# LOYAL TEXTILE MILLS LIMITED

## ANNUAL REPORT 2023-24

| | | |
|---|---|---|
| **BOARD OF DIRECTORS** | : | Mrs. Valli M Ramaswami, Chairperson & Whole Time Director<br>Ms. Vishala Ramswami, Executive Director<br>Mr. M.E.Manivannan, Whole Time Director<br>Mr. Mr. Madhavan Nambiar, Non-Executive Director<br>Mr. B.Vaidyanathan, Non-Executive Director<br>Mrs Vijayalakshmi Rao, Independent Director<br>Mr. R.Kannan, Independent Director<br>Mr.Lakshmi Narayanan, Independent Director<br>Mr. Gokul S Dixit, Independent Director<br>Mr. K.Kumaran, Independent Director, (From 10.10.2023)<br>Mr. B.T. Bangera, Independent Director (Upto 27.09.2023) |
| **CHIEF EXECUTIVE OFFICER** | : | Mr. A. Velliangiri |
| **CHIEF FINANCIAL OFFICER** | : | Mr. K. Ganapathi |
| **COMPANY SECRETARY** | : | Mr. P. Mahadevan |
| **STATUTORY AUDITOR** | : | Mr. N. Sri Krishna,<br>Partner, M/s. Brahmayya & Co., Chartered Accountants, Chennai |
| **COST AUDITOR** | : | Mr. B. Venkateswar, Practicing Cost Accountant |
| **INTERNAL AUDITOR** | : | M/s. Capri Assurance and Advisory Services,<br>Chartered Accountants, Chennai |
| **SECRETARIAL AUDITOR** | : | Mr. K.J. Chandra Mouli,<br>Partner, M/s. BP & Associates, Company Secretaries |
| **BANKERS** | : | Central Bank of India<br>State Bank of India<br>HDFC Bank Limited<br>IDBI Bank Limited<br>Karur Vysya Bank Limited<br>IndusInd Bank Limited |
| **REGISTERED OFFICE** | : | 21/4, Mill Street,<br>Kovilpatti – 628 501.<br>Phone: 04632 – 220001<br>E-mail: investors@loyaltextiles.com |
| **REGISTRAR AND SHARE TRANSFER AGENT** | : | M/s. GNSA Infotech Private Limited,<br>STA Department, Nelson Chambers,<br>4th Floor, F Block, No.115, Nelson Manickam Road,<br>Aminjikarai, Chennai – 600 029<br>Phone: 044-42962025<br>E-mail: sta@gnsaindia.com |
| **WEBSITE** | : | www.loyaltextiles.com |

## Contents

# LOYAL TEXTILE MILLS LTD

**(CIN: L17111TN1946PLC001361)**

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

**Email: investors@loyaltextiles.com, Website: www.loyaltextiles.com**

**Phone: 04632-220001**

## NOTICE

**NOTICE** is hereby given that the 78th Annual General Meeting of the Members of the Company will be held on Monday**, September 23, 2024 at 10.00 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 31st March 2024, the Cash Flow Statement for the year ended 31st March 2024, the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a director in place of Mr. Madhavan Nambiar (DIN 01122411), liable to retire by rotation who doesn't offer himself for re-appointment.

**SPECIAL BUSINESS:**

3. **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 2024-25 be and is hereby confirmed and ratified.

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

**VALLI M RAMASWAMI**
**Chairperson & Whole Time Director**
**(DIN: 00036508)**

Place : Chennai
Date : 29th May, 2024

**NOTES:**

1. In view of Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated September 25, 2023 read with circulars dated December 28, 2022, May 05, 2022, May 5, 2020, April 13, 2020 and April 8, 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 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 form 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 **17th September, 2024** to **23rd September, 2024** (both days inclusive) for the purpose of Annual General Meeting.
5. 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, by submitting the **Form ISR-1** for registering PAN, KYC details or Changes / updation in their Address / bank mandate to the Company's Registrar and Share Transfer Agent M/s. GNSA Infotech Private Limited, STA Department, Nelson Chambers, 4th Floor, F Block, No.115, Nelson Manickam Road, Aminjikarai, Chennai – 600 029. Phone: 044-42962025, E-mail: sta@gnsaindia.com

6. SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the Listed Companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/folios; transmission and transposition.

   Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the Company's website at https://loyaltextiles.com/shareholders-information and on the website of the Company's RTA, GNSA Infotech Pvt Ltd at https://www.gnsaindia.com/kyc.php . It may be noted that any service request can be processed only after the folio is KYC Compliant.

7. 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 4,831 Equity shares pertaining to Dividend for the Financial Year 2015-16 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 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.

8. 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

9. In compliance with the aforesaid MCA Circulars and Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022, SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 and SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 7, 2023 issued by Securities Exchange Board of India (collectively referred to as "SEBI Circulars"), Notice of the AGM along with Annual Report 2023-24 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 2023-24 will also be available on the Company's website at www.loyaltextiles.com on the website of the Stock Exchanges i.e. BSE Limited at www.bseindia.com / National Stock Exchange of India Limited at www.nseindia.com and on the website of NSDL www.evoting.nsdl.com

10. SEBI vide Circular Nos. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/131 dated July 31, 2023, and SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/135 dated August 4, 2023, read with Master Circular No. SEBI/HO/ OIAE/OIAE_IAD-1/P/ CIR/2023/145 dated July 31, 2023 (updated as on August 11, 2023), has established a common Online Dispute Resolution Portal ("ODR Portal") for resolution of disputes arising in the Indian Securities Market. Pursuant to above-mentioned circulars, post exhausting the option to resolve their grievances with the RTA/ Company directly and through existing SCORES platform, the investors can initiate dispute resolution through the ODR Portal (https://smartodr.in/login) and the same can also be accessed through the Company's website https://loyaltextiles.com/investors

11. 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.

12. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

13. 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**
**(DIN: 00036508)**

Place : Chennai
Date : 29th May, 2024

## EXPLANATORY STATEMENT

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

**Item No. 3**

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 2024-25 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.

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

The remote e-voting period begins on **19.09.2024 at 9.00 A.M and ends on 22.09.2024 at 5.00 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.

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. | 1. Existing **IDeAS** user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the **"Beneficial Owner"** icon under **"Login"** which is available under **'IDeAS'** 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 **"Access to e-Voting"** under e-Voting services and you will be able to see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period.<br>2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp<br>3. 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. 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 **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. |

| Type of shareholders | Login Method |
|---|---|
| | 4. Shareholders/Members can also download NSDL Mobile App **“NSDL Speede”** facility by scanning the QR code mentioned below for seamless voting experience.<br>NSDL Mobile App is available on<br>App Store Google Play |
| Individual Shareholders holding securities in demat mode with CDSL | 1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi / Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password.<br>2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers’ website directly.<br>3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. |
| | 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers. |
| 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 evoting@nsdl.com or call at 022 - 4886 7000 |
| 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 helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 21 09911 |

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<br>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<br>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<br>For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

5. Password details for shareholders other than Individual shareholders are given below:
   a. If you are already registered for e-Voting, then you can user 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.
   b. **"Physical User Reset Password?"** (If you are holding shares in physical mode) option available on 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.com 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.

**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 with a copy marked to evoting@nsdl.com
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 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 or call on 022 - 4886 7000 or send a request to Ms.Pallavi Mhatre at evoting@nsdl.com

**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.
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. 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.com 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.
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 from **September 10, 2024 (9.00 a.m. IST) to September 16, 2024 (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 or use Contact No. 022 - 4886 7000 or Contact Mr. Amit Vishal, AVP, NSDL at the designated email ID: evotoing@nsdl.com or Contact Ms. Pallavi Mhatre, Sr. Manager, NSDL at the designated email ID: evoting@nsdl.com.

# BOARD'S REPORT

Your Directors have great pleasure in presenting the 78th Annual Report of the Company along with the Audited Financial statements for the financial year ended 31st March 2024.

## FINANCIAL RESULTS

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

**(Rs. in Cr.)**

| Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| **Revenue from operations** | **939.19** | 1,402.89 | **939.19** | 1,402.89 |
| **EBITDA** | **31.28** | 66.92 | **34.74** | 68.54 |
| Less : Interest | **52.88** | 31.79 | **52.88** | 31.79 |
| **Operating Profit (EBDT)** | **(21.6)** | 35.13 | **(18.14)** | 36.75 |
| Less : Depreciation | **37.76** | 36.58 | **37.76** | 36.58 |
| **Profit Before Tax (PBT)** | **(59.36)** | (1.45) | **(55.91)** | 0.17 |
| Less: Tax Expenses | **(16.41)** | (2.68) | **(16.41)** | (2.68) |
| **Profit After Tax (PAT)** | **(42.95)** | 1.23 | **(39.50)** | 2.84 |
| Profit after OCI Income | **(42.63)** | 0.99 | **(39.17)** | 2.60 |
| Add : Surplus brought forward from previous year | **238.59** | 242.17 | **264.94** | 266.91 |
| Less: Dividend | **-** | 4.82 | **-** | 4.82 |
| Less: Dividend Tax | **-** | - | **-** | - |
| Less: Transfer to General Reserve | **-** | - | **-** | - |
| (Add) / Less : Transfer to OCI Reserve due to Ind AS Transition | **-** | - | **-** | - |
| **Balance carried to Balance sheet** | **195.64** | 238.59 | **225.44** | 264.94 |
| **Earnings Per Share** | | | | |
| Basic – EPS per Share (in Rs.) | **(89.17)** | 2.56 | **(82.00)** | 5.91 |
| Diluted – EPS per Share (in Rs.) | **(89.17)** | 2.56 | **(82.00)** | 5.91 |

## PERFORMANCE OF THE COMPANY

Exports declined from Rs.682.66 Cr. in 2022 -23 to Rs. 340.21 Cr. in 2023-24. The Company's sales in the domestic market declined from Rs. 625.70 Cr. in 2022-23 to Rs. 580.16 Cr. in 2023-24. Total revenue from operations during the year was Rs. 939.18 cr. against Rs.1,402.89 cr. in 2022-23. The company has incurred net loss of Rs. 42.63 cr. (after taxes) during year.

During the year, your Company has produced 198.72 lakh kg Yarn (269.55 lakh kg - FY 2022-23) 565.82 lakh meter Woven fabric (411.84 lakh meter - FY 2022-23) and 43.64 lakh kg Knitted fabric (104.12 lakh kg - FY 2022-23).

## DIVIDEND

As the Company has incurred loss, your Directors have proposed to skip payment of dividend during the year.

## SHARE CAPITAL

As on 31st March 2024, the paid-up share capital of the Company was Rs.4,81,64,460/- comprising 48,16,446 equity shares of Rs.10/- each. There has been no change in the share capital of the Company during the year under review.

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

The global Textile and Apparel (T&A) trade is always influenced by various macroeconomic, social, and geopolitical factors. Despite innumerable challenges, trade continue to grow and remain positive.

Post Covid, Textile & Apparel Trade recovered significantly. The Financial year 2021-22 turned to be an year of fortune for Textile Industry. However the buoyancy lasted only for one year. The break out of Russia - Ukraine was in Feb 2022 changed the scenario topsy – turvy. The slowdown in economy in US & Europe and high inventory holding made the buying houses deferring supplies and postpone placement of orders. This scenario continues to prolong.

With the above adverse changes, Indian textile exports started witnessing serious setback right from April 2022. The slowdown in placing of orders and price reversions have impacted the textile industry continuously from Q1 of FY 2022-23.

The ITMF Global Textile Industry Survey (GTIS) conducted in January 2024 has projected positive trend in the Textile Trade. Positive consumer sentiment is expected to support growth. However, factors such as uncertainty and changes in consumer behaviour can impact sentiment and the business performance. Close monitoring of consumer sentiment alongside other market indicators is essential for assessing the trajectory of the textile industry in the coming quarters. The whole process of revival may take at least couple of quarters. Business in second half of FY 2025 is expected to be better.

**INDIAN TEXTILE INDUSTRY**

The Indian Textiles and Apparel industry occupies a significant position in the National Economy contributing 2.3 percent to the country's GDP, 7 percent of Industrial output, 12 percent to the export earnings.

The Indian Textile and Apparel industry is second largest employer in the country next to Agriculture providing direct employment to 45 million people and 60 million people in allied industries.

India has a share of 4.6% of the global trade in Textiles and Apparel. Export to USA, EU and UK, accounts for approximately 50% of India's Textiles and Apparel exports.

India's textile exports witnessed fall consecutively for two years, FY 2023 and FY 2024. Exports in FY24 is reported at $34.4 billion, compared with $44 billion in FY 2022. In FY24, India has exported $14.5 billion worth of apparels.

Readymade garments, contributing 42 per cent to overall textiles exports, witnessed 10 per cent drop in FY24 over the previous year.

**COTTON**

Cotton is the most predominant natural fiber and cash crop in India. Cotton plays a dominant role in the industrial and agricultural economy of the country. Cotton plays a major role in sustaining the livelihood to 6 million cotton farmers.

In the raw material consumption, cotton to man-made fibre and filament yarn ratio is estimated as 59:41.

India cultivates the cotton in about 120 lakh hectares of land, 36% of the global cotton cultivation area of 326 lakh hectares.

Approximately 62% of India's Cotton is produced on rain-fed areas and 38% on irrigated lands.

During 2022-23, India's productivity was around 443 kg/hectare against the world average of 757 kg/hectare.

The production and consumption of cotton in the earlier years are given below:

(in lakh bales of 170 Kg Each)

| Year | Production | Consumption |
|---|---|---|
| 2016-17 | 345.00 | 310.41 |
| 2017-18 | 370.00 | 319.06 |
| 2018-19 | 333.00 | 311.21 |
| 2019-20 | 365.00 | 269.19 |
| 2020-21 | 352.48 | 334.87 |
| 2021-22 | 312.03 | 316.00 |
| 2022-23 | 336.60 | 313.63 |
| 2023-24 (P) | 325.22 | 323.00 |

Source: Committee on Cotton Production & Consumption (COCPC) Meeting dated 24/06/2024 (P) – Provisional.

The import and export of cotton in the earlier years are given below:

(in lakh bales of 170 Kg each)

| Year | Import | Export |
|---|---|---|
| 2016-17 | 30.94 | 58.21 |
| 2017-18 | 15.80 | 67.59 |
| 2018-19 | 35.37 | 43.55 |
| 2019-20 | 15.50 | 47.04 |
| 2020-21 | 11.03 | 77.59 |
| 2021-22 | 14.00 | 43.00 |
| 2022-23 | 14.60 | 15.89 |
| 2023-24 (P) | 12.00 | 28.00 |

Source: Committee on Cotton Production & Consumption (COCPC) Meeting dated 24/06/2024 (P) - Provisional.

Cotton prices fluctuate widely from time to time based on several factors like production estimate announcement from time to time, movement in cotton price index, export and import demand vs supply carried over stock etc.

**Inherent challenges and outlook**

There is no correlation between cotton price and yarn price. Both the prices are determined independently.

Textile Industry is labour intensive. Labour turnover ratio is also very high in Textile Industry. Shortage and very high labour turnover ratio affects both machine utilisation and productivity.

Volatility in cotton prices, higher labour cost, increasing power tariff year on year, fluctuations in order flow and very thin profit margin are the major challenges continuously being faced by the Textiles mills in the country.

As Clothing is a basic need, there is an opportunity for growth.

The industry is addressing the challenges through continuous improvement in production and cost saving measures.

Loyal Textile Mills focusing on continuous improvement in production and cost reduction measures.

**AWARDS**

During the year, the company has bagged TEXPROCIL Export Award - Gold trophy for highest export performance in Greige Fabrics under Category III and Gold trophy for highest women employment generation.

**RENEWABLE ENERGY**

During the year, the company has generated 6.18 Cr. units of wind power against 6.02 Cr. units in the previous year and solar power 1.17 Cr. units against 46.97 lakh units in the previous year. The wind power generation during the year has improved slightly 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 four times during the year on 29th May 2023, 11th August 2023, 9thNovember 2023, and 13th February 2024.

**PASSING OF RESOLUTION BY CIRCULATION**

During the financial year, seven resolutions has been passed by the Board of Directors through circulation. The Board confirms that, passing resolutions through circulation have been complied with the provision of Section 175 of Companies Act, 2013 and rules and amendments made thereunder from time to time.

**DIRECTORS**

1. Mr.B.T.Bangera (DIN: 00432492), was retired as an Independent Director of the company due to completion of his second term of office as an Independent Director on 27/09/2023.
2. Mr.K.Kumaran (DIN: 00801146) was appointed as an Independent Director of the company for a term of three years, pursuant to Section 149 and 152 of the Companies Act, 2013 read with Schedule IV of the Companies Act, 2013, the Companies (Amendment) Act, 2017 and Companies (Appointment and Qualifications of Directors) Rules, 2014.

   His appointment was approved by the Shareholders' through Postal Ballot process during the year.
3. Ms.Vishala Ramswami was re-appointed as Executive Director of the Company for a term of five years with effect from 20/11/2023.
4. Mr.R.Kannan was re-appointed as Independent Director of the Company for a second term of three years with effect from 20/11/2023.
5. Mr.Madhavan Nambiar (DIN: 01122411), retires by rotation in this Annual General Meetinge, does not offer himself for re-appointment.

**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 Independent Directors meet the criteria as laid down under the Companies Act, 2013 as well as SEBI Listing Regulations.

**STATUTORY AUDITORS**

M/s.Brahmayya & Co., Chartered Accountants (Firm Registration No. 000511S), were appointed as statutory auditors of the Company for a period of 5 years in the 76th Annual General Meeting held on 22nd September 2022. They will hold office till the conclusion of 81st AGM.

The Auditor's Report to the Shareholders on the Standalone and Consolidated financial statement for the year ended March 31, 2024 does not contain any qualification, observation or adverse comment.

**SECRETARIAL AUDITOR**

Pursuant to 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, Partner, M/s. BP & Associates, Company Secretaries, Chennai to undertake the secretarial audit of the company for the financial year ended 31st March, 2024.

The Report of the Secretarial Auditor is appended in this report as **Annexure II**.

The Secretarial Audit Report contains the following remarks:

i. Mr. B.T.BANGERA who was Non-Executive - Independent Director of the Company had retired from Board due to completion of the tenure i.e. on 27th September 2023. Subsequently Mr. KUMARAN. K was appointed as Non-Executive - Independent Director only with effect from 10th October 2023. Therefore there is in a non-compliance of Regulation 17(1) of SEBI LODR 2015 for the quarter ended 31st December 2023 .

   **Management reply:** Mr.Kumaran K was appointed as Non-Executive Independent Director with effect from 10th October 2023. There by the non-compliance has been made good.

ii. The Company has implemented an in house software with respect to Structural Digital Database under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. The existing software, maintained in-house by the Company, has certain gaps in with respect to recording the audit trails and its functioning. The same requires further improvements and modifications to comply with the Regulation of SEBI (PIT) Regulation 2015.

   **Management reply:** The Company has maintaining the in-house SDD software and recording the details of persons with whom Unpublished Price Sensitive Information (UPSI) is shared along with their PANs. However, during the audit, the Secretarial Auditor have pointed out to include the details of the Cost Auditor, Internal Auditor, Secretarial Auditor in the SDD software and suggested to implement mobile OTP authentication by the Company Secretary along with existing mechanism of USER ID and Password for Login into the SDD software.

   The company has included the details of the Cost Auditor, Internal Auditor, Secretarial Auditor in the SDD software and informed the in-house IT department to develop the mobile OTP mechanism along with existing USER ID and Password for Login into the SDD software.

   The company has already taken steps to implement the points given by the Secretarial Auditor regarding SDD software.

iii. As per Regulation 31(4) read with Regulation 31(5) the promoters of every target company shall declare on a yearly basis that he, along with persons acting in concert, has not made any encumbrance, directly or indirectly, other than those already disclosed during the financial year shall intimate to the stock exchange within 7 working days from the end of each financial year. The promoters/Company has intimated the same to the stock exchange on 10th May 2023.

   **Management Reply:** During the period, the Promoter has not made encumbrance directly or indirectly. The Promoter has provided the necessary declaration on 10th May 2023 and the same has been submitted to the Stock Exchange.

**COST AUDITOR**

Mr. B. Venkateswar, Practicing Cost Accountant was appointed as Cost Auditor for auditing the cost accounts of the Company for the year ended 31st March, 2024. The Cost Audit Report for the financial year 2023-24 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 31st March 2025.

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 Auditors has to be ratified by the Shareholders. Accordingly, resolution seeking ratification for the remuneration payable to Cost Auditors is included at **Item No.3** of the Notice convening the AGM.

**INTERNAL AUDITORS**

The company has appointed M/s. Capri Assurance and Advisory Services, as External Internal Auditors for the financial year 2024-25.

**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, 2024 is available on the Company's website at 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, 2024, 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 for the year ended March 31, 2024 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 contributed a sum of Rs.108.38 Lakhs in accordance with the provisions of Section 135 of the Companies Act, 2013 for spending towards CSR activities. 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.41 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. https://loyaltextiles.com/wp-content/uploads/2020/09/related-party-transaction-policy.pdf

### 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 (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, 2024 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.

## TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year, the company has transferred Rs.14,74,700/- 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 |
|---|---|---|---|---|---|
| 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 |
| 2021-2022 | 100% | 22-09-2022 | 27-10-2022 | 27-09-2029 | 27-10-2029 |

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.

**CREDIT RATING**

Credit Rating for Company's Banking facilities has been revised by the Credit Rating agency "CARE Ratings Limited" as Long Term facilities from CARE BBB+; Stable to CARE BBB; Stable and Short term facilities from CARE A3+ to CARE A3.

**LISTING**

The Company's equity shares are listed on National Stock Exchange India Limited (NSE) and Bombay Stock Exchange (BSE).

**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 thank 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 thank 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 |
| (DIN:00036508) | (DIN: 02229808) |

Place : Chennai

Date : 29th May, 2024

## 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. In humidification plants 24 numbers of fans were changed as energy saving type.

b. In 11 ring frames Spinning Pneumafil fans are changed as energy saving type.

c. Cogged belt conversion done in 2 Nos Link Coner,1 No. LR6 RF.

d. 1No. Waste collection filter stopped in D-Mill Carding.

e. 900cfm New 2 stage Energy Efficient Screw compressor installed and inefficient 2500cfm IR Compressor stopped.

f. Air leakages are corrected in Machines as well as Compressor room.

g. 1 No. inverter installed for new KTTM RF Pnemafil Motor.

From the above intiatives overall 5 lakh units will be saved per annum

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

During the year, the company utilized 618 lakhs units power generated through windmills and 117 lakhs units from solar power plant.

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

a. We have invested around Rs.50 lakhs for various Energy saving activities in LTM.

b. We have spent Rs.10 Lakhs for various Energy Saving activities in VTM, CTM & SVTM.

**B. TECHNOLOGY ABSORPTION**

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

a. The company has installed four new Toyota (KTTM) Model Rx 300 auto doffer ring frames with Toyota compact in LTM which is having most modern features and can achieve higher productivity.

b. The company has installed one 900 CFM energy efficient screw compressor OF Seize air make at LTM.

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

a. We have developed contamination free open-end yarn with the mixing of contamination free noils and waste without expensive cotton.

b. Recycled CVC yarns are developed with cotton and recycled polyester for eminent corporate buyers.

c. In CVC mixing we developed unilap blending system which improved yarn recovery by 2.0%.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

(Rs. in Cr.)

| Particulars | 2023-24 | 2022-23 |
|---|---|---|
| Total Foreign Exchange Earned | **522.95** | 828.38 |
| Total Foreign Exchange Used | **26.53** | 348.79 |

## Annexure II

## FORM MR-3

### SECRETARIAL AUDIT REPORT

### FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2024

*[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,

LOYAL TEXTILE MILLS LIMITED
21/4, Mill Street, Kovilpatti TN 628501

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 31st March, 2024 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 31st 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 except in the following cases

iv. Mr. B.T.BANGERA who was Non-Executive - Independent Director of the Company had retired from Board due to completion of the tenure i.e. on 27th September 2023. Subsequently Mr. KUMARAN. K was appointed as Non-

Executive - Independent Director only with effect from 10th October 2023. Therefore there is in a non-compliance of Regulation 17(1) of SEBI LODR 2015 for the quarter ended 31st December 2023 .

v. The Company has implemented an in house software with respect to Structural Digital Database under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. The existing software, maintained in-house by the Company, has certain gaps in with respect to recording the audit trails and its functioning. The same requires further improvements and modifications to comply with the Regulation of SEBI (PIT) Regulation 2015.

vi. As per Regulation 31(4) read with Regulation 31(5) the promoters of every target company shall declare on a yearly basis that he, along with persons acting in concert, has not made any encumbrance, directly or indirectly, other than those already disclosed during the financial year shall intimate to the stock exchange within 7 working days from the end of each financial year. The promoters/Company has intimated the same to the stock exchange on 10th May 2023.

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 themeeting.

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. B.T.Bangera Non-Executive - Independent Director of the Company had retired from Board due to completion of the tenure i.e. on 27th September 2023.
2. Mr. Kumaran Kandasamy was appointed as Additional Independent Director (Non-Executive and Independent) by the Board of Directors w.e.f 10th October 2024 by way of passing of circular resolution and subsequently approved by the shareholders by passing a special resolution through postal ballot on 26th December 2023.
3. Ms. Vishala Ramaswami was re-appointed as executive director of the company for a term of five years from 20th November 2023 to 19th November 2028 approved by the shareholders by passing a special resolution through postal ballot on 29th October,2023
4. Mr. R. Kannan was re-appointed as independent director not liable to retire by rotation for a second term of three consecutive years commencing from November 20, 2023 till November19, 2026 approved by the shareholders by passing a special resolution through postal ballot on 29th October, 2023.

For BP & Associates
Company Secretaries

K. J. Chandra Mouli
Partner
M.NO: F11720
CP NO: 15708
UDIN: F011720F000490418

Date : 29th May 2024
Place : Chennai

***ANNEXURE – A***

To,

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: F011720F000490418

Date : 29th May 2024
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.

2. **Composition of CSR Committee**

| NAME | POSITION | CATEGORY |
|---|---|---|
| Mrs. Vijayalakshmi Rao | Chairperson | Independent Director |
| Mr. R Kannan | 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

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 – **Not Applicable.**

6. **Average Net Profit**

   Average net profit of the company for the last three financial years is **Rs.5,418.97 Lakhs**

7. (a) Two percent of average net profit of the company as per section 135(5) is **Rs.108.38 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.108.38 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 |
| **108.38** | NIL | | NIL | | |

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

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 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 | | Project duration | Amount allocated for the project (in Rs. Lakhs) | Amount spent in the current Financial year (in Rs. Lakhs) | Amount transferred to Unspent CSR Account for the project as per section 135(6) (in Rs. Lakhs) | Mode of Implementation Direct (Yes/No) | Mode of Implementation - through Implementing Agency | |
| | | | | State | District | | | | | | Name | CSR Registration No. |
| 1. | Health Care and Medical Expenses – Supply of Mask and PPE Kits to the Kauvery Hospital | Healthcare | Yes | Tamilnadu | Chennai | -- | 56.65 | 56.65 | 0 | Yes | -- | -- |
| 2. | Educational Expenses incurred for Manickam Ramaswamy College of Arts and Science | Promoting education, including special education and vocation skills. | Yes | Tamil Nadu | Madurai | -- | 51.73 | 51.73 | 0 | No | Manickavasagam Charitable Trust | CSR00001112 |
| | **Total** | | | | | | **108.38** | **108.38** | **0** | | | |

(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. |
| **NIL** | | | | | | | | | |

(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.108.38 Lakhs**

(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) | - |
| (ii) | Total amount spent for the Financial Year | - |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | - |
| (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)] | - |

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 | |
| **NIL** | | | | | | | |

(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 |
|---|---|---|---|---|---|---|---|
| **NIL** | | | | | | | |

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
(DIN:00259208)

M.E. Manivannan
Member - CSR Committee
(DIN: 02229808)

Place: Chennai
Date: 29th May 2024

## 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, Fabrics and Commission |
| c) | Duration of the contracts / arrangements / transactions | 01.04.2023 – 31.03.2024 |
| d) | Salient terms of the contracts or arrangements or transactions including the value | Sale of Garments Rs. 4,433.83 lakhs.<br>Sale of Fabrics Rs. 0.72 lakhs.<br>Purchase of Service - Commission Rs. 3.30 lakhs. |
| e) | Date(s) of approval by the Board | Transactions were approved by Board in the meeting held on 11.08.2023, 09.11.2023, 13.02.2024 and 29.05.2024 |
| f) | Amount paid as advances | Nil |

| S. No | Particulars | Details |
|---|---|---|
| a) | Name(s) of the related party and nature of relationship | Valli Agri Industries Pvt Ltd – Mrs. Valli M Ramaswami, Promoter |
| b) | Nature of contracts / arrangements / transactions | Purchase of Milk & Ghee |
| c) | Duration of the contracts / arrangements / transactions | 01.04.2023 – 31.03.2024 |
| d) | Salient terms of the contracts or arrangements or transactions including the value | Purchase of Milk & Ghee Rs. 97.75 lakhs |
| e) | Date(s) of approval by the Board | Transactions were approved by Board in the meeting held on 11.08.2023, 09.11.2023, 13.02.2024, and 29.05.2024 |
| f) | Amount paid as advances | Nil |

| S. No | Particulars | Details |
|---|---|---|
| a) | Name(s) of the related party and nature of relationship | Kurunji Properties Pvt Ltd – Mrs. Valli M Ramaswami, Promoter |
| b) | Nature of contracts / arrangements / transactions | Rent Paid |
| c) | Duration of the contracts / arrangements / transactions | 01.04.2023 – 31.03.2024 |
| d) | Salient terms of the contracts or arrangements or transactions including the value | Rent Paid Rs. 18.00 lakhs |
| e) | Date(s) of approval by the Board | Transactions were approved by Board in the meeting held on 09.11.2023, 13.02.2024, and 29.05.2024 |
| f) | Amount paid as advances | Nil |

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

**M.E. Manivannan**
Whole Time Director
(DIN: 02229808)

Place : Chennai
Date : 29th May 2024

## 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 | 134 | (90%) |
| 2 | Mr. M.E. Manivannan | Whole Time Director | 64 | (5%) |
| 3 | Ms. Vishala M Ramswami | Executive Director | 27 | 0% |
| 4 | Mr. A. Velliangiri | Chief Executive Officer | 114 | (2%) |
| 5 | Mr. K. Ganapathi | Chief Financial Officer | 83 | (3%) |
| 6 | Mr. P. Mahadevan | Company Secretary & Compliance Officer | 31 | 9% |

b. Percentage increase / (decrease) in the median remuneration of employees in the financial year: 3.89%

c. No. of permanent employees on the rolls of the Company: 1854

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., 2023-24 was 10.86% whereas the increase/(decrease) in the managerial remuneration for the same financial year was (72.98%).

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 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** | **K. Ganapathi** |
|---|---|
| Chief Executive Officer | Chief Financial Officer |

Place : Chennai
Date : 29th May 2024

## ANNEXURE VII

## REPORT ON CORPORATE GOVERNANCE

### COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

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

### 1. BOARD OF DIRECTORS

**Composition and Category of Directors**

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.

