Loyal Textiles Ltd and Teleconnectors Ltd and working as an advisor to Sharda Motors India Ltd.

The company has received a notice in writing from a member proposing his candidature for the office of Director under section 160 of the Act.

The Board of Directors recommends this resolution for approval.

None of the Directors of the Company and their relatives or Key Managerial Personnel and their relatives other than Mr. B. Vaidyanathan is interested or concerned in the resolution.

### Item No. 6

The Board of Directors at their meeting held on 25.05.2018 have approved the appointment of Mr. B. Venkateshwar, Practicing Cost Accountant, (Membership No.27622) as Cost Auditor to conduct the audit of the Cost Accounts of the Company for the financial year 2018-19 at remuneration given in the resolution in the notice.

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

The Board of Directors recommends this resolution for approval.

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

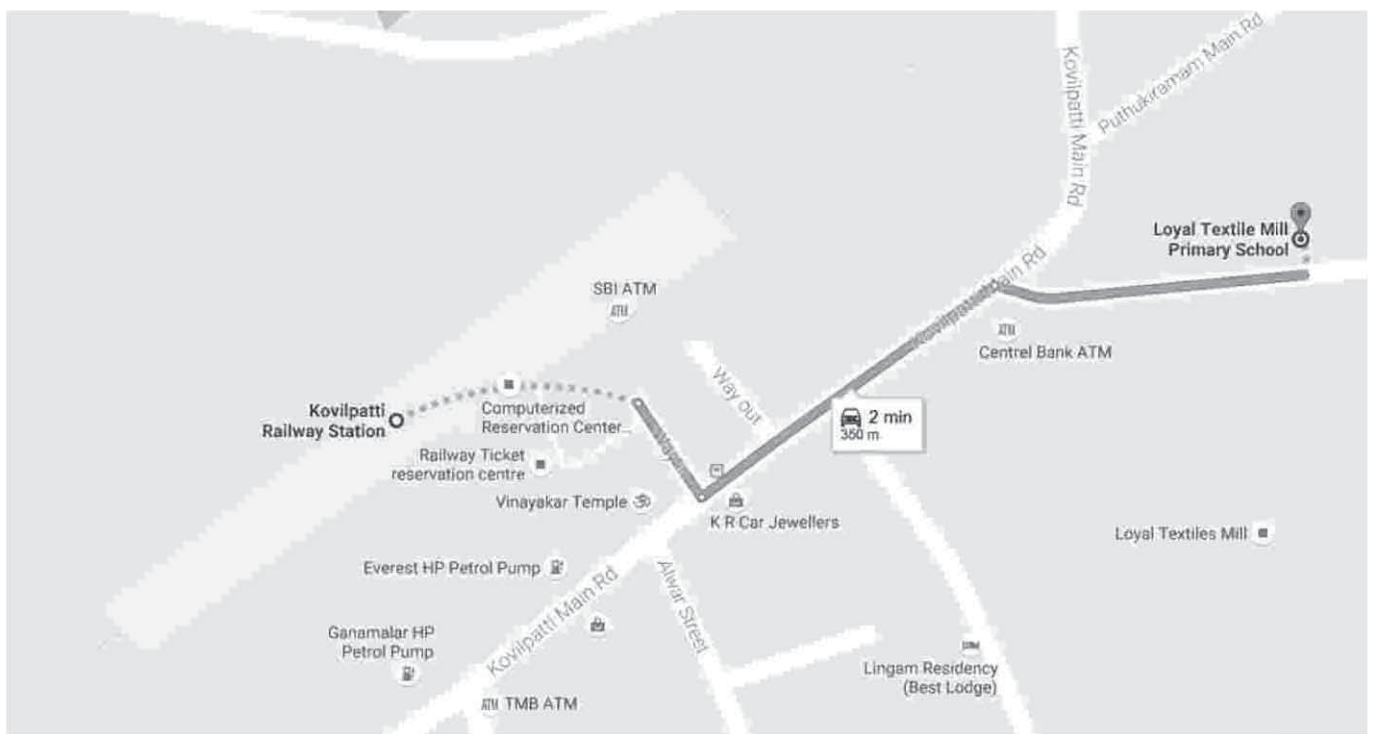
By order of the Board  
For Loyal Textile Mills Limited

**P. Mahadevan**  
Company Secretary & Compliance Officer

Place: Chennai  
Date: August 11, 2018

## ROUTE MAP

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



# Board's Report

## BOARD'S REPORT

Your Directors have great pleasure in presenting the 72<sup>nd</sup> Annual Report of the Company along with the Audited Financial statements for the financial year ended 31<sup>st</sup> March, 2018.

### FINANCIAL RESULTS:

(Rs. in crore, except Earnings per share)

Particulars	Standalone		Consolidated	
	2018	2017	2018	2017
<b>Revenue from operations</b>	<b>1158.75</b>	1134.74	<b>1158.82</b>	1136.49
<b>Gross Profit</b>	<b>116.07</b>	133.33	<b>118.42</b>	134.85
Less : Interest	<b>39.07</b>	42.03	<b>39.07</b>	42.03
<b>Operating Profit (EBDT)</b>	<b>77.00</b>	91.30	<b>79.35</b>	92.82
Less : Depreciation	<b>60.48</b>	67.68	<b>60.59</b>	67.79
<b>Profit Before Tax (PBT)</b>	<b>16.52</b>	23.62	<b>18.76</b>	25.03
Less: Current Tax	<b>(6.56)</b>	(0.07)	<b>(6.57)</b>	(0.06)
<b>Profit After Tax (PAT)</b>	<b>23.08</b>	23.69	<b>25.33</b>	25.09
Profit after OCI Income	<b>22.31</b>	26.89	<b>24.56</b>	28.30
Add : Surplus brought forward from previous year	<b>82.84</b>	64.96	<b>91.76</b>	72.54
Less: Dividend	<b>4.82</b>	4.82	<b>5.63</b>	4.82
Less: Dividend Tax	<b>0.98</b>	0.98	<b>0.98</b>	0.98
Less: Transfer to General Reserve	-	-	-	0.07
(Add) / Less : Transfer to OCI Reserve due to Ind AS Transition	<b>(1.44)</b>	3.21	<b>(1.44)</b>	3.21
<b>Balance carried to Balance sheet</b>	<b>100.78</b>	82.84	<b>111.15</b>	91.76
<b>Earning Per Share</b>				
Basic – EPS Per Share	<b>47.92</b>	49.16	<b>52.60</b>	52.10
Diluted – EPS per Share	<b>47.92</b>	49.16	<b>52.60</b>	52.10

### DIVIDEND

Your Directors recommend a Dividend of 50% (i.e Rs.5/- per share) for the year ended 31<sup>st</sup> March, 2018.

The Dividend if approved by the shareholders at the AGM, will be paid to the equity shareholders whose

names appear in the Register of Members as on **20<sup>th</sup> September, 2018** and in respect of shares held in dematerialized form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on the same date. The cash outgo will be Rs. 2.90 Cr (Rs. 2.41 Cr as dividend and Rs. 0.49 Cr as Dividend tax).

### SHARE CAPITAL

The paid-up Share Capital as on March 31, 2018 was Rs.4.82 crore. During the year the company has not issued any shares or any convertible instruments.

### TRANSFER TO RESERVES

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

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

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

### PERFORMANCE REVIEW, MANAGEMENT DISCUSSIONS AND ANALYSIS AND CURRENT YEAR OUTLOOK

During the year, company has produced 259.08 lakhs Kgs. of Yarn, 494.66 lakhs metre Woven fabrics and 210.62 lakhs Kgs. of Knitted fabrics.

The turnover for the year 2017-18 were at Rs.1158.75 crores as against Rs.1134.74 crores and Profit after tax was Rs. 23.08 crores as against Rs. 23.69 crores in the previous year.

The Export turnover during the year was Rs.988.05 crores as against Rs.990.92 crores in the previous year. Export turnover constitutes 82% of the total income of the Company.

The Financial year 2017-18 was a highly challenging year for the company. Rupee appreciation and the increase in cotton price has adversely affected the performance during the year.

The sudden demise of the Chairman and Managing Director Sri Manikam Ramaswami on 02.10.2017 is a great loss to the company. His vision, strong knowledge in Technology were great strength for the company. Under his leadership the company enjoyed a cordial relationship with all the stakeholders.

### Industry Scenario

The Textiles sector is one of the largest contributors to India's exports with approximately 13 per cent of total exports. The textile industry is also labour intensive and is one of the largest

# Board's Report

employers. The textile industry employs about 105 million people directly and indirectly. India's overall textile exports during FY 2017-18 stood at US\$ 37.74 billion. The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand.

High economic growth has resulted in higher disposable income. This has led to rise in demand for products creating a huge domestic market. The domestic market for apparel and lifestyle products, currently estimated at US\$ 85 billion, is expected to reach US\$ 160 billion by 2025.

## Market Trends and Outlook

There is a huge market potential for Textile Products viz yarn, fabrics and garments within the country and in the global market. Your company has established credentials in manufacturing and exporting yarn, woven/knitted fabrics and technical garments across the globe. Export constitutes 82 % of the turnover during the year.

There is good potential for increasing the export of technical garments. The company has planned to increase the volume in the value-added product, in exports and the domestic during the current year.

The process house (LSF) in Cuddalore has been equipped to increase the processing volume during the current financial year (2018-19)

## AWARDS

The company bagged the following awards during the year.

- TEXPROCIL Gold Trophy for the 11<sup>th</sup> time in a row for the highest export of grey cotton fabrics
- Gold Trophy for the highest export of garments in the Rs. 50-100 Cr category from Apparel Export Promotion Council.
- Silver Plaque for Top Four Star exporter in Southern Region from Federation of Indian Export Organisations.

## RENEWABLE ENERGY

During the year, the company has generated 7.73 crore units of wind power against 6.96 crore in the previous year and solar power 52.25 lakh units against 51.71 lakh units in the previous year.

## ITALIAN JOINT VENTURE

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

## LOYAL INTERNATIONAL SOURCING PRIVATE LTD.

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

The operation in LISPL during the year was very minimal as the operation was stopped from July 2017.

## CONSOLIDATED FINANCIAL STATEMENT

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

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

The sad and sudden demise of Mr. Manikam Ramaswami, Chairman & Managing Director of the Company happened on 02.10.2017.

Mrs. Valli M Ramaswami the Whole time Director was appointed as Chairperson in the Board Meeting held on 19.10.2017.

Mr. R Poornalingam and Mr.Madhavan Nambiar were re-appointed as Independent Directors in the Annual General Meeting held on 25<sup>th</sup> September 2017. In addition Mr.B.T.Bangera and Mrs.Vijayalakshmi Rao were appointed as Independent Directors, in the Annual General Meeting held on 25<sup>th</sup> September 2017.

Mr. B. Vaidyanathan was co-opted as Additional Director in the Board with effective from December 07, 2017 and designated as Executive Director of the Company. Subsequently Mr.B.Vaidyanathan was re-designated as Non-Executive Director effective from March 19, 2018. He will hold office up to the date of ensuing Annual General Meeting and he is eligible for appointment as Director of the company.

Mrs. Valli M Ramaswami who ceased as Director effective from 10<sup>th</sup> February 2018 was appointed as an Additional Director effective from April 12, 2018 and designated as Whole Time Director of the Company and Chairperson of the Board. She will hold office up to the date of ensuing Annual General Meeting and eligible for appointment as Director of the Company.

Ms. Vishala Ramswami was appointed as Chief Executive Officer of the company with effect from October 19, 2017. She resigned from the post with effect from March 19, 2018.

Mr. A. Velliangiri was appointed as Chief Executive Officer of the company with effect from March 30, 2018.

## STATUTORY AUDITORS

M/s.GANESH PRASAD, (Firm Regd.No.000872S) Chartered Accountants, have been appointed as statutory auditors of the Company for a period of 5 years in the 71<sup>st</sup> AGM held on 25<sup>th</sup> September 2017 and they will hold office till the conclusion of 76<sup>th</sup> AGM.

# Board's Report

The Auditor's report to the shareholders on the standalone and consolidated financial statement for the year ended March 31, 2018 does not contain any qualification, observation or adverse comment.

## SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr.K.Bashyam (FCS No.600), Practicing Company Secretary, Madurai to undertake the secretarial audit of the company for the financial year ended March 31, 2018. The Secretarial Audit Report is enclosed in this report as **Annexure III**. The Secretarial Audit report does not contain any qualifications, reservation or adverse remark.

## COST AUDITORS

Mr. V. Balasubramanian, Cost Accountant was appointed as Cost Auditor for auditing the cost accounts of the Company for the year ended 31<sup>st</sup> March, 2018. The Cost Audit Report for the financial year 2017-18 will be submitted to the Central Government before due date.

The Board of Directors of the Company have appointed Mr. B. Venkateshwar, Practicing Cost Accountant, holding Membership No.27622 as Cost Auditor for the year ending 31<sup>st</sup> March 2019.

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

## INTERNAL AUDITORS

The company has appointed M/s. Capri Assurances and Advisory Services, Chartered Accountants as Internal Auditors of the Company for two financial years viz., 2017-18 and 2018-19.

## EXTRACT OF ANNUAL RETURN

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

## DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) in the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the March 31, 2018 and of the profit of the company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a going concern basis;
- e) the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors had devised proper system to ensure that systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## PARTICULARS OF EMPLOYEES

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

## RATIO OF REMUNERATION OF DIRECTOR

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

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

In terms of section 135 and Schedule VII of the Companies Act, 2013, the Board of Directors of the Company have constituted a CSR Committee. The Committee comprises of three Directors comprising of two Independent Directors and one Whole Time Director. The company spends 2% of the average net profit of the previous three years for CSR activities. The CSR activities are mainly focused on Education and Health Care. The CSR Policy is available on the website of the company

# Board's Report

During the year the company has contributed to a Charitable Trust a sum of Rs.47.49 Lakhs in accordance with the provisions u/s 135 of the Companies Act, 2013 for spending towards CSR activities. Annual Report on CSR activities is enclosed as **Annexure IV**.

## CEO / CFO CERTIFICATION

In accordance with Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, a certificate on the Financial Statements and Cash Flow Statement of the company for the year ended March 31, 2018 duly signed by CEO and CFO was submitted to the Board of Directors and the same is attached as **Annexure VII**.

## CORPORATE GOVERNANCE

The company has taken adequate steps to adhere to all the conditions laid down in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to Corporate Governance. A report on Corporate Governance is included as a part of this annual report as **Annexure VIII**.

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

## RELATED PARTY TRANSACTIONS

Related party transactions that were entered during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. Transactions with related parties entered by the Company in the normal course of business are periodically placed before the Audit Committee for its approval.

Particulars of contracts or arrangements with related parties referred to in section 188(1) of the companies Act, 2013 in the prescribed **form AOC-2** is attached as **Annexure V**. Also Refer Note No.43 of Financial statement which sets out the transactions with related parties.

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

## BOARD EVALUATION

As required under the provisions of Section 134(3) (p) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board has carried out a formal annual evaluation of its own performance, and that of its committees and individual directors based on the guideline formulated by the Nomination & Remuneration Committee.

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

## FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

Pursuant to Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has adopted a policy on familiarisation programme for Independent Directors of the Company.

The Policy on Familiarisation Programme as approved can be viewed on the Company's website.

## VIGIL MECHANISM / WHISTLE BLOWER POLICY

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, the company has framed a Vigil Mechanism/Whistle Blower Policy. The Vigil Mechanism Policy has been posted on the website of the Company.

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

During the year under review, there were no cases filed pursuant to the provisions of the Act.

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

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

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

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



# Board's Report

## INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has adequate system of internal control to safeguard and protect from loss, unauthorized use or disposition of its assets. All the transactions are properly authorized, recorded and reported to the Management. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements. The internal auditor of the company checks and verifies the internal control and monitors them in accordance with policy adopted by the company.

## RISK MANAGEMENT

The Board members are regularly informed about risk assessment and minimization procedures after which the board formally adopted steps for framing, implementing and monitoring the Risk Management plan for the company.

All the risk associated with the business of the company have been taken care of by adequate measures by the company.

## TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year, the company has transferred Rs.10,88,210/- being the dividend amount which was due and payable and remained unclaimed and unpaid for a period of 7 years to Investor Education and Protection Fund as per the requirements of the Companies Act, 2013.

Pursuant to the provisions of Section 124 and rules and regulation made thereunder and other provisions of the Companies Act, 2013, the dividends which remain unpaid or unclaimed for a period of 7 years from the respective dates of transfer to the unpaid dividend account of the company are due for transfer to the Investor Education and Protection Fund (IEPF).

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

Financial Year	Rate of Dividend	Date of Declaration of Dividend	Date of Dividend transfer to unpaid Dividend Account	Last date for Claiming unpaid dividend	Due for Transfer to IEPF
2010 -2011- Final	39%	24-08-2011	29-09-2011	24-08-2018	24-09-2018
2011-2012	10%	22-08-2012	27-09-2012	23-08-2019	23-09-2019
2012-2013	50%	23-09-2013	28-10-2013	30-08-2020	30-09-2020
2013-2014	75%	11-09-2014	16-10-2014	28-08-2021	28-09-2021
2014-2015	75%	24-09-2015	29-10-2015	29-09-2022	29-10-2022
2015-2016	100%	14-09-2016	29-10-2016	29-09-2023	29-10-2023
2016-2017	100%	25-09-2017	25-10-2017	25-09-2024	25-10-2024

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

## PUBLIC DEPOSITS

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

## DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

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

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

## PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the standalone financial statement (Refer Note No.5).

## LISTING

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

# Board's Report

## ENHANCING SHAREHOLDERS' VALUE

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

## ACKNOWLEDGEMENT

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

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

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

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

## CAUTIONARY STATEMENT

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

**For and on behalf of the Board of Directors**

**VALLI M RAMASWAMI**    **P. MANIVANNAN**  
Whole Time Director      Whole Time Director

Place: Chennai  
Date: 25<sup>th</sup> May, 2018

## ANNEXURE – I

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

#### A. CONSERVATION OF ENERGY

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

1. In carding department of Loyal, a system is implemented to switch off the Carding cylinder motor, if doffer is not run for 15 minutes. Because of this around 100 units per day is saved.
2. By closely monitoring and maximizing efficiency, we stopped preparatory machines and auxiliaries whenever excess production and because of this around 3 lakhs units was saved.
3. The street light fittings and LED department was replaced in Loyal Textile Mills and Valli Textile Mills, saving 63 units and 232 units per day respectively.
4. By arresting air leakages, we have saved around 350 units per day in Loyal Textile Mills and 450 Units in Valli Textile Mills.
5. In Shri Chinthamani Textile Mills, we have provided inverter to OE Humidification plant and stopped one excess supply air fan, it saves 1000 units per day.

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

During the year, the company utilized 733.84 lakhs units power generated through wind mill and 51.73 lakhs units from solar power plant.

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

Around Rs.5.26 lakhs was spent for installing LED Lamps, Inverters & Timers for the humidification plant and departments.

#### B. TECHNOLOGY ABSORPTION

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

1. Company has installed one latest generation LR J 9 SX ring frame which is provided with servo drive, individual spindle monitoring, roving stop motion etc. This machine will have 10% higher production compared to existing old ring frames.

2. Company has installed 7 Mayer & Cie terry knitting machines.

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

1. The company has developed new innovative products like dyed viscose vortex yarns which have less pilling and used for company's leggings brand SHIFRAA.
2. We have developed a special yarn by using comber waste, viscose and polyester to give a unique effect.
3. We started using fabric waste opener machine to clean card waste and the output can be used in open end spinning.

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

1. We have imported one fabric waste opener machine from China which will help us to open the fabric waste bits and recycle the waste to produce yarn.
2. We have imported six terry knitting machines from Germany which will help us to widen our knitted product range.

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in Crores)

Particulars	2017 - 2018	2016 - 2017
Total Foreign Exchange Earned	960.54	960.09
Total Foreign Exchange Used	217.48	166.80

# Board's Report

## Annexure – II Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

as on the Financial year ended on 31<sup>st</sup> March 2018

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

#### REGISTRATION AND OTHER DETAILS

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

#### PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Name and Description of Main Product	NIC code of the Product	% to total turnover of the company
1	Yarn	5403	21%
2	Cloth & Hosiery Cloth	5911	67%

#### PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section of the Companies Act, 2013
1	M/s. Loyal International Sourcing Private Limited New No.83, 1 <sup>st</sup> Main Road, R.A.Puram, Chennai - 600028	U51909TN2014PTC097852	Subsidiary Company	100%	2 (87) (ii)

# Board's Report

## SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of total Equity)

### (i) Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares		
<b>A</b>	<b>SHAREHOLDING OF PROMOTER AND PROMOTER GROUP</b>									
(1)	Indian									
a	Individual/Hindu Undivided Family	1,95,463	554	1,96,017	4.07	1,95,463	554	1,96,017	4.07	-
b	Central Government	-	-	-	-	-	-	-	-	-
c	State Government	-	-	-	-	-	-	-	-	-
d	Bodies Corporate	33,43,828	-	33,43,828	69.43	33,43,828	-	33,43,828	69.43	-
e	Financial Institutions/Banks	-	-	-	-	-	-	-	-	-
f	Any other(specify)	-	-	-	-	-	-	-	-	-
	<b>SUB TOTAL A(1)</b>	<b>35,39,291</b>	<b>554</b>	<b>35,39,845</b>	<b>73.49</b>	<b>35,39,291</b>	<b>554</b>	<b>35,39,845</b>	<b>73.49</b>	<b>-</b>
(2)	Foreign									
a	Individual(Non Resident/foreign)	-	-	-	-	-	-	-	-	-
b	Bodies corporate	-	-	-	-	-	-	-	-	-
c	Institutions	-	-	-	-	-	-	-	-	-
d	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
e	Any other(specify)	-	-	-	-	-	-	-	-	-
	<b>SUB TOTAL A(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of promoter and Promoter Group(A)=A(1)+A(2)</b>	<b>35,39,291</b>	<b>554</b>	<b>35,39,845</b>	<b>73.49</b>	<b>35,39,291</b>	<b>554</b>	<b>35,39,845</b>	<b>73.49</b>	<b>-</b>
<b>B</b>	<b>Public Shareholding</b>									
(1)	Institutions									
a	Mutual funds/UTI	-	-	-	-	-	-	-	-	-
b	Financial Institutions/Banks	4,000	1,200	5,200	0.11	4,000	1,200	5,200	0.11	-
c	Central Government	-	-	-	-	-	-	-	-	-
d	State Government(s)	-	-	-	-	-	-	-	-	-
e	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f	Insurance Companies	-	-	-	-	-	-	-	-	-
g	Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
h	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
i	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
j	Any other (Foreign Nationals)	3,105	-	3,105	0.06	3,105	-	3,105	0.06	-
	<b>SUB TOTAL B(1)</b>	<b>7,105</b>	<b>1,200</b>	<b>8,305</b>	<b>0.17</b>	<b>7,105</b>	<b>1,200</b>	<b>8,305</b>	<b>0.17</b>	<b>-</b>
(2)	Non-Institutions									
a	Bodies Corporate (Indian/Foreign/Overseas)	1,69,260	38,986	2,08,246	4.32	1,53,144	37,936	1,91,080	3.97	(0.36)
b	Individuals (Resident/NRI/Foreign National)									
(i)	Individual shareholders holding Nominal Share Capital upto Rs.1 Lakh	4,07,005	3,01,373	7,08,378	14.71	4,04,710	2,92,895	6,97,605	14.48	(0.22)
(ii)	Individual shareholders holding Nominal share Capital above Rs.1 Lakh	3,51,672	-	3,51,672	7.30	3,79,611	-	3,79,611	7.88	0.58
	<b>SUB TOTAL B(2)</b>	<b>9,27,937</b>	<b>3,40,359</b>	<b>12,68,296</b>	<b>26.33</b>	<b>9,37,465</b>	<b>3,30,831</b>	<b>12,68,296</b>	<b>26.33</b>	<b>-</b>
	<b>Total Public Share Holding (B)=B(1)+B(2)</b>	<b>9,35,042</b>	<b>3,41,559</b>	<b>12,76,601</b>	<b>26.51</b>	<b>9,44,570</b>	<b>3,32,031</b>	<b>12,76,601</b>	<b>26.51</b>	<b>-</b>
	<b>TOTAL (A)+(B)</b>	<b>44,74,333</b>	<b>3,42,113</b>	<b>48,16,446</b>	<b>100.00</b>	<b>44,83,861</b>	<b>3,32,585</b>	<b>48,16,446</b>	<b>100.00</b>	<b>-</b>
<b>C</b>	Shares held by Custodians and against Which Depository Receipts have been issued									
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>44,74,333</b>	<b>3,42,113</b>	<b>48,16,446</b>	<b>100.00</b>	<b>44,83,861</b>	<b>3,32,585</b>	<b>48,16,446</b>	<b>100.00</b>	<b>-</b>

