

# **LOYAL TEXTILE MILLS LIMITED**

**ANNUAL REPORT 2021-22**

<b>BOARD OF DIRECTORS</b>	: Mrs. Valli M Ramaswami, Chairperson & Whole Time Director Ms. Vishala Ramswami, Executive Director Mr. R. Poornalingam, I.A.S. (Retd.) Mr. Madhavan Nambiar, I.A.S (Retd.) Mr. B.T. Bangera, B.E., MBA., Mr. B. Vaidyanathan, B.Tech Mrs. Vijayalakshmi Rao, B.Sc., MBA Mr. S. Arun, B.Tech., MBA Mr. R. Kannan, MBA., ACMA Mr. P. Manivannan, B.Sc., PGDBA (Upto 30.11.2021) Mr. M.E. Manivannan, M.Com., M.B.A., B.L., (w.e.f. 02.12.2021)
<b>CHIEF EXECUTIVE OFFICER</b>	: Mr. A. Velliangiri, B.Com., FCA., FCS., FCMA, M.B.A., D.M.A. (ICA)
<b>CHIEF FINANCIAL OFFICER</b>	: Mr. K. Ganapathi, B.Com., ACA
<b>COMPANY SECRETARY</b>	: Mr. P. Mahadevan, FCS, M.C.L.
<b>STATUTORY AUDITOR</b>	: M/s. Ganesh Prasad, Chartered Accountants, Madurai
<b>COST AUDITOR</b>	: Mr. B. Venkateswar, B.Sc., FCMA, Coimbatore
<b>INTERNAL AUDITOR</b>	: M/s. Capri Assurance and Advisory Services, Chartered Accountants, Chennai
<b>SECRETARIAL AUDITOR</b>	: Mr. K.J. Chandra Mouli, FCS, Practicing Company Secretary, Chennai
<b>BANKERS</b>	: Central Bank of India State Bank of India Karur Vyaya Bank Kotak Mahindra Bank IndusInd Bank HDFC Bank
<b>REGISTERED OFFICE</b>	: 21/4, Mill Street, Kovilpatti – 628 501. Phone: 04632 – 220001 E-mail: investors@loyaltextiles.com
<b>REGISTRAR AND SHARE TRANSFER AGENT</b>	: M/s. GNSA Infotech Private Limited, STA Department, Nelson Chambers, 4 <sup>th</sup> Floor, F Block, No.115, Nelson Manickam Road, Aminjikarai, Chennai – 600 029 Phone: 044-42962025 E-mail: sta@gnsaindia.com
<b>WEBSITE</b>	: www.loyaltextiles.com

## Contents

<b>CONTENTS</b>	<b>Page No.</b>
Notice	3
Board's Report	11
Annexures I - VIII to the Board's Report	17
<b>Standalone Financial Statements</b>	
Independent Auditors' Report	39
Balance Sheet	48
Statement of Profit and Loss	49
Statement of Cash Flow	50
Notes to Financial Statements	52
<b>Consolidated Financial Statements</b>	
Independent Auditors' Report	82
Balance Sheet	86
Statement of Profit and Loss	87
Statement of Cash Flow	88
Notes to Financial Statements	90

## LOYAL TEXTILE MILLS LTD

(CIN: L17111TN1946PLC001361)

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

Email: [investors@loyaltextiles.com](mailto:investors@loyaltextiles.com), Website: [www.loyaltextiles.com](http://www.loyaltextiles.com)

Phone: 04632-220001 Fax: 04632-221353

### NOTICE

NOTICE is hereby given that the 76<sup>th</sup> Annual General Meeting of the Members of the Company will be held on **Thursday, September 22, 2022 at 10.15 A.M (IST)** through Video Conference ("VC") / Other Audio-Visual Means ("OAVM") 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 2022, the Cash Flow Statement for the year ended 31<sup>st</sup> March 2022, 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 2021-22.
3. To appoint a Director in Place of Mr. B.Vaidyanathan, Director (DIN: 00263983), who retires by rotation and being eligible offers himself for re-appointment.
4. APPOINTMENT OF STATUTORY AUDITORS  
To consider and if thought fit, to pass with or without modification, the following resolution as ORDINARY RESOLUTION:

**RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to the recommendation of the Audit Committee M/s. Brahmayya & Co., Chartered Accountants (Firm Registration Number: 000511S) be and are hereby appointed as Statutory Auditors of the Company for a term of five years from the conclusion of this Annual General Meeting till the conclusion of 81<sup>st</sup> Annual General Meeting, on a remuneration of Rs.15 lakhs per annum and reimbursement of out-of pocket expenses in connection with the audit.

#### SPECIAL BUSINESS:

##### 5. Ratification of Remuneration to the Cost Auditor

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

**RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. B. Venkateswar, Practicing Cost Accountant, (holding Membership No.27622), appointed by the Board as Cost Auditor to conduct the audit of the cost accounts with the remuneration of Rs.1,00,000/- (Rupees One Lakh Only), in addition to GST, travelling and out-of-pocket expenses for the financial year 2022-23 be and is hereby confirmed and ratified.

**By order of the Board  
For Loyal Textile Mills Limited**

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

Place : Chennai

Date : 30<sup>th</sup> May, 2022

#### NOTES:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through Video Conference ("VC") / Other Audio-Visual Means ("OAVM"), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Attendance Slip and Proxy Form are not annexed to

## Notice

this Notice. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC / OAVM and participate thereat and cast their votes through e-voting.

3. The Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 in respect of the special business, as set out in the Notice is annexed hereto and forms part of the Notice.
4. 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 **16<sup>th</sup> September, 2022 to 22<sup>nd</sup> September, 2022** (both days inclusive) for the purpose of payment of dividend for the financial year ended 31<sup>st</sup> March 2022 and Annual General Meeting.
5. The dividend for the year ended 31<sup>st</sup> March 2022 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 **15<sup>th</sup> September, 2022**. In respect of share held in electronic form, the dividend will be paid on the basis of beneficial ownership as per the details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
6. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or R&TA for assistance in this regard.  
  
Members shall quote their Registered Folio No. in all their correspondences and notify the change, if any, in their Address / bank mandate to the Company's Registrar and Share Transfer Agent M/s. GNSA Infotech Private Limited, STA Department, Nelson Chambers, 4<sup>th</sup> Floor, F Block, No.115, Nelson Manickam Road, Aminjikarai, Chennai – 600 029. Phone: 044-42962025, E-mail: sta@gnsaindia.com
7. Pursuant to Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, shares in physical form can be transferred only in dematerialized form with effect from 1<sup>st</sup> April, 2019.
8. To support the "Green Initiative", Members who have not registered their email addresses are requested to register the same with the Company's Registrar and Share Transfer Agent / their Depository Participants, in respect of shares held in physical / electronic mode, respectively.
9. In terms of requirements of Section 124(6) of the Companies Act, 2013 Read with Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Amendment Rules 2017 ("the Rules"), the Company is required to transfer the shares in respect of which the dividend remains unpaid or unclaimed for a period of seven consecutive years to

the IEPF account established by the Central Government. The Company had accordingly transferred 6,940 Equity shares pertaining to Dividend for the Financial Year 2013-14 to the IEPF account.

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

10. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection by the Members by writing an e-mail to the Company Secretary at [investors@loyaltextiles.com](mailto:investors@loyaltextiles.com)
11. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with Annual Report 2021-22 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company / Depository Participants. Members may note that the Notice and the Annual Report 2021-22 will also be available on the Company's website at [www.loyaltextiles.com](http://www.loyaltextiles.com), website of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and on the website of NSDL at <https://www.evoting.nsdl.com>
12. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), the Company is providing facility of remote e-voting to its Members in respect of the business set out in the Notice. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system will be provided by NSDL.
13. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
14. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

**By order of the Board  
For Loyal Textile Mills Limited**

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

Place : Chennai  
Date : 30<sup>th</sup> May, 2022

## Notice

### EXPLANATORY STATEMENT

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

#### Item No. 5

The Board of Directors of the Company, on the recommendation of its Audit Committee, has approved the appointment of Mr. B. Venkateswar, Practicing Cost Accountant, (Membership No.27622) as Cost Auditor to conduct the audit of the Cost Accounts of the Company for the financial year 2022-23 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.

Your Directors recommend the resolution for your approval.

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.

### ANNEXURE TO THE NOTICE

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

#### Resolution No. 3

Name	Mr. B. Vaidyanathan
Director Identification Number	00263983
Date of Birth and Age	07/10/1956 and 65 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	He is not having any inter-se relationship with other directors of the Company.
Directorship in other companies	1. M/s.Telekonnnectors Limited 2. M/s.Hanbi E&C India Private Limited 3. M/s.Fabheads Automation Private Limited
Committee Membership	Nil
Shareholding in the company	Nil

#### THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER: -

The remote e-voting period begins on 19<sup>th</sup> September 2022 at 09:00 A.M. and ends on 21<sup>st</sup> September 2022 at 05:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.

#### How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:


##### Step 1: Access to NSDL e-Voting system

##### A) Login method for e-Voting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

## Notice

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “<b>Beneficial Owner</b>” icon under “<b>Login</b>” which is available under ‘<b>IDeAS</b>’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “<b>Access to e-Voting</b>” under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “Register Online for IDeAS Portal” or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period.</li> <li>Shareholders/Members can also download NSDL Mobile App “<b>NSDL Speede</b>” facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> <div data-bbox="805 1079 1267 1286" style="text-align: center;"> <p>NSDL Mobile App is available on</p>  </div>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a>.</li> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</li> </ol>

## Notice

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43

### B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

#### How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders / Member's section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***



## Notice

5. Password details for shareholders other than Individual shareholders are given below:
  - a. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c. How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a. Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b. "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c. If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number / folio number, your PAN, your name and your registered address etc.
  - d. Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

### **Step 2: Cast your vote electronically on NSDL e-voting system**

#### **How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify / modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

## Notice

### **General Guidelines for shareholders**

1. 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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [cshkrishnan@gmail.com](mailto:cshkrishnan@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details / Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no: 1800-222-990 or send a request to Ms.Pallavi Mhatre at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

### **Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card) by email to [investors@loyaltextiles.com](mailto:investors@loyaltextiles.com).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card) to [investors@loyaltextiles.com](mailto:investors@loyaltextiles.com). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e Login method for e-voting for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholders/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-voting facility.

### **THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members / shareholders, who will be present in the AGM through VC / OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

### **INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC / OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC / OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders / members login by using the remote e-voting credentials. The link for VC / OAVM will be available in shareholder / members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.

## Notice

2. The Members can join the AGM in the VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
3. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID / folio number, PAN, mobile number at [investors@loyaltextiles.com](mailto:investors@loyaltextiles.com) from **September 09, 2022 (9:00 a.m. IST) to September 15, 2022 (5:00 p.m. IST)**. Those Members who have registered themselves as a speaker will only be allowed to express their views / ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
4. Members who need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.com](mailto:evoting@nsdl.com) or use Toll free No. 1800-22-990 or Contact Mr. Amit Vishal, Senior Manager, NSDL at the designated email ID: [evotoing@nsdl.com](mailto:evotoing@nsdl.com) or [Amitv@nsdl.com](mailto:Amitv@nsdl.com) or telephone No.022-24994360 or Contact Ms. Pallavi Mhatre, Manager, NSDL at the designated email ID: [evoting@nsdl.com](mailto:evoting@nsdl.com) or [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in) or at telephone No.022-24994545.

## BOARD'S REPORT

Your Directors have great pleasure in presenting the 76<sup>th</sup> Annual Report of the Company along with the Audited Financial statements for the financial year ended 31<sup>st</sup> March 2022.

### FINANCIAL RESULTS

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

(Rs. in Cr.)

Particulars	Standalone		Consolidated	
	2022	2021	2022	2021
<b>Revenue from operations</b>	<b>1,767.43</b>	1,121.80	<b>1,767.43</b>	1,121.80
<b>Gross Profit</b>	<b>198.11</b>	111.09	<b>203.98</b>	116.41
Less : Interest	<b>29.63</b>	35.03	<b>29.63</b>	35.03
<b>Operating Profit (EBDT)</b>	<b>168.49</b>	76.06	<b>174.35</b>	81.38
Less : Depreciation	<b>37.04</b>	43.07	<b>37.04</b>	43.07
<b>Profit Before Tax (PBT)</b>	<b>131.45</b>	32.99	<b>137.31</b>	38.31
Less: Current Tax	<b>40.19</b>	5.47	<b>40.26</b>	5.47
<b>Profit After Tax (PAT)</b>	<b>91.26</b>	27.52	<b>97.05</b>	32.84
Profit after OCI Income	<b>91.25</b>	27.73	<b>97.04</b>	33.05
Add : Surplus brought forward from previous year	<b>154.52</b>	127.01	<b>175.27</b>	143.26
Less: Dividend	<b>3.61</b>	-	<b>5.42</b>	0.83
Less: Dividend Tax	-	-	-	-
Less: Transfer to General Reserve	-	-	-	-
(Add) / Less : Transfer to OCI Reserve due to Ind AS Transition	<b>(0.01)</b>	0.21	<b>(0.01)</b>	0.21
<b>Balance carried to Balance sheet</b>	<b>242.17</b>	154.53	<b>266.91</b>	175.27
<b>Earnings Per Share</b>				
Basic – EPS per Share (in Rs.)	<b>189.48</b>	57.13	<b>201.50</b>	68.18
Diluted – EPS per Share (in Rs.)	<b>189.48</b>	57.13	<b>201.50</b>	68.18

### PERFORMANCE OF THE COMPANY

During the year, your Company has produced 279.72 lakh Kg Yarn, 533.31 lakh meter Woven fabric and 243.53 lakh Kg. Knitted fabric.

The revenue from operations during the year increased to Rs.1,767.43 Cr. from Rs.1,121.80 Cr. crore in 2020-21. Profit after tax increased to Rs. 91.26 Cr. from Rs. 27.52 Cr. in 2020-21.

The revenue from exports during the year was at Rs.1,303.11 Cr. against Rs.774.67 Cr. in the previous year. Exports accounts for 74% of the Revenue from Operations.

### DIVIDEND

Your Directors recommend a Dividend of 100% (i.e. Rs.10/- per share) for the year ended 31<sup>st</sup> March 2022. The dividend if approved by the shareholders at the AGM, will be paid to equity shareholders whose name appear in the Register of Member as on 15<sup>th</sup> September 2022 and in respect of shares held in dematerialized form, it will be paid to members whose names are furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), as beneficial owners as on the same date. The cash outgo will be Rs.4.82 Cr.

### SHARE CAPITAL

The paid-up Share Capital as on 31<sup>st</sup> March 2022 was Rs.4.82 Cr. 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 OCCURED AFTER THE END OF FINANCIAL YEAR

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

### MANAGEMENT DISCUSSIONS ON THE INDUSTRY SCENARIO & OUTPUTS

#### Industry Scenario:

India has the distinction of being sixth largest exporter of Textiles and Apparel in the world. Textile and Apparel industry is second largest employer in the country next to Agriculture providing direct employment to 45 million people and 100 million people in allied industries.

The Indian Textiles and Apparel industry contribute 2.3 per cent to the country's GDP, 13 per cent to industrial production and 12 per cent to exports.

The Indian Textile and Apparel industry is highly diversified with a wide range of segments. There are over 1,200 textile mills with a spinning capacity of about 29 million spindles. While

## Board's Report

yarn is mostly produced in the mills, fabrics are produced in the power loom, knitting and handloom sectors as well.

The domestic Textiles and Apparel industry stood at \$108.5 bn in 2019-20 of which \$75 bn was domestically consumed while the remaining portion worth \$33.5 bn was exported to the world market. The domestic consumption of \$75 bn in financial year 2019-20 was divided into apparel at \$55 bn, technical textiles at \$15 bn and home furnishings at \$5 bn. The exports comprised of apparel exports at \$12 bn; home textiles exports at \$4.8 bn; fabric exports at \$4 bn; yarn exports at \$3.8 bn; fiber exports at \$1.8 bn and others at \$2 bn.

With the second wave of COVID-19, subdued in July 2021, Indian Textile Industry started doing well since then almost throughout a year.

With the consistent economic growth and strong domestic consumption and export, the future for Indian textiles industry is promising. The retail sector has experienced a rapid growth in the past decade with the entry of several international players into the Indian market. The demand for the Textile & Apparels is expected to grow at the rate of 8 - 10% per annum.

### Raw Material:

Textiles and Apparel Industry uses both Natural Fiber and manmade fiber for manufacturing Fabric and Apparels. In natural fiber cotton is used predominantly. Cotton is one of the principal crops in India and plays a vital role in the country's economic growth.

The Government of India fixes the Maximum Support Price for kappas and in this price government agencies like Cotton Corporation of India and Maharashtra State Co- Operative Cotton Growers Marketing Federation procure cotton.

The farmers sell kappas in the market. The ginners buy kappas and sell ginned cotton in the market. Whenever the kappas price goes below MSP, CCI, and other agencies as above start procuring cotton at MSP and sell later to consumers at the prevailing market price.

The planting period of cotton normally is from March to September, while the harvesting period is from October to February. There are mainly three cotton - producing zones in India, as below:

- Northern zone comprising Punjab, Haryana and Rajasthan.
- Central zone comprising Maharashtra, Madhya Pradesh and Gujarat.
- Southern Zone comprising Andhra Pradesh, Karnataka and Tamil Nadu.

About 70% of total cotton is produced in Gujarat, Maharashtra and Andhra Pradesh.

The Northern region produces short and medium staple cotton, the southern region normally produces long staple cotton,

while the central region produces long and medium staples. The peak marketing season for the crop is during November to March.

India has the distinction of having the largest area of 130 lakh hectares of land for cotton cultivation, three times higher than USA (33.49 lakh hectares) and four times higher than China (32.50 lakh hectares).

The yield per hectare in India is lower at 462 kg per hectare, against 2217 kg per hectare in Australia, 1976 kg per hectare in China and 950 kg per hectare in USA. The world average is 757 kg per hectare.

Cotton Production is around 350 - 360 Lakh bales of 170 Kg each per Annum. Domestic consumption is around 300 – 310 lakh bales. While special varieties of cotton is imported, about 50 – 70 lakh bales are exported per annum.

Cotton availability during the year is expected to be in the range of 300 lakh bales against the normal crop of 360 lakh bales per year, lower by 15% over normal supplies. Cotton quality is also affected due to unseasonal rains and host of other factors.

Consequent to the short supplies in the market, cotton price has increased from Rs. 45300/- per candy in February 2021 to Rs. 95000/- per candy in March 2022 up by 110% in 12 months. Price increased continuously every month non-stop.

The cotton price has reached a new peak of Rs.1,02,000 per candy in May 2022. Short supply and poor quality of cotton is likely to continue till commencement of next season. Financial year 2022-23 will be an exceptional year on cotton front. The industry has never witnessed this much of price increase in the past.

Continuous rise in cotton prices, month on month, has made the yarn and fabric prices very costly. With the resistance from the end customers, order flow started declining from January 2022.

Very high cotton price, slowdown in order flow, very high labour turnover and low profit margin are the major challenges faced by the Textiles mills in the country. These challenges are inherent and have to be addressed through achieving continuous improvement in production and cost saving measures.

Loyal Textile Mills has four textile mills, one process house and a garment division. The Company is focusing on continuous improvement in production and cost reduction measures. The Company has established its credentials both in the domestic and export market, through supplying quality products.

### AWARDS

TEXPROCIL has not announced any Award for the achievers in the textile industry during the year.

### LOYAL INTERNATIONAL SOURCING PRIVATE LTD.

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

## Board's Report

There was no operation in LISPL during the year and the operation in LISPL has been stopped.

### RENEWABLE ENERGY

During the year, the company has generated 5.99 Cr. units of wind power against 5.75 Cr. units in the previous year and solar power 45.88 lakh units against 43.73 lakh units in the previous year. The wind power generation during the year increased by 4% as compared to the previous year due to high wind velocity.

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

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

### CONSOLIDATED FINANCIAL STATEMENT

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

### BOARD MEETING

The Board met Five times during the year on 24<sup>th</sup> May 2021, 13<sup>th</sup> August 2021, 11<sup>th</sup> November 2021, 27<sup>th</sup> January 2022 and 11<sup>th</sup> February 2022.

### PASSING OF RESOLUTION BY CIRCULATION

During the financial year, there were resolutions passed by the Board of Directors and Members of Nomination and Remuneration committee through circulation. The board confirms that the above resolutions have complied with the provision of Section 175 of Companies Act, 2013 and rules and amendments made thereunder from time to time.

### DIRECTORS

As per the provisions of Section 152 of the Companies Act, 2013, Mr. B.Vaidyanathan, Director (DIN: 00263983), retires by rotation at the forthcoming Annual General Meeting and being eligible for re-appointment offers himself for re-appointment as Director of the Company subject to the approval by the Shareholders of the Company in the Annual General Meeting by an Ordinary Resolution. The Board recommends his re-appointment for the considerations of the members of the company at forthcoming Annual General Meeting. Brief profile of Mr. B.Vaidyanathan has been given in the Notice convening the AGM.

On recommendation of the Nomination and Remuneration Committee, the Board of Directors in their meeting held on 11<sup>th</sup> February 2022 have appointed Mr.M.E.Manivannan as Whole Time Director of the Company for a term of 5 years. His appointment was approved by the shareholders through Postal Ballot process on 25<sup>th</sup> March 2022.

Mr. P.Manivannan, Whole Time Director, retired from the services of the company w.e.f May 04, 2021 and continued in the Board as Non-Executive Director. Subsequently he has resigned from the position of Non-Executive Director of the company with effect from 1<sup>st</sup> December 2021 due to his personal commitments and other pre-occupations.

### 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.

### STATUTORY AUDITORS

M/s. Ganesh Prasad (Firm Regd.No.000872S) Chartered Accountants, were appointed as statutory auditors of the Company for a period of 5 years in the 71<sup>st</sup> AGM held on 25<sup>th</sup> September 2017. They will hold office till the conclusion of 76<sup>th</sup> AGM. The Auditor's Report to the Shareholders on the Standalone and Consolidated financial statement for the year ended March 31, 2022 does not contain any qualification, observation or adverse comment.