**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 | 4 | 4 | Yes |
| 2 | Mr. Madhavan Nambiar | 4 | 3 | Yes |
| 3 | Mr. B.T. Bangera* | 4 | 2 | Yes |
| 4 | Mrs. Vijayalakshmi Rao | 4 | 4 | Yes |
| 5 | Mr. B. Vaidyanathan | 4 | 4 | Yes |
| 6 | Mr. R. Kannan | 4 | 3 | No |
| 7 | Ms. Vishala Ramswami | 4 | 4 | No |
| 8 | Mr. M.E.Manivannan | 4 | 3 | Yes |
| 9 | Mr. Lakshmi Narayanan | 4 | 3 | No |
| 10 | Mr. Gokul S Dixit | 4 | 4 | No |
| 11 | Mr. K. Kumaran @ | 4 | 2 | No |

* Retired on completion of his second term as an Independent Director on 27th September 2023

@ Appointed as an Independent Director in the Board on 10th October 2023

**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. Madhavan Nambiar | Non-Executive & Non-Independent Director | 3 | 3 |
| 5 | Mr. B. Vaidyanathan | Non – Executive & Non-Independent Director | 1 | - |

| S. No. | Name | Category | No. of Directorship in other Companies | No. of Committee Membership in other Companies |
|---|---|---|---|---|
| 6 | Mr. B.T. Bangera* | Non-Executive & Independent Director | - | - |
| 7 | Mrs. Vijayalakshmi Rao | Non-Executive & Independent Director | - | - |
| 8 | Mr. R.Kannan | Non-Executive & Independent Director | - | - |
| 9 | Mr. Lakshmi Narayanan | Non-Executive & Independent Director | 1 | - |
| 10 | Mr. Gokul S Dixit | Non-Executive & Independent Director | - | - |
| 11 | Mr. K. Kumaran | Non-Executive & Independent Director | - | - |

* Retired on completion of his second term as an Independent Director on 27th September 2023

- 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.

**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 | 29.05.2023 | 10 | 9 |
| 2 | 11.08.2023 | 10 | 9 |
| 3 | 09.11.2023 | 10 | 8 |
| 4 | 13.02.2024 | 10 | 10 |

**Relationship between Directors inter-se**

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

**Number of shares and convertible instruments held by Non-Executive Directors**

| S.No | Name | Category | No. of Equity Shares held |
|---|---|---|---|
| 1 | Mr. B.Vaidyanathan | Non -Executive & Non-Independent Director | Nil |
| 2 | Mr.Madhavan Nambiar | Non-Executive & Non- Independent Director | Nil |
| 3 | Mr. B.T.Bangera* | Non-Executive & Independent Director | Nil |
| 4 | Mrs.Vijayalakshmi Rao | Non-Executive & Independent Director | Nil |
| 5 | Mr.R.Kannan | Non-Executive & Independent Director | Nil |
| 6 | Mr.Lakshmi Narayanan | Non-Executive & Independent Director | Nil |
| 7 | Mr. Gokul Dixit | Non-Executive & Independent Director | Nil |
| 8 | Mr. K.Kumaran | Non-Executive & Independent Director | Nil |

* Retired on completion of his second term as an Independent Director on 27th September 2023.

**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.

**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:

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

**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

**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.

**Composition of the Committee**

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

| S.NO. | NAME OF THE DIRECTOR | POSITION |
|---|---|---|
| 1 | Mr. Gokul S Dixit # | Chairman |
| 2 | Mr. B. Vaidyanathan | Member |
| 3 | Mr. R. Kannan | Member |
| 4 | Mrs. Vijayalakshmi Rao | Member |
| 5 | Mr. B.T. Bangera * | Member |

# Designated as Chairman of the Committee on 28th September 2023

* Retired on completion of his second term as an Independent Director on 27th September 2023

**Meetings and attendance**

The Committee met five times during the year on 25th May 2023, 29th May 2023, 11th August 2023, 9th November 2023, and 13th February 2024. The attendance details of the meetings are as follows:

| S.NO. | NAME OF THE DIRECTOR | POSITION | NO. OF MEETING ATTENDED |
|---|---|---|---|
| 1 | Mr. B.T. Bangera * | Chairman | 3 |
| 2 | Mr.Gokul S Dixit # | Chairman | 5 |
| 3 | Mr. B. Vaidyanathan | Member | 5 |
| 4 | Mr. R. Kannan | Member | 4 |
| 5 | Mrs. Vijayalakshmi Rao | Member | 3 |

* Retired on completion of his second term as an Independent Director on 27th September 2023

\# Designated as Chairman of the Committee on 28th September 2023

## 3. NOMINATION AND REMUNERATION COMMITTEE

**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.

**Composition of the Committee**

The Committee comprises of the following Directors of the Company.

| S.NO. | NAME OF THE DIRECTOR | POSITION |
|---|---|---|
| 1 | Mrs. Vijayalakshmi Rao # | Chairperson |
| 2 | Mr. Gokul S Dixit ## | Member |
| 3 | Mr. B. Vaidyanathan | Member |
| 4 | Mr. B.T. Bangera * | Member |

\# Designated as Chairperson of the Committee on 28th September 2023

\## Inducted as member of the Committee on 28th September 2023

* Retired on completion of his second term as an Independent Director on 27th September 2023

**Meetings and attendance**

The Committee met two times during the year on 11th August 2023 and 13th February 2024. The attendance details of the meetings are as follows:

| S.NO. | NAME OF THE DIRECTOR | POSITION | NO. OF MEETING ATTENDED |
|---|---|---|---|
| 1 | Mr. B. T. Bangera * | Chairman | 1 |
| 2 | Mrs. Vijayalakshmi Rao | Member | 2 |
| 3 | Mr. B.Vaidyanathan | Member | 2 |
| 4 | Mr. Gokul S Dixit | Member | 1 |

* Retired on completion of his second term as an Independent Director on 27th September 2023

**4. STAKEHOLDERS' RELATIONSHIP COMMITTEE**

Mr. Madhavan Nambiar, Non-Executive & Non-Independent Director is the Chairman of the Committee. Mr. Gokul S Dixit 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 has received 6 requests from the shareholders with respect to non-receipt of dividend warrants and 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 31st March 2024.

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. M.E. Manivannan and Mr. R. Kannan, Directors are the other members of the Committee.

During the year the Committee met one time (i.e.) on 29th May 2023. 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. M.E. Manivannan | Member | 1 |
| 3 | Mr. R. Kannan | 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.

**Details of Remuneration paid to Executive Directors during the Financial Year 2023-24:** (Rs. in Lakhs)

| S. No. | Particulars | Mrs.Valli M Ramaswami, Chairperson & Whole Time Director | Mr. M.E. Manivannan Whole Time Director | Ms. Vishala Ramswami, Executive Director | Total |
|---|---|---|---|---|---|
| 1 | Salary | 60.00 | 29.42 | 12.00 | 101.42 |
| 2 | Bonus / Benefits | - | - | - | - |
| 3 | Commission | - | - | - | - |
| 4 | Other perquisites / Performance linked incentives | - | - | - | - |
| 5 | Contribution to Provident Fund / Pension | 7.20 | 2.70 | 1.44 | 11.34 |

| S. No. | Particulars | Mrs.Valli M Ramaswami, Chairperson & Whole Time Director | Mr. M.E. Manivannan Whole Time Director | Ms. Vishala Ramswami, Executive Director | Total |
|---|---|---|---|---|---|
| 6 | Contribution to Superannuation Fund | - | - | - | - |
| 7 | Stock Options | - | - | - | - |
| 8 | Service contracts / Notice Period / Severance fees | - | - | - | - |
| | **Total** | **67.20** | **32.12** | **13.44** | **112.76** |

**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 2023-24:** (Rs. in Lakhs)

| S.No. | Name of the Director | Sitting Fee | | Total |
|---|---|---|---|---|
| | | Board Meeting | Committee Meetings | |
| 1 | Mr. Madhavan Nambiar | 1.50 | 0.20 | 1.70 |
| 2 | Mr.B.T.Bangera | 1.00 | 1.60 | 2.60 |
| 3 | Mrs. Vijayalakshmi Rao | 2.00 | 2.90 | 4.90 |
| 4 | Mr.B Vaidyanathan | 2.00 | 2.70 | 4.70 |
| 5 | Mr. R.Kannan | | | - |
| 6 | Mr. Lakshmi Narayanan | 1.50 | 0.10 | 1.60 |
| 7 | Mr. Gokul S Dixit | 2.00 | 2.90 | 4.90 |
| 8 | Mr. K.Kumaran | - | - | - |
| | **Total** | **10.00** | **10.40** | **20.40** |

**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 31st March 2024.

**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**

**Annual General Meeting (AGM)**

| FY | DATE AND TIME | VENUE | DETAILS OF SPECIAL RESOLUTION PASSED |
|---|---|---|---|
| 2020-21 | 24/09/2021 10.15 am | AGM held through Video Conferencing facility provided by NSDL | Approval for payment of commission to Mrs.Valli M Ramaswami, Chairperson and Whole Time Director |
| 2021-22 | 22/09/2022 10.15 am | AGM held through Video Conferencing facility provided by NSDL | NIL |
| 2022-23 | 27/09/2023 10.00 am | AGM held through Video Conferencing facility provided by NSDL | NIL |

**Extra-Ordinary General Meeting (EGM)**

There was no Extra-Ordinary General Meeting held during the financial year 2023-24.

**8. POSTAL BALLOT**

During the year under review, the Company completed process of three 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 voting results along with the Scrutinizer's Report has been submitted to the Bombay Stock Exchange, National 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 re-appointment of Ms. Vishala Ramswami (DIN: 06967899) as Executive Director of the Company for a term of five consecutive years. | 36,30,072 | 36,30,072 (100%) | - |
| | Special Resolution – Approval for re-appointment of Mr.R.Kannan (DIN: 00366831) as an Independent Director of the Company for a second term of three consecutive years. | 36,30,072 | 36,30,072 (100%) | - |
| 2 | Special Resolution: Approval for Appointment of Mr.K.Kumaran (DIN: 00801146) as Non-Executive Independent Director of the Company. | 36,30,065 | 36,30,064 (99.99997) | 1 (00.00003) |

**9. MEANS OF COMMUNICATION**

a. 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 Exchanges within a stipulated time and uploaded in the Company's website www.loyaltextiles.com

b. The company's website www.loyaltextiles.com contains basic information about the Company and other details as required under the Listing Regulations.

c. No presentations have been made to institutional investors or to analysts during the year.

## 10. GENERAL SHAREHOLDER INFORMATION

| | | |
|---|---|---|
| a | Annual General meeting | |
| | Date & Day | 23.09.2024, Monday |
| | Time | 10.00 A.M. |
| | Venue | Through Video Conference ("VC") / Other Audio-Visual Means ("OAVM") |
| b | Financial Year | |
| | Unaudited Financial Results for the Quarter ended 30.06.2024 | On or before 14.08.2024 |
| | Unaudited Financial Results for the Quarter ended 30.09.2024 | On or before 14.11.2024 |
| | Unaudited Financial Results for the Quarter ended 31.12.2024 | On or before 14.02.2025 |
| | Audited Financial Results for the year ended 31.03.2025 | On or before 30.05.2025 |
| c | Dividend Payment Date | Not applicable |
| d | Name and Address of the Stock Exchange where the Company's Shares Listed | Bombay Stock Exchange<br>Phiroze Jeejeebhoy Towers,<br>Dalal Street,<br>Mumbai - 400 001<br>National Stock Exchange of India Limited<br>Exchange Plaza, 5th Floor, Plot No. C/1,<br>G Block, Bandra-Kurla Complex,<br>Bandra (E), Mumbai - 400 051.<br>Listing Fee for the Financial year 2024-25 has been paid. |
| e | Stock Code / ISIN | BSE: 514036<br>NSE: Symbol: LOYALTEX<br>ISIN: INE970D01010 |

**Share market price data of financial Year 2023-24**

| YEAR | MONTH | BSE | | | NSE | | |
|---|---|---|---|---|---|---|---|
| | | HIGH | LOW | CLOSE | HIGH | LOW | CLOSE |
| 2023 | April | 698 | 551 | 665 | 700 | 544 | 675 |
| | May | 771 | 581 | 640 | 770 | 611 | 655 |
| | June | 765 | 622 | 675 | 706 | 623 | 679 |
| | July | 751 | 617 | 677 | 721 | 644 | 666 |
| | August | 725 | 598 | 638 | 686 | 602 | 633 |
| | September | 730 | 626 | 640 | 732 | 625 | 639 |
| | October | 655 | 562 | 611 | 650 | 570 | 620 |
| | November | 690 | 575 | 635 | 699 | 586 | 639 |
| | December | 769 | 603 | 676 | 775 | 614 | 675 |
| 2024 | January | 700 | 608 | 656 | 701 | 612 | 656 |
| | February | 708 | 603 | 623 | 729 | 600 | 619 |
| | March | 680 | 490 | 515 | 679 | 484 | 515 |

### Share price performance in comparison to BSE Sensex and Nifty 50

| YEAR | MONTH | BSE | | NSE | |
|---|---|---|---|---|---|
| | | LOYAL Share price | SENSEX | LOYAL Share price | NIFTY 50 |
| 2023 | April | 665 | 61,112 | 675 | 18,065 |
| | May | 640 | 62,622 | 655 | 18,534 |
| | June | 675 | 64,719 | 679 | 19,189 |
| | July | 677 | 66,528 | 666 | 19,754 |
| | August | 638 | 64,831 | 633 | 19,254 |
| | September | 640 | 65,828 | 639 | 19,638 |
| | October | 611 | 63,875 | 620 | 19,080 |
| | November | 635 | 66,988 | 639 | 20,133 |
| | December | 676 | 72,240 | 675 | 21,731 |
| 2024 | January | 656 | 71,752 | 656 | 21,726 |
| | February | 623 | 72,500 | 619 | 21,983 |
| | March | 515 | 73,651 | 515 | 22,327 |

### Share transfer system

In line with amended SEBI (LODR) Regulations, 2015, the Share Transfers are entertained only in dematerialized form, with effect from 1st April, 2019. As at 31st March, 2024, No Equity Shares were pending for transfer.

### Distribution of Shareholder as on 31st March 2024

| No. of Shares Held | No. of Shareholders | % of Shareholders | No. of Shares Held | % of Shareholding |
|---|---|---|---|---|
| Up to – 500 | 2909 | 91.97 | 2,09,914 | 4.36 |
| 501 – 1000 | 111 | 3.51 | 84,405 | 1.75 |
| 1001 – 2000 | 62 | 1.96 | 94,986 | 1.97 |
| 2001 – 3000 | 12 | 0.38 | 31,217 | 0.65 |
| 3001 – 4000 | 15 | 0.47 | 53,730 | 1.12 |
| 4001 – 5000 | 5 | 0.16 | 22,985 | 0.48 |
| 5001 – 10000 | 14 | 0.44 | 96,336 | 2.00 |
| 10001 & above | 35 | 1.11 | 42,22,873 | 87.68 |
| **TOTAL** | **3,163** | **100** | **48,16,446** | **100** |

### Shareholding Pattern as on 31st March 2024

| 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 | 12,621 | 0.26 |
| 4 | Others | 12,59,980 | 26.16 |
| **Total** | | **48,16,446** | **100** |

### 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 47,09,391 shares were in dematerialized form representing 97.78% of the total shares. The Demat ISIN code number of our share is INE970D01010.

**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 31st March 2024.

**Plant Locations**

**Spinning, Knitting, Weaving, Ginning & Garments**

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

**Processing**

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

**Address for Correspondence**

| Compliance Officer | Registrar and Share Transfer Agent |
|---|---|
| P. Mahadevan,<br>Company Secretary & Compliance Officer<br>Loyal Textile Mills Ltd.<br>21/4, Mill Street,<br>Kovilpatti – 628 501<br>Phone: (04632) 2220001<br>E-mail: investors@loyaltextiles.com | GNSA Infotech Private Limited<br>STA Department, Nelson Chambers,<br>4th Floor, F Block,<br>No. 115, Nelson Manickam Road,<br>Aminjikarai, Chennai – 600 029<br>Phone: 044-42962025<br>E-mail: sta@gnsaindia.com<br>Contact Person: Mr. Krishna Kumar, Director |

**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) **Non-Compliance by the Company, Penalties, Strictures imposed by Stock Exchange or SEBI or any Statutory Authority on any matter related to capital markets during the last three years.**

During the financial year 2023-24, following non-compliance were reported:

Non-compliance of Regulation 17(1) of SEBI (Listing Obligations and Disclosure requirements) Regulations 2015 pertaining to the composition of the Board for the quarter ended 31st December 2023, for which the Company had paid a penalty of Rs.70,800/- each to the Stock Exchanges (NSE & BSE).

## 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 |

## DECLARATION OF COMPLIANCE OF CODE OF CONDUCT

This is to confirm that the company has adopted 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 31st March 2024.

Place : Chennai
Date : 29th May, 2024

**A Velliangiri**
**Chief Executive Officer**

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### 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) 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 31st March, 2024 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 | 25-09-2017 |
| 5. | Mr. Madhavan Nambiar | 01122411 | 25-09-2017 |
| 6. | Mrs. Vijayalakshmi Rao | 00259208 | 20-11-2020 |
| 7. | Mr.R.Kannan | 00366831 | 20-11-2020 |
| 8. | Mr. Lakshmi Narayanan | 00580679 | 08-08-2022 |
| 9. | Mr. Gokul S Dixit | 00357170 | 04-11-2022 |
| 10. | Mr. K.Kumaran | 00801146 | 10-10-2023 |

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
UDIN: A029583F000515387

Date : 29th May 2024
Place : Chennai

## ANNEXURE – D TO THE DIRECTORS' REPORT

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of
M/s. Loyal Textile Mills Limited

1. We have examined the compliance of conditions of Corporate Governance by M/s. Loyal Textile Mills Limited for the year ended on 31st March 2024, as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('Listing Regulations').

**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 is limited to examining the 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. In our opinion and to the Best of our information and according to the explanations given to us, and the representation made by the directors and the management, we certify that the Company has complied with the condition of Corporate Governance as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('Listing Regulations')

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 **Brahmayya & Co,**
Chartered Accountants
Firm Registration No.000511S

**N.Sri Krishna**
Partner
Membership No.026575
UDIN: 24026575BKCJVM9160

Place : Chennai
Date : May 29, 2024

## INDEPENDENT AUDITOR'S 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 accompanying Standalone Ind AS Financial Statements of Loyal Textile Mills Limited ("the Company"), which comprise the Balance sheet as on 31st March 2024, and the statement of Profit and Loss (Including Other Comprehensive Income), the Statement of Changes in Equity and the statement of cash flows 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 Companies Act, 2013 ("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 on 31st March, 2024, and its loss and its total comprehensive loss, its 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 Ind AS 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 Ind AS Financial Statements under the provisions 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 audit opinion on the standalone Ind AS Financial Statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our Report. For each matter below, our description of how our audit addressed the matter is provided in that Context.

**1. Revenue recognition**

| Key Audit Matter | Auditor's Response |
|---|---|
| Refer Note No. 2 and 22 to the Standalone Ind AS Financial Statements<br><br>Cut off Revenue is one of the key profit drivers and is therefore susceptible to misstatement.<br><br>Cut-off is the key assertion in so far as revenue recognition is concerned. There is a risk that revenue is recognized on sale of goods without substantial transfer of control as on reporting date which will not be in accordance with Ind AS-115 "Revenue from Contracts with Customers".<br><br>In view of the above and since revenue is a key performance indicator of the Company, we have identified timing of revenue recognition from sale of goods as a key audit matter. | Principal Audit Procedures Performed:<br><br>Our audit process consisted testing of the design and operating effectiveness of the internal controls and substantive testing performed by us which are as follows:<br><br>(i) We obtained an understanding of process and evaluated the design, implementation, and operating effectiveness of management's internal controls in relation to revenue recognition from sale of goods. We tested the Company's control over timing of revenue recognition around year end.<br><br>(ii) At the year end, we have performed the cut off testing for late cut off to test that the revenue is recorded in the appropriate period. We have traced sales with proof of delivery (POD) to confirm the recognition of sales. |

**2) Inventory Valuation**

| Key Audit Matter | Auditor's Response |
|---|---|
| Valuation of inventories (Refer Note No 2 and 6 to the Standalone Ind AS Financial Statements)<br>The Company's inventories comprise of raw materials, work-in-progress, finished goods and stores & spares amounting to Rs.41,559.35 Lakhs as at 31st March 2024.<br>The inventories are valued at lower of cost and net realizable value ('NRV').<br>NRV is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling costs.<br>The determination of NRV involves estimates of prevailing market conditions, stage of completion of the inventory, the estimated future selling price and selling costs.<br>Considering the significance of the amount of carrying value of inventories and significant judgements and assumptions involved in assessment of NRV, the same is considered a key audit matter. | Principal audit procedures performed.<br>Evaluated the design and operation of internal controls and its operating effectiveness in determining the NRV, including the Company's review of key estimates, such as estimated future selling prices on a test basis.<br>Compared NRV with recent sales or estimated selling price and selling costs.<br>Evaluated the Company's judgement with regards to application of write-down of inventories, where required.<br>Assessed the adequacy and appropriateness of the disclosures made by the management with respect to Inventories in compliance with the requirements of applicable Ind AS 2 and Schedule III to the Companies Act, 2013. |

**Other Information**

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Company's Annual Report but does not include the Standalone Ind AS Financial Statements and our auditor's report thereon. The above reports are expected to be made available to us after the date of the auditor's report.

Our opinion on the Standalone Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Ind AS Financial Statements, our responsibility is to read the other information as identified above when made available and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the above reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS 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 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 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and the estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### Auditor’s Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS 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 Ind AS 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 with reference to Ind AS Financial Statements 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 attention in our auditor’s report to the related disclosures in the Ind AS 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 Ind AS Financial Statements, including the disclosures, and whether the Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Ind AS Financial Statements.

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 utmost significance in the audit of the Ind AS 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.

## Independent Auditors' Report

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. 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, except for the matters stated below, on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014

    c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.

    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 Rule 7 of the Companies (Accounts) Rules, 2014.

    e) On the basis of the written representations received from the directors as on 31st March, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.

    f) The modifications relating to the maintenance of accounts and other matters connected therewith are as stated in the above on reporting under Section 143(3)(b) of the Act and below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014

    g) 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 B."

    h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        I. The Company has disclosed the impact of pending litigations on its financial position in Note No 32.1 to the Standalone Ind AS Financial Statements.

        II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

        III. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

        IV. a) The management has represented that, to the best of its knowledge and belief, during the year no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

            (b) The management has represented, that, to the best of its knowledge and belief, during the year no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

            (c) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations received under subclause (iv)(a) and (iv)(b) contain any material misstatement.

V. The company has not declared any dividend during the current year and the previous year, hence the clause regarding compliance with provisions of section 123 of the Act is not applicable.

VI. According to information and explanation given to us and based on our examination which included test checks, the Company has used licensed Textile specific ERP software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. However, in the absence of any confirmation on the controls concerning the maintenance of relevant audit trails at the database level by ERP service provider, we are unable to comment on the prevalence of audit trail (edit log) facility at the database level.

VII. As Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1st April 2023, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 on preservation of Audit Trial as per the statutory requirements for record retention is not applicable for the financial year ended 31st March 2024

3. In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 read with Schedule V of the Act.

For **Brahmayya & Co.,**
Chartered Accountants
Firm Registration No.000511S

**N Sri Krishna**
Partner
Membership No.026575
UDIN: 24026575BKCJVM9160

Place : Chennai
Date: May 29, 2024

**ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT**

The Annexure referred to in Independent Auditors' Report to the Members of Loyal Textile Mills Limited on the Standalone Ind AS Financial Statements for the year ended 31st March, 2024

i. In respect of company's Property, Plant and Equipment and Intangible Assets:

a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of Intangible Assets

b) According to the information and explanations given to us and on the basis of our examination of records of the company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all Property, Plant and Equipment are verified in a phased manner over a period of three years. In accordance with the programme certain Property, Plant and Equipment were physically verified by the Management during the year and this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favor of the lessee) as disclosed in the Standalone Ind AS Financial Statements are held in the name of the Company

Based on the examination of relevant documents by us and confirmations received from the lenders as on the reporting date, immovable properties of land and buildings whose title deeds have been pledged as security for borrowings, are held in the name of the Company

d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year ended 31.03.2024

e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

ii. a. According to information and explanations given to us and on the basis of our examination of the records of the Company, the inventories were physically verified during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on physical verification.

b. The Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns / statements along with subsequent revisions filed by the Company with the banks are in agreement with the books of accounts of the Company.

iii. According to the information and explanations given to us and based on our examination of the records of the Company, the company during the year has not made investments in, provided any guarantee or security, or granted any loans or advances in the nature of loans secured or unsecured to companies, firms, Limited Liability Partnerships, or any other parties. Accordingly, reporting under clause 3(iii)(a) to (f) of the Order is not applicable

iv. In our opinion and according to information and explanation given to us and on the basis of our examination of the records of the company, in respect of grant of loans, making investments and providing guarantees or securities, the company has complied with the provision of Section 185 and 186 of the Companies Act 2013 as applicable.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public during the year in terms of the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

vi. We have reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and services provided by it and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

vii. According to the information and explanations given to us, in respect of statutory dues:

a) The company has been regular in depositing with appropriate authorities undisputed statutory dues such as Provident Fund, Employees’ State Insurance, Income-Tax, Sales-Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Goods and Services Tax, Cess, and any other statutory dues with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-Tax, Sales-Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Goods and Services Tax, Cess and any other statutory dues were in arrears as at 31$^{st}$ March 2024 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, details of dues of Provident Fund, Employees’ State Insurance, Income-Tax, Sales-Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Goods and Services Tax, Cess and any other statutory dues which have not been deposited as on 31$^{st}$ March 2024 on account of any dispute and the forum where disputes are pending is given below:

| Sl. No. | Nature of the Statute | Nature of Dues | Amount in Lakhs | Period to Which amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| 1 | Central Sales Tax Act. 1956 | CST | 795.54 | Various Periods from 2013-14 | State Tax Appellate Tribunal, Kakinada |
| 3 | Income Tax Act 1961 | Income Tax | 2496.13 | Various Periods from 2017-18 to 2022-23 | CIT Appeals |
| | | | 0.78 | AY 2015-16 | IT Department |

viii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

ix. (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has not defaulted in repayment of borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a willful defaulter by any bank or financial institution or government or government authority

(c) In our opinion and according to the information and explanations given to us by the management, the company has not availed any term loans during the year.

(d) According to the information and explanations given to us and on an overall examination of the financial statements of the company as at 31.03.2024, we report that, the company has used funds raised on short-term basis including cash generating from operations aggregating to Rs.17.53 Crores for long-term purposes.

(e) According to the information and explanations given to us and on an overall examination of the standalone Ind AS Financial Statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or joint ventures as defined under the Act.

(f) According to the information and explanations given to us and procedures performed by us, the company has not raised any loans during the year on the pledge of securities held in its subsidiary or joint venture companies.

x. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company during the year has not raised moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company during the year has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable

xi. (a) On the basis of books and records of the Company examined by us and according to the information and explanations given to us, we report that no material fraud by the Company or any fraud on the Company has been noticed or reported during the year in the course of our audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the company during the year.

xii. According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, clause 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed as related party transactions in Note No.41 the Standalone Ind AS Financial Statements.

xiv. (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued for the period under audit.

xv. In our opinion and according to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with them and hence the provisions of the section 192 of the Act are not applicable to the company.

xvi. (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted any Non-banking Financial or Housing Finance activities during the year. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. According, clause 3(xvi)(c) of the order is not applicable.

(d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC as part of the Group. Accordingly, clause 3(xvi)(d) of the Order is not applicable.

xvii. The company has incurred a cash loss of Rs. 2,160.04 Lakhs in the current financial year, and Nil cash loss in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone Ind AS Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. a) In our opinion, according to the information and explanations given to us and based on our examination of the records of the Company, the company has no ongoing CSR projects.

b) In our opinion, according to the information and explanations given to us and based on our examination of the records of the Company, the company has no amount remaining unspent under sub section (5) of section 135 of Companies Act.

For **Brahmayya & Co.,**
Chartered Accountants
Firm Registration No.000511S

**N Sri Krishna**
Partner
Membership No.026575
UDIN: 24026575BKCJVM9160

Place : Chennai
Date: May 29, 2024

**Annexure - B to the Independent Auditors' Report**

**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 Standalone Ind AS Financial Statements of the Company as of and for the year ended 31st March, 2024, we have audited the internal financial controls over financial reporting of Loyal Textile Mills Limited ("the Company") as of 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.