# Board's Report

## (ii) Shareholding of Promoters

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

## (iii) Change in Promoters' Shareholding – Nil

# Board's Report

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

Sl. No.	Shareholder's Name	No. of shares held at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total shares of the Company	No. of Shares	% to total shares of the Company
1	MAYUR MANGALDAS KOTHARI				
	Opening Balance as on 01/04/2017	24,889	0.52		
	09/02/2018	25,000	0.52	49,889	1.04
	16/02/2018	15,000	0.31	64,889	1.35
	23/02/2018	33,667	0.70	98,556	2.05
	02/03/2018	8,070	0.17	1,06,626	2.21
	Closing Balance as on 31/03/2018			1,06,626	2.21
2	MUSES COTTON TRADING COMPANY P LTD.				
	Opening Balance as on 01/04/2017	22,184	0.56		
	Closing Balance as on 31/03/2018			22,184	0.56
3	VIJAY KUMAR KASERA				
	Opening Balance as on 01/04/2017	54,806	1.14		
	02/06/2017	2	-	54,808	1.14
	23/06/2017	(680)	(0.01)	54,128	1.12
	14/07/2017	(1,395)	(0.03)	52,733	1.09
	28/07/2017	(690)	(0.01)	52,043	1.08
	15/09/2017	432	0.01	52,475	1.09
	29/09/2017	2,200	0.05	54,675	1.14
	06/10/2017	500	0.01	55,175	1.15
	Closing Balance as on 31/03/2018			55,175	1.15
4	MOHAN GUPTA				
	Opening Balance as on 01/04/2017	1,000	0.02		
	26/05/2017	20,000	0.42	21,000	0.44
	15/09/2017	4,000	0.08	25,000	0.52
	27/10/2017	505	0.01	25,505	0.53
	03/11/2017	4,743	0.10	30,248	0.63
	10/11/2017	6,680	0.01	36,928	0.77
	17/11/2017	21	0.01	36,949	0.77
	24/11/2017	131	0.01	37,080	0.77
	08/12/2017	420	0.01	37,500	0.78
Closing Balance as on 31/03/2018			37,500	0.78	
5	BRN COMMODITIES AND TRADING CO P. LTD.				
	Opening Balance as on 01/04/2017	29,755	0.62		
	Closing Balance as on 31/03/2018			29,755	0.62
6	SANJEEV VINODCHANDRA PAREKH				
	Opening Balance as on 01/04/2017	28,103	0.58		
	Closing Balance as on 31/03/2018			28,103	0.58

# Board's Report

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

Sl. No.	Shareholder's Name	No. of shares held at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to total shares of the Company	No. of Shares	% to total shares of the Company
7	DOLLY KHANNA				
	Opening Balance as on 01/04/2017	27,766	0.58		
	08/09/2017	(500)	(0.01)	27,266	0.57
	06/10/2017	(150)	0.00	27,116	0.56
	27/10/2017	(500)	(0.01)	26,616	0.55
	Closing Balance as on 31/03/2018			26,616	0.55
8	VINODCHANDRA MANSUKHLAL PAREKH				
	Opening Balance as on 01/04/2017	25,351	0.53		
	Closing Balance as on 31/03/2018			25,351	0.53
9	DAYCO COMMODITY BROKERS LLP				
	Opening Balance as on 01/04/2017	-			
	21/04/2017	20,000	0.42		
	Closing Balance as on 31/03/2018			20,000	0.42
10	PRANAV KUMARPAL PAREKH				
	Opening Balance as on 01/04/2017	18,642	0.39		
	Closing Balance as on 31/03/2018			18,642	0.39

(v) Shareholding of Directors and Key Managerial Personnel:

S. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% to Shares of the Company	No. of Shares	% to Shares of the Company
1	Mr. Manikam Ramaswami (Erstwhile Managing Director)				
	Opening Balance as on 01/04/2017	1,09,315	2.27		
	Closing Balance as on 31/03/2018	1,09,315	2.27	1,09,315	2.27
2	Mrs. Valli M Ramaswami Whole Time Director				
	Opening Balance as on 01/04/2017	86,148	1.79	86,148	1.79
	Closing Balance as on 31/03/2018	86,148	1.79	86,148	1.79
3	Mr.P.Manivannan Whole Time Director				
	Opening Balance as on 01/04/2017	2	0.00	2	0.00
	Closing Balance as on 31/03/2018	2	0.00	2	0.00



# Board's Report

## INDEBTEDNESS

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

(Rs. in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
(i) Principal Amount	47,565	200	-	47,765
(ii) Interest due but not paid	60	-	-	60
(iii) Interest accrued but not due	-	-	-	-
<b>TOTAL (i+ii+iii)</b>	<b>47,625</b>	<b>200</b>	<b>-</b>	<b>47,825</b>
<b>Change in Indebtedness during the financial year</b>				
a) Addition	1,082	-	-	1,082
b) Reduction	6,243	-	-	6,243
<b>Net Change</b>	<b>(5,161)</b>	<b>-</b>	<b>-</b>	<b>(5,161)</b>
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	42,334	200	-	42,534
(ii) Interest due but not paid	130	-	-	130
(iii) Interest accrued but not due	-	-	-	-
<b>TOTAL (i+ii+iii)</b>	<b>42,464</b>	<b>200</b>	<b>-</b>	<b>42,664</b>

## REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. in Lakhs)

S. No.	PARTICULARS OF REMUNERATION	Mr. Manikam Ramaswami	Mr. P. Manivannan	Mrs. Valli M Ramaswami	TOTAL
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	9.09	16.57	12.00	37.66
	(b) Value of perquisites u/s 17(2) Income tax Act 1961	2.70			2.70
	(c) Profits in lieu of salary under section 17(3) Income tax Act 1961				-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	as % of profit	20.87	-	-	20.87
	others, specify		-	-	-
5	Others, please specify (PF & Superannuation)	1.09	1.58	1.44	4.11
<b>TOTAL</b>		<b>33.75</b>	<b>18.15</b>	<b>13.44</b>	<b>65.34</b>
<b>Ceiling as per the Act</b>					<b>147.32</b>

# Board's Report

## B. Remuneration to other Directors

S. No.	Name	Sitting Fees	Commission	Total
<b>I</b>	<b>Independent Directors</b>			
1	Mr.KJM Shetty	1,30,000	NIL	<b>1,30,000</b>
2	Mr.S.Venkatramani	1,10,000	NIL	<b>1,10,000</b>
3	Mr.R.Poornalingam	2,80,000	NIL	<b>2,80,000</b>
4	Mr.Sridhar Subramanyam	70,000	NIL	<b>70,000</b>
5	Mr.M.Madhavan Nambiar	3,00,000	NIL	<b>3,00,000</b>
6	Mr.B.T.Bangera	2,50,000	NIL	<b>2,50,000</b>
7	Mrs.Vijayalakshmi Rao	1,60,000	NIL	<b>1,60,000</b>
	<b>Total (I)</b>	<b>13,00,000</b>		<b>13,00,000</b>
<b>II</b>	<b>Non Executive Director</b>			
1	Mr.B.Vaidyanathan	1,50,000	NIL	<b>1,50,000</b>
	<b>Total (II)</b>	<b>1,50,000</b>		<b>1,50,000</b>
	<b>Grand Total (I+II)</b>	<b>14,50,000</b>		<b>14,50,000</b>

## C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD : (Rs. in Lakhs)

S. No.	PARTICULARS OF REMUNERATION	KEY MANAGERIAL PERSONNEL			TOTAL
		CEO	CFO	Company Secretary	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	24.39	18.51	8.09	<b>50.99</b>
	(b) Value of perquisites u/s 17(2) Income tax Act 1961				-
	(c) Profits in lieu of salary under section 17(3) Income tax Act 1961				-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	as % of profit				
	others, specify				
5	Others, please specify (PF & Super Annuation)	1.95	0.95	0.21	<b>3.11</b>
	<b>TOTAL</b>	<b>26.34</b>	<b>19.46</b>	<b>8.30</b>	<b>54.10</b>

## PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

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

# Board's Report

## Annexure III FORM MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2018

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

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; Not applicable for the year under review;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; Not applicable for the year under review
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not applicable for the year under review
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; Not applicable for the year under review
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not applicable for the year under review and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not applicable for the year under review
- (vi) Following other laws applicable specifically to the company:
- a) Air (Prevention & Control of Pollution) Act, 1981 & Air (Prevention & Control of Pollution) Rules, 1982
  - b) Water (Prevention and Control of Pollution) Act, 1974 & Water (Prevention and Control of Pollution) Rules, 1974
  - c) The Environment (Protection) Act, 1986, The Environment (Protection) Rules, 1986
  - d) Hazardous Wastes (Management and Transboundary Movement) Rules, 2016
  - e) The Factories Act, 1948 and the respective State Factories Rules
  - f) The Employees State Insurance Act, 1948

# Board's Report

- g) The Industrial Employment (Standing Orders) Act, 1946
- h) Industrial Disputes Act, 1947
- i) Minimum Wages Act, 1948
- j) Payment of Wages Act, 1936
- k) The Employees Provident Fund and Miscellaneous Provisions Act, 1952
- l) Payment of Bonus Act, 1965
- m) Payment of Gratuity Act, 1972
- n) The Contract Labour (Regulation and Abolition) Act, 1970
- o) The Maternity Benefit Act, 1961
- p) The Tamil Nadu Shops and Establishment Act, 1947
- q) The Child Labour (Prohibition and Regulation) Act, 1986
- r) The Employees Compensation Act, 1923
- s) The Equal Remuneration Act, 1976

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

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India
- (ii) The Uniform Listing Agreement entered into by the Company with BSE Limited pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors for the year under review. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**I further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

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

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

Place : Chennai  
Date : 20.05.2018

# Board's Report

**ANNEXURE – A**

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

My secretarial audit report of even date is to be read along with this letter.

- a. Maintenance of secretarial and other records is the responsibility of the management of the Company. My responsibility is to express an opinion on the relevant records based on my audit.
- b. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the relevant records and compliances. The verification was done on test basis to verify that correct facts are reflected in secretarial and other relevant records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.

- c. I have not verified the correctness and appropriateness of financial, cost and tax records and books of accounts of the Company.
- d. Wherever required, I have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
- e. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of the procedures on test/sample basis.
- f. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

Place : Chennai  
Date : 20.05.2018

# Board's Report

## ANNEXURE IV ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

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

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

### 2. Composition of CSR Committee

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

### 3. Average Net Profit

Average net profit of the company for the last three financial years is Rs.23.75 crores

### 4. Prescribed CSR Expenditure

2% of the average net profit as stated in point no.3 above is Rs.47.49 lakhs

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

a. The Company during the financial year 2017-18 has contributed Rs. 47.49 lakhs to the Trust to spend towards CSR activities.

b. Amount unspent, if any : NIL

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

Rs. in Lakhs

Sl. No.	CSR project or activity identified	Sector in which the project is covered	Locations (Unit)	Amount Outlay (Budget)- Project wise/ Program wise	Amount Spent on the project or programs	Cumulative Expenditure upto reporting period	Amount spent: Direct or through implementing agency
1	Educational Expenses –Purchase of Books and Stationery to Thekur School	Promoting education, including special education And vocation skills.	Thekur, (Above location is in Tamilnadu)	23.74	23.74	23.74	Implementing agency
2	Educational Expenses incurred for Thiagarajar Perceptor college	Promoting education, including special education And vocation skills.	Madurai, (Above location is in Tamilnadu)	23.75	23.75	23.75	Implementing agency
<b>TOTAL</b>				<b>47.49</b>	<b>47.49</b>	<b>47.49</b>	

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

- Not Applicable

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

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

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

**Vijayalakshmi Rao**  
Chairperson of CSR Committee

**P. Manivannan**  
Member – CSR Committee

Place : Chennai  
Date : 25<sup>th</sup> May 2018

# Board's Report

## ANNEXURE V RELATED PARTY TRANSACTIONS

### Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

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

S. No.	Particulars	Details
a)	Name(s) of the related party and nature of relationship	Nil
b)	Nature of contracts / arrangements / transactions	Nil
c)	Duration of the contracts / arrangements / transactions	Nil
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Nil
e)	Justification for entering into such contracts or arrangements or transactions	Nil
f)	Date(s) of approval by the Board	Nil
g)	Amount paid as advances, if any	Nil
h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Nil

#### 2. Details of material contracts or arrangement or transactions at arm's length basis:

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

**Valli M Ramaswami**  
Whole Time Director

**P.Manivannan**  
Whole Time Director

Place : Chennai  
Date : 25.05.2018

# Board's Report

## ANNEXURE – VI

### RATIO OF REMUNERATION OF DIRECTOR

#### Part A : Information pursuant to Section 197 (12) of the Companies Act, 2013

[Read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

S. No.	Name	Designation	Remuneration Paid Rs. in Lakhs		% Increase of remuneration	Ratio/Times per Median of employee Remuneration
			2017-18	2016-17		
1	Mr.Manikam Ramaswami*	Managing Director	33.75	128.48	-74%	90
2	Mrs.Valli M Ramaswami	Whole Time director	13.44	13.44	0%	32
3	Mr.P.Manivannan	Whole Time Director	18.15	13.86	31%	39
4	Ms.Vishala Ramswami*	CEO (KMP)	26.34	--	--	65
5	Mr.A.Velliangiri*	CEO (KMP)	-	--	--	--
6	Mr.K.Ganapathi*	CFO (KMP)	19.46	--	--	49
7	Mr.V.Balamurugan*	CS (KMP)	8.30	1.86	--	18

\*Employed only part of the year

- No. of permanent employees on the rolls as on 31<sup>st</sup> March 2018 is 1668.
- The board confirms that the remunerations paid to the directors is as per the remuneration policy.

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

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

- No employee of the Company was in receipt of remuneration of not less than Rs.1.02 crores during the year or Rs.8.50 lakhs per month during any part of the said year.
- No employee, throughout the financial year or part thereof, was in receipt of remuneration in excess of that drawn by the Managing Director or WTD or Manager and holds himself or along with his spouse and dependent children, not less than 2% of equity shares of the Company.

Note:

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



# Board's Report

## ANNEXURE – VII

### CERTIFICATION BY CEO AND CFO TO THE BOARD UNDER REGULATION 17 READ WITH SCHEDULE II OF PART A OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIRMENTS), REGULATIONS, 2015

We, A.Velliangiri, CEO and K.Ganapathi, CFO of Loyal Textile Mills Limited, certify that:

1. We have reviewed the financial statements for the year end that to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) These statements together present a true and fair view of the state of affairs of the company and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept overall responsibility for establishing and maintaining internal financial controls for financial reporting and we have evaluated the effectiveness of internal control system for financial reporting, and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and to the Audit Committee:
  - a) that there are no significant changes in internal control over financial reporting during the year;
  - b) that there are no significant changes in accounting policies during the year;
  - c) that there are no instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the Company's internal control system over financial reporting.

**A.Velliangiri**  
Chief Executive Officer

**K.Ganapathi**  
Chief Financial Officer

Place : Chennai  
Date: 25.05.2018

# Board's Report

## ANNEXURE VIII REPORT ON CORPORATE GOVERNANCE

### COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

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

### 1. BOARD OF DIRECTORS

#### Composition and Category of Directors

As on 31st March, 2018, the Board consists of seven directors having considerable professional experience in their respective fields. Out of them four are Independent Directors, two are Non-Independent Directors of which one is Whole Time Director.

Mrs. Valli M Ramaswami was appointed as a Whole Time Director and Chairperson with effect from 12.04.2018

### 2. No. of Directorship / Membership in other Companies

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

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

### 3. Board Meetings & Annual General Meeting

During the year 2017-18, the Board met six times viz., 29<sup>th</sup> May 2017, 23<sup>rd</sup> August 2017, 19<sup>th</sup> October 2017, 07<sup>th</sup> December 2017, 05<sup>th</sup> February 2018 and 19<sup>th</sup> March, 2018 and the gap between two meetings did not exceed one hundred and twenty days.

Attendance of Directors at Board Meeting and the last Annual General Meeting

S. No.	Directors	No. of Board Meeting held	No. of Board Meetings Attended	Attendance at last AGM
1	Mr.Manikam Ramaswami	6	02	Absent
2	Mrs.Valli M Ramaswami	6	05	Absent
3	Mr.P.Manivannan	6	05	Yes
4	Mr.B.Vaidyanathan	6	03	Absent
5	Mr.KJM.Shetty	6	02	Absent
6	Mr.S.Venkataramani	6	02	Absent
7	Mr.R.Poornalingam	6	05	Absent
8	Mr.Shridhar Subrhamanyam	6	02	Absent
9	Mr. Madhavan Nambiar	6	05	Absent
10	Mr.B.T.Bangera	6	03	Absent
11	Mrs.Vijayalakshmi Rao	6	03	Absent

# Board's Report

## 4. Remuneration to Directors

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

Details of remuneration paid to the Managing Director and Executive Directors during the year 2017-18 is given below:

(Amount in Rs.)

NAME OF DIRECTOR	SALARY	PERKS	COMMISSION	PF & SUPER ANNUATION FUND	TOTAL
Mr. Manikam Ramaswami	9,09,677	2,70,000	20,86,901	1,09,161	33,75,739
Mrs. Valli M Ramaswami	12,00,000	-	-	1,44,000	13,44,000
Mr. P. Manivannan	16,57,325	-	-	1,58,400	18,15,725

Details of payments made to Non-Executive Directors during the year 2017-18 is given below:

(Amount in Rs.)

Directors	Sitting Fees		Total
	Board Meeting	Committee Meetings	
Mr. KJM. Shetty	40,000	90,000	1,30,000
Mr. S. Venkataramani	40,000	70,000	1,10,000
Mr. R. Poornalingam	2,20,000	60,000	2,80,000
Mr. Shridhar Subrahmanyam	40,000	30,000	70,000
Mr. Madhavan Nambiar	2,20,000	80,000	3,00,000
Mr. B.T. Bangera	2,00,000	50,000	2,50,000
Mrs. Vijayalakshmi Rao	1,50,000	10,000	1,60,000
Mr. B. Vaidyanathan	1,50,000	-	1,50,000
<b>Total</b>	<b>10,60,000</b>	<b>3,90,000</b>	<b>14,50,000</b>

## 5. Familiarisation programme imparted to Independent Directors

The detail of Familiarization programme imparted to the Independent directors is disseminated on the website of the Company.

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

The company has laid down the code of conduct for all the Board members and Senior Management personnel of the Company. Additionally the independent Directors of the company are bound by duties of independent directors as set out in the Companies Act, 2013 read with the Schedules and Rules thereunder.

All the Board members and Senior Management personnel have affirmed compliance with the code of conduct. The Code of Conduct is available on the website of the company.

## 7. Committees of the Board

The terms of reference of Board Committees are determined by the Board from time to time. Presently the Company has four committees i.e. Audit Committee, Nomination and Remuneration Committee, Corporate social Responsibility Committee, and Stakeholders Relationship Committee. All the decisions pertaining to the constitution of the Committees, appointment of members, and fixing of terms of reference for committee members are taken by the Board of Directors. Details on the role and composition of these committees, including the number of meetings held during the financial year and the related attendance, are provided below:

## 8. Audit Committee

The Audit Committee consisted of three non-executive directors with Mr. KJM. Shetty as Chairman, Mr. S. Venkataramani and Mr. Shridhar Subrahmanyam as members.

# Board's Report

During the year, all the members in the Audit Committee retired. The Board re-constituted the Audit Committee in the Meeting held on 19.10.2017.

Mr.B.Vaidyanathan, Non-Executive Director of the Company was inducted as a member of the Audit Committee in the Board Meeting held on 19.03.2018.

The reconstituted Audit Committee consists of four Directors as below:

S. No.	Name	Position
1	Mr. R. Poornalingam	Chairman
2	Mr. Madhavan Nambiar	Member
3	Mr. B.T. Bangera	Member
4	Mr. B. Vaidyanathan	Member

## (a) Terms of reference

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

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

## (b) Meetings and Attendance

During the year the Audit Committee met five times i.e. on 29<sup>th</sup> May 2017, 23<sup>rd</sup> August 2017, 7<sup>th</sup> December 2017, 5<sup>th</sup> February 2017 and 12<sup>th</sup> February 2018. The details of attendance of members of the Audit Committee are as follows:

Name of the Member	Position	No. of meetings attended
Mr. KJM. Shetty *	Chairman (Former)	02
Mr. S. Venkataramani *	Member	02
Mr. Shridhar Subrahmanyam*	Member	02
Mr. R. Poornalingam**	Chairman	03
Mr. Madhavan Nambiar**	Member	03
Mr. B.T. Bangera**	Member	03
Mr. B. Vaidyanathan***	Member	-

\*Ceased to be the Chairman and members of the Audit Committee with effect from 23<sup>rd</sup> Aug, 2017

\*\* Reconstituted the Audit Committee with effect from 19<sup>th</sup> October 2017.

\*\*\*Inducted as member of the Audit Committee with effect from 19<sup>th</sup> March 2018

The Statutory Auditor, Senior Vice President - Operations, Chief Executive Officer, Chief Financial Officer, Company Secretary and other concerned executives of the Company attended the Meetings.

## 9. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

The CSR Committee of the Company consisted of 2 Non-Executive Independent Directors and 1 Whole Time Director. Mr.K.J.M.Shetty retired and Mrs.Vijayalakshmi Rao replaced him as Chairperson of the Committee with effective from 19<sup>th</sup> October 2017.

# Board's Report

During the year the Committee met 2 times i.e on 29<sup>th</sup> May 2017 and 23<sup>rd</sup> August, 2017.

Name of the Member	Position	No. of Meetings Attended
Mr. KJM. Shetty	Chairman (Former)	1
Mrs. Vijayalakshmi Rao	Chairperson	0
Mr. Madhavan Nambiar	Member	2
Mr. P. Manivannan	Member	2

## 10. NOMINATION AND REMUNERATION COMMITTEE

### a) Terms of Reference

It shall identify the persons, who are qualified to become Directors of the Company/who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and also shall carry out evaluation of every director's performance.

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

### b) Composition of the Committee

The Committee consists of three Non-Executive Independent Directors including Chairman. Mr. K.J.M. Shetty and Mr. S. Venkataramani, were retired during the year and Mr.Madhavan Nambiar and Mrs,Vijayalakshmi Rao were appointed as Chairman and Member of the Committee, respectively.

### c) Meetings and Attendance

During the year the Committee met four times i.e. on 29<sup>th</sup> May 2017, 23<sup>rd</sup> August 2017, 07<sup>th</sup> December 2017 and 07<sup>th</sup> March 2018.

Name of the Member	Position	No. of Meetings Attended
Mr. KJM. Shetty *	Chairman (former)	2
Mr. S. Venkataramani *	Member	2
Mr. R. Poornalingam	Member	3
Mrs. Vijayalakshmi Rao **	Member	1
Mr. Madhavan Nambiar **	Chairman	2

\*Ceased to be Chairman and member of the Nomination and Remuneration Committee with effect from 23<sup>rd</sup> Aug, 2017

\*\* Inducted as Chairman and member of the Nomination and Remuneration Committee with effect from 23<sup>rd</sup> Aug, 2017

### d) Remuneration Policy

While formulating policy the Committee has ensured that:

- The Level and composition of remuneration is reasonable and sufficient to attract/retain/motivate directors.
- The composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate the Key Managerial Personnel and Senior Management of the quality required to meet high standards of performance. The relationship of remuneration to performance shall be clear and meet appropriate performance benchmarks. The Committee may review remuneration of senior management personnel from time to time.

### e) Remuneration to Non-Executive & Independent Directors:

- The Non-executive Directors and Independent Directors of the Company are entitled to sitting fees as determined by Board from time to time for attending Board/Committee meetings thereof in accordance with the provisions of Act.

## 11. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee consists of three Directors, two are Non-Executive Directors and one is Executive Director. The non Executive Directors Mr. K J M. Shetty and Mr. S. Venkataramani, retired. Thereafter Mr.Madhavan Nambiar

# Board's Report

and Mr.B.T.Bangera, Independent Directors were appointed as Chairman and Member of the Committee, respectively with effect from 23<sup>rd</sup> Aug, 2017.