On the recommendation of the Audit Committee, the Board of Directors in their meeting held on 30<sup>th</sup> May 2022, recommended the appointment of M/s.Brahmayya & Co., Chartered Accountants (Firm Registration No. 000511S) as the statutory auditors of the Company (subject to the approval of the shareholders of the Company) for a period of 5 years from the conclusion of the 76<sup>th</sup> Annual General Meeting of the Company in place of M/s.Ganesh Prasad, Chartered Accountants (Firm Registration No. 000872S), the existing statutory auditors, who hold office till the conclusion of 76<sup>th</sup> Annual General Meeting.

### SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed Mr.K.J.Chandra Mouli, Practicing Company Secretary, Chennai to undertake the secretarial audit of the company for the financial year ended 31<sup>st</sup> March, 2022.

## Board's Report

The Secretarial Audit report does not contain any qualification, observation or adverse comment. The Audit Report is enclosed in this report as **Annexure II**.

### COST AUDITOR

Mr. B. Venkateswar, Cost Accountant was appointed as Cost Auditor for auditing the cost accounts of the Company for the year ended 31<sup>st</sup> March, 2022. The Cost Audit Report for the financial year 2021-22 will be submitted to the Central Government before due date.

The Board of Directors of the Company have appointed Mr.B.Venkateswar, Practicing Cost Accountant, holding Membership No.27622 as Cost Auditor for the year ending 31<sup>st</sup> March 2023.

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

### INTERNAL AUDITORS

The company has appointed M/s. Capri Assurance and Advisory Services, as External Internal Auditors of the Company for the financial year 2022-23.

### EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3) (a) of the Companies Act, 2013 the Annual return as on March 31, 2022 is available on the Company's website at [www.loyaltextiles.com](http://www.loyaltextiles.com).

### 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, 2022, 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, 2022 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 compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

During the year, the company has donated a Modular Oxygen System of 100 LPM capacity at a cost of Rs.28.75 lakhs to Government Hospital, Kovilpatti and 111 Oxygen Cylinders to Tamilnadu Government in partnership with BB group at a cost of Rs. 15.92 lakhs.

The Company has spent Rs.6.89 Lakhs in-excess of CSR obligations of Rs.36.63 lakhs for FY 2021-22 which will be carry forwarded and set off against the CSR obligations in the coming years

Annual Report on CSR activities is enclosed as **Annexure III**.

### 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 IV**. Also Refer Note No.48 of Financial statement which sets out the transactions with related parties.

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

### PARTICULARS OF EMPLOYEES

No employee of the Company was in receipt of remuneration of not less than Rs.1.02 Cr. 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

## Board's Report

(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 V**.

### 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, 2022 duly signed by CEO and CFO was submitted to the Board of Directors and the same is attached as **Annexure VI**.

### CORPORATE GOVERNANCE

The Company has in place a system of Corporate Governance. Corporate Governance is about maximizing shareholder value legally, ethically, and sustainably. The company has taken adequate steps to adhere to all the conditions laid down in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time with respect to Corporate Governance. A report on Corporate Governance is included as part of this annual report as **Annexure VII**.

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

### BOARD EVALUATION

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

The performance evaluation of the Directors was completed during the year under review. The performance evaluation of the Chairperson and the Non-Independent Directors was carried out by the Independent Directors and Non-Executive Director. The Board of Directors expressed their satisfaction with the evaluation process.

### FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

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

### VIGIL MECHANISM / WHISTLE BLOWER POLICY

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, the company has framed a Vigil Mechanism / Whistle Blower Policy. The Vigil Mechanism Policy has been posted on the website of the Company. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. No complaint has been received from any employee during this year.

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

In order to comply with provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder, the Company has formulated and implemented a policy on prevention, prohibition and redressal of complaints related to sexual harassment of women at the workplace. All women employees either permanent, temporary or contractual are covered under the above policy. An Internal Committee (IC) has been set up in compliance with the said Act. During the year under review, there were no cases filed pursuant to the provisions of the Act. Necessary annual returns have been filed with respective collectorate.

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

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

### INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

### RISK MANAGEMENT

The company takes utmost care in managing the risks and it helps to improve operations and production. Risk management framework has been formulated. The Board members are regularly informed of the risk assessment and risk mitigation measures. The forex exchange risk is actively managed within the framework laid down by the Forex management policy approved by the Board.



## Board's Report

### TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year, the company has transferred Rs.11,12,655/- being the dividend amount which was due and payable and remained unclaimed and unpaid for a period of 7 years to Investor Education and Protection Fund as per the requirements of the Companies Act, 2013.

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

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

Financial Year	Rate of Dividend	Date of Declaration of Dividend	Date of Dividend transfer to unpaid Dividend Account	Last Date for Claiming unpaid Dividend	Due to Transfer to IEPF
2014-2015	75%	24-09-2015	29-10-2015	29-09-2022	29-10-2022
2015-2016	100%	14-09-2016	29-10-2016	29-09-2023	29-10-2023
2016-2017	100%	25-09-2017	25-10-2017	25-09-2024	25-10-2024
2017-2018	50%	27-09-2018	29-10-2018	27-09-2025	27-10-2025
2018-2019	15%	26-09-2019	28-10-2019	26-09-2026	26-10-2026
2020-2021	75%	24-09-2021	29-10-2021	29-09-2028	29-10-2028

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

### PUBLIC DEPOSITS

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

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

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the

recipient are provided in the Standalone Financial statement. (Refer Note No.4).

### LISTING

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

### 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

**Valli M Ramaswami**                      **M.E. Manivannan**  
Chairperson & Whole Time Director    Whole Time Director

Place: Chennai

Date : 30<sup>th</sup> May, 2022

**ANNEXURE – I**

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

**A. CONSERVATION OF ENERGY**

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

- a. Air Leakage is arrested in Autoconer Machines at VTM-A and C Mill due to which power consumption has reduced by 2 Lakh Units Per Annum.
- b. Chinese filter is installed with Centrifugal Fan Motor and Fan Speed is reduced to the Optimum Level. Due to this 94,000 Units will be saved per Annum in SVTM unit.
- c. LSF Boiler Fan Motor with Inverter was installed, and RPM was reduced, due to this 69,000 Units will be Saved Per Annum.
- d. Fluorescent and CFL Lamps has been replaced with LED Lamps in LSF unit and achieved the Power Savings of 11,000 units Per Annum.
- e. Existing Comber Machine Motor is replaced with IE3 Motor due to this 8,000 units Per Annum is saved in SVTM unit.
- f. Humidification Plant has been fully serviced in VTM- A mill and as a result RH % has increased without the Increase in Power consumption.
- g. 6 MM Air Gun is replaced with Energy Saving Air Gun in Cleaning Areas at VTM unit.

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

During the year, the company utilized 584 lakhs units power generated through windmills and 45.84 lakhs units from solar power plant.

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

- a. Around Rs.4.70 Lakhs Spent for replacing Existing Fans with BLDC Fans in LTM, CTM and SVTM Hostel. Due to this Power Cost will be reduced to the extent of Rs. 3.4 Lakhs per Annum.

- b. Around Rs.62.23 Lakhs has been Spent on replacing Old Inefficient Motors with Energy Efficient Induction Motors [IE3] in LTM. Installation of the same is in Progress.

**B. TECHNOLOGY ABSORPTION**

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

- a. Existing Yarn Winding tubes has been replaced with Less thickness tubes for 23 Machines in LTM and 26 Machines in VTM due to which Productivity has been improved.
- b. Energy Saving Spindle Tapes are installed in 40 Ring Frames which will reduce the Slippage and Energy will be around 1%.

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

The Company has developed new Products from Recycled Hard Waste and Polyester such as Yarn and Knitted Fabric of Different Counts and Blends and T-Shirts and Leggings. We also produced Reusable Food Wrapper, High Twist Viscose Woven Fabric, Yarn and Cotton Produced from Cotton Like Polyester.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

(Rs. in Crs.)

<b>Particulars</b>	<b>2021-22</b>	<b>2020-21</b>
Total Foreign Exchange Earned	<b>1,199.07</b>	715.47
Total Foreign Exchange Used	<b>129.41</b>	74.94

**Annexure II**  
**FORM MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2022**

*[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

We 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 us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Loyal Textile Mills Limited'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 authorised representatives during the conduct of secretarial audit and as per the explanations given to us and the representations made by the management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India, we hereby report that in our opinion, the company has during the audit period covering the financial year ended on 31<sup>st</sup> March, 2022 generally 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:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by Loyal Textile Mills Limited for the financial year ended on 31<sup>st</sup> March, 2022 according to the applicable provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- 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 and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; -
  - d. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - f. Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
- vi. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
- vii. Other laws applicable to the Company as per the representations made by the Management;

With respect to Fiscal laws such as Income Tax and Goods and Service Tax we have reviewed the systems and mechanisms established by the Company for ensuring compliances under various acts and based on the information and explanation provided to us by the management and officers of the company and also on verification of compliance reports taken on record by the Board of Directors of the Company, we report that adequate systems are in place to monitor and ensure compliance of fiscal laws as mentioned above.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings' respectively, issued by The Institute of Company Secretaries of India have been generally complied with.

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

## Board's Report

During the period under review there were no events which required specific compliance of the provisions of

- i. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- ii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- iii. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;

We further report that

The Board of Directors of the Company is duly constituted with the proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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 has been given to all directors to schedule the board meetings, agenda and detailed notes on the 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.

We 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.

We further report that during the audit period, the following significant events have taken place:

1. Mr. R Poornalingam was appointed as Additional Director (Non-Executive and Non- Independent) on 23<sup>rd</sup> October,2020 and was regularized as Director by way of passing Special Resolution through postal ballot on 25<sup>th</sup> March,2021.

2. Change in Designation of Mr. Palaniappan Manivannan from Whole time Director to Non -Executive Director w.e.f. 04<sup>th</sup> May 2021. Mr. Palaniappan Manivannan had subsequently resigned from the board w.e.f. 01<sup>st</sup> December,2021.
3. Mr. Subramanian Arun who was appointed as Additional Director on 23<sup>rd</sup> October 2020, regularized as Director for a period of Five years (Independent Non- Executive) with effect from 24<sup>th</sup> September, 2021.
4. Ms. Vishala Ramaswami who was appointed as Additional Director on 20<sup>th</sup> November 2020, regularized as Director (Executive Director) with effect from 24<sup>th</sup> September, 2021.
5. Approval of Payment of Commission to Mrs. Valli M Ramaswami (Executive Director) at the Annual General Meeting held on 24<sup>th</sup> September 2021
6. Mr.R.Kannan who was appointed as Additional Director on 20<sup>th</sup> November 2020, to Director, regularized as Director for a period of 5 years (Non-Executive Independent Director) with effect from 24<sup>th</sup> September, 2021.
7. Mr. Muthu Elumalai Manivannan was appointed as Additional Director w.e.f. 02<sup>nd</sup> December 2021 was subsequently appointed as Wholetime Director w.e.f. 11<sup>th</sup> February 2022 and subsequent confirmation of shareholders received subsequently by way of passing Special Resolution passed through postal ballot on 26<sup>th</sup> March 2022.

For BP & Associates  
Company Secretaries

K. J. Chandra Mouli  
Partner

M.NO: F11720

CP NO: 15708

UDIN: F01172D000423296

Date : 30<sup>th</sup> May 2022

Place : Chennai

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

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Account of the company.
4. Whereever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on a test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For BP & Associates  
Company Secretaries

K. J. Chandra Mouli  
Partner

M.NO: F11720

CP NO: 15708

UDIN: F01172D000423296

Date : 30<sup>th</sup> May 2022  
Place : Chennai

**ANNEXURE III**  
**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. M.E. Manivannan	Member	Director

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the Company's website [www.loyaltextiles.com](http://www.loyaltextiles.com)

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014 - **Not Applicable.**

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

S.No.	Financial Year	Amount available for set-off from preceding financial years (in Rs.)	Amount required to be set-off for the financial year, if any (in Rs.)
NIL			

**6. Average Net Profit**

Average net profit of the company for the last three financial years is **Rs.1,831.37 Lakhs.**

7. (a) Two percent of average net profit of the company as per section 135(5) is **Rs.36.63 Lakhs.**

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years - **NIL.**

(c) Amount required to be set off for the financial year, if any - **NIL.**

(d) Total CSR obligation for the financial year (7a+7b-7c) **Rs.36.63 Lakhs.**

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (Rs. in Lakhs)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per the second proviso to Section 135(5).		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
43.52	NIL		NIL		

## Board's Report

(b) Details of CSR amount spent against **ongoing projects** for the financial year:

(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	Health Care and Medical Expenses – Installation of Modular Oxygen Supply System at Kovilpatti Government Hospital	Creating Health infrastructure for COVID care, establishment of medical oxygen generation and storage plants, manufacturing and supply of oxygen concentrators, ventilators, cylinders and other medical equipment for countering COVID-19, etc.	Kovilpatti, (Above location is in Tamilnadu)	27.59	27.59	27.59	Direct Spending
2	Health Care and Medical Expenses – Supply of Oxygen cylinders to TN Government	Creating Health infrastructure for COVID care, establishment of medical oxygen generation and storage plants, manufacturing and supply of oxygen concentrators, ventilators, cylinders and other medical equipment for countering COVID-19, etc.	Chennai, (Above location is in Tamilnadu)	15.92	15.92	15.92	Direct Spending
<b>TOTAL</b>				<b>43.52</b>	<b>43.52</b>	<b>43.52</b>	

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
S. No.	Name of the project	Item from the list of activities in schedule VII to the Act	Local Area (Yes / No)	Location of the project		Amount spent for the project (in Rs.)	Mode of Implementation - Direct (Yes / No)	Mode of Implementation - through Implementing Agency	
				State	District			Name	CSR Registration No.
<b>NIL</b>									

(d) Amount spent in Administrative Overheads - **NIL**.

(e) Amount spent on Impact Assessment, if applicable - **NIL**.

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) - **Rs.43.52 Lakhs**

## Board's Report

(g) Excess amount for set off, if any

S. No.	Particulars	Amount (Rs. In Lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	36.63
(ii)	Total amount spent for the Financial Year	43.52
(iii)	Excess amount spent for the financial year [(ii)-(i)]	6.89
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	6.89

9. (a) Details of Unspent CSR amount for the Preceding three financial years:

S. No.	Preceding Financial year	Amount transferred to Unspent CSR Account under section 135(6) (in Rs.)	Amount spent in the reporting Financial year (in Rs.)	Amount transferred to any fund specified under schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial year (in Rs.)
				Name of the fund	Amount (in Rs.)	Date of transfer	
<b>NIL</b>							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

S. 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
<b>NIL</b>							

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details) - **NIL**

(a) Date of creation or acquisition of the capital asset(s).

(b) Amount of CSR spent for creation or acquisition of capital asset.

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the Capital asset).

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) – **Not applicable.**

Vijayalakshmi Rao  
Chairperson of CSR Committee

M.E. Manivannan  
Member - CSR Committee

Place: Chennai

Date: 30<sup>th</sup> May 2022



**ANNEXURE IV  
RELATED PARTY TRANSACTIONS**

**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

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

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

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

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

S. No.	Particulars	Details
a)	Name(s) of the related party and nature of relationship	Gruppo P&P Loyal Spa, Italy – Joint Venture
b)	Nature of contracts / arrangements / transactions	Sale of Garments and Purchase of raw materials
c)	Duration of the contracts / arrangements / transactions	01.04.2021 – 31.03.2022
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Sale of Garments Rs. 64.39 cr. Sale of Fabrics Rs. 0.20 cr. Purchase of Raw materials Rs. 0.06 cr.
e)	Date(s) of approval by the Board, if any	Transactions for the four quarters were approved by Board in the meeting held on 13.08.2021, 11.11.2021, 11.02.2022 and 30.05.2022
f)	Amount paid as advances, if any	Nil

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

**M.E. Manivannan**  
Whole Time Director

Place : Chennai

Date : 30<sup>th</sup> May 2022

**ANNEXURE – V**

**RATIO OF REMUNERATION OF DIRECTOR**

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

**read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014]**

- a. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year and percentage of increase in remuneration of each director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year:

S. No.	Name	Designation	Ratio / Times of remuneration to the Median remuneration of employee	Percentage of Increase of remuneration
1	Mrs. Valli M Ramaswami	Chairperson & Whole Time Director	450	185%
2	Mr. M.E. Manivannan	Whole Time Director	18	100%
3	Ms. Vishala M Ramaswami	Executive Director	32	0%
4	Mr. A. Velliangiri	Chief Executive Officer	119	21%
5	Mr. K. Ganapathi	Chief Financial Officer	115	29%
6	Mr. P. Mahadevan	Company Secretary & Compliance Officer	30	18%

- b. Percentage increase / (decrease) in the median remuneration of employees in the financial year: 20.24%
- c. No. of permanent employees on the rolls of the Company: 1593
- d. Average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.  
Average percentage increase/(Decrease) made in the salaries of employees other than the managerial personnel in the last financial year i.e., 2021-22 was 3.71% whereas the increase/(decrease) in the managerial remuneration for the same financial year was 51.91%
- e. It is hereby affirmed that the remuneration is as per the remuneration policy of the company.

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

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

- a. No employee of the Company was in receipt of remuneration of not less than Rs.1.02 crores during the year or Rs. 8.50 lakhs per month during any part of the financial year.

**ANNEXURE – VI**  
**COMPLIANCE CERTIFICATE BY**  
**CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER**

Pursuant to Regulation 17(8) read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we certify that:

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

**A. Velliangiri**  
Chief Executive Officer

**K. Ganapathi**  
Chief Financial Officer

Place : Chennai  
Date : 30<sup>th</sup> May 2022

**ANNEXURE VII**  
**REPORT ON CORPORATE GOVERNANCE**

**COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY**

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

**1. BOARD OF DIRECTORS****a. Composition and Category of Directors**

The Board has ten Directors, with an optimum combination of Executive and Non-Executive Directors. There are five Independent Non-Executive Directors, three Executive Directors and two Non-Independent, Non-Executive Directors. All the directors are having considerable professional experience in their respective fields and they use independent judgement in the Board deliberation and decisions.

Mrs. Valli M Ramaswami was the Chairperson and Whole Time Director of the Company.

**b. Attendance of Directors at the Board Meetings and Annual General Meeting**

S. No.	Directors	No. of Board Meetings held	No. of Board Meetings Attended	Attendance at last AGM
1	Mrs. Valli M Ramaswami	5	5	Yes
2	Mr. R. Poornalingam	5	5	No
3	Mr. Madhavan Nambiar	5	5	Yes
4	Mr. B.T. Bangera	5	5	No
5	Mrs. Vijayalakshmi Rao	5	4	No
6	Mr. B. Vaidyanathan	5	5	No
7	Mr. S. Arun	5	5	No
8	Mr. R. Kannan	5	3	No
9	Ms. Vishala Ramswami	5	5	No
10	Mr.M.E.Manivannan*	5	2	No
11	Mr. P. Manivannan **	5	3	Yes

\* inducted in the Board on 2<sup>nd</sup> December 2021

\*\* Resigned from the Board on 1<sup>st</sup> December 2021

**c. No. of Directorship / Membership in other Companies**

S. No.	Name	Category	No. of Directorship in other Companies	No. of Committee Membership in other Companies
1	Mrs. Valli M Ramaswami	Promoter & Executive Director	-	-
2	Ms.Vishala Ramswami	Promoter & Executive Director	-	-
3	Mr.M.E.Manivannan	Whole Time Director	-	-
4	Mr. R. Poornalingam	Non-Executive & Non -Independent Director	2	3
5	Mr. Madhavan Nambiar	Non-Executive & Independent Director	3	3
6	Mr. B.T. Bangera	Non-Executive & Independent Director	-	-
7	Mrs. Vijayalakshmi Rao	Non-Executive & Independent Director	-	-

## Board's Report

S. No.	Name	Category	No. of Directorship in other Companies	No. of Committee Membership in other Companies
8	Mr. B. Vaidyanathan	Non-Executive & Non-Independent Director	1	-
9	Mr.S.Arun	Non-Executive & Independent Director	-	-
10	Mr.R.Kannan	Non-Executive & Independent Director	-	-
11	Mr. P. Manivannan	Executive & Non-Independent Director	-	-

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

### d. Number of meetings of the Board of Directors held and its dates

S.No.	Date of Board meeting	No. of Directors	No. of Directors present
1	24.05.2021	10	10
2	13.08.2021	10	9
3	11.11.2021	10	10
4	27.01.2022	10	9
5	11.02.2022	10	9

### e. Relationship between Directors inter-se

Ms.Vishala Ramswami is the daughter of Mrs.Valli M Ramaswami, Chairperson & Whole Time Director of the Company.

### f. Number of shares and convertible instruments held by Non-Executive Directors

S.No	Name	Category	No. of Equity Shares held
1	Mr. R.Poornalingam	Non-Executive & Non-Independent Director	Nil
2	Mr. B.Vaidyanathan	Non -Executive & Non-Independent Director	Nil
3	Mr.Madhavan Nambiar	Non-Executive & Independent Director	Nil
4	Mr. B.T.Bangera	Non-Executive & Independent Director	Nil
5	Mrs.Vijayalakshmi Rao	Non-Executive & Independent Director	Nil
6	Mr.S.Arun	Non-Executive & Independent Director	Nil
7	Mr.R.Kannan	Non-Executive & Independent Director	Nil

### g. Familiarisation programme imparted to Independent Directors

On an ongoing basis as a part of Agenda of Board / Committee Meetings, presentations are regularly made to the Independent Directors on various matters inter-alia covering the Company's businesses and operations, industry and regulatory updates, strategy, finance, risk management framework, role, rights, responsibilities of the Independent Directors under various statutes and other relevant matters. The details of the familiarisation programme for Directors are available on the Company's website.

### h. Skills, Expertise and Competence of the Board

The Board comprises of persons with diverse experiences in different areas who bring in the required skills, competence and expertise that allows them to make effective contribution to the Board and its Committees. The following list summarizes the key skills, expertise and competence that the Board thinks is necessary for functioning in the context of the Company's business and sector and which in the opinion of the Board, its members possess:

## Board's Report

1. Commercial
2. Finance
3. Sales and Marketing
4. Science and Technology
5. Domain Industry
6. General Management and Human Resource
7. Legal, including laws related to Corporate Governance

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

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

The Independent Directors of the company are bound by duties of Independent directors and in the opinion of the Board, the Independent Directors fulfill the conditions specified in the Companies Act, 2013 read with Rules and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and are independent of the management.