**Auditors' 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 were 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 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 authorizations 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 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 and to the best of our information and according to the explanation given to us, 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 31st March 2024, 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 **Brahmayya & Co.,**
Chartered Accountants
Firm Registration No.000511S

**N Sri Krishna**
Partner
Membership No.026575
UDIN: 24026575BKCJVM9160

Place : Chennai
Date: May 29, 2024

## Operating Result Summary

(Rs. in Lakhs)

| Year ended | 31.03.2024 | 31.03.2023 | 31.03.2022 | 31.03.2021 | 31.03.2020 |
|---|---|---|---|---|---|
| Revenue from Operations | 93,919 | 140,289 | 176,287 | 112,180 | 110,443 |
| Other Income | 7,383 | 3,668 | 892 | 305 | 344 |
| **Total Income** | **101,302** | **143,957** | **177,178** | **112,485** | **110,787** |
| Cost of materials consumed | 52,448 | 94,062 | 113,131 | 62,312 | 65,326 |
| Purchase of Stock-in-Trade | 2,933 | 1,857 | 3,679 | 1,656 | 2,946 |
| Changes in Inventories of Finished Goods, Work-in-progress | 3,662 | (6,809) | (9,051) | 1,194 | (2,282) |
| Employee Benefits Expense | 15,698 | 17,651 | 16,371 | 12,913 | 12,117 |
| Finance costs | 5,288 | 3,179 | 2,963 | 3,503 | 3,691 |
| Depreciation and amortization expense | 3,776 | 3,658 | 3,704 | 4,307 | 5,213 |
| Other expenses | 23,433 | 30,503 | 33,236 | 23,301 | 23,808 |
| **Total Expenses** | **107,238** | **144,102** | **164,033** | **109,186** | **110,819** |
| Profit/(Loss) before tax | (5,936) | (145) | 13,145 | 3,299 | (32) |
| Export | 34,021 | 68,266 | 130,664 | 77,467 | 76,291 |
| Production of Yarn in Lakh Kgs | 198.72 | 269.55 | 279.72 | 229.52 | 247.25 |
| Production of Cloth in Lakh Mtrs | 447.24 | 411.84 | 533.30 | 445.73 | 507.98 |

## Balance Sheet Summary

(Rs. in Lakhs)

| Year ended | 31.03.2024 | 31.03.2023 | 31.03.2022 | 31.03.2021 | 31.03.2020 |
|---|---|---|---|---|---|
| Net Fixed Assets | 33,346 | 33,388 | 30,770 | 32,068 | 35,214 |
| Investments | 201 | 200 | 250 | 254 | 256 |
| Long Term Loans and Advances | 2,713 | 3,877 | 1,715 | 480 | 469 |
| Current Assets | 72,101 | 89,315 | 93,312 | 65,306 | 60,103 |
| Deferred Tax Assets (Net) | 384 | - | - | - | - |
| **Total** | **108,745** | **126,781** | **126,047** | **98,108** | **96,042** |
| Long Term Borrowings | - | - | - | 1,308 | 6,091 |
| Deferred Tax Liability (Net) | - | 1,237 | 941 | 1,709 | 2,063 |
| Current Liabilities | 79,687 | 92,223 | 91,403 | 70,151 | 65,721 |
| **Total** | **79,687** | **93,460** | **92,343** | **73,168** | **73,875** |
| Networth | 29,058 | 33,321 | 33,703 | 24,940 | 22,167 |
| **Represented By** | | | | | |
| Share Capital | 482 | 482 | 482 | 482 | 482 |
| Reserves & Surplus | 28,577 | 32,839 | 33,222 | 24,458 | 21,685 |
| Pre Tax Profits | (5,936) | (145) | 13,145 | 3,299 | (32) |
| Dividend paid on equity shares | - | - | - | - | 72 |
| % of dividend paid on equity shares | 0% | 100% | 75% | 0% | 15% |

## Standalone Balance Sheet as at 31st March, 2024

(All amounts in lakhs, unless other stated)

(Rs. in Lakhs)

| PARTICULARS | Note No. | 31st March 2024 | 31st March 2023 |
|---|---|---|---|
| **ASSETS** | | | |
| **A. Non-Current Assets** | | | |
| (a) Property, Plant & Equipment | 3 | **33,133.13** | 32,756.22 |
| (b) Capital Work-in-progress | 3A | **-** | 309.90 |
| (c) Investment property | 3 | **151.77** | 270.29 |
| (d) Other Intangible assets | 3 | **60.81** | 52.01 |
| (e) Financial Assets | | | |
| (i) Investments | 4 | **199.25** | 198.07 |
| (f) Other Non-Current Assets | 5 | **2,712.78** | 3,877.14 |
| (g) Deferred Tax Assets (Net) | 16 | **383.64** | - |
| **Total Non-Current Assets (A)** | | **36,641.38** | 37,463.63 |
| **B. Current Assets** | | | |
| (a) Inventories | 6 | **41,559.35** | 52,161.97 |
| (b) Financial Assets | | | |
| (i) Investments | 7 | **2.15** | 2.15 |
| (ii) Trade Receivables | 8 | **15,848.67** | 20,570.21 |
| (iii) Cash and Cash Equivalents | 9 | **113.12** | 345.14 |
| (iv) Bank Balance Other than (iii) above | 10 | **1,573.28** | 1,769.26 |
| (v) Others Financial Assets | 11 | **4,882.27** | 2,379.28 |
| (c) Other current Assets | 12 | **8,124.76** | 12,089.03 |
| **Total Current Assets (B)** | | **72,103.60** | 89,317.04 |
| **Total Assets (A+B)** | | **108,744.98** | 126,780.67 |
| **EQUITY AND LIABILITIES** | | | |
| **C. EQUITY** | | | |
| (a) Equity Share Capital | 13 | **481.64** | 481.64 |
| (b) Other Equity | 14 | **28,576.66** | 32,839.21 |
| **Total Equity (C)** | | **29,058.30** | 33,320.86 |
| **LIABILITIES** | | | |
| **D. Non-Current Liabilities** | | | |
| (a) Provisions | 15 | **159.00** | 130.14 |
| (b) Deferred Tax Liabilities (Net) | 16 | **-** | 1,237.30 |
| **Total Non-Current Liabilities (D)** | | **159.00** | 1,367.44 |
| **E. Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowing | 17 | **62,215.85** | 66,226.62 |
| (ii) Trade Payables | 18 | | |
| (a) Total outstanding dues of micro enterprises and small enterprises; and | | **3,098.34** | 2,214.36 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | | **8,097.95** | 14,733.80 |
| (iii) Other financial liabilities | 19 | **5,280.00** | 7,197.22 |
| (b) Other current liabilities | 20 | **613.42** | 1,599.58 |
| (c) Provisions | 21 | **222.12** | 120.79 |
| **Total Current Liabilities (E)** | | **79,527.68** | 92,092.37 |
| **Total Liabilities F (D+E)** | | **79,686.68** | 93,459.81 |
| **Total Equity and Liabilities (C+F)** | | **108,744.98** | 126,780.67 |

Note No. 3 to 45 form an integral part of this Financial Statements

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

**M E Manivannan**
Whole Time Director

As per our report of even date
For **Brahmayya & Co.,**
Chartered Accountants
(ICAI Firm Reg. No: 000511S)

**A Velliangiri**
Chief Executive Officer

**K Ganapathi**
Chief Financial Officer

**P Mahadevan**
Company Secretary & Compliance Officer

**N.Sri Krishna**
Partner
M. No: 026575

Place : Chennai
Date : 29th May 2024

## Standalone Statement of Profit and Loss for the year ended 31st March, 2024

(All amounts in lakhs, unless other stated)

(Rs. in Lakhs)

| | PARTICULARS | Note No. | **31st March 2024** | 31st March 2023 |
|---|---|---|---|---|
| I. | Revenue from Operations | 22 | **93,918.71** | 140,289.39 |
| II. | Other Income | 23 | **7,382.91** | 3,667.59 |
| **III.** | **Total Income (I +II)** | | **101,301.62** | 143,956.98 |
| IV. | Expenses: | | | |
| | Cost of materials consumed | 24 | **52,447.58** | 94,061.84 |
| | Purchase of Stock-in-Trade | 25 | **2,933.40** | 1,856.73 |
| | Changes in Inventories of | 26 | | |
| | Finished Goods | | **3,010.37** | (6,658.06) |
| | Work-in-progress | | **651.71** | (150.58) |
| | Employee Benefits Expense | 27 | **15,697.62** | 17,651.48 |
| | Finance costs | 28 | **5,288.47** | 3,179.45 |
| | Depreciation and amortization expense | 3 | **3,776.14** | 3,657.51 |
| | Other expenses | 29 | **23,432.52** | 30,503.25 |
| | **Total Expenses** | | **107,237.81** | 144,101.62 |
| V. | Profit / (Loss) before exceptional items and tax - (III - IV) | | **(5,936.19)** | (144.66) |
| VI. | Exceptional Items | | **-** | - |
| VII. | Profit / (Loss) before tax (V - VI) | | **(5,936.19)** | (144.66) |
| VIII. | Tax expense: | | | |
| | (1) Current tax | | **-** | - |
| | (2) Deferred tax | | **(1,641.20)** | (26.13) |
| | (3) Income Tax relating to Previous Year | | **-** | (241.70) |
| **IX.** | **Profit/(Loss) for the period after tax (VII + VIII)** | | **(4,294.99)** | 123.13 |
| **X.** | **Other Comprehensive Income** | | | |
| | (a) Items that will not be reclassified to Profit or Loss | | **52.71** | (44.61) |
| | (b) Income tax relating to items that will not be reclassified to Profit or Loss | | **(20.27)** | 20.44 |
| **X.** | **Total Other Comprehensive Income** | | **32.44** | (24.13) |
| **XI.** | **Total Comprehensive Income for the Period (IX+X)** | | **(4,262.55)** | 99.00 |
| XII. | Earning per equity share of Rs.10/- : | | | |
| | (1) Basic | | **(89.17)** | 2.56 |
| | (2) Diluted | | **(89.17)** | 2.56 |

Note No. 3 to 45 form an integral part of this Financial Statements

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

**M E Manivannan**
Whole Time Director

As per our report of even date
For **Brahmayya & Co.,**
Chartered Accountants
(ICAI Firm Reg. No: 000511S)

**A Velliangiri**
Chief Executive Officer

**K Ganapathi**
Chief Financial Officer

**P Mahadevan**
Company Secretary & Compliance Officer

**N.Sri Krishna**
Partner
M. No: 026575

Place : Chennai
Date : 29th May 2024

## Standalone Statement of Changes In Equity

(All amounts in lakhs, unless other stated)

### A) EQUITY SHARE CAPITAL

| **For the year ended 31st March 2024** | | | | **(₹ in Lakhs)** |
|---|---|---|---|---|
| **Balance as at 01st April 2023** | **Changes in Equity share capital due to prior period errors** | **Restated Balance at the beginning of financial year** | **Changes in Equity share capital during the year** | **Balance as at 31st March 2024** |
| **481.64** | **-** | **481.64** | **-** | **481.64** |

| For the year ended 31st March 2023 | | | | (₹ in Lakhs) |
|---|---|---|---|---|
| Balance as at 01st April 2022 | Changes in Equity share capital due to prior period errors | Restated Balance at the beginning of financial year | Changes in Equity share capital during the year | Balance as at 31st March 2023 |
| 481.64 | - | 481.64 | - | 481.64 |

### B) OTHER EQUITY

**Statement of Changes in Other Equity (2023-24)** **(₹ in Lakhs)**

| **Particulars** | **Reserves & Surplus** | | | | | **Equity Instru-ments through OCI** | **Total** |
|---|---|---|---|---|---|---|---|
| | **Capital Reserve** | **General Reserve** | **Amalga-mation Reserve** | **Retained Earnings** | **Remeasure-ment of Defined benefit plans** | | |
| Balance as at 01.04.2023 | 24.19 | 8,475.06 | 242.52 | 23,859.01 | 219.60 | 18.83 | 32,839.21 |
| Total Comprehensive Income/ (Loss) for the Current Year | - | - | - | (4,294.99) | 31.67 | 0.77 | (4,262.55) |
| Less: Dividend | - | - | - | | - | - | - |
| **Balance as at 31.03.2024** | **24.19** | **8,475.06** | **242.52** | **19,564.02** | **251.27** | **19.60** | **28,576.66** |

**Statement of Changes in Other Equity (2022-23)** **(₹ in Lakhs)**

| **Particulars** | **Reserves & Surplus** | | | | | **Equity Instruments through OCI** | **Total** |
|---|---|---|---|---|---|---|---|
| | **Capital Reserve** | **General Reserve** | **Amalga-mation Reserve** | **Retained Earnings** | **Remeasure-ment of Defined benefit plans** | | |
| Balance as at 01-04-2022 | 24.19 | 8,475.06 | 242.52 | 24,217.46 | 240.27 | 22.33 | 33,221.83 |
| Total Comprehensive Income/ (Loss) for the Current Year | - | - | - | 123.19 | (20.67) | (3.50) | 99.02 |
| Less: Dividend | - | - | - | 481.64 | - | - | 481.64 |
| **Balance as at 31.03.2023** | **24.19** | **8,475.06** | **242.52** | **23,859.01** | **219.60** | **18.83** | **32,839.21** |

Note No. 3 to 45 form an integral part of this Financial Statements

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

**M E Manivannan**
Whole Time Director

As per our report of even date
For **Brahmayya & Co.,**
Chartered Accountants
(ICAI Firm Reg. No: 000511S)

**A Velliangiri**
Chief Executive Officer

**K Ganapathi**
Chief Financial Officer

**P Mahadevan**
Company Secretary & Compliance Officer

**N.Sri Krishna**
Partner
M. No: 026575

Place : Chennai
Date : 29th May 2024

## Standalone Cash Flow Statement for the year ended 31st March, 2024

(All amounts in lakhs, unless other stated)

(Rs. in Lakhs)

| PARTICULARS | 31st March 2024 | 31st March 2023 |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| PROFIT BEFORE TAX | **(5,936.19)** | (144.64) |
| **Adjustments for** | | |
| Depreciation | **3,776.14** | 3,657.51 |
| Interest paid | **5,288.47** | 3,179.45 |
| Dividend received on Investments - Others | **(174.71)** | (135.88) |
| Bad Debts & Provision for Bad debts | **4.65** | 45.84 |
| Impairment on Financial Assets carried at cost | **-** | 22.37 |
| (Profit)/Loss on disposal of Fixed Assets | **(150.83)** | 16.38 |
| **OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL** | **2,807.53** | 6,641.03 |
| **Adjustments for Changes In Working Capital** | | |
| **Adjustment for (Increase)/Decrease in Operating Assets** | | |
| Inventories | **10,602.62** | (7,508.17) |
| Trade Receivables | **4,716.89** | 9,673.98 |
| Other Financial Assets | **(2,502.99)** | 1,103.17 |
| Other Current Assets | **3,580.63** | 870.91 |
| Other Non-Current Assets | **(665.43)** | (502.32) |
| Amount deposited as Margin Money | **195.97** | (406.42) |
| **Adjustment for Increase/ (Decrease) in Operating Liabilities** | | |
| Trade Payables | **(5,751.88)** | (1,105.05) |
| Other Financial Liabilities | **(1,917.22)** | (1,321.55) |
| Other Current Liabilities | **(986.16)** | (513.37) |
| Long & Short term Provisions | **181.72** | 28.98 |
| Other Non-Current Liabilities | **383.64** | 343.05 |
| **CASH FLOW FROM OPERATING ACTIVITIES** | **10,645.32** | 7,304.24 |
| Income Tax (Paid)/Refund | **-** | (667.40) |
| **NET CASH FLOW (A)** | **10,645.32** | 6,636.84 |

## Standalone Cash Flow Statement for the year ended 31st March, 2024

(All amounts in lakhs, unless other stated)

(Rs. in Lakhs)

| PARTICULARS | **31st March 2024** | 31st March 2023 |
|---|---|---|
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Payments for Assets acquisition | **(2,029.41)** | (7,978.23) |
| Proceeds on Sale of Fixed Assets | **276.58** | 26.20 |
| Sale/(Purchase) of Investments | **0.00** | 21.89 |
| Dividend receipts | **174.71** | 135.88 |
| **NET CASH FLOW (B)** | **(1,578.13)** | (7,794.26) |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Interest paid | **(5,288.47)** | (3,179.45) |
| Proceeds / (Repayment) of Short Term Borrowings | **(4,010.77)** | 4,600.69 |
| Dividend paid | **-** | (481.64) |
| **NET CASH FLOW (C)** | **(9,299.24)** | 939.59 |
| **NET CASH INFLOW / (OUTFLOW) (A+B+C)** | **(232.02)** | (217.83) |
| **OPENING CASH AND CASH EQUIVALENTS (D)** | **345.14** | 562.97 |
| **CLOSING CASH AND CASH EQUIVALENTS (E)** | **113.12** | 345.14 |
| **NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (D-E)** | **(232.02)** | (217.83) |

See accompanying notes to financial statements 1 to 45

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

**M E Manivannan**
Whole Time Director

As per our report of even date
For **Brahmayya & Co.,**
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**P Mahadevan**
Company Secretary & Compliance Officer

**N.Sri Krishna**
Partner
M. No: 026575

Place : Chennai
Date : 29th May 2024



LOYAL

(All amounts in lakhs, unless other stated)

**1 General Information:**

Loyal Textiles Mills Limited ( "the Company" ) is a listed company incorporated on 1956 in the state of Tamilnadu, India. 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 Naidupeta in Andhra Pradesh.

The Company is a public listed company and listed on The Bombay Stock Exchange and National Stock Exchange.

**2 Significant Accounting Policies:**

**(a) Statement of Compliance:**

These financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), and the provisions of the Companies Act ,2013 ('the Act') (to the extent notified) The Ind AS are prescribed under Section 133 of the Act read with Rule3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

**(b) Basis for Preparation and Presentation:**

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Valuation techniques with observable inputs. This level of hierarchy includes items measured using inputs other than quoted prices included within Level 1 that are observable for such items, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

**(c) Significant accounting judgements, estimates and assumptions**

In the application of the Company's accounting policies the Board of Directors of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**a. Useful lives of property, plant and equipment**

The Company reviews the estimated useful lives of Property, Plant and Equipment at the end of each reporting period. During the current year, there has been no change in life considered for the assets except those specified in the exceptional items.

**b. Provision for doubtful receivables**

The Company makes provision for doubtful receivables based on a provision matrix which takes into account historical credit loss experience and adjusted for current estimates.

c. **Estimation of net realisable value of inventories**

Inventories are stated at the lower of cost and net realisable value. In estimating the net realisable value of inventories the Company makes an estimate of future selling prices and costs necessary to make the sale.

d. **Provision for employee benefits**

The Company uses actuarial assumptions to determine the obligations for employee benefits at each reporting period. These assumptions include the discount rate, expected long-term rate of return on plan assets, rate of increase in compensation levels and mortality rates.

e. **Provision for taxes**

Significant judgments are required in determining the provision for income taxes, including the amount expected to be paid/ recovered for uncertain tax positions.

f. **Fair value for Investment Property**

The fair Value of the Investment property as disclosed in the Financial statements is the best judgement of the Management with available information include market knowledge, reputation, independence and whether professional standards are maintained.

**(d) Revenue Recognition:**

Revenue is recognized to that extend it is probable that future economic benefits will flow to the entity and the amount of revenue can be reliably measured.

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are net of returns, rebates, goods & services tax and value added taxes.

1. **Sale of Goods**

Revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer.

Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the individual delivery and acceptance terms agreed with the customers.

The amount of revenue to be recognized (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as Goods and Service Tax(GST) or other taxes directly linked to sales. Revenue from product sales are recorded net of allowances for estimated rebates, cash discounts and estimates of product returns, all of which are established at the time of sale.

If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices.

2. **Sale of Services**

Revenue from sale of services is recognised when related services are rendered and related cost are incurred

3. **Dividend and Interest Income**

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.

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), which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition

4. **Other Income**

Export incentives are accounted in the year of exports based on eligibility and expected amount on realisation.

Government grants and subsidies are recognised when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant.

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.

**(e) Cash And Cash Equivalents (For Purposes Of Cash Flow Statement)**

Cash comprises cash in hand and balance with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit / (loss) is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. In cash flow statement, cash and cash equivalents include cash in hand, balances with banks in current accounts and other short-term highly liquid investments with original maturities of three months or less.

**(f) 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:

In case of raw materials at weighted average cost plus direct expenses. The cost includes cost of purchase, non-refundable duties and taxes, and other costs incurred in bringing the inventories to their present location and condition.

In case of stores and spares at weighted average cost plus direct expenses. The cost includes cost of purchase, non-refundable duties and taxes, and other costs incurred in bringing the inventories to their present location and condition.

In case of work in progress at raw material cost plus conversion costs depending upon the stage of completion.

In case of finished goods at raw material cost plus conversion costs, packing cost, non recoverable indirect taxes (if applicable) and other overheads incurred to bring the goods to their present location and condition.

In case of by-products at estimated realizable value

Net realizable value is the estimated selling price in ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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

**Recognition and measurement**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

**The Cost of an item of Property, plant and equipment comprises:**

a. its purchase price including import duties and non- refundable purchase taxes after deducting trade discounts and rebates

b. any attributable expenditure directly attributable for bringing an asset to the location and the working condition for its intended use and

c. the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

The Company has elected to continue with the carrying value of all its PPE recognised as on April 1, 2015 measured as per the previous GAAP and use that carrying value as its deemed cost as on transition date.

**Depreciation**

Depreciation is calculated on the cost of items of property, plant and equipment less their estimated residual values over the estimated useful lives using the straight-line method and is generally recognised in the Statement of profit and loss. Freehold land is not depreciated.

Depreciation on property, plant and equipment is charged over the estimated useful life of theasset or part of the asset (after considering double/triple shifts) as evaluated on technical assessment on straight-line method, in accordance with Part A of Schedule II to the Companies Act, 2013.

The estimated useful life of the property, plant and equipment followed by the Company for the current and the comparative period are as follows :

Buildings - 30 years

Plant and Equipment - 8 years

Furniture and Fixtures - 8 years

Vehicles - 8 years

Office Equipment - 5 years

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if necessary, for each reporting period. Based on technical assessment and consequent advice, the management believes that its estimate of useful life as given above best represent the period over which management expects to use the asset.

On property, plant and equipment added/ disposed off during the year, depreciation is charged on pro-rata basis for the period from/upto which the asset is ready for use/disposed off.

**Other Prospects**

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the statement of profit and loss as and when incurred.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss.

**Capital Work-in-Progress**

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. They are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

**(h) Intangible Assets:**

**Recognition**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives and it is included in the statement of profit and loss. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

**Useful Life:**

The estimated useful life of intangible assets consisting computer software is 6 years

**Derecognition**

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

**(i) Investment Property**

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

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

Company depreciates investment 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. The fair Value of the Investment property as disclosed in the Financial statements is the best judgement of the Management with available information. 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.

**(j) Borrowing Cost**

**Definition:**

Borrowing cost are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are considered as adjustment to interest costs) incurred in connection with the borrowings of funds.

**Recognition:**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

**Cessation of Borrowing Cost**

An entity shall cease capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

**(k) Leases**

The Company assesses at contract inception whether a contract is or contains, a lease, i.e., if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**i) Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for its use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Plant and machinery
- Buildings
- Land

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

**ii) Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

**Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**(l) Impairment of tangible assets and Intangible Assets other than Goodwill**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**(m) Financial Instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of these instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as may be appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately as profit or loss.

**(i) Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognized on a trade date basis. Regular way purchases or sales of financial assets that require delivery of assets within the time frame established by regulations or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

**Classification of financial assets**

Financial instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in the Statement of Profit and Loss for FVTOCI debt instruments. For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognised as profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in Other Comprehensive Income and accumulated under the heading of ‘Reserve for debt instruments through Other Comprehensive Income’. When the investment is disposed off, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

**Effective interest method**

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

**Investments in equity instruments at FVTOCI**

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the ‘Reserve for equity instruments through other comprehensive income’. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognised in profit or loss when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised as profit or loss are included in the ‘Other income’ line item.

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

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in Other Comprehensive Income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably

**Impairment of financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. The Company recognizes a loss allowance for the expected credit losses on financial asset. In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 – Financial instruments for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

**De-recognition of financial assets**

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

**(ii) Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

**Financial liabilities at fair value through profit and loss (FVTPL)**

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

a. it has been incurred principally for the purpose of repurchasing it in the near term; or

b. on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

c. it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

a. such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

b. the financial liability forms part of group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

c. it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the statement of profit and loss.

**Financial liabilities subsequently measured at amortised cost**

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**(n) Derivative financial instruments**

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in foreign exchange rates on foreign currency assets or liabilities and forecasted cash flows denominated in foreign currencies. The counterparty for these contracts is generally a bank.

Derivatives are recognized and measured at fair value. Attributable transaction costs are recognized in statement of profit and loss. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit and loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

**(o) Government Grants, Subsidies And Export Incentives**

Government grants and subsidies are recognised when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognised in statement of profit and loss as other operating revenue / other income on a systematic basis.

Government grants relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with the costs that they intended to compensate and presented in other operating revenue.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

**(p) Foreign Currency Transactions and Translation**

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions are recognised in the statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non monetary assets and liabilities that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences arising on translation are recognised in the statement of profit and loss.

**(q) Employee Benefits:**

Employee benefits include Provident Fund, Employees State Insurance Scheme, Gratuity Fund and compensated absences.

**Short term employee benefit obligations:**

Short term employee benefits including accumulated compensated absences as at the Balance Sheet date are recognised as an expense as per Company's schemes based on expected obligation on an undiscounted basis.

**Defined contribution plan Provident Fund & Employee State Insurance**

The Company's contribution to Provident Fund and Employees State Insurance Scheme are considered as defined contribution plans and are recognized as an expense when employees have rendered service entitling them to the contributions.

**Defined benefit plan**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Post employment benefit comprise of Gratuity which are accounted for as follows:

**Gratuity Fund:**

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a 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.

**(r) Segment Reporting:**

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

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

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

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

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

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

**(s) Earnings Per Share:**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are considered for the effects of all dilutive potential equity shares.

**(t) Income Taxes:**

Income tax expense represents current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current income tax assets/liabilities for current year is recognized at the amount expected to be paid to and/ or recoverable from the tax authorities.

**Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income-tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income-tax. Accordingly, MAT Credit is recognised as asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

**Recognition**

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**(u) Provisions, Contingent Liabilities, and Contingent Assets:**

**Provisions:**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

**Contingent Liabilities:**

Whenever there is possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liability.

**Contingent Assets:**

The Company does not recognise contingent assets. These are assessed continually to ensure that the developments are appropriately disclosed in these standalone financial statements.

**(v) Non-Current Asset held for Sale**

The Company classifies non current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale and the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset to be highly probable when:

1. The appropriate level of management is committed to a plan to sell the asset,
2. An active programme to locate a buyer and complete the plan has been initiated (if applicable),
3. The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
4. Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

**(w) Investments in Subsidiary and Joint Venture IND AS 27**

Investments in subsidiaries and Joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of investment is assessed and written down immediately to its recoverable amount.

**Note No: 3 PROPERTY, PLANT & EQUIPMENT, INTANGIBLE ASSETS AND INVESTMENT PROPERTY** (Rs. in Lakhs)

| Particulars | Property, Plant & Equipment | | | | | | | Total PPE | Intangible Assets | Investment Property |
|---|---|---|---|---|---|---|---|---|---|---|
| | Land** | Building | Plant and Equipment | Furniture and Fittings | Electrical Fittings | Vehicles | Office Equipment | | | |
| **As at 31st March 2022** | **1,607.61** | **12,219.54** | **40,699.02** | **344.21** | **1,476.87** | **167.52** | **363.33** | **56,878.09** | **159.87** | **310.94** |
| Additions | - | 917.91 | 5,218.23 | 77.67 | 355.00 | 44.63 | 104.10 | 6,717.53 | 36.23 | - |
| Disposals | - | - | (159.10) | - | (0.06) | - | (6.28) | (165.44) | - | - |
| Adjustments# | (200.64) | - | - | - | - | - | - | (200.64) | - | - |
| **As at 31st March 2023** | **1,406.97** | **13,137.45** | **45,758.16** | **421.88** | **1,831.82** | **212.15** | **461.14** | **63,229.55** | **196.10** | **310.94** |
| Additions | | 73.41 | 3,903.67 | 5.27 | 100.15 | - | 65.88 | 4,148.37 | 20.55 | - |
| Disposals | | | (363.67) | (2.30) | (0.71) | | (33.96) | (400.65) | - | (129.98) |
| **As at 31st March 2024** | **1,406.97** | **13,210.85** | **49,298.15** | **424.84** | **1,931.25** | **212.15** | **493.06** | **66,977.27** | **216.65** | **180.96** |
| **Depreciation/Amortisation** | | | | | | | | | | |
| **As at 31st March 2022** | **1.67** | **2,850.12** | **22,486.61** | **177.66** | **1,084.56** | **31.68** | **220.25** | **26,852.58** | **130.97** | **34.60** |
| Charge for the year 2022-23 | 1.67 | 430.28 | 2,986.57 | 34.91 | 88.42 | 30.60 | 65.88 | 3,638.34 | 13.12 | 6.03 |
| Disposals/Adjustments | - | - | (14.69) | - | (0.00) | - | (2.90) | (17.59) | - | - |
| **As at 31st March 2023** | **3.34** | **3,280.40** | **25,458.49** | **212.58** | **1,172.99** | **62.29** | **283.24** | **30,473.33** | **144.09** | **40.65** |
| Charge for the year 2023-24 | 1.59 | 443.56 | 3,054.60 | 36.24 | 112.50 | 29.26 | 73.30 | 3,751.03 | 11.74 | 3.57 |
| Disposals/Adjustments | | | (345.86) | (1.60) | (0.50) | - | (32.27) | (380.23) | | (15.02) |
| **As at 31st March 2024** | **4.92** | **3,723.96** | **28,167.22** | **247.22** | **1,284.98** | **91.54** | **324.27** | **33,844.13** | **155.83** | **29.19** |
| **Net Block** | | | | | | | | | | |
| As at 31st March 2023 | 1,403.63 | 9,857.05 | 20,299.65 | 209.30 | 658.83 | 149.86 | 177.90 | 32,756.22 | 52.01 | 270.29 |
| **As at 31st March 2024** | **1,402.04** | **9,486.89** | **21,130.93** | **177.63** | **646.27** | **120.61** | **168.79** | **33,133.14** | **60.81** | **151.77** |

**Notes on property, plant and equipment**

** Includes Rs.153.63 lacs of Land on “right of use basis” which is depreciated over the useful life of lease term.

# Advance of Rs.200.64 lacs given to STPCL in relation to development of SIPCOT land has been reclassified to Capital Advance.

1. The title deeds of all immovable properties are held in the name of the Company. Where immovable properties are acquired by the Company consequent to acquisition / merger of companies, the title to the immovable properties of the transferor companies shall be deemed to have been mutated in the name of the company as per the scheme of amalgamation approved by National Company Law Tribunal / court.
2. Fair value disclosure of investment property as required under Ind AS 40: The fair value of the Investment property as on 31.03.2024 amounting to Rs. 1,685 lacs is management estimate based on the available market information and the same is not valued by a registered valuer.

(All amounts in lakhs, unless other stated)

**Note No. 3A. CAPITAL WORK IN PROGRESS AT COST** **(Rs. in Lakhs)**

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| Balance at the beginning of the period | **309.90** | 439.51 |
| Additions during the year | **3,859.02** | 6,624.15 |
| Capitalisation during the year | **4,168.92** | 6,753.77 |
| **Balance at the end of the period** | **-** | 309.90 |

**Additional regulatory Information required under Schedule III of Companies Act, 2013**

**1. 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 | |
| **As at 31.03.2024** | - | - | - | - | - |
| As at 31.03.2023 | 300.88 | 9.02 | - | - | 309.90 |

**Note No. 4. NON-CURRENT INVESTMENTS** (Rs. in Lakhs)

| S. No | Particulars | 31st March 2024 | 31st March 2023 | |
|---|---|---|---|---|
| I | **Investments in Equity Instruments carried at cost as per Ind AS 27** | | | |
| | **Unquoted Investments** | | | |
| | **Wholly Owned Subsidiary** | | | |
| 1 | Loyal International Sourcing Pvt Ltd (Subsidiary 100%) | **-** | 2.00 | - |
| | 20,000 Equity shares of Rs. 10/- each fully paid up. | | | |
| | Provision for Impairment* | | (2.00) | |
| | **Joint Ventures** | | | |
| 1 | Gruppo P&P Loyal spa (Joint Venture 47.5%) | **149.30** | | 149.30 |
| | 3,325 Equity shares of Euro 85 each fully paid up. | | | |
| 2 | Loyal Dimco Group A.E.B.E.(Joint venture 50%) | **-** | 18.39 | - |
| | 50,000 Equity shares | | | |
| | Provision for Impairment* | | (18.39) | |
| 3 | Loyal Textiles (UK) Ltd (49%) | **-** | 0.00 | - |
| | 2,450 Equity shares | | | |
| | Provision for Impairment* | | (0.00) | |
| 4 | Loyal IRV Textile LDA, Portugal (Joint Venture 51%) | **-** | 1.99 | - |
| | 2,250 Equity shares of Euro 1 each fully paid up. | | | |
| | Provision for Impairment* | | (1.99) | |
| | Provision for Impairment of Non-current investments | **-** | | |
| | | **149.30** | | 149.30 |
| II | **Investments in Equity Instruments carried at FVTOCI** | | | |
| | **A) Quoted** | | | |
| 1 | Central Bank of India | **0.88** | | 0.35 |
| | 1,469 Equity shares of Rs. 10/- each fully paid up. | | | |
| 2 | Amrutanjan Health Care Ltd | **6.19** | | 5.75 |
| | 1,000 Equity shares of Rs. 1/- each fully paid up. | | | |
| 3 | Matrimony.com Ltd | **11.12** | | 10.90 |
| | 2,120 Equity shares of Rs. 5/- each fully paid up. | | | |

| S. No | Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|---|
| | **B) Unquoted** | | |
| 1 | Dhanvantari Nano Ayushadi Private Limited | **2.50** | 2.50 |
| | 25,000 Equity shares of Rs. 10/- each fully paid up. | | |
| 2 | Cuddalore Sipcot Industries Common Utilities Limited | **4.67** | 4.67 |
| | 4,665 Equity shares of Rs. 100/- each fully paid up. | | |
| 3 | SIMA Textile Processing Centre Ltd | **2.00** | 2.00 |
| | 20,000 Equity shares of Rs. 10/- each fully paid up. | | |
| 4 | Dhanvantari Nano Ayushadi Private Limited | **22.50** | 22.50 |
| | 2,25,000 Compulsorily Convertible Debentures of Rs. 10/- each | | |
| | | **49.85** | 48.67 |
| III | **Investments carried at Amortised Cost** | | |
| 1 | Investment in Government or trust securities | **0.10** | 0.10 |
| | | **0.10** | 0.10 |
| | **Total Non-Current Investments** | **199.25** | 198.07 |
| | **Aggregate value of:** | | |
| | Quoted Investments | **18.18** | 17.00 |
| | Unquoted Investments | **181.07** | 203.44 |
| | Less : Provision for Impairment on Investments carried at Cost | **-** | 22.37 |
| | **Investments Net of Impairment** | **199.25** | 198.07 |

* The Subsidiary company Loyal International Sourcing Private Limited [LISPL] and the three foreign joint venture companies (which were dormant), Loyal Dimco Group A.E.B.E, Greece, Loyal IRV Textile LDA, Portugal and Loyal Textiles (UK) Ltd, United Kingdom were dissolved and the carrying value of the investment amounting to Rs. 22.37 lakhs has been written off.