The Committee (a) approves and monitors share transfers and transmissions, splitting and consolidation of shares and issue of duplicate share certificates and share certificates in case of rematerialisation of shares. All these requests are approved by the Committee once in a fortnight by way of circular resolutions. (b) looking into redressal of shareholders/investors complaints viz. transfer of shares, non-receipt of declared dividends etc. and deciding on any other matter as may be required in connection with the shareholders/investors' servicing or redressal of their grievance.

The Committee met four times during the year on 29<sup>th</sup> May 2017, 23<sup>rd</sup> August 2017, 07<sup>th</sup> December 2017 and 5<sup>th</sup> February 2018.

Name of the Member	Position	Number of meetings held	No. of Meetings Attended
Mr. KJM. Shetty *	Chairman (Former)	4	2
Mr. S. Venkataramani *	Member		2
Mr. P. Manivannan	Member		4
Mr. Madhavan Nambiar **	Chairman		2
Mr. B.T. Bangera **	Member		2

\*Ceased to be the Chairman and member of the Stakeholders Relationship Committee with effect from 23<sup>rd</sup> August 2017.

\*\*Inducted as Chairman and Member of the Stakeholders Relationship Committee

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.

In the nature of non-receipt of dividend warrants, non-receipt of share certificates after transfer, non-receipt of Annual Report etc. six shareholder request were received during 2017-2018.

All the complaints received from the shareholders during the year under review were resolved to the satisfaction of the shareholders.

No. of Pending Complaints as on 31.03.2018: NIL

The Company has designated an exclusive E-Mail ID for the purpose of registering complaints by investors and necessary follow up action by the Company/compliance officer in compliance with Regulation 13 read with regulation 46(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The e-mail ID is: [investors@loyaltextiles.com](mailto:investors@loyaltextiles.com)

## 12. Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements), Regulation, 2015, a separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board who were evaluated on parameters such as level of engagement and contribution and independence of judgment thereby safeguarding the interest of the Company. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The board also carried out annual performance evaluation of the working of its Audit, Nomination and Remuneration as well as stakeholder relationship committee. The Directors expressed their satisfaction with the evaluation process.

## 13. Related Party Transactions

All transactions entered into with Related Parties as defined under Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, during the financial year were in the ordinary course of business and on an arm's length pricing basis. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website.

# Board's Report

## 14. 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.43 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.

## 15. Special Resolution passed in the previous three Annual General Meetings

AGM	SUBJECT
69 <sup>th</sup> AGM held on 24 <sup>th</sup> September, 2015	1. Adoption of new set of Articles of Association of the company containing Articles in conformity with the Companies Act, 2013.
70 <sup>th</sup> AGM held on 14 <sup>th</sup> September, 2016	No Special Resolution passed in this meeting.
71 <sup>st</sup> AGM held on 25 <sup>th</sup> September, 2017	1. Re-appointment of Mr.R.Poornalingam as Independent Director 2. Re-appointment of Mr.Madhavan Nambiar, as Independent Director

- No Special Resolution was passed last year through postal Ballot.

## 16. General Shareholder Information

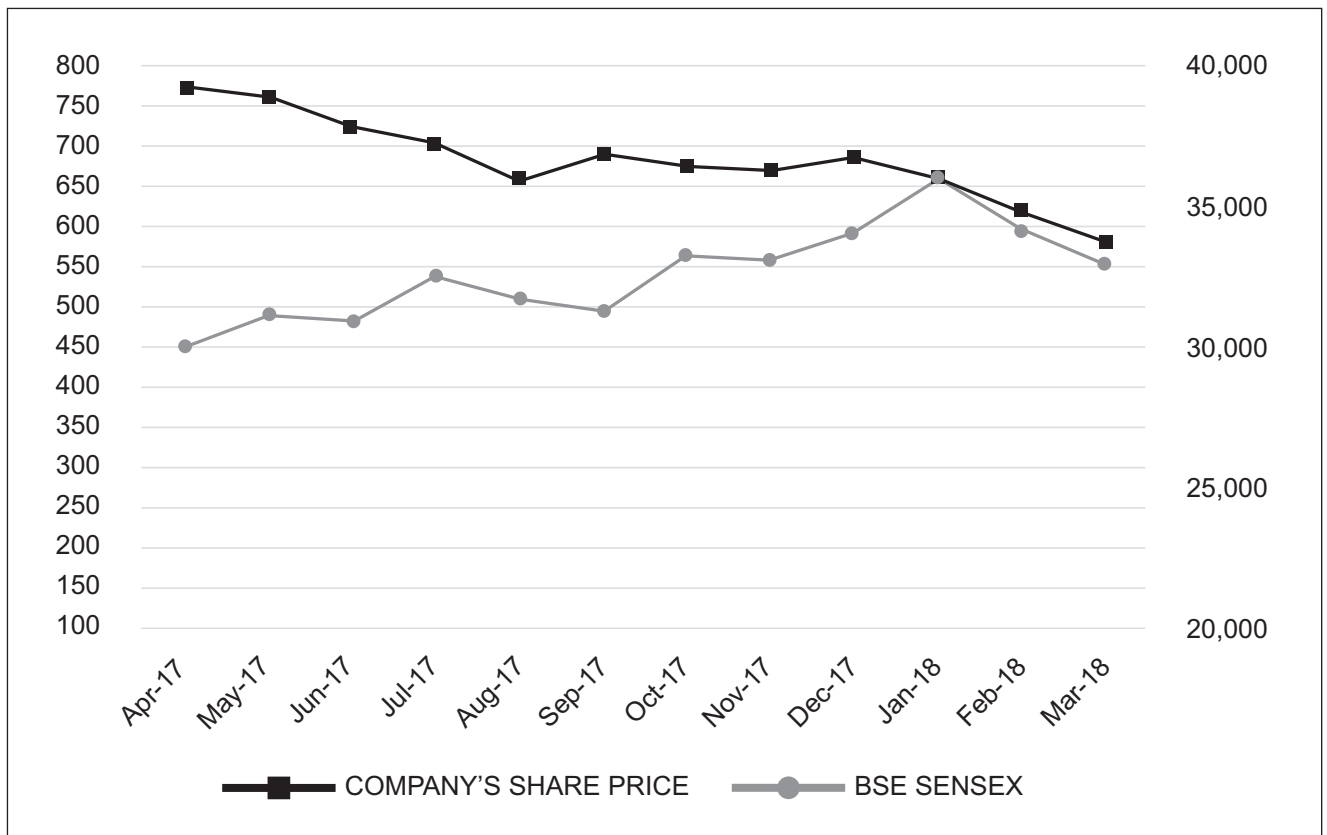
(a)	Annual General Meeting Date and Time Venue	27 <sup>th</sup> September 2018, 10.30 a.m 21/4 Mill Street, Kovilpatti - 628 501
(b)	Financial Calendar (Tentative) Annual General Meeting of the next year Unaudited Financial results for the 1 <sup>st</sup> Quarter ending 30 <sup>th</sup> June 2018 Unaudited Financial results for the 2 <sup>nd</sup> Quarter ending 30 <sup>th</sup> September 2018 Unaudited Financial results for the 3 <sup>rd</sup> Quarter ending 31 <sup>st</sup> December 2018 Audited Financial results for the 4 <sup>th</sup> Quarter ending 31 <sup>st</sup> March 2019	Before 30 <sup>th</sup> September 2019 Any day before 14 <sup>th</sup> August 2018 Any day before 14 <sup>th</sup> November 2018 Any day before 14 <sup>th</sup> February 2019 Any day before 30 <sup>th</sup> May 2019
(c)	Dividend Payment date	On or before 30 days from the end of AGM.
(d)	Book Closure period	21-09-2018 to 27-09-2018 (both days inclusive)
(e)	Listing of Equity Shares & Stock code	Bombay Stock Exchange Scrip code : 514036
(f)	Demat ISIN number	INE970D01010
Listing fee has been paid to BSE for the year 2018-19		

# Board's Report

## 17. Share market price data of financial Year 2017-18

MONTH	COMPANY'S SHARE PRICE			BSE SENSEX		
	HIGH	LOW	CLOSE	HIGH	LOW	CLOSE
April 2017	805	705	773	30,184	29,241	29,918
May	890	696	763	31,255	29,804	31,146
June	800	691	725	31,523	30,681	30,922
July	740	675	705	32,673	31,017	32,515
August	740	617	660	32,686	31,128	31,730
September	796	658	690	32,524	31,082	31,284
October	769	630	677	33,340	31,440	33,213
November	740	664	671	33,866	32,684	33,149
December	760	630	688	34,138	32,565	34,057
January 2018	770	603	656	36,444	33,703	35,965
February	710	607	622	36,257	33,483	34,184
March	670	555	583	34,279	32,484	32,969

## 18. Share price performance in comparison to BSE Sensex





# Board's Report

## 19. Share transfer system

M/s GNSA Infotech Ltd, Chennai are the Share Transfer Agent of the Company. The share transfer process is reviewed by the Stakeholder's Grievance Committee. The share transfer requests in physical form and other shares related issues are processed and dispatched to the respective lodgers within the statutory period, provided the documents are complete in all respects. To ensure better investor servicing, share transfers/transmissions are processed every fortnight.

The total number of shares transferred / transmitted during the year was:

Particulars	No. of Documents	No. of Shares
No. of Transfers	5	750
No. of Transmissions	5	1500
No. of Duplicate Share Certificates issued	4	1125
No of Deletions	0	0

## 20. 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 31<sup>st</sup> March 2018, 44,83,861 shares were in dematerialized form representing 93.09% of the total shares. The Demat ISIN code number of our share is INE970D01010.

## 21. Distribution of Shareholding as on 31<sup>st</sup> March 2018

No. of Shares held	No. of shareholders	% of Shareholders	No. of shares held	% of shareholding
Up to – 500	1887	85.35	2,29,197	4.76
501 – 1000	145	6.56	1,11,484	2.31
1001 – 2000	77	3.48	1,19,573	2.48
2001 – 3000	26	1.18	63,947	1.33
3001 – 4000	18	0.81	65,681	1.36
4001 – 5000	7	0.32	32,902	0.68
5001 – 10000	16	0.72	1,06,560	2.21
10001 & above	35	1.58	40,87,102	84.86
<b>TOTAL</b>	<b>2,211</b>	<b>100.00</b>	<b>48,16,446</b>	<b>100.00</b>

## 22. Shareholding Pattern as on 31<sup>st</sup> March 2018

S. No.	Category	No. of Shares	% to total capital
1	Promoter Group	35,39,845	73.49
2	Nationalized Banks	5,200	0.11
3	Non Residents	10,451	0.22
4	Others	12,60,950	26.18
	<b>Total</b>	<b>48,16,446</b>	<b>100.00</b>

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

We have no GDRs / ADRs / or convertible instrument.

# Board's Report

## 24. Plant Locations

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

1. 21/4, Mill Street, Kovilpatti – 628 501
2. N Venkateswarapuram, N Subbiahpuram, Sattur Taluk - 626 205
3. Menakur Village, Naidupet Mandal, Nellore District, Andhra Pradesh – 524221
4. Arasanur, Thirumantholai Post, Sivagangai Taluk, – 630 561
5. Annarugudan Village, Tallada Mandal, Khammam District, Telangana

### Processing

1. C7 – 1, Sipcot Industrial Complex, Kudikadu , Cuddalore – 607 005

## 25. Means of Communication

- a) The unaudited quarterly / audited yearly financial results of the company are published in the leading English Newspaper viz., The Business Line and the same were published in Tamil version in Tamil Murasu.

The company's website address is [www.loyaltextiles.com](http://www.loyaltextiles.com) The website contains basic information about the company and such other details as required under listing regulations. The company ensure periodical updates. The company has designated the e-mail [investors@loyaltextiles.com](mailto:investors@loyaltextiles.com) to enable shareholders to register their grievances.

- b) Pursuant to listing regulations, all data related to Quarterly financial results, shareholding pattern, Corporate Governance report are filed with Bombay Stock Exchange in BSE online filing within time frame.

## 26. Address for communication

Compliance Officer	Registrar and Share Transfer Agent
Company Secretary Loyal Textile Mills Ltd. 21/4, Mill Street, Kovilpatti – 628501 Tamil Nadu Phone: (04632) 2220001 Email: <a href="mailto:investors@loyaltextiles.com">investors@loyaltextiles.com</a>	GNSA Infotech Private Limited STA Department, Nelson Chambers, 4 <sup>th</sup> Floor, F Block, No.115 Nelson Manickam Road, Aminjikarai, Chennai - 600029 Phone: 044-42962025 E-mail: <a href="mailto:sta@gnsaindia.com">sta@gnsaindia.com</a> Contact person: Mr. Krishna Kumar, Director

## 27. Statutory Compliance

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

**VALLI M RAMASWAMI**  
Whole Time director

**P. MANIVANNAN**  
Whole Time Director

Place: Chennai  
Date: 25<sup>th</sup> May 2018.

# Auditors' Certificate

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

To

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

1. We have examined the compliance of conditions of Corporate Governance by M/s.LOYAL TEXTILE MILLS LTD., KOVILPATTI for the year ended on 31<sup>st</sup> March 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called as SEBI (LODR) Regulations, 2015).

### Management's Responsibility

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

### Auditor's Responsibility

3. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance

Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics by the ICAI.

6. We have complied with the relevant applicable requirements of the Standards on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements.

### Opinion

7. Based on our examination of the relevant records and according to the information and explanations given to us, we certify that the company has complied with the condition of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the above-mentioned Listing Regulations during the year ended 31<sup>st</sup> March, 2018.
8. We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

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

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

Place : Chennai  
Date : 25<sup>th</sup> May 2018

# Independent Auditor's Report

To the Members of Loyal Textile Mills Limited

## Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS Financial Statements of M/s. LOYAL TEXTILE MILLS LIMITED ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the statement of Profit and Loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of Significant Accounting Policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder.

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

## Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on our audit.

We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act, the order and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS Financial Statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the state of affairs of the Company as at 31<sup>st</sup> March 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

- As required by Section 143 (3) of the Act, we report that:
  - we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - in our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder;
  - on the basis of the written representations received from the Directors as on 31<sup>st</sup> March 2018 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March 2018 from being

# Independent Auditor's Report

appointed as a Director in terms of Section 164(2) of the Act; and

- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No. 32 to the financial statements;
  - (ii) the Company did not have any long-term contracts, including derivative contracts; and

(iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

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

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

Place: Chennai  
Date: 25.05.2018

# Independent Auditor's Report

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

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

We have audited the internal financial controls over financial reporting of Loyal Textile Mills Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditor's Responsibility

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

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

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

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

### Meaning of Internal Financial Controls over Financial Reporting

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

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

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

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

# Independent Auditor's Report

conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on

Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place: Chennai  
Date: 25.05.2018

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

# Independent Auditor's Report

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

The Annexure referred to in Paragraph 2 under the heading "Report on Other Legal and Regulatory Requirements" of our Report on the standalone Ind AS financial statements of even date, we report that:

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- b) The Company has a programme of periodic physical verification of fixed assets at all locations by which during the year, the Company has verified fixed assets at selected locations in a phased manner and we were informed that no material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us and based on the, the title deeds of immovable properties, as disclosed in Note No. 6.2 to the Standalone Ind AS Financial Statements, are held in the name of the Company, except for the following:

Particulars	Free hold (Rs. in Lakhs)	Lease hold (Rs. in Lakhs)	Remarks
Gross Block as at 31 <sup>st</sup> March 2018	Nil	161.90	SIPCOT Lease hold Land

- (ii) As explained to us, the inventories at all locations have been physically verified by the Management at regular intervals during the year. The discrepancies noticed on physical verification of stocks, as compared to book records were not material and the same have been properly dealt with in the books of account.
- (iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to the companies, firms, limited liability partnership or other parties listed in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loan or provided any guarantee or security to the parties covered under Sections 185 and 186 of the Act. In respect of investment in securities, the company has complied with the provisions of section 186 of the Act.
- (v) The Company has not accepted any deposits from the public during the year as per the provisions of section 73 and 76 of the Companies Act 2013. The company has accepted/taken interest free inter corporate deposit from a company.
- (vi) We have broadly reviewed the cost records maintained by the company, as prescribed by the Central Government under Sub-section (1) of Section 148 of the Companies Act,

2013 and are of the opinion that, prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.

- (vii) (a) According to the information and explanations given to us, the Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other Statutory Dues to the appropriate authorities. In respect of undisputed Statutory dues payable in respect of above which are outstanding as at 31<sup>st</sup> March 2018 for a period of more than six months from the date they became payable is given below:

Nature of dues	Amount (Rs. In Lakhs)
Advance Licensing	175.90

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

Name of the Statute	Amount (Rs. in lakhs)	Period to which the dues belong	Forum where the dispute is pending
Sales Tax	243.54	Asst Year 2002-03, 2003-04, 2005-06, 2007-08, 2008-09, 2009-10	Addl. Dy. Commissioner/ Sales Tax Appellate Tribunal
VAT	770.10	Asst year 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13	Addl. Dy Commissioner / Joint Commissioner, Madurai Bench of Madras High Court
Central Excise	96.75	2008-09	Madurai Bench of Madras High Court
Service Tax	112.90	2008-09, 2010-11, 2011-12	Service Tax Appellate Tribunal

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks or Government. The company has not issued any debenture.



# Independent Auditor's Report

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

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

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

Place: Chennai  
Date: 25.05.2018

# Operating Result Summary

(₹ In lakhs)

Year ended	31.03.2018	31.03.2017	31.03.2016	31.03.2015	31.03.2014
Revenue from Operation	1,15,875	1,13,474	1,17,825	1,41,709	1,60,362
Other Income	788	383	250	165	552
<b>Total</b>	<b>1,16,663</b>	<b>1,13,857</b>	<b>1,18,075</b>	<b>1,41,874</b>	<b>1,60,914</b>
Cost of Materials Consumed	59,617	51,050	44,398	51,802	55,693
Purchase of stock in trade	13,122	19,139	24,362	38,292	55,647
Changes in Inventories of Finished Goods, Work in progress and Stock in trade	991	-1,176	-1,035	-214	-2,397
Employee Benefit Expenses	9,292	9,023	9,020	8,273	7,612
Finance Costs	3,907	4,203	5,452	6,884	7,581
Depreciation and Amortisation Expenses	6,048	6,768	6,721	8,230	7,086
Other Expenses	22,034	22,487	25,864	27,637	26,395
<b>Total</b>	<b>1,15,011</b>	<b>1,11,495</b>	<b>1,14,782</b>	<b>1,40,904</b>	<b>1,57,617</b>
Pre Tax Profit / (Loss)	1,652	2,362	3,293	970	3,297
Export ( C&F Value)	98,805	99,093	103,032	122,026	128,229
Production of Yarn in Lakh Kgs	259.08	249.49	267.17	290.31	267.36
Production of Cloth in Lakh Mtrs	494.66	490.72	483.84	487.57	465.66

# Balance Sheet Summary

(₹ In lakhs)

Year ended	31.03.2018	31.03.2017	31.03.2016	31.03.2015	31.03.2014
Net Fixed Assets	42,136	45,513	49,447	49,245	52,425
Investments	420	1,000	517	574	455
Long Term Loans and Advances	500	1,166	664.0	607	476
Current Assets	51,597	45,190	40,990	41,073	40,830
<b>Total</b>	<b>94,653</b>	<b>92,869</b>	<b>91,617</b>	<b>91,499</b>	<b>94,186</b>
Long Term Borrowings	15,258	19,482	18,025	22,708	27,197
Deferred Tax Liability (Net)	783	1,803	2,562	4,134	5,294
Current Liabilities	59,145	53,718	55,324	51,494	49,038
<b>Total</b>	<b>75,186</b>	<b>75,003</b>	<b>75,911</b>	<b>78,336</b>	<b>81,529</b>
Networth	19,468	17,865	15,706	13,163	12,657
<b>Represented BY</b>					
Share capital	482	482	482	482	482
Reserves and Surplus	18,986	17,384	15,224	12,681	12,174
Pre Tax Profit / (loss)	1,652	2,362	3,293	970	3,297
Dividend paid on equity shares	482	482	482	361	361
% of Dividend paid on equity shares	100	100	100	75	75

# Standalone Balance Sheet as at 31<sup>st</sup> March, 2018

PARTICULARS	Note No.	(Rs. in Lakhs)		
		As at 31.03.2018 Audited	As at 31.03.2017 Audited	As at 01.04.2016 Audited
<b>ASSETS</b>				
<b>A. Non-Current Assets</b>				
(a) Property, Plant & Equipment	4	41,096	44,808	47,624
(b) Capital Work-in-progress	4	665	310	1,512
(c) Investment property	4	298	301	311
(d) Other Intangible assets	4	78	94	-
(e) Financial Assets				
(i) Investments	5	211	405	491
(f) Other Non-Current Assets	6	500	1,166	664
<b>Total Non-Current Assets (A)</b>		<b>42,847</b>	<b>47,084</b>	<b>50,602</b>
<b>B. Current Assets</b>				
(a) Inventories	8	21,923	20,176	15,583
(b) Financial Assets				
(i) Investments	7	209	595	26
(ii) Trade Receivables	9	19,051	15,370	13,465
(iii) Cash and Cash Equivalents	10	293	85	130
(iv) Bank Balance Other than (iii) above	10	524	804	360
(v) Loans	11	1,316	1,916	1,706
(vi) Others	12	212	426	729
(c) Other current Assets	13	8,277	6,412	9,016
<b>Total Current Assets (B)</b>		<b>51,806</b>	<b>45,785</b>	<b>41,015</b>
<b>Total Assets (A+B)</b>	-	<b>94,653</b>	<b>92,869</b>	<b>91,617</b>
<b>EQUITY AND LIABILITIES</b>				
<b>C. EQUITY</b>				
(a) Equity Share Capital	14	482	482	482
(b) Other Equity	15	18,986	17,384	15,224
<b>Total Equity (C)</b>		<b>19,468</b>	<b>17,865</b>	<b>15,706</b>
<b>D. LIABILITIES</b>				
<b>D1 Non-Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowing	16	15,258	19,482	18,025
(b) Deferred Tax Liabilities (Net)	17	783	1,803	2,562
<b>Total Non-Current Liabilities (D1)</b>		<b>16,041</b>	<b>21,285</b>	<b>20,588</b>
<b>D2 Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowing	18	31,391	29,976	32,947
(ii) Trade Payables	19	12,574	7,449	6,488
(iii) Other financial liabilities	20	13,600	15,282	14,779
(b) Other current liabilities	21	1,177	770	717
(c) Provisions	22	178	161	301
(d) Current Tax Liabilities(Net)	23	224	80	91
<b>Total Current Liabilities (D2)</b>		<b>59,145</b>	<b>53,718</b>	<b>55,324</b>
<b>Total Liabilities D (D1+D2)</b>		<b>75,185</b>	<b>75,004</b>	<b>75,912</b>
<b>Total Equity and Liabilities (C+D)</b>		<b>94,653</b>	<b>92,869</b>	<b>91,617</b>

The accompanying notes are an integral part of this financial statements

**P Manivannan**  
Wholetime Director

**Valli M Ramaswami**  
Wholetime Director  
and  
Chairperson

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

**A Velliangiri**  
Chief Executive Officer

**K Ganapathi**  
Chief Financial Officer

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

Place: Chennai  
Date: 25<sup>th</sup> May 2018

# Audited Standalone Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2018

(Rs. in Lakhs)