## 2. AUDIT COMMITTEE

### a. Terms of Reference

The Audit Committee covers all matters specified in Regulation 18 of SEBI (Listing obligations and Disclosure Requirements) Regulations 2015 and also as per Section 177 of the Companies Act, 2013. The terms of reference broadly include, review of financial reporting system, internal controls system, discussion on financial results, interaction with Statutory and Internal Auditors, recommendation for the appointment of Statutory, Secretarial, Internal and Cost Auditors and their remuneration, review of Management Discussions and Analysis, Review of Internal Audit Reports and significant related party transactions.

The Audit Committee takes note of any default in the payments to creditors and shareholders. The committee also looks into those matters specifically referred to it by the Board.

### b. Composition of the Committee

The Audit Committee comprises of the following Directors of the Company.

S.NO.	NAME OF THE DIRECTOR	POSITION
1	Mr. Madhavan Nambiar	Chairman
2	Mr. R Poornalingam	Member
3	Mr. B T Bangera	Member
4	Mr. B Vaidyanathan	Member
5	Mr.S.Arun	Member
6	Mr.R.Kannan	Member

### c. Meetings and attendance

The Committee met four times during the year on 24<sup>th</sup> May 2021, 13<sup>th</sup> August 2021, 11<sup>th</sup> November 2021 and 11<sup>th</sup> February 2022. The attendance details of the meetings are as follows:

S.NO.	NAME OF THE DIRECTOR	POSITION	NO. OF MEETING ATTENDED
1	Mr. Madhavan Nambiar	Chairman	4
2	Mr. R Poornalingam	Member	4
3	Mr. B T Bangera	Member	4
4	Mr. B Vaidyanathan	Member	4
5	Mr. S Arun	Member	4
6	Mr.R.Kannan	Member	3

## Board's Report

### 3. NOMINATION AND REMUNERATION COMMITTEE

#### a. Terms of Reference

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

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

#### b. Composition of the Committee

The Committee comprises of the following Directors of the Company.

S.NO.	NAME OF THE DIRECTOR	POSITION
1	Mr. Madhavan Nambiar	Chairman
2	Mr. R Poornalingam	Member
3	Mrs. Vijayalakshmi Rao	Member

#### c. Meetings and attendance

The Committee met two times during the year on 24<sup>th</sup> May 2021 and 11<sup>th</sup> February 2022. The attendance details of the meetings are as follows:

S.NO.	NAME OF THE DIRECTOR	POSITION	NO. OF MEETING ATTENDED
1	Mr. Madhavan Nambiar	Chairman	2
2	Mr. R Poornalingam	Member	2
3	Mrs. Vijayalakshmi Rao	Member	2

### 4. STAKEHOLDERS' RELATIONSHIP COMMITTEE

Mr. Madhavan Nambiar, Non-Executive & Independent Director is the Chairman of the Committee. Mr. B.T. Bangera and Mr. M.E. Manivannan are the other members of the Committee. Mr. P. Mahadevan, Company Secretary is a Compliance Officer of the Company.

The Committee approves and monitors share transfers and transmissions, splitting and consolidation of shares and issue of duplicate share certificates and looking into redressal of shareholders / investors complaints viz. transfer of shares, non-receipt of declared dividends, etc, and deciding on any other matter as may be required in connection with the shareholders/ investors' servicing or redressal of their grievance.

During the year under review, the company received 6 request from the shareholders with respect to non-receipt of dividend warrants, non-receipt of share certificates after transfer, non-receipt of Annual Report etc.

All the requests of the shareholders were attended within the stipulated time and there is no pending request / complaints of the shareholders as at 31<sup>st</sup> March 2022.

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

### 5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

The committee comprises of three Directors. Mrs. Vijayalakshmi Rao, Non-Executive Independent Director is a Chairperson of the Committee. Mr. Madhavan Nambiar and Mr. M.E. Manivannan, Directors are the other members of the Committee.

## Board's Report

During the year the Committee met one time (i.e.) on 24th May 2021. The attendance of the meeting is as follows:

S.NO.	NAME OF THE DIRECTOR	POSITION	NO. OF MEETING ATTENDED
1	Mrs. Vijayalakshmi Rao	Chairperson	1
2	Mr. Madhavan Nambiar	Member	1
3	Mr. P. Manivannan	Member	1

### 6. REMUNERATION OF DIRECTORS

While formulating policy the Committee has ensured that (1) The Level and composition of remuneration is reasonable and sufficient to attract /retain and motivate the Directors. (2) The composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate the Key Managerial Personnel and Senior Management of the quality required to meet high 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.

#### a. Details of Remuneration paid to Executive Directors during the Financial Year 2021-22: (Rs. in Lakhs)

S. No.	Particulars	Mrs.Valli M Ramaswami, Chairperson & Whole Time Director	Mr. P. Manivannan Whole Time Director	Mr. M.E. Manivannan Whole Time Director	Ms. Vishala Ramswami, Executive Director	Total
1	Salary	65.00	4.51	7.03	12.00	88.55
2	Bonus / Benefits	-	-	-	-	-
3	Commission	119.04	-	-	-	119.04
4	Other perquisites / Performance linked incentives	-	-	-	-	-
5	Contribution to Provident Fund / Pension	7.20	-	0.67	1.44	9.31
6	Contribution to Superannuation Fund	-	-	-	-	-
7	Stock Options	-	-	-	-	-
8	Service contracts / Notice Period / Severance fees	-	-	-	-	-
	<b>Total</b>	<b>191.24</b>	<b>4.51</b>	<b>7.70</b>	<b>13.44</b>	<b>216.90</b>

#### b. Remuneration to Non-Executive Directors

The Non-Executive Directors do not draw any remuneration from the company except sitting fees for attending the meetings of the Board and the Committees.

#### Details of Sitting Fees paid to Non-Executive Directors during the Financial Year 2021-22: (Rs. in Lakhs)

S.No.	Name	Sitting Fee		Total
		Board Meeting	Committee Meetings	
1	Mr. R. Poornalingam	2.50	2.20	4.70
2	Mr. Madhavan Nambiar	2.50	2.60	5.10
3	Mr. B.T. Bangera	2.50	2.30	4.80
4	Mrs. Vijayalakshmi Rao	2.00	0.40	2.40
5	Mr. B. Vaidyanathan	2.50	2.00	4.50
6	Mr.S.Arun	2.50	2.10	4.60
7	Mr.R.Kannan	-	-	-
8	Mr.P.Manivannan	1.50	0.30	1.80
	<b>Total</b>	<b>16.00</b>	<b>11.90</b>	<b>27.90</b>



## Board's Report

### c. Pecuniary Relationship or Transaction of the Non-Executive Directors

There were no pecuniary relationship or transactions of the Non-Executive directors vis-a-vis the Company during the financial year ended 31<sup>st</sup> March 2022.

### d. Criteria of making payments to Non-Executive Directors

As per the Company's policy for making payments to Non-Executive Directors, all the Non-Executive Directors were entitled sitting fee for attending the Board and other committee meetings.

## 7. GENERAL BODY MEETINGS

### a. Details of the last three Annual General Meetings held

AGM	Date and Time	Venue	Details of Special Resolution passed
73 <sup>rd</sup>	26.09.2019, 10.30 AM	Registered Office: 21/4 Mill Street, Kovilpatti-628 501	Nil
74 <sup>th</sup>	23.09.2020, 10.15 AM	Through Video Conference ("VC") / Other Audio-Visual Means ("OAVM")	Nil
75 <sup>th</sup>	24.09.2021, 10.15 AM	Through Video Conference ("VC") / Other Audio-Visual Means ("OAVM")	Yes

## 8. POSTAL BALLOT

During the year under review, the Company completed process of one postal ballot as per provisions of Section 110 of the Companies Act, 2013. Mr. S Hari Krishnan, Practicing Company Secretary (CP No.13740), Chennai, was appointed as Scrutinizer for conducting postal ballot in a fair and transparent manner. The Company had engaged the services of NSDL to provide e-voting facility to its Members. The notice of postal ballot was accompanied with detailed instructions kit to enable the members to understand the procedure and manner in which postal ballot voting (including remote e-voting) to be carried out.

The following Resolution is deemed to have been passed on the last date of e-voting and receipt of Postal Ballot forms i.e. on Friday, 25<sup>th</sup> March, 2022. The aforesaid voting results along with the Scrutinizer's Report has been submitted to the Bombay Stock Exchange and uploaded in the Company's website.

The details of the Postal Ballot:

S. No.	Resolution	No. of Votes received	No. of Votes favour & %	No. of Votes against & %
1	Ordinary Resolution – Approval for Appointment of Mr.M.E.Manivannan, (DIN: 02229808) as a Whole Time Director of the Company.	36,02,851	36,02,801 (99.9986)	50 (0.0014)

## 9. MEANS OF COMMUNICATION

- The financial results for the Quarter / Year ended are published in the leading English Newspaper viz., Business Line and Tamil version in Tamil Murasu. The financial results have been sent to Stock Exchange within a stipulated time and uploaded in the Company's website [www.loyaltextiles.com](http://www.loyaltextiles.com)
- The company's website [www.loyaltextiles.com](http://www.loyaltextiles.com) contains basic information about the Company and other details as required under the Listing Regulations.
- No presentations have been made to institutional investors or to analysts during the year.

## Board's Report

### 10. GENERAL SHAREHOLDER INFORMATION

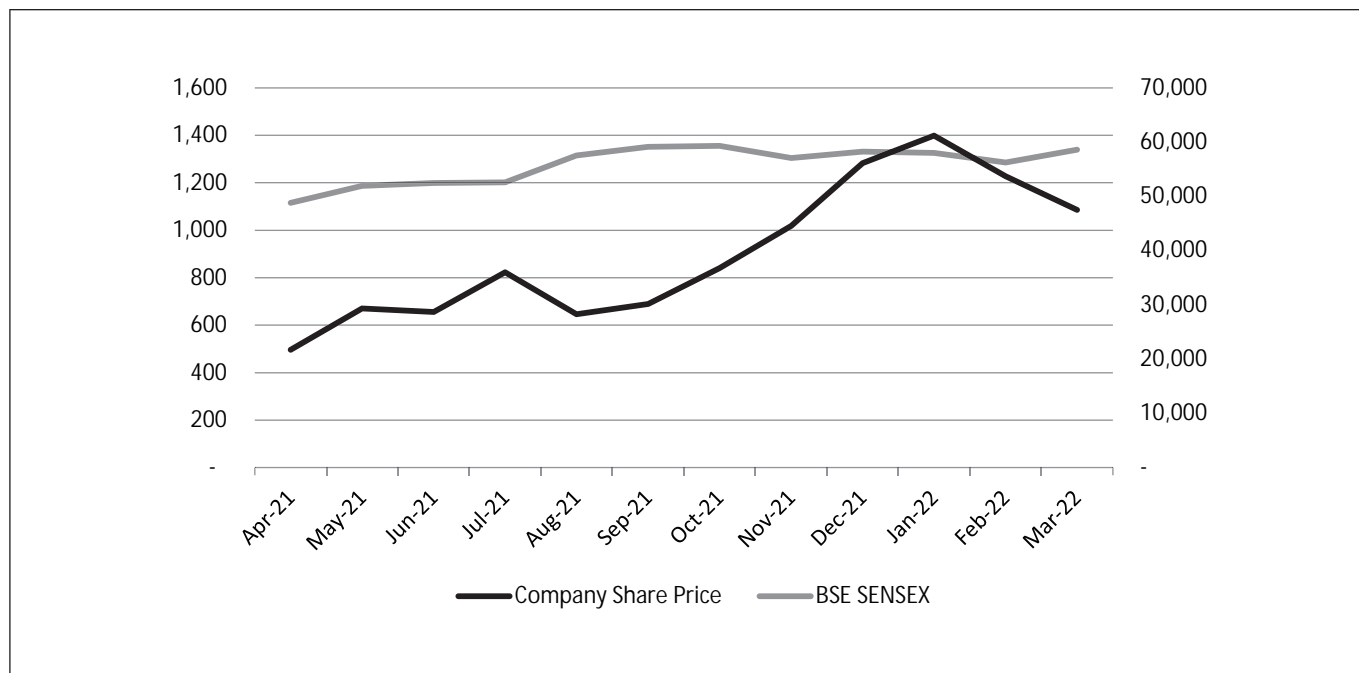
<b>a</b>	<b>Annual General meeting</b>	
	Date	22.09.2022
	Time	10.15 A.M.
	Venue	Through Video Conference ("VC") / Other Audio-Visual Means ("OAVM") / at Registered office.
<b>b</b>	<b>Financial Year</b>	
	Unaudited Financial Results for the Quarter ended 30 <sup>th</sup> June 2022	On or before 14 <sup>th</sup> August 2022
	Unaudited Financial Results for the Quarter ended 30 <sup>th</sup> September 2022	On or before 14 <sup>th</sup> November 2022
	Unaudited Financial Results for the Quarter ended 31 <sup>st</sup> December 2022	On or before 14 <sup>th</sup> February 2023
	Audited Financial Results for the year ended 31 <sup>st</sup> March 2023	On or before 30 <sup>th</sup> May 2023
<b>c</b>	<b>Dividend Payment Date</b>	On or before 30 days from the date of AGM
<b>d</b>	<b>Name and Address of the Stock Exchange where the Company's Shares Listed</b>	Bombay Stock Exchange Listing Fee for the Financial year 2022-23 has been paid.
<b>e</b>	<b>Stock Code / ISIN</b>	514036 / INE970D01010

#### f. Share market price data of financial Year 2021-22

MONTH	COMPANY'S SHARE PRICE			BSE SENSEX		
	HIGH	LOW	CLOSE	HIGH	LOW	CLOSE
April 2021	567	438	496	50,376	47,205	48,782
May	815	480	671	52,013	48,028	51,937
June	689	590	655	53,127	51,451	52,483
July	865	620	823	53,291	51,803	52,587
August	875	635	646	57,625	52,804	57,552
September	725	630	689	60,412	57,264	59,126
October	930	679	840	62,245	58,551	59,307
November	1,140	844	1,019	61,037	56,383	57,065
December	1,390	981	1,283	59,203	55,133	58,254
January 2022	1,610	1,231	1,398	61,475	56,410	58,014
February	1,780	1,106	1,227	59,619	54,383	56,247
March	1,298	1,056	1,086	58,891	52,261	58,569

## Board's Report

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



### h. Share transfer system

In line with amended SEBI (LODR) Regulations, 2015, the Share Transfers are entertained only in dematerialized form, with effect from 1<sup>st</sup> April, 2019. As at 31<sup>st</sup> March, 2022, No Equity Shares were pending for transfer.

### i. Distribution of Shareholder as on 31<sup>st</sup> March 2022

No. of Shares Held	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
Up to – 500	2,463	90.12	1,99,440	4.14
501 – 1000	118	4.32	89,929	1.87
1001 – 2000	59	2.16	92,446	1.92
2001 – 3000	19	0.70	47,614	0.99
3001 – 4000	19	0.70	67,918	1.41
4001 – 5000	4	0.15	18,518	0.38
5001 – 10000	14	0.51	91,958	1.91
10001 & above	37	1.35	42,08,623	87.38
<b>TOTAL</b>	<b>2,733</b>	<b>100.00</b>	<b>48,16,446</b>	<b>100.00</b>

### Shareholding Pattern as on 31<sup>st</sup> March 2022

S.No	Category	No. of Shares	% of Total Capital
1	Promoter Group	35,39,845	73.49
2	Nationalized Banks	4,000	0.08
3	Non Residents	8,919	0.19
4	Others	12,63,682	26.24
	<b>Total</b>	<b>48,16,446</b>	<b>100.00</b>

## Board's Report

### j. Dematerialization of Shares

The Company has entered into an agreement with both NSDL & CDSL to have electronic depository facilities for the shares of the Company. Out of 48,16,446 total shares of the company, 46,72,330 shares were in dematerialized form representing 97.01% of the total shares. The Demat ISIN code number of our share is INE970D01010.

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

The company have no GDRs / ADRs / or convertible instrument outstanding as at 31<sup>st</sup> March 2022.

### l. Plant Locations

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

- 1) 21/4, Mill Street, Kovilpatti – 628 501.
- 2) N Venkateswarapuram, N Subbiahpuram, SatturTaluk - 626 205.
- 3) Menakur Village, Naidupet Mandal, Nellore District, Andhra Pradesh – 524 221.
- 4) Arasanur, Thirumantholai Post, SivagangaiTaluk– 630 561.
- 5) Annarugudan Village, Tallada Mandal, Khammam District, Telangana.

#### Processing

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

### m. Address for Correspondence

Compliance Officer	Registrar and Share Transfer Agent
P. Mahadevan, Company Secretary & Compliance Officer Loyal Textile Mills Ltd. 21/4, Mill Street, Kovilpatti – 628 501 Phone: (04632) 2220001 E-mail: <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 – 600 029 Phone: 044-42962025 E-mail: <a href="mailto:sta@gnsaindia.com">sta@gnsaindia.com</a> Contact Person: Mr. Krishna Kumar, Director

## 10. Other 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.
- 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.

## Board's Report

### DISCRETIONARY REQUIREMENTS

*Pursuant to Regulation 27(1), read with Part E of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company adopted the following discretionary requirements*

- 1. The Board** – The Board has a Separate Post of Chairperson and Chief Executive Officer.
- 2. Modified Opinion(s) in audit report** – The Financial Statements of the Company have unmodified audit opinion.
- 3. Reporting of Internal Auditor** – The internal auditors directly report to the audit committee.

### DISCLOSURE OF THE COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

*[Pursuant to Regulation 34(3) read with Schedule V Para-C (13) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

REGULATION	PARTICULARS	COMPLIANCE STATUS (YES/NO/N.A.)
17	Board of Directors	YES
18	Audit Committee	YES
19	Nomination and Remuneration Committee	YES
20	Stakeholders Relationship Committee	YES
21	Risk Management Committee	N.A.
22	Vigil Mechanism	YES
23	Related Party Transactions	YES
24	Corporate Governance requirements with respect to subsidiary companies	N.A.
25	Obligations with respect to Independent Directors	YES
26	Obligations with respect to Directors and Senior Management	YES
27	Other Corporate Governance Requirements	YES
46(2) (b) to (i)	Website	YES

## Board's Report

### DECLARATION OF COMPLIANCE OF CODE OF CONDUCT

This is to confirm that the company has adopted a Code of Conduct for its Board of Directors and Senior Management personnel. The Code of Conduct is available on the Company's website.

It is hereby confirmed that the Members of the Board and the Senior Management Personnel of the Company have affirmed Compliance of the Code of Conduct of the Company for the year ended 31<sup>st</sup> March 2022.

Place : Chennai  
Date : 30<sup>th</sup> May, 2022

**A Velliangiri**  
Chief Executive Officer

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

*[Pursuant to Regulation 34 (3) and Schedule V Para C sub clause (10) (i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

The Members,  
**LOYAL TEXTILE MILLS LIMITED,**  
21/4, Mill Street,  
Kovilpatti – 628 501

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **M/s. Loyal Textile Mills Limited** having CIN L17111TN1946PLC001361 and having registered office at 21/4, Mill Street, Kovilpatti – 628 501 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that None of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

S. No.	Name of the Director	DIN	Date of Appointment in the Company
1.	Mrs. Valli M Ramaswami	00036508	12-04-2018
2.	Ms. Vishala Ramswami	06967899	20-11-2020
3.	Mr.M.E.Manivannan	02229808	02-12-2021
4.	Mr. B Vaidyanathan	00263983	27-09-2018
5.	Mr. R Poornalingam	00955742	23-10-2020
6.	Mr. Madhavan Nambiar	01122411	11-09-2017
7.	Mr. B T Bangera	00432492	25-09-2017
8.	Mrs. Vijayalakshmi Rao	00259208	25-09-2017
9.	Mr.S.Arun	00162984	23-10-2020
10.	Mr.R.Kannan	00366831	20-11-2020

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

S Harikrishnan  
Practising Company Secretary  
Acs Mem.No. 29583  
CP. No: 13740

Date : 30<sup>th</sup> May 2022  
Place : Chennai

### ANNEXURE – D TO THE DIRECTORS' REPORT

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

To

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

1. We have examined the compliance of conditions of Corporate Governance by M/s. LOYAL TEXTILE MILLS LTD., KOVILPATTI for the year ended on 31<sup>st</sup> March 2022, 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, 2022.
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  
UDIN: 22022841AJWGCA9547

Place : Madurai  
Date : 30<sup>th</sup> May 2022

## Independent Auditors' Report

### Independent Auditors' Report

To the Members of Loyal Textile Mills Limited

#### Report on the Audit of the Standalone Ind AS Financial Statements

##### Opinion

We have audited the Standalone Ind AS Financial Statements of **M/s. LOYAL TEXTILE MILLS LIMITED** ('the Company'), which comprise the Balance Sheet as at 31 March 2022, the statement of Profit and Loss (statement of changes in equity), the statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2022, and its profit/loss including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

##### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under provision of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have no significant matters or issues to be reported upon.

### Management's Responsibility for the Standalone Financial Statements

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

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

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



## Independent Auditors' Report

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw Appendices 87 attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance with a statement that we have complied with relevant ethical

requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Those Charged with Governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder;
  - (e) on the basis of the written representations received from the Directors as on 31<sup>st</sup> March 2022 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March 2022 from being appointed as a Director in terms of Section 164(2) of the Act; and
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in

## Independent Auditors' Report

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, 2020 ("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  
UDIN: 22022841AJWGCA9547

Place : Madurai  
Date : .30<sup>th</sup> May, 2022

## Independent Auditors' 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, 2022 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

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

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

#### Auditor's Responsibility

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

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

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

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

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

A company's internal financial control over financial reporting includes those policies and procedures that:

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

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

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

#### 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, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**S. Natanagopal**  
Partner  
Membership No.022841  
UDIN: 22022841AJWGCA9547

Place : Madurai  
Date : 30<sup>th</sup> May, 2022

## Independent Auditors' 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) Property, Plant and Equipment:**

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its property, plant and equipment;
- b) The Company has a programme of periodic physical verification of fixed assets at all locations by which during the year, the Company has verified fixed assets at selected locations in a phased manner and we were informed that no material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us and based on the, the title deeds of immovable properties, as disclosed in Note No. 9 to the Standalone Ind AS Financial Statements, are held in the name of the Company, except for the following:

(Rs. in Lakhs)

Particulars	Free hold	Lease hold	Remarks
Gross Block as at 31 <sup>st</sup> March 2022	Nil	153.55	SIPCOT Lease hold Land

- d) The company has not revalued its property, plant and equipment or intangible assets or both during the year.
- e) The company had not initiated any proceedings or pending against the benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and no disclosures in financial statements.