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| **Note No. 5. OTHER NON-CURRENT ASSET** | | |
| Capital Advances | **502.21** | 2,332.00 |
| Prepaid Expenses | **-** | 12.48 |
| Electricity Deposits | **1,985.38** | 1,339.44 |
| Advance Tax (Net of Provision for Tax) | **225.19** | 193.22 |
| **Total Other Non-Current Asset** | **2,712.78** | 3,877.14 |
| **Note No. 6. INVENTORIES** | | |
| (a) Raw Materials | **14,265.78** | 20,984.92 |
| (b) Work-in-progress | **10,156.60** | 10,808.31 |
| (c) Finished Goods | **15,390.72** | 18,401.09 |
| (d) Stores, spares and Packing Materials | **1,746.25** | 1,967.65 |
| **Total Inventories** | **41,559.35** | 52,161.97 |
| Provision made during the year against carrying value of Inventories arising on account of lower of cost or NRV is Rs. 817.24 lacs (2022-23 - Rs. 958.28 lacs) | | |
| **Note No. 7. CURRENT INVESTMENTS** | | |
| **Investments in Equity Instruments carried at FVTOCI** | | |
| **Unquoted Investments** | | |
| Saheli Exports Private Limited | **2.15** | 2.15 |
| 4300 Equity shares of Rs. 10/- each fully paid up. | | |
| **Total Current Investments** | **2.15** | 2.15 |
| **Note No.8. TRADE RECEIVABLES** | | |
| (i) Trade Receivables - Unsecured, Considered Good | **15,848.67** | 20,570.21 |
| (ii) Trade Receivables which have significant increase in credit risk | **122.80** | 129.09 |
| | **15,971.47** | 20,699.30 |
| Less: Allowance for Doubtful Trade Receivables | **(122.80)** | -129.09 |
| **Total Trade Receivables** | **15,848.67** | 20,570.21 |
| **Ageing of Receivables** | | |
| **a) Undisputed Trade receivables – considered good** | | |
| Less than 6 months | **12,502.72** | 20,180.54 |
| 6 months to 1 year | **2,528.54** | 331.32 |
| 1 to 2 years | **589.59** | 37.64 |
| 2 to 3 years | **194.95** | 14.01 |
| More than 3 years | **32.85** | 6.70 |

(All amounts in lakhs, unless other stated)

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| **(b) Undisputed Trade Receivables – which have significant increase in credit risk** | | |
| Less than 6 months | **-** | - |
| 6 months to 1 year | **-** | - |
| 1 to 2 years | **-** | - |
| 2 to 3 years | **-** | - |
| More than 3 years | **1.37** | 7.66 |
| **(c) Disputed Trade Receivables – which have significant increase in credit risk** | | |
| Less than 6 months | **-** | - |
| 6 months to 1 year | **-** | - |
| 1 to 2 years | **-** | 108.08 |
| 2 to 3 years | **108.08** | - |
| More than 3 years | **13.35** | 13.35 |
| **Note No.9. CASH AND CASH EQUIVALENTS** | | |
| **Balance with banks** | | |
| (i) In current accounts | **103.88** | 338.35 |
| (ii) In EEFC accounts | **3.65** | 1.37 |
| **Cash on hand** | **5.58** | 5.42 |
| **Total Cash & Cash Equivalents** | **113.12** | 345.14 |
| **Note No.10. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS** | | |
| Unpaid Dividend Bank account | **29.63** | 44.59 |
| Bank balances held as margin money | **1,543.65** | 1,724.67 |
| **Total Bank Balances** | **1,573.28** | 1,769.26 |
| **Note No. 11. OTHER FINANCIAL ASSETS** | | |
| a) Govt Grants and subsidies receivable from Govt. | **4,454.93** | 1,451.83 |
| b) Interest Accrued on Marginal Money Deposits | **30.46** | 31.67 |
| c) Security Deposits | **111.64** | 556.30 |
| d) Income Tax Refund Receivable | **141.22** | 173.86 |
| e) Other Receivable | **85.89** | 165.61 |
| f) Insurance Receivable | **58.14** | - |
| **Total Other Financial Assets** | **4,882.27** | 2,379.28 |
| **Note No. 12. OTHER CURRENT ASSETS** | | |
| a) GST Refund / GST ITC Receivable | **4,925.93** | 6,359.33 |
| b) Advances to Suppliers | **2,172.82** | 4,600.93 |
| c) Prepaid Expenses | **1,026.01** | 1,128.76 |
| **Total Other Current Assets** | **8,124.76** | 12,089.03 |

(All amounts in lakhs, unless other stated)

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| **Note No.13 (a) Authorised, Issued, Subscribed, Paid-up share capital and par value per share** | | |
| **Authorised Share Capital** | | |
| 90,00,000 Equity Shares of Rs.10/- each | **900.00** | 900.00 |
| 6,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each (Previous year 6,00,000 preference shares of Rs.100 each) | **600.00** | 600.00 |
| **Issued & Subscribed Share Capital** | | |
| 48,16,446 Equity Shares of Rs.10/- each fully paid - up (Previous year 48,16,446 equity shares of Rs.10/- each) | **481.64** | 481.64 |
| **Paid-up Share Capital** | | |
| 48,16,446 Equity Shares of Rs.10/- each fully paid - up (Previous year 48,16,446 equity shares of Rs.10/- each) | **481.64** | 481.64 |
| | **481.64** | 481.64 |

**Note No. 13(b) Rights, preference and restriction attached to equity shares**

The Company has one class of equity shares having a par value of Rs. 10/- each. Each holder of equity shares is entitled to one vote per share. The dividend if any proposed by the Board of Directors will be subject to the approval of the shareholders in the ensuing annual general meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

| | | |
|---|---|---|
| Number of shares outstanding as at the beginning of the year | **4,816,446** | 4,816,446 |
| Issue of equity shares during the year | **-** | - |
| Number of shares outstanding as at the end of the year | **4,816,446** | 4,816,446 |

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

| S. No. | Promoter Name | **Shareholding as on 31.03.2024** | | Shareholding as on 31.03.2023 | |
|---|---|---|---|---|---|
| | | **No. of Shares** | **% of total shares** | No. of Shares | % of total shares |
| 1 | Madurai Tara Traders Pvt Ltd | **776,887** | **16.13** | 776,887 | 16.13 |
| 2 | Felspar Credit and Investment Pvt Ltd | **661,126** | **13.73** | 661,126 | 13.73 |
| 3 | Dhanalakshmi Properties Pvt Ltd | **629,343** | **13.07** | 629,343 | 13.07 |
| 4 | Kurunji Properties Pvt Ltd | **346,887** | **7.20** | 346,887 | 7.20 |
| 5 | Chinthamani Cotton Trading Pvt Ltd | **280,270** | **5.82** | 280,270 | 5.82 |

| Note No.13 (e) Shareholding of Promoters | | | | | | | |
|---|---|---|---|---|---|---|---|
| S. No. | Promoter Name | **Shareholding as on 31.03.2024** | | | Shareholding as on 31.03.2023 | | |
| | | **No. of Shares** | **% of total shares** | **% change during the year** | No. of Shares | % of total shares | % change during the year |
| 1 | Mrs. Valli M Ramaswami | **195,463** | **4.06** | **-** | 195,463 | 4.06 | - |
| 2 | Ms. Vishala Ramaswami | **550** | **0.01** | **-** | 550 | 0.01 | - |
| 3 | Mr. M Ramakrishnan | **2** | **0.00** | **-** | 2 | 0.00 | - |
| 4 | Mr. P Manivannan | **2** | **0.00** | **-** | 2 | 0.00 | - |
| 5 | M/s. Madurai Tara Traders Private Ltd. | **776,887** | **16.13** | **-** | 776,887 | 16.13 | - |
| 6 | M/s. Felspar Credit and Investments Private Ltd. | **661,126** | **13.73** | **-** | 661,126 | 13.73 | - |
| 7 | M/s. Dhanalakshmi Properties Pvt Ltd | **629,343** | **13.07** | **-** | 629,343 | 13.07 | - |
| 8 | M/s. Kurunji Properties Pvt Ltd | **346,887** | **7.20** | **-** | 346,887 | 7.20 | - |
| 9 | M/s. Chinthamani Cotton Trading Pvt Ltd | **280,270** | **5.82** | **-** | 280,270 | 5.82 | - |
| 10 | M/s. Nemesis Cotton Trading Company Private Ltd. | **136,086** | **2.83** | **-** | 136,086 | 2.83 | - |
| 11 | M/s. Rhea Cotton Traders Private Ltd. | **116,660** | **2.42** | **-** | 116,660 | 2.42 | - |
| 12 | M/s. Nike Cotton Traders Private Ltd. | **115,000** | **2.39** | **-** | 115,000 | 2.39 | - |
| 13 | M/s.Hellen Cotton Trading Company Private Ltd. | **71,950** | **1.49** | **-** | 71,950 | 1.49 | - |
| 14 | M/s. Valli Agri Industries Private Ltd. | **55,620** | **1.15** | **-** | 55,620 | 1.15 | - |
| 15 | M/s. Valli Yarn Processors Private Ltd. | **53,496** | **1.11** | **-** | 53,496 | 1.11 | - |
| 16 | M/s. Vishala Apparels Private Ltd. | **30,625** | **0.64** | **-** | 30,625 | 0.64 | - |
| 17 | M/s. Vishala Knitwear Private Ltd. | **29,375** | **0.61** | **-** | 29,375 | 0.61 | - |
| 18 | M/s. Sri Manikavasagam Trades and Finance Private Ltd. | **22,501** | **0.47** | **-** | 22,501 | 0.47 | - |
| 19 | M/s. Emmar Trades and Finance Private Ltd. | **18,002** | **0.37** | **-** | 18,002 | 0.37 | - |
| | **Total** | **3,539,845** | **73.49** | **-** | **3,539,845** | **73.49** | - |

(All amounts in lakhs, unless other stated)

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| **Note No.14. OTHER EQUITY** | | |
| **(a) Capital Reserves** | | |
| Opening Balance | **24.19** | 24.19 |
| Additions during the year | **-** | - |
| Deductions during the year | **-** | - |
| Closing Balance | **24.19** | 24.19 |
| **(b) Amalgamation Reserve** | | |
| Opening Balance | **242.52** | 242.52 |
| Additions during the year | **-** | - |
| Deductions during the year | **-** | - |
| Closing Balance | **242.52** | 242.52 |
| **(c) General Reserve** | | |
| Opening Balance | **8,475.06** | 8,475.06 |
| Transfer from Surplus | **-** | - |
| Deductions during the year | **-** | - |
| Closing Balance | **8,475.06** | 8,475.06 |
| **(d) Retained Earnings** | | |
| Opening Balance | **23,859.00** | 24,217.46 |
| **Add:** | | |
| Profit for the period as per statement of profit & loss account | **(4,294.99)** | 123.19 |
| Transfer from OCI Reserve due to IND AS Transition | **-** | - |
| **Less:** | | |
| Final dividend (PY @ 100% - Rs. 10/- per share) | **-** | 481.64 |
| Closing Balance | **19,564.02** | 23,859.00 |
| **(e) Other Comprehensive Income Reserve** | | |
| **Opening Balance** | | |
| Remeasurement of Defined benefit plans | **219.60** | 240.27 |
| Revaluation Surplus | **18.83** | 22.33 |
| **Total Opening Balance** | **238.43** | 262.60 |
| **Other Comprehensive Income for the year** | | |
| **Items that will not be reclassified to Profit and Loss** | | |
| -Actuarial Gain / (Loss) on Defined Benefit Plan | **31.67** | (20.67) |
| -Gain /(Loss) on Equity Instruments through OCI | **0.77** | (3.50) |
| **Total of Items that will not be reclassified to Profit and Loss** | **32.44** | (24.17) |
| **Closing Balance** | | |
| Remeasurement of Defined benefit plans | **251.27** | 219.60 |
| Revaluation Surplus | **19.60** | 18.83 |
| **Total Closing Balance** | **271** | 238 |
| **Total Other Equity** | **28,576.65** | 32,839.20 |

(All amounts in lakhs, unless other stated)

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| **Note No.15. NON - CURRENT PROVISION** | | |
| **Employee Benefits** | | |
| Provision for Post Employment Benefits - Gratuity (refer note no.35) | **159.00** | 130.14 |
| **Total Non-Current Provision** | **159.00** | 130.14 |
| | | |
| **Note No.16. DEFERRED TAX LIABILITIES (NET)** | | |
| **Deferred Tax Net (Refer Note 40)** | | |
| **Deferred Tax Liabilities:** | | |
| a) Tax Effects on Items Constituting Liabilities | **3,252.57** | 2,755.10 |
| Property, Plant & Equipment | | |
| (Difference between book balance and tax balance) | | |
| **Deferred Tax Assets:** | | |
| - On account of timing differences under Income tax | **(3,354.42)** | (1,236.02) |
| MAT credit Entitlement | **(281.79)** | (281.79) |
| **Total Deferred Tax Liabilities (Net)** | **(383.64)** | 1,237.30 |
| | | |
| **Note No.17 BORROWINGS** | | |
| **Loans Repayable On Demand** | | |
| **From Banks (secured) at amortised cost*** | | |
| - Packing Credit | **15,467.73** | 28,538.38 |
| - Cash Credit | **14,971.77** | 7,051.29 |
| - Working Capital Loan | **9,728.51** | 1,240.88 |
| - LC Discounted with Banks | **19,597.65** | 27,918.49 |
| - Bills Discounted with Banks | **2,450.20** | 1,477.57 |
| **Total Current Borrowings** | **62,215.85** | 66,226.62 |
| Refer Note No.39 for details of security created against Current borrowings | | |
| | | |
| **Note No.18. TRADE PAYABLES** | | |
| - Outstanding dues to creditor - other than Micro and Small Enterprises | **8,097.95** | 14,697.65 |
| - Outstanding dues to creditor - Micro and Small Enterprises | **3,098.34** | 2,214.36 |
| - Dues to related parties | **-** | 36.15 |
| **Total Trade Payables** | **11,196.28** | 16,948.16 |
| | | |
| **Ageing of Trade payables:** | | |
| **(i) MSME:** | | |
| Less than 1 year | **3,098.34** | 2,214.36 |
| 1-2 years | **-** | - |
| 2-3 years | **-** | - |
| More than 3 years | **-** | - |
| | **3,098.34** | 2,214.36 |

(All amounts in lakhs, unless other stated)

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| **(ii) Others:** | | |
| Less than 1 year | **6,851.49** | 14,626.82 |
| 1-2 years | **1,246.46** | - |
| 2-3 years | **-** | 106.98 |
| More than 3 years | **-** | - |
| **Total Trade Payables** | **8,097.95** | 14,733.80 |

**Note No.19. OTHER FINANCIAL LIABILITIES**

| | | |
|---|---|---|
| Electricity Charges Payable | **2,535.74** | 3,674.77 |
| Salary & Wages Payable | **817.50** | 1,282.60 |
| Bonus and Leave Salary Payable | **865.14** | 1,006.75 |
| Expenses Payable | **800.30** | 957.83 |
| Interest accrued but not due | **80.32** | 156.47 |
| Interest payable to MSME vendors | **181.00** | 118.80 |
| **Total Other Financial Liabilities** | **5,280.00** | 7,197.22 |

**Note No.20. OTHER CURRENT LIABILITIES**

| | | |
|---|---|---|
| Statutory Payables | **182.95** | 940.23 |
| Advances from customers | **358.28** | 478.87 |
| Security Deposit | **72.19** | 180.48 |
| **Total Other Current Liabilities** | **613.42** | 1,599.58 |

**Note No.21. SHORT-TERM PROVISIONS**

| | | |
|---|---|---|
| **Employee benefits** | | |
| Provision for Post Employment Benefits - Gratuity (refer note no.35) | **222.12** | 120.79 |
| **Total Short Term Provisions** | **222.12** | 120.79 |

(All amounts in lakhs, unless other stated)

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| **Note No.22. REVENUE FROM OPERATIONS** | | |
| Sale of Products | **88,198.02** | 132,862.43 |
| Sale of Services | **1,380.37** | 1,074.50 |
| Other operating Revenues | | |
| - Duty Drawback/RODTEP/ROSTCL | **1,881.46** | 2,523.19 |
| - Waste and Scrap Sales | **2,458.87** | 3,829.27 |
| **Total Revenue from Operations** | **93,918.71** | 140,289.39 |
| **Note No.23. OTHER INCOME** | | |
| Interest Income | **308.49** | 138.86 |
| Dividend Income | **174.71** | 135.88 |
| Other Non operating income | | |
| a) Insurance Claim Received | **1,830.51** | 1,720.49 |
| b) Net Foreign Exchange Gain/(Losses) | **525.01** | 889.28 |
| c) Rental Income | **34.90** | 40.08 |
| d) Profit on Sale of Assets | **150.83** | - |
| e) Miscellaneous Income* | **4,358.48** | 743.01 |
| **Total Other Income** | **7,382.91** | 3,667.59 |

**Note on Other Income**

* Miscellaneous Income includes AP Industrial Investment Promotion Policy subsidy sanction Rs. 28.60 cr. accounted as income during the period.

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| **Note No.24. COST OF MATERIALS CONSUMED** | | |
| i) Cotton, Staple Fibre and Cotton waste | **37,376.32** | 64,065.22 |
| ii) Yarn | **11,486.48** | 22,389.98 |
| iii) Fabric | **2,768.77** | 6,495.03 |
| iv) Dyes | **492.17** | 561.83 |
| v) Reflective band | **323.83** | 549.78 |
| **Total Cost of Materials Consumed** | **52,447.58** | 94,061.84 |
| **Note No.25. PURCHASE OF STOCK-IN-TRADE** | | |
| Yarn | **0.00** | 37.42 |
| Fabric | **1.54** | 2.24 |
| Others - Packing materials and Cotton | **2,931.85** | 1,817.07 |
| **Total Purchase of Stock-in-Trade** | **2,933.40** | 1,856.73 |

(All amounts in lakhs, unless other stated)

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| **Note No.26. CHANGES IN INVENTORIES** | | |
| Opening Stock | | |
| Process Stock | **10,808.31** | 10,657.73 |
| Finished goods | **18,401.09** | 11,743.03 |
| Total (A) | **29,209.40** | 22,400.76 |
| LESS: Closing Stock | | |
| Process Stock | **10,156.60** | 10,808.31 |
| Finished goods | **15,390.72** | 18,401.09 |
| Total (B) | **25,547.32** | 29,209.40 |
| **Changes In Inventories Net (Increase ) / Decrease (A-B)** | | |
| Process Stock | **651.71** | (150.58) |
| Finished goods | **3,010.37** | (6,658.06) |
| **Total Changes in Inventories** | **3,662.08** | (6,808.64) |
| **Note No.27. Employee Benefits / Expenses** | | |
| Salaries, Wages and Bonus | **12,484.45** | 13,784.99 |
| Unavailed Leave | **200.68** | 209.70 |
| Contribution to Provident Fund and other funds | **1,160.53** | 1,241.78 |
| Other Welfare Expenses | **1,851.96** | 2,415.00 |
| **Total Employee Benefits/Expenses** | **15,697.62** | 17,651.48 |
| **Note No.28. FINANCE COSTS** | | |
| Interest Expenses | | |
| - For Working capital Loan | **4,697.67** | 2,767.01 |
| - For Bills Discounting | **314.77** | 223.27 |
| Other Borrowing Cost | **266.21** | 189.17 |
| **Total Finance Costs** | **5,288.47** | 3,179.45 |

(All amounts in lakhs, unless other stated)

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| **Note No.29. OTHER EXPENSES** | | |
| Power and Fuel | **9,296.59** | 9,841.28 |
| Stores Consumed | **6,117.38** | 8,639.28 |
| Freight and forwarding charges | **1,282.08** | 2,533.26 |
| Selling Expenses | **832.68** | 1,141.96 |
| **Payment to the Auditors** | | |
| As Auditors | **15.00** | 15.00 |
| For Certification work | **1.00** | - |
| For Reimbursement of Expenses | **-** | - |
| Conversion Charges | **692.82** | 1,587.52 |
| Processing Charges | **754.01** | 1,412.51 |
| Repairs & Maintenance | | |
| (a) Repairs to Machinery | **1,270.19** | 1,545.61 |
| (b) Repairs to Building | **239.76** | 620.87 |
| (c ) Repairs & Maintenance for Vehicles | **294.15** | 313.01 |
| Insurance | **486.82** | 384.95 |
| Bad Debts | **4.65** | 45.84 |
| Rates and Taxes | **151.82** | 122.68 |
| Loss on sale of Assets | **-** | 16.38 |
| Provision for Impairment of Investments | **-** | 22.37 |
| Expenditure on CSR Activities | **108.38** | 102.15 |
| Rent | **198.93** | 275.43 |
| Bank Charges | **603.68** | 875.02 |
| Travelling Expenses | **290.99** | 309.28 |
| Professional Expenses | **284.18** | 291.31 |
| Communication Expenses | **223.26** | 222.21 |
| Other Miscellaneous Expenses | **284.16** | 185.34 |
| **Total Other Expenses** | **23,432.52** | 30,503.25 |

(All amounts in lakhs, unless other stated)

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| **Note No.30 (a). Income Tax Recognised In Profit And Loss Account** | | |
| **Current Tax** | | |
| In respect of current year | - | - |
| In respect of prior years | - | (241.70) |
| **Deferred Tax** | - | - |
| In respect of current year | **(1,641.20)** | (26.13) |
| **Total Tax Expenses** | **(1,641.20)** | (267.83) |
| **Note No.30 (b). Income Tax Recognised In Other Comprehensive Income** | | |
| Arising on income and expenses recognised in other comprehensive income | | |
| Remeasurement of defined benefit obligation | **(19.86)** | 18.60 |
| Net fair value gain/(loss) on investment in equity shares at FVTOCI | **(0.41)** | 1.84 |
| **Total income tax recognised in other comprehensive income** | **(20.27)** | 20.44 |
| **Note No.31. Other Comprehensive Income** | | |
| Remeasurement of defined benefit obligation | **51.53** | (39.27) |
| Net fair value gain/(loss) on investment in equity shares at FVTOCI | **1.18** | (5.34) |
| **Total Other Comprehensive Income** | **52.71** | (44.61) |

**32) 32.1 Other money for which the Company is contingently liable**

The details of dues of Income Tax, Goods and Service tax, Sales Tax, Value Added Tax, cess and other material statutory dues applicable to the Company which have not been deposited as on March 31, 2024 on account of disputes are given below:

| Nature of Dues | Forum before which the dispute is pending | Period to which it relates | 31st March 2024 | 31st March 2023 |
|---|---|---|---|---|
| Sales Tax | State Tax Appellate Tribunal, Madurai | 2005-2010 | - | 205.70 |
| | Appeal with STAT, Kakinada Court for AP CST dispute (13-14) | 2018-2019 | **795.54** | 434.88 |
| VAT | State Tax Appellate Tribunal, Madurai | 2006-2015 | - | 648.40 |

| Nature of Dues | Forum before which the dispute is pending | Assessment Year | 31st March 2024 | 31st March 2023 |
|---|---|---|---|---|
| Income Tax | Pending with IT Department | 2015-16 | **0.78** | 0.78 |
| | Pending with CIT (APPEALS) | 2017-18 to 2022-23 | **2,496.13** | 593.76 |

**32.2 Commitments**

| | | |
|---|---|---|
| Exports obligations under Export Promotion Capital Goods (EPCG) scheme | **1,119.20** | 963.00 |

(All amounts in lakhs, unless other stated)

**33) Disclosure with respect to Micro, Small and Medium Enterprises Development act, 2006**

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" ("MSMED Act, 2006") is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on request made by the Company.

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| (a) The principal amount remaining unpaid to supplier at the end of each accounting year | **3,098.34** | 2,214.36 |
| (b) The interest payable thereon on (a) | **108.19** | 44.41 |
| (c) The amount of interest paid by the buyer along with the amount of the payment made to the supplier beyond the due date during each accounting year | **118.80** | - |
| (d) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 | **72.81** | 74.39 |
| (e) The amount of interest accrued and remaining unpaid at the end of each accounting year | **181.00** | 118.80 |
| (f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 | **181.00** | 118.80 |

* includes amount payable to capital creditors (Micro and Small enterprises)

**34) Financial Instruments and Risk Management**

**34.1 Capital management**

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

The capital structure of the Company consists of net debt setoff by cash and bank balances and total equity of the Company.

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 short-term borrowings.

**The Company's capital and net debt were made up as follows**

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| Debt | **62,296.17** | 66,383.09 |
| Less: Cash and bank balances | **113.12** | 345.14 |
| **Net debt** | **62,183.06** | 66,037.95 |
| **Total equity** | **29,058.30** | 33,320.86 |
| **Net debt to equity ratio** | **2.14** | 1.98 |

**34.2 Financial Instruments by category**

**Categories of Financial Instruments**

**Financial assets at FVTOCI**

| | | |
|---|---|---|
| Investments* | **52.10** | 50.92 |

(All amounts in lakhs, unless other stated)

| Particulars | 31st March 2024 | 31st March 2024 |
|---|---|---|
| **Financial assets at Amortised Cost #** | | |
| Trade receivables | **15,848.67** | 20,570.21 |
| Cash and cash equivalents | **113.12** | 345.14 |
| Bank balances other than above | **1,573.28** | 1,769.26 |
| Other financial assets | **4,882.27** | 2,379.28 |
| **Financial liabilities at Amortised Cost #** | | |
| Borrowings (short term) | **62,216** | 66,227 |
| Trade payables | **11,196** | 16,948 |
| Other financial liabilities | **5,280** | 7,197 |

# Carrying value of the financial assets and financial liabilities designated at amortised cost approximates its fair value.

* Investment value excludes investment in subsidiaries/Associates which are shown at cost in balance sheet as per Ind AS 27 “Separate Financial Statements”

**Fair value measurements (Ind AS 113)**

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company has established the following fair value hierarchy that categorises the values into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

Level 1: Quoted prices in the active market. This level of hierarchy includes financial assets that are measured by reference to quoted prices in the active market.

Level 2: Valuation techniques with observable inputs. This level of hierarchy includes items measured using inputs other than quoted prices included within Level 1 that are observable for such items, either directly or indirectly.

Level 3: Valuation techniques with unobservable inputs. This level of hierarchy includes items measured using inputs that are not based on observable market data (unobservable inputs). Fair value determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instruments nor based on available market data.
Sensitivity of Level 3 financial instruments are insignificant.

The fair value of the financial instruments are determined at the amount that would be received to sell an asset in an orderly transaction between market participants. The following methods and assumptions were used to estimate the fair values:

Quoted equity investments: Fair value is derived from quoted market prices in active markets.

Unquoted equity investments: Management Estimates that cost approximates the Fair Value.

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| Financial assets at Fair Value Through Other Comprehensive Income | | |
| Investments in Listed Equity Shares - Level - 1 | **18.18** | 17.00 |
| Investments in Unlisted Equity Shares - Level - 3 | **33.92** | 33.92 |

**34.3 Financial Risk Management**

Company’s principal financial liabilities comprise borrowings, trade payables and Other financial liabilities. The main purpose of these financial liabilities is to finance the Company’s operations. The Company’s principal financial assets include Investments, Trade receivables, loans, cash and bank balances and other financial assets.

(All amounts in lakhs, unless other stated)

**Risk Exposures and Responses**

The Company is exposed to market risk, credit risk and liquidity risk. The Board of Directors reviews policies for managing each of these risks, which are summarised below:

### 34.3.1 Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowing.

### (i) Foreign Currency Risk

The company operates internationally and business is transacted in several currencies. The current year export sales of company comprise around 40% 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 derivative forward foreign exchange contracts.

**Company's Total Foreign currency exposure**

| Particulars | Currency | 31st March 2024 | | |
|---|---|---|---|---|
| | | Exchange Rate | Amount in Foreign Currency | Amount (INR) |
| Trade Receivables | EUR | **90.22** | **8.39** | **757.35** |
| | GBP | **105.29** | **0.70** | **73.98** |
| | USD | **83.37** | **81.48** | **6,793.00** |
| Trade Payable | CHF | **92.04** | **0.06** | **5.44** |
| | EUR | **90.22** | **1.74** | **156.89** |
| | GBP | **105.29** | **0.09** | **9.63** |
| | USD | **83.37** | **1.84** | **153.17** |
| Import LC Outstanding | EUR | **90.22** | **-** | **-** |
| | USD | **83.37** | **4.78** | **398.69** |
| | | 31st March 2023 | | |
| Trade Receivables | EUR | 89.61 | 19.62 | 1,757.93 |
| | GBP | 101.87 | 0.62 | 63.43 |
| | USD | 82.22 | 90.73 | 7,459.31 |
| Trade Payable | CHF | 89.82 | 0.71 | 64.04 |
| | EUR | 89.61 | 21.77 | 1,950.71 |
| | GBP | 101.87 | 0.09 | 8.86 |
| | USD | 82.22 | 21.68 | 1,782.19 |
| Import LC Outstanding | EUR | 89.61 | 15.45 | 1,384.04 |
| | USD | 82.22 | 62.71 | 5,155.96 |

(All amounts in lakhs, unless other stated)

**Company's Unhedged Foreign currency exposure**

| Particulars | Currency | 31st March 2024 | | |
|---|---|---|---|---|
| | | Exchange Rate | Amount in Foreign Currency | Amount (INR) |
| Trade Receivables | EUR | **90.22** | **-** | **-** |
| | GBP | **105.29** | **0.70** | **73.98** |
| | USD | **83.37** | **46.73** | **3,896.14** |
| Trade Payable | CHF | **92.04** | **0.06** | **5.44** |
| | EUR | **90.22** | **1.74** | **156.89** |
| | GBP | **105.29** | **0.09** | **9.63** |
| | USD | **83.37** | **6.62** | **551.86** |
| Import LC Outstanding | EUR | **90.22** | **-** | **-** |
| | USD | **83.37** | **-** | **-** |

| Particulars | Currency | 31st March 2023 | | |
|---|---|---|---|---|
| Trade Receivables | EUR | 89.61 | 12.87 | 1,153.08 |
| | GBP | 101.87 | 0.62 | 63.43 |
| | USD | 82.22 | 13.11 | 1,077.61 |
| Trade Payable | CHF | 89.82 | 0.71 | 64.04 |
| | EUR | 89.61 | 21.77 | 1,950.71 |
| | GBP | 101.87 | 0.09 | 8.86 |
| | USD | 82.22 | 21.68 | 1,782.19 |
| Import LC Outstanding | EUR | 89.61 | 15.45 | 1,384.04 |
| | USD | 82.22 | 11.74 | 965.05 |

**Sensitivity**

If foreign currency rates had moved as illustrated in the table below, with all other variables held constant, currency fluctuations on unhedged foreign currency denominated financial instruments, post tax profit would have been affected as follows:

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| **USD Sensitivity** | | |
| INR/USD - increases by 5% | **167.21** | (83.48) |
| INR/USD - decreases by 5% | **(167.21)** | 83.48 |
| **EURO Sensitivity** | | |
| INR/EURO - increases by 5% | **(7.84)** | (109.08) |
| INR/EURO - decreases by 5% | **7.84** | 109.08 |

**(ii) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

**Interest rate exposure**

| **Particulars** | **31st March 2024** | 31st March 2023 |
|---|---|---|
| Current Borrowings | **62,215.85** | 66,226.62 |

**Sensitivity analysis:**

Sensitivity analysis is carried out for floating rate borrowings as at March 31, 2024. For every 1% increase in average interest rates, profit before tax would be impacted by loss of approximately Rs. 622 lakhs (Pr.Yr: Rs. 662 Lakhs). Similarly, for every 1% decrease in average interest rates there would be an equal and opposite impact on the profit before tax. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

**34.3.2 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.

| **Particulars** | **As at '31st March 2024** | | | |
|---|---|---|---|---|
| | **Upto 1 year** | **1 to 2 years** | **More than 2 years** | **Total** |
| Borrowings (short term) | **62,215.85** | **-** | **-** | **62,215.85** |
| Trade payables | **11,196.28** | **-** | **-** | **11,196.28** |
| Other financial liabilities | **5,280.00** | **-** | **-** | **5,280.00** |
| **Total** | **78,692.14** | **-** | **-** | **78,692.14** |

| Particulars | As at '31st March 2023 | | | |
|---|---|---|---|---|
| | Upto 1 year | 1 to 2 years | More than 2 years | Total |
| Borrowings (short term) | 66,226.62 | - | - | 66,226.62 |
| Trade payables | 16,948.16 | - | - | 16,948.16 |
| Other financial liabilities | 7,197.22 | - | - | 7,197.22 |
| **Total** | 90,372.00 | - | - | 90,372.00 |

(All amounts in lakhs, unless other stated)

**34.3.3 Credit Risk**

Credit risk arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and advance for suppliers) and from its financing/ investing activities, including deposits with banks and foreign exchange transactions.

