

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 OF POSTAL BALLOT

[Pursuant to Section 110 of the Companies Act, 2013, read with Rule 22 of the Companies (Management and Administration) Rules, 2014]

Dear Members,

Notice is hereby given pursuant to the provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) and other applicable laws and regulations, that, it is proposed to transact the appended Special business by way of Postal Ballot / Remote Electronic Voting (e-voting). The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, setting out the material facts concerning the proposed item of special business is annexed for your consideration.

The Board of Directors have appointed Mr. S Hari Krishnan, Practicing Company Secretary (CP No.13740), Chennai, as the Scrutinizer, for conducting the postal ballot/ e-voting process in a fair and transparent manner.

Members are requested to carefully read the instructions printed in the Postal Ballot Form and return the same duly completed in the enclosed self-addressed Business Reply Envelope so as to reach the Company not later than **17:30 hours IST on March 22, 2019**. Postage will be borne and paid by the Company. Postal Ballot Forms, if sent at the expense of the Members, will also be accepted. The Postal Ballot Forms may also be deposited personally at the address given on the Business Reply Envelope. Please note that, Postal Ballot Forms received after **17:30 hours IST on March 22, 2019** will be strictly considered that no reply has been received from the Member.

Members desiring to opt for e-voting as per the facilities arranged by the Company are requested to read the instructions in the Notes under the section 'Voting through electronic means'. References to postal ballot(s) in this Postal Ballot Notice include votes received electronically.

The Scrutinizer will submit his report to the Chairperson or any other authorized person of the Company after the completion of scrutiny of the postal ballots (including e-voting). The result of the postal ballot shall be declared by the Chairperson or any other authorized person of the Company on or before **March 25, 2019** and would also be displayed on the Company's website, www.loyaltextiles.com

Consent of the Members is being sought for the following resolution.

SPECIAL BUSINESS

Approval for Continuation of Mr. Bendoor Tarachand Bangera, (DIN: 00432492) as Independent and Non-Executive Director from April 1, 2019.

To consider and to give assent / dissent for passing the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Regulation 17 (1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and applicable provisions of the Companies Act, 2013, Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) the continuation of Mr. Bendoor Tarachand Bangera (DIN: 00432492), aged 76 years as Independent and Non-Executive Director of the Company, from April 1, 2019 till the conclusion of the Annual General Meeting to be held in the Calendar year 2020, (remaining period of present tenure) be and is hereby approved.

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

By order of the Board

Date: 08.02.2019

Place: Chennai

Valli M Ramaswami

Chairperson & Whole Time Director

(DIN : 00036508)

Notes:

1. The statement pursuant to Section 102 of the Companies Act, 2013 stating all material facts and the reasons for the proposal is annexed herewith.
2. The Postal Ballot Notice is being sent to the Members whose names appear on the Register of Members / List of Beneficial Owners as received from the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on **February 15, 2019 (Cut-off date)**. The Postal Ballot Notice is being sent to Members in electronic form to the e-mail addresses registered with their Depository Participants (in case of electronic shareholding) / the Company's Registrar and Share Transfer Agent (in case of physical shareholding). For Members whose e-mail IDs are not registered, physical copies of the Postal Ballot Notice are being sent by permitted mode along with a postage-prepaid self-addressed Business Reply Envelope.
3. The Postal Ballot Form together with the self-addressed Business Reply Envelope is enclosed for the use of the Member.
4. Members whose names appear on the Register of Members/ List of Beneficiary Owners as on **February 15, 2019 (Cut-off Date)** will be considered for the purpose of voting. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
5. Resolutions passed by Members with requisite majority, through postal ballot / remote e-voting (e-voting) shall be deemed to have been passed at a General Meeting of Members convened on that behalf.
6. Members can opt for only one mode of voting, i.e., either by physical postal ballot or e-voting. In case Members cast their votes through both the modes, voting cast through e-voting shall be treated as valid and votes cast through physical postal ballot forms will be treated as invalid.
7. In case a Member wishes to obtain a printed Postal Ballot Form or a duplicate, he or she may send an e-mail to ravi.k@gnsaindia.com or investors@loyaltextiles.com .The Registrar and Share Transfer Agent / Company shall forward the same along with postage-prepaid self-addressed Business Reply Envelope to the Member.
8. Member requiring any clarification may contact Mr. P Mahadevan, Company Secretary & Compliance Officer at Telephone: 044 - 4227 7374 / E-mail: investors@loyaltextiles.com
9. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the Members as on **February 15, 2019 (Cut-off Date)**. The postal ballot period commences on **February 21, 2019** (09:00 hours IST) and ends on **March 22, 2019** (17:30 hours IST).
10. A Member cannot exercise his/her vote by proxy on Postal Ballot.
11. The dispatch of the Postal Ballot notice shall be announced through advertisement in at least one English newspaper and at least one Tamil newspaper and published on the website of the Company.
12. Members wishing to exercise their vote by physical postal ballot are requested to carefully read the instructions printed on the Postal Ballot Form and return the Form duly completed and signed, in the enclosed self-addressed Business Reply Envelope to the Scrutinizer, so that it reaches the Scrutinizer not later than the close of working hours (i.e. 17:30 hours IST) on **March 22, 2019**. The postage will be borne by the Company. However, envelopes containing postal ballots, if sent by courier or registered / speed post at the expense of the Members will also be accepted. Postal Ballot Forms received after 17:30 hours IST on **March 22, 2019** shall be deemed invalid.