**(ii) Inventories:**

- a) 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.
- b) The company has been sanctioned the working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on

the basis of security of current assets; the quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company

**(iii) Loans, Guarantee and Advances:**

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) Loans, Guarantee and Advances to Director of Company:**

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) Deposits:**

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 not accepted/taken interest free inter corporate deposit from a company.

**(vi) Maintenance of Cost Records:**

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) Deposit of Statutory Liabilities:**

- 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, Goods and 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 2022 for a period of more than six

## Independent Auditor's Report

months from the date they became payable is given below:

Nature of dues	(Rs. In Lakhs)
Advance Licensing	NIL

b) According to the information and explanations given to us, the Statutory dues on which demands are pending for payment on account of disputes, the information is given below:

Name of the Statute	Amount		Period to which the dues belong	Forum where the dispute is pending
	Demand	Paid/ adjusted against refunds		
Income Tax	5,50,70,843	1,64,47,493	2014-15, 2016-17, 2017-18	Commissioner of Income tax (Appeals)
GST	42,37,224	0	2017-18	Deputy Commissioner of Appellate Taxes and Authority (GST), Tirunelveli
Sales tax	2,05,70,050	84,90,028	2005- 06, 2007 to 2010	Appellate Dy. Commissioner (Appeal), Tirunelveli
CST (SVTM)	7,95,54,335	0	2013-14	The Commercial Tax Officer
VAT	9,75,70,034.28	3,71,36,963	2007-14	Appellate Dy. Commissioner (Appeal), Tirunelveli
TNGST	41,78,198	28,31,497	2006-07	Appellate Dy. Commissioner (Appeal), Tirunelveli
Labour cases	3,13,618	0	Different dates	Cases pertain to accident compensation/ Bonus/ESI/ Benefit/ Disciplinary cases
<b>TOTAL</b>	<b>26,14,94,302.3</b>	<b>6,49,05,981</b>		

### (viii) Records of Unrecorded Income:

The company has no such transactions which have not been recorded in the books of accounts that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, if so, whether the previously unrecorded income has been properly recorded in the books of account during the year.

### (ix) Default in repayment of borrowings:

- 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.
- the company has not declared as wilful defaulter by any bank or financial institution or other lender.
- We were informed that there were no term loan outstanding on the Balance sheet date.
- The funds raised by the company on short term basis have not been utilised for long term purposes.
- The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures,
- The company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies

### (x) Funds raised and utilisation:

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.

The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.

### (xi) Fraud and whistle – blower complaints:

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.

As per the sub-section (12) of section 143 of the Companies Act Form ADT-4 has not been filed by the auditors as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

The auditor has considered whistle-blower complaints, there are no such cases on the balance sheet date.

### (xii) Nidhi Company:

The Company not being a Nidhi Company, the requirements of paragraph 3(xii) of the order are not applicable.

## Independent Auditors' Report

**(xiii) Related Party Transactions:**

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) Internal Audit:**

The company has an internal audit system commensurate with the size and nature of its business. The reports of the Internal Auditors for the period under audit were considered by the statutory auditor.

**(xv) Non-Cash Transactions:**

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) Registration under RBI act:**

The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**(xvii) Cash Losses:**

The company has not incurred any cash losses in the financial year and in the immediately preceding financial year.

**(xviii) Resignation of Statutory Auditors:**

There has been no instance of any resignation of the statutory auditors occurred during the year.

**(xix) Material Uncertainty on Meeting liabilities:**

No material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of 1 year from the balance sheet date.

**(xx) Transfer to fund specified under Schedule VII of Companies Act, 2013**

In respect of other than ongoing projects, the company does not have unspent amount to be transferred to the Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act.

**(xxi) Auditor's opinion:**

There have been no adverse remarks in the Companies (Auditor's Report) Order (CARO) reports of the company.

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

**S. Natanagopal**  
Partner  
Membership No.022841  
UDIN: 22022841AJWGCA9547

Place : Madurai  
Date : 30<sup>th</sup> May, 2022

## Operating Result Summary

(Rs. in Lakhs)

Year ended	31.03.2022	31.03.2021	31.03.2020	31.03.2019	31.03.2018
Revenue from Operations	176,743	112,180	110,443	130,694	115,603
Other Income	408	305	344	549	1,059
<b>Total Income</b>	<b>177,151</b>	<b>112,485</b>	<b>110,787</b>	<b>131,243</b>	<b>116,663</b>
Cost of materials consumed	113,131	62,312	65,326	72,550	59,617
Purchase of Stock-in-Trade	3,679	1,656	2,946	12,535	13,122
Changes in Inventories of Finished Goods, Work-in-progress	(9,051)	1,194	(2,282)	(1,233)	991
Employee Benefits Expense	16,372	12,913	12,117	10,778	9,292
Finance costs	2,963	3,503	3,691	3,923	3,907
Depreciation and amortization expense	3,704	4,307	5,213	5,739	6,048
Other expenses	33,208	23,301	23,808	24,647	22,034
<b>Total Expenses</b>	<b>164,006</b>	<b>109,186</b>	<b>110,819</b>	<b>128,940</b>	<b>115,011</b>
Profit/(Loss) before tax	13,145	3,299	(32)	2,303	1,651
Export	130,664	77,467	76,291	109,520	98,805
Production of Yarn in Lakh Kgs	279.72	229.52	247.25	283.06	259.08
Production of Cloth in Lakh Mtrs	533.30	445.73	507.98	510.07	494.66

## Balance Sheet Summary

(Rs. in Lakhs)

Year ended	31.03.2022	31.03.2021	31.03.2020	31.03.2019	31.03.2018
Net Fixed Assets	30,617	32,068	35,214	39,494	42,136
Investments	250	254	256	264	420
Long Term Loans and Advances	823	480	469	485	500
Current Assets	94,880	65,306	60,103	59,213	51,613
<b>Total</b>	<b>126,570</b>	<b>98,108</b>	<b>96,042</b>	<b>99,456</b>	<b>94,669</b>
Long Term Borrowings	-	1,308	6,091	10,149	15,292
Deferred Tax Liability (Net)	1,566	1,709	2,063	123	783
Current Liabilities	91,301	70,151	65,721	67,371	59,127
<b>Total</b>	<b>92,867</b>	<b>73,168</b>	<b>73,875</b>	<b>77,643</b>	<b>75,202</b>
Networth	33,703	24,940	22,167	21,814	19,468
<b>Represented By</b>					
Share Capital	482	482	482	482	482
Reserves & Surplus	33,221	24,458	21,685	21,332	18,986
Pre Tax Profits	13,145	3,299	(32)	2,303	1,651
Dividend paid on equity shares	361	-	72	241	482
% of dividend paid on equity shares	75%	0%	15%	50%	100%



## Standalone Balance Sheet as at 31<sup>st</sup> March, 2022

(Rs. in Lakhs)

PARTICULARS	Note No.	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>ASSETS</b>			
<b>A. Non-Current Assets</b>			
(a) Property, Plant & Equipment	3	29,872	31,537
(b) Capital Work-in-progress	3	440	201
(c) Investment property	3	276	282
(d) Other Intangible assets	3	29	48
(e) Financial Assets			
(i) Investments	4	226	230
(f) Other Non-Current Assets	5	823	480
<b>Total Non-Current Assets (A)</b>		<b>31,666</b>	<b>32,778</b>
<b>B. Current Assets</b>			
(a) Inventories	7	44,654	25,844
(b) Financial Assets			
(i) Investments	6	24	24
(ii) Trade Receivables	8	30,290	22,408
(iii) Cash and Cash Equivalents	9	563	387
(iv) Bank Balance Other than (iii) above	9	1,363	2,802
(v) Loans	10	2,087	3,443
(vi) Others	11	641	676
(c) Other current Assets	12	15,282	9,746
<b>Total Current Assets (B)</b>		<b>94,904</b>	<b>65,330</b>
<b>Total Assets (A+B)</b>		<b>126,570</b>	<b>98,108</b>
<b>EQUITY AND LIABILITIES</b>			
<b>C. EQUITY</b>			
(a) Equity Share Capital	13	482	482
(b) Other Equity	14	33,221	24,458
<b>Total Equity (C)</b>		<b>33,703</b>	<b>24,940</b>
<b>D. LIABILITIES</b>			
<b>D1. Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowing	15	-	1,308
(b) Deferred Tax Liabilities (Net)	16	1,566	1,709
<b>Total Non-Current Liabilities (D1)</b>		<b>1,566</b>	<b>3,017</b>
<b>D2. Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowing	17	42,111	32,654
(ii) Trade Payables	18	36,618	24,026
(iii) Other financial liabilities	19	9,916	12,238
(b) Other current liabilities	20	1,366	756
(c) Provisions	21	382	233
(d) Current Tax Liabilities (Net)	22	908	244
<b>Total Current Liabilities (D2)</b>		<b>91,301</b>	<b>70,151</b>
<b>Total Liabilities D (D1+D2)</b>		<b>92,867</b>	<b>73,168</b>
<b>Total Equity and Liabilities (C+D)</b>		<b>126,570</b>	<b>98,108</b>

Note No. 3 to 30 and 31 to 50 form an integral part of this Financial Statements

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

**M E Manivannan**  
Whole Time Director

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

**A Velliangiri**  
Chief Executive Officer

**K Ganapathi**  
Chief Financial Officer

**P Mahadevan**  
Company Secretary & Compliance Officer

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

Place : Chennai  
Date : 30<sup>th</sup> May 2022

## Standalone Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2022

(Rs. in Lakhs)

PARTICULARS	Note No.	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
I. Revenue from Operations	23	176,743	112,180
II. Other Income	24	408	305
<b>III. Total Income (I +II)</b>		<b>177,151</b>	<b>112,485</b>
IV. Expenses:			
Cost of materials consumed	25	113,131	62,312
Purchase of Stock-in-Trade	26	3,679	1,656
Changes in Inventories of	27		
Finished Goods		(5,841)	2,934
Work-in-progress		(3,210)	(1,740)
Employee Benefits Expense	28	16,372	12,913
Finance costs	29	2,963	3,503
Depreciation and amortization expense	3	3,704	4,307
Other expenses	30	33,208	23,301
<b>Total Expenses</b>		<b>164,006</b>	<b>109,186</b>
V. Profit / (Loss) before exceptional items and tax - (III - IV)		13,145	3,299
VI. Exceptional Items		Nil	Nil
VII. Profit / (Loss) before tax (V - VI)		13,145	3,299
VIII. Tax expense:			
(1) Current tax		4,119	903
(2) Deferred tax		(143)	(356)
(3) MAT Entitlement			
- Pertaining to Current Year		-	-
- Pertaining to prior year		-	-
(4) Income Tax relating to Previous Year		43	-
IX. Profit/(Loss) for the period from continuing operations (VII-VIII)		9,126	2,752
X. Profit/(Loss) from discontinuing operations		Nil	Nil
<b>XI. Profit/(Loss) for the period after tax (IX + X)</b>		<b>9,126</b>	<b>2,752</b>
XII. Other Comprehensive Income, net off Income Tax			
(a) Items that will not be reclassified to Profit or Loss		(2)	23
(b) Income tax relating to items that will not be reclassified to Profit or Loss		1	(2)
<b>XIII. Total Comprehensive Income for the Period (XI+XII)</b>		<b>9,125</b>	<b>2,773</b>
XIV. Earning per equity share of Rs.10/- :			
(1) Basic		189.48	57.13
(2) Diluted		189.48	57.13

Note No. 3 to 30 and 31 to 50 form an integral part of this Financial Statements

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

**M E Manivannan**  
Whole Time Director

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

**A Velliangiri**  
Chief Executive Officer

**K Ganapathi**  
Chief Financial Officer

**P Mahadevan**  
Company Secretary & Compliance Officer

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

Place : Chennai  
Date : 30<sup>th</sup> May 2022

## Standalone Cash Flow Statement for the year ended 31<sup>st</sup> March, 2022

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
PROFIT BEFORE TAX	13,145	3,299
ADJUSTMENTS FOR		
Depreciation	3,704	4,307
Interest paid	2,963	3,503
Interest received	(52)	(153)
Dividend received on Investments - Others	(181)	(82)
Bad Debts & Provision for Bad debts Written back	137	-
Impairment on Assets	103	-
(Profit)/Loss on disposal of Fixed Assets	(53)	5
<b>OPERATING PROFIT BEFORE WORKING CAPITAL</b>	<b>19,766</b>	<b>10,879</b>
ADJUSTMENTS FOR CHANGES IN		
Inventories	(18,810)	3,715
Debtors	(6,240)	(6,522)
Loans & Advances and Other Current Assets	(8,505)	(874)
Amount deposited as Margin Money	1,439	(1,562)
Current liabilities and provisions	24,995	4,540
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>12,645</b>	<b>10,176</b>
Interest receipts	52	153
Income Tax (Paid)/Refund	(1,778)	(275)
<b>NET CASH FLOW (A)</b>	<b>10,919</b>	<b>10,054</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payments for Assets acquisition	(2,378)	(1,168)
Proceeds on Sale of Fixed Assets	76	3
Sale/(Purchase) of Investments	-	2
Dividend receipts	181	82
<b>NET CASH FLOW (B)</b>	<b>(2,121)</b>	<b>(1,081)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(2,963)	(3,503)
Repayment of Long Term Borrowings	(5,298)	(5,235)
Dividend paid	(361)	-
<b>NET CASH FLOW (C)</b>	<b>(8,622)</b>	<b>(8,738)</b>
<b>NET CASH INFLOW / (OUTFLOW) (A+B+C)</b>	<b>176</b>	<b>235</b>
<b>OPENING CASH AND CASH EQUIVALENTS (D)</b>	<b>387</b>	<b>152</b>
<b>CLOSING CASH AND CASH EQUIVALENTS (E)</b>	<b>563</b>	<b>387</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>176</b>	<b>235</b>

## Standalone Cash Flow Statement for the year ended 31<sup>st</sup> March, 2022

Notes:

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

PARTICULARS	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Cash and Cash equivalents as per Cash Flow statement	563	387
Add: Balances which are earmarked against liabilities and is not available for use	1,363	2,802
Cash and Cash equivalents as reported in Financial Statements	1,926	3,189

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

**M E Manivannan**  
Whole Time Director

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

**A Velliangiri**  
Chief Executive Officer

**K Ganapathi**  
Chief Financial Officer

**P Mahadevan**  
Company Secretary & Compliance Officer

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

Place : Chennai  
Date : 30<sup>th</sup> May 2022

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

### 1 General Information:

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

### 2 Significant Accounting Policies:

#### Statement of Compliance:

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

#### Basis for Preparation and Presentation:

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

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

#### Derivative financial instruments –

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

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

#### (a) Inventories:

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

- Raw materials, stores & Spares are valued at weighted average basis. The cost includes cost of purchase and other costs incurred in bringing

the inventories to their present location and condition.

- Stock-in-process is valued at Cost and Finished goods are Valued at Cost and Net Realisable value as Applicable. Cost includes applicable production overheads.
- Traded goods are valued at lower of Cost and Net Realizable Value.

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

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

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

#### (b) Cash flow statement:

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

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

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

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

### (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 Goods and Service Tax and recoveries as applicable. There is no Excise Duty collection on sales as the Company has opted out of the duty payment scheme.

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

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

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

Incentives receivable from Government is accounted on certainty of receipt.

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

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

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

i) The Company has elected to consider carrying amount of all items of property, plant and equipments measured as per Indian GAAP as recognized in the financial statements as at the date of transition, as deemed cost at the date of transition. Deemed cost is the differential between

the cost of the asset less the depreciation at the given date.

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

### (f) Intangible Assets:

Intangible assets with finite useful life acquired separately 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 at end of each financial year.

### (g) Foreign Currency Transactions:

#### i) Functional and Presentation currency:

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

#### ii) Transaction and balances:

The foreign currency transactions are recorded, on initial recognition in the functional currency, by applying to the foreign currency amount

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

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 Profit or 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 day 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 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 arising on specified dates to cash flows that are solely for 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 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 arising on specified dates to cash flows that are solely for 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 carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

#### b. Derivative financial instruments:

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

accounting under Ind AS 109 - Financial Instruments. Any derivative that is either not designated as hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss. Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of profit and loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

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

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

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

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

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

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

assessment. Long term compensated absences are provided for based on actuarial valuation.

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

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

### (j) **Borrowing Costs:**

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

### (k) **Segment Reporting:**

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



## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

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.

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

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

### (m) Earnings Per Share:

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

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

### (n) Income Taxes:

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

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss either in OCI or in equity. Current tax items are recognised in correlation to the underlying transaction in OCI and Prior year 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.

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

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 laws and tax rates 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 OCI 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 group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

#### Provisions:

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

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

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

#### Contingent Liabilities:

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

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

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 on hand and balance with bank 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 Properties:**

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 properties as per the useful life prescribed in Schedule II of the Companies Act, 2013.

Though the Company measures investment properties 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.

Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Rs. in Lakhs)

Note No: 3 PROPERTY, PLANT AND EQUIPMENT

Particulars	Tangible Assets							Total Tangible Assets	Intangible Assets	Total Tangible and Intangible Assets	Investment Property	Total Tangible Assets, Intangible Assets & Investment Properties	
	Land	Building	Plant and Equip-ment	Furniture and Fittings	Electrical Fittings	Vehicles	Office Equip-ment						Computer Software
As at 31 <sup>st</sup> March 2021	1,251.75	12,075.77	42,474.47	320.79	1,388.96	122.14	262.92	57,896.79	156.58	58,053.37	310.94	58,364.30	
Additions	200.64	143.77	1,751.61	23.42	87.91	45.38	100.41	2,353.14	3.28	2,356.42	-	2,356.42	
Disposals/Adjustments	-	-	(3,527.06)	-	-	-	-	(3,527.06)	-	(3,527.06)	-	(3,527.06)	
As at 31 <sup>st</sup> March 2022	1,452.39	12,219.54	40,699.02	344.21	1,476.87	167.52	363.33	56,722.87	159.86	56,882.74	310.94	57,193.66	
<b>Depreciation / Amortisation</b>													
As at 31 <sup>st</sup> March, 2021	-	2,345.37	22,706.10	148.09	981.86	2.40	176.21	26,360.04	108.70	26,468.74	28.57	26,497.31	
Charge for the year 2021-22	-	504.75	2,965.21	29.57	102.71	29.29	44.04	3,675.57	22.27	3,697.84	6.03	3,703.87	
Disposals/Adjustments	-	-	(3,184.70)	-	-	-	-	(3,184.70)	-	(3,184.70)	-	(3,184.70)	
As at 31 <sup>st</sup> March 2022	-	2,850.12	22,486.61	177.66	1,084.56	31.68	220.25	26,850.91	130.97	26,981.88	34.60	27,016.48	
<b>Net Block</b>													
As at 31 <sup>st</sup> March, 2021	1,251.75	9,730.40	19,768.37	172.70	407.10	119.74	86.70	31,536.75	47.87	31,584.63	282.36	31,866.99	
As at 31 <sup>st</sup> March 2022	1,452.39	9,369.42	18,212.42	166.55	392.31	135.84	143.07	29,871.96	28.88	29,900.86	276.33	30,177.18	
<b>Capital Work in Progress at Cost</b>													
(Rs. in Lakhs)													
Particulars	31.03.2022	31.03.2021											
Land Pending For Registration	-	200.64											
Building Under Construction	126.79	-											
Plant & Machinery	213.79	-											
Electrical Installations	92.99	-											
Computers	5.93	-											
<b>Total</b>	<b>439.50</b>	<b>200.64</b>											

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

### Note No. 4. NON-CURRENT INVESTMENTS - AT COST ( Except Quoted Investments)

(Rs. in Lakhs)

S.No.	PARTICULARS	Face value	No. of Shares	31 <sup>st</sup> March 2022	No. of Shares	31 <sup>st</sup> March 2021
<b>Investment in Subsidiary and Joint ventures</b>						
1	Gruppo P&P Loyal spa (Joint Venture 47.5%)	Euro 85	3,325	149	3,325	149
2	Loyal Dimco Group A.E.B.E.(Joint venture 50%)		50,000	18	50,000	18
3	Loyal Textiles (UK) Ltd (49%)		2,450	0	2,450	0
4	Loyal International Sourcing Pvt Ltd (Subsidiary 100%)	Rs 10	20,000	2	20,000	2
5	Loyal IRV Textile LDA, Portugal (Joint Venture 51%)	Euro 1	2,550	2	2,550	2
				171		171
<b>I</b>	<b>Trade Investments</b>					
	<b>Investments in Equity Instruments:</b>					
	<b>A) Unquoted</b>					
1	Cuddalore Sipcot Industries Common Utilities Limited	100	4,665	5	4,665	5
2	SIMA Textile Processing Centre Ltd	10	20,000	2	20,000	2
				7		7
<b>II</b>	<b>Other Investments</b>					
	<b>Investments in Equity Instruments:</b>					
	<b>A) Quoted</b>					
1	Central Bank of India	10	1,469	0	1,469	0
2	Amrutanjan Health Care Ltd	1	1,000	8	1,000	6
3	Matrimony.com Ltd	5	2,120	14	2,120	20
				22		26
	<b>B) Unquoted</b>					
1	Dhanvantari Nano Ayushadi Private Limited	5	25,000	3	25,000	3
	<b>C) Investment in Compulsorily Convertible Debentures</b>					
1	Dhanvantari Nano Ayushadi Private Limited	10	2,25,000	23	2,25,000	23
	<b>D) Investment in Government or Trust Securities</b>					
				0		0
	<b>Total</b>			<b>226</b>		<b>230</b>
<b>Particulars</b>				<b>As at</b>	<b>As at</b>	
				<b>31.03.2022</b>	<b>31.03.2021</b>	
Aggregate Value of Quoted Investments				22	26	
Market Value of Quoted Investments				22	26	
Aggregate Value of Unquoted Investments				32	32	