**(i) 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.

**(ii) Cash and Cash Equivalents and Bank Deposits**

Credit risk on cash and cash equivalents and balances with Banks is considered to be minimal as the counterparties are all substantial banks and Corporates with high credit ratings. The Directors are unaware of any factors affecting the recoverability of outstanding balances at 31st March 2024.

**35) Disclosure of Employee Benefits**

**(a) <u>Defined Contribution Plans :</u>**

Amounts recognized in the statement of profit and loss are as under:

| **Particulars** | **2023-24** | 2022-23 |
|---|---|---|
| Provident Fund | **697.29** | 816.62 |

The expenses incurred on account of the above defined contribution plans have been included in Note 28 “Employee Benefits Expenses” under the head “Contribution to provident and other funds”.

**(b) <u>Defined Benefit Plans - Gratuity</u>**

The Company sponsors funded defined benefit plan for qualifying employees. This defined benefit plan of gratuity is administered by a separate trust that is legally separate from the entity. The trustees are required by the law to act in the interest of the trust and all the relevant stakeholders i.e. active employees, inactive employees, retired employees and employers, etc. The trust is responsible for investment policy with regard to the assets of the trust. The Company has a gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days salary last drawn for each completed year of service. Gratuity is payable to all eligible employees of the Company on retirement, separation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972 or as per the Company’s plan, whichever is more beneficial.

**These plans typically expose the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.**

(All amounts in lakhs, unless other stated)

**Investment Risk**

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

**Salary Risk**

The present value of defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in rate of increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

**Interest Risk**

The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in value of the liability.

**Longevity Risk**

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after employment. An increase in the life expectancy of the plan participants will increase the plans liability.

**The principal assumption used for the purpose of the actuarial valuation were as follows:**

| **Particulars** | **31st March 2024** | 31st March 2023 |
|---|---|---|
| Discount Rate | **7.24%** | 7.54% |
| Salary Escalation Rate | **7.50%** | 7.50% |
| Attrition Rate | **8.00%** | 8.00% |
| Expected rate of return on plan assets | **7.54%** | 7.43% |

The cost of the defined benefit plans and other long term benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases and mortality rate. Due to these complexity involved in the valuation it is highly sensitive to the changes in these assumptions. All assumptions are reviewed at each reporting date. The present value of the defined benefit obligation and the related current service cost and planned service cost were measured using the projected unit cost method.

**(i) The total expenses recognised in the Statement of Total Comprehensive Income is as follows:**

| **Particulars** | **31st March 2024** | 31st March 2023 |
|---|---|---|
| **Expense recognised in Statement of Profit or Loss** | | |
| Current Service Cost | **90.72** | 87.45 |
| Interest Cost | **96.06** | 90.30 |
| Expected return on plan assets | **(77.93)** | (80.50) |
| **Subtotal** | **108.85** | 97.25 |
| **Recognised in Other Comprehensive Income** | | |
| Actuarial loss/(gain) on Present value of Obligation | **(44.95)** | 38.40 |
| Actuarial gain/(loss) on change in fair value Plan Assets | **6.58** | (0.87) |
| **Subtotal** | **(51.53)** | 39.27 |
| **Net Benefit Expenses** | **57.31** | 136.52 |

The current service cost, past service cost and the net interest expenses for the year are included in Note 28 "Employee Benefits Expenses" under the head "Salaries and Wages".

(All amounts in lakhs, unless other stated)

| | Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|---|
| **(ii)** | **Net defined benefit plan Asset/Liability recognised in Balance Sheet as follows:** | | |
| | **Benefit asset / liability** | | |
| | Present value of defined benefit obligation | **1,336.03** | 1,356.64 |
| | Fair value of plan assets | **1,047.79** | 1,105.70 |
| | **Net defined benefit plan Asset/Liability recognised in Balance Sheet** | **(288.25)** | (250.94) |
| **iii)** | **Changes in the present value of the obligation - reconciliation of opening and closing balances:** | | |
| | | **Gratuity (Funded Plan)** | Gratuity (Funded Plan) |
| | Opening balance of Present Value of the Obligation | **1,356.64** | 1,290.33 |
| | Interest Cost | **96.06** | 90.30 |
| | Current Service Cost | **90.72** | 87.45 |
| | Benefits Paid | **(162.43)** | (149.86) |
| | Actuarial loss/(gain) | **(44.95)** | 38.40 |
| | Closing balance of Present Value of the Obligation | **1,336.03** | 1,356.64 |
| **(iv)** | **Reconciliation of changes in the fair value of plan Assets:** | | |
| | Opening balance Fair Value of Plan Assets | **1,105.70** | 1,140.92 |
| | Expected return on Plan Assets | **77.93** | 80.50 |
| | Contribution by the Company | **20.00** | 35.00 |
| | Benefits Paid | **(162.43)** | (149.86) |
| | Actuarial gain/(loss) | **6.58** | (0.87) |
| | Closing balance of Fair Value of Plan Assets | **1,047.79** | 1,105.70 |
| **(v)** | **Reconciliation of Fair value of Assets & Obligation** | | |
| | Present value of the obligation | **1,336.03** | 1,356.64 |
| | Fair value of the Plan Assets | **1,047.79** | 1,105.70 |
| | Surplus/(Deficit) | **(288.25)** | (250.94) |
| | Experience adjustments on Plan Liabilities (loss)/ gain | **44.95** | (38.40) |
| | Experience adjustments on Plan Assets (loss)/ gain | **6.58** | (0.87) |
| **(vi)** | **Percentage of each category of plan assets to total fair value of plan assets:** | | |
| | a) Government Securities | **36.96%** | 37.57% |
| | b) Bank deposits (Special deposit scheme) | **2.08%** | 1.83% |
| | c) Others / approved securities | **60.96%** | 60.60% |

**vii)** The estimates of future salary increases, considered in actuarial valuation, taken into on 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.

| | Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|---|
| **36)** | **Earnings per share (Rs.)** | | |
| | **The following reflects the profit and shares related data used in the Basic EPS/Diluted EPS computations:** | | |
| | Opening / Closing number of shares | **4,816,446** | 4,816,446 |
| | Profit / Loss after Tax Expense (Rs. Lakhs) | **(4,295)** | 123 |
| | Earnings per share (Rs.) | **(89.17)** | 2.56 |
| | Face value of shares (Rs.) | **10.00** | 10.00 |
| **37)** | **Expenditure towards Corporate Social Responsibility (CSR) activities** | | |
| | As per Section 135 of the Companies Act 2013, the Company needs to spend 2% of its average net profits of the immediately preceding three financial years on Corporate Social Responsibility (CSR) activities. | | |
| | The gross amount required to be spent by the Company during the year towards Corporate Social Responsibility (CSR) as per the provision of section 135 of the Companies Act, 2013 amounts to Rs. 108.38 Lakhs (Pr.Yr. Rs. 108.88 Lakhs). Amount spent during the year on CSR activities as under: | | |
| | a) Gross amount required to be spent by the Company during the year | **108.38** | 108.88 |
| | b) Amount available for set-off | **-** | (6.89) |
| | c) Amount required to be spent by the company in cash during the year | **108.38** | 101.99 |
| | d) Amount of expenditure incurred | **108.38** | 101.99 |
| | e) Shortfall at the end of the year | **-** | - |
| | f) Total of previous year shortfall | **Nil** | Nil |
| | g) Reason for shortfall | **NA** | NA |
| | h) Nature of CSR activities | **Promotion of Health/Promotion of Education** | Promotion of Health/Promotion of Education |
| | i) Details of related party transaction | **51.73** | 94.64 |
| | j) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately. | **Nil** | Nil |
| **38)** | **Distribution Made and Proposed (Ind AS 1)** | | |
| | Cash dividends on equity shares declared and paid: | | |
| | Final dividend for the year ended on March 31, 2024: NIL (March 31 2023: NIL | **-** | - |
| | **Total Distribution made** | **-** | - |
| | Proposed dividend for the year ended on March 31, 2024: NIL (March 31 2023: NIL) | **-** | - |
| | **Total Dividend Proposed** | **-** | - |

(All amounts in lakhs, unless other stated)

| | Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|---|
| 39) | **Assets pledged as security** | | |
| | **Current assets** | | |
| | **Financial assets** | | |
| | Trade receivables | **15,848.67** | 20,570.21 |
| | **Non-financial assets** | | |
| | Inventory | **41,559.35** | 52,161.97 |
| | **Total current assets pledged as security** | **57,408.01** | 72,732.18 |
| | **Non-current assets** | | |
| | Property, Plant & Equipment | **33,133.13** | 32,756.22 |
| | Capital Work-in-progress | **-** | 309.90 |
| | Investment property | **151.77** | 270.29 |
| | Other Intangible assets | **60.81** | 52.01 |
| | **Total non-current assets pledged as security** | **33,345.72** | 33,388.41 |
| | **Total assets pledged as security** | **90,753.73** | 106,120.59 |

**Details of security for Current borrowings**

Current borrowings from banks are secured as follows:

**Primary Security**

Pari passu charge on the current assets of company viz., Hypothecation of Inventory and receivables and other current assets along with other working capital bankers.

**Collateral Security**

Charge on the block assets of the company on pari passu basis among the working capital bankers.

(All amounts in lakhs, unless other stated)

**40) Deferred Tax Liabilities (Net) movement for FY 2023-2024**

| Particulars | Opening Balance | Recognised in Profit or Loss | Recognised in Profit or Loss | Recognised in OCI | Closing Balance |
|---|---|---|---|---|---|
| **Deferred Tax Assets** | | | | | |
| Expenses deductible in future years | 661.40 | - | 246.90 | - | 908.30 |
| Provision for doubtful debts | 45.10 | - | - | - | 45.10 |
| Unabsorbed Losses - Carry Forward | 527.40 | - | 1,871.50 | - | 2,398.90 |
| Others | 2.12 | - | - | - | 2.12 |
| MAT Credit recoverable | 281.79 | - | - | - | 281.79 |
| **Total DTA** | **1,517.80** | **-** | **2,118.40** | **-** | **3,636.20** |
| **Deferred Tax Liabilities** | | | | | |
| Property Plant and Equipment and Intangible Assets | (2,755.10) | - | (477.20) | - | (3,232.30) |
| Others | - | - | - | (20.27) | (20.27) |
| **Total DTL** | **(2,755.10)** | **-** | **(477.20)** | **(20.27)** | **(3,252.57)** |
| **Net DTL** | **(1,237.30)** | **-** | **1,641.20** | **(20.27)** | **383.64** |

**Deferred Tax Liabilities (Net) movement for FY 2022-2023**

| Particulars | Opening Balance | Recognised in Profit or Loss | Recognised in Profit or Loss | Recognised in OCI | Closing Balance |
|---|---|---|---|---|---|
| **Deferred Tax Assets** | | | | | |
| Expenses deductible in future years | 720.17 | - | (58.77) | - | 661.40 |
| Provision for doubtful debts | 56.00 | - | (10.90) | - | 45.10 |
| Unabsorbed Losses - Carry Forward | - | - | 527.40 | - | 527.40 |
| Others | (18.32) | - | - | 20.44 | 2.12 |
| MAT Credit Recoverable | 624.83 | (343.05) | - | - | 281.79 |
| **Total DTA** | **1,382.68** | **(343.05)** | **457.73** | **20.44** | **1,517.80** |
| **Deferred Tax Liabilities** | | | | | |
| Property Plant and Equipment and Intangible Assets | (2,323.50) | - | (431.60) | - | (2,755.10) |
| Others | - | - | - | - | - |
| **Total DTL** | **(2,323.50)** | **-** | **(431.60)** | **-** | **(2,755.10)** |
| **Net DTL** | **(940.82)** | **(343.05)** | **26.13** | **20.44** | **(1,237.30)** |

**41) Related Party Disclosures for the year ended 31.03.2024**

**(i) List of Related Parties**

| No. | Name of the Related Parties and Nature Of Relationship | Companies |
|---|---|---|
| 1 | **Wholly owned subsidiary** | Loyal International Sourcing Private Limited |
| 2 | **Joint Venture** | Gruppo P&P Loyal Spa, Italy |
| | | Loyal Dimco Group A.E.B.E., Greece |
| | | Loyal IRV Textile LDA, Portugal |
| | | Loyal Textiles (UK) Ltd. |
| 3 | **Key Management Personnel (KMP)** | Mrs. Valli M Ramaswami (Chairperson and Whole Time Director) |
| | | Mr. M.E.Manivannan (Whole Time Director) |
| | | Ms. Vishala M Ramswami (Director) |
| | | Mr.B.Vaidyanathan (Director) |
| | | Mr. R. Kannan (Director) |
| | | Mr. Lakshmi Narayanan (Director) |
| | | Mr. Madhavan Nambiar (Director) |
| | | Mrs. Vijayalakshmi Rao (Director) |
| | | Mr. Gokul Dixit (Director) |
| | | Mr. Kumaran (Director) |
| | | Mr. B T Bangera (Director upto Sep'2023) |
| | | Mr. A Velliangiri (CEO) |
| | | Mr. K. Ganapathi (CFO) |
| | | Mr. P.Mahadevan (Company Secretary) |
| 4 | **Where control Exists through KMP** | P.Orr & Sons Private Limited |
| | | Valli Agri Industries |
| | | Emmar Trades & Finance P. Ltd. |
| | | Kurunji Properties P Ltd |
| | | Manickavasagam Charitable Foundation |
| | | Loyal Mill Primary School |
| | | Madurai Tara Traders P Ltd |
| | | Valli Yarn Processors P Ltd |
| | | Thiagesar Trust |
| | | Nike Cotton Traders P Ltd |
| | | Shri Manikavasakam Trades & Finance |

(All amounts in lakhs, unless other stated)

**(ii) Transaction with Related Party - KMP**

| Remuneration paid to key managerial personnel: | Mrs. Valli M Ramaswami (Chairperson and Whole Time Director) | | Ms. Vishala M Ramswami (Director) | | Mr. M.E.Manivannan (Whole Time Director) | |
|---|---|---|---|---|---|---|
| | **31st March 2024** | 31st March 2023 | **31st March 2024** | 31st March 2023 | **31st March 2024** | 31st March 2023 |
| Salary, Perquisites and Other allowances | **60.00** | 60.00 | **12.00** | 12.00 | **29.42** | 30.95 |
| Contribution to provident fund - defined contribution plan | **7.20** | 7.20 | **1.44** | 1.44 | **2.71** | 2.71 |
| Contribution to super annuation fund - defined benefit plan | **-** | - | **-** | - | **-** | - |
| Commission | **-** | - | **-** | - | **-** | - |
| **Total** | **67.20** | 67.20 | **13.44** | 13.44 | **32.12** | 33.66 |

| Remuneration paid to key managerial personnel: | Mr. A Velliangiri (Chief Executive Officer ) | | Mr. K Ganapathi, (Chief Financial Officer) | | Mr. P Mahadevan (Company Secretary & Compliance Officer) | |
|---|---|---|---|---|---|---|
| | **31st March 2024** | 31st March 2023 | **31st March 2024** | 31st March 2023 | **31st March 2024** | 31st March 2023 |
| Salary, Perquisites and Other allowances | **54.30** | 55.23 | **40.04** | 41.18 | **15.11** | 13.69 |
| Contribution to provident fund - defined contribution plan | **2.83** | 2.83 | **1.69** | 1.69 | **0.53** | 0.62 |
| Contribution to super annuation fund - defined benefit plan | **-** | - | **-** | - | **-** | - |
| **Total** | **57.13** | 58.06 | **41.73** | 42.87 | **15.64** | 14.31 |

| Sitting Fees to Directors | **31st March 2024** | 31st March 2023 |
|---|---|---|
| **Independent Director** | | |
| Mr. B T Bangera (Upto Sep'23) | **2.60** | 4.80 |
| Mrs. Vijayalakshmi Rao | **4.90** | 3.90 |
| Mr.S.Arun | **-** | 1.00 |
| Mr.Gokul S Dixit | **4.90** | 2.70 |
| Mr.Lakshminarayanan | **1.60** | 0.50 |
| **Non Independent Director** | | |
| Mr. B Vaidyanathan | **4.70** | 4.60 |
| Mr. Madhavan Nambiar | **1.70** | 3.40 |
| Mr. R Poornalingam | **-** | 2.10 |

**(iii) Outstanding balances as on 31.03.2024 - Related Party (KMP)**

| Particulars | Mrs. Valli M Ramaswami (Chairperson and Whole Time Director) | | Ms. Vishala M Ramswami (Director) | | Mr. M.E.Manivannan (Whole Time Director) | |
|---|---|---|---|---|---|---|
| | **31st March 2024** | 31st March 2023 | **31st March 2024** | 31st March 2023 | **31st March 2024** | 31st March 2023 |
| Commission Payable | **59.29** | 324.29 | **-** | - | **-** | - |

(All amounts in lakhs, unless other stated)

**(iv) Transactions with Related Parties other than KMP**

| S. No. | Name | Relationship of the related party with the reporting entity | Type of Related Party Transaction | Value of Transaction during the reporting period | |
|---|---|---|---|---|---|
| | | | | **2023-24** | 2022-23 |
| 1 | Gruppo P&P | Joint Venture | Sale of Goods | **4,434.55** | 5,868.25 |
| | | | Purchase of Goods | **3.30** | 3.05 |
| | | | Dividend Income received | **185.58** | 160.93 |
| 2 | Loyal International Sourcing P.Ltd | Wholly Owned Subsidiary | Expenses met to be recovered | **-** | 8.52 |
| | | | Investments write off | **2.00** | - |
| 3 | Loyal Dimco Group A.E.B.E.(Joint venture 50%) | Joint Venture | Investments write off | **18.39** | - |
| 4 | Loyal Textiles (UK) Ltd (49%) | Joint Venture | Investments write off | **0.00** | - |
| 5 | Loyal IRV Textile LDA, Portugal (Joint Venture 51%) | Joint Venture | Investments write off | **1.99** | - |
| 6 | Manickavasagam Charitable Foundation | Enterprises over which KMP have significant influence | CSR | **51.73** | 94.64 |
| | | | Expenses met to be recovered | **-** | 1.78 |
| 7 | Valli Agri Industries | Enterprises over which KMP have significant influence | Purchase of Goods. | **97.75** | 89.31 |
| 8 | Kurunji Properties P Ltd | Enterprises over which KMP have significant influence | Rent Paid | **18.00** | 16.20 |
| 9 | Loyal Mill Primary School | Enterprises over which KMP have significant influence | Expenses met to be recovered | **-** | 10.21 |
| 10 | P.Orr & Sons Private Limited | Enterprises over which KMP have significant influence | Purchase of Goods. | **-** | 1.74 |
| 11 | Emmar Traders & Finance P. Ltd. | Enterprises over which KMP have significant influence | Purchase of Goods. | **-** | 0.61 |
| 12 | Valli Yarn Processors P Ltd | Enterprises over which KMP have significant influence | Expenses met to be recovered | **-** | 5.45 |

(All amounts in lakhs, unless other stated)

**(v) Outstanding balances with Related Parties other than KMP**

| S.No. | Name | Relationship of the related party with the reporting entity | Outstanding Balance as on 31.03.2024 | Outstanding Balance as on 31.03.2023 |
|---|---|---|---|---|
| **Outstanding Receivable** | | | | |
| 1 | Gruppo P&P | Joint Venture | **686.99** | 1,469.79 |
| 2 | Valli Agri Industries | Enterprises over which KMP have significant influence | **368.63** | 365.14 |
| 3 | Valli Yarn Processors P Ltd | Enterprises over which KMP have significant influence | **151.06** | 151.06 |
| 4 | Shri Manikavasakam Trades & Finance | Enterprises over which KMP have significant influence | **-** | 43.06 |
| 5 | Nike Cotton Traders P Ltd | Enterprises over which KMP have significant influence | **-** | 25.59 |
| 6 | Kurunji Properties P Ltd | Enterprises over which KMP have significant influence | **-** | 13.51 |
| 7 | Thiagesar Trust | Enterprises over which KMP have significant influence | **10.43** | 10.43 |
| 8 | Loyal Mill Primary School | Enterprises over which KMP have significant influence | **-** | 7.03 |
| 9 | Madurai Tara Traders P Ltd | Promoter | **-** | 0.81 |
| 10 | Manickavasagam Charitable Foundation | Enterprises over which KMP have significant influence | **-** | 10.18 |
| **Outstanding Payable** | | | | |
| 11 | P.Orr & Sons Private Limited | Enterprises over which KMP have significant influence | **-** | (9.56) |
| 12 | Kurunji Properties P Ltd | Enterprises over which KMP have significant influence | **(4.05)** | - |

(All amounts in lakhs, unless other stated)

**42) Additional regulatory Information required under Schedule III of Companies Act 2013**

**(i) Details of Benami property held**

No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

**(ii) Borrowing secured against current assets**

The Company has borrowings from banks and financial institutions on the basis of security of current assets. The returns or statements filed by the company are in agreement with the books of accounts and there are no material discrepancies.

**(iii) Wilful defaulter:**

The company has not been declared as Wilful defaulter by any bank or financial institution or government or any government authority.

**(iv) Registration of charges:**

The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

**(v) Compliance with number of layers of companies**

The Company has complied with the number of layers prescribed under the Companies Act, 2013.

**(vi) Compliance with approved scheme(s) of arrangements**

The group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

**(vii) Utilization of borrowed funds and share premium**

The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the group (Ultimate Beneficiaries) or provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the group shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

**(viii) Undisclosed income**

There is no income surrendered or disclosed as income during the current or previous financial year in the tax assessments under the Income Tax Act, 1961, and hence requirement to record in the books of accounts does not arise.

**(ix) Details of crypto currency or virtual currency**

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

**(x) Valuation of PP&E, intangible asset and investment property**

The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous financial year.

**(xi) Relationship with struck off companies**

The company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 during FY 2022-23 and having Outstanding balance pertaining to previous financial years is given below:

| **Name of Struck off company** | **Nature of transactions with struck off company** | **Relationship with struck off company** | **31st March 2024** | 31st March 2023 |
|---|---|---|---|---|
| Datalog Technologies P.Ltd., | Payables | Supplier | 0.08 | 0.08 |
| Mesdan India Services Pvt.Ltd | Payables | Supplier | 0.02 | 0.02 |

(All amounts in lakhs, unless other stated)

| (x) | Ratios | | | | | |
|---|---|---|---|---|---|---|

| S. No | Ratios | | FY 2023-24 | FY 2022-23 | Change in % | Reason for variance |
|---|---|---|---|---|---|---|
| a) | **Current Ratio** | Times | **0.91** | 0.97 | (6.52%) | |
| | Current Assets | Rs. Lacs | **72,104** | 89,317 | | |
| | Current Liabilities | Rs. Lacs | **79,528** | 92,092 | | |
| b) | **Debt Equity Ratio** | Times | **2.14** | 1.99 | 7.62% | |
| | Short term debt+Long term debt+Interest payable on Borrowings | Rs. Lacs | **62,296** | 66,378 | | |
| | Shareholder's Equity | Rs. Lacs | **29,058** | 33,321 | | |
| c) | **Debt Service Coverage Ratio** | Times | **0.84** | 2.17 | (61.29%) | Impacted by current year losses and higher interest costs due to reduced export interest subvention. |
| | (EBITDA-current tax+Non operating income and losses). | Rs. Lacs | **4,449** | 6,909 | | |
| | Interest + principal repayments | Rs. Lacs | **5,288** | 3,179 | | |
| d) | **Return on Equity** | % | **(13.77%)** | 0.37% | (3848.06%) | Loss in current year in comparison to profit in previous year has led to the adverse movement. Operating margins declined on the back of slump in Global textile market and elevated / volatile cotton prices. |
| | Profit After Tax | Rs. Lacs | **(4,295)** | 123 | | |
| | Average Shareholder's Equity | Rs. Lacs | **31,190** | 33,512 | | |
| e) | **Trade Receivables Turnover Ratio** | Times | **5.16** | 5.52 | (6.51%) | |
| | Revenue from Operation | Rs. Lacs | **93,919** | 140,289 | | |
| | Average Trade Receivable | Rs. Lacs | **18,209** | 25,430 | | |
| f) | **Trade Payables Turnover Ratio** | Times | **4.60** | 5.80 | (20.67%) | |
| | Purchases | Rs. Lacs | **74,986** | 99,206 | | |
| | Average Trade Payable | Rs. Lacs | **16,299** | 17,106 | | |
| g) | **Net Capital Turnover Ratio** | Times | **(12.65)** | (50.55) | (74.97%) | Due to decline in revenue from operations. |
| | Revenue from Operation | Rs. Lacs | **93,919** | 140,289 | | |
| | Working Capital | Rs. Lacs | **(7,424)** | (2,775) | | |

(All amounts in lakhs, unless other stated)

| S. No | Ratios | | FY 2023-24 | FY 2022-23 | Change in % | Reason for variance |
|---|---|---|---|---|---|---|
| h) | **Net profit ratio** | % | **(4.57%)** | 0.09% | (5310.59%) | Net profit ratio negative due to lower operating margins on the back of slump in Global textile market and elevated / volatile cotton prices |
| | Profit After Tax | Rs. Lacs | **(4,295)** | 123 | | |
| | Revenue from Operation | Rs. Lacs | **93,919** | 140,289 | | |
| i) | **Return on Capital Employed** | % | **(0.71%)** | 3.04% | (123.29%) | ROCE negative due to lower operating margins on the back of slump in Global textile market and elevated / volatile cotton prices. |
| | Profit before Tax | Rs. Lacs | **(5,936)** | (145) | | |
| | Add: Finance Cost | Rs. Lacs | **5,288** | 3,179 | | |
| | EBIT | Rs. Lacs | **(648)** | 3,035 | | |
| | Capital Employed | Rs. Lacs | **91,354** | 99,698 | | |
| j) | **Return on investment** | % | **86.75%** | 67.86% | 27.83% | Due to higher dividend received in current year. |
| | Income from Investment | Rs. Lacs | **174.71** | 135.88 | | |
| | Cost of the Investment | Rs. Lacs | **201.40** | 200.22 | | |

**43) Segmental Information**

The Company is primarily engaged in the business of manufacturing, purchase and sale of textiles. The performance evaluation and allocation of resources is based on the analysis of the various performance indicator of the Company as a single unit. Therefore, there is only one reportable segment for the Company.

**44) Regrouping**

Previous year's figures have regrouped wherever necessary to correspond with the current year's disclosure.

**45) Approval of Financial Statements**

The financial statements of Loyal Textile Mills Limited were reviewed by Audit Committee and approved by the Board of Directors at its meeting held on May 29, 2024.

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

**M E Manivannan**
Whole Time Director

Vide our report of even date
For **Brahmayya & Co.,**
Chartered Accountants
(ICAI Firm Reg. No: 000511S)

**A Velliangiri**
Chief Executive Officer

**K Ganapathi**
Chief Financial Officer

**P Mahadevan**
Company Secretary & Compliance Officer

**N.Sri Krishna**
Partner
M. No: 026575

Place : Chennai
Date : 29th May 2024

## INDEPENDENT AUDITOR'S REPORT

**To The Members of Loyal Textile Mills Limited**

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

### Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of Loyal Textile Mills Limited ("the Holding Company") and its joint venture, which comprise the Consolidated Balance Sheet as at 31st March 2024, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Consolidated Ind AS Financial Statements").

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 Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Holding Company and its Joint ventures as at 31st March 2024 and its consolidated loss and other Comprehensive loss, consolidated statement of changes in equity and 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 Consolidated Ind AS Financial Statements section of our report. We are independent of the Holding Company and its Joint Ventures in accordance with the ethical requirements that are relevant to our audit of the Consolidated Ind AS Financial Statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in the Other Matters section below 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 Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that Context.

**1) Revenue recognition**

| Key Audit Matter | Auditor's Response |
|---|---|
| Refer Note No. 2 and 22 to the Consolidated Ind AS Financial Statements<br>Cut off Revenue is one of the key profit drivers and is therefore susceptible to misstatement.<br>Cut-off is the key assertion in so far as revenue recognition is concerned. There is a risk that revenue is recognized on sale of goods without substantial transfer of control as on reporting date which will not be in accordance with Ind AS-115 "Revenue from Contracts with Customers".<br>In view of the above and since revenue is a key performance indicator of the Company, we have identified timing of revenue recognition from sale of goods as a key audit matter. | Principal Audit Procedures Performed:<br>Our audit process consisted testing of the design and operating effectiveness of the internal controls and substantive testing performed by us which are as follows:<br>(i) We obtained an understanding of process and evaluated the design, implementation, and operating effectiveness of management's internal controls in relation to revenue recognition from sale of goods. We tested the Company's control over timing of revenue recognition around year end.<br>(ii) At the year end, we have performed the cut off testing for late cut off to test that the revenue is recorded in the appropriate period. We have traced sales with proof of delivery (POD) to confirm the recognition of sales. |

**2) Inventory Valuation**

| Key Audit Matter | Auditor's Response |
|---|---|
| Valuation of inventories (Refer Note No 2 and 6 to the Consolidated Ind AS Financial Statements)<br>The Company's inventories comprise of raw materials, work-in-progress, finished goods and stores & spares amounting to Rs.41,559.35 Lakhs as at 31st March 2024.<br>The inventories are valued at lower of cost and net realizable value ('NRV').<br>NRV is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling costs.<br>The determination of NRV involves estimates of prevailing market conditions, stage of completion of the inventory, the estimated future selling price and selling costs.<br>Considering the significance of the amount of carrying value of inventories and significant judgements and assumptions involved in assessment of NRV, the same is considered a key audit matter. | Principal audit procedures performed.<br>Evaluated the design and operation of internal controls and its operating effectiveness in determining the NRV, including the Company's review of key estimates, such as estimated future selling prices on a test basis.<br>Compared NRV with recent sales or estimated selling price and selling costs.<br>Evaluated the Company's judgement with regards to application of write-down of inventories, where required.<br>Assessed the adequacy and appropriateness of the disclosures made by the management with respect to Inventories in compliance with the requirements of applicable Ind AS 2 and Schedule III to the Companies Act, 2013. |

**Other Information**

The Holding Company's management and Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Holding Company's Annual Report, but does not include the Consolidated Ind AS Financial Statements and our auditors' report thereon. The above reports are expected to be made available to us after the date of the auditor's report,

Our opinion on the Consolidated Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Ind AS Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the above reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Companies Act, 2013 (the Act) that give a true and fair view of the consolidated financial position, consolidated financial performance including Other comprehensive income, consolidated cash flows and Consolidated statement of Changes in equity of the Holding Company including its Joint Ventures in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Holding Company and its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Holding Company and its joint ventures 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 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 Ind AS 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 Holding Company and its joint ventures are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Holding Company and its joint ventures are responsible for overseeing the financial reporting process.