Particulars	Note No.	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>I. Revenue from Operations</b>	24	<b>115,875</b>	113,474
<b>II. Other Income</b>	25	<b>788</b>	383
<b>III. Total Income (I +II)</b>		<b>116,663</b>	113,857
<b>IV. Expenses:</b>			
Cost of materials consumed	26	<b>59,617</b>	51,050
Purchase of Stock-in-Trade	27	<b>13,122</b>	19,139
Changes in Inventories of	28		
Finished Goods		<b>710</b>	(450)
Work-in-progress		<b>281</b>	(726)
Employee Benefits Expense	29	<b>9,292</b>	9,023
Finance costs	30	<b>3,907</b>	4,203
Depreciation and amortization expense	4	<b>6,048</b>	6,768
Other expenses	31	<b>22,034</b>	22,487
<b>Total Expenses</b>		<b>115,011</b>	111,495
<b>V. Profit / (Loss) before exceptional items and tax - (III - IV)</b>		<b>1,652</b>	2,362
<b>VI. Exceptional Items</b>		<b>NIL</b>	NIL
<b>VII. Profit / (Loss) before tax (V - VI)</b>		<b>1,652</b>	2,362
<b>VIII. Tax expense:</b>			
(1) Current tax		<b>318</b>	675
(2) Deferred tax		<b>(587)</b>	(681)
(3) MAT Entitlement			
- Pertaining to prior years		<b>(456)</b>	NIL
(4) Income Tax relating to Previous Year		<b>68</b>	
<b>IX. Profit/(Loss) for the period from continuing operations (VII-VIII)</b>		<b>2,308</b>	2,369
<b>X. Profit/(Loss) from discontinuing operations</b>		<b>NIL</b>	NIL
<b>XI. Profit/(Loss) for the period after tax (IX + X)</b>		<b>2,308</b>	2,369
<b>XII. Other Comprehensive Income, net off Income Tax</b>			
(a) items that will not be reclassified to Profit or Loss		<b>(55)</b>	243
(b) Income tax relating to items that will not be reclassified to Profit or Loss		<b>(22)</b>	77
(c) Items that will be reclassified to profit or Loss		<b>NIL</b>	NIL
(d) Income tax relating to Items that will be reclassified to profit or Loss		<b>NIL</b>	NIL
<b>XIII. Total Comprehensive Income, net of Income Tax</b>		<b>2 231</b>	2 689
<b>XIV. Earning per equity share of Rs. 10/- :</b>			
(1) Basic		<b>47.92</b>	49.16
(2) Diluted		<b>47.92</b>	49.16

The accompanying notes are an integral part of this financial statements

**P Manivannan**  
Wholetime Director

**Valli M Ramaswami**  
Wholetime Director  
and  
Chairperson

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

**A Velliangiri**  
Chief Executive Officer

**K Ganapathi**  
Chief Financial Officer

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

Place: Chennai  
Date: 25<sup>th</sup> May 2018

# Standalone Cash Flow Statement for the year ended 31st March, 2018

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>		
PROFIT BEFORE TAX	1,651	2,361
ADJUSTMENTS FOR		
Depreciation	6,048	6,768
Interest paid	3,907	4,203
Interest received	(102)	(136)
Dividend received on Investments - Others	(81)	(1)
Provision for Doubtful Debts	NIL	130
Bad Debts Written Off	155	150
(Profit)/Loss on disposal of Fixed Assets	(454)	(197)
(Profit)/Loss on sale of investments	6	20
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>11,130</b>	<b>13,298</b>
ADJUSTMENTS FOR CHANGES IN		
Inventories	(1,747)	(4,593)
Debtors	(3,835)	(2,185)
Loans & Advances and Other Current Assets	(385)	2,196
Amount deposited as Margin Money	263	(431)
Current liabilities and provisions	6,169	(320)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>11,595</b>	<b>7,965</b>
Interest receipts	102	136
Income Tax (Paid)/Refund	(174)	(686)
<b>NET CASH FLOW (A)</b>	<b>11,523</b>	<b>7,414</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Payments for Assets acquisition	(2,777)	(2,874)
Proceeds on Sale of Fixed Assets	560	236
Capital Subsidy Received	NIL	NIL
Purchase of Investments	(17)	(574)
Sale Proceeds from Investments	638	141
Dividend receipts	81	1
<b>NET CASH FLOW (B)</b>	<b>(1,516)</b>	<b>(3,069)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(3,837)	(4,307)
Borrowings (Net)	NIL	NIL
Proceeds from Long Term Borrowings	1,082	7,070
Repayment of Long Term Borrowings	(6,464)	(6,573)
Dividend paid included taxes	(580)	(580)
<b>NET CASH FLOW (C)</b>	<b>(9,799)</b>	<b>(4,390)</b>
<b>NET CASH INFLOW / (OUTFLOW) ( A+B+C )</b>	<b>208</b>	<b>(45)</b>
<b>OPENING CASH AND CASH EQUIVALENTS (D)</b>	<b>85</b>	<b>130</b>
<b>CLOSING CASH AND CASH EQUIVALENTS (E)</b>	<b>293</b>	<b>85</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>208</b>	<b>(45)</b>

See accompanying notes to financial statements 1 to 47

## Standalone Cash Flow Statement for the year ended 31st March, 2018

### Notes:

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

Particulars	31.03.2018	31.03.2017
Cash and Cash equivalents as per Cash Flow statement	293	85
Add: Balances which are earmarked against liabilities and is not available for use	524	804
Cash and Cash equivalents as reported in Financial Statements	818	889

**P Manivannan**  
Wholetime Director

**Valli M Ramaswami**  
Wholetime Director  
and  
Chairperson

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

**A Velliangiri**  
Chief Executive Officer

**K Ganapathi**  
Chief Financial Officer

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

Place: Chennai  
Date: 25<sup>th</sup> May 2018

# Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2018

## 1 General Information:

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

## 2 Significant Accounting Policies:

### Statement of Compliance:

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

### Basis for Preparation and Presentation:

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

For all periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of Companies Act, 2013, read with paragraph 7 of the Companies (Accounts) Rule, 2014 (Indian GAAP). These financial statements for the year ended 31 March 2018 are the first the Company has prepared in accordance with Ind AS. Note no. 3 explains the manner in which the Company has adopted Ind AS.

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

### Derivative financial instruments –

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

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

### (a) Inventories:

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

- Raw materials, stores & Spares are valued at weighted average basis. The cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Stock-in-process is valued at Cost and Finished goods are Valued at Cost and Net Realisable value as Applicable - Cost includes applicable production overheads.
- Traded goods are valued at lower of Cost and Net Realizable Value (as on 31-03-2018 traded goods stock is NIL).

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

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

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

### (b) Cash flow statement:

The cash flow statement is prepared in accordance with the Indian Accounting Standard (Ind AS) - 7 "Statement of Cash flows" using the indirect method for operating activities, whereby net profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future operating cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.

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

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



# Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2018

## (d) Revenue Recognition:

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

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

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

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

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

Rental income from operating lease on investment properties is recognized on a straight-line basis over the term of the relevant lease, if the escalation is not a compensation for increase in cost inflation index.

Incentives receivable from Government is accounted on certainty of receipt.

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

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

## (e) Property, Plant And Equipment:

- i) Land including lease-hold land is stated at cost except for a portion revalued. Other Fixed Assets including leased out assets are stated at cost less

accumulated depreciation and impairment loss, if any. The cost includes borrowing cost and in respect of imported machinery the cost includes the value portion of customs duty credit availed as granted by the government under export incentive schemes. Exchange fluctuations are considered to cost up to commencement. Assets under erection/construction are stated at value incurred.

On transition to Ind AS, the Company has elected to consider carrying amount of all items of property, plant and equipments measured as per Indian GAAP as recognized in the financial statements as at the date of transition, as deemed cost at the date of transition. Deemed cost is the differential between the cost of the asset less the depreciation at the given date. The company has recognized the deemed cost by this method on April 2016.

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

## (f) Intangible Assets:

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

# Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2018

## (g) Foreign Currency Transactions:

### i) Functional and Presentation currency:

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

### ii) Transaction and balances:

The foreign currency transactions are recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. The foreign currency monetary items are translated using the closing rate at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction. Exchange differences arising on translation/settlement are recognized as income or expense in the period in which they arise.

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

## (h) Financial Instruments:

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

### i) Initial Recognition and measurement:

On initial recognition, all the financial assets and liabilities are recognized at its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability other than financial asset or financial liability that are measured at fair value through profit or loss. Transaction costs of financial assets and liabilities carried at fair value through the Profit and Loss are immediately recognized in the Statement of Profit and Loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

### ii) Subsequent measurement

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

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

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

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

#### (v) Financial liabilities:

The financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2018

balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### **b. Derivative financial instruments:**

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss. Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of profit and loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

### **c. Derecognition of financial instruments:**

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

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

The fair value of financial instruments is determined using the valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Based on the three level fair value hierarchy, the methods used to determine the fair value of financial

assets and liabilities include quoted market price, discounted cash flow analysis and valuation certified by the external valuer. In case of financial instruments where the carrying amount approximates fair value due to the short maturity of those instruments, carrying amount is considered as fair value.

### **(i) Employee Benefits:**

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

**ii) Post-employment benefits:** Provident fund and other funds, being defined contribution schemes, the contributions are charged to the Statement of Profit and Loss of the year when the contributions, for the covered employees, to the respective government administered funds are due. Gratuity, being a defined benefit plan, the defined benefit obligations are provided for on the basis of an actuarial valuation made at the end of each financial year. Remeasurement comprising actuarial gains and losses, the effect of changes to the asset ceiling if applicable and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with the charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

**iii) Other long term benefits:** Deferred employee benefits / deferred compensation and termination

# Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2018

benefits are recognized as an expense as and when incurred. Payments made under the Voluntary Retirement Scheme are charged to the Statement of Profit and Loss in the year incurred. Actuarial gains / losses are immediately taken to the Statement of Profit and Loss and are not deferred.

## (j) Borrowing Costs:

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

## (k) Segment Reporting:

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

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

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

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

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

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

## (l) Leases:

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

For arrangements entered into prior to April 1, 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

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

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

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

## (m) Earnings Per Share:

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

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

## (n) Income Taxes:

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

# Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2018

in the countries where the Company operates and generates taxable income.

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

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

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

Deferred tax liabilities are recognised for all taxable temporary differences.

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax

items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

## (o) Impairment of Assets:

### (i) Financial assets

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

### (ii) Non-financial assets:

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

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

### Provisions:

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

# Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2018

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

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

## **Contingent Liabilities:**

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

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

## **Contingent Assets:**

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

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

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

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

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

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

recognized on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate.

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

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

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

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

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

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

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

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

# Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2018

## 3. Explanation of Transition to Ind AS

### First time adoption of Ind AS

This financial statement is the first financial statement that has been prepared in accordance with Indian Accounting Standards (Ind AS) together with the comparative period data as at and for the year ended 31st March 2017, as described in the summary of significant accounting policies. The transition to Ind AS has been carried out in accordance with Ind AS 101—'First time adoption of Indian Accounting Standards' with 1st April 2016 as the transition date. This note explains the exemptions availed by the company on first time adoption of Ind AS and the principal adjustments made by the Company in restating its Indian GAAP financial statements as at 1st April 2016 and financial statements as at and for the year ended 31st March 2017 in accordance with Ind AS 101.

### Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has, accordingly, applied following exemptions:

- a) The Company has elected to consider carrying amount of all items of property, plant and equipments measured as per Indian GAAP as recognized in the financial statements as at the date of transition, as deemed cost at the date of transition. The effect of consequential changes arising on the application of other Ind AS has been adjusted to the deemed cost of Property, Plant & Equipment.
- b) The Company has adopted to measure investments in subsidiaries, joint ventures and associates at cost in accordance with Ind AS 27 and therefore has measured such investments in its separate opening Ind AS balance sheet at carrying amount as per Indian GAAP at the date of transition in accordance with Ind AS 101.
- c) The Company has availed the exemption of fair value measurement of financial assets or liabilities at initial recognition and accordingly will apply fair value measurement of financial assets or liabilities at initial recognition prospectively to transactions entered into on or after 1st April 2016.
- d) The estimates at 1st April 2016 and at 31st March, 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items under Indian GAAP did not require estimation:
  - Fair values of Financial Assets & Financial Liabilities

- Impairment of financial assets based on expected credit loss modal
- Discount rates

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions as at 1st April, 2016 and 31st March, 2017.

### Notes to the reconciliation of equity as at 1st April 2016 and 31st March 2017 and Total comprehensive income for the year ended 31<sup>st</sup> March 2017

1. **Leasehold Land:** Under Indian GAAP, land on lease was not covered under 'Leases' and therefore it was shown as Tangible assets. Under Ind AS, land on lease is considered as operating lease. Therefore, the net block of leasehold land obtained from SIPCOT Cuddalore (as on 31st March, 2017 Rs.161.89 lakhs, as on 1st April, 2016 Rs.163.56 lakhs) has been reclassified as Other Non – Current Assets (as on 31st March, 2017 Rs.160.22 lakhs, as on 1st April, 2016 Rs.161.89 lakhs) and Other Current Assets (as on 31st March, 2017 Rs.1.67 lakhs, as on 1st April, 2016 Rs.1.67 lakhs) as "Prepayments of Leasehold Land". Further, the amortization of leasehold payment for the year ended 31st March, 2017 amounting to Rs.1.67 lakhs has been reclassified from Depreciation & Amortization expenses to "Other Expenses". However, the same does not have any impact on total equity as at 31<sup>st</sup> March, 2017.
2. **Fair Value of Investments:** Under Indian GAAP, investments in equity instruments, mutual funds and debt securities were classified as long term investments or current investments based on the intended holding period and realisability. Long term investments were carried at cost less provision for other than temporary diminution in the value of investments. Current investments were carried at lower of cost and fair value. Ind AS requires such investments to be measured at fair value except investments in subsidiaries, associates and joint venture for which exemption has been availed. Fair value changes with respect to investments in equity instruments designated as at FVOCI have been recognised in FVOCI – Equity Instruments as at the date of transition and subsequently in the Other Comprehensive Income for the year ended March 31, 2017. This increased other reserves by Rs.19.83 lakhs as at March 31, 2017 (decreased other reserves by Rs.13.75 lakhs as at April 1, 2016).
3. **Proposed Dividend:** Under Indian GAAP, proposed dividend (including Dividend Distribution Tax) is recognized as a liability in the period to which it relates, irrespective of when it is declared. Under Ind AS, proposed dividend is recognized as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid. In the case of the Company, the declaration of dividend occurs after period end. Therefore,

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2018

the liability for the year ended 31st March 2016 recorded as proposed dividend as on 1st April, 2016 along with dividend distribution tax amounting to Rs.579.69 Lakhs has been de-recognised with a corresponding adjustment in the retained earnings.

- 4. Defined Benefit Obligation:** Under Ind AS, remeasurements i.e. actuarial gains and losses are to be recognized in 'Other comprehensive income' and are not to be reclassified to profit and loss in a subsequent period. Under the Indian GAAP, these remeasurements were forming part of the profit or loss. Therefore, actuarial gain/loss amounting to Rs.223.51 Lakhs for the financial year 2016-17 has been recognized in OCI (net of tax Rs.77.35 Lakhs) which was earlier recognised as Employee benefits expense. However, the same has no impact on the total equity as at 31st March, 2017.
- 5. Bill discounted against debtors:** Under Indian GAAP, bills discounted against debtors were shown as contingent liability. However, the same falls under the category of 'Financial instruments' under Ind AS. Therefore, the bills discounted amounting to Rs.8228.15 Lakhs and Rs.8585.63 Lakhs as on 31st March 2017 and 1st April 2016 respectively have been shown under 'Short term

borrowings' with a corresponding adjustment / Disclosure in 'Trade receivables'. However, the same has no impact on the total equity as at 31st March, 2017 and 1st April, 2016.

- 6. Deferred tax:** Under Indian GAAP, deferred tax was recognized for the temporary timing differences which focus on differences between taxable profits and accounting profits for the period. Ind AS requires entities to account for deferred taxes using the Balance Sheet approach, which focuses on temporary differences between the carrying amount of an Asset or Liability in the Balance Sheet and its tax base. Further, the application of Ind AS has resulted in recognition of deferred tax on certain temporary differences which was not required under Indian GAAP. Accordingly, deferred tax adjustments have been recognised in correlation to the underlying transactions in retained earnings/OCI in accordance with Ind AS. This has resulted decrease in retained earnings of Rs.77.35 Lakhs as at 31st March 2017.
- 7. Statement of cash flows:** The transition from Indian GAAP to Ind AS has not had a material impact on statement of cash flows.

### Note No. 3.1 RECONCILIATION OF EQUITY

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2017	01 <sup>st</sup> April 2016
Total Equity under previous GAAP	17,849	15,180
Effect of Change in Fair value of Equity instruments	56	(14)
Adjustment of proposed dividend and tax thereon	NIL	580
Effect of reversal of Revaluation reserve on Land	(41)	(41)
Total adjustment to equity	16	525
Total equity under Ind AS	17,865	15,706

Particulars	Year ended 31.03.2017
Net profit / (Loss) after tax as per previous IGAAP	2,669
IND AS Adjustments :	
- Actuarial Gain on Employee defined benefit fund reclassified to Other Comprehensive Income	(224)
- Tax impact on above	(77)
Net Profit / (Loss) as per Ind AS	2,368
Other Comprehensive Income:	
- Gain / (Loss) on Fair Value of Investments	20
- Actuarial Gain on Employee defined benefit fund reclassified	224
- Tax impact on above	77
<b>Total Comprehensive income as per IND AS</b>	<b>2,688</b>



# Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2018

Particulars	Tangible Assets										Total Tangible and Intangible Assets	Intangible Assets	Investment Property	Total Tangible Assets, Intangible Assets & Investment Properties
	Land	Building	Plant and Equipment	Furniture and Fittings	Electrical Fittings	Vehicles	Office Equipment	Other Assets	Total Tangible Assets	Computer Software				
<b>Deemed Cost as at April 1, 2016</b>	1,240.53	9,233.76	35,439.55	162.32	1,240.22	187.62	119.78	-	47,623.78	-	47,623.78	-	310.94	47,934.72
Additions	-	1,402.40	2,656.77	66.80	42.37	35.40	15.19	-	4,218.93	128.93	4,347.86	-	-	4,347.86
Disposals	-	-	(753.82)	-	-	(52.61)	-	-	(806.43)	-	(806.43)	-	-	(806.43)
Ind AS adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Cost as at March 31, 2017</b>	<b>1,240.53</b>	<b>10,636.16</b>	<b>37,342.50</b>	<b>229.12</b>	<b>1,282.58</b>	<b>170.41</b>	<b>134.97</b>	<b>-</b>	<b>51,036.28</b>	<b>128.93</b>	<b>51,165.20</b>	<b>128.93</b>	<b>310.94</b>	<b>51,476.14</b>
Additions	10.88	317.57	1,982.85	21.15	43.70	40.68	5.24	-	2,422.06	-	2,422.06	-	-	2,422.06
Disposals	(1.83)	-	(533.62)	-	-	(15.85)	-	-	(551.30)	-	(551.30)	-	-	(551.30)
Ind AS adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Cost as at March 31, 2018</b>	<b>1,249.58</b>	<b>10,953.73</b>	<b>38,791.72</b>	<b>250.27</b>	<b>1,326.28</b>	<b>195.24</b>	<b>140.21</b>	<b>-</b>	<b>52,907.04</b>	<b>128.93</b>	<b>53,035.96</b>	<b>128.93</b>	<b>310.94</b>	<b>53,346.90</b>
<b>Depreciation/Amortisation</b>														
Charge for the year	1.67	454.80	5,886.46	51.85	219.46	56.99	63.77	-	6,734.99	34.57	6,769.56	-	-	6,769.56
Ind AS Adjustments	(1.67)	(9.67)	-	-	-	-	-	-	(11.34)	-	(11.34)	-	9.67	(1.67)
Disposals	-	-	(457.68)	-	-	(37.27)	-	-	(494.94)	-	(494.94)	-	-	(494.94)
<b>As at March 31, 2017</b>	<b>-</b>	<b>445.12</b>	<b>5,428.78</b>	<b>51.85</b>	<b>219.46</b>	<b>19.72</b>	<b>63.77</b>	<b>-</b>	<b>6,228.70</b>	<b>34.57</b>	<b>6,263.27</b>	<b>34.57</b>	<b>9.67</b>	<b>6,272.94</b>
Charge for the year	-	386.97	5,371.61	20.01	190.08	28.49	30.87	-	6,028.03	16.48	6,044.51	16.48	3.36	6,047.87
Ind AS Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	(430.54)	-	-	(15.01)	-	-	(445.54)	-	(445.54)	-	-	(445.54)
Reversal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2018</b>	<b>-</b>	<b>832.09</b>	<b>10,369.86</b>	<b>71.85</b>	<b>409.53</b>	<b>33.20</b>	<b>94.64</b>	<b>-</b>	<b>11,811.19</b>	<b>51.05</b>	<b>11,862.24</b>	<b>51.05</b>	<b>13.04</b>	<b>11,875.28</b>
<b>Net Block</b>														
As at April 1, 2016	1,240.53	9,233.76	35,439.55	162.32	1,240.22	187.62	119.78	-	47,623.78	-	47,623.78	-	310.94	47,934.72
As at March 31, 2017	1,240.53	10,191.04	31,913.71	177.27	1,063.13	150.69	71.20	-	44,807.57	94.36	44,901.93	94.36	301.26	45,203.20
As at March 31, 2018	1,249.58	10,121.64	28,421.86	178.41	916.75	162.03	45.57	-	41,095.85	77.87	41,173.72	77.87	297.90	41,471.62
<b>Capital Work in Progress at Cost</b>														
<b>Particulars</b>	<b>31.03.2018</b>	<b>31.03.2017</b>	<b>01.04.2016</b>											
Land Pending For Registration	201	201	120											
Building Under Construction	419.98	-	524											
Plant & Machinery Under Erection	41.79	97	773											
Electrical Installations Under Erection		12	2											
Computer Under Erection	2	-	93											
<b>Total</b>	<b>665</b>	<b>310</b>	<b>1,512</b>											

# Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2018

## Note No. 5. NON-CURRENT INVESTMENTS - AT COST - LONG TERM ( Except Quoted Investments) (₹ in Lakhs)

S. No.	Particulars	Face value	No of Shares	31 <sup>st</sup> March 2018	No of Shares	31 <sup>st</sup> March 2017	No of Shares	01 <sup>st</sup> April 2016
<b>I Investment in Subsidiary and Joint ventures</b>								
1	Gruppo P&P Loyal spa (Joint Venture 47.5%)	Euro 85	3,325	149	3,325	149	3,325	149
2	Loyal Dimco Group A.E.B.E.(Joint venture 50%)		50,000	18	50,000	18	50,000	18
3	Loyal Textiles (UK) Ltd (49%)		2,450	0	2,450	0	2,450	0
4	Loyal International Sourcing Pvt Ltd (Subsidiary 100%)	10	20,000	2	20,000	2	20,000	2
5	Loyal IRV Textile LDA, Portugal (Joint Venture 51%)	Euro 1	2,550	2	2,550	2	2,550	2
				<u>172</u>		<u>172</u>		<u>172</u>
<b>II Trade Investments</b>								
<b>Investments in Equity Instruments:</b>								
<b>A) Quoted</b>								
	Kitex Garments Limited	1	NIL	-	2,000	9	2,000	9
<b>B) Unquoted</b>								
1	Cuddalore Sipcot Industries Common Utilities Limited	100	4,665	5	4,665	5	4,665	5
2	SIMA Textile Processing Centre Ltd	10	20,000	2	20,000	2	20,000	2
				<u>7</u>		<u>16</u>		<u>16</u>
<b>III Other Investments</b>								
<b>Investments in Equity Instruments:</b>								
<b>A) Quoted</b>								
1	Central Bank of India	10	1,469	1	1,469	2	1,469	1
2	Hatsun Agro Food	1	NIL	-	3,948	20	2,820	12
3	Page Industries Limited	10	NIL	-	75	11	75	9
4	Reliance gold -ETF-Units		NIL	-	6,525	170	6,750	167
5	Larsen and Toubro Limited	-	NIL	-	NIL	-	412	5
6	Oil & Natural Gas Corporation Ltd	-	NIL	-	NIL	-	27,665	59
7	State Bank of India	-	NIL	-	NIL	-	20,850	41
8	Amrutanjan Health Care Ltd	2	500	3	NIL	-	NIL	-
				<u>4</u>		<u>204</u>	NIL	<u>294</u>
<b>B) Unquoted</b>								
1	Matrimony.com Ltd	5	2,120	15	2,120	15	1,058	10
2	Dhanvantari Nano Ayushadi Private Limited	5	25,000	1				
<b>C) Investment in Compulsorily Convertible Debentures</b>								
	Dhanvantari Nano Ayushadi Private Limited	10	2,25,000	12				
<b>D) Investment in Government or trust securities</b>								
				<u>0</u>		<u>0</u>	-	<u>0</u>
	<b>Total</b>			<u>39</u>		<u>234</u>		<u>319</u>
	<b>Grand Total</b>			<u>211</u>		<u>405</u>		<u>491</u>
Particulars				<b>As at 31.03.2018</b>	<b>As at 31.03.2017</b>		<b>As at 31.03.2016</b>	
Aggregate Value of Quoted Investments				4	212		303	
Market Value of Quoted Investments				4	212		303	
Aggregate Value of Unquoted Investments				36	22		17	

# Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2018

(₹ in Lakhs)

## Note No. 6. OTHER NON-CURRENT ASSET

S. No.	Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
1	Capital Advances			
	- Unsecured, Considered good	341	1,005	502
2	Prepayment of Lease	159	160	162
		<u>500</u>	<u>1,166</u>	<u>664</u>