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

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

(Rs. in Lakhs)

S.No.	PARTICULARS	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
1	Capital Advances		
	- Unsecured, Considered good	672	326
2	Prepayment of Lease	151	154
	<b>Total</b>	<b>823</b>	<b>480</b>

### Note No. 6. CURRENT INVESTMENTS

(Rs. in Lakhs)

S.No.	PARTICULARS	Face value	No. of Shares	31 <sup>st</sup> March 2022	No. of Shares	31 <sup>st</sup> March 2021
<b>(A) Trade Investments</b>						
<b>Investments in Equity Instruments - Unquoted</b>						
1	Saheli Exports Private Limited	10	4,300	2	4,300	2
2	Continuum Wind Energy Pvt Ltd	10	218,927	22	218,927	22
	<b>Total</b>			<b>24</b>		<b>24</b>

(Rs. in Lakhs)

	PARTICULARS	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>Note No. 7. INVENTORIES</b>			
(a)	Raw Materials	20,556	11,026
(b)	Work-in-progress	10,658	7,448
(c)	Finished Goods	11,743	5,902
(d)	Stores, spares and Packing Materials	1,697	1,468
	<b>Total</b>	<b>44,654</b>	<b>25,844</b>

### Note No. 8. TRADE RECEIVABLES

(i)	Unsecured, Considered good	30,290	22,408
(ii)	Unsecured and Considered doubtful	160	188
		<b>30,450</b>	<b>22,596</b>
	Less : Provision for bad and doubtful	(160)	(188)
		<b>30,290</b>	<b>22,408</b>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>Note No. 9. CASH AND CASH EQUIVALENTS</b>		
<b>Cash on hand</b>	<b>2</b>	<b>3</b>
<b>Balance with banks</b>		
(i) In current accounts	<b>558</b>	293
(ii) In EEFC accounts	<b>3</b>	91
	<u><b>563</b></u>	<u>387</u>
<b>Other Bank Balances</b>		
<b>(I) Earmarked Deposit accounts</b>		
- Unpaid Dividend Bank account	<b>55</b>	66
<b>(II) In Deposit Accounts</b>		
- Bank balances held as margin money	<b>1,308</b>	2,736
	<u><b>1,363</b></u>	<u>2,802</u>
<b>Note No. 10. LOANS</b>		
Security Deposits	<b>1,462</b>	1,323
MAT Credit Entitlement	<b>625</b>	2,120
	<u><b>2,087</b></u>	<u>3,443</u>
<b>Note No. 11. OTHER FINANCIAL ASSETS</b>		
a) Interest Receivable	<b>641</b>	676
	<u><b>641</b></u>	<u>676</u>
<b>Note No. 12. OTHER CURRENT ASSETS</b>		
a) Advances recoverable in cash or in kind or for value to be received	<b>7,751</b>	4,733
b) Export Benefits Receivable	<b>1,225</b>	857
c) GST Refund / GST ITC / AP Power Subsidy Receivable	<b>6,304</b>	4,154
d) Prepayment of Lease	<b>2</b>	2
	<u><b>15,282</b></u>	<u>9,746</u>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

### Note No. 13 (a) Authorised, Issued, Subscribed, Paid-up share capital and par value per share (Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>Authorised Share Capital</b>		
90,00,000 Equity Shares of Rs. 10/- each	900	900
6,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each (Previous year 6,00,000 preference shares of Rs. 100/- each)	600	600
<b>Issued &amp; Subscribed Share Capital</b>		
48,16,446 Equity Shares of Rs. 10/- each fully paid - up (Previous year 48,16,446 equity shares of Rs. 10/- each)	482	482
<b>Paid-up Share Capital</b>		
48,16,446 Equity Shares of Rs. 10/- each fully paid - up (Previous year 48,16,446 equity shares of Rs. 10/- each)	482	482
	482	482

### Note No. 13 (b) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year

PARTICULARS	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Number of shares outstanding as at the beginning of the year	48,16,446	48,16,446
Number of shares outstanding as at the end of the year	48,16,446	48,16,446

### Note No. 13 (c) Shares in the company held by each shareholder holding more than 5% shares

S.No.	Name of the shareholder	Number of shares held in the company	
		31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
1	Madurai Tara Traders Pvt Ltd	7,76,887	7,76,887
2	Felspar Credit and Investment Pvt Ltd	6,61,126	6,61,126
3	Dhanalakshmi Properties Pvt Ltd	6,29,343	6,29,343
4	Kurunji Properties Pvt Ltd	3,46,887	3,46,887
5	Chinthamani Cotton Trading Pvt Ltd	2,80,270	2,80,270



## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

### Note No.13 (d) Shareholding of Promoters

S.No.	Promoter Name	Shareholding as on 31.03.2022		Shareholding as on 31.03.2021		% Change during the year
		No. of Shares	% of total shares	No. of Shares	% of total shares	
1	Mr. Manikam Ramaswami (Deceased)	1,09,315	2.27	1,09,315	2.27	-
2	Mrs. Valli M Ramaswami	86,148	1.79	86,148	1.79	-
3	Ms. Vishala Ramaswami	550	0.01	550	0.01	-
4	Mr. M Ramakrishnan	2	-	2	-	-
5	Mr. P Manivannan	2	-	2	-	-
6	M/s. Madurai Tara Traders Private Ltd.	7,76,887	16.13	7,76,887	16.13	-
7	M/s. Felspar Credit and Investments Private Ltd.	6,61,126	13.73	6,61,126	13.73	-
8	M/s. Dhanalakshmi Properties Pvt Ltd	6,29,343	13.07	6,29,343	13.07	-
9	M/s. Kurunji Properties Pvt Ltd	3,46,887	7.20	3,46,887	7.20	-
10	M/s. Chinthamani Cotton Trading Pvt Ltd	2,80,270	5.82	2,80,270	5.82	-
11	M/s. Nemesis Cotton Trading Company Private Ltd.	1,36,086	2.83	1,36,086	2.83	-
12	M/s. Rhea Cotton Traders Private Ltd.	1,16,660	2.42	1,16,660	2.42	-
13	M/s. Nike Cotton Traders Private Ltd.	1,15,000	2.39	1,15,000	2.39	-
14	M/s.Hellen Cotton Trading Company Private Ltd.	71,950	1.49	71,950	1.49	-
15	M/s. Valli Agri Industries Private Ltd.	55,620	1.15	55,620	1.15	-
16	M/s. Valli Yarn Processors Private Ltd.	53,496	1.11	53,496	1.11	-
17	M/s. Vishala Apparels Private Ltd.	30,625	0.64	30,625	0.64	-
18	M/s. Vishala Knitwear Private Ltd.	29,375	0.61	29,375	0.61	-
19	M/s. Sri Manikavasagam Trades and Finance Private Ltd.	22,501	0.47	22,501	0.47	-
20	M/s. Emmar Trades and Finance Private Ltd.	18,002	0.37	18,002	0.37	-
	<b>Total</b>	<b>35,39,845</b>	<b>73.49</b>	<b>35,39,845</b>	<b>73.49</b>	-

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>Note No. 14. OTHER EQUITY</b>		
<b>(a) Capital Reserves</b>		
Opening Balance	24	24
Additions during the year	Nil	Nil
Deductions during the year	Nil	Nil
Closing Balance	<u>24</u>	<u>24</u>
<b>(b) Amalgamation Reserve</b>		
Opening Balance	243	243
Additions during the year	Nil	Nil
Deductions during the year	Nil	Nil
Closing Balance	<u>243</u>	<u>243</u>
<b>(c) General Reserve</b>		
Opening Balance	8,475	8,475
Add:		
Transfer from Surplus	Nil	Nil
Less:		
Deductions during the year	Nil	Nil
Closing Balance	<u>8,475</u>	<u>8,475</u>
<b>(d) Other Comprehensive Income Reserve on Ind AS Transition</b>		
Opening Balance	264	243
Increase / (Decrease) in OCI reserve due to		
- Actuarial Gain / (Loss) on Gratuity	3	4
- Gain / (Loss) on Fair Value of Investments	(4)	17
Closing Balance	<u>262</u>	<u>264</u>
<b>(e) Retained Earnings</b>		
Opening Balance	15,452	12,700
<b>Add:</b>		
Profit for the period as per Profit & Loss Statement	9,125	2,773
<b>Less:</b>		
Final dividend (PY @ 15% - Rs. 1.5/- per share)	361	Nil
Tax on distributed profits on equity shares	Nil	Nil
Transfer to OCI Reserve due to Ind AS Transition	( 1)	21
Closing Balance	<u>24,217</u>	<u>15,452</u>
<b>Total Other Equity</b>	<u>33,221</u>	<u>24,458</u>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>NON-CURRENT FINANCIAL LIABILITIES</b>		
<b>Note No. 15. BORROWING:</b>		
<b>Term Loans - Secured</b>		
- From Banks	-	1,308
- From Financial Institutions	-	-
	<u>-</u>	<u>1,308</u>
<b>Note No. 16. DEFERRED TAX LIABILITIES (NET)</b>		
<b>Deferred Tax Net</b>		
<b>Deferred Tax Liabilities:</b>		
- On account of Depreciation	2,362	2,524
<b>Deferred Tax Assets:</b>		
- On account of timing differences under Income tax	(796)	(815)
<b>Deferred Tax Liabilities (Net)</b>	<u>1 566</u>	<u>1 709</u>
<b>CURRENT LIABILITIES</b>		
<b>Financial Liabilities</b>		
<b>Note No.17 BORROWINGS</b>		
<b>Loans Repayable On Demand</b>		
<b>From Banks Secured</b>		
- Packing Credit / Cash Credit	29,257	24,876
- Bills Discounted But not Realised - With Banks	12,854	7,778
(Secured by the Hypothecation of Raw-materials, Stock-in-process, Finished Goods, Stores consumables, Spares and Book debts and are also secured by second charge on block assets.)	<u>42,111</u>	<u>32,654</u>
<b>Note No. 18. TRADE PAYABLE</b>		
- Outstanding dues of creditor other than Micro and Small Enterprises	35,806	23,577
- Outstanding dues of creditor of Micro and Small Enterprises	812	449
	<u>36 618</u>	<u>24 026</u>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>Note No. 19. OTHER FINANCIAL LIABILITIES</b>		
Current Maturities of Long term Debts	-	3,990
Interest Payable -Others	34	183
Interest due but not paid	Nil	22
Unpaid Dividends	55	66
Creditors for Capital Goods	170	123
Expenses Payable	9,657	7,854
	<u>9,916</u>	<u>12,238</u>
<b>Note No. 20. OTHER CURRENT LIABILITIES</b>		
Statutory Liabilities Payable	116	115
Advance received against Supplies	1,250	641
	<u>1,366</u>	<u>756</u>
<b>Note No. 21. SHORT-TERM PROVISIONS</b>		
For Provident Fund and Other Funds	78	48
Provision for Gratuity	183	69
Provision for Leave Salary	121	116
	<u>382</u>	<u>233</u>
<b>Note No. 22. CURRENT TAX - LIABILITIES (NET)</b>		
Tax payments pending adjustments (Net)	908	244
	<u>908</u>	<u>244</u>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>NOTE No. 23. REVENUE FROM OPERATIONS</b>		
Sale of Products	1,68,145	1,07,648
Sale of Services	770	537
Other operating Revenues	7,828	3,995
	<u>1,76,743</u>	<u>1,12,180</u>
<b>NOTE No. 24. OTHER INCOME</b>		
Interest Income	52	153
Dividend Income	181	82
Other Non operating income	175	70
	<u>408</u>	<u>305</u>
<b>NOTE No. 25. COST OF MATERIALS CONSUMED</b>		
i) Cotton, Staple Fibre and Cotton waste	54,765	30,862
ii) Yarn	53,635	28,062
iii) Fabric	3,896	2,869
iv) Dyes	423	330
v) Reflective band	412	189
	<u>1,13,131</u>	<u>62,312</u>
<b>NOTE No. 26. PURCHASE OF STOCK-IN-TRADE</b>		
Yarn	2,163	1,429
Others - Packing materials and Cotton	1,516	227
	<u>3,679</u>	<u>1,656</u>
<b>NOTE No. 27. CHANGES IN INVENTORIES</b>		
OPENING STOCK		
Process Stock	7,448	5,709
Finished goods	5,902	8,836
TOTAL (A)	<u>13,350</u>	<u>14,545</u>
LESS: CLOSING STOCK		
Process Stock	10,658	7,448
Finished goods	11,743	5,902
TOTAL (B)	<u>22,401</u>	<u>13,350</u>
<b>CHANGES IN INVENTORIES NET (INCREASE ) / DECREASE (A-B)</b>		
Process Stock	(3,210)	(1,740)
Finished goods	(5,841)	2,934
	<u>(9,051)</u>	<u>1,194</u>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>NOTE No. 28. EMPLOYEE BENEFITS / EXPENSES</b>		
Salaries, Wages and Bonus	13,651	10,616
Unavailed earned Leave	154	154
Contribution to Provident Fund and other funds	966	914
Other Welfare Expenses	1,601	1,229
	<u>16,372</u>	<u>12,913</u>
<b>NOTE No. 29. FINANCE COSTS</b>		
Interest Expenses		
- For Term Loan	212	813
- For Working capital Loan	2,074	2,243
- For Export Bills Discounting	523	280
- For Domestic Bill Discounting	47	24
Other Borrowing Cost	107	143
	<u>2,963</u>	<u>3,503</u>
<b>NOTE No. 30. OTHER EXPENSES</b>		
Freight and forwarding charges	5,668	3,575
Selling Expenses	1,755	1,238
<b>PAYMENT TO THE AUDITORS</b>		
As Auditors	10	10
For Certification work	1	2
For Reimbursement of Expenses	-	-
Conversion Charges	1,574	1,008
Processing Charges	843	961
Stores Consumed	8,421	6,025
Power and Fuel	9,888	7,157
Repairs to Machinery	1,515	1,154
Repairs to Building	399	149
Insurance	308	260
Bad Debts	165	-
Rates and Taxes excluding Taxes on Income	113	70
Provision for Doubtful Debts	( 28)	-
Impairment on Assets	103	-
Expenditure on CSR Activities	46	23
Rent	183	99
Miscellaneous Expenses	2,244	1,570
	<u>33,208</u>	<u>23,301</u>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

### NOTE No. 31. TRADE RECEIVABLES OUTSTANDING AGEING SCHEDULE

(Rs. in Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months – 1 year	1–2 years	2–3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	30,182	108	-	-	-	30,290
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	108	14	13	25	160
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
<b>Total</b>	<b>30,182</b>	<b>216</b>	<b>14</b>	<b>13</b>	<b>25</b>	<b>30,450</b>

Note : Provision has been made for Rs.160 Lakhs for disputed trade receivables.

### NOTE No. 32. TRADE PAYABLES AGEING SCHEDULE

(Rs. in Lakhs)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1–2 years	2–3 years	More than 3 years	
1. MSME	812	-	-	-	812
2. Others	35,651	155	-	-	35,806
3. Disputed dues – MSME	-	-	-	-	-
4. Disputed dues – others	-	-	-	-	-
<b>Total</b>	<b>36,463</b>	<b>155</b>	<b>-</b>	<b>-</b>	<b>36,618</b>

### NOTE No. 33. CAPITAL WORK IN PROGRESS (CWIP) AGEING SCHEDULE

(Rs. in Lakhs)

CWIP	Amount in CWIP for a period of				Total
	Less Than 1 Year	1-2 Years	2-3 years	More than 3 Years	
Building under progress	126.79	-	-	-	126.79
Plant & Machinery - WIP	213.79	-	-	-	213.79
IT Related	5.93	-	-	-	5.93
Electrical installation - WIP	92.99	-	-	-	92.99
<b>Total</b>	<b>439.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>439.50</b>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

### NOTE No. 34. CAPITAL WORK IN PROGRESS (CWIP) COMPLETION SCHEDULE

(Rs. in Lakhs)

CWIP	To be Completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Roof Top Renovation	115.47	-	-	-	115.47
Networking Cable Installation	92.99	-	-	-	92.99
Garments Project	75.01	-	-	-	75.01
Reeds	68.93	-	-	-	68.93
Solar Project	38.99	-	-	-	38.99
Metal Water Storage Tank	17.75	-	-	-	17.75
Training Hall	11.32	-	-	-	11.32
Screw Compressor	7.54	-	-	-	7.54
IT Related	5.93	-	-	-	5.93
Humidity Control Panel	3.58	-	-	-	3.58
Automatic Cleaning Brush	1.99	-	-	-	1.99
<b>Total</b>	<b>439.50</b>	-	-	-	<b>439.50</b>

**NOTE No. 35.** The monthly returns filed by the Company with banks are in agreement with the books of accounts.

**NOTE No. 36.** In one of our manufacturing unit located at Naidupeta, Andhra Pradesh, Weaving section was affected by fire on 07.03.2022. There was no fatality or injury to any person because of this incident. Fixed assets with book value of Rs. 3.30 crores and Stocks worth Rs. 4.36 crores were burnt by fire. The impact of this has been factored in the year end statement of profit and loss on estimated loss basis to the extent of Rs. 3.30 crores for Fixed Assets and Rs. 4.36 crores for Work in Progress and Finished goods. Restoration work is in progress. The weaving shed is being operated partially from 03.05.2022. The Company is in the process of filing claim with the Insurance Company.

### NOTE No. 37. RATIOS

S. No.	Ratios	UOM	FY 2021-22	FY 2020-21	Change in %	Comments
a)	<b>Current Ratio</b>	<b>Times</b>	<b>1.05</b>	<b>0.92</b>	<b>13.35%</b>	Profit ploughed back
	Current Assets	Rs. Lacs	82,050	57,552		
	Current Liabilities	Rs. Lacs	78,447	62,373		
b)	<b>Debt Equity Ratio</b>	<b>Times</b>	<b>0.87</b>	<b>1.21</b>	<b>-28.25%</b>	Debt Equity ratio improved due to repayment of entire term loans and increase in shareholder's equity on account of profit generated during the year.
	Total Debt	Rs. Lacs	29,257	30,174		
	Shareholder's Equity	Rs. Lacs	33,703	24,940		



## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

S. No.	Ratios	UOM	FY 2021-22	FY 2020-21	Change in %	Comments
c)	<b>Debt Service Coverage Ratio</b>	<b>Times</b>	<b>5.33</b>	<b>1.19</b>	<b>347.64%</b>	As entire long term debt has been repaid, repayment obligation of term loan has become zero. Ratio has improved due to lower obligation of interest and increase in profit after tax.
	Profit after Tax	Rs. Lacs	9,126	2,752		
	Depreciation	Rs. Lacs	3,704	4,307		
	Interest	Rs. Lacs	2,963	3,503		
	Dividend received on Investments	Rs. Lacs	-181	-82		
	Bad Debts & Provision for Bad debts Written back	Rs. Lacs	137	-		
	Impairment on Assets	Rs. Lacs	103	-		
	(Profit)/Loss on disposal of Fixed Assets	Rs. Lacs	-53	5		
	<b>Earnings available for Debt service</b>	<b>Rs. Lacs</b>	<b>15,799</b>	<b>10,484</b>		
	<b>Interest + Installments</b>	<b>Rs. Lacs</b>	<b>2,963</b>	<b>8,801</b>		
d)	<b>Return on Equity</b>	<b>%</b>	<b>27.08%</b>	<b>11.03%</b>	<b>145.43%</b>	ROE increased due to higher profit.
	Profit After Tax	Rs. Lacs	9,126	2,752		
	Shareholder's Equity	Rs. Lacs	33,703	24,940		
e)	<b>Trade Receivables Turnover Ratio</b>	<b>Times</b>	<b>6.71</b>	<b>5.90</b>	<b>13.67%</b>	Sales during February and March during the current year was Rs. 291.82 Cr against Rs. 244.48 Cr in the corresponding period of the previous year.
	Net credit sales	Rs. Lacs	176,743	112,180		
	Average Accounts Receivable	Rs. Lacs	26,349	19,010		
	Trade Receivables Turnover	No. of days	54	62		
f)	<b>Trade Payables Turnover Ratio</b>	<b>Times</b>	<b>4.62</b>	<b>2.97</b>	<b>55.24%</b>	Increased due to increase in volume and increase in prices of raw materials and other input items.
	Net credit purchases	Rs. Lacs	140,038	70,514		
	Average Accounts Payable	Rs. Lacs	30,322	23,703		
	Trade Payables Turnover	No. of days	79	123		

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

S. No.	Ratios	UOM	FY 2021-22	FY 2020-21	Change in %	Comments
g)	<b>Net Capital Turnover Ratio</b>	<b>Times</b>	<b>5.24</b>	<b>4.50</b>	<b>16.59%</b>	Increased due to increase in production and increase in sales during the year compared to the previous year.
	Sales	Rs. Lacs	176,743	112,180		
	Shareholder's Equity	Rs. Lacs	33,703	24,940		
h)	<b>Net profit ratio</b>	<b>%</b>	<b>5.16%</b>	<b>2.45%</b>	<b>110.51%</b>	Ratio increased due to higher profit compared to FY2020-21.
	Profit After Tax	Rs. Lacs	9,126	2,752		
	Sales	Rs. Lacs	176,743	112,180		
i)	<b>Return on Capital Employed</b>	<b>%</b>	<b>25.58%</b>	<b>12.34%</b>	<b>107.29%</b>	ROCE increased due to higher profit.
	Profit before Tax	Rs. Lacs	13,145	3,299		
	Add: Finance Cost	Rs. Lacs	2,963	3,503		
	<b>A. EBIT</b>	<b>Rs. Lacs</b>	<b>16,108</b>	<b>6,802</b>		
	I. Share Capital plus Reserves	Rs. Lacs	33,703	24,940		
	II. Borrowings	Rs. Lacs				
	a. Non Current borrowings	Rs. Lacs	-	1,308		
	b. Current borrowings (CC )	Rs. Lacs	29,257	24,876		
	c. Current Maturities	Rs. Lacs	-	3,990		
	<b>B. Capital Employed</b>	<b>Rs. Lacs</b>	<b>62,960</b>	<b>55,114</b>		
j)	<b>Return on investment</b>	<b>%</b>	<b>39.00%</b>	<b>13.23%</b>	<b>194.81%</b>	Ratio increased due to higher profit.
	Profit before Tax	Rs. Lacs	13,145	3,299		
	Investment	Rs. Lacs	33,703	24,940		

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Rs. in Lakhs)

Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>38) A. Contingent Liabilities (To the extent not provided for)</b>		
i) Claim against the Company not acknowledged as debts	3	18
ii) Disputed Tax demand not provided for	2,612	1,540
iii) On account of export obligation covered by letter of undertaking	22,598	15,547

The Company has received an order from the GST department to pay Interest & penalty on disputed transitional input tax credit availed. Interest & penalty amount was not quantified by the department.