**Auditors' Responsibilities for the Audit of Consolidated Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS 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 Consolidated Ind AS 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 Consolidated Ind AS 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 Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements 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 in preparation of Consolidated Ind AS Financial Statements 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 Holding Company and its joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated Ind AS 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 auditors' report. However, future events or conditions may cause the Holding Company and its Joint Ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the Consolidated Ind AS Financial Statements, including the disclosures, and whether the Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of such entities or business activities within the Holding Company and its joint ventures to express an opinion on the Consolidated Ind AS Financial Statements. We are responsible for the direction, supervision, and performance of the audit of financial information of such entities or business activities included in the consolidated Ind AS financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) and (b) of the section titled 'Other Matters' in this audit report.

Materiality is the magnitude of misstatements in the Consolidated Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Ind AS Financial Statements.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors as noted in 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

We communicate with those charged with governance of the Holding company, 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 utmost significance in the audit of the Consolidated Ind AS Financial Statements of the financial year ended 31st March 2024, and are therefore the key audit matters. We describe these matters in our auditors' 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 Matter**

a) The consolidated financial results include the Holding Company's share of net profit after tax of Rs.519.86 Lakhs for the year ended 31 March 2024, as considered in the consolidated financial results, in respect of 1 Foreign Joint Venture whose financial statements are unaudited. This unaudited financial statement has been furnished to us by the Board of Directors and our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of this joint venture is based solely on such annual financial statements. In our opinion and according to the information and explanations given to us by the Board of Directors, this financial statement is not material to the Holding Company.

b) Our opinion on the Consolidated Ind AS Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the financial statements certified by the management.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of subsection (11) of section 143 of the Act, based on our audit and on the consideration of report of other auditors on separate financial statements and the other financial information of the subsidiary, and joint ventures incorporated in India, as noted in the 'Other matter' paragraph we give in the "Annexure A" a statement on the matters specified in paragraph 3(xxi) of the Order.

2. As required by Section 143(3) of the Act, we report based on our audit on separate Ind AS financial statements, and the other financial information of Joint ventures as noted in the 'Other Matters' paragraph, we report to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept by the Holding Company so far as it appears from our examination of those books except for the matters stated below, on reporting under Rule 11(g) of the companies (Audit and Auditors)

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), 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 preparation of the Consolidated Ind AS 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 companies (Indian Accounting Standards) Rules, 2015, as amended.

e) On the basis of the written representations received from the directors of the holding Company as on 31st March, 2024 taken on record by the Board of Directors of the holding company, none of the directors of the holding company, is disqualified as on 31st March, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.

f) The modifications relating to the maintenance of accounts and other matters connected therewith are as stated in the above on reporting under Section 143(3)(b) of the Act and below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014

g) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in ‘Annexure B’

h) 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 Ind AS Financial Statements disclose the impact of pending litigations on the consolidated financial position in Note 32.1 to the Consolidated Ind AS Financial Statements.

   ii. The Holding Company did not have any material foreseeable losses due to long-term contracts including derivative contracts.

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

   iv. A) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Holding Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

   B) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Holding Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Holding Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Funding Party or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

   C) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations received under subclause (iv)(a) and (iv)(b) contain any material misstatement.

   v. The company has not declared any dividend during the current year and the previous year, hence the clause regarding compliance with provisions of section 123 of the Act is not applicable.

   vi. According to information and explanation given to us and based on our examination which included test checks, the Company has used licensed Textile specific ERP software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. However, in the absence of any confirmation on the controls concerning the maintenance of relevant audit trails at the database level by ERP service provider, we are unable to comment on the prevalence of audit trail (edit log) facility at the database level.

vii. As Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1st April 2023, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 on preservation of Audit Trial as per the statutory requirements for record retention is not applicable for the financial year ended 31st March 2024.

3. In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of section 197 read with Schedule V of the Act.

For **Brahmayya & Co.,**
Chartered Accountants
Firm Registration No.000511S

**N Sri Krishna**
Partner
Membership No.026575
UDIN: 24026575BKCJVN3016

Place : Chennai
Date: May 29, 2024

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**ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT**

**The Annexure referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date**

(xxi) In our opinion and according to the information and explanations given to us, and based on the CARO reports issued for the Company which are included in the consolidated Ind AS financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports, except to the extent stated herein below:

| S. No. | Company | CIN | Holding/ Subsidiary | Clause Number of the CARO report which is qualified or adverse |
|---|---|---|---|---|
| 1 | Loyal Textile Mills Limited | L17111TN1946PLC001361 | Holding | Clause 3(ix)(d), 3(xvii) |

For **Brahmayya & Co.,**
Chartered Accountants
Firm Registration No.000511S

**N Sri Krishna**
Partner
Membership No.026575
UDIN: 24026575BKCJVN3016

Place : Chennai
Date: May 29, 2024

## ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

**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 Holding Company as of and for the year ended 31st March 2024, we have audited the internal financial controls over financial reporting of Loyal Textile Mills Limited ("the Holding Company") as of that date.

### Management's Responsibility for Internal Financial Controls

The Holding Company's Management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Holding 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Holding 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 were 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 internal financial control over financial reporting of the Holding Company.

### 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 (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 Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations 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 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 and to the best of our information and according to the explanation given to us, the Holding 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 31st March 2024, based on the internal control over financial reporting criteria established by the Holding 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 **Brahmayya & Co.,**
Chartered Accountants
Firm Registration No.000511S

**N Sri Krishna**
Partner
Membership No.026575
UDIN: 24026575BKCJVN3016

Place : Chennai
Date: May 29, 2024

## Consolidated Balance Sheet as at 31st March 2024

(All amounts in lakhs, unless other stated)

(Rs. in Lakhs)

| PARTICULARS | Note No. | 31st March 2024 | 31st March 2023 |
|---|---|---|---|
| **ASSETS** | | | |
| **A. Non-Current Assets** | | | |
| (a) Property, Plant & Equipment | 3 | **33,133.13** | 32,756.22 |
| (b) Capital Work-in-progress | 3A | **-** | 309.90 |
| (c) Investment property | 3 | **151.77** | 270.29 |
| (d) Other Intangible assets | 3 | **60.81** | 52.01 |
| (e) Financial Assets | | | |
| (i) Investments | 4 | **3,250.60** | 2,904.12 |
| (f) Other Non-Current Assets | 5 | **2,712.78** | 3,877.14 |
| (g) Deferred Tax Assets (Net) | 16 | **383.64** | - |
| **Total Non-Current Assets (A)** | | **39,692.73** | 40,169.68 |
| **B. Current Assets** | | | |
| (a) Inventories | 6 | **41,559.35** | 52,161.97 |
| (b) Financial Assets | | | |
| (i) Investments | 7 | **2.15** | 2.15 |
| (ii) Trade Receivables | 8 | **15,848.67** | 20,570.21 |
| (iii) Cash and Cash Equivalents | 9 | **113.12** | 345.14 |
| (iv) Bank Balance Other than (iii) above | 10 | **1,573.28** | 1,769.26 |
| (v) Others Financial Assets | 11 | **4,882.27** | 2,379.28 |
| (c) Other current Assets | 12 | **8,124.76** | 12,089.03 |
| **Total Current Assets (B)** | | **72,103.60** | 89,317.04 |
| **Total Assets (A+B)** | | **111,796.33** | 129,486.72 |
| **EQUITY AND LIABILITIES** | | | |
| **C. EQUITY** | | | |
| (a) Equity Share Capital | 13 | **481.64** | 481.64 |
| (b) Other Equity | 14 | **31,628.01** | 35,545.26 |
| **Total Equity (C)** | | **32,109.65** | 36,026.91 |
| **LIABILITIES** | | | |
| **D. Non-Current Liabilities** | | | |
| (a) Provisions | 15 | **159.00** | 130.14 |
| (b) Deferred Tax Liabilities (Net) | 16 | **-** | 1,237.30 |
| **Total Non-Current Liabilities (D)** | | **159.00** | 1,367.44 |
| **E. Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowing | 17 | **62,215.85** | 66,226.62 |
| (ii) Trade Payables | 18 | | |
| (a) Total outstanding dues of micro enterprises and small enterprises; and | | **3,098.34** | 2,214.36 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | | **8,097.95** | 14,733.80 |
| (iii) Other financial liabilities | 19 | **5,280.00** | 7,197.22 |
| (b) Other current liabilities | 20 | **613.42** | 1,599.58 |
| (c) Provisions | 21 | **222.12** | 120.79 |
| **Total Current Liabilities (E)** | | **79,527.68** | 92,092.37 |
| **Total Liabilities F (D+E)** | | **79,686.68** | 93,459.81 |
| **Total Equity and Liabilities (C+F)** | | **111,796.33** | 129,486.72 |

Note No. 3 to 47 form an integral part of this Financial Statements

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

**M E Manivannan**
Whole Time Director

As per our report of even date
For **Brahmayya & Co.,**
Chartered Accountants
(ICAI Firm Reg. No: 000511S)

**A Velliangiri**
Chief Executive Officer

**K Ganapathi**
Chief Financial Officer

**P Mahadevan**
Company Secretary & Compliance Officer

**N.Sri Krishna**
Partner
M. No: 026575

Place : Chennai
Date : 29th May 2024

## Consolidated Statement of Profit and Loss for the year ended 31st March, 2024

(All amounts in lakhs, unless other stated)

(Rs. in Lakhs)

| | PARTICULARS | Note No. | 31st March 2024 | 31st March 2023 |
|---|---|---|---|---|
| I. | Revenue from Operations | 22 | **93,918.71** | 140,289.39 |
| II. | Other Income | 23 | **7,208.36** | 3,531.84 |
| **III.** | **Total Income (I +II)** | | **101,127.07** | 143,821.23 |
| IV. | Expenses: | | | |
| | Cost of materials consumed | 24 | **52,447.58** | 94,061.84 |
| | Purchase of Stock-in-Trade | 25 | **2,933.40** | 1,856.73 |
| | Changes in Inventories of | 26 | | |
| | Finished Goods | | **3,010.37** | (6,658.06) |
| | Work-in-progress | | **651.71** | (150.58) |
| | Employee Benefits Expense | 27 | **15,697.62** | 17,651.48 |
| | Finance costs | 28 | **5,288.47** | 3,179.45 |
| | Depreciation and amortization expense | 3 | **3,776.14** | 3,657.51 |
| | Other expenses | 29 | **23,432.52** | 30,496.36 |
| | **Total Expenses** | | **107,237.81** | 144,094.74 |
| V. | Profit / (Loss) before exceptional items and tax - (III - IV) | | **(6,110.74)** | (273.51) |
| VI. | Share of Profit / (Loss) from a joint Venture | | **519.86** | 290.47 |
| **VII.** | **Profit / (Loss) before exceptional items and tax - (V+VI)** | | **(5,590.88)** | 16.96 |
| VIII. | Exceptional Items | | **-** | - |
| IX. | Profit / (Loss) before tax (V - VI) | | **(5,590.88)** | 16.96 |
| X. | Tax expense: | | | |
| | (1) Current tax | | **-** | 0.37 |
| | (2) Deferred tax | | **(1,641.20)** | (26.13) |
| | (3) Income Tax relating to Previous Year | | **-** | (241.70) |
| **XI.** | **Profit/(Loss) for the period after tax (VII + VIII)** | | **(3,949.68)** | 284.42 |
| **XII.** | **Other Comprehensive Income** | | | |
| | (a) Items that will not be reclassified to Profit or Loss | | **52.71** | (44.61) |
| | (b) Income tax relating to items that will not be reclassified to Profit or Loss | | **(20.27)** | 20.44 |
| **XIII.** | **Total Other Comprehensive Income** | | **32.44** | (24.13) |
| **XIV.** | **Total Comprehensive Income for the Period (IX+X)** | | **(3,917.24)** | 260.29 |
| XV. | Earning per equity share of Rs.10/- : | | | |
| | (1) Basic | | **(82.00)** | 5.91 |
| | (2) Diluted | | **(82.00)** | 5.91 |

Note No. 3 to 47 form an integral part of this Financial Statements

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

**M E Manivannan**
Whole Time Director

As per our report of even date
For **Brahmayya & Co.,**
Chartered Accountants
(ICAI Firm Reg. No: 000511S)

**A Velliangiri**
Chief Executive Officer

**K Ganapathi**
Chief Financial Officer

**P Mahadevan**
Company Secretary & Compliance Officer

**N.Sri Krishna**
Partner
M. No: 026575

Place : Chennai
Date : 29th May 2024

## Consolidated Statement of Changes In Equity

(All amounts in lakhs, unless other stated)

### A) EQUITY SHARE CAPITAL

| **For the year ended 31st March 2024** | | | | **(₹ in Lakhs)** |
|---|---|---|---|---|
| **Balance as at 01st April 2023** | **Changes in Equity share capital due to prior period errors** | **Restated Balance at the beginning of financial year** | **Changes in Equity share capital during the year** | **Balance as at 31st March 2024** |
| **481.64** | **-** | **481.64** | **-** | **481.64** |

| For the year ended 31st March 2023 | | | | (₹ in Lakhs) |
|---|---|---|---|---|
| Balance as at 01st April 2022 | Changes in Equity share capital due to prior period errors | Restated Balance at the beginning of financial year | Changes in Equity share capital during the year | Balance as at 31st March 2023 |
| 481.64 | - | 481.64 | - | 481.64 |

### B) OTHER EQUITY

**Statement of Changes in Other Equity (2023-24)** **(₹ in Lakhs)**

| Particulars | Reserves & Surplus | | | | | Equity Instruments through OCI | Foreign Currency Translation Reserve - OCI | Total |
|---|---|---|---|---|---|---|---|---|
| | Capital Reserve | General Reserve | Amalgamation Reserve | Retained Earnings | Remeasurement of Defined benefit plans | | | |
| Balance as at 01.04.2023 | 24.19 | 8,552.40 | 242.52 | 26,493.53 | 219.60 | 18.83 | (5.81) | 35,545.26 |
| Total Comprehensive Income/ (Loss) for the Current Year | - | - | - | (3,949.68) | 31.67 | 0.77 | | (3,917.24) |
| Less: Dividend | - | - | - | | - | - | | - |
| **Balance as at 31.03.2024** | **24.19** | **8,552.40** | **242.52** | **22,543.85** | **251.27** | **19.60** | **(5.81** | **31,628.02** |

**Statement of Changes in Other Equity (2022-23)**

| Particulars | Reserves & Surplus | | | | | Equity Instruments through OCI | Foreign Currency Translation Reserve - OCI | Total |
|---|---|---|---|---|---|---|---|---|
| | Capital Reserve | General Reserve | Amalgamation Reserve | Retained Earnings | Remeasurement of Defined benefit plans | | | |
| Balance as at 01-04-2022 | 24.19 | 8,552.40 | 242.52 | 26,690.74 | 240.27 | 22.33 | (5.81) | 35,766.64 |
| Total Comprehensive Income/ (Loss) for the Current Year | - | - | - | 284.42 | (20.67) | (3.50) | | 260.25 |
| Less: Dividend | - | - | - | 481.64 | - | - | | 481.64 |
| **Balance as at 31.03.2023** | **24.19** | **8,552.40** | **242.52** | **26,493.53** | **219.60** | **18.83** | **(5.81)** | **35,545.26** |

Note No. 3 to 47 form an integral part of this Financial Statements

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

**M E Manivannan**
Whole Time Director

As per our report of even date
For **Brahmayya & Co.,**
Chartered Accountants
(ICAI Firm Reg. No: 000511S)

**A Velliangiri**
Chief Executive Officer

**K Ganapathi**
Chief Financial Officer

**P Mahadevan**
Company Secretary & Compliance Officer

**N.Sri Krishna**
Partner
M. No: 026575

Place : Chennai
Date : 29th May 2024

## Consolidated Cash Flow Statement for the year ended 31st March, 2024

(All amounts in lakhs, unless other stated)

(Rs. in Lakhs)

| PARTICULARS | **31st March 2024** | 31st March 2023 |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| PROFIT BEFORE TAX | **(6,110.74)** | (273.51) |
| **Adjustments for** | | |
| Depreciation | **3,776.14** | 3,657.51 |
| Interest paid | **5,288.47** | 3,179.45 |
| Dividend received on Investments - Others | **(0.16)** | (0.13) |
| Bad Debts & Provision for Bad debts | **4.65** | 40.95 |
| Impairment on Financial Assets carried at cost | **-** | 20.37 |
| (Profit)/Loss on disposal of Fixed Assets | **(150.83)** | 16.38 |
| **OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES** | **2,807.53** | 6,641.03 |
| **Adjustments for Changes In Working Capital** | | |
| **Adjustment for (Increase)/Decrease in Operating Assets** | | |
| Inventories | **10,602.62** | (7,508.17) |
| Trade Receivables | **4,716.89** | 9,678.87 |
| Other Financial Assets | **(2,502.99)** | 1,103.17 |
| Other Current Assets | **3,580.63** | 870.91 |
| Other Non-Current Assets | **(665.43)** | (502.32) |
| Amount deposited as Margin Money | **195.97** | (406.42) |
| **Adjustment for Increase/ (Decrease) in Operating Liabilities** | | |
| Trade Payables | **(5,751.88)** | (1,105.05) |
| Other Financial Liabilities | **(1,917.22)** | (1,322.20) |
| Other Current Liabilities | **(986.16)** | (521.24) |
| Long & Short term Provisions | **181.72** | 28.98 |
| Other Non-Current Liabilities | **383.64** | 343.05 |
| **CASH FLOW FROM OPERATING ACTIVITIES** | **10,645.32** | 7,300.61 |
| Income Tax (Paid)/Refund | **-** | (667.40) |
| **NET CASH FLOW (A)** | **10,645.32** | 6,633.21 |

## Consolidated Cash Flow Statement for the year ended 31st March, 2024
(All amounts in lakhs, unless other stated)

(Rs. in Lakhs)

| PARTICULARS | 31st March 2024 | 31st March 2023 |
|---|---|---|
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Payments for Assets acquisition | **(2,029.41)** | (7,978.23) |
| Proceeds on Sale of Fixed Assets | **276.58** | 26.20 |
| Sale/(Purchase) of Investments | **0.00** | 21.89 |
| Dividend receipts | **174.71** | 135.88 |
| **NET CASH FLOW (B)** | **(1,578.13)** | (7,794.26) |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Interest paid | **(5,288.47)** | (3,179.45) |
| Proceeds / (Repayment) of Short Term Borrowings | **(4,010.77)** | 4,600.69 |
| Dividend paid | **-** | (481.64) |
| **NET CASH FLOW (C)** | **(9,299.24)** | 939.59 |
| **NET CASH INFLOW / (OUTFLOW) (A+B+C)** | **(232.02)** | (221.46) |
| **OPENING CASH AND CASH EQUIVALENTS (D)** | **345.14** | 566.60 |
| **CLOSING CASH AND CASH EQUIVALENTS (E)** | **113.12** | 345.14 |
| **NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (D-E)** | **(232.02)** | (221.46) |

See accompanying notes to financial statements 1 to 47

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

**M E Manivannan**
Whole Time Director

As per our report of even date
For **Brahmayya & Co.,**
Chartered Accountants
(ICAI Firm Reg. No: 000511S)

**A Velliangiri**
Chief Executive Officer

**K Ganapathi**
Chief Financial Officer

**P Mahadevan**
Company Secretary & Compliance Officer

**N.Sri Krishna**
Partner
M. No: 026575

Place : Chennai
Date : 29th May 2024

1 **General Information:**

Loyal Textiles Mills Limited ( "the Company" ) is a listed company incorporated on 1956 in the state of Tamilnadu, India. 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 Naidupeta in Andhra Pradesh.

The Company is a public listed company and listed on The Bombay Stock Exchange and National Stock Exchange.

2 **Significant Accounting Policies:**

(a) **Statement of Compliance:**

These financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), and the provisions of the Companies Act ,2013 ('the Act') (to the extent notified) The Ind AS are prescribed under Section 133 of the Act read with Rule3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

(b) **Basis for Preparation and Presentation:**

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Valuation techniques with observable inputs. This level of hierarchy includes items measured using inputs other than quoted prices included within Level 1 that are observable for such items, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

(c) **Significant accounting judgements, estimates and assumptions**

In the application of the Company's accounting policies the Board of Directors of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a. **Useful lives of property, plant and equipment**

The Company reviews the estimated useful lives of Property, Plant and Equipment at the end of each reporting period. During the current year, there has been no change in life considered for the assets except those specified in the exceptional items.

b. **Provision for doubtful receivables**

The Company makes provision for doubtful receivables based on a provision matrix which takes into account historical credit loss experience and adjusted for current estimates.

c. **Estimation of net realisable value of inventories**

Inventories are stated at the lower of cost and net realisable value. In estimating the net realisable value of inventories the Company makes an estimate of future selling prices and costs necessary to make the sale.

d. **Provision for employee benefits**

The Company uses actuarial assumptions to determine the obligations for employee benefits at each reporting period. These assumptions include the discount rate, expected long-term rate of return on plan assets, rate of increase in compensation levels and mortality rates.

e. **Provision for taxes**

Significant judgments are required in determining the provision for income taxes, including the amount expected to be paid/ recovered for uncertain tax positions.

f. **Fair value for Investment Property**

The fair Value of the Investment property as disclosed in the Financial statements is the best judgement of the Management with available information include market knowledge, reputation, independence and whether professional standards are maintained.

**(d) Revenue Recognition:**

Revenue is recognized to that extend it is probable that future economic benefits will flow to the entity and the amount of revenue can be reliably measured.

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are net of returns, rebates, goods & services tax and value added taxes.

1. **Sale of Goods**

Revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer.

Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the individual delivery and acceptance terms agreed with the customers.

The amount of revenue to be recognized (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as Goods and Service Tax(GST) or other taxes directly linked to sales. Revenue from product sales are recorded net of allowances for estimated rebates, cash discounts and estimates of product returns, all of which are established at the time of sale.

If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices.

2. **Sale of Services**

Revenue from sale of services is recognised when related services are rendered and related cost are incurred

3. **Dividend and Interest Income**

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.

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), which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition

4. **Other Income**

Export incentives are accounted in the year of exports based on eligibility and expected amount on realisation.

Government grants and subsidies are recognised when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant.

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.

**(e) Cash And Cash Equivalents (For Purposes Of Cash Flow Statement)**

Cash comprises cash in hand and balance with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit / (loss) is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. In cash flow statement, cash and cash equivalents include cash in hand, balances with banks in current accounts and other short-term highly liquid investments with original maturities of three months or less.

**(f) 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:

In case of raw materials at weighted average cost plus direct expenses. The cost includes cost of purchase, non-refundable duties and taxes, and other costs incurred in bringing the inventories to their present location and condition.

In case of stores and spares at weighted average cost plus direct expenses. The cost includes cost of purchase, non-refundable duties and taxes, and other costs incurred in bringing the inventories to their present location and condition.

In case of work in progress at raw material cost plus conversion costs depending upon the stage of completion.

In case of finished goods at raw material cost plus conversion costs, packing cost, non recoverable indirect taxes (if applicable) and other overheads incurred to bring the goods to their present location and condition.

In case of by-products at estimated realizable value.

Net realizable value is the estimated selling price in ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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

**Recognition and measurement**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

**The Cost of an item of Property, plant and equipment comprises:**

a. its purchase price including import duties and non- refundable purchase taxes after deducting trade discounts and rebates

b. any attributable expenditure directly attributable for bringing an asset to the location and the working condition for its intended use and

c. the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

The Company has elected to continue with the carrying value of all its PPE recognised as on April 1, 2015 measured as per the previous GAAP and use that carrying value as its deemed cost as on transition date.

**Depreciation**

Depreciation is calculated on the cost of items of property, plant and equipment less their estimated residual values over the estimated useful lives using the straight-line method and is generally recognised in the Statement of profit and loss. Freehold land is not depreciated.

Depreciation on property, plant and equipment is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shifts) as evaluated on technical assessment on straight-line method, in accordance with Part A of Schedule II to the Companies Act, 2013.

The estimated useful life of the property, plant and equipment followed by the Company for the current and the comparative period are as follows :

Buildings - 30 years

Plant and Equipment - 8 years

Furniture and Fixtures - 8 years

Vehicles - 8 years

Office Equipment - 5 years

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if necessary, for each reporting period. Based on technical assessment and consequent advice, the management believes that its estimate of useful life as given above best represent the period over which management expects to use the asset.

On property, plant and equipment added/ disposed off during the year, depreciation is charged on pro-rata basis for the period from/upto which the asset is ready for use/disposed off.

**Other Prospects**

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the statement of profit and loss as and when incurred.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss.

**Capital Work-in-Progress**

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. They are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

**(h) Intangible Assets:**

**Recognition**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives and it is included in the statement of profit and loss. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

**Useful Life:**

The estimated useful life of intangible assets consisting computer software is 6 years

**Derecognition**

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

**(i) Investment Property**

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

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

Company depreciates investment 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. The fair Value of the Investment property as disclosed in the Financial statements is the best judgement of the Management with available information. 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.

**(j) Borrowing Cost**

**Definition:**

Borrowing cost are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are considered as adjustment to interest costs) incurred in connection with the borrowings of funds.

**Recognition:**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

**Cessation of Borrowing Cost**

An entity shall cease capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

**(k) Leases**

The Company assesses at contract inception whether a contract is or contains, a lease, i.e., if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**i) Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for its use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Plant and machinery
- Buildings
- Land

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

**ii) Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

**Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**(l) Impairment of tangible assets and Intangible Assets other than Goodwill**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**(m) Financial Instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of these instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as may be appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately as profit or loss.

**(i) Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognized on a trade date basis. Regular way purchases or sales of financial assets that require delivery of assets within the time frame established by regulations or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

**Classification of financial assets**

Financial instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in the Statement of Profit and Loss for FVTOCI debt instruments. For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognised as profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in Other Comprehensive Income and accumulated under the heading of 'Reserve for debt instruments through Other Comprehensive Income'. When the investment is disposed off, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

**Effective interest method**

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

**Investments in equity instruments at FVTOCI**

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised as profit or loss are included in the 'Other income' line item.

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

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in Other Comprehensive Income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably

**Impairment of financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. The Company recognizes a loss allowance for the expected credit losses on financial asset. In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 – Financial instruments for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

**De-recognition of financial assets**

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

**(ii) Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

**Financial liabilities at fair value through profit and loss (FVTPL)**

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

a. it has been incurred principally for the purpose of repurchasing it in the near term; or

b. on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

c. it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

a. such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

b. the financial liability forms part of group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

c. it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the statement of profit and loss.

**Financial liabilities subsequently measured at amortised cost**

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**(n) Derivative financial instruments**

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in foreign exchange rates on foreign currency assets or liabilities and forecasted cash flows denominated in foreign currencies. The counterparty for these contracts is generally a bank.

Derivatives are recognized and measured at fair value. Attributable transaction costs are recognized in statement of profit and loss. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit and loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

**(o) Government Grants, Subsidies And Export Incentives**

Government grants and subsidies are recognised when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognised in statement of profit and loss as other operating revenue / other income on a systematic basis.

Government grants relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with the costs that they intended to compensate and presented in other operating revenue.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

**(p) Foreign Currency Transactions and Translation**

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions are recognised in the statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non monetary assets and liabilities that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences arising on translation are recognised in the statement of profit and loss.

**(q) Employee Benefits:**

Employee benefits include Provident Fund, Employees State Insurance Scheme, Gratuity Fund and compensated absences.

**Short term employee benefit obligations:**

Short term employee benefits including accumulated compensated absences as at the Balance Sheet date are recognised as an expense as per Company's schemes based on expected obligation on an undiscounted basis.

**Defined contribution plan Provident Fund & Employee State Insurance**

The Company's contribution to Provident Fund and Employees State Insurance Scheme are considered as defined contribution plans and are recognized as an expense when employees have rendered service entitling them to the contributions.

**Defined benefit plan**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Post employment benefit comprise of Gratuity which are accounted for as follows:

**Gratuity Fund:**

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a 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.

**(r) Segment Reporting:**

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

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

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

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

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

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

**(s) Earnings Per Share:**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are considered for the effects of all dilutive potential equity shares.

**(t) Income Taxes:**

Income tax expense represents current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current income tax assets/liabilities for current year is recognized at the amount expected to be paid to and/ or recoverable from the tax authorities.

**Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income-tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income-tax. Accordingly, MAT Credit is recognised as asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

**Recognition**

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**(u) Provisions, Contingent Liabilities, and Contingent Assets:**

**Provisions:**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

**Contingent Liabilities:**

Whenever there is possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liability.

**Contingent Assets:**

The Company does not recognise contingent assets. These are assessed continually to ensure that the developments are appropriately disclosed in these standalone financial statements.

**(v) Non-Current Asset held for Sale**

The Company classifies non current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale and the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset to be highly probable when:

1. The appropriate level of management is committed to a plan to sell the asset,
2. An active programme to locate a buyer and complete the plan has been initiated (if applicable),
3. The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
4. Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

**(w) Investments in Subsidiary and Joint Venture IND AS 27**

Investments in subsidiaries and Joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of investment is assessed and written down immediately to its recoverable amount.