## Note No. 7. CURRENT INVESTMENTS

S. No.	Particulars	Face value	No of Shares	31 <sup>st</sup> March 2018	No of Shares	31 <sup>st</sup> March 2017	No of Shares	1 <sup>st</sup> April 2016
<b>(A) Trade Investments</b>								
<b>I Investments in Equity Instruments - Unquoted</b>								
1	Echanda Urja Private Ltd	10	NIL	-	63,010	6	63,010	6
2	TVH Energy Resource Private Ltd	10	76,750	8	36,500	20	196,400	20
3	Saheli Exports Private Limited	10	16,900	8	10,600	5	NIL	-
4	RVK Energy Private Limited	10	16,68,470	167	51,68,470	517	NIL	-
5	OPG Power Generation Pvt Ltd	10	57,400	6	63,000	7	NIL	-
6	Cauvery Power Generation Chennai Private Limited	10	2,00,000	20	4,00,000	40	NIL	-
	Aggregate Amount of Unquoted Investments			<u>209</u>		<u>595</u>		<u>26</u>
	<b>Total</b>			<b>209</b>		<b>595</b>		<b>26</b>

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
<b>Note No. 8. INVENTORIES</b>			
(a) Raw Materials	9,467	6,510	3,663
(b) Work-in-progress	4,584	4,866	4,140
(c) Finished Goods	6,445	7,156	6,706
(d) Stores, spares and Packing Materials	1,427	1,645	1,074
	<u>21,923</u>	<u>20,176</u>	<u>15,583</u>

## Note No. 9. TRADE RECEIVABLES

(i) Unsecured, Considered good	19,051	15,370	13,465
(ii) Unsecured and Considered doubtful	476	583	453
	<u>19,527</u>	<u>15,953</u>	<u>13,918</u>
Less : Provision for bad and doubtful	(476)	(583)	(453)
	<u>19,051</u>	<u>15,370</u>	<u>13,465</u>

# Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2018

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
<b>Note No. 10. CASH AND CASH EQUIVALENTS</b>			
<b>Cash and cash equivalents as per Ind AS 7</b>			
<b>Cash on hand</b>	<b>4</b>	<b>21</b>	<b>20</b>
<b>Balance with banks</b>			
(i) In current accounts	<b>280</b>	<b>56</b>	<b>67</b>
(ii) In EEFC accounts	<b>9</b>	<b>8</b>	<b>42</b>
	<b>293</b>	<b>85</b>	<b>130</b>
<b>Other Bank Balances</b>			
<b>(I) Earmarked Deposit accounts</b>			
- Unpaid Dividend Bank account	<b>56</b>	<b>72</b>	<b>59</b>
<b>(II) In Deposit Accounts</b>			
- Bank balances held as margin money	<b>469</b>	<b>732</b>	<b>301</b>
	<b>524</b>	<b>804</b>	<b>360</b>
<b>Note No. 11. LOANS</b>			
Security Deposits	<b>1,316</b>	<b>1,916</b>	<b>1,706</b>
	<b>1,316</b>	<b>1,916</b>	<b>1,706</b>
<b>Note No. 12. OTHER FINANCIAL ASSETS</b>			
a) Interest Receivable	<b>212</b>	<b>426</b>	<b>729</b>
	<b>212</b>	<b>426</b>	<b>729</b>
<b>Note No. 13. OTHER CURRENT ASSETS</b>			
a) Advances recoverable in cash or in kind or for value to be received	<b>3,688</b>	<b>3,806</b>	<b>6,439</b>
b) Export Benefits Receivable	<b>999</b>	<b>879</b>	<b>1,512</b>
c) VAT/GST Refund Receivable	<b>3,589</b>	<b>1,725</b>	<b>1,063</b>
d) Prepayment of Lease	<b>2</b>	<b>2</b>	<b>2</b>
	<b>8,277</b>	<b>6,412</b>	<b>9,016</b>

# Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2018

(₹ in Lakhs)

## Note No. 14 (a) Authorised, Issued, Subscribed, Paid-up share capital and par value per share

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
<b>Authorised Share Capital</b>			
90,00,000 Equity Shares of Rs.10/- each	900	900	900
6,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each (Previous year 6,00,000 preference shares of Rs.100 each)	600	600	600
<b>Issued &amp; Subscribed Share Capital</b>			
48,16,446 Equity Shares of Rs.10/- each fully paid - up (Previous year 48,16,446 equity shares of Rs.10/- each)	482	482	482
<b>Paid-up Share Capital</b>			
48,16,446 Equity Shares of Rs.10/- each fully paid - up (Previous year 48,16,446 equity shares of Rs.10/- each)	482	482	482
	<b>482</b>	482	482

## Note No. 14 (b) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
Number of shares outstanding as at the beginning of the year	4,816,446	4,816,446	4,816,446
Number of shares outstanding as at the end of the year	4,816,446	4,816,446	4,816,446

## Note No.14 (c) Shares in the company held by each shareholder holding more than 5% shares

S. No.	Name of the shareholder	Number of shares held in the company		
		31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
1	Madurai Tara Traders Pvt Ltd	776,887	776,887	776,887
2	Felspar Credit and Investment Pvt Ltd	661,126	661,126	661,126
3	Dhanalakshmi Investment Pvt Ltd	629,343	629,343	629,343
4	Kurunji Investments Pvt Ltd	346,887	346,887	346,887
5	Chinthamani Investments Pvt Ltd	279,220	279,220	279,220

## Note No.14 (d) Details of allotments of shares for consideration other than cash, allotments of bonus shares and shares bought back (during the period of five years from Financial year 2010-2011)

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

# Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2018

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
<b>Note No. 15. OTHER EQUITY</b>			
<b>(a) Capital Reserves</b>			
Opening Balance	24	24	24
Additions during the year	NIL	NIL	NIL
Deductions during the year	NIL	NIL	NIL
Closing Balance	<u>24</u>	<u>24</u>	<u>24</u>
<b>(b) Amalgamation Reserve</b>			
Opening Balance	243	243	243
Additions during the year	NIL	NIL	NIL
Deductions during the year	NIL	NIL	NIL
Closing Balance	<u>243</u>	<u>243</u>	<u>243</u>
<b>(c) General Reserve</b>			
Opening Balance	8,475	8,475	8,214
Add:			
Transfer from Surplus	NIL	NIL	261
Less:			
Deductions during the year	NIL	NIL	NIL
Closing Balance	<u>8,475</u>	<u>8,475</u>	<u>8,475</u>
<b>(d) Other Comprehensive Income Reserve on Ind AS Transition</b>			
Opening Balance	358	(14)	NIL
Increase/ (Decrease) in OCI reserve due to			
- Actual Gain / (Loss) on Gratuity	(86)	301	NIL
- Gain /(Loss) on Fair Value of Investments	(105)	71	(14)
Closing Balance	<u>166</u>	<u>358</u>	<u>( 14)</u>
<b>(e) Retained Earnings</b>			
Opening Balance	8,284	6,496	3,730
<b>Add:</b>			
Profit for the period as per Profit & Loss Statement	2,230	2,688	2,597
Proposed Dividend and Tax thereon for the Year	NIL	NIL	580
Capital Redemption Reserve transfer to Surplus	NIL	NIL	430
Transfer from OCI Reserve due to IND AS Transition	144	NIL	NIL
<b>Less:</b>			
Final dividend (PY @ 100% - Rs. 10/- per share)	482	482	482
Tax on distributed profits on equity shares	98	98	98
Transfer to General Reserve	NIL	NIL	261
Transfer to OCI Reserve due to Ind AS Transition	NIL	321	NIL
Closing Balance	<u>10 078</u>	<u>8 284</u>	<u>6 496</u>
<b>Total Other Equity</b>	<u>18,986</u>	<u>17,384</u>	<u>15,224</u>

# Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2018

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
<b>NON-CURRENT FINANCIAL LIABILITIES</b>			
<b>Note No. 16. BORROWING:</b>			
<b>(A) Term Loans - Secured</b>			
- From Banks	12,169	15,605	14,345
- From Financial Institutions	2,889	3,677	3,480
Term loans are secured by joint and equitable mortgage of all immovable properties present and future and by hypothecation of machineries ranking paripassu with one another.			
(i) Term loans availed from Central Bank of India, Karur Vysya Bank and Indian Bank to the extent of Rs.296.91 Cr (of which Rs. 107.5 Cr is outstanding as on 31.03.2018) are exclusively charged against the specific assets purchased out of the term loans.			
(ii) Term loans availed from Banks to the extent of Rs. 139.90 Cr (Rs.95.83 Cr Outstanding as on 31.03.2018) rank paripaasu with another.			
(iii) Term loans are repayable on quarterly rest as per agreement at floating rate of interest.			
(iv) Term loan instalments repayable at minimum of four and maximum of twenty four instalments.			
<b>(B) Other Loans And Advances : Unsecured</b>			
Inter corporate deposit	200	200	200
- Interest free - repayable beyond twelve months			
	<u>15,258</u>	<u>19,482</u>	<u>18,025</u>
<b>Note No. 17. DEFERRED TAX LIABILITIES (NET)</b>			
<b>Deferred Tax Net</b>			
<b>Deferred Tax Liabilities:</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
- On account of Depreciation	3,522	3,921	4,548
<b>Deferred Tax Assets:</b>			
- On account of timing differences under Income tax	(818)	(653)	(521)
	<u>2,704</u>	<u>3,268</u>	<u>4,027</u>
Less: MAT credit availment	(1,921)	(1,465)	(1,465)
<b>Deferred Tax Liabilities (Net)</b>	<b>783</b>	<b>1,803</b>	<b>2,562</b>
<b>CURRENT LIABILITIES</b>			
<b>Financial Liabilities</b>			
<b>Note No.18 BORROWINGS</b>			
<b>Loans Repayable On Demand</b>			
<b>From Banks Secured</b>			
Packing Credit / Cash Credit	21,899	21,748	24,361
Bills Discounted But not Realised - With Banks (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.)	9,492	8,228	8,586
	<u>31,391</u>	<u>29,976</u>	<u>32,947</u>

# Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2018

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
<b>Note No. 19. TRADE PAYABLE</b>			
Total Outstanding dues of creditor other than Micro and Small Enterprises	<b>12,574</b>	7,449	6,488
	<u>12,574</u>	<u>7,449</u>	<u>6,488</u>
<b>Note No. 20. OTHER FINANCIAL LIABILITIES</b>			
Current Maturities of Long term Debts	<b>5,377</b>	6,535	7,495
Interest accrued but not due on borrowings	<b>130</b>	60	164
Unclaimed Dividends	<b>56</b>	72	59
Creditors for Capital Goods	<b>274</b>	213	221
Expenses Payable	<b>7,764</b>	8,403	6,841
	<u>13,600</u>	<u>15,282</u>	<u>14,779</u>
<b>Note No.21. OTHER CURRENT LIABILITIES</b>			
Statutory Liabilities Payable	<b>239</b>	275	120
Advance received against Supplies	<b>938</b>	495	597
	<u>1,177</u>	<u>770</u>	<u>717</u>
<b>Note No. 22. SHORT-TERM PROVISIONS</b>			
For Provident Fund and Other Funds	<b>20</b>	82	88
Provision for Gratuity	<b>73</b>	19	128
Provision for Leave Salary	<b>85</b>	60	85
	<u>178</u>	<u>161</u>	<u>301</u>
<b>Note No. 23. CURRENT TAX - LIABILITIES (NET)</b>			
Tax payments pending adjustments (Net)	<b>224</b>	80	91
	<u>224</u>	<u>80</u>	<u>91</u>



# Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2018

(₹ in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>NOTE NO. 24. REVENUE FROM OPERATIONS</b>		
Sale of Products	109,272	105,237
Sale of Services	191	283
Other operating Revenues	6,412	7,954
	<u>115,875</u>	<u>113,474</u>
<b>NOTE NO. 25. OTHER INCOME</b>		
Interest Income	101	136
Dividend Income	81	1
Other Non operating income	606	246
	<u>788</u>	<u>383</u>
<b>NOTE NO. 26. COST OF MATERIALS CONSUMED</b>		
i) Cotton, Staple Fibre and Cotton waste	36,359	35,680
ii) Yarn	22,591	14,996
iii) Fabric	111	39
iv) Dyes	313	228
v) Reflective band	243	107
	<u>59,617</u>	<u>51,050</u>
<b>NOTE NO. 27. PURCHASE OF STOCK-IN-TRADE</b>		
Yarn	12,520	7,858
Fabric	555	11,279
Others - Packing materials and Cotton	47	NIL
	<u>13,122</u>	<u>19,137</u>
<b>NOTE NO. 28. CHANGES IN INVENTORIES</b>		
OPENING STOCK		
Process Stock	4,866	4,140
Finished goods	7,156	6,706
<b>TOTAL (A)</b>	<u>12,022</u>	<u>10,846</u>
LESS: CLOSING STOCK		
Process Stock	4,584	4,866
Finished goods	6,445	7,156
<b>TOTAL (B)</b>	<u>11,029</u>	<u>12,022</u>
<b>CHANGES IN INVENTORIES NET (INCREASE ) / DECREASE (A-B)</b>		
Process Stock	281	(726)
Finished goods	710	(450)
	<u>992</u>	<u>(1,175)</u>

# Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2018

(₹ in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>NOTE NO. 29. EMPLOYEE BENEFITS / EXPENSES</b>		
Salaries, Wages and Bonus	7,972	7,548
Unavailed earned Leave	140	78
Contribution to Provident Fund and other funds	634	711
Other Welfare Expenses	546	687
	<u>9,292</u>	<u>9,024</u>
<b>NOTE NO. 30. FINANCE COSTS</b>		
Interest Expenses	3,874	3,956
Other Borrowing Cost	33	247
	<u>3,907</u>	<u>4,203</u>
<b>NOTE NO. 31. OTHER EXPENSES</b>		
Freight and forwarding charges	2,909	2,430
Brokerage and Commission	1,291	1,074
Selling Expenses	211	358
<b>PAYMENT TO THE AUDITORS</b>		
As Auditors	9	9
For Taxation Matters	NIL	6
For Certification work	3	3
For Service Tax	NIL	3
For Reimbursement of Expenses	2	2
Conversion and Processing Charges	1,557	1,314
Stores Consumed	5,902	5,608
Power and Fuel	6,469	7,310
Repairs to Machinery	1,444	1,402
Repairs to Building	174	537
Insurance	195	212
Bad Debts	155	150
Rates and Taxes excluding Taxes on Income	144	228
Provision for Doubtful Debts	NIL	130
Expenditure on CSR Activities	47	55
Loss on sale of Long Term Investments (Net)	6	20
Rent	11	7
Miscellaneous Expenses	1,505	1,629
<b>Total</b>	<u>22,034</u>	<u>22,488</u>

# Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2018

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
<b>32) A. CONTINGENT LIABILITIES (To the extent not provided for)</b>			
i) Claim against the Company not acknowledged as debts	23	43	26
ii) Disputed income tax demand not provided for- Appeals filed before Appellate Authorities/revision petition pending.	NIL	NIL	NIL
iii) Disputed Sales tax demand not provided for	722	164	126
iv) Disputed Service tax, Excise/Customs duty not provided for	NIL	NIL	109
v) On account of export obligation covered by letter of undertaking	7,554	2,981	2,985
<b>B. Commitment :</b>			
Estimated amount of Contracts remaining to be executed on Capital Accounts and not provided for	NIL	866	1,106

## 33. FINANCIAL INSTRUMENTS

### i) Capital management

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

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

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

(₹ in Lakhs)

<b>Gearing Ratio:</b>	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
Debt	20,435	25,817	25,320
Less: Cash and bank balances	818	889	490
Net debt	19,617	24,928	24,830
Total equity	19,468	17,849	15,181
Net debt to equity ratio	1.01	1.40	1.64

<b>Categories of Financial Instruments</b>	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
<b>Financial assets Measured at amortised cost</b>			
Loans	1,316	1,916	1,706
Trade receivables	19,051	15,370	13,465
Cash and cash equivalents	293	85	130
Bank balances other than above	524	804	360
Other financial assets	212	426	729

<b>Financial liabilities Measured at amortised cost</b>			
Borrowings (short term)	31,391	29,976	32,947
Trade payables	12,574	7,449	6,488
Other financial liabilities	13,600	15,282	14,779

# Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2018

## ii) Financial Risk Management

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

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

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

### (a) Market Risk

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

#### (i) Foreign Currency Risk

The company operates internationally and business is transacted in several currencies. The export sales of company comprise around 90% of the total sales of the company, Further the company also imports certain assets and material from outside India. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently the company is exposed to foreign currency risk and the results of the company may be affected as the rupee appreciates/depreciates against foreign currencies. Foreign exchange risk arises from the future probable transactions and recognized assets and liabilities denominated in a currency other than company's functional currency.

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

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

#### (ii) Interest Rate Risk

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

### (b) Liquidity Risk

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

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

### (c) Credit Risk

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

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

# Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2018

## (d) Trade receivables

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

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

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

## 34. DISCLOSURE OF EMPLOYEE BENEFITS

### (a) Defined Contribution Plans :

(₹ in Lakhs)

Particulars	2017-18	2016-17
Provident Fund	389.70	473.31

### (b) Define Benefit Plans Gratuity

The company provides for gratuity, a defined benefit plan, covering eligible employees. The provision for the accrued liability as at the balance sheet date is made as per actuarial valuation, using the Projected unit credit method. Based on the valuation the incremental liability is contributed to the Gratuity trust. Trustees administer the contributions made, by investing the funds in approved securities. The company has an obligation to make good the short fall, if any, between the contributions and the settlements.

#### i) Changes in the present value of the obligation - reconciliation of opening and closing balances:

(Amt. in ₹)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
	Gratuity (Funded Plan)	Gratuity (Funded Plan)	Gratuity (Funded Plan)
Opening balance of Present Value of the Obligation	8,24,68,039	9,83,15,371	9,28,12,007
Interest Cost	58,29,318	65,85,777	71,26,302
Current Service Cost	58,74,274	63,98,655	66,93,449
Benefits Paid	(1,05,17,063)	(88,38,455)	(28,98,332)
Actuarial loss/(gain)	86,84,602	(1,99,93,309)	(24,26,194)
Closing balance of Present Value of the Obligation	9,23,39,170	8,24,68,039	10,13,07,232

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

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
Opening balance Fair Value of Plan Assets	10,59,05,303	9,75,88,548	8,10,53,227
Expected return on Plan Assets	76,36,582	67,97,024	74,50,060
Contribution by the Company	10,00,000	80,00,000	1,26,28,857
Benefits Paid	(1,05,17,063)	(88,38,455)	(28,98,332)
Actuarial gain/(loss)	22,77,847	23,58,186	(6,45,264)
Closing balance of Fair Value of Plan Assets	10,63,02,669	10,59,05,303	9,75,88,548

# Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2018

(Amt. in ₹)

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

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
Present value of the obligation	9,23,39,170	8,24,68,039	10,13,07,232
Fair value of the Plan Assets	10,63,02,669	10,59,05,303	9,75,88,548
Surplus/(Deficit)	1,39,63,499	2,34,37,264	(37,18,684)
Experience adjustments on Plan Liabilities (loss)/ gain	(86,84,602)	1,99,93,309	24,26,194
Experience adjustments on Plan Assets (loss)/ gain	22,77,847	23,58,186	(6,45,264)

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

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
Current Service Cost	58,74,274	63,98,655	66,93,449
Interest Cost	58,29,318	65,85,777	71,26,302
Expected return on plan assets	(76,36,582)	(67,97,024)	(74,50,060)
Net Actuarial (gain)/loss recognised in the year	64,06,755	(2,23,51,495)	(17,80,930)
	1,04,73,765	(1,61,64,087)	45,88,761

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

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
a) Government Securities	17.83%	39.68%	66.42%
b) Bank deposits (Special deposit scheme)	1.80%	1.85%	2.30%
c) Others / approved securities	80.37%	58.48%	31.28%

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

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
Discount Rate	7.55%	6.70%	7.85%
Salary Escalation Rate	8.00%	9.00%	9.00%
Attrition Rate	8.00%	7.00%	5.00%
Expected rate of return on plan assets	7.55%	6.70%	8.50%

## vii) The estimates of future salary increases, considered in actuarial valuation, taken into account of inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. The expected rate of return on assets are estimated as per the return on Government of India bonds.

## 35. EARNINGS PER SHARE

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
(a) Opening / Closing number of shares	48,16,446	48,16,446
(b) Profit / Loss after Tax Expense (Rs.)	23,07,83,966	23,67,72,124
(c) Earnings per share (Rs.)	47.92	49.16
(d) Face value of shares (Rs.)	10.00	10.00

36. Based on the information available with the Company, the principal amount due to Micro Small and Medium Enterprises as on 31.03.18 is Rs. NIL. There has been no overdue principal amount and therefore no interest is paid / payable.