13. In compliance with Section 108 of the Companies Act, 2013, the Rules made there under and in terms of Regulation 44 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing members a facility to exercise their right to vote on the postal ballot by electronic means through remote e-voting services provided by National Securities Depository Limited (NSDL). The instructions for electronic voting are mentioned in this Notice.
14. The remote e-voting period commences on **Thursday, February 21, 2019** (09:00 hours IST) and ends on **Friday, March 22, 2019** (17:30 hours IST) both days inclusive. During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date **Friday, February 15, 2019** may cast their votes electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
15. In terms of Secretarial Standard – 2, subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the last date specified for receipt of postal ballot forms / Remote e-voting, i.e., **Friday, March 22, 2019**. The Scrutinizer will submit his report to the Chairperson or any other authorized person after the completion of scrutiny, and the result of the voting by postal ballot will be announced on or before **March 25, 2019** and will also be displayed on the Company website www.loyaltextiles.com. The results shall also be communicated to the Stock Exchange, BSE Limited, Mumbai.
16. The resolution, if passed by the requisite majority, shall be deemed to have been passed on **March 22, 2019** i.e the last date specified for receipt of duly completed postal ballot forms or e-voting. All the material documents referred to in the explanatory statement will be available for inspection at the registered office of the Company during office hours on all working days from the date of dispatch until the last date for receipt of votes by postal ballot / e-voting.

VOTING THROUGH ELECTRONIC MEANS:

The instructions for e-voting are as under:

The procedure to login to e-Voting website is given below:

1. Open the attached PDF file "**e-Voting.pdf**" giving your Client ID (in case you are holding shares in demat) or Folio No. (in case you are holding shares in physical) as password, which contains your "User ID" and "Password for e-voting". Please note that the password is an initial password. If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
2. Launch internet browser by typing the URL <https://www.evoting.nsdl.com/>
3. Click on "Shareholder - Login".
4. Enter User ID and password noted in step (1) above and Click Login.

NOTE: Shareholders who forgot the User Details/Password can use "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com.

In case Shareholders are holding shares in demat, USER-ID is the combination of (DPID+ClientID).

In case Shareholders are holding shares in physical, USER-ID is the combination of (Even No+Folio No).

5. After successful login, you can change the password with new password of your choice.
6. Home page of remote "e-Voting" opens. Click on e-Voting: Active Voting Cycles.
7. Select "EVEN" of LOYAL TEXTILE MILLS LIMITED. Members can cast their vote online from February 21, 2019 (09:00 hours IST) till March 22, 2019 (17:30 hours IST) Note: e-Voting shall not be allowed beyond said time.
8. Now you are ready for "e-Voting" as "Cast Vote" page opens.
9. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm", when prompted.
10. Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail cshkrishnan@gmail.com with a copy marked to evoting@nsdl.co.in.

EXPLANATORY STATEMENT

As required under Section 102(1) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013, this Explanatory Statement contains relevant and material information, as detailed herein, to enable the Members to consider for approval of the resolution.

Approval for Continuation of Mr. Bendoor Tarachand Bangera, (DIN: 00432492) as Independent and Non-Executive Director from April 1, 2019

As per Regulation 17 (1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, with effect from April 1, 2019, no listed Company shall appoint or continue the Directorship of a Non-Executive Director who has attained the age of 75 years, unless a Special Resolution is passed to that effect and justification thereof is indicated in the explanatory statement annexed to the Notice for Such appointment.

Mr. Bendoor Tarachand Bangera, aged 76 years (Date of Birth: March 17, 1942), appointed as Independent Director of the Company under section 149 and 152 of the Companies Act, 2013 read with Schedule IV attached thereto and Rules made thereunder, not subject to retirement by rotation, for a term of 3 (three) consecutive years with effect from September 25, 2017 till the conclusion of the Annual General Meeting to be held in the Calendar year 2020 (remaining period of present tenure) and whose continuation as an Independent Director with effect from April 1, 2019 shall require approval of shareholders by way of Special Resolution.

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

A brief justification for continuation as an Independent Director on the Board of the Company with effect from April 1, 2019 is as under.

Mr. Bendoor Tarachand Bangera is presently the Managing Director of Hi – Tech Arai Private Limited. He is a B.E. (Electrical) and has done his MBA from IIM Ahmadabad.

He has worked for M/s ASEA Brown Boveri Ltd., for over 16 years in various senior positions starting with Technical Assistant to Managing Director and then Corporate Planning, Systems & Procedures, EDP as a Material Manager.

He is the member of Board of Governors and Board of Studies of number of Management Institutes and Engineering Colleges.

Past Chairman of Confederation of Indian Industry Madurai Zone, Past President of Madurai Management Association, Past National Director of Quality Circle Forum of India.

Chairman of Board of Trustees of DHAN Foundation, a Non – Government Organization (NGO) involved in a community Development in 8 states.

Chairman of Madurai City Technical Advisory Group under JNNURM (Jawaharlal Nehru National Urban Renewal Mission)

Under CII Southern Region he has been mentoring number of Industrial Clusters for converting them into World Class.

The Board of Directors and the Nomination & Remuneration Committee are of the opinion that the Company has benefited immensely through his association, and believe that his judgment and knowledge are very important elements in the discussions and business decisions adopted by the Board of Directors.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested financially or otherwise, in the resolution set out in this Notice.

Your Directors recommend the resolution for your approval.

By order of the Board

Date: 08.02.2019

Place: Chennai

Valli M Ramaswami
Chairperson & Whole Time Director
(DIN : 00036508)