**Note No: 3 PROPERTY, PLANT & EQUIPMENT, INTANGIBLE ASSETS AND INVESTMENT PROPERTY** (Rs. in Lakhs)

| Particulars | Property, Plant & Equipment | | | | | | | Total PPE | Intangible Assets | Investment Property |
|---|---|---|---|---|---|---|---|---|---|---|
| | Land** | Building | Plant and Equipment | Furniture and Fittings | Electrical Fittings | Vehicles | Office Equipment | | | |
| **As at 31st March 2022** | **1,607.61** | **12,219.54** | **40,699.02** | **344.21** | **1,476.87** | **167.52** | **363.33** | **56,878.09** | **159.87** | **310.94** |
| Additions | - | 917.91 | 5,218.23 | 77.67 | 355.00 | 44.63 | 104.10 | 6,717.53 | 36.23 | - |
| Disposals | - | - | (159.10) | - | (0.06) | - | (6.28) | (165.44) | - | - |
| Adjustments# | (200.64) | - | - | - | - | - | - | (200.64) | - | - |
| **As at 31st March 2023** | **1,406.97** | **13,137.45** | **45,758.16** | **421.88** | **1,831.82** | **212.15** | **461.14** | **63,229.55** | **196.10** | **310.94** |
| Additions | | 73.41 | 3,903.67 | 5.27 | 100.15 | - | 65.88 | 4,148.37 | 20.55 | - |
| Disposals | | | (363.67) | (2.30) | (0.71) | | (33.96) | (400.65) | - | (129.98) |
| **As at 31st March 2024** | **1,406.97** | **13,210.85** | **49,298.15** | **424.84** | **1,931.25** | **212.15** | **493.06** | **66,977.27** | **216.65** | **180.96** |
| **Depreciation/Amortisation** | | | | | | | | | | |
| **As at 31st March 2022** | **1.67** | **2,850.12** | **22,486.61** | **177.66** | **1,084.56** | **31.68** | **220.25** | **26,852.58** | **130.97** | **34.60** |
| Charge for the year 2022-23 | 1.67 | 430.28 | 2,986.57 | 34.91 | 88.42 | 30.60 | 65.88 | 3,638.34 | 13.12 | 6.03 |
| Disposals/Adjustments | - | - | (14.69) | - | (0.00) | - | (2.90) | (17.59) | - | - |
| **As at 31st March 2023** | **3.34** | **3,280.40** | **25,458.49** | **212.58** | **1,172.99** | **62.29** | **283.24** | **30,473.33** | **144.09** | **40.65** |
| Charge for the year 2023-24 | 1.59 | 443.56 | 3,054.60 | 36.24 | 112.50 | 29.26 | 73.30 | 3,751.03 | 11.74 | 3.57 |
| Disposals/Adjustments | | | (345.86) | (1.60) | (0.50) | - | (32.27) | (380.23) | | (15.02) |
| **As at 31st March 2024** | **4.92** | **3,723.96** | **28,167.22** | **247.22** | **1,284.98** | **91.54** | **324.27** | **33,844.13** | **155.83** | **29.19** |
| **Net Block** | | | | | | | | | | |
| As at 31st March 2023 | 1,403.63 | 9,857.05 | 20,299.65 | 209.30 | 658.83 | 149.86 | 177.90 | 32,756.22 | 52.01 | 270.29 |
| **As at 31st March 2024** | **1,402.04** | **9,486.89** | **21,130.93** | **177.63** | **646.27** | **120.61** | **168.79** | **33,133.14** | **60.81** | **151.77** |

**Notes on property, plant and equipment**

** Includes Rs.153.63 lacs of Land on “right of use basis” which is depreciated over the useful life of lease term.

# Advance of Rs.200.64 lacs given to STPCL in relation to development of SIPCOT land has been reclassified to Capital Advance.

1. The title deeds of all immovable properties are held in the name of the Company. Where immovable properties are acquired by the Company consequent to acquisition / merger of companies, the title to the immovable properties of the transferor companies shall be deemed to have been mutated in the name of the company as per the scheme of amalgamation approved by National Company Law Tribunal / court.
2. Fair value disclosure of investment property as required under Ind AS 40: The fair value of the Investment property as on 31.03.2024 amounting to Rs. 1,685 lacs is management estimate based on the available market information and the same is not valued by a registered valuer.

(All amounts in lakhs, unless other stated)

### Note No. 3A. CAPITAL WORK IN PROGRESS AT COST

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| Balance at the beginning of the period | **309.90** | 439.51 |
| Additions during the year | **3,859.02** | 6,624.15 |
| Capitalisation during the year | **4,168.92** | 6,753.77 |
| **Balance at the end of the period** | **-** | 309.90 |

**Additional regulatory Information required under Schedule III of Companies Act, 2013**

**1. Capital Work in Progress (CWIP) ageing schedule**

| CWIP | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 Year | 1-2 Years | 2-3 years | More than 3 Years | |
| **As at 31.03.2024** | - | - | - | - | - |
| As at 31.03.2023 | 300.88 | 9.02 | - | - | 309.90 |

**Note No. 4. NON-CURRENT INVESTMENTS** (Rs. in Lakhs)

| S. No | Particulars | 31st March 2024 | 31st March 2023 | |
|---|---|---|---|---|
| I | **Investments in Equity Instruments carried at cost as per Ind AS 27** | | | |
| | **Unquoted Investments** | | | |
| | **Wholly Owned Subsidiary** | | | |
| 1 | Loyal International Sourcing Pvt Ltd (Subsidiary 100%) | **-** | 0.00 | - |
| | 20,000 Equity shares of Rs. 10/- each fully paid up. | | | |
| | Provision for Impairment* | | 0.00 | |
| | **Joint Ventures** | | | |
| 1 | Gruppo P&P Loyal spa (Joint Venture 47.5%) | **3,200.66** | | 2,855.35 |
| | 3,325 Equity shares of Euro 85 each fully paid up. | | | |
| 2 | Loyal Dimco Group A.E.B.E.(Joint venture 50%) | **-** | 18.39 | - |
| | 50,000 Equity shares | | | |
| | Provision for Impairment* | | (18.39) | |
| 3 | Loyal Textiles (UK) Ltd (49%) | **-** | 0.00 | - |
| | 2,450 Equity shares | | | |
| | Provision for Impairment* | | 0.00 | |
| 4 | Loyal IRV Textile LDA, Portugal (Joint Venture 51%) | **-** | 1.99 | - |
| | 2,250 Equity shares of Euro 1 each fully paid up. | | | |
| | Provision for Impairment* | | (1.99) | |
| | Provision for Impairment of Non-current investments | **-** | | |
| | | **3,200.66** | | 2,855.35 |
| II | **Investments in Equity Instruments carried at FVTOCI** | | | |
| | **A) Quoted** | | | |
| 1 | Central Bank of India | **0.88** | | 0.35 |
| | 1,469 Equity shares of Rs. 10/- each fully paid up. | | | |
| 2 | Amrutanjan Health Care Ltd | **6.19** | | 5.75 |
| | 1,000 Equity shares of Rs. 1/- each fully paid up. | | | |
| 3 | Matrimony.com Ltd | **11.12** | | 10.90 |
| | 2,120 Equity shares of Rs. 5/- each fully paid up. | | | |

| S. No | Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|---|
| | **B) Unquoted** | | |
| 1 | Dhanvantari Nano Ayushadi Private Limited | **2.50** | 2.50 |
| | 25,000 Equity shares of Rs. 10/- each fully paid up. | | |
| 2 | Cuddalore Sipcot Industries Common Utilities Limited | **4.67** | 4.67 |
| | 4,665 Equity shares of Rs. 100/- each fully paid up. | | |
| 3 | SIMA Textile Processing Centre Ltd | **2.00** | 2.00 |
| | 20,000 Equity shares of Rs. 10/- each fully paid up. | | |
| 4 | Dhanvantari Nano Ayushadi Private Limited | **22.50** | 22.50 |
| | 2,25,000 Compulsorily Convertible Debentures of Rs. 10/- each | | |
| | | **49.85** | 48.67 |
| III | **Investments carried at Amortised Cost** | | |
| 1 | Investment in Government or trust securities | **0.10** | 0.10 |
| | | **0.10** | 0.10 |
| | **Total Non-Current Investments** | **3,250.60** | 2,904.12 |
| | **Aggregate value of:** | | |
| | Quoted Investments | **18.18** | 17.00 |
| | Unquoted Investments | **3,232.42** | 2,907.49 |
| | Less : Provision for Impairment on Investments carried at Cost | **-** | 20.37 |
| | **Investments Net of Impairment** | **3,250.60** | 2,904.12 |

* The Subsidiary company Loyal International Sourcing Private Limited [LISPL] and the three foreign joint venture companies (which were dormant), Loyal Dimco Group A.E.B.E, Greece, Loyal IRV Textile LDA, Portugal and Loyal Textiles (UK) Ltd, United Kingdom were dissolved and the carrying value of the investment amounting to Rs. 22.37 Lakhs has been written off.

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| **Note No. 5. OTHER NON-CURRENT ASSET** | | |
| Capital Advances | **502.21** | 2,332.00 |
| Prepaid Expenses | **-** | 12.48 |
| Electricity Deposits | **1,985.38** | 1,339.44 |
| Advance Tax (Net of Provision for Tax) | **225.19** | 193.22 |
| **Total Other Non-Current Asset** | **2,712.78** | 3,877.14 |
| **Note No. 6. INVENTORIES** | | |
| (a) Raw Materials | **14,265.78** | 20,984.92 |
| (b) Work-in-progress | **10,156.60** | 10,808.31 |
| (c) Finished Goods | **15,390.72** | 18,401.09 |
| (d) Stores, spares and Packing Materials | **1,746.25** | 1,967.65 |
| **Total Inventories** | **41,559.35** | 52,161.97 |
| Provision made during the year against carrying value of Inventories arising on account of lower of cost or NRV is Rs. 817.24 lacs (2022-23 - Rs. 958.28 lacs) | | |
| **Note No. 7. CURRENT INVESTMENTS** | | |
| **Investments in Equity Instruments carried at FVTOCI** | | |
| **Unquoted Investments** | | |
| Saheli Exports Private Limited | **2.15** | 2.15 |
| 4300 Equity shares of Rs. 10/- each fully paid up. | | |
| **Total Current Investments** | **2.15** | 2.15 |
| **Note No.8. TRADE RECEIVABLES** | | |
| (i) Trade Receivables - Unsecured, Considered Good | **15,848.67** | 20,570.21 |
| (ii) Trade Receivables which have significant increase in credit risk | **122.80** | 129.09 |
| | **15,971.47** | 20,699.30 |
| Less: Allowance for Doubtful Trade Receivables | **(122.80)** | (129.09) |
| **Total Trade Receivables** | **15,848.67** | 20,570.21 |
| **Ageing of Receivables** | | |
| **a) Undisputed Trade receivables – considered good** | | |
| Less than 6 months | **12,502.72** | 20,180.54 |
| 6 months to 1 year | **2,528.54** | 331.32 |
| 1 to 2 years | **589.59** | 37.64 |
| 2 to 3 years | **194.95** | 14.01 |
| More than 3 years | **32.85** | 6.70 |

(All amounts in lakhs, unless other stated)

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| **(b) Undisputed Trade Receivables – which have significant increase in credit risk** | | |
| Less than 6 months | **-** | - |
| 6 months to 1 year | **-** | - |
| 1 to 2 years | **-** | - |
| 2 to 3 years | **-** | - |
| More than 3 years | **1.37** | 7.66 |
| **(c) Disputed Trade Receivables – which have significant increase in credit risk** | | |
| Less than 6 months | **-** | - |
| 6 months to 1 year | **-** | - |
| 1 to 2 years | **-** | 108.08 |
| 2 to 3 years | **108.08** | - |
| More than 3 years | **13.35** | 13.35 |
| **Note No.9. CASH AND CASH EQUIVALENTS** | | |
| **Balance with banks** | | |
| (i) In current accounts | **103.88** | 338.35 |
| (ii) In EEFC accounts | **3.65** | 1.37 |
| **Cash on hand** | **5.58** | 5.42 |
| **Total Cash & Cash Equivalents** | **113.12** | 345.14 |
| **Note No.10. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS** | | |
| Unpaid Dividend Bank account | **29.63** | 44.59 |
| Bank balances held as margin money | **1,543.65** | 1,724.67 |
| **Total Bank Balances** | **1,573.28** | 1,769.26 |
| **Note No. 11. OTHER FINANCIAL ASSETS** | | |
| a) Govt Grants and subsidies receivable from Govt. | **4,454.93** | 1,451.83 |
| b) Interest Accrued on Marginal Money Deposits | **30.46** | 31.67 |
| c) Security Deposits | **111.64** | 556.30 |
| d) Income Tax Refund Receivable | **141.22** | 173.86 |
| e) Other Receivable | **85.89** | 165.61 |
| f) Insurance Receivable | **58.14** | - |
| **Total Other Financial Assets** | **4,882.27** | 2,379.28 |
| **Note No. 12. OTHER CURRENT ASSETS** | | |
| a) GST Refund / GST ITC Receivable | **4,925.93** | 6,359.33 |
| b) Advances to Suppliers | **2,172.82** | 4,600.93 |
| c) Prepaid Expenses | **1,026.01** | 1,128.76 |
| **Total Other Current Assets** | **8,124.76** | 12,089.03 |

(All amounts in lakhs, unless other stated)

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| **Note No.13 (a) Authorised, Issued, Subscribed, Paid-up share capital and par value per share** | | |
| **Authorised Share Capital** | | |
| 90,00,000 Equity Shares of Rs.10/- each | **900.00** | 900.00 |
| 6,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each (Previous year 6,00,000 preference shares of Rs.100 each) | **600.00** | 600.00 |
| **Issued & Subscribed Share Capital** | | |
| 48,16,446 Equity Shares of Rs.10/- each fully paid - up (Previous year 48,16,446 equity shares of Rs.10/- each) | **481.64** | 481.64 |
| **Paid-up Share Capital** | | |
| 48,16,446 Equity Shares of Rs.10/- each fully paid - up (Previous year 48,16,446 equity shares of Rs.10/- each) | **481.64** | 481.64 |
| | **481.64** | 481.64 |

**Note No. 13(b) Rights, preference and restriction attached to equity shares**

The Company has one class of equity shares having a par value of Rs. 10/- each. Each holder of equity shares is entitled to one vote per share. The dividend if any proposed by the Board of Directors will be subject to the approval of the shareholders in the ensuing annual general meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| **Note No. 13 (c) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year** | | |
| Number of shares outstanding as at the beginning of the year | **4,816,446** | 4,816,446 |
| Issue of equity shares during the year | **-** | - |
| Number of shares outstanding as at the end of the year | **4,816,446** | 4,816,446 |

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

| S. No. | Promoter Name | **Shareholding as on 31.03.2024** | | Shareholding as on 31.03.2023 | |
|---|---|---|---|---|---|
| | | **No. of Shares** | **% of total shares** | No. of Shares | % of total shares |
| 1 | Madurai Tara Traders Pvt Ltd | **776,887** | **16.13** | 776,887 | 16.13 |
| 2 | Felspar Credit and Investment Pvt Ltd | **661,126** | **13.73** | 661,126 | 13.73 |
| 3 | Dhanalakshmi Properties Pvt Ltd | **629,343** | **13.07** | 629,343 | 13.07 |
| 4 | Kurunji Properties Pvt Ltd | **346,887** | **7.20** | 346,887 | 7.20 |
| 5 | Chinthamani Cotton Trading Pvt Ltd | **280,270** | **5.82** | 280,270 | 5.82 |

| Note No.13 (e) Shareholding of Promoters | | | | | | | |
|---|---|---|---|---|---|---|---|
| S. No. | Promoter Name | **Shareholding as on 31.03.2024** | | | Shareholding as on 31.03.2023 | | |
| | | **No. of Shares** | **% of total shares** | **% change during the year** | No. of Shares | % of total shares | % change during the year |
| 1 | Mrs. Valli M Ramaswami | **195,463** | **4.06** | **-** | 195,463 | 4.06 | - |
| 2 | Ms. Vishala Ramaswami | **550** | **0.01** | **-** | 550 | 0.01 | - |
| 3 | Mr. M Ramakrishnan | **2** | **0.00** | **-** | 2 | 0.00 | - |
| 4 | Mr. P Manivannan | **2** | **0.00** | **-** | 2 | 0.00 | - |
| 5 | M/s. Madurai Tara Traders Private Ltd. | **776,887** | **16.13** | **-** | 776,887 | 16.13 | - |
| 6 | M/s. Felspar Credit and Investments Private Ltd. | **661,126** | **13.73** | **-** | 661,126 | 13.73 | - |
| 7 | M/s. Dhanalakshmi Properties Pvt Ltd | **629,343** | **13.07** | **-** | 629,343 | 13.07 | - |
| 8 | M/s. Kurunji Properties Pvt Ltd | **346,887** | **7.20** | **-** | 346,887 | 7.20 | - |
| 9 | M/s. Chinthamani Cotton Trading Pvt Ltd | **280,270** | **5.82** | **-** | 280,270 | 5.82 | - |
| 10 | M/s. Nemesis Cotton Trading Company Private Ltd. | **136,086** | **2.83** | **-** | 136,086 | 2.83 | - |
| 11 | M/s. Rhea Cotton Traders Private Ltd. | **116,660** | **2.42** | **-** | 116,660 | 2.42 | - |
| 12 | M/s. Nike Cotton Traders Private Ltd. | **115,000** | **2.39** | **-** | 115,000 | 2.39 | - |
| 13 | M/s.Hellen Cotton Trading Company Private Ltd. | **71,950** | **1.49** | **-** | 71,950 | 1.49 | - |
| 14 | M/s. Valli Agri Industries Private Ltd. | **55,620** | **1.15** | **-** | 55,620 | 1.15 | - |
| 15 | M/s. Valli Yarn Processors Private Ltd. | **53,496** | **1.11** | **-** | 53,496 | 1.11 | - |
| 16 | M/s. Vishala Apparels Private Ltd. | **30,625** | **0.64** | **-** | 30,625 | 0.64 | - |
| 17 | M/s. Vishala Knitwear Private Ltd. | **29,375** | **0.61** | **-** | 29,375 | 0.61 | - |
| 18 | M/s. Sri Manikavasagam Trades and Finance Private Ltd. | **22,501** | **0.47** | **-** | 22,501 | 0.47 | - |
| 19 | M/s. Emmar Traders and Finance Private Ltd. | **18,002** | **0.37** | **-** | 18,002 | 0.37 | - |
| | **Total** | **3,539,845** | **73.49** | **-** | **3,539,845** | **73.49** | - |

(All amounts in lakhs, unless other stated)

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| **Note No.14. OTHER EQUITY** | | |
| **(a) Capital Reserves** | | |
| Opening Balance | **24.19** | 24.19 |
| Additions during the year | **-** | - |
| Deductions during the year | **-** | - |
| Closing Balance | **24.19** | 24.19 |
| **(b) Amalgamation Reserve** | | |
| Opening Balance | **242.52** | 242.52 |
| Additions during the year | **-** | - |
| Deductions during the year | **-** | - |
| Closing Balance | **242.52** | 242.52 |
| **(c) General Reserve** | | |
| Opening Balance | **8,552.40** | 8,552.40 |
| Transfer from Surplus | **-** | - |
| Deductions during the year | **-** | - |
| Closing Balance | **8,552.40** | 8,552.40 |
| **(d) Foreign Currency Translation Reserve** | | |
| Opening Balance | **(5.81)** | -5.81 |
| Additions during the year | **-** | - |
| Deductions during the year | **-** | - |
| Closing Balance | **(5.81)** | (5.81) |
| **(e) Retained Earnings** | | |
| Opening Balance | **26,493.52** | 26,690.74 |
| **Add:** | | |
| Profit for the period as per statement of profit & loss account | **(3,949.68)** | 284.42 |
| Transfer from OCI Reserve due to IND AS Transition | **-** | - |
| **Less:** | | |
| Final dividend (PY @ 100% - Rs. 10/- per share) | **-** | 481.64 |
| Closing Balance | **22,543.84** | 26,493.52 |
| **(f) Other Comprehensive Income Reserve** | | |
| **Opening Balance** | | |
| Remeasurement of Defined benefit plans | **219.60** | 240.27 |
| Revaluation Surplus | **18.83** | 22.33 |
| **Total Opening Balance** | **238.43** | 262.60 |
| **Other Comprehensive Income for the year** | | |
| **Items that will not be reclassified to Profit and Loss** | | |
| -Actuarial Gain / (Loss) on Defined Benefit Plan | **31.67** | (20.67) |
| -Gain /(Loss) on Equity Instruments through OCI | **0.77** | (3.50) |
| **Total of Items that will not be reclassified to Profit and Loss** | **32.44** | (24.17) |
| **Closing Balance** | | |
| Remeasurement of Defined benefit plans | **251.27** | 219.60 |
| Revaluation Surplus | **19.60** | 18.83 |
| **Total Closing Balance** | **271** | 238 |
| **Total Other Equity** | **31,628.01** | 35,545.25 |

(All amounts in lakhs, unless other stated)

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| **Note No.15. NON - CURRENT PROVISION** | | |
| **Employee Benefits** | | |
| Provision for Post Employment Benefits - Gratuity (refer note no.35) | **159.00** | 130.14 |
| **Total Non-Current Provision** | **159.00** | 130.14 |
| | | |
| **Note No.16. DEFERRED TAX LIABILITIES (NET)** | | |
| **Deferred Tax Net (Refer Note 40)** | | |
| **Deferred Tax Liabilities:** | | |
| a) Tax Effects on Items Constituting Liabilities | **3,252.57** | 2,755.10 |
| Property, Plant & Equipment | | |
| (Difference between book balance and tax balance) | | |
| **Deferred Tax Assets:** | | |
| - On account of timing differences under Income tax | **(3,354.42)** | (1,236.02) |
| MAT credit Entitlement | **(281.79)** | (281.79) |
| **Total Deferred Tax Liabilities (Net)** | **(383.64)** | 1,237.30 |
| | | |
| **Note No.17 BORROWINGS** | | |
| **Loans Repayable On Demand** | | |
| **From Banks (secured) at amortised cost*** | | |
| - Packing Credit | **15,467.73** | 28,538.38 |
| - Cash Credit | **14,971.77** | 7,051.29 |
| - Working Capital Loan | **9,728.51** | 1,240.88 |
| - LC Discounted with Banks | **19,597.65** | 27,918.49 |
| - Bills Discounted with Banks | **2,450.20** | 1,477.57 |
| **Total Current Borrowings** | **62,215.85** | 66,226.62 |
| Refer Note No.39 for details of security created against Current borrowings | | |
| | | |
| **Note No.18. TRADE PAYABLES** | | |
| - Outstanding dues to creditor - other than Micro and Small Enterprises | **8,097.95** | 14,697.65 |
| - Outstanding dues to creditor - Micro and Small Enterprises | **3,098.34** | 2,214.36 |
| - Dues to related parties | **-** | 36.15 |
| **Total Trade Payables** | **11,196.28** | 16,948.16 |
| | | |
| **Ageing of Trade payables:** | | |
| **(i) MSME:** | | |
| Less than 1 year | **3,098.34** | 2,214.36 |
| 1-2 years | **-** | - |
| 2-3 years | **-** | - |
| More than 3 years | **-** | - |
| | **3,098.34** | 2,214.36 |

(All amounts in lakhs, unless other stated)

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| **(ii) Others:** | | |
| Less than 1 year | **6,851.49** | 14,626.82 |
| 1-2 years | **1,246.46** | - |
| 2-3 years | **-** | 106.98 |
| More than 3 years | **-** | - |
| **Total Trade Payables** | **8,097.95** | 14,733.80 |

**Note No.19. OTHER FINANCIAL LIABILITIES**

| | | |
|---|---|---|
| Electricity Charges Payable | **2,535.74** | 3,674.77 |
| Salary & Wages Payable | **817.50** | 1,282.60 |
| Bonus and Leave Salary Payable | **865.14** | 1,006.75 |
| Expenses Payable | **800.30** | 957.83 |
| Interest accrued but not due | **80.32** | 156.47 |
| Interest payable to MSME vendors | **181.00** | 118.80 |
| **Total Other Financial Liabilities** | **5,280.00** | 7,197.22 |

**Note No.20. OTHER CURRENT LIABILITIES**

| | | |
|---|---|---|
| Statutory Payables | **182.95** | 940.23 |
| Advances from customers | **358.28** | 478.87 |
| Security Deposit | **72.19** | 180.48 |
| **Total Other Current Liabilities** | **613.42** | 1,599.58 |

**Note No.21. SHORT-TERM PROVISIONS**

| | | |
|---|---|---|
| **Employee benefits** | | |
| Provision for Post Employment Benefits - Gratuity (refer note no.35) | **222.12** | 120.79 |
| **Total Short Term Provisions** | **222.12** | 120.79 |

(All amounts in lakhs, unless other stated)

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| **Note No.22. REVENUE FROM OPERATIONS** | | |
| Sale of Products | **88,198.02** | 132,862.43 |
| Sale of Services | **1,380.37** | 1,074.50 |
| Other operating Revenues | | |
| - Duty Drawback/RODTEP/ROSTCL | **1,881.46** | 2,523.19 |
| - Waste and Scrap Sales | **2,458.87** | 3,829.27 |
| **Total Revenue from Operations** | **93,918.71** | 140,289.39 |
| **Note No.23. OTHER INCOME** | | |
| Interest Income | **308.49** | 138.86 |
| Dividend Income | **0.16** | 0.13 |
| Other Non operating income | | |
| a) Insurance Claim Received | **1,830.51** | 1,720.49 |
| b) Net Foreign Exchange Gain/(Losses) | **525.01** | 889.28 |
| c) Rental Income | **34.90** | 40.08 |
| d) Profit on Sale of Assets | **150.83** | - |
| e) Miscellaneous Income* | **4,358.48** | 743.01 |
| **Total Other Income** | **7,208.36** | 3,531.84 |

**Note on Other Income**

* Miscellaneous Income includes AP Industrial Investment Promotion Policy subsidy sanction Rs. 28.60 cr. accounted as income during the period.

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| **Note No.24. COST OF MATERIALS CONSUMED** | | |
| i) Cotton, Staple Fibre and Cotton waste | **37,376.32** | 64,065.22 |
| ii) Yarn | **11,486.48** | 22,389.98 |
| iii) Fabric | **2,768.77** | 6,495.03 |
| iv) Dyes | **492.17** | 561.83 |
| v) Reflective band | **323.83** | 549.78 |
| **Total Cost of Materials Consumed** | **52,447.58** | 94,061.84 |
| **Note No.25. PURCHASE OF STOCK-IN-TRADE** | | |
| Yarn | **0.00** | 37.42 |
| Fabric | **1.54** | 2.24 |
| Others - Packing materials and Cotton | **2,931.85** | 1,817.07 |
| **Total Purchase of Stock-in-Trade** | **2,933.40** | 1,856.73 |

(All amounts in lakhs, unless other stated)

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| **Note No.26. CHANGES IN INVENTORIES** | | |
| Opening Stock | | |
| Process Stock | **10,808.31** | 10,657.73 |
| Finished goods | **18,401.09** | 11,743.03 |
| Total (A) | **29,209.40** | 22,400.76 |
| LESS: Closing Stock | | |
| Process Stock | **10,156.60** | 10,808.31 |
| Finished goods | **15,390.72** | 18,401.09 |
| Total (B) | **25,547.32** | 29,209.40 |
| **Changes In Inventories Net (Increase ) / Decrease (A-B)** | | |
| Process Stock | **651.71** | (150.58) |
| Finished goods | **3,010.37** | (6,658.06) |
| **Total Changes in Inventories** | **3,662.08** | (6,808.64) |
| | | |
| **Note No.27. Employee Benefits / Expenses** | | |
| Salaries, Wages and Bonus | **12,484.45** | 13,784.99 |
| Unavailed Leave | **200.68** | 209.70 |
| Contribution to Provident Fund and other funds | **1,160.53** | 1,241.78 |
| Other Welfare Expenses | **1,851.96** | 2,415.00 |
| **Total Employee Benefits/Expenses** | **15,697.62** | 17,651.48 |
| | | |
| **Note No.28. FINANCE COSTS** | | |
| Interest Expenses | | |
| - For Working capital Loan | **4,697.67** | 2,767.01 |
| - For Bills Discounting | **314.77** | 223.27 |
| Other Borrowing Cost | **266.21** | 189.17 |
| **Total Finance Costs** | **5,288.47** | 3,179.45 |

(All amounts in lakhs, unless other stated)

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| **Note No.29. OTHER EXPENSES** | | |
| Power and Fuel | **9,296.59** | 9,841.28 |
| Stores Consumed | **6,117.38** | 8,639.28 |
| Freight and forwarding charges | **1,282.08** | 2,533.26 |
| Selling Expenses | **832.68** | 1,141.96 |
| **Payment to the Auditors** | | |
| As Auditors | **15.00** | 15.00 |
| For Certification work | **1.00** | - |
| For Reimbursement of Expenses | **-** | - |
| Conversion Charges | **692.82** | 1,587.52 |
| Processing Charges | **754.01** | 1,412.51 |
| Repairs & Maintenance | | |
| (a) Repairs to Machinery | **1,270.19** | 1,545.61 |
| (b) Repairs to Building | **239.76** | 620.87 |
| (c ) Repairs & Maintenance for Vehicles | **294.15** | 313.01 |
| Insurance | **486.82** | 384.95 |
| Bad Debts | **4.65** | 40.95 |
| Rates and Taxes | **151.82** | 122.68 |
| Loss on sale of Assets | **-** | 16.38 |
| Provision for Impairment of Investments | **-** | 20.37 |
| Expenditure on CSR Activities | **108.38** | 102.15 |
| Rent | **198.93** | 275.43 |
| Bank Charges | **603.68** | 875.02 |
| Travelling Expenses | **290.99** | 309.28 |
| Professional Expenses | **284.18** | 291.31 |
| Communication Expenses | **223.26** | 222.21 |
| Other Miscellaneous Expenses | **284.16** | 185.34 |
| **Total Other Expenses** | **23,432.52** | 30,496.36 |

(All amounts in lakhs, unless other stated)

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| **Note No.30 (a). Income Tax Recognised In Profit And Loss Account** | | |
| **Current Tax** | | |
| In respect of current year | **-** | - |
| In respect of prior years | **-** | (241.70) |
| **Deferred Tax** | **-** | - |
| In respect of current year | **(1,641.20)** | (26.13) |
| **Total Tax Expenses** | **(1,641.20)** | (267.83) |
| | | |
| **Note No.30 (b). Income Tax Recognised In Other Comprehensive Income** | | |
| Arising on income and expenses recognised in other comprehensive income | | |
| Remeasurement of defined benefit obligation | **(19.86)** | 18.60 |
| Net fair value gain/(loss) on investment in equity shares at FVTOCI | **(0.41)** | 1.84 |
| **Total income tax recognised in other comprehensive income** | **(20.27)** | 20.44 |
| | | |
| **Note No.31. Other Comprehensive Income** | | |
| Remeasurement of defined benefit obligation | **51.53** | (39.27) |
| Net fair value gain/(loss) on investment in equity shares at FVTOCI | **1.18** | (5.34) |
| **Total Other Comprehensive Income** | **52.71** | (44.61) |

**32) 32.1 Other money for which the Company is contingently liable**

The details of dues of Income Tax, Goods and Service tax, Sales Tax, Value Added Tax, cess and other material statutory dues applicable to the Company which have not been deposited as on March 31, 2024 on account of disputes are given below:

| Nature of Dues | Forum before which the dispute is pending | Period to which it relates | 31st March 2024 | 31st March 2023 |
|---|---|---|---|---|
| Sales Tax | State Tax Appellate Tribunal, Madurai | 2005-2010 | **-** | 205.70 |
| | Appeal with STAT, Kakinada Court for AP CST dispute (13-14) | 2018-2019 | **795.54** | 434.88 |
| VAT | State Tax Appellate Tribunal, Madurai | 2006-2015 | **-** | 648.40 |

| Nature of Dues | Forum before which the dispute is pending | Assessment Year | 31st March 2024 | 31st March 2023 |
|---|---|---|---|---|
| Income Tax | Pending with IT Department | 2015-16 | **0.78** | 0.78 |
| | Pending with CIT (APPEALS) | 2017-18 to 2022-23 | **2,496.13** | 593.76 |

**32.2 Commitments**

| | | |
|---|---|---|
| Exports obligations under Export Promotion Capital Goods (EPCG) scheme | **1,119.20** | 963.00 |

(All amounts in lakhs, unless other stated)

**33) Disclosure with respect to Micro, Small and Medium Enterprises Development act, 2006**

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" ("MSMED Act, 2006") is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on request made by the Company.

| Particulars | | 31st March 2024 | 31st March 2023 |
|---|---|---|---|
| (a) | The principal amount remaining unpaid to supplier at the end of each accounting year | **3,098.34** | 2,214.36 |
| (b) | The interest payable thereon on (a) | **108.19** | 44.41 |
| (c) | The amount of interest paid by the buyer along with the amount of the payment made to the supplier beyond the due date during each accounting year | **118.80** | - |
| (d) | The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 | **72.81** | 74.39 |
| (e) | The amount of interest accrued and remaining unpaid at the end of each accounting year | **181.00** | 118.80 |
| (f) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 | **181.00** | 118.80 |

* includes amount payable to capital creditors (Micro and Small enterprises)

**34) Financial Instruments and Risk Management**

**34.1 Capital management**

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

The capital structure of the Company consists of net debt setoff by cash and bank balances and total equity of the Company.