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

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

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

# Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2018

(Rs. in Lakhs)

## 40. Expenditure towards Corporate Social Responsibility (CSR) activities

Particulars	31.03.2018	31.03.2017
a) Gross amount required to be spent by the Company during the year	47,49,432	55,00,000
b) Amount spent in cash during the year on:		
ii\ Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	47,49,432	55,00,000
<b>Total</b>	<b>47,49,432</b>	<b>55,00,000</b>

## 41. Reconciliation of Tax Expense:

(Profit before tax multiplied by statutory tax rate) :

Particulars	31.3.2018	31.3.2017
Profit before tax	1,651	2,361
Tax at Statutory income tax rates CY @ 34.944% / PY @34.608%	577	825
<b>Tax Effect of the amounts adjusted for computing taxable income:</b>		
Depreciation Difference	(604)	(410)
Disallowances	111	107
Deductions/Exemptions/Non taxable items	1,038	1,066
Adjustments for Capital Gain under Income Tax provisions	49	68
Difference on account of change in Tax rates	18	-
MAT Credit Entitlement	235	-
<b>Income Tax Expenses (Current Tax + Deferred Tax)</b>	<b>(269)</b>	<b>(6)</b>

## Note 42 SEGMENT REPORTING

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

(₹ In lakhs)

PARTICULARS	Manufacturing		Trading		Total	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
<b>Segment Revenue</b>						
Revenue from Operations	101,923	93,520	13,952	19,954	115,875	113,474
<b>Net Sales/Income from Operations</b>	<b>101,923</b>	<b>93,520</b>	<b>13,952</b>	<b>19,954</b>	<b>115,875</b>	<b>113,474</b>
Segment Results Profit / (Loss) before tax and interest from: (Textile)	5,104	5,265	432	916	5,536	6,181
<b>Total</b>	<b>5,104</b>	<b>5,265</b>	<b>432</b>	<b>916</b>	<b>5,536</b>	<b>6,181</b>
Less: Interest					3,907	4,203
Add: Unallocable income/(Expenditure) (Net)					22	383
<b>Total Profit / (Loss) before Tax</b>					<b>1,651</b>	<b>2,361</b>
Tax Expenses					(657)	(6)
<b>Total Profit / (Loss) after Tax</b>					<b>2,308</b>	<b>2,368</b>

(₹ In lakhs)

PARTICULARS	Manufacturing		Trading		Total	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
<b>OTHER INFORMATION:</b>						
Segment Assets	89,720	87,400	2,294	2,703	92,014	90,102
Unallocable Assets					2,639	2,766
<b>Total Assets</b>	<b>89,720</b>	<b>87,400</b>	<b>2,294</b>	<b>2,703</b>	<b>94,653</b>	<b>92,869</b>
Segment Liabilities	26,240	22,432	1,514	1,310	27,754	23,742
Unallocable Liabilities					783	1,803
<b>Total Liabilities</b>	<b>26,240</b>	<b>22,432</b>	<b>1,514</b>	<b>1,310</b>	<b>28,536</b>	<b>25,546</b>
Segment Capital Expenditure	2,422	4,370			2,422	4,370
Unallocable Capital Expenditure						
<b>Total Capital Expenditure</b>	<b>2,422</b>	<b>4,370</b>			<b>2,422</b>	<b>4,370</b>
Segment Depreciation	6,048	6,768			6,048	6,768
Unallocable Depreciation						
<b>Total Depreciation</b>	<b>6,048</b>	<b>6,768</b>			<b>6,048</b>	<b>6,768</b>

**(B) SECONDARY SEGMENT - GEOGRAPHICAL**

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

Region	31.03.2018	31.03.2017
Europe	20,169	8,716
Asia	63,377	72,496
America	25,040	23,588
Others	3,280	3,235

2. Carrying amount of Segment Assets:

Region	31.03.2018	31.03.2017
Europe	8,993	3,597
Asia	70,394	75,434
America	11,164	9,735
Others	1,463	1,335

3. Carrying amount of Segment Liabilities:

Region	31.03.2018	31.03.2017
Europe	5,004	1,915
Asia	15,724	15,932
America	6,212	5,184
Others	814	711



# Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2018

## 43. RELATED PARTY DISCLOSURES FOR THE FINANCIAL YEAR ENDED 31.03.2018

No.	NAME OF THE RELATED PARTIES AND NATURE OF RELATIONSHIP	
1	Joint Venture	Gruppo P&P Loyal Spa, Italy Loyal Dimco Group A.E.B.E., Greece Loyal IRV Textile LDA, Portugal
2	Wholly owned subsidiary	Loyal International Sourcing Private Limited
3	Key Management Personnel (KMP)	Sri Manikam Ramaswami - Managing Director (upto 02-10-2017) Sri P.Manivannan (Director) Smt Valli M Ramaswami (Director) Ms. Vishala Ramswami (Relative of Director, CEO from 20-10-2017 to 19-03-2018)
4	Where control Exists through KMP	Hellen Cotton Trading Company Private Limited Kurunji Investment Private Limited Madurai Tara Traders Private Limited Nemesis Cotton Trading Company Private Limited Nike Cotton Traders Private Limited Rhea Cotton Traders Private Limited

(₹ in Lakhs)

The name of the transacting related party	31 <sup>st</sup> March	31 <sup>st</sup> March	31 <sup>st</sup> March	31 <sup>st</sup> March
	2018	2017	2018	2017
	<b>Gruppo P&amp;P Loyal Spa, Italy</b>		<b>Loyal International Sourcing Private Limited</b>	
i) Description of the relationship between the parties	Joint Venture			
ii) Description of the nature of transactions:	Sale of Garments and Fabrics		Wholly owned subsidiary	
	Purchases of Materials			
iii) Volume of the transactions:				
Sale of Garments	<b>Rs. 4,067.04</b>	Rs. 3,812.94	<b>NIL</b>	NIL
Sale of Fabric	<b>Rs. 176.11</b>	Rs. 338.58	<b>NIL</b>	NIL
Sale of Services	<b>NIL</b>	NIL	<b>NIL</b>	Rs. 4.76
Purchase of Accessories	<b>Rs. 16.54</b>	Rs. 84.23	<b>NIL</b>	NIL
iv) Finance (including loans and equity contributions in cash or in kind)				
During this year	<b>NIL</b>	NIL	<b>Rs. 4.83</b>	Rs. 392.10
Year end balance	<b>Rs. 149.30</b>	Rs. 149.30	<b>Rs. 178.68</b>	Rs. 244.10
				(₹ in Lakhs)
	<b>31<sup>st</sup> March</b>	<b>31<sup>st</sup> March</b>	<b>31<sup>st</sup> March</b>	<b>31<sup>st</sup> March</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Gruppo P&amp;P Loyal Spa, Italy</b>		<b>Loyal International Sourcing Private Limited</b>	
v) The amounts or appropriate proportions of outstanding items pertaining to related parties at the balance sheet date and provisions for doubtful debts due from such parties at that date - Receivables	<b>Rs. 608.64</b>	Rs. 662.50	<b>NIL</b>	NIL

# Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2018

(₹ in Lakhs)

The name of the transacting related party	31 <sup>st</sup> March	31 <sup>st</sup> March	31 <sup>st</sup> March	31 <sup>st</sup> March					
	2018	2017	2018	2017	Gruppo P&P Loyal Spa, Italy	Loyal International Sourcing Private Limited			
vii) Amount written off in the period of debts due from or to related parties					NIL	NIL	Rs. 36	Rs. 150	
viii) Dividend received					80.23	NIL	NIL	NIL	
ix) Remuneration paid to key managerial personnel:	<b>Sri. Manikam Ramaswami - Managing Director (upto 02.10.2017)</b>		<b>Sri. P. Manivannan (Director)</b>		<b>Smt. Valli M Ramaswami (Woman Director)</b>		<b>Ms. Vishala Ramswami (CEO) (from 20.10.2017 to 19.03.2018)</b>		
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	
Salary, Perquisites and Other allowances	11.80	23.98	16.57	12.84	12.00	12.00	24.39	-	
Contribution to provident fund - defined contribution plan	1.09	2.16	1.58	1.02	1.44	1.44	1.95	-	
Contribution to super annuation fund - defined benefit plan	-	2.34	-	-	-	-	-	-	
Commission	20.87	100.00	-	-	-	-	-	-	
	<b>33.75</b>	<b>128.48</b>	<b>18.16</b>	<b>13.86</b>	<b>13.44</b>	<b>13.44</b>	<b>26.34</b>	<b>-</b>	

Notes :-

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

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

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

**P Manivannan**  
Wholetime Director

**Valli M Ramaswami**  
Wholetime Director  
and  
Chairperson

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

**A Velliangiri**  
Chief Executive Officer

**K Ganapathi**  
Chief Financial Officer

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

Place: Chennai  
Date: 25<sup>th</sup> May 2018

# Independent Auditor's Report

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

To

**The Members of Loyal Textile Mills Limited**

### Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying Consolidated Ind AS financial statements of LOYAL TEXTILE MILLS LIMITED ("Holding Company"), its subsidiary LOYAL INTERNATIONAL SOURCING PRIVATE LIMITED (the Holding Company and its subsidiary together referred to as "the Group") and its jointly controlled entity, comprising of the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information ("the Consolidated Ind AS financial statements").

### Management's Responsibility for the Consolidated Ind AS financial statements.

The Board of Directors of the Holding Company is responsible for the preparation of these Consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows and changes in equity of the Group including its Jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the relevant rules issued thereunder. The respective Board of Directors of the companies included in the Group and of its jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and jointly controlled entity as at 31st March, 2018, and their consolidated profit (including Other Comprehensive Income) and their consolidated cash flows and consolidated changes in equity for the year ended on that date.

### Other matters

We did not audit the financial statements / financial information of the wholly owned subsidiary and jointly controlled entity, whose financial statements / financial information reflect total assets of Rs. 74.55 lakhs as at 31<sup>st</sup> March 2018, total revenues of Rs. 54.72 lakhs, total profit after tax of Rs. 0.38 lakhs, total comprehensive income of Rs. 0.38 lakhs and net

# Independent Auditor's Report

cash inflows amounting to Rs. 3.66 lakhs for the year ended on that date, as considered in the Consolidated Ind AS financial statements. The Consolidated Ind AS financial statements also include the Group's share of net profit of Rs. 225.26 lakhs for the year ended 31<sup>st</sup> March 2018 as considered in the Consolidated Ind AS financial statements, in respect of a joint venture whose financial statements/financial information have not been audited by us. The financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and jointly controlled entity, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and jointly controlled entity, is based solely on the reports of the other auditor.

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

## Report on other Legal and Regulatory Requirements:

1. As required by section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind As financial statements.
  - (b) In our opinion proper books of account as required by law relating to the preparation of the aforesaid Consolidated Ind AS financial statements have been kept by the company so far as appears from our examination of those books;
  - (c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Ind AS financial statements;

- (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with the relevant Rules issued thereunder;
- (e) On the basis of the written representation received from the directors of group company as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act; and
- (f) With respect to the adequacy of the internal financial controls over the company and the operating effectiveness of such controls, refer to our separate report in "Annexure A" and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - I. The group has disclosed the impact of pending litigations on Consolidated Ind AS financial statement which would impact its consolidated financial position – Refer note no. 32 to the Consolidated Ind AS Financial Statements.
  - II. The group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses in its Consolidated Ind AS financial statements
  - III. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

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

Place: Chennai  
Date: 25.05.2018

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

# Independent Auditor's Report

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

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

In conjunction with our audit of the Consolidated Ind AS financial statements of the company as of and for the year ended March 31, 2018, We have audited the internal financial controls over financial reporting of Loyal Textile Mills Limited (hereinafter referred to as "the Holding Company") its subsidiary LOYAL INTERNATIONAL SOURCING PRIVATE LIMITED, (the Holding Company and its subsidiary together referred to as "the Group"), which are the companies incorporated in India, as of that date.

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

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

### Auditor's Responsibility:

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

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

the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error.

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

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

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

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

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

### Opinion:

In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

**S. Natanagopal**  
Partner

Place: Chennai  
Date: 25.05.2018

Membership No. 022841

# Consolidated Balance as at as at 31<sup>st</sup> March, 2018

(Amt. in ₹)				
PARTICULARS	Note No.	As at 31.03.2018 Audited	As at 31.03.2017 Audited	As at 01.04.2016 Audited
<b>ASSETS</b>				
<b>A. Non-Current Assets</b>				
(a) Property, Plant & Equipment	4	41,096	44,877	47,711
(b) Capital Work-in-progress	4	665	310	1,512
(c) Investment property	4	298	301	311
(d) Other Intangible assets	4	78	94	-
(e) Financial Assets				
(i) Investments	5	1,550	1,448	1,520
(f) Other Non-Current Assets	6	500	1,166	664
<b>Total Non-Current Assets (A)</b>		<b>44,396</b>	<b>48,196</b>	<b>51,718</b>
<b>B. Current Assets</b>				
(a) Inventories	8	21,923	20,176	15,583
(b) Financial Assets				
(i) Investments	7	209	595	26
(ii) Trade Receivables	9	19,089	15,489	13,675
(iii) Cash and Cash Equivalents	10	336	104	148
(iv) Bank Balance Other than (iii) above	10	524	804	360
(v) Loans	11	1,326	1,930	1,751
(vi) Others	12	212	426	729
(c) Other current Assets	13	8,103	6,179	8,693
<b>Total Current Assets (B)</b>		<b>51,514</b>	<b>45,702</b>	<b>40,965</b>
<b>Total Assets (A+B)</b>		<b>95,909</b>	<b>93,898</b>	<b>92,683</b>
<b>EQUITY AND LIABILITIES</b>				
<b>C. EQUITY</b>				
(a) Equity Share Capital	14	482	482	482
(b) Other Equity	15	20,210	18,311	16,135
<b>Total Equity (C)</b>		<b>20,692</b>	<b>18,793</b>	<b>16,616</b>
<b>D. LIABILITIES</b>				
<b>D1 Non-Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowing	16	15,258	19,482	18,025
(b) Deferred Tax Liabilities (Net)	17	783	1,803	2,562
<b>Total Non-Current Liabilities (D1)</b>		<b>16,041</b>	<b>21,285</b>	<b>20,587</b>
<b>D2 Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowing	18	31,412	29,976	32,947
(ii) Trade Payables	19	12,575	7,480	6,516
(iii) Other financial liabilities	20	13,609	15,295	14,803
(b) Other current liabilities	21	1,178	816	806
(c) Provisions	22	178	173	315
(d) Current Tax Liabilities (Net)	23	224	80	91
<b>Total Current Liabilities (D2)</b>		<b>59,177</b>	<b>53,820</b>	<b>55,479</b>
<b>Total Liabilities D (D1+D2)</b>		<b>75,217</b>	<b>75,105</b>	<b>76,067</b>
<b>Total Equity and Liabilities (C+D)</b>		<b>95,909</b>	<b>93,898</b>	<b>92,683</b>

The accompanying notes are an integral part of this financial statements

**P Manivannan**  
Wholetime Director

**Valli M Ramaswami**  
Wholetime Director  
and  
Chairperson

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

**A Velliangiri**  
Chief Executive Officer

**K Ganapathi**  
Chief Financial Officer

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

Place: Chennai  
Date: 25<sup>th</sup> May 2018

# Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2018

		(Amt. in ₹)	
Particulars	Note No.	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
I. Revenue from Operations	24	115,882	113,649
II. Other Income	25	773	379
<b>III. Total Income (I +II)</b>		<b>116,655</b>	<b>114,028</b>
<b>IV. Expenses:</b>			
Cost of materials consumed	26	59,617	51,050
Purchase of Stock-in-Trade	27	13,124	19,232
Changes in Inventories of	28		
Work-in-progress		155	(599)
Finished Goods		837	(576)
Employee Benefits Expense	29	9,295	9,091
Finance costs	30	3,907	4,203
Depreciation and amortization expense		6,059	6,779
Other expenses	31	22,010	22,483
<b>Total Expenses (IV)</b>		<b>115,004</b>	<b>111,663</b>
V. Profit / (Loss) before share of Profit / (Loss) of a Joint Venture and exceptional items - (III - IV)		1,651	2,364
VI. Share of Profit / (Loss) from a Joint venture		225	139
<b>VII. Profit / (Loss) before exceptional items and tax (V+VI)</b>		<b>1,876</b>	<b>2,503</b>
VIII. Exceptional Items		NIL	NIL
<b>IX. Profit / (Loss) before tax (VII-VI)</b>		<b>1,876</b>	<b>2,503</b>
X. Tax expense:			
(1) Current tax		318	675
(2) Deferred tax		(587)	(681)
(3) MAT Entitlement			
- Pertaining to prior years		(456)	NIL
(4) Income Tax relating to Previous Year		67	
XI. Profit/(Loss) for the period from Continuing Operations (IX-X)		2,533	2,509
XII. Profit/(Loss) for the period from discontinuing operations		NIL	NIL
<b>XIII. Profit/(Loss) for the period (XI-XII)</b>		<b>2,533</b>	<b>2,509</b>
XIV. Other Comprehensive Income, net off Income Tax			
(a) Items that will not be reclassified to Profit or Loss		(55)	243
(b) Income tax relating to items that will not be reclassified to Profit or Loss		(22)	77
(c) Items that will be reclassified to profit or Loss		NIL	NIL
(d) Income tax relating to Items that will be reclassified to profit or Loss		NIL	NIL
<b>XV. Total Comprehensive Income for the Period (XIII+XIV)</b>		<b>2,456</b>	<b>2,830</b>
XVI. Earning per equity share of Rs. 10/- :			
(1) Basic		52.60	52.10
(2) Diluted		52.60	52.10

See accompanying notes to financial statements

**P Manivannan**  
Wholetime Director

**Valli M Ramaswami**  
Wholetime Director  
and  
Chairperson

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

**A Velliangiri**  
Chief Executive Officer

**K Ganapathi**  
Chief Financial Officer

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

Place: Chennai  
Date: 25<sup>th</sup> May 2018

# Consolidated Cash Flow Statement for the year ended 31st March, 2018

(Amt. in ₹)

PARTICULARS	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>		
PROFIT BEFORE TAX	1,651	2,364
ADJUSTMENTS FOR		
Depreciation	6,059	6,779
Interest paid	3,907	4,203
Interest received	(102)	(136)
Dividend received on Investments - Others	(81)	(1)
Provision for Doubtful Debts	(95)	130
Bad Debts Written Off	119	NIL
(Profit)/Loss on disposal of Fixed Assets	(427)	(192)
(Profit)/Loss on sale of investments	6	20
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>11,038</b>	<b>13,167</b>
ADJUSTMENTS FOR CHANGES IN		
Inventories	(1,747)	(4,593)
Trade Receivables	(3,672)	(2,094)
Loans & Advances and Other Current Assets	(381)	2,229
Amount deposited as Margin Money	263	(431)
Current liabilities and provisions	6,117	(315)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>11,619</b>	<b>7,963</b>
Interest receipts	102	136
Income Tax (Paid)/Refund	(174)	(686)
<b>NET CASH FLOW (A)</b>	<b>11,546</b>	<b>7,412</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Payments for Assets acquisition	(2,777)	(2,874)
Proceeds on Sale of Fixed Assets	561	239
Capital Subsidy Received	NIL	NIL
Purchase of Investments	(17)	(574)
Sale Proceeds from Investments	638	141
Dividend receipts	81	1
<b>NET CASH FLOW (B)</b>	<b>(1,515)</b>	<b>(3,067)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(3,837)	(4,307)
Proceeds from Long Term Borrowings	1,082	7,070
Repayment of Long Term Borrowings	(6,464)	(6,573)
Dividend paid included taxes	(580)	(580)
<b>NET CASH FLOW (C)</b>	<b>(9,799)</b>	<b>(4,390)</b>
<b>NET CASH INFLOW / (OUTFLOW) ( A+B+C )</b>	<b>232</b>	<b>(45)</b>
<b>OPENING CASH AND CASH EQUIVALENTS (D)</b>	<b>104</b>	<b>148</b>
<b>CLOSING CASH AND CASH EQUIVALENTS (E)</b>	<b>336</b>	<b>104</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>232</b>	<b>(45)</b>



## Consolidated Cash Flow Statement for the year ended 31st March, 2018

### Notes:

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

Particulars	31.03.2018	31.03.2017
Cash and Cash equivalents as per Cash Flow statement	336	104
Add: Balances which are earmarked against liabilities and is not available for use	524	804
Cash and Cash equivalents as reported in Financial Statements	860	907

**P Manivannan**  
Wholetime Director

**Valli M Ramaswami**  
Wholetime Director  
and  
Chairperson

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

**A Velliangiri**  
Chief Executive Officer

**K Ganapathi**  
Chief Financial Officer

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

Place: Chennai  
Date: 25<sup>th</sup> May 2018

# Notes accompanying the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2018

## 1 General Information:

Loyal Textiles Mills Limited ( "the Company" ) is engaged in manufacturing of yarn, woven fabric, knitted fabric and technical clothing. The Company has manufacturing plants at Kovilpatti, Sattur, Nellore, Sivagangai, Khammam - Telangana, and Cuddalore. The Company is a public listed company and listed on The Bombay Stock Exchange. In addition the Company has an investment in an associate and a joint venture which have been collectively referred to as "the Group".

## 2 Significant Accounting Policies:

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

### Statement of Compliance:

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

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

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

For all periods up to and including the year ended 31 March 2017, the Group prepared its consolidated financial statements in accordance with accounting standards notified under section 133 of Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rule, 2014 (Indian GAAP). These financial statements for the year ended 31 March 2018 are the first the Group has prepared in accordance with Ind AS. Note no. 35 explains the manner in which the Group has adopted Ind AS.

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

Derivative financial instruments –

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

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

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

### i) Associates:

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

### ii) Joint Arrangements:

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

### Joint Venture:

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

### iii) Equity Method:

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

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured longterm receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on

## Notes accompanying the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2018

transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

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

### (c) Inventories:

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

- raw materials, stores & Spares at weighted average basis. The cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Stock-in-process, Finished goods - Cost includes applicable production overheads.
- Traded goods - at lower of Cost and Net Realizable Value.

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

### (d) Cash flow statement:

The cash flow statement is prepared in accordance with the Indian Accounting Standard (Ind AS) - 7 "Statement of Cash flows" using the indirect method for operating activities, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future operating cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the group are segregated.

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

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and

liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which changes are made. Differences between actual results and estimates are recognised in the period in which the results are known/ materialised.

### (f) Revenue Recognition:

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

(2) Sales are recognized when goods are despatched and are recorded excluding Value added tax, Sales Tax, Goods and Service Tax and recoveries. There is no Excise Duty collection on sales as the group has opted out of the duty payment scheme.

(3) Service / Process Charge is accounted on completed service contract method. Revenue from the sale of services is recognised on the basis of the stage of completion. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

(4) Income from interest is recognized using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

(5) Dividend income on investments and claims are accounted for, when the right to receive the payment is established.

(6) Rental income from operating lease on investment properties is recognized on a

## Notes accompanying the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2018

straight-line basis over the term of the relevant lease, if the escalation is not a compensation for increase in cost inflation index.

- (7) Incentives receivable from Government is accounted on certainty of receipt.
- (8) Insurance claims are recognized on the basis of claims admitted / expected to be admitted and when there is no significant uncertainty exists with regard to the amount to be recovered and it is reasonable to expect ultimate collection.
- (9) Duty draw back claims and other export benefits are accounted on completion of exports, on complying with the rules of the scheme governing it based on eligibility and expected amount on realization.

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

- i) Land including lease is stated at cost except for a portion revalued. Other Fixed Assets including leased out assets are stated at cost less depreciation less impairment loss. The cost includes borrowing cost and in respect of imported machinery the cost includes the value portion of customs duty credit availed as granted by the government under export incentive schemes. Exchange fluctuations are considered to cost up to commencement. Assets under erection/construction are stated at value incurred.
- ii) Depreciation on Property, Plant and Equipment is provided over their useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013 on Straight Line method basis.
- iii) Depreciation in respect of additions/sales has been provided pro-rata from the date of commissioning or till the date of sale as rounded off to the nearest month.
- iv) The estimated useful lives, residual values and the depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.
- v) The increase / decrease in long term liability due to fluctuation in foreign currency in respect of imported Plant and Machinery beyond the date of commissioning is taken to Statement of Profit and Loss. Depreciation has been provided from the date of commissioning. The assets identified as obsolete and held

for disposal are stated at their estimated net realisable values.

### **(h) Intangible Assets:**

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

### **(i) Foreign Currency Transactions:**

#### **(1) Functional and Presentation currency:**

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

#### **(2) Transaction and balances:**

The foreign currency transactions are recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. The foreign currency monetary items are translated using the closing rate at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognised in profit or loss in the period in which they arise.

The Group enters into forward exchange contract to hedge its risk associated with Foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract is amortized as expense or

income over the life of the contract. In case of monetary items which are covered by forward exchange contract, the difference between the yearend rate and rate on the date of the contract is recognized as exchange difference. Any profit or loss arising on cancellation of a forward exchange contract is recognized as income or expense for that year.

**(j) Financial Instruments:**

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

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

**(ii) Subsequent measurement**

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

**(i) Financial assets carried at amortised cost:** A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**(ii) Financial assets at fair value through other comprehensive income (FVTOCI) :**A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved

by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

**b. Derivative financial instruments:**

The Group holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. Although the Group believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss. Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of profit and loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets/ liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

**c. Derecognition of financial instruments:**

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

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

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

**(k) Employee Benefits:**

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

ii) **Post-employment benefits:** Provident fund and other funds, being defined contribution schemes, the contributions are charged to the Statement of Profit and Loss of the year when the contributions, for the covered employees, to the respective government administered funds are due. Gratuity, being a defined benefit plan, the defined benefit obligations are provided for on the basis of an actuarial valuation made at the end of each financial year. Remeasurement comprising actuarial gains and losses, the effect of changes to the asset ceiling if applicable and the return on plan assets (excluding net interest), is

reflected immediately in the balance sheet with the charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

iii) **Other long term benefits:** Deferred employee benefits/deferred compensation and termination benefits are recognized as an expense as and when incurred. Payments made under the Voluntary Retirement Scheme are charged to the Statement of Profit and Loss in the year incurred. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

**(l) Borrowing Costs:**

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

**(m) Segment Reporting:**

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

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

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

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

## Notes accompanying the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2018

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

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

### (n) Leases:

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

For arrangements entered into prior to April 1, 2016, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

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

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

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

### (o) Earnings Per Share:

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

to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

### (p) Income Taxes:

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

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

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is recognised as an asset viz. MAT Credit Entitlement, to the extent there is convincing evidence that the Company will pay normal Income tax and it is highly probable that future economic benefits associated with it will flow to the Company during the specified period. The Company reviews the "MAT Credit Entitlement" at each Balance Sheet date and writes down the carrying amount of the same to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income tax during the specified period.

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

## Notes accompanying the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2018

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

Deferred tax liabilities are recognised for all taxable temporary differences.

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

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

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

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

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

### (q) Impairment of Assets:

#### a. Financial assets

The company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an

amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in statement of profit or loss.

#### b. Non-financial assets:

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

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

#### Provisions:

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

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

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

#### Contingent Liabilities:

A contingent liability is a possible obligation that arises from past events whose existence will be



## Notes accompanying the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2018

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

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

### **Contingent Assets:**

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

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

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

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

### **(t) Government Grants:**

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

### **(u) Investment Property:**

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

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured

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

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

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

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

### **(v) Intangible Assets:**

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

## **Notes No. 3 Explanation of Transition to Ind AS**

### **First time adoption of Ind AS**

This financial statement is the first financial statement that has been prepared in accordance with Ind AS together with the comparative period data as at and for the year ended 31st March 2017, as described in the summary of significant accounting policies. The transition to Ind AS has been carried out in accordance with Ind AS 101-'First time adoption of Indian Accounting Standards' with 1st April 2016 at the transition date.

# Notes accompanying the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2018

This note explains the exemptions availed by the company on first time adoption of Ind AS and the principal adjustments made by the Company in restating its Indian GAAP financial statements as at 1st April 2016 and financial statements as at and for the year ended 31st March 2017 in accordance with Ind AS 101.

## Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has, accordingly, applied following exemptions:

- a) The Company has elected to consider carrying amount of all items of property, plant and equipments measured as per Indian GAAP as recognized in the financial statements as at the date of transition, as deemed cost at the date of transition. The effect of consequential changes arising on the application of other Ind AS has been adjusted to the deemed cost of Property, Plant & Equipment.
- b) The Company has adopted to measure investments in subsidiaries, joint ventures and associates at cost in accordance with Ind AS 27 and therefore has measured such investments in its separate opening Ind AS balance sheet at carrying amount as per Indian GAAP at the date of transition in accordance with Ind AS 101.
- c) The Company has availed the exemption of fair value measurement of financial assets or liabilities at initial recognition and accordingly will apply fair value measurement of financial assets or liabilities at initial recognition prospectively to transactions entered into on or after 01st April 2016.
- d) The estimates at 1st April 2016 and at 31st March, 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items under Indian GAAP did not require estimation:
  - Fair values of Financial Assets & Financial Liabilities
  - Impairment of financial assets based on expected credit loss modal
  - Discount rates

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions as at 1st April, 2016 and 31st March, 2017.

## Notes to the reconciliation of equity as at 1st April 2016 and 31st March 2017 and Total comprehensive income for the year ended 31<sup>st</sup> March 2017

1. **Leasehold Land:** Under Indian GAAP, land on lease was not covered under 'Leases' and therefore it was shown as Tangible assets. Under Ind AS, land on lease is considered

as operating lease. Therefore, the net block of leasehold land (as on 31st March, 2017 Rs.161.89 lakhs, as on 1st April, 2016 Rs.163.56 lakhs) has been reclassified as Other Non – Current Assets (as on 31st March, 2017 Rs.160.22 lakhs, as on 1st April, 2016 Rs.161.89 lakhs) and Other Current Assets (as on 31st March, 2017 Rs.1.67 lakhs, as on 1st April, 2016 Rs.1.67 lakhs) as "Prepayments of Leasehold Land". Further, the amortization of leasehold payment for the year ended 31st March, 2017 amounting to Rs.1.67 lakhs has been reclassified from Depreciation & Amortization expenses to "Other Expenses". However, the same does not have any impact on total equity as at 31<sup>st</sup> March, 2017.

2. **Fair Value of Investments:** Under Indian GAAP, investments in equity instruments, mutual funds and debt securities were classified as long term investments or current investments based on the intended holding period and realisability. Long term investments were carried at cost less provision for other than temporary diminution in the value of investments. Current investments were carried at lower of cost and fair value. Ind AS requires such investments to be measured at fair value except investments in subsidiaries, associates and joint venture for which exemption has been availed. Fair value changes with respect to investments in equity instruments designated as at FVOCI have been recognised in FVOCI – Equity Instruments as at the date of transition and subsequently in the other comprehensive income for the year ended March 31, 2017. This increased other reserves by Rs.19.83 lakhs as at March 31, 2017 (decreased other reserves by Rs.13.75 lakhs as at April 1, 2016).
3. **Proposed Dividend:** Under Indian GAAP, proposed dividend (including Dividend Distribution Tax) is recognized as a liability in the period to which it relates, irrespective of when it is declared. Under Ind AS, proposed dividend is recognized as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid. In the case of the Company, the declaration of dividend occurs after period end. Therefore, the liability for the year ended 31st March 2016 recorded as proposed dividend as on 1st April, 2016 along with dividend distribution tax amounting to Rs.579.69 Lakhs has been de-recognised with a corresponding adjustment in the retained earnings.
4. **Defined Benefit Obligation:** Under Ind AS, remeasurements i.e. actuarial gains and losses are to be recognized in 'Other comprehensive income' and are not to be reclassified to profit and loss in a subsequent period. Under the Indian GAAP, these remeasurements were forming part of the profit or loss. Therefore, actuarial gain/loss amounting to Rs.223.51 Lakhs for the financial year 2016-17 has been recognized in OCI (net of tax Rs.77.35 Lakhs) which was earlier recognised as Employee benefits

## Notes accompanying the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2018

expense. However, the same has no impact on the total equity as at 31<sup>st</sup> March, 2017.

**5. Bill discounted against debtors:** Under Indian GAAP, bills discounted against debtors were shown as contingent liability. However, the same falls under the category of 'Financial instruments' under Ind AS. Therefore, the bills discounted amounting to Rs.8228.15 Lakhs and Rs.8585.63 Lakhs as on 31<sup>st</sup> March 2017 and 1<sup>st</sup> April 2016 respectively have been shown under 'Short term borrowings' with a corresponding adjustment in 'Trade receivables'. However, the same has no impact on the total equity as at 31<sup>st</sup> March, 2017 and 1<sup>st</sup> April, 2016.

**6. Deferred tax:** Under Indian GAAP, deferred tax was recognized for the temporary timing differences which focus on differences between taxable profits and accounting

profits for the period. Ind AS requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Further, the application of Ind AS has resulted in recognition of deferred tax on certain temporary differences which was not required under Indian GAAP. Accordingly, deferred tax adjustments have been recognised in correlation to the underlying transactions in retained earnings/OCI in accordance with Ind AS. This has resulted decrease in retained earnings of Rs.77.35 Lakhs as at 31<sup>st</sup> March 2017.

**7. Statement of cash flows:** The transition from Indian GAAP to Ind AS has not had a material impact on statement of cash flows.

### Note No. 3.1 RECONCILIATION OF EQUITY

Particulars	(Amt. in Lakhs)	
	31 <sup>st</sup> March 2017	01 <sup>st</sup> April 2016
Total Equity under previous GAAP	18,777	16,091
Effect of Change in Fair value of Equity instruments	56	(14)
Adjustment of proposed dividend and tax thereon	NIL	580
Effect of reversal of Revaluation reserve on Land	(41)	(41)
Total adjustment to equity	16	525
Total equity under Ind AS	18,792	16,616

Particulars	Year ended 31.03.2017
Net profit / (Loss) after tax as per previous IGAAP	2,810
IND AS Adjustments :	
- Actuarial Gain on Employee defined benefit fund reclassified to Other Comprehensive Income	(224)
- Tax impact on above	(77)
Net Profit / (Loss) as per Ind AS	2,509
Other Comprehensive Income:	
- Gain / (Loss) on Fair Value of Investments	20
- Actuarial Gain on Employee defined benefit fund reclassified	224
- Tax impact on above	77
<b>Total Comprehensive income as per IND AS</b>	<b>2,830</b>

# Notes accompanying the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2018

Particulars	Tangible Assets										Intangible Assets		Investment Property	
	Land	Building	Plant and Equipment	Furniture and Fittings	Electrical Fittings	Vehicles	Office Equipment	Total	Computer Software	Total	Investment Property	Total	Investment Property	
													Investment Property	Total
<b>Deemed Cost as at April 1, 2016</b>	1,240.53	9,233.76	35,445.48	2,14.71	1,240.22	203.24	132.72	47,710.65	-	47,710.65	310.94	48,021.59		
Additions	-	1,402.40	2,656.77	66.80	42.37	35.40	15.19	4,218.93	128.93	4,347.86	-	4,347.86		
Disposals	-	-	(753.82)	(6.61)	-	(52.61)	(0.14)	(813.18)	-	(813.18)	-	(813.18)		
Ind AS adjustments	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Cost as at March 31, 2017</b>	<b>1,240.53</b>	<b>10,636.16</b>	<b>37,348.43</b>	<b>274.90</b>	<b>1,282.58</b>	<b>186.02</b>	<b>147.78</b>	<b>51,116.40</b>	<b>128.93</b>	<b>51,245.33</b>	<b>310.94</b>	<b>51,556.27</b>		
Additions	10.88	317.57	1,982.85	21.15	43.70	40.68	5.24	2,422.06	-	2,422.06	-	2,422.06		
Disposals	(1.83)	-	(539.55)	(45.78)	-	(31.46)	(12.81)	(631.43)	-	(631.43)	-	(631.43)		
Ind AS adjustments	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Cost as at March 31, 2018</b>	<b>1,249.58</b>	<b>10,953.73</b>	<b>38,791.72</b>	<b>250.27</b>	<b>1,326.28</b>	<b>195.24</b>	<b>140.21</b>	<b>52,907.04</b>	<b>128.93</b>	<b>53,035.96</b>	<b>310.94</b>	<b>53,346.90</b>		
<b>Depreciation/Amortisation</b>														
Charge for the year	1.67	454.80	5,888.14	56.20	219.46	59.14	66.71	6,746.12	34.57	6,780.69	-	6,780.69		
Ind AS Adjustments	(1.67)	(9.67)	-	-	-	-	-	(11.34)	-	(11.34)	9.67	(1.67)		
Disposals	-	-	(457.68)	-	-	(37.27)	-	(494.94)	-	(494.94)	-	(494.94)		
<b>As at March 31, 2017</b>	<b>-</b>	<b>445.12</b>	<b>5,430.46</b>	<b>56.20</b>	<b>219.46</b>	<b>21.88</b>	<b>66.71</b>	<b>6,239.83</b>	<b>34.57</b>	<b>6,274.40</b>	<b>9.67</b>	<b>6,284.07</b>		
Charge for the year	-	386.97	5,373.08	24.81	190.08	30.65	33.83	6,039.41	16.48	6,055.90	3.36	6,059.26		
Ind AS Adjustments	-	-	-	-	-	-	-	-	-	-	-	-		
Disposals	-	-	(433.68)	(9.16)	-	(19.32)	(5.90)	(468.06)	-	(468.06)	-	(468.06)		
Reversal	-	-	-	-	-	-	-	-	-	-	-	-		
<b>As at March 31, 2018</b>	<b>-</b>	<b>832.09</b>	<b>10,369.86</b>	<b>71.85</b>	<b>409.53</b>	<b>33.20</b>	<b>94.64</b>	<b>11,811.19</b>	<b>51.05</b>	<b>11,862.24</b>	<b>13.04</b>	<b>11,875.28</b>		
<b>Net Block</b>														
As at April 1, 2016	1,240.53	9,233.76	35,445.48	2,14.71	1,240.22	203.24	132.72	47,710.65	-	47,710.65	310.94	48,021.59		
As at March 31, 2017	1,240.53	10,191.04	31,917.97	218.70	1,063.13	164.14	81.06	44,876.57	94.36	44,970.93	301.26	45,272.19		
As at March 31, 2018	1,249.58	10,121.64	28,421.86	178.41	916.75	162.03	45.57	41,095.85	77.87	41,173.72	297.90	41,471.62		
<b>Capital Work in Progress at Cost</b>														
<b>Particulars</b>	<b>31.03.2018</b>	<b>31.03.2017</b>	<b>01.04.2016</b>											
Land Pending For Registration	201	201	120											
Building Under Construction	419.98	-	524											
Plant & Machinery Under Erection	41.79	97	773											
Electrical Installations Under Erection		12	2											
Computer Under Erection	2	-	93											
<b>Total</b>	<b>665</b>	<b>310</b>	<b>1,512</b>											

# Notes accompanying the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2018

## Note No. 5. NON-CURRENT INVESTMENTS - AT COST - LONG TERM ( Except Quoted Investments) (₹ in Lakhs)

S. No.	Particulars	Face value	No of Shares	31 <sup>st</sup> March 2018	No of Shares	31 <sup>st</sup> March 2017	No of Shares	01 <sup>st</sup> April 2016
<b>I Investment in Subsidiary and Joint ventures</b>								
1	Gruppo P&P Loyal spa (Joint Venture 47.5%)	Euro 85	3,325	1 491	3,325	1 194	3,325	1 180
2	Loyal Dimco Group A.E.B.E.(Joint venture 50%)		50,000	18	50,000	18	50,000	18
3	Loyal Textiles (UK) Ltd (49%)		2,450		2,450		2,450	
4	Loyal IRV Textile LDA, Portugal (Joint Venture 51%)	Euro 1	2,550	2	2,550	2	2,550	2
				<u>1,511</u>		<u>1,215</u>		<u>1,201</u>
<b>II Trade Investments</b>								
<b>Investments in Equity Instruments:</b>								
<b>A) Quoted</b>								
	Kitex Garments Limited	1	NIL	-	2,000	9	2,000	9
<b>B) Unquoted</b>								
1	Cuddalore Sipcot Industries Common Utilities Limited	100	4,665	5	4,665	5	4,665	5
2	SIMA Textile Processing Centre Ltd	10	20,000	2	20,000	2	20,000	2
				<u>7</u>		<u>16</u>		<u>16</u>
<b>III Other Investments</b>								
<b>Investments in Equity Instruments:</b>								
<b>A) Quoted</b>								
1	Central Bank of India	10	1,469	1	1,469	2	1,469	1
2	Hatsun Agro Food	1	3,948	-	3,948	20	2,820	12
3	Page Industries Limited	10	75	-	75	11	75	9
4	Reliance gold -ETF-Units		6,525	-	6,525	170	6,750	167
5	Larsen and Toubro Limited	-	NIL	-	NIL	-	412	5
6	Oil & Natural Gas Corporation Ltd	-	NIL	-	NIL	-	27,665	59
7	State Bank of India	-	NIL	-	NIL	-	20,850	41
8	Amrutanjan Health Care Ltd	2	500	3	NIL	-	NIL	-
				<u>4</u>		<u>204</u>	<u>NIL</u>	<u>294</u>
<b>B) Unquoted</b>								
1	Matrimony.com Ltd	5	2,120	15	2,120	15	1,058	10
2	Dhanvantari Nano Ayushadi Private Limited	5	25,000	1				
<b>C) Investment in Compulsorily Convertible Debentures</b>								
	Dhanvantari Nano Ayushadi Private Limited	10	2,25,000	12				
<b>D) Investment in Government or trust securities</b>								
	<b>Total</b>			<u>39</u>		<u>234</u>		<u>319</u>
	<b>Grand Total</b>			<u>1,550</u>		<u>1,448</u>		<u>1,520</u>
				<u>As at 31.03.2018</u>	<u>As at 31.03.2017</u>	<u>As at 31.03.2016</u>		
Particulars								
Aggregate Value of Quoted Investments				4	212	303		
Market Value of Quoted Investments				212	212	304		
Aggregate Value of Unquoted Investments				22	22	17		

# Notes accompanying the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2018

(₹ in Lakhs)

## Note No. 6. OTHER NON-CURRENT ASSET

S. No.	Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
1	Capital Advances			
	- Unsecured, Considered good	341	1,005	502
2	Prepayment of Lease	159	160	162
		<u>500</u>	<u>1,166</u>	<u>664</u>

## Note No. 7. CURRENT INVESTMENTS

S. No.	Particulars	Face value	No of Shares	31 <sup>st</sup> March 2018	No of Shares	31 <sup>st</sup> March 2017	No of Shares	1 <sup>st</sup> April 2016
<b>(A) Trade Investments</b>								
<b>I Investments in Equity Instruments - Unquoted</b>								
1	Echanda Urja Private Ltd	10	-	-	63,010	6	63,010	6
2	TVH Energy Resource Private Ltd	10	<b>76,750</b>	<b>8</b>	36,500	20	196,400	20
3	Saheli Exports Private Limited	10	<b>16,900</b>	<b>8</b>	10,600	5	NIL	-
4	RVK Energy Private Limited	10	<b>16,68,470</b>	<b>167</b>	51,68,470	517	NIL	-
5	OPG Power Generation Pvt Ltd	10	<b>57,400</b>	<b>6</b>	63,000	7	NIL	-
6	Cauvery Power Generation Chennai Private Limited	10	<b>2,00,000</b>	<b>20</b>	4,00,000	40	NIL	-
	Aggregate Amount of Unquoted Investments			<u>209</u>		<u>595</u>		<u>26</u>
	<b>Total</b>			<b>209</b>		<b>595</b>		<b>26</b>

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
<b>Note No. 8. INVENTORIES</b>			
(a) Raw Materials	<b>9,467</b>	6,510	3,663
(b) Work-in-progress	<b>4,584</b>	4,866	4,140
(c) Finished Goods	<b>6,445</b>	7,156	6,706
(d) Stores, spares and Packing Materials	<b>1,427</b>	1,645	1,074
	<u>21,923</u>	<u>20,176</u>	<u>15,583</u>

## Note No. 9. TRADE RECEIVABLES

(i) Unsecured, Considered good	<b>19,089</b>	15,489	13,675
(ii) Unsecured and Considered doubtful	<b>476</b>	583	453
	<b>19,565</b>	16,072	14,128
Less : Allowance for bad and doubtful	<b>(476)</b>	(583)	(453)
	<u>19,089</u>	<u>15,489</u>	<u>13,675</u>

# Notes accompanying the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2018

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
<b>Note No. 10. CASH AND CASH EQUIVALENTS</b>			
<b>I. Cash and cash equivalents</b>			
Cash on hand	6	23	23
Balance with banks	330	80	125
	<u>336</u>	<u>104</u>	<u>148</u>
<b>II Earmarked Deposit accounts</b>			
- Unpaid Dividend Bank account	56	72	59
<b>III. In Deposit - Bank balances held as margin money</b>			
	469	732	301
	<u>524</u>	<u>804</u>	<u>360</u>
<b>Note No. 11. LOANS</b>			
Security Deposits	1,326	1,930	1,751
	<u>1,326</u>	<u>1,930</u>	<u>1,751</u>
<b>Note No. 12. OTHER FINANCIAL ASSETS</b>			
a) Interest Receivable	212	426	729
	<u>212</u>	<u>426</u>	<u>729</u>
<b>Note No. 13. OTHER CURRENT ASSETS</b>			
a) Advances recoverable in cash or in kind or for value to be received	3,513	3,573	6,116
b) Export Benefits Receivable	999	879	1,512
c) VAT/GST Refund Receivable	3,589	1,725	1,063
d) Prepayment of Lease	2	2	2
	<u>8,103</u>	<u>6,179</u>	<u>8,693</u>

# Notes accompanying the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2018

(₹ in Lakhs)

## Note No. 14 (a) Authorised, Issued, Subscribed, Paid-up share capital and par value per share

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
<b>Authorised Share Capital</b>			
90,00,000 Equity Shares of Rs.10/- each	900	900	900
6,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each (Previous year 6,00,000 preference shares of Rs.100 each)	600	600	600
<b>Issued &amp; Subscribed Share Capital</b>			
48,16,446 Equity Shares of Rs.10/- each fully paid - up (Previous year 48,16,446 equity shares of Rs.10/- each)	482	482	482
<b>Paid-up Share Capital</b>			
48,16,446 Equity Shares of Rs.10/- each fully paid - up (Previous year 48,16,446 equity shares of Rs.10/- each)	482	482	482
	<b>482</b>	482	482

## Note No. 14 (b) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
Number of shares outstanding as at the beginning of the year	4,816,446	4,816,446	4,816,446
Number of shares outstanding as at the end of the year	4,816,446	4,816,446	4,816,446

## Note No.14 (c) Shares in the company held by each shareholder holding more than 5% shares

S. No.	Name of the shareholder	Number of shares held in the company		
		31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
1	Madurai Tara Traders Pvt Ltd	776,887	776,887	776,887
2	Felspar Credit and Investment Pvt Ltd	661,126	661,126	661,126
3	Dhanalakshmi Investment Pvt Ltd	629,343	629,343	629,343
4	Kurunji Investments Pvt Ltd	346,887	346,887	346,887
5	Chinthamani Investments Pvt Ltd	279,220	279,220	279,220

## Note No.14 (d) Details of allotments of shares for consideration other than cash, allotments of bonus shares and shares bought back (during the period of five years from Financial year 2010-2011)

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



# Notes accompanying the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2018

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
<b>Note No. 15. OTHER EQUITY</b>			
<b>(a) Capital Reserves</b>			
Opening Balance	24	24	24
Additions during the year	NIL	NIL	NIL
Deductions during the year	NIL	NIL	NIL
Closing Balance	24	24	24
<b>(b) Amalgamation Reserve</b>			
Opening Balance	243	243	243
Additions during the year	NIL	NIL	NIL
Deductions during the year	NIL	NIL	NIL
Closing Balance	243	243	243
<b>(c) General Reserve</b>			
Opening Balance	8,552	8,545	8,275
Add:			
Transfer from Surplus	NIL	7	270
Less:			
Deductions during the year	NIL	NIL	NIL
Closing Balance	8,552	8,552	8,545
<b>(d) Foreign Currency Transation Reserve</b>			
Opening Balance	(42)	83	31
Additions during the year	151	NIL	52
Deductions during the year	NIL	125	NIL
Closing Balance	110	(42)	83
<b>(e) Other Comprehensive Income Reserve on Ind AS Transition</b>			
Opening Balance	358	(14)	NIL
Increase/ (Decrease)nin OCI reserve due to			
- Acturial Gain / (Loss) on Gratuity	(86)	301	NIL
- Gain /(Loss) on Fair Value of Investments	(105)	71	(14)
Closing Balance	166	358	(14)
<b>(f) Retained Earnings</b>			
Opening Balance	9,176	7,253	4,403
Add:			
Profit for the period as per Profit & Loss Statement	2,456	2,830	2,690
Proposed Dividend and Tax thereon for the Year	NIL	NIL	580
Capital Redemption Reserve transfer to Surplus	NIL	NIL	430
Transfer from OCI Reserve due to IND AS Transition	144	NIL	NIL
Less:			
Final dividend (PY @ 100% - Rs. 10/- per share)	562	482	482
Tax on distributed profits on equity shares	98	98	98
Transfer to General Reserve	NIL	7	270
Transfer to OCI Reserve due to Ind AS Transition	NIL	321	NIL
Closing Balance	11,115	9,176	7,253
<b>Total Other Equity</b>	<b>20,210</b>	<b>18,311</b>	<b>16,135</b>

# Notes accompanying the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2018

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
<b>NON-CURRENT FINANCIAL LIABILITIES</b>			
<b>Note No. 16. BORROWING:</b>			
<b>(A) Term Loans - Secured</b>			
- From Banks	12,169	15,605	14,345
- From Financial Institutions	2,889	3,677	3,480
Term loans are secured by joint and equitable mortgage of all immovable properties present and future and by hypothecation of machineries ranking paripassu with one another.			
(i) Term loans availed from Central Bank of India, Karur Vysya Bank and Indian Bank to the extent of Rs.296.91 Cr (of which Rs. 107.5 Cr is outstanding as on 31.03.2018) are exclusively charged against the specific assets purchased out of the term loans.			
(ii) Term loans availed from Banks to the extent of Rs. 139.90 Cr (Rs.95.83 Cr Outstanding as on 31.03.2018) rank paripaasu with another.			
(iii) Term loans are repayable on quarterly rest as per agreement at floating rate of interest.			
(iv) Term loan instalments repayable at minimum of four and maximum of twenty four instalments.			
<b>(B) Other Loans and Advances : Unsecured</b>			
Inter corporate deposit	200	200	200
- Interest free - repayable beyond twelve months			
	<u>15,258</u>	<u>19,482</u>	<u>18,025</u>
<b>Note No. 17. DEFERRED TAX LIABILITIES (NET)</b>			
<b>Deferred Tax Liabilities:</b>			
- On account of Depreciation	3,522	3,921	4,548
<b>Deferred Tax Assets:</b>			
- On account of timing differences under Income tax	(818)	(653)	(521)
Deferred Tax Liabilities (Net)	<u>2,704</u>	<u>3,268</u>	<u>4,027</u>
Less: MAT credit availment	<u>(1,921)</u>	<u>(1,465)</u>	<u>(1,465)</u>
Deferred Tax Liabilities (Net)	<u>783</u>	<u>1,803</u>	<u>2,562</u>
<b>CURRENT LIABILITIES</b>			
<b>Financial Liabilities</b>			
<b>Note No.18 BORROWINGS</b>			
<b>Loans Repayable on Demand</b>			
<b>From Banks Secured</b>			
Packing Credit / Cash Credit	21,920	21,748	24,361
Bills Discounted But not Realised - With Banks (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.)	9,492	8,228	8,586
	<u>31,412</u>	<u>29,976</u>	<u>32,947</u>