The Company has filed an appeal against the levy of Interest & penalty as the disputed transitional input tax credit was reversed and not utilised us.

### 39) Financial Instruments

#### i) Capital management

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

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

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

(Rs. in Lakhs)

Gearing Ratio:	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Debt	-	5,298
Less: Cash and bank balances	-	3,189
Net debt	-	2,109
Total equity	33,703	24,940
Net debt to equity ratio	0.00	0.08

Categories of Financial Instruments	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>Financial assets Measured at amortised cost</b>		
Loans	2,087	3,443
Trade receivables	30,290	22,408
Cash and cash equivalents	563	387
Bank balances other than above	1,363	2,802
Other financial assets	641	676
<b>Financial liabilities Measured at amortised cost</b>		
Borrowings (short term)	42,111	32,654
Trade payables	36,618	24,026
Other financial liabilities	9,916	8,248

### ii) Financial Risk Management

The principal financial assets of the Company include loans, trade and other receivables, and cash and bank balances that are derived directly from its operations. The principal financial liabilities of the company, include loans and borrowings, trade and other payables. 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 advises on financial risks and the appropriate financial risk governance framework for the Company.

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

#### (a) Market Risk

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

##### (i) Foreign Currency Risk

The company operates internationally and business is transacted in several currencies. The current year export sales of company comprise around 72% of the total sales of the company. Further the company also imports certain assets and material. The exchange rate between the Indian Rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently the company is exposed to foreign currency risks and the results of the company may be affected as the rupee appreciates/ depreciates against foreign currencies. Foreign exchange risk arises from the future probable transactions and recognized assets and liabilities denominated in a currency other than company's functional currency.

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

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

##### (ii) Interest Rate Risk

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

#### (b) Liquidity Risk

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

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

#### (c) Credit Risk

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

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

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

### (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.

### 40) Disclosure of Employee Benefits

#### (a) Defined Contribution Plans :

(Rs. in Lakhs)

Particulars	2021-22	2020-21
Provident Fund	619	464

#### (b) Defined Benefit Plans - Gratuity

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

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

(Rs. in Lakhs)

Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
	Gratuity (Funded Plan)	Gratuity (Funded Plan)
Opening balance of Present Value of the Obligation	1,225	1,141
Interest Cost	83	72
Current Service Cost	79	78
Prior service cost	-	-
Benefits Paid	(139)	(109)
Actuarial loss/(gain)	43	43
Closing balance of Present Value of the Obligation	1,291	1,225

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

(Rs. in Lakhs)

Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Opening balance of Fair Value of Plan Assets	1,084	1,071
Expected return on Plan Assets	75	73
Contribution by the Company	75	-
Benefits Paid	(139)	(109)
Actuarial gain/(loss)	44	49
Closing balance of Fair Value of Plan Assets	1,141	1,084

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

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

Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Present value of the obligation	1,291	1,225
Fair value of the Plan Assets	1,141	1,084
Surplus/(Deficit)	(150)	(141)
Experience adjustments on Plan Liabilities (loss) / gain	(43)	(43)
Experience adjustments on Plan Assets (loss) / gain	44	49

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

Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Current Service Cost	79	78
Interest Cost	83	72
Expected return on plan assets	(75)	(73)
Net Actuarial (gain) / loss recognised in the year	(1)	(6)
	86	71

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

Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
a) Government Securities	40.00%	40.00%
b) Bank deposits (Special deposit scheme)	2.00%	2.00%
c) Others / approved securities	58.00%	58.00%

### vi) Principal Actuarial Assumptions used as at the Balance Sheet date:

Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Discount Rate	7.43%	7.15%
Salary Escalation Rate	8.00%	8.00%
Attrition Rate	8.00%	8.00%
Expected rate of return on plan assets	7.15%	7.15%

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.

## 41) EARNINGS PER SHARE

Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
(a) Opening / Closing number of shares	48,16,446	48,16,446
(b) Profit / Loss after Tax Expense (Rs. Lakhs)	9,126	2,752
(c) Earnings per share (Rs.)	189.48	57.13
(d) Face value of shares (Rs.)	10.00	10.00

42) Based on the information available with the Company, the principal amount due to Micro Small and Medium Enterprises as on 31.03.2022 is Rs. 812 Lacs. There has been no overdue principal amount and therefore no interest is paid / payable.

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

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

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

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

### 46) Expenditure towards Corporate Social Responsibility (CSR) activities (Rs. in Lakhs)

Particulars	31.03.2022	31.03.2021
a) Gross amount required to be spent by the Company during the year	36.63	23.09
b) Amount spent in cash during the year on:		
i) Construction / acquisition of any asset	-	-
ii) On purposes other than (i) above (Healthcare)	43.52	23.09
<b>Amount available for set-off in succeeding financial years</b>	<b>6.89</b>	-

### Note No: 47 SEGMENT REPORTING

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

(Rs. in Lakhs)

PARTICULARS	Manufacturing		Trading		Total	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
<b>Segment Revenue</b>						
Revenue from Operations	1,72,414	1,10,352	4,329	1,828	1,76,743	1,12,180
<b>Net Sales / Income from Operations</b>	<b>1,72,414</b>	<b>1,10,352</b>	<b>4,329</b>	<b>1,828</b>	<b>1,76,743</b>	<b>1,12,180</b>
Segment Results Profit / (Loss) before tax and interest from: (Textile)	15,506	6,434	443	305	15,949	6,739
<b>Total</b>	<b>15,506</b>	<b>6,434</b>	<b>443</b>	<b>305</b>	<b>15,949</b>	<b>6,739</b>
Less: Interest					2,963	3,503
Add: Unallocable income / (Expenditure) (Net)					159	63
<b>Total Profit / (Loss) before Tax</b>					<b>13,145</b>	<b>3,299</b>
Tax Expenses					3,976	547
<b>Total Profit / (Loss) after Tax</b>					<b>9,169</b>	<b>2,752</b>
<b>OTHER INFORMATION:</b>						
Segment Assets	1,24,677	95,088	742	365	1,25,419	95,453
Unallocable Assets					1,151	2,655
<b>Total Assets</b>	<b>1,24,677</b>	<b>95,088</b>	<b>742</b>	<b>365</b>	<b>1,26,570</b>	<b>98,108</b>
Segment Liabilities	48,271	37,102	919	395	49,190	37,497
Unallocable Liabilities					1,566	1,710
<b>Total Liabilities</b>	<b>48,271</b>	<b>37,102</b>	<b>919</b>	<b>395</b>	<b>50,756</b>	<b>39,207</b>
Segment Capital Expenditure	2,356	1,210			2,356	1,210
Unallocable Capital Expenditure						
<b>Total Capital Expenditure</b>	<b>2,356</b>	<b>1,210</b>			<b>2,356</b>	<b>1,210</b>
Segment Depreciation	3,704	4,307			3,704	4,307
Unallocable Depreciation						
<b>Total Depreciation</b>	<b>3,704</b>	<b>4,307</b>			<b>3,704</b>	<b>4,307</b>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

### (B) SECONDARY SEGMENT - GEOGRAPHICAL

1. An analysis of the sales by geographical market is given below:		(Rs. in Lakhs)
<b>Region</b>	<b>31.03.2022</b>	<b>31.03.2021</b>
Europe	17,111	11,124
Asia	1,06,313	64,837
America	42,270	29,431
Others	1,979	1,209

2. Carrying amount of Segment Assets:		(Rs. in Lakhs)
<b>Region</b>	<b>31.03.2022</b>	<b>31.03.2021</b>
Europe	12,799	9,960
Asia	79,522	58,057
America	31,618	26,353
Others	1,480	1,083

3. Carrying amount of Segment Liabilities:		(Rs. in Lakhs)
<b>Region</b>	<b>31.03.2022</b>	<b>31.03.2021</b>
Europe	5,020	3,913
Asia	31,189	22,807
America	12,401	10,352
Others	580	425



## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

### 48. RELATED PARTY DISCLOSURES FOR THE YEAR ENDED 31.03.2022

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)	Smt. Valli M Ramaswami, Chairperson and Whole Time Director Sri M.E. Manivannan, Whole Time Director Ms.Vishala M Ramswami, Director
4	Where control Exists through KMP	Hellen Cotton Trading Company Private Limited Kurunji Properties Private Limited Madurai Tara Traders Private Limited Nemesis Cotton Trading Company Private Limited Nike Cotton Traders Private Limited Rhea Cotton Traders Private Limited

(Rs. in Lakhs)

The name of the transacting related party		31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
		Gruppo P&P Loyal Spa, Italy		Loyal International Sourcing Private Limited	
i)	Description of the relationship between the parties	Joint Venture		Wholly owned subsidiary	
ii)	Description of the nature of transactions:	Sale of Garments and Fabrics Purchase of Materials		-	
iii)	Volume of the transactions:	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
	Sale of Garments	6,438.74	4,955.88	NIL	NIL
	Sale of Fabric	20.47	41.89	NIL	NIL
	Sale of Yarn	NIL	NIL	NIL	NIL
	Sale of Services	NIL	NIL	NIL	NIL
	Purchase of Accessories	5.67	9.24	NIL	NIL
iv)	Finance (including loans and equity contributions in cash or in kind)				
	During this year	NIL	NIL	(0.96)	(0.65)

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Rs. in Lakhs)

	The name of the transacting related party	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
		Gruppo P&P Loyal Spa, Italy		Loyal International Sourcing Private Limited	
v)	The amounts or appropriate proportions of outstanding items pertaining to related parties at the balance sheet date and provisions for doubtful debts due from such parties at that date	813.66	1,253.04	NIL	NIL
vi)	Amount written off in the period of debts due from or to related parties	NIL	NIL	164.90	NIL
vii)	Dividend received	180.54	82.56	NIL	NIL

(Rs. in Lakhs)

viii)	Remuneration paid to key managerial personnel:	Smt. Valli M Ramaswami (Chairperson and Whole Time Director)		Sri P. Manivannan (Whole Time Director)		Ms. Vishala M Ramswami (Director)		Sri M.E. Manivannan (Whole Time Director)	
		31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
	Salary, Perquisites and Other allowances	65.00	55.00	6.32	21.48	12.00	11.70	7.04	-
	Contribution to provident fund - defined contribution plan	7.20	7.20	-	2.02	1.44	1.44	0.67	-
	Contribution to super annuation fund - defined benefit plan	-	-	-	-	-	-	-	-
	Commission	119.04	-	-	-	-	-	-	-
	<b>TOTAL</b>	<b>191.24</b>	62.20	<b>6.32</b>	23.49	<b>13.44</b>	13.14	<b>7.71</b>	-

Notes :-

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

49. Previous year figures have been regrouped wherever necessary to confirm to the current year's classification.

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

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

**M E Manivannan**  
Whole Time Director

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

**A Velliangiri**  
Chief Executive Officer

**K Ganapathi**  
Chief Financial Officer

**P Mahadevan**  
Company Secretary & Compliance Officer

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

Place : Chennai  
Date : 30<sup>th</sup> May 2022

## Independent Auditor's Report

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

To

**The Members of Loyal Textile Mills Limited**

#### Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of **M/s. LOYAL TEXTILE MILLS LIMITED** (hereinafter referred to as the 'Holding Company') and its subsidiary Loyal International Sourcing Private Limited (Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entity, Gruppo P&P Loyal Spa, Italy which comprise the Consolidated Balance Sheet as at 31 March 2022, and the Consolidated statement of Profit and Loss (the consolidated statement of changes in equity), and the Consolidated statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2022, and its Consolidated profit/loss, consolidated changes in equity and its consolidated cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under provision of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have no material matters or issues to be reported upon.

#### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

#### Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance,

## Independent Auditor's Report

but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the

independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

- (a) We did not audit the financial statements financial information of wholly owned subsidiary, and jointly controlled entity, whose financial statements / financial information reflect total assets of Rs.3.63 lakhs as at 31st March, 2022, total revenues of Rs.164.90 lakhs and net cash flows amounting to Rs.6.06 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.
- (b) The consolidated financial statements also include the Group's share of net profit/loss of Rs. 465.52 lakhs for the year ended 31st March, 2022, as considered in the consolidated financial statements, in respect of joint venture, whose financial statements / financial information have not been audited by us. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act

## Independent Auditor's Report

in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, this financial statements / financial information is not material to the Group.

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

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- (c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated financial statements;
- (d) in our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder;
- (e) on the basis of the written representations received from the Directors of the Holding Company as on 31<sup>st</sup> March 2022 taken on record by the Board of Directors of the Holding Company and the reports of

the Statutory Auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the Directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on 31<sup>st</sup> March 2022 from being appointed as a Director in terms of Section 164(2) of the Act; and

- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities - Refer Note No.32 to the consolidated financial statements;
  - (ii) The Group, its associates and jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts; and
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

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

**S. Natanagopal**  
Partner

Place : Madurai  
Date : 30<sup>th</sup> May, 2022

Membership No. 022841  
UDIN:22022841AJWGCA9547

## 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, 2022, 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, 2022, 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 : Madurai  
Date : 30<sup>th</sup> May, 2022

Membership No. 022841  
UDIN: 22022841AJWGCA9547

## Consolidated Balance Sheet as at 31<sup>st</sup> March 2022

(Rs. in Lakhs)

PARTICULARS	Note No.	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>ASSETS</b>			
<b>A. Non-Current Assets</b>			
(a) Property, Plant & Equipment	3	29,872	31,537
(b) Capital Work-in-progress	3	440	201
(c) Investment property	3	276	282
(d) Other Intangible assets	3	29	48
(e) Financial Assets			
(i) Investments	4	2,775	2,201
(f) Other Non-Current Assets	5	823	480
<b>Total Non-Current Assets (A)</b>		<b>34,215</b>	<b>34,749</b>
<b>B. Current Assets</b>			
(a) Inventories	7	44,654	25,844
(b) Financial Assets			
(i) Investments	6	24	24
(ii) Trade Receivables	8	30,290	22,447
(iii) Cash and Cash Equivalents	9	567	392
(iv) Bank Balance Other than (iii) above	9	1,363	2,802
(v) Loans	10	2,087	3,453
(vi) Others	11	641	676
(c) Other current Assets	12	15,282	9,586
<b>Total Current Assets (B)</b>		<b>94,908</b>	<b>65,224</b>
<b>Total Assets (A+B)</b>		<b>1,29,123</b>	<b>99,973</b>
<b>EQUITY AND LIABILITIES</b>			
<b>C. EQUITY</b>			
(a) Equity Share Capital	13	482	482
(b) Other Equity	14	35,766	26,311
<b>Total Equity (C)</b>		<b>36,248</b>	<b>26,793</b>
<b>D. LIABILITIES</b>			
<b>D1. Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowing	15	-	1,308
(b) Deferred Tax Liabilities (Net)	16	1,566	1,709
<b>Total Non-Current Liabilities (D1)</b>		<b>1,566</b>	<b>3,017</b>
<b>D2. Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowing	17	42,111	32,654
(ii) Trade Payables	18	36,618	24,027
(iii) Other financial liabilities	19	9,917	12,247
(b) Other current liabilities	20	1,366	758
(c) Provisions	21	382	233
(d) Current Tax Liabilities (Net)	22	915	244
<b>Total Current Liabilities (D2)</b>		<b>91,309</b>	<b>70,163</b>
<b>Total Liabilities D (D1+D2)</b>		<b>92,875</b>	<b>73,180</b>
<b>Total Equity and Liabilities (C+D)</b>		<b>1,29,123</b>	<b>99,973</b>

Note No. 3 to 30 and 31 to 52 form an integral part of this Financial Statements

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

**M E Manivannan**  
Whole Time Director

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

**A Velliangiri**  
Chief Executive Officer

**K Ganapathi**  
Chief Financial Officer

**P Mahadevan**  
Company Secretary & Compliance Officer

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

Place : Chennai  
Date : 30<sup>th</sup> May 2022

## Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2022

(Rs. in Lakhs)

PARTICULARS	Note No.	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
I. Revenue from Operations	23	176,743	112,180
II. Other Income	24	408	305
<b>III. Total Income (I +II)</b>		<b>1,77,151</b>	<b>1,12,485</b>
IV. Expenses:			
Cost of materials consumed	25	113,131	62,312
Purchase of Stock-in-Trade	26	3,679	1,656
Changes in Inventories of	27		
Finished Goods		(5,841)	2,934
Work-in-progress		(3,210)	(1,740)
Employee Benefits Expense	28	16,372	12,913
Finance costs	29	2,963	3,503
Depreciation and amortization expense	3	3,704	4,307
Other expenses	30	33,087	23,302
<b>Total Expenses</b>		<b>1,63,885</b>	<b>1,09,187</b>
V. Profit / (Loss) before share of Profit / (Loss) of a Joint Venture and exceptional items and tax - (III - IV)		13,266	3,298
VI. Share of Profit / (Loss) from a Joint Venture		465	533
<b>VII. Profit / (Loss) before Exceptional items and tax (V + VI)</b>		<b>13,731</b>	<b>3,831</b>
VIII. Exceptional Items		Nil	Nil
<b>IX. Profit / (Loss) before tax (VII - VIII)</b>		<b>13,731</b>	<b>3,831</b>
X. Tax expense:			
(1) Current tax		4,126	903
(2) Deferred tax		(143)	(356)
(3) MAT Entitlement			
- Pertaining to Current Year		-	-
- Pertaining to prior year		-	-
(4) Income Tax relating to Previous Year		43	-
XI. Profit/(Loss) for the period from continuing operations (IX-X)		9,705	3,284
XII. Profit/(Loss) from discontinuing operations		Nil	Nil
<b>XIII. Profit/(Loss) for the period after tax (XI + XII)</b>		<b>9,705</b>	<b>3,284</b>
XIV. Other Comprehensive Income, net off Income Tax			
(a) items that will not be reclassified to Profit or Loss		(2)	23
(b) Income tax relating to items that will not be reclassified to Profit or Loss		1	(2)
(c) Items that will be reclassified to profit or Loss		-	-
(d) Income tax relating to Items that will be reclassified to profit or Loss		-	-
<b>XV. Total Comprehensive Income for the Period (XIII+XIV)</b>		<b>9,704</b>	<b>3,305</b>
XVI. Earning per equity share of Rs. 10/- :			
(1) Basic		201.50	68.18
(2) Diluted		201.50	68.18

Note No. 3 to 30 and 31 to 52 form an integral part of this Financial Statements

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

**M E Manivannan**  
Whole Time Director

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

**A Velliangiri**  
Chief Executive Officer

**K Ganapathi**  
Chief Financial Officer

**P Mahadevan**  
Company Secretary & Compliance Officer

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

Place : Chennai  
Date : 30<sup>th</sup> May 2022



## Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2022

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>		
PROFIT BEFORE TAX	13,266	3,298
ADJUSTMENTS FOR		
Depreciation	3,704	4,307
Interest paid	2,963	3,503
Interest received	(52)	(153)
Dividend received on Investments - Others	(181)	(82)
Bad Debts & Provision for Bad debts Written back	(28)	-
Impairment on Assets	103	-
(Profit)/Loss on disposal of Fixed Assets	(53)	5
<b>OPERATING PROFIT BEFORE WORKING CAPITAL</b>	<b>19,722</b>	<b>10,878</b>
ADJUSTMENTS FOR CHANGES IN		
Inventories	(18,810)	3,715
Debtors	(6,037)	(6,522)
Loans & Advances and Other Current Assets	(8,662)	(873)
Amount deposited as Margin Money	1,439	(1,562)
Current liabilities and provisions	24,992	4,540
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>12,644</b>	<b>10,176</b>
Interest receipts	52	153
Income Tax (Paid)/Refund	(1,778)	(275)
<b>NET CASH FLOW (A)</b>	<b>10,918</b>	<b>10,054</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payments for Assets acquisition	(2,378)	(1,168)
Proceeds on Sale of Fixed Assets	76	3
Sale/(Purchase) of Investments	-	2
Dividend receipts	181	82
<b>NET CASH FLOW (B)</b>	<b>(2,121)</b>	<b>(1,081)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(2,963)	(3,503)
Repayment of Long Term Borrowings	(5,298)	(5,235)
Dividend paid	(361)	-
<b>NET CASH FLOW (C)</b>	<b>(8,622)</b>	<b>(8,738)</b>
<b>NET CASH INFLOW / (OUTFLOW) (A+B+C)</b>	<b>175</b>	<b>235</b>
<b>OPENING CASH AND CASH EQUIVALENTS (D)</b>	<b>392</b>	<b>157</b>
<b>CLOSING CASH AND CASH EQUIVALENTS (E)</b>	<b>567</b>	<b>392</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (D-E)</b>	<b>175</b>	<b>235</b>

## Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2022

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	31.03.2022	31.03.2021
Cash and Cash equivalents as per Cash Flow statement	567	392
Add: Balances which are earmarked against liabilities and is not available for use	1,363	2,802
Cash and Cash equivalents as reported in Financial Statements	1,930	3,194

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

**M E Manivannan**  
Whole Time Director

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

**A Velliangiri**  
Chief Executive Officer

**K Ganapathi**  
Chief Financial Officer

**P Mahadevan**  
Company Secretary & Compliance Officer

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

Place : Chennai  
Date : 30<sup>th</sup> May 2022

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

### 1 General Information:

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

### 2 Significant Accounting Policies:

#### Statement of Compliance:

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

#### Basis for Preparation and Presentation:

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

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

#### Derivative financial instruments –

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

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

#### (a) Inventories:

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

- Raw materials, stores & Spares are valued at weighted average basis. The cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

- Stock-in-process is valued at Cost and Finished goods are Valued at Cost and Net Realisable value as Applicable. Cost includes applicable production overheads.
- Traded goods are valued at lower of Cost and Net Realizable Value.

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

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

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

#### (b) Cash flow statement:

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

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

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

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

### (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 Goods and Service Tax and recoveries as applicable. There is no Excise Duty collection on sales as the Company has opted out of the duty payment scheme.

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

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

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

Incentives receivable from Government is accounted on certainty of receipt.

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

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

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

i) The Company has elected to consider carrying amount of all items of property, plant and equipments measured as per Indian GAAP as recognized in the financial statements as at the date of transition, as deemed cost at the date of transition. Deemed cost is the differential between

the cost of the asset less the depreciation at the given date.

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

### (f) Intangible Assets:

Intangible assets with finite useful life acquired separately 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 at end of each financial year.

### (g) Foreign Currency Transactions:

#### i) Functional and Presentation currency:

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

#### ii) Transaction and balances:

The foreign currency transactions are recorded, on initial recognition in the functional currency,

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

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 Profit or 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 day 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 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 arising on specified dates to cash flows that are solely for 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 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 arising on specified dates to cash flows that are solely for 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 carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

#### b. Derivative financial instruments:

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. Although the Company believes that these derivatives

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

**c. Derecognition of financial instruments:**

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

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

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

**(i) Employee Benefits:**

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

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

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

**(j) Borrowing Costs:**

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

**(k) Segment Reporting:**

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

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.

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

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

### (m) Earnings Per Share:

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

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

### (n) Income Taxes:

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

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss either in OCI or in equity. Current tax items are recognised in correlation to the underlying transaction in OCI and Prior year 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.

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

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 laws and tax rates 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 OCI 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 group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

#### Provisions:

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

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

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

#### Contingent Liabilities:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized



## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

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 on hand and balance with bank 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 Properties:**

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 properties as per the useful life prescribed in Schedule II of the Companies Act, 2013.

Though the Company measures investment properties 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.

Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Rs. in Lakhs)

Note No: 3 PROPERTY, PLANT AND EQUIPMENT

Particulars	Tangible Assets								Total Tangible Assets	Intangible Assets Computer Software	Total Tangible and Intangible Assets	Invest- ment Property	Total Tangible Assets, Intangible Assets & Investment Properties
	Land	Building	Plant and Equip- ment	Furniture and Fittings	Electrical Fittings	Vehicles	Office Equip- ment	Total Tangible Assets					
As at 31st March 2021	1,251.75	12,075.77	42,474.47	320.79	1,388.96	122.14	262.92	57,896.79	156.58	58,053.37	310.94	58,364.30	
Additions	200.64	143.77	1,751.61	23.42	87.91	45.38	100.41	2,353.14	3.28	2,356.42	-	2,356.42	
Disposals/Adjustments	-	-	(3,527.06)	-	-	-	-	(3,527.06)	-	(3,527.06)	-	(3,527.06)	
As at 31st March 2022	1,452.39	12,219.54	40,699.02	344.21	1,476.87	167.52	363.33	56,722.87	159.86	56,882.74	310.94	57,193.66	
<b>Depreciation / Amortisation</b>													
As at 31st March 2021	-	2,345.37	22,706.10	148.09	981.86	2.40	176.21	26,360.04	108.70	26,468.74	28.57	26,497.31	
Charge for the year 2021-22	-	504.75	2,965.21	29.57	102.71	29.29	44.04	3,675.57	22.27	3,697.84	6.03	3,703.87	
Disposals/Adjustments	-	-	(3,184.70)	-	-	-	-	(3,184.70)	-	(3,184.70)	-	(3,184.70)	
As at 31st March 2022	-	2,850.12	22,486.61	177.66	1,084.56	31.68	220.25	26,850.91	130.97	26,981.88	34.60	27,016.48	
<b>Net Block</b>													
As at 31 <sup>st</sup> March, 2021	1,251.75	9,730.40	19,768.37	172.70	407.10	119.74	86.70	31,536.75	47.87	31,584.63	282.36	31,866.99	
As at 31 <sup>st</sup> March, 2022	1,452.39	9,369.42	18,212.42	166.55	392.31	135.84	143.07	29,871.96	28.88	29,900.86	276.33	30,177.18	
<b>Capital Work in Progress at Cost</b>													
(Rs. in Lakhs)													
Particulars	31.03.2022	31.03.2021											
Land Pending For Registration	-	200.64											
Building Under Construction	126.79	-											
Plant & Machinery	213.79	-											
Electrical Installations	92.99	-											
Computers	5.93	-											
<b>Total</b>	<b>439.50</b>	<b>200.64</b>											

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

### Note No. 4. NON-CURRENT INVESTMENTS - AT COST ( Except Quoted Investments)

(Rs. in Lakhs)

S.No.	PARTICULARS	Face value	No. of Shares	31 <sup>st</sup> March 2022	No. of Shares	31 <sup>st</sup> March 2021
	<b>Investment in Subsidiary and Joint ventures</b>					
1	Gruppo P&P Loyal spa (Joint Venture 47.5%)	Euro 85	3,325	<b>2,700</b>	3,325	2,122
2	Loyal Dimco Group A.E.B.E. (Joint venture 50%)		50,000	<b>18</b>	50,000	18
3	Loyal Textiles (UK) Ltd (49%)		2,450	<b>0</b>	2,450	0
4	Loyal IRV Textile LDA, Portugal (Joint Venture 51%)	Euro 1	2,550	<b>2</b>	2,550	2
				<b>2,720</b>		2,142
<b>I</b>	<b>Trade Investments</b>					
	<b>Investments in Equity Instruments:</b>					
	<b>A) Unquoted</b>					
1	Cuddalore Sipcot Industries Common Utilities Limited	100	4,665	<b>5</b>	4,665	5
2	SIMA Textile Processing Centre Ltd	10	20,000	<b>2</b>	20,000	2
				<b>7</b>		7
<b>II</b>	<b>Other Investments</b>					
	<b>Investments in Equity Instruments:</b>					
	<b>A) Quoted</b>					
1	Central Bank of India	10	1,469	<b>0</b>	1,469	0
2	Amrutanjan Health Care Ltd	1	1,000	<b>8</b>	1,000	6
3	Matrimony.com Ltd	5	2,120	<b>14</b>	2,120	20
				<b>22</b>		26
	<b>B) Unquoted</b>					
1	Dhanvantari Nano Ayushadi Private Limited	5	25,000	<b>3</b>	25,000	3
	<b>C) Investment in Compulsorily Convertible Debentures</b>					
1	Dhanvantari Nano Ayushadi Private Limited	10	2,25,000	<b>23</b>	2,25,000	23
	<b>D) Investment in Government or Trust Securities</b>			<b>-</b>		-
	<b>Total</b>			<b>2,775</b>		2,201

PARTICULARS	As at 31.03.2022	As at 31.03.2021
Aggregate Value of Quoted Investments	<b>22</b>	26
Market Value of Quoted Investments	<b>22</b>	26
Aggregate Value of Unquoted Investments	<b>32</b>	32

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

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

(Rs. in Lakhs)

S.No.	PARTICULARS	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
1	Capital Advances		
	- Unsecured, Considered good	672	326
2	Prepayment of Lease	151	154
	<b>Total</b>	<b>823</b>	<b>480</b>

### Note No. 6. CURRENT INVESTMENTS

(Rs. in Lakhs)

S.No.	PARTICULARS	Face value	No. of Shares	31 <sup>st</sup> March 2022	No. of Shares	31 <sup>st</sup> March 2021
<b>(A) Trade Investments</b>						
<b>Investments in Equity Instruments - Unquoted</b>						
1	Saheli Exports Private Limited	10	4,300	2	4,300	2
2	Continuum Wind Energy Pvt Ltd	10	218,927	22	218,927	22
	<b>Total</b>			<b>24</b>		<b>24</b>

(Rs. in Lakhs)

	PARTICULARS	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>Note No. 7. INVENTORIES</b>			
(a)	Raw Materials	20,556	11,026
(b)	Work-in-progress	10,658	7,448
(c)	Finished Goods	11,743	5,902
(d)	Stores, Spares and Packing Materials	1,697	1,468
	<b>Total</b>	<b>44,654</b>	<b>25,844</b>

### Note No. 8. TRADE RECEIVABLES

(i)	Unsecured, Considered good	30,290	22,447
(ii)	Unsecured and Considered doubtful	160	188
		<b>30,450</b>	<b>22,635</b>
	Less : Provision for bad and doubtful	(160)	(188)
		<b>30,290</b>	<b>22,447</b>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>Note No. 9. CASH AND CASH EQUIVALENTS</b>		
<b>Cash on hand</b>	<b>2</b>	<b>3</b>
<b>Balance with banks</b>		
(i) In current accounts	<b>562</b>	298
(ii) In EEFC accounts	<b>3</b>	91
	<u><b>567</b></u>	<u>392</u>
<b>Other Bank Balances</b>		
<b>(I) Earmarked Deposit accounts</b>		
- Unpaid Dividend Bank account	<b>55</b>	66
<b>(II) In Deposit Accounts</b>		
- Bank balances held as margin money	<b>1,308</b>	2,736
	<u><b>1,363</b></u>	<u>2,802</u>
<b>Note No. 10. LOANS</b>		
Security Deposits	<b>1,462</b>	1,334
MAT Credit Entitlement	<b>625</b>	2,119
	<u><b>2,087</b></u>	<u>3,453</u>
<b>Note No. 11. OTHER FINANCIAL ASSETS</b>		
Interest Receivable	<b>641</b>	676
	<u><b>641</b></u>	<u>676</u>
<b>Note No. 12. OTHER CURRENT ASSETS</b>		
a) Advances recoverable in cash or in kind or for value to be received	<b>7,751</b>	4,573
b) Export Benefits Receivable	<b>1,225</b>	857
c) GST Refund / GST ITC / AP Power Subsidy Receivable	<b>6,304</b>	4,154
d) Prepayment of Lease	<b>2</b>	2
	<u><b>15,282</b></u>	<u>9,586</u>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

### Note No. 13 (a) Authorised, Issued, Subscribed, Paid-up share capital and par value per share (Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>Authorised Share Capital</b>		
90,00,000 Equity Shares of Rs. 10/- each	900	900
6,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each (Previous year 6,00,000 preference shares of Rs. 100 each)	600	600
<b>Issued &amp; Subscribed Share Capital</b>		
48,16,446 Equity Shares of Rs. 10/- each fully paid - up (Previous year 48,16,446 equity shares of Rs. 10/- each)	482	482
<b>Paid-up Share Capital</b>		
48,16,446 Equity Shares of Rs. 10/- each fully paid - up (Previous year 48,16,446 equity shares of Rs. 10/- each)	482	482
	482	482

### Note No. 13 (b) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year

Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Number of shares outstanding as at the beginning of the year	48,16,446	48,16,446
Number of shares outstanding as at the end of the year	48,16,446	48,16,446

### Note No. 13 (c) Shares in the company held by each shareholder holding more than 5% shares

S.No.	Name of the shareholder	Number of shares held in the company	
		31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
1.	Madurai Tara Traders Pvt Ltd	7,76,887	7,76,887
2.	Felspar Credit and Investment Pvt Ltd	6,61,126	6,61,126
3.	Dhanalakshmi Properties Pvt Ltd	6,29,343	6,29,343
4.	Kurunji Properties Pvt Ltd	3,46,887	3,46,887
5.	Chinthamani Cotton Trading Pvt Ltd	2,80,270	2,80,270

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

### Note No.13 (d) Shareholding of Promoters

S.No.	Promoter Name	Shareholding as on 31.03.2022		Shareholding as on 31.03.2021		% Change during the year
		No. of Shares	% of total shares	No. of Shares	% of total shares	
1	Mr. Manikam Ramaswami (Deceased)	1,09,315	2.27	1,09,315	2.27	-
2	Mrs. Valli M Ramaswami	86,148	1.79	86,148	1.79	-
3	Ms. Vishala Ramaswami	550	0.01	550	0.01	-
4	Mr. M Ramakrishnan	2	-	2	-	-
5	Mr. P Manivannan	2	-	2	-	-
6	M/s. Madurai Tara Traders Private Ltd.	7,76,887	16.13	7,76,887	16.13	-
7	M/s. Felspar Credit and Investments Private Ltd.	6,61,126	13.73	6,61,126	13.73	-
8	M/s. Dhanalakshmi Properties Pvt Ltd	6,29,343	13.07	6,29,343	13.07	-
9	M/s. Kurunji Properties Pvt Ltd	3,46,887	7.20	3,46,887	7.20	-
10	M/s. Chinthamani Cotton Trading Pvt Ltd	2,80,270	5.82	2,80,270	5.82	-
11	M/s. Nemesis Cotton Trading Company Private Ltd.	1,36,086	2.83	1,36,086	2.83	-
12	M/s. Rhea Cotton Traders Private Ltd.	1,16,660	2.42	1,16,660	2.42	-
13	M/s. Nike Cotton Traders Private Ltd.	1,15,000	2.39	1,15,000	2.39	-
14	M/s.Hellen Cotton Trading Company Private Ltd.	71,950	1.49	71,950	1.49	-
15	M/s. Valli Agri Industries Private Ltd.	55,620	1.15	55,620	1.15	-
16	M/s. Valli Yarn Processors Private Ltd.	53,496	1.11	53,496	1.11	-
17	M/s. Vishala Apparels Private Ltd.	30,625	0.64	30,625	0.64	-
18	M/s. Vishala Knitwear Private Ltd.	29,375	0.61	29,375	0.61	-
19	M/s. Sri Manikavasagam Trades and Finance Private Ltd.	22,501	0.47	22,501	0.47	-
20	M/s. Emmar Trades and Finance Private Ltd.	18,002	0.37	18,002	0.37	-
	<b>Total</b>	<b>35,39,845</b>	<b>73.49</b>	<b>35,39,845</b>	<b>73.49</b>	-

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>Note No. 14. OTHER EQUITY</b>		
<b>(a) Capital Reserves</b>		
Opening Balance	24	24
Additions during the year	Nil	Nil
Deductions during the year	Nil	Nil
Closing Balance	<u>24</u>	<u>24</u>
<b>(b) Amalgamation Reserve</b>		
Opening Balance	243	243
Additions during the year	Nil	Nil
Deductions during the year	Nil	Nil
Closing Balance	<u>243</u>	<u>243</u>
<b>(c) General Reserve</b>		
Opening Balance	8,552	8,552
Transfer from Surplus	Nil	Nil
Deductions during the year	Nil	Nil
Closing Balance	<u>8,552</u>	<u>8,552</u>
<b>(d) Foreign Currency Translation Reserve</b>		
Opening Balance	(299)	0
Additions during the year	293	(299)
Closing Balance	<u>(6)</u>	<u>(299)</u>
<b>(e) Other Comprehensive Income Reserve on Ind AS Transition</b>		
Opening Balance	264	243
- Actuarial Gain / (Loss) on Gratuity	3	4
- Gain / (Loss) on Fair Value of Investments	(4)	17
Closing Balance	<u>262</u>	<u>264</u>
<b>(f) Retained Earnings</b>		
Opening Balance	17,527	14,326
<b>Add:</b>		
Profit for the period as per Profit & Loss Statement	9,704	3,305
<b>Less:</b>		
Final dividend (PY @ 75% - Rs. 7.5/- per share)	541	83
Transfer to OCI Reserve due to Ind AS Transition	( 1)	21
Closing Balance	<u>26,691</u>	<u>17,527</u>
<b>Total Other Equity</b>	<u>35,766</u>	<u>26,311</u>



## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>NON-CURRENT FINANCIAL LIABILITIES</b>		
<b>Note No. 15. BORROWING</b>		
<b>Term Loans - Secured</b>		
- From Banks	-	1,308
- From Financial Institutions	-	-
	<u>-</u>	<u>1,308</u>
<b>Note No. 16. DEFERRED TAX LIABILITIES (NET)</b>		
<b>Deferred Tax Net</b>		
<b>Deferred Tax Liabilities:</b>		
- On account of Depreciation	2,362	2,524
<b>Deferred Tax Assets:</b>		
- On account of timing differences under Income tax	(796)	(815)
<b>Deferred Tax Liabilities (Net)</b>	<u>1,566</u>	<u>1,709</u>
<b>CURRENT LIABILITIES</b>		
<b>Financial Liabilities</b>		
<b>Note No. 17 BORROWINGS</b>		
<b>Loans Repayable On Demand</b>		
<b>From Banks Secured</b>		
- Paking Credit / Cash Credit	29,257	24,876
- Bills Discounted But not Realised - With Banks	12,854	7,778
(Secured by the Hypothecation of Raw-materials, Stock-in-process, Finished Goods, Stores consumables, Spares and Book debts and are also secured by second charge on block assets.)		
	<u>42,111</u>	<u>32,654</u>
<b>Note No. 18. TRADE PAYABLE</b>		
- Outstanding dues of creditor other than Micro and Small Enterprises	35,806	23,578
- Outstanding dues of creditor of Micro and Small Enterprises	812	449
	<u>36,618</u>	<u>24,027</u>
<b>Note No. 19. OTHER FINANCIAL LIABILITIES</b>		
Current Maturities of Long term Debts	-	3,990
Interest Payable - Others	34	183
Interest due but not paid	Nil	22
Unpaid Dividends	55	66
Creditors for Capital Goods	170	123
Expenses Payable	9,658	7,863
	<u>9,917</u>	<u>12,247</u>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>Note No. 20. OTHER CURRENT LIABILITIES</b>		
Statutory Liabilities Payable	116	116
Advance received against Supplies	1,250	642
	<u>1,366</u>	<u>758</u>
<b>Note No. 21. SHORT-TERM PROVISIONS</b>		
For Provident Fund and Other Funds	78	48
Provision for Gratuity	183	69
Provision for Leave Salary	121	116
	<u>382</u>	<u>233</u>
<b>Note No. 22. CURRENT TAX - LIABILITIES (NET)</b>		
Tax payments pending adjustments (Net)	915	244
	915	244

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>NOTE No. 23. REVENUE FROM OPERATIONS</b>		
Sale of Products	1,68,145	1,07,648
Sale of Services	770	537
Other operating Revenues	7,828	3,995
	<u>1,76,743</u>	<u>1,12,180</u>
<b>NOTE No. 24. OTHER INCOME</b>		
Interest Income	52	153
Dividend Income	181	82
Other Non operating income	175	70
	<u>408</u>	<u>305</u>
<b>NOTE No. 25. COST OF MATERIALS CONSUMED</b>		
i) Cotton, Staple Fibre and Cotton waste	54,765	30,862
ii) Yarn	53,635	28,062
iii) Fabric	3,896	2,869
iv) Dyes	423	330
v) Reflective band	412	189
	<u>1,13,131</u>	<u>62,312</u>
<b>NOTE No. 26. PURCHASE OF STOCK-IN-TRADE</b>		
Yarn	2,163	1,429
Others - Packing materials and Cotton	1,516	227
	<u>3,679</u>	<u>1,656</u>
<b>NOTE No. 27. CHANGES IN INVENTORIES</b>		
OPENING STOCK		
Process Stock	7,448	5,709
Finished goods	5,902	8,836
TOTAL (A)	<u>13,350</u>	<u>14,545</u>
LESS: CLOSING STOCK		
Process Stock	10,658	7,448
Finished goods	11,743	5,902
TOTAL (B)	<u>22,401</u>	<u>13,350</u>
<b>CHANGES IN INVENTORIES NET (INCREASE ) / DECREASE (A-B)</b>		
Process Stock	(3,210)	(1,740)
Finished goods	(5,841)	2,934
	<u>(9,051)</u>	<u>1,194</u>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Rs. in Lakhs)

PARTICULARS	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>NOTE No. 28. EMPLOYEE BENEFITS / EXPENSES</b>		
Salaries, Wages and Bonus	13,651	10,616
Unavailed earned Leave	154	154
Contribution to Provident Fund and other funds	966	914
Other Welfare Expenses	1,601	1,229
	<u>16,372</u>	<u>12,913</u>
<b>NOTE No. 29. FINANCE COSTS</b>		
Interest Expenses		
- For Term Loan	212	813
- For Working capital Loan	2,074	2,243
- For Export Bills Discounting	523	280
- For Domestic Bill Discounting	47	24
Other Borrowing Cost	107	143
	<u>2,963</u>	<u>3,503</u>
<b>NOTE No. 30. OTHER EXPENSES</b>		
Freight and forwarding charges	5,668	3,575
Selling Expenses	1,755	1,238
<b>PAYMENT TO THE AUDITORS</b>		
As Auditors	10	10
For Certification work	1	2
For Reimbursement of Expenses	-	-
Conversion Charges	1,574	1,008
Processing Charges	843	961
Stores Consumed	8,421	6,025
Power and Fuel	9,888	7,157
Repairs to Machinery	1,515	1,155
Repairs to Building	399	149
Insurance	308	260
Bad Debts	0	-
Rates and Taxes excluding Taxes on Income	113	70
Provision for Doubtful Debts	(28)	-
Impairment on Assets	103	-
Expenditure on CSR Activities	46	23
Rent	183	99
Miscellaneous Expenses	2,288	1,570
	<u>33,087</u>	<u>23,302</u>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

### NOTE No. 31. TRADE RECEIVABLES OUTSTANDING AGEING SCHEDULE

(Rs. in Lakhs)

Particulars		Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months – 1 year	1–2 years	2–3 years	More than 3 years	
(i)	Undisputed Trade receivables – considered good	30,182	108	-	-	-	30,290
(ii)	Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii)	Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv)	Disputed Trade Receivables – considered good	-	-	-	-	-	-
(v)	Disputed Trade Receivables – which have significant increase in credit risk	-	108	14	13	25	160
(vi)	Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
<b>Total</b>		<b>30,182</b>	<b>216</b>	<b>14</b>	<b>13</b>	<b>25</b>	<b>30,450</b>

Note : Provision has been made for Rs.160 Lakhs for disputed trade receivables.