# Notes accompanying the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2018

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
<b>Note No. 19. TRADE PAYABLE</b>			
Total Outstanding dues of creditor other than Micro and Small Enterprises	<b>12,575</b>	7,480	6,516
	<u>12,575</u>	<u>7,480</u>	<u>6,516</u>
<b>Note No. 20. OTHER FINANCIAL LIABILITIES</b>			
Current Maturities of Long term Debts	<b>5,377</b>	6,535	7,495
Interest accrued but not due on borrowings	<b>130</b>	60	164
Unclaimed Dividends	<b>56</b>	72	59
Creditors for Capital Goods	<b>274</b>	213	221
Expenses Payable	<b>7,773</b>	8,416	6,865
	<u>13,609</u>	<u>15,295</u>	<u>14,803</u>
<b>Note No. 21. OTHER CURRENT LIABILITIES</b>			
Statutory Liabilities Payable	<b>239</b>	278	125
Advance received against Supplies	<b>940</b>	538	681
	<u>1,178</u>	<u>816</u>	<u>806</u>
<b>Note No. 22. SHORT-TERM PROVISIONS</b>			
For Provident Fund and Other Funds	<b>20</b>	93	102
Provision for Gratuity	<b>73</b>	19	128
Provision for Leave Salary	<b>85</b>	60	85
	<u>178</u>	<u>173</u>	<u>315</u>
<b>Note No. 23. CURRENT TAX - LIABILITIES (NET)</b>			
Tax payments pending adjustments (Net)	<b>224</b>	80	91
	<u>224</u>	<u>80</u>	<u>91</u>

# Notes accompanying the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2018

(₹ in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>NOTE NO. 24. REVENUE FROM OPERATIONS</b>		
Sale of Products	109,275	105,354
Sale of Services	195	339
Other operating Revenues	6,412	7,956
	<u>115,882</u>	<u>113,648</u>
<b>NOTE NO. 25. OTHER INCOME</b>		
Interest Income	101	137
Dividend Income	81	1
Other Non operating income	591	241
	<u>773</u>	<u>379</u>
<b>NOTE NO. 26. COST OF MATERIALS CONSUMED</b>		
i) Cotton, Staple Fibre and Cotton waste	36,359	35,680
ii) Yarn	22,591	14,996
iii) Fabric	111	39
iv) Dyes	313	228
v) Reflective band	243	107
	<u>59,617</u>	<u>51,050</u>
<b>NOTE NO. 27. PURCHASE OF STOCK-IN-TRADE</b>		
Yarn	12,521	7,860
Fabric	556	11,372
Others - Packing materials and Cotton	47	NIL
	<u>13,124</u>	<u>19,232</u>
<b>NOTE NO. 28. CHANGES IN INVENTORIES</b>		
OPENING STOCK		
Process Stock	4,739	4,140
Finished goods	7,282	6,706
<b>TOTAL (A)</b>	<u>12,021</u>	<u>10,846</u>
LESS: CLOSING STOCK		
Process Stock	4,584	4,739
Finished goods	6,445	7,282
<b>TOTAL (B)</b>	<u>11,029</u>	<u>12,021</u>
<b>CHANGES IN INVENTORIES NET (INCREASE ) / DECREASE (A-B)</b>		
Process Stock	155	(599)
Finished goods	837	(576)
	<u>992</u>	<u>(1,175)</u>

# Notes accompanying the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2018

(₹ in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>NOTE NO. 29. EMPLOYEE BENEFITS / EXPENSES</b>		
Salaries, Wages and Bonus	7,975	7,614
Unavailed earned Leave	140	78
Contribution to Provident Fund and other funds	634	711
Other Welfare Expenses	546	688
	<u>9,295</u>	<u>9,091</u>
<b>NOTE NO. 30. FINANCE COSTS</b>		
Interest Expenses	3,874	3,956
Other Borrowing Cost	33	247
	<u>3,907</u>	<u>4,203</u>
<b>NOTE NO. 31. OTHER EXPENSES</b>		
Freight and forwarding charges	2,909	2,435
Brokerage and Commission	1,291	1,074
Selling Expenses	214	367
<b>PAYMENT TO THE AUDITORS</b>		
As Auditors	10	10
For Taxation Matters	1	7
For Certification work	3	3
For Service Tax	NIL	3
For Reimbursement of Expenses	2	2
Conversion and Processing Charges	1,558	1,319
Stores Consumed	5,902	5,608
Power and Fuel	6,469	7,313
Repairs to Machinery	1,444	1,402
Repairs to Building	174	539
Insurance	195	212
Bad Debts	119	16
Rates and Taxes excluding Taxes on Income	144	228
Provision for Doubtful Debts	NIL	130
Expenditure on CSR Activities	47	55
Loss on sale of Long Term Investments (Net)	6	20
Rent	12	26
Miscellaneous Expenses	1,511	1,714
<b>Total</b>	<u>22,010</u>	<u>22,483</u>

# Notes accompanying the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2018

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
<b>32. A. CONTINGENT LIABILITIES (To the extent not provided for)</b>			
i) Claim against the Company not acknowledged as debts	23	43	26
ii) Disputed income tax demand not provided for- Appeals filed before Appellate Authorities/revision petition pending.	NIL	NIL	NIL
iii) Disputed Sales tax demand not provided for	722	164	126
iv) Disputed Service tax, Excise/Customs duty not provided for	NIL	NIL	109
v) On account of export obligation covered by letter of undertaking	7,554	2,981	2,985
<b>B. Commitment :</b>			
Estimated amount of Contracts remaining to be executed on Capital Accounts and not provided for	NIL	866	1,106

## 33. FINANCIAL INSTRUMENTS

### i) Capital management

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

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

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

(₹ in Lakhs)

<b>Gearing Ratio:</b>	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
Debt	20,635	26,017	25,520
Less: Cash and bank balances	860	907	508
Net debt	19,774	25,110	25,012
Total equity	20,692	18,793	16,616
Net debt to equity ratio	0.96	1.34	1.51

<b>Categories of Financial Instruments</b>	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
<b>Financial assets Measured at amortised cost</b>			
Loans	1,326	1,930	1,751
Trade receivables	19,089	15,489	13,675
Cash and cash equivalents	336	104	148
Bank balances other than above	524	804	360
Other financial assets	212	426	729

<b>Financial liabilities Measured at amortised cost</b>			
Borrowings (short term)	31,412	29,976	32,947
Trade payables	12,575	7,480	6,516
Other financial liabilities	13,609	15,295	14,803

## ii) Financial Risk Management

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

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

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

### (a) Market Risk

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

#### (i) Foreign Currency Risk

The company operates internationally and business is transacted in several currencies. The export sales of company comprise around 90% of the total sales of the company, Further the company also imports certain assets and material from outside India. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently the company is exposed to foreign currency risk and the results of the company may be affected as the rupee appreciates/ depreciates against foreign currencies. Foreign exchange risk arises from the future probable transactions and recognized assets and liabilities denominated in a currency other than company's functional currency.

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

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

#### (ii) Interest Rate Risk

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

### (b) Liquidity Risk

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

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

### (c) Credit Risk

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

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

## Notes accompanying the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2018

### (d) Trade receivables

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

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

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

### 34. DISCLOSURE OF EMPLOYEE BENEFITS

#### (a) Defined Contribution Plans :

(₹ in Lakhs)

Particulars	2017-18	2016-17
Provident Fund	389.70	473.31

#### (b) Define Benefit Plans Gratuity

The company provides for gratuity, a defined benefit plan, covering eligible employees. The provision for the accrued liability as at the balance sheet date is made as per actuarial valuation, using the Projected unit credit method. Based on the valuation the incremental liability is contributed to the Gratuity trust. Trustees administer the contributions made, by investing the funds in approved securities. The company has an obligation to make good the short fall, if any, between the contributions and the settlements.

##### i) Changes in the present value of the obligation - reconciliation of opening and closing balances:

(Amt. in ₹)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
	Gratuity (Funded Plan)	Gratuity (Funded Plan)	Gratuity (Funded Plan)
Opening balance of Present Value of the Obligation	8,24,68,039	9,83,15,371	9,28,12,007
Interest Cost	58,29,318	65,85,777	71,26,302
Current Service Cost	58,74,274	63,98,655	66,93,449
Benefits Paid	(1,05,17,063)	(88,38,455)	(28,98,332)
Actuarial loss/(gain)	86,84,602	(1,99,93,309)	(24,26,194)
Closing balance of Present Value of the Obligation	9,23,39,170	8,24,68,039	10,13,07,232

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

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
Opening balance Fair Value of Plan Assets	10,59,05,303	9,75,88,548	8,10,53,227
Expected return on Plan Assets	76,36,582	67,97,024	74,50,060
Contribution by the Company	10,00,000	80,00,000	1,26,28,857
Benefits Paid	(1,05,17,063)	(88,38,455)	(28,98,332)
Actuarial gain/(loss)	22,77,847	23,58,186	(6,45,264)
Closing balance of Fair Value of Plan Assets	10,63,02,669	10,59,05,303	9,75,88,548



# Notes accompanying the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2018

(Amt. in ₹)

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

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
Present value of the obligation	9,23,39,170	8,24,68,039	10,13,07,232
Fair value of the Plan Assets	10,63,02,669	10,59,05,303	9,75,88,548
Surplus/(Deficit)	1,39,63,499	2,34,37,264	(37,18,684)
Experience adjustments on Plan Liabilities (loss)/ gain	(86,84,602)	1,99,93,309	24,26,194
Experience adjustments on Plan Assets (loss)/ gain	22,77,847	23,58,186	(6,45,264)

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

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
Current Service Cost	58,74,274	63,98,655	66,93,449
Interest Cost	58,29,318	65,85,777	71,26,302
Expected return on plan assets	(76,36,582)	(67,97,024)	(74,50,060)
Net Actuarial (gain)/loss recognised in the year	64,06,755	(2,23,51,495)	(17,80,930)
	1,04,73,765	(1,61,64,087)	45,88,761

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

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
a) Government Securities	17.83%	39.68%	66.42%
b) Bank deposits (Special deposit scheme)	1.80%	1.85%	2.30%
c) Others / approved securities	80.37%	58.48%	31.28%

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

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	1 <sup>st</sup> April 2016
Discount Rate	7.55%	6.70%	7.85%
Salary Escalation Rate	8.00%	9.00%	9.00%
Attrition Rate	8.00%	7.00%	5.00%
Expected rate of return on plan assets	7.55%	6.70%	8.50%

## vii) The estimates of future salary increases, considered in actuarial valuation, taken into account of inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. The expected rate of return on assets are estimated as per the return on Government of India bonds.

## 35. EARNINGS PER SHARE

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
(a) Opening / Closing number of shares	48,16,446	48,16,446
(b) Profit / Loss after Tax Expense (Rs.)	25,33,47,586	25,09,55,747
(c) Earnings per share (Rs.)	52.60	52.10
(d) Face value of shares (Rs.)	10.00	10.00

36. Based on the information available with the Company, the principal amount due to Micro Small and Medium Enterprises as on 31.03.18 is Rs. NIL. There has been no overdue principal amount and therefore no interest is paid / payable.

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

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

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

# Notes accompanying the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2018

(Rs. in Lakhs)

## 40. Expenditure towards Corporate Social Responsibility (CSR) activities

Particulars	31.03.2018	31.03.2017
a) Gross amount required to be spent by the Company during the year	47,49,432	55,00,000
b) Amount spent in cash during the year on:		
ii) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	47,49,432	55,00,000
<b>Total</b>	<b>47,49,432</b>	<b>55,00,000</b>

## Note 41 SEGMENT REPORTING

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

(₹ In lakhs)

PARTICULARS	Manufacturing		Trading		Total	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
<b>Segment Revenue</b>						
Revenue from Operations	101,930	93,695	13,952	19,953	115,882	113,649
<b>Net Sales/Income from Operations</b>	<b>101,930</b>	<b>93,695</b>	<b>13,952</b>	<b>19,953</b>	<b>115,882</b>	<b>113,649</b>
Segment Results Profit / (Loss) before tax and interest from: (Textile)	5,122	5,193	432	916	5,554	6,109
<b>Total</b>	<b>5,122</b>	<b>5,193</b>	<b>432</b>	<b>916</b>	<b>5,554</b>	<b>6,109</b>
Less: Interest					3,907	4,221
Add: Unallocable income/(Expenditure) (Net)					4	476
<b>Total Profit / (Loss) before share of Profit / (Loss) of a Joint Venture</b>					<b>1,651</b>	<b>2,364</b>
Share of Profit / (Loss) of a Joint Venture					225	139
<b>Total Profit / (Loss) Before Tax</b>					<b>1,876</b>	<b>2,503</b>
Tax Expenses					(657)	(6)
<b>Total Profit / (Loss) after Tax</b>					<b>2,533</b>	<b>2,509</b>
<b>OTHER INFORMATION:</b>						
Segment Assets	89,555	86,372	2,298	3,622	91,853	89,994
Unallocable Assets					3,979	3,810
<b>Total Assets</b>	<b>89,555</b>	<b>86,372</b>	<b>2,298</b>	<b>3,622</b>	<b>95,832</b>	<b>93,804</b>
Segment Liabilities	24,422	19,658	3,343	4,186	27,765	23,844
Unallocable Liabilities					783	1,803
<b>Total Liabilities</b>	<b>24,422</b>	<b>19,658</b>	<b>3,343</b>	<b>4,186</b>	<b>28,547</b>	<b>25,647</b>
Segment Capital Expenditure	2,422	4,348			2,422	4,348
Unallocable Capital Expenditure						
<b>Total Capital Expenditure</b>	<b>2,422</b>	<b>4,348</b>			<b>2,422</b>	<b>4,348</b>
Segment Depreciation	6,059	6,781			6,059	6,781
Unallocable Depreciation						
<b>Total Depreciation</b>	<b>6,059</b>	<b>6,781</b>			<b>6,059</b>	<b>6,781</b>

# Notes accompanying the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2018

(Rs. in Lakhs)

## (B) SECONDARY SEGMENT - GEOGRAPHICAL

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

Region	31.03.2018	31.03.2017
Europe	20,169	8,716
Asia	63,385	72,670
America	25,040	23,588
Others	3,280	3,235

2. Carrying amount of Segment Assets:

Region	31.03.2018	31.03.2017
Europe	8,992	3,592
Asia	70,395	75,458
America	11,164	9,720
Others	1,462	1,333

3. Carrying amount of Segment Liabilities:

Region	31.03.2018	31.03.2017
Europe	5,006	1,921
Asia	15,731	16,013
America	6,214	5,198
Others	814	713

42. The following subsidiary /Joint Venture are considered in the Consolidated Financial Statements

Name	Country of Incorporation	% of ownership interest	Nature of Business
<b>DIRECT SUBSIDIARY</b>			
Loyal International Sourcing P Ltd.,	India	100.00	Textile- Trading
<b>JOINT VENTURE</b>			
Gruppo P&P Loyal Spa	Italy	47.50	Sale of garment and fabrics. Purchase of reflective band and trims.
Loyal Dimco Group A.E.B.E*	Greece	50.00	No operations
Loyal IRV Textile LDA, Portugal (Joint Venture 51%)	Portugal	51.00	The investment is held for disposal in near future.

## Notes accompanying the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2018

Additional Information as required under Schedule III to the Companies Act, 2013 of enterprises Consolidated as subsidiary/Joint Venture.

Name of the enterprise	Net Asset i.e. Total assets minus total liabilities		Share in profits or loss	
	As a % of consolidated Net Assets	Amount in Lakhs (Rs)	As % of Consolidated Profit or Loss	Amount in Lakhs (Rs)
<b>Parent</b>				
Loyal Textile Mills Limited.	94.1%	19,467.80	90.81%	2,230.22
<b>Subsidiary</b>				
Loyal International Sourcing	-0.6%	(117.21)	0.02%	.37
<b>Joint Venture</b>				
<b>Foreign</b>				
Gruppo P&P Loyal SPA Italy	6.5%	1,341.41	9.17%	225.26
Loyal Dimco Group A.E.B.E. Greece*	N.A	N.A	N.A	N.A
Loyal IRV Textile LDA, Portugal *	N.A	N.A	N.A	N.A

\* The operations of Loyal Dimco Group A.E.B.E. (under the process of winding up) and Loyal IRV Textile LDA, Portugal are not significant in relation to the Group's business.

The investments in Loyal IRV Textil LDA, Portugal, Joint Venture Company was made during the year 2014-2015 with a view to explore overseas market opportunities. The Joint venture company did not identify any prospective buyers and it remains inoperative. Further, due to lack of expertise support and non-availability of manpower resources to carry on the operation, the management has decided to terminate the Joint Venture arrangement. The investment is stated at cost as there is no significant operating activities carried out by the company to impact the carrying amount of the investment made. The company was unable to obtain the financial statements of the joint venture company in spite of its best efforts.

The process of terminating the Joint Venture company Loyal Dimco Group A.E.C.E., Greece, by winding up the Joint Venture Company was initiated.

Due to inadequate financial information and considering the insignificance, Loyal IRV Textil LDA and Loyal Dimco Group A.E.C.E. are not consolidated for the purpose of Consolidated Financial Statement in accordance with Ind AS 110 and for the requirement of the Companies Act, 2013.

### 43. In respect of jointly Controlled entities, the company's share of assets, liabilities, income and expenditure of the joint venture companies are as follow:

Particulars	As at 31.03.2018 Amount in Lakhs (Rs.)
<b>(i) Assets</b>	
Fixed Assets	549
Current Assets	2,493
<b>(ii) Liabilities</b>	
Short term Borrowings	817
Current Liabilities and provisions	444
<b>(iii) Income</b>	3,636
<b>(iv) Expenses</b>	3,411

# Notes accompanying the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2018

## 44. RELATED PARTY DISCLOSURES FOR THE FINANCIAL YEAR ENDED 31.03.2018

No.	NAME OF THE RELATED PARTIES AND NATURE OF RELATIONSHIP
1	Key Management Personnel (KMP) Sri Manikam Ramaswami - Managing Director (upto 02-10-2017) Sri P. Manivannan (Director) Smt Valli M Ramaswami (Director) Ms. Vishala Ramswami (Relative of Director, CEO from 20-10-2017 to 19-03-2018)
2	Where control Exists through KMP Hellen Cotton Trading Company Private Limited Kurunji Investment Private Limited Madurai Tara Traders Private Limited Nemesis Cotton Trading Company Private Limited Nike Cotton Traders Private Limited Rhea Cotton Traders Private Limited

Remuneration paid to key managerial personnel:	Sri. Manikam Ramaswami - Managing Director (upto 02.10.2017)		Sri. P.Manivannan (Director)		Smt. Valli M Ramaswami (Woman Director)		Ms.Vishala Ramswami (CEO) (from 20.10.2017 to 19.03.2018)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Salary, Perquisites and Other allowances	11.80	23.98	16.57	12.84	12.00	12.00	24.39	-
Contribution to provident fund - defined contribution plan	1.09	2.16	1.58	1.02	1.44	1.44	1.95	-
Contribution to super annuation fund - defined benefit plan	-	2.34	-	-	-	-	-	-
Commission	20.87	100.00	-	-	-	-	-	-
	<b>33.75</b>	<b>128.48</b>	<b>18.16</b>	<b>13.86</b>	<b>13.44</b>	<b>13.44</b>	<b>26.34</b>	<b>-</b>

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

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

**P Manivannan**  
Wholetime Director

**Valli M Ramaswami**  
Wholetime Director  
and  
Chairperson

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

**A Velliangiri**  
Chief Executive Officer

**K Ganapathi**  
Chief Financial Officer

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

Place: Chennai  
Date: 25<sup>th</sup> May 2018

# Form AOC - 1

(Pursuant to first provision to Sub section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014

## Statement containing salient features of the financial statement of subsidiaries / Associate Companies / Joint Ventures

### Part "A" : Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	Particulars	Details
1	Name of the subsidiary	
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	<b>LOYAL INTERNATIONAL</b> <b>SOURCING PRIVATE LIMITED</b>
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign Subsidiaries.	<b>INR</b>
4	Share Capital	2,00,000
5	Reserves & Surplus	(1,17,21,093)
6	Total Assets	7,455,535
7	Total Liabilities	18,976,628
8	Investments	NIL
9	Turnover	7,35,049
10	Profit before taxation	37,467
11	Provision for taxation	NIL
12	Profit after taxation	37,467
13	Proposed Dividend	NIL
14	% of shareholding	100%

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

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

## Part "B": Associates and Joint Ventures

### Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures		Gruppo P&P Loyal spa Italy	Loyal IRV Textile LDA Portugal	LOYAL DIMCO GROUP A.E.B.E Greece
1.	Latest audited Balance Sheet Date	31/12/2017	NA	NA
2.	Shares of Associate/Joint Ventures held by the company of the year	3325 Shares	2550 Shares	50000 Shares
	Amount of Investment in Associates/ Joint Venture	1,49,30,077	1,98,620	18,38,780
	Extend of Holding %	47.50%	51%	50%
3.	Description of how there is significant influence	% of Share holding	% of Share holding	% of Share holding
4.	Reason why the associate/joint Venture is not consolidated	Consolidated	Not in Operation	Not in Operation
5.	Net worth attributable to Shareholding as per latest audited Balance Sheet	13,81,15,775	Nil	Nil
6.	Profit/Loss for the year	4,74,23,481	Nil	Nil
	i) Considered in Consolidation	2,25,26,153	Nil	Nil
	ii) Not Considered in Consolidation	2,48,97,328	Nil	Nil

- Names of associates or joint ventures which are yet to commence operations.  
Nil
- Names of associates or joint ventures which have been liquidated or sold during the year.  
Nil

Note:

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

**P Manivannan**  
Wholtime Director

**Valli M Ramaswami**  
Wholtime Director  
and  
Chairperson

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

**A Velliangiri**  
Chief Executive Officer

**K Ganapathi**  
Chief Financial Officer

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

Place: Chennai  
Date: 25<sup>th</sup> May 2018





**LOYAL TEXTILE MILLS LTD**

CIN: L17111TN1946PLC001361

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

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

Phone: 04632-220001 Fax :04632 - 221353



**ATTENDANCE SLIP**

I / We hereby record my/ our presence at the 72<sup>nd</sup> Annual General Meeting of the Company at 21/4, Mill Street, Kovilpatti - 628 501 on Thursday the 27<sup>th</sup> day of September, 2018 at 10.30 a.m.

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

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

Signature of member / proxy : .....

**Note :**

- Members of their proxies / representatives of bodies corporate should bring the attendance slip duly filled infor attending the meeting.
- ELECTRONIC Copy of the Annual Report for the year 2017-2018 and Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form are being sent to all the members whose email address is registered with the Company / Depository Participant.
- Physical copy of the Annual Report for the year 2017-2018 and Notice of the AGM along with Attendance Slip and Proxy Form are sent in the permitted model(s) to all members.
- The Company is offering electronic voting facility to its members in respect of the ordinary / special business to be transacted at the ensuing AGM, pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules 2014.

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

**ELECTRONIC VOTING PARTICULARS**

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

Please read instructions given at Note No. 16 of the Notice convening the 72<sup>nd</sup> AGM carefully before voting electronically. Members who have cast their vote electronically shall not be allowed to vote again at the meeting





**FORM NO. MGT 11**

**PROXY FORM**

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

Name of the Company : **LOYAL TEXTILE MILLS LTD**  
CIN: L17111TN1946PLC001361

Regd Office : 21/4 MILL STREET, KOVILPATTI 628 501

Email : investors@loyaltextiles.com, Website : www.loyaltextiles.com  
Phone: 04632-220001 Fax :04632 - 221353

Name of the Member (s)	
Registered Address	
Email Id	
Folio / DP ID-client ID No.	

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

(1) Name : .....  
Address : .....  
Email Id : .....  
Signature : ..... or failing him / her

(2) Name : .....  
Address : .....  
Email Id : .....  
Signature : ..... or failing him / her

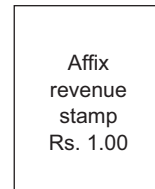
(3) Name : .....  
Address : .....  
Email Id : .....  
Signature : .....

Resolution No.	Resolutions	Type of Resolution
	<b>Ordinary Business</b>	
1.	Adoption of audited Financial Statements for the year ended 31 <sup>st</sup> March, 2018	Ordinary
2.	Approval of dividend for the year 2017-18	Ordinary
3.	Re-appointment of Mr. P. Manivannan, Director who retires by rotation and eligible for re-appointment.	Ordinary
	<b>Special Business</b>	
4.	Appointment of Mrs. Valli M Ramaswami, Whole Time Director	Ordinary
5.	Appointment of Mr. B. Vaidyanathan, Director	Ordinary
6.	Ratification of remuneration to the Cost Auditor	Ordinary

Signed this ..... day of ..... 2018

Signature of the Share holder .....

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



Note :

1. This form of proxy, In order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the resolutions, explanatory statement and notes, please refer to the notice of the 72<sup>nd</sup> Annual General Meeting.
3. Please complete all details including details of member(s) in above box before submission.

NOTES

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---