### NOTE No. 32. TRADE PAYABLES AGEING SCHEDULE

(Rs. in Lakhs)

Particulars		Outstanding for following periods from due date of payment				Total
		Less than 1 year	1–2 years	2–3 years	More than 3 years	
1.	MSME	812	-	-	-	812
2.	Others	35,651	155	-	-	35,806
3.	Disputed dues – MSME	-	-	-	-	-
4.	Disputed dues – others	-	-	-	-	-
<b>Total</b>		<b>36,463</b>	<b>155</b>	<b>-</b>	<b>-</b>	<b>36,618</b>

### NOTE No. 33. CAPITAL WORK IN PROGRESS (CWIP) AGEING SCHEDULE

(Rs. in Lakhs)

CWIP	Amount in CWIP for a period of				Total
	Less Than 1 Year	1-2 Years	2-3 years	More than 3 Years	
Building under progress	126.79	-	-	-	126.79
Plant & Machinery - WIP	213.79	-	-	-	213.79
IT Related	5.93	-	-	-	5.93
Electrical installation - WIP	92.99	-	-	-	92.99
<b>Total</b>	<b>439.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>439.50</b>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

### NOTE No. 34. CAPITAL WORK IN PROGRESS (CWIP) COMPLETION SCHEDULE

(Rs. in Lakhs)

CWIP	To be Completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Roof Top Renovation	115.47	-	-	-	115.47
Networking Cable Installation	92.99	-	-	-	92.99
Garments Project	75.01	-	-	-	75.01
Reeds	68.93	-	-	-	68.93
Solar Project	38.99	-	-	-	38.99
Metal Water Storage Tank	17.75	-	-	-	17.75
Training Hall	11.32	-	-	-	11.32
Screw Compressor	7.54	-	-	-	7.54
IT Related	5.93	-	-	-	5.93
Humidity Control Panel	3.58	-	-	-	3.58
Automatic Cleaning Brush	1.99	-	-	-	1.99
<b>Total</b>	<b>439.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>439.50</b>

**NOTE No. 35.** The monthly returns filed by the Company with banks are in agreement with the books of accounts.

**NOTE No. 36.** In one of our manufacturing unit located at Naidupeta, Andhra Pradesh, Weaving section was affected by fire on 07.03.2022. There was no fatality or injury to any person because of this incident. Fixed assets with book value of Rs. 3.30 crores and Stocks worth Rs. 4.36 crores were burnt by fire. The impact of this has been factored in the year end statement of profit and loss on estimated loss basis to the extent of Rs. 3.30 crores for Fixed Assets and Rs. 4.36 crores for Work in Progress and Finished goods. Restoration work is in progress. The weaving shed is being operated partially from 03.05.2022. The Company is in the process of filing claim with the Insurance Company.

### NOTE No. 37. RATIOS

S. No.	Ratios	UOM	FY 2021-22	FY 2020-21	Change in %	Comments
a)	<b>Current Ratio</b>	<b>Times</b>	<b>1.05</b>	<b>0.92</b>	<b>13.58%</b>	Profit ploughed back
	Current Assets	Rs. Lacs	82,054	57,446		
	Current Liabilities	Rs. Lacs	78,456	62,385		
b)	<b>Debt Equity Ratio</b>	<b>Times</b>	<b>0.81</b>	<b>1.13</b>	<b>-28.33%</b>	Debt Equity ratio improved due to repayment of entire term loans and increase in shareholder's equity on account of profit generated during the year.
	Total Debt	Rs. Lacs	29,257	30,174		
	Shareholder's Equity	Rs. Lacs	36,248	26,793		

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

S. No.	Ratios	UOM	FY 2021-22	FY 2020-21	Change in %	Comments
c)	<b>Debt Service Coverage Ratio</b>	<b>Times</b>	<b>5.47</b>	<b>1.25</b>	<b>337.18%</b>	As entire long term debt has been repaid, repayment obligation of term loan has become zero. Ratio has improved due to lower obligation of interest and increase in profit after tax.
	Profit after Tax	Rs. Lacs	9,705	3,284		
	Depreciation	Rs. Lacs	3,704	4,307		
	Interest	Rs. Lacs	2,963	3,503		
	Dividend received on Investments	Rs. Lacs	-181	-82		
	Bad Debts & Provision for Bad debts Written back	Rs. Lacs	-28	-		
	Impairment on Assets	Rs. Lacs	103	-		
	(Profit)/Loss on disposal of Fixed Assets	Rs. Lacs	-53	5		
	<b>Earnings available for Debt service</b>	<b>Rs. Lacs</b>	<b>16,212</b>	<b>11,016</b>		
	<b>Interest + Installments</b>	<b>Rs. Lacs</b>	<b>2,963</b>	<b>8,801</b>		
d)	<b>Return on Equity</b>	<b>%</b>	<b>26.77%</b>	<b>12.26%</b>	<b>118.46%</b>	ROE increased due to higher profit.
	Profit After Tax	Rs. Lacs	9,705	3,284		
	Shareholder's Equity	Rs. Lacs	36,248	26,793		
e)	<b>Trade Receivables Turnover Ratio</b>	<b>Times</b>	<b>6.70</b>	<b>5.90</b>	<b>13.70%</b>	Sales during February and March during the current year was Rs. 291.82 Cr against Rs. 244.48 Cr in the corresponding period of the previous year.
	Net credit sales	Rs. Lacs	1,76,743	1,12,180		
	Average Accounts Receivable	Rs. Lacs	26,368	19,029		
	Trade Receivables Turnover	No. of days	54	62		
f)	<b>Trade Payables Turnover Ratio</b>	<b>Times</b>	<b>4.62</b>	<b>2.97</b>	<b>55.24%</b>	Increased due to increase in volume and increase in prices of raw materials and other input items.
	Net credit purchases	Rs. Lacs	1,40,038	70,514		
	Average Accounts Payable	Rs. Lacs	30,323	23,703		
	Trade Payables Turnover	No. of days	79	123		

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

S. No.	Ratios	UOM	FY 2021-22	FY 2020-21	Change in %	Comments
g)	<b>Net Capital Turnover Ratio</b>	<b>Times</b>	<b>4.88</b>	<b>4.19</b>	<b>16.46%</b>	Increased due to increase in production and increase in sales during the year compared to the previous year.
	Sales	Rs. Lacs	1,76,743	1,12,180		
	Shareholder's Equity	Rs. Lacs	36,248	26,793		
h)	<b>Net profit ratio</b>	<b>%</b>	<b>5.49%</b>	<b>2.93%</b>	<b>87.59%</b>	Ratio increased due to higher profit compared to FY2020-21.
	Profit After Tax	Rs. Lacs	9,705	3,284		
	Sales	Rs. Lacs	176,743	112,180		
i)	<b>Return on Capital Employed</b>	<b>%</b>	<b>25.48%</b>	<b>12.87%</b>	<b>97.94%</b>	ROCE increased due to higher profit.
	Profit before Tax	Rs. Lacs	13,731	3,832		
	Add: Finance Cost	Rs. Lacs	2,963	3,503		
	<b>A. EBIT</b>	<b>Rs. Lacs</b>	<b>16,694</b>	<b>7,334</b>		
	I. Share Capital plus Reserves	Rs. Lacs	36,248	26,793		
	II. Borrowings	Rs. Lacs				
	a. Non Current borrowings	Rs. Lacs	-	1,308		
	b. Current borrowings (CC)	Rs. Lacs	29,257	24,876		
	c. Current Maturities	Rs. Lacs	-	3,990		
	<b>B. Capital Employed</b>	<b>Rs. Lacs</b>	<b>65,505</b>	<b>56,967</b>		
j)	<b>Return on investment</b>	<b>%</b>	<b>37.88%</b>	<b>14.30%</b>	<b>164.90%</b>	Ratio increased due to higher profit.
	Profit before Tax	Rs. Lacs	13,731	3,832		
	Investment	Rs. Lacs	36,248	26,793		



## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Rs. in Lakhs)

Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>38) A. Contingent Liabilities (To the extent not provided for)</b>		
i) Claim against the Company not acknowledged as debts	3	18
ii) Disputed Tax demand not provided for	2,612	1,540
iii) On account of export obligation covered by letter of undertaking	22,598	15,547
<p>The Company has received an order from the GST department to pay Interest &amp; penalty on disputed transitional input tax credit availed. Interest &amp; penalty amount was not quantified by the department.</p> <p>The Company has filed an appeal against the levy of Interest &amp; penalty as the disputed transitional input tax credit was reversed and not utilised us.</p>		

### 39) Financial Instruments

#### i) Capital management

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

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

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

(Rs. in Lakhs)

Gearing Ratio:	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Debt	-	5,298
Less: Cash and bank balances	-	3,194
Net debt	-	2,104
Total equity	36,248	26,793
Net debt to equity ratio	0.00	0.08

Categories of Financial Instruments	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>Financial assets Measured at amortised cost</b>		
Loans	2,087	3,453
Trade receivables	30,290	22,447
Cash and cash equivalents	567	392
Bank balances other than above	1,363	2,802
Other financial assets	641	676
<b>Financial liabilities Measured at amortised cost</b>		
Borrowings (short term)	42,111	32,654
Trade payables	36,618	24,027
Other financial liabilities	9,917	8,257

### ii) Financial Risk Management

The principal financial assets of the Company include loans, trade and other receivables, and cash and bank balances that are derived directly from its operations. The principal financial liabilities of the company, include loans and borrowings, trade and other payables. 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 advises on financial risks and the appropriate financial risk governance framework for the Company.

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

#### (a) Market Risk

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

##### (i) Foreign Currency Risk

The company operates internationally and business is transacted in several currencies. The current year export sales of company comprise around 72% of the total sales of the company. Further the company also imports certain assets and material. The exchange rate between the Indian Rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently the company is exposed to foreign currency risks and the results of the company may be affected as the rupee appreciates/ depreciates against foreign currencies. Foreign exchange risk arises from the future probable transactions and recognized assets and liabilities denominated in a currency other than company's functional currency.

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

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

##### (ii) Interest Rate Risk

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

#### (b) Liquidity Risk

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

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

#### (c) Credit Risk

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

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

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

### (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.

### 40) Disclosure of Employee Benefits

#### (a) Defined Contribution Plans :

(Rs. in Lakhs)

Particulars	2021-22	2020-21
Provident Fund	619	464

#### (b) Defined Benefit Plans - Gratuity

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

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

(Rs. in Lakhs)

Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
	Gratuity (Funded Plan)	Gratuity (Funded Plan)
Opening balance of Present Value of the Obligation	1,225	1,141
Interest Cost	83	72
Current Service Cost	79	78
Prior service cost	-	-
Benefits Paid	(139)	(109)
Actuarial loss/(gain)	43	43
Closing balance of Present Value of the Obligation	1,291	1,225

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

(Rs. in Lakhs)

Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Opening balance of Fair Value of Plan Assets	1,084	1,071
Expected return on Plan Assets	75	73
Contribution by the Company	75	-
Benefits Paid	(139)	(109)
Actuarial gain/(loss)	44	49
Closing balance of Fair Value of Plan Assets	1,141	1,084

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

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

Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Present value of the obligation	1,291	1,225
Fair value of the Plan Assets	1,141	1,084
Surplus/(Deficit)	(150)	(141)
Experience adjustments on Plan Liabilities (loss)/ gain	(43)	(43)
Experience adjustments on Plan Assets (loss)/ gain	44	49

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

Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Current Service Cost	79	78
Interest Cost	83	72
Expected return on plan assets	(75)	(73)
Net Actuarial (gain)/loss recognised in the year	(1)	(7)
	<b>86</b>	<b>71</b>

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

Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
a) Government Securities	40.00%	40.00%
b) Bank deposits (Special deposit scheme)	2.00%	2.00%
c) Others / approved securities	58.00%	58.00%

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

Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Discount Rate	7.43%	7.15%
Salary Escalation Rate	8.00%	8.00%
Attrition Rate	8.00%	8.00%
Expected rate of return on plan assets	7.15%	7.15%

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.

## 41) EARNINGS PER SHARE

Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
(a) Opening / Closing number of shares (numbers)	48,16,446	48,16,446
(b) Profit / Loss after Tax Expense (Rs. in Lakhs)	9,705	3,284
(c) Earnings per share (Rs.)	201.50	68.18
(d) Face value of shares (Rs.)	10.00	10.00

42) Based on the information available with the Company, the principal amount due to Micro Small and Medium Enterprises as on 31.03.2022 is Rs. 812 Lacs. There has been no overdue principal amount and therefore no interest is paid / payable.

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

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

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

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

46) Expenditure towards Corporate Social Responsibility (CSR) activities		(Rs. in Lakhs)	
Particulars	31.03.2022	31.03.2021	
a) Gross amount required to be spent by the Company during the year	36.63	23.09	
b) Amount spent in cash during the year on:			
i) Construction/acquisition of any asset	-	-	
ii) On purposes other than (i) above	43.52	23.09	
<b>Amount available for set-off in succeeding financial years</b>	<b>6.89</b>	-	

### Note No: 47 SEGMENT REPORTING

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

PARTICULARS	Manufacturing		Trading		Total	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
<b>Segment Revenue</b>						
Revenue from Operations	1,72,414	1,10,352	4,329	1,828	1,76,743	1,12,180
<b>Net Sales / Income from Operations</b>	<b>1,72,414</b>	<b>1,10,352</b>	<b>4,329</b>	<b>1,828</b>	<b>1,76,743</b>	<b>1,12,180</b>
Segment Results Profit / (Loss) before tax and interest from: (Textile)	15,506	6,433	443	305	15,949	6,738
<b>Total</b>	<b>15,506</b>	<b>6,433</b>	<b>443</b>	<b>305</b>	<b>15,949</b>	<b>6,738</b>
Less: Interest					2,963	3,503
Add: Unallocable income / (Expenditure) (Net)					280	63
<b>Total Profit / (Loss) before Tax</b>					<b>13,266</b>	<b>3,298</b>
<b>Share of Profit / (Loss) of a Joint Venture</b>					<b>465</b>	<b>533</b>
Tax Expenses					3,983	547
<b>Total Profit / (Loss) after Tax</b>					<b>9,748</b>	<b>3,284</b>
<b>OTHER INFORMATION:</b>						
Segment Assets	1,24,681	94,981	742	366	1,25,423	95,347
Unallocable Assets					3,700	4,626
<b>Total Assets</b>	<b>1,24,681</b>	<b>94,981</b>	<b>742</b>	<b>366</b>	<b>1,29,123</b>	<b>99,973</b>
Segment Liabilities	48,279	37,113	919	395	49,198	37,508
Unallocable Liabilities					1,566	1,710
<b>Total Liabilities</b>	<b>48,279</b>	<b>37,113</b>	<b>919</b>	<b>395</b>	<b>50,764</b>	<b>39,218</b>
Segment Capital Expenditure	2,356	1,210			2,356	1,210
Unallocable Capital Expenditure						
<b>Total Capital Expenditure</b>	<b>2,356</b>	<b>1,210</b>			<b>2,356</b>	<b>1,210</b>
Segment Depreciation	3,704	4,307			3,704	4,307
Unallocable Depreciation						
<b>Total Depreciation</b>	<b>3,704</b>	<b>4,307</b>			<b>3,704</b>	<b>4,307</b>

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

### (B) SECONDARY SEGMENT - GEOGRAPHICAL

1. An analysis of the sales by geographical market is given below: (Rs. in lakhs)

Region	31.03.2022	31.03.2021
Europe	17,111	11,124
Asia	1,06,313	64,837
America	42,270	29,431
Others	1,979	1,209

2. Carrying amount of Segment Assets: (Rs. in lakhs)

Region	31.03.2022	31.03.2021
Europe	12,799	9,949
Asia	79,525	57,992
America	31,619	26,324
Others	1,480	1,081

3. Carrying amount of Segment Liabilities: (Rs. in lakhs)

Region	31.03.2022	31.03.2021
Europe	5,021	3,914
Asia	31,194	22,814
America	12,403	10,355
Others	581	425

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

Name	Country of Incorporation	% of ownership interest	Nature of Business
DIRECT SUBSIDIARY			
Loyal International Sourcing Private Limited	India	100.00	Textile - Trading
JOINT VENTURE			
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 Financial Statements for the year ended 31<sup>st</sup> March, 2022

Additional Information as required under Schedule III to the Companies Act, 2013 of enterprises Consolidated as subsidiary / Joint Venture

Name of the enterprise	Net Asset (i.e.,) Total assets minus total liabilities		Share in profits or loss	
	As a % of consolidated Net Assets	(Rs. in Lakhs)	As % of Consolidated Profit or Loss	(Rs. in Lakhs)
<b>Parent</b>				
Loyal Textile Mills Limited	93.0%	33,703.48	94.04%	9,124.87
<b>Subsidiary</b>				
Loyal International Sourcing <sup>#</sup>	-0.02%	(6.52)	1.17%	113.24
<b>Joint Venture</b>				
<b>Foreign</b>				
Gruppo P&P Loyal SPA Italy	7.0%	2,551.33	4.80%	465.52
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

<sup>#</sup> Loyal International Sourcing Private Ltd. was incorporated as a private limited company with the object to carry on the Business in identification of good overseas buyers, manufacturers and suppliers in India and/or overseas of yarn, fabrics, garments, etc., or act as an agent or an intermediary to represent the buyer and/or manufacturer or carrying on the business of trading. Since the company failed to identify prospective buyers, the company shut down its operations from FY 2017-18 onwards. We are in the process of strike-off of company and amount due to Parent Company to the tune of Rs.1.65 crores has been written back.

\* The operations of Loyal Dimco Group A.E.B.E. (under the process of winding up) and Loyal IRV Textile LDA, Portugal are not significant in relation to the Group's business.

The investments in Loyal IRV Textile LDA, Portugal, Joint Venture Company was made during the year 2014-2015 with a view to explore overseas market opportunities. The Joint venture company did not identify any prospective buyers and it remains inoperative. Further, due to lack of expertise support and non-availability of manpower resources to carry on the operation, the management has decided to terminate the Joint Venture arrangement. The investment is stated at cost as there is no significant operating activities carried out by the company to impact the carrying amount of the investment made. The company was unable to obtain the financial statements of the joint venture company 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 Textile LDA and Loyal Dimco Group A.E.C.E. are not consolidated for the purpose of Consolidated Financial Statement in accordance with Ind AS 110 and for the requirement of the Companies Act, 2013.

## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

49) 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 31.03.2022 Amount in Lakhs (Rs.)
<b>(i) Assets</b>	
Fixed Assets	887
Current Assets	4,554
<b>(ii) Liabilities</b>	
Short term Borrowings	938
Current Liabilities and provisions	736
<b>(iii) Income</b>	8,268
<b>(iv) Expenses</b>	7,802

### 50) RELATED PARTY DISCLOSURES FOR THE FINANCIAL YEAR ENDED 31.03.2022

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) Smt. Valli M Ramaswami, Chairperson and Whole Time Director Sri. M.E. Manivannan, Whole Time Director Ms. Vishala M Ramswami, Director
4	Where control Exists through KMP Hellen Cotton Trading Company Private Limited Kurunji Properties Private Limited Madurai Tara Traders Private Limited Nemesis Cotton Trading Company Private Limited Nike Cotton Traders Private Limited Rhea Cotton Traders Private Limited



## Notes accompanying the Financial Statements for the year ended 31<sup>st</sup> March, 2022

Remuneration paid to key managerial personnel:	Smt. Valli M Ramaswami (Chairperson and Whole Time Director)		Sri. P. Manivannan (Whole Time Director)		Ms. Vishala M Ramswami (Director)		Sri. M.E. Manivannan (Whole Time Director)	
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Salary, Perquisites and Other allowances	65.00	55.00	6.32	21.48	12.00	11.70	7.04	-
Contribution to provident fund - defined contribution plan	7.20	7.20	-	2.02	1.44	1.44	0.67	-
Contribution to super annuation fund - defined benefit plan	-	-	-	-	-	-	-	-
Commission	119.04	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>191.24</b>	62.20	<b>6.32</b>	23.49	<b>13.44</b>	13.14	<b>7.71</b>	-

Notes :-

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

51) Previous year figures have been regrouped wherever necessary to confirm to the current year's classification.

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

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

**M E Manivannan**  
Whole Time Director

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

**A Velliangiri**  
Chief Executive Officer

**K Ganapathi**  
Chief Financial Officer

**P Mahadevan**  
Company Secretary & Compliance Officer

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

Place : Chennai  
Date : 30<sup>th</sup> May 2022

**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**

(Amounts in Rs.)

Sl. No.	Particulars	Details
1	Name of the subsidiary	LOYAL INTERNATIONAL SOURCING PRIVATE LIMITED
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	NA
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign Subsidiaries.	INR
4	Share Capital	2,00,000
5	Reserves & Surplus	(6,51,851)
6	Total Assets	3,63,049
7	Total Liabilities	8,14,900
8	Investments	NIL
9	Turnover	1,64,89,841
10	Profit before taxation	1,20,73,872
11	Provision for taxation	7,50,000
12	Profit after taxation	1,13,23,872
13	Proposed Dividend	NIL
14	of shareholding	100

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations  
NIL

2. Names of subsidiaries which have been liquidated or sold during the year  
NIL

## Part "B": Associates and Joint Ventures

## 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 2021	NA	NA
2	Shares of Associate Joint Ventures held by the company of the year	3325 Shares	2550 Shares	50000 Shares
	Amount of Investment in Associates Joint Venture	1,49,30,077	1,98,620	18,38,780
	Extend of holding	47.50	51	50
3	Description of how there is significant influence	of Share holding	of Share holding	of Share holding
4	Reason why the associate joint Venture is not consolidated	Consolidated	Not in Operation	Not in Operation
5	Net worth attributable to Shareholding as per latest audited Balance Sheet (Rs.)	27,00,62,985	Nil	Nil
6.	Profit / Loss for the year (Rs.)	9,80,04,126	Nil	Nil
	• Considered in Consolidation (Rs.)	4,65,51,960	Nil	Nil
	• Not Considered in Consolidation (Rs.)	5,14,52,166	Nil	Nil

1. Names of associates or joint ventures which are yet to commence operations.

**Nil**

2. Names of associates or joint ventures which have been liquidated or sold during the year.

**Nil**

**Note**

This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

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

**M E Manivannan**  
Whole Time Director

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

**A Velliangiri**  
Chief Executive Officer

**K Ganapathi**  
Chief Financial Officer

**P Mahadevan**  
Company Secretary & Compliance Officer

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

Place : Chennai  
Date : 30<sup>th</sup> May 2022