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 short-term borrowings.

**The Company's capital and net debt were made up as follows**

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| Debt | **62,296.17** | 66,383.09 |
| Less: Cash and bank balances | **113.12** | 345.14 |
| **Net debt** | **62,183.06** | 66,037.95 |
| **Total equity** | **32,109.66** | 36,026.91 |
| **Net debt to equity ratio** | **1.94** | 1.83 |

**34.2 Financial Instruments by category**

**Categories of Financial Instruments**

**Financial assets at FVTOCI**

| | | |
|---|---|---|
| Investments* | **52.10** | 50.92 |

(All amounts in lakhs, unless other stated)

| Particulars | 31st March 2024 | 31st March 2024 |
|---|---|---|
| **Financial assets at Amortised Cost #** | | |
| Trade receivables | **15,848.67** | 20,570.21 |
| Cash and cash equivalents | **113.12** | 345.14 |
| Bank balances other than above | **1,573.28** | 1,769.26 |
| Other financial assets | **4,882.27** | 2,379.28 |
| **Financial liabilities at Amortised Cost #** | | |
| Borrowings (short term) | **62,216** | 66,227 |
| Trade payables | **11,196** | 16,948 |
| Other financial liabilities | **5,280** | 7,197 |

# Carrying value of the financial assets and financial liabilities designated at amortised cost approximates its fair value.

* Investment value excludes investment in subsidiaries/Associates which are shown at cost in balance sheet as per Ind AS 27 “Separate Financial Statements”

**Fair value measurements (Ind AS 113)**

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company has established the following fair value hierarchy that categorises the values into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

Level 1: Quoted prices in the active market. This level of hierarchy includes financial assets that are measured by reference to quoted prices in the active market.

Level 2: Valuation techniques with observable inputs. This level of hierarchy includes items measured using inputs other than quoted prices included within Level 1 that are observable for such items, either directly or indirectly.

Level 3: Valuation techniques with unobservable inputs. This level of hierarchy includes items measured using inputs that are not based on observable market data (unobservable inputs). Fair value determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instruments nor based on available market data.
Sensitivity of Level 3 financial instruments are insignificant.

The fair value of the financial instruments are determined at the amount that would be received to sell an asset in an orderly transaction between market participants. The following methods and assumptions were used to estimate the fair values:

Quoted equity investments: Fair value is derived from quoted market prices in active markets.

Unquoted equity investments: Management Estimates that cost approximates the Fair Value.

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| Financial assets at Fair Value Through Other Comprehensive Income | | |
| Investments in Listed Equity Shares - Level - 1 | **18.18** | 17.00 |
| Investments in Unlisted Equity Shares - Level - 3 | **33.91** | 33.91 |

**34.3 Financial Risk Management**

Company’s principal financial liabilities comprise borrowings, trade payables and Other financial liabilities. The main purpose of these financial liabilities is to finance the Company’s operations. The Company’s principal financial assets include Investments, Trade receivables, loans, cash and bank balances and other financial assets.

(All amounts in lakhs, unless other stated)

**Risk Exposures and Responses**

The Company is exposed to market risk, credit risk and liquidity risk. The Board of Directors reviews policies for managing each of these risks, which are summarised below:

### 34.3.1 Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowing.

### (i) Foreign Currency Risk

The company operates internationally and business is transacted in several currencies. The current year export sales of company comprise around 40% 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 derivative forward foreign exchange contracts.

**Company's Total Foreign currency exposure**

| Particulars | Currency | 31st March 2024 | | |
|---|---|---|---|---|
| | | Exchange Rate | Amount in Foreign Currency | Amount (INR) |
| Trade Receivables | EUR | **90.22** | **8.39** | **757.35** |
| | GBP | **105.29** | **0.70** | **73.98** |
| | USD | **83.37** | **81.48** | **6,793.00** |
| Trade Payable | CHF | **92.04** | **0.06** | **5.44** |
| | EUR | **90.22** | **1.74** | **156.89** |
| | GBP | **105.29** | **0.09** | **9.63** |
| | USD | **83.37** | **1.84** | **153.17** |
| Import LC Outstanding | EUR | **90.22** | **-** | **-** |
| | USD | **83.37** | **4.78** | **398.69** |
| | | 31st March 2023 | | |
| Trade Receivables | EUR | 89.61 | 19.62 | 1,757.93 |
| | GBP | 101.87 | 0.62 | 63.43 |
| | USD | 82.22 | 90.73 | 7,459.31 |
| Trade Payable | CHF | 89.82 | 0.71 | 64.04 |
| | EUR | 89.61 | 21.77 | 1,950.71 |
| | GBP | 101.87 | 0.09 | 8.86 |
| | USD | 82.22 | 21.68 | 1,782.19 |
| Import LC Outstanding | EUR | 89.61 | 15.45 | 1,384.04 |
| | USD | 82.22 | 62.71 | 5,155.96 |

(All amounts in lakhs, unless other stated)

**Company's Unhedged Foreign currency exposure**

| Particulars | Currency | 31st March 2024 | | |
|---|---|---|---|---|
| | | Exchange Rate | Amount in Foreign Currency | Amount in (INR) |
| Trade Receivables | EUR | **90.22** | **-** | **-** |
| | GBP | **105.29** | **0.70** | **73.98** |
| | USD | **83.37** | **46.73** | **3,896.14** |
| Trade Payable | CHF | **92.04** | **0.06** | **5.44** |
| | EUR | **90.22** | **1.74** | **156.89** |
| | GBP | **105.29** | **0.09** | **9.63** |
| | USD | **83.37** | **6.62** | **551.86** |
| Import LC Outstanding | EUR | **90.22** | **-** | **-** |
| | USD | **83.37** | **-** | **-** |

| Particulars | Currency | 31st March 2023 | | |
|---|---|---|---|---|
| Trade Receivables | EUR | 89.61 | 12.87 | 1,153.08 |
| | GBP | 101.87 | 0.62 | 63.43 |
| | USD | 82.22 | 13.11 | 1,077.61 |
| Trade Payable | CHF | 89.82 | 0.71 | 64.04 |
| | EUR | 89.61 | 21.77 | 1,950.71 |
| | GBP | 101.87 | 0.09 | 8.86 |
| | USD | 82.22 | 21.68 | 1,782.19 |
| Import LC Outstanding | EUR | 89.61 | 15.45 | 1,384.04 |
| | USD | 82.22 | 11.74 | 965.05 |

**Sensitivity**

If foreign currency rates had moved as illustrated in the table below, with all other variables held constant, currency fluctuations on unhedged foreign currency denominated financial instruments, post tax profit would have been affected as follows:

| Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|
| **USD Sensitivity** | | |
| INR/USD - increases by 5% | **167.21** | (83.48) |
| INR/USD - decreases by 5% | **(167.21)** | 83.48 |
| **EURO Sensitivity** | | |
| INR/EURO - increases by 5% | **(7.84)** | (109.08) |
| INR/EURO - decreases by 5% | **7.84** | 109.08 |

**(ii) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

**Interest rate exposure**

| **Particulars** | **31st March 2024** | 31st March 2023 |
|---|---|---|
| Current Borrowings | **62,215.85** | 66,226.62 |

**Sensitivity analysis:**

Sensitivity analysis is carried out for floating rate borrowings as at March 31, 2024. For every 1% increase in average interest rates, profit before tax would be impacted by loss of approximately Rs. 622 lakhs (Pr.Yr: Rs. 662 Lakhs). Similarly, for every 1% decrease in average interest rates there would be an equal and opposite impact on the profit before tax. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

**34.3.2 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.

| **Particulars** | **As at '31st March 2024** | | | |
|---|---|---|---|---|
| | **Upto 1 year** | **1 to 2 years** | **More than 2 years** | **Total** |
| Borrowings (short term) | **62,215.85** | **-** | **-** | **62,215.85** |
| Trade payables | **11,196.28** | **-** | **-** | **11,196.28** |
| Other financial liabilities | **5,280.00** | **-** | **-** | **5,280.00** |
| **Total** | **78,692.14** | **-** | **-** | **78,692.14** |

| Particulars | As at '31st March 2023 | | | |
|---|---|---|---|---|
| | Upto 1 year | 1 to 2 years | More than 2 years | Total |
| Borrowings (short term) | 66,226.62 | - | - | 66,226.62 |
| Trade payables | 16,948.16 | - | - | 16,948.16 |
| Other financial liabilities | 7,197.22 | - | - | 7,197.22 |
| **Total** | 90,372.00 | - | - | 90,372.00 |

(All amounts in lakhs, unless other stated)

**34.3.3 Credit Risk**

Credit risk arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and advance for suppliers) and from its financing/ investing activities, including deposits with banks and foreign exchange transactions.

**(i) 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.

**(ii) Cash and Cash Equivalents and Bank Deposits**

Credit risk on cash and cash equivalents and balances with Banks is considered to be minimal as the counterparties are all substantial banks and Corporates with high credit ratings. The Directors are unaware of any factors affecting the recoverability of outstanding balances at 31st March 2024.

**35) Disclosure of Employee Benefits**

**(a) Defined Contribution Plans :**

Amounts recognized in the statement of profit and loss are as under:

| Particulars | 2023-24 | 2022-23 |
|---|---|---|
| Provident Fund | **697.29** | 816.62 |

The expenses incurred on account of the above defined contribution plans have been included in Note 28 “Employee Benefits Expenses” under the head “Contribution to provident and other funds”.

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

The Company sponsors funded defined benefit plan for qualifying employees. This defined benefit plan of gratuity is administered by a separate trust that is legally separate from the entity. The trustees are required by the law to act in the interest of the trust and all the relevant stakeholders i.e. active employees, inactive employees, retired employees and employers, etc. The trust is responsible for investment policy with regard to the assets of the trust. The Company has a gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days salary last drawn for each completed year of service. Gratuity is payable to all eligible employees of the Company on retirement, separation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972 or as per the Company’s plan, whichever is more beneficial.

**These plans typically expose the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.**

(All amounts in lakhs, unless other stated)

**Investment Risk**

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

**Salary Risk**

The present value of defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in rate of increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

**Interest Risk**

The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in value of the liability.

**Longevity Risk**

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after employment. An increase in the life expectancy of the plan participants will increase the plans liability.

**The principal assumption used for the purpose of the actuarial valuation were as follows:**

| **Particulars** | **31st March 2024** | 31st March 2023 |
|---|---|---|
| Discount Rate | **7.24%** | 7.54% |
| Salary Escalation Rate | **7.50%** | 7.50% |
| Attrition Rate | **8.00%** | 8.00% |
| Expected rate of return on plan assets | **7.54%** | 7.43% |

The cost of the defined benefit plans and other long term benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases and mortality rate. Due to these complexity involved in the valuation it is highly sensitive to the changes in these assumptions. All assumptions are reviewed at each reporting date. The present value of the defined benefit obligation and the related current service cost and planned service cost were measured using the projected unit cost method.

**(i) The total expenses recognised in the Statement of Total Comprehensive Income is as follows:**

| **Particulars** | **31st March 2024** | 31st March 2023 |
|---|---|---|
| **Expense recognised in Statement of Profit or Loss** | | |
| Current Service Cost | **90.72** | 87.45 |
| Interest Cost | **96.06** | 90.30 |
| Expected return on plan assets | **(77.93)** | (80.50) |
| **Subtotal** | **108.85** | 97.25 |
| **Recognised in Other Comprehensive Income** | | |
| Actuarial loss/(gain) on Present value of Obligation | **(44.95)** | 38.40 |
| Actuarial gain/(loss) on change in fair value Plan Assets | **6.58** | (0.87) |
| **Subtotal** | **(51.53)** | 39.27 |
| **Net Benefit Expenses** | **57.31** | 136.52 |

The current service cost, past service cost and the net interest expenses for the year are included in Note 28 “Employee Benefits Expenses” under the head “Salaries and Wages”.

(All amounts in lakhs, unless other stated)

| | Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|---|
| **(ii)** | **Net defined benefit plan Asset/Liability recognised in Balance Sheet as follows:** | | |
| | **Benefit asset / liability** | | |
| | Present value of defined benefit obligation | **1,336.03** | 1,356.64 |
| | Fair value of plan assets | **1,047.79** | 1,105.70 |
| | **Net defined benefit plan Asset/Liability recognised in Balance Sheet** | **(288.25)** | (250.94) |
| **iii)** | **Changes in the present value of the obligation - reconciliation of opening and closing balances:** | | |
| | | **Gratuity (Funded Plan)** | Gratuity (Funded Plan) |
| | Opening balance of Present Value of the Obligation | **1,356.64** | 1,290.33 |
| | Interest Cost | **96.06** | 90.30 |
| | Current Service Cost | **90.72** | 87.45 |
| | Benefits Paid | **(162.43)** | (149.86) |
| | Actuarial loss/(gain) | **(44.95)** | 38.40 |
| | Closing balance of Present Value of the Obligation | **1,336.03** | 1,356.64 |
| **(iv)** | **Reconciliation of changes in the fair value of plan Assets:** | | |
| | Opening balance Fair Value of Plan Assets | **1,105.70** | 1,140.92 |
| | Expected return on Plan Assets | **77.93** | 80.50 |
| | Contribution by the Company | **20.00** | 35.00 |
| | Benefits Paid | **(162.43)** | (149.86) |
| | Actuarial gain/(loss) | **6.58** | (0.87) |
| | Closing balance of Fair Value of Plan Assets | **1,047.79** | 1,105.70 |
| **(v)** | **Reconciliation of Fair value of Assets & Obligation** | | |
| | Present value of the obligation | **1,336.03** | 1,356.64 |
| | Fair value of the Plan Assets | **1,047.79** | 1,105.70 |
| | Surplus/(Deficit) | **(288.25)** | (250.94) |
| | Experience adjustments on Plan Liabilities (loss)/ gain | **44.95** | (38.40) |
| | Experience adjustments on Plan Assets (loss)/ gain | **6.58** | (0.87) |
| **(vi)** | **Percentage of each category of plan assets to total fair value of plan assets:** | | |
| | a) Government Securities | **36.96%** | 37.57% |
| | b) Bank deposits (Special deposit scheme) | **2.08%** | 1.83% |
| | c) Others / approved securities | **60.96%** | 60.60% |

**vii)** The estimates of future salary increases, considered in actuarial valuation, taken into on 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.

| | Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|---|
| 36) | **Earnings per share (Rs.)** | | |
| | **The following reflects the profit and shares related data used in the Basic EPS computations:** | | |
| | Opening / Closing number of shares | **4,816,446** | 4,816,446 |
| | Profit / Loss after Tax Expense (Rs. Lakhs) | **(3,950)** | 284 |
| | Earnings per share (Rs.) | **(82.00)** | 5.91 |
| | Face value of shares (Rs.) | **10.00** | 10.00 |
| 37) | **Expenditure towards Corporate Social Responsibility (CSR) activities** | | |
| | As per Section 135 of the Companies Act 2013, the Company needs to spend 2% of its average net profits of the immediately preceding three financial years on Corporate Social Responsibility (CSR) activities. | | |
| | The gross amount required to be spent by the Company during the year towards Corporate Social Responsibility (CSR) as per the provision of section 135 of the Companies Act, 2013 amounts to Rs. 108.38 Lakhs (Pr.Yr. Rs. 108.88 Lakhs). Amount spent during the year on CSR activities as under: | | |
| | a) Gross amount required to be spent by the Company during the year | **108.38** | 108.88 |
| | b) Amount available for set-off | **-** | (6.89) |
| | c) Amount required to be spent by the company in cash during the year | **108.38** | 101.99 |
| | d) Amount of expenditure incurred | **108.38** | 101.99 |
| | e) Shortfall at the end of the year | **-** | - |
| | f) Total of previous year shortfall | **Nil** | Nil |
| | g) Reason for shortfall | **NA** | NA |
| | h) Nature of CSR activities | **Promotion of Health/Promotion of Education** | Promotion of Health/Promotion of Education |
| | i) Details of related party transaction | **51.73** | 94.64 |
| | j) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately. | **Nil** | Nil |
| 38) | **Distribution Made and Proposed (Ind AS 1)** | | |
| | Cash dividends on equity shares declared and paid: | | |
| | Final dividend for the year ended on March 31, 2024: NIL (March 31 2023: NIL | **-** | - |
| | **Total Distribution made** | **-** | - |
| | Proposed dividend for the year ended on March 31, 2024: NIL (March 31 2023: NIL) | **-** | - |
| | **Total Dividend Proposed** | **-** | - |

(All amounts in lakhs, unless other stated)

| | Particulars | 31st March 2024 | 31st March 2023 |
|---|---|---|---|
| 39) | **Assets pledged as security** | | |
| | **Current assets** | | |
| | **Financial assets** | | |
| | Trade receivables | **15,848.67** | 20,570.21 |
| | **Non-financial assets** | | |
| | Inventory | **41,559.35** | 52,161.97 |
| | **Total current assets pledged as security** | **57,408.01** | 72,732.18 |
| | **Non-current assets** | | |
| | Property, Plant & Equipment | **33,133.13** | 32,756.22 |
| | Capital Work-in-progress | **-** | 309.90 |
| | Investment property | **151.77** | 270.29 |
| | Other Intangible assets | **60.81** | 52.01 |
| | **Total non-current assets pledged as security** | **33,345.72** | 33,388.41 |
| | **Total assets pledged as security** | **90,753.73** | 106,120.59 |

**Details of security for Current borrowings**

Current borrowings from banks are secured as follows:

**Primary Security**

Pari passu charge on the current assets of company viz., Hypothecation of Inventory and receivables and other current assets along with other working capital bankers.

**Collateral Security**

Charge on the block assets of the company on pari passu basis among the working capital bankers.

(All amounts in lakhs, unless other stated)

**40) Deferred Tax Liabilities (Net) movement for FY 2023-2024**

| Particulars | Opening Balance | Recognised in Profit or Loss | Recognised in Profit or Loss | Recognised in OCI | Closing Balance |
|---|---|---|---|---|---|
| **Deferred Tax Assets** | | | | | |
| Expenses deductible in future years | 661.40 | - | 246.90 | - | 908.30 |
| Provision for doubtful debts | 45.10 | - | - | - | 45.10 |
| Unabsorbed Losses - Carry Forward | 527.40 | - | 1,871.50 | - | 2,398.90 |
| Others | 2.12 | - | - | - | 2.12 |
| MAT Credit recoverable | 281.79 | - | - | - | 281.79 |
| **Total DTA** | **1,517.80** | **-** | **2,118.40** | **-** | **3,636.20** |
| **Deferred Tax Liabilities** | | | | | |
| Property Plant and Equipment and Intangible Assets | (2,755.10) | - | (477.20) | - | (3,232.30) |
| Others | - | - | - | (20.27) | (20.27) |
| **Total DTL** | **(2,755.10)** | **-** | **(477.20)** | **(20.27)** | **(3,252.57)** |
| **Net DTL** | **(1,237.30)** | **-** | **1,641.20** | **(20.27)** | **383.64** |

**Deferred Tax Liabilities (Net) movement for FY 2022-2023**

| Particulars | Opening Balance | Recognised in Profit or Loss | Recognised in Profit or Loss | Recognised in OCI | Closing Balance |
|---|---|---|---|---|---|
| **Deferred Tax Assets** | | | | | |
| Expenses deductible in future years | 720.17 | - | (58.77) | - | 661.40 |
| Provision for doubtful debts | 56.00 | - | (10.90) | - | 45.10 |
| Unabsorbed Losses - Carry Forward | - | - | 527.40 | - | 527.40 |
| Others | (18.32) | - | - | 20.44 | 2.12 |
| MAT Credit Recoverable | 624.83 | (343.05) | - | - | 281.79 |
| **Total DTA** | **1,382.68** | **(343.05)** | **457.73** | **20.44** | **1,517.80** |
| **Deferred Tax Liabilities** | | | | | |
| Property Plant and Equipment and Intangible Assets | (2,323.50) | - | (431.60) | - | (2,755.10) |
| Others | - | - | - | - | - |
| **Total DTL** | **(2,323.50)** | **-** | **(431.60)** | **-** | **(2,755.10)** |
| **Net DTL** | **(940.82)** | **(343.05)** | **26.13** | **20.44** | **(1,237.30)** |

**41) Related Party Disclosures for the year ended 31.03.2024**

**(i) List of Related Parties**

| No. | Name of the Related Parties and Nature Of Relationship | Companies |
|---|---|---|
| 1 | **Wholly owned subsidiary** | Loyal International Sourcing Private Limited |
| 2 | **Joint Venture** | Gruppo P&P Loyal Spa, Italy<br>Loyal Dimco Group A.E.B.E., Greece<br>Loyal IRV Textile LDA, Portugal<br>Loyal Textiles (UK) Ltd. |
| 3 | **Key Management Personnel (KMP)** | Mrs. Valli M Ramaswami<br>(Chairperson and Whole Time Director)<br>Mr. M.E.Manivannan (Whole Time Director)<br>Ms. Vishala M Ramswami (Director)<br>Mr.B.Vaidyanathan (Director)<br>Mr. R. Kannan (Director)<br>Mr. Lakshmi Narayanan (Director)<br>Mr. Madhavan Nambiar (Director)<br>Mrs. Vijayalakshmi Rao (Director)<br>Mr. Gokul Dixit (Director)<br>Mr. Kumaran (Director)<br>Mr. B T Bangera (Director upto Sep'2023)<br>Mr. A Velliangiri (CEO)<br>Mr. K. Ganapathi (CFO)<br>Mr. P.Mahadevan (Company Secretary) |
| 4 | **Where control Exists through KMP** | P.Orr & Sons Private Limited<br>Valli Agri Industries<br>Emmar Trades & Finance P. Ltd.<br>Kurunji Properties P Ltd<br>Manickavasagam Charitable Foundation<br>Loyal Mill Primary School<br>Madurai Tara Traders P Ltd<br>Valli Yarn Processors P Ltd<br>Thiagesar Trust<br>Nike Cotton Traders P Ltd<br>Shri Manikavasakam Trades & Finance Pvt. Ltd. |

(All amounts in lakhs, unless other stated)

**(ii) Transaction with Related Party - KMP**

| Remuneration paid to key managerial personnel: | Mrs. Valli M Ramaswami (Chairperson and Whole Time Director) | | Ms. Vishala M Ramswami (Director) | | Mr. M.E.Manivannan (Whole Time Director) | |
|---|---|---|---|---|---|---|
| | **31st March 2024** | 31st March 2023 | **31st March 2024** | 31st March 2023 | **31st March 2024** | 31st March 2023 |
| Salary, Perquisites and Other allowances | **60.00** | 60.00 | **12.00** | 12.00 | **29.42** | 30.95 |
| Contribution to provident fund - defined contribution plan | **7.20** | 7.20 | **1.44** | 1.44 | **2.71** | 2.71 |
| Contribution to super annuation fund - defined benefit plan | **-** | - | **-** | - | **-** | - |
| Commission | **-** | - | **-** | - | **-** | - |
| **Total** | **67.20** | 67.20 | **13.44** | 13.44 | **32.12** | 33.66 |

| Remuneration paid to key managerial personnel: | Mr. A Velliangiri (Chief Executive Officer ) | | Mr. K Ganapathi, (Chief Financial Officer) | | Mr. P Mahadevan (Company Secretary & Compliance Officer) | |
|---|---|---|---|---|---|---|
| | **31st March 2024** | 31st March 2023 | **31st March 2024** | 31st March 2023 | **31st March 2024** | 31st March 2023 |
| Salary, Perquisites and Other allowances | **54.30** | 55.23 | **40.04** | 41.18 | **15.11** | 13.69 |
| Contribution to provident fund - defined contribution plan | **2.83** | 2.83 | **1.69** | 1.69 | **0.53** | 0.62 |
| Contribution to super annuation fund - defined benefit plan | **-** | - | **-** | - | **-** | - |
| **Total** | **57.13** | 58.06 | **41.73** | 42.87 | **15.64** | 14.31 |

| Sitting Fees to Directors | **31st March 2024** | 31st March 2023 |
|---|---|---|
| **Independent Director** | | |
| Mr. B T Bangera (Upto Sep'23) | **2.60** | 4.80 |
| Mrs. Vijayalakshmi Rao | **4.90** | 3.90 |
| Mr.S.Arun | **-** | 1.00 |
| Mr.Gokul S Dixit | **4.90** | 2.70 |
| Mr.Lakshminarayanan | **1.60** | 0.50 |
| **Non Independent Director** | | |
| Mr. B Vaidyanathan | **4.70** | 4.60 |
| Mr. Madhavan Nambiar | **1.70** | 3.40 |
| Mr. R Poornalingam | **-** | 2.10 |

**(iii) Outstanding balances as on 31.03.2024 - Related Party (KMP)**

| Particulars | Mrs. Valli M Ramaswami (Chairperson and Whole Time Director) | | Ms. Vishala M Ramswami (Director) | | Mr. M.E.Manivannan (Whole Time Director) | |
|---|---|---|---|---|---|---|
| | **31st March 2024** | 31st March 2023 | **31st March 2024** | 31st March 2023 | **31st March 2024** | 31st March 2023 |
| Commission Payable | **59.29** | 324.29 | **-** | - | **-** | - |

(All amounts in lakhs, unless other stated)

### (iv) Transactions with Related Parties other than KMP

| S. No. | Name | Relationship of the related party with the reporting entity | Type of Related Party Transaction | Value of Transaction during the reporting period | |
|---|---|---|---|---|---|
| | | | | **2023-24** | 2022-23 |
| 1 | Gruppo P&P | Joint Venture | Sale of Goods | **4,434.55** | 5,868.25 |
| | | | Purchase of Goods | **3.30** | 3.05 |
| | | | Dividend Income received | **185.58** | 160.93 |
| 2 | Loyal International Sourcing P.Ltd | Wholly Owned Subsidiary | Expenses met to be recovered | **-** | 8.52 |
| | | | Investments write off | **-** | - |
| 3 | Loyal Dimco Group A.E.B.E.(Joint venture 50%) | Joint Venture | Investments write off | **18.39** | - |
| 4 | Loyal Textiles (UK) Ltd (49%) | Joint Venture | Investments write off | **0.00** | - |
| 5 | Loyal IRV Textile LDA, Portugal (Joint Venture 51%) | Joint Venture | Investments write off | **1.99** | - |
| 6 | Manickavasagam Charitable Foundation | Enterprises over which KMP have significant influence | CSR | **51.73** | 94.64 |
| | | | Expenses met to be recovered | **-** | 1.78 |
| 7 | Valli Agri Industries | Enterprises over which KMP have significant influence | Purchase of Goods. | **97.75** | 89.31 |
| 8 | Kurunji Properties P Ltd | Enterprises over which KMP have significant influence | Rent Paid | **18.00** | 16.20 |
| 9 | Loyal Mill Primary School | Enterprises over which KMP have significant influence | Expenses met to be recovered | **-** | 10.21 |
| 10 | P.Orr & Sons Private Limited | Enterprises over which KMP have significant influence | Purchase of Goods. | **-** | 1.74 |
| 11 | Emmar Traders & Finance P. Ltd. | Enterprises over which KMP have significant influence | Purchase of Goods. | **-** | 0.61 |
| 12 | Valli Yarn Processors P Ltd | Enterprises over which KMP have significant influence | Expenses met to be recovered | **-** | 5.45 |

(All amounts in lakhs, unless other stated)

**(v) Outstanding balances with Related Parties other than KMP**

| S.No. | Name | Relationship of the related party with the reporting entity | Outstanding Balance as on 31.03.2024 | Outstanding Balance as on 31.03.2023 |
|---|---|---|---|---|
| **Outstanding Receivable** | | | | |
| 1 | Gruppo P&P | Joint Venture | **686.99** | 1,469.79 |
| 2 | Valli Agri Industries | Enterprises over which KMP have significant influence | **368.63** | 365.14 |
| 3 | Valli Yarn Processors P Ltd | Enterprises over which KMP have significant influence | **151.06** | 151.06 |
| 4 | Shri Manikavasakam Trades & Finance | Enterprises over which KMP have significant influence | **-** | 43.06 |
| 5 | Nike Cotton Traders P Ltd | Enterprises over which KMP have significant influence | **-** | 25.59 |
| 6 | Kurunji Properties P Ltd | Enterprises over which KMP have significant influence | **-** | 13.51 |
| 7 | Thiagesar Trust | Enterprises over which KMP have significant influence | **10.43** | 10.43 |
| 8 | Loyal Mill Primary School | Enterprises over which KMP have significant influence | **-** | 7.03 |
| 9 | Madurai Tara Traders P Ltd | Promoter | **-** | 0.81 |
| 10 | Manickavasagam Charitable Foundation | Enterprises over which KMP have significant influence | **-** | 10.18 |
| **Outstanding Payable** | | | | |
| 11 | P.Orr & Sons Private Limited | Enterprises over which KMP have significant influence | **-** | (9.56) |
| 12 | Kurunji Properties P Ltd | Enterprises over which KMP have significant influence | **(4.05)** | - |

**42) Joint Venture considered in the Consolidated Financial Statements**

| Name | Country of Incorporation | FY 2023-2024 % of ownership interest | FY 2022-2023 % of ownership interest | Nature of Business |
|---|---|---|---|---|
| Gruppo P&P Loyal Spa | Italy | 47.50 | 47.50 | Sale of garment and fabrics. Purchase of reflective band and trims. |

**Additional Information as required under Schedule III to the Companies Act, 2013 of enterprises Consolidated as Joint Venture.**

| FY 2023-2024 | | | | |
|---|---|---|---|---|
| Name of the enterprise | Net Asset i.e. Total assets minus total liabilities | | Share in Total Comprehensive Income | |
| | As a % of consolidated Net Assets | Amount in Lakhs (Rs) | As % of Consolidated Total Compre-hensive Income | Amount in Lakhs (Rs) |
| **Parent** | | | | |
| Loyal Textile Mills Limited | 90.0% | 28,909.00 | (113.27%) | (4,437.10) |
| | | | | |
| **Joint Venture** | | | | |
| **Foreign** | | | | |
| Gruppo P&P Loyal SPA, Italy | 10.0% | 3,200.66 | 13.27% | 519.86 |

The Subsidiary company Loyal International Sourcing Private Limited [LISPL] and the three foreign joint venture companies (which were dormant), Loyal Dimco Group A.E.B.E, Greece, Loyal IRV Textile LDA, Portugal and Loyal Textiles (UK) Ltd, United Kingdom were dissolved and the carrying value of the investment amounting to Rs. 22.37 Lakhs has been written off.

**43) Disclosure of Interest in Joint Ventures under Equity Method (Gruppo P&P Loyal SPA Italy)**

| Particulars | As at 31.03.2024 | As at 31.03.2023 |
|---|---|---|
| Carrying value of Investments | **3,200.66** | 2,855.35 |
| Share of Profit (Loss) in Joint Venture | **519.86** | 290.47 |

(All amounts in lakhs, unless other stated)

**44) Additional regulatory Information required under Schedule III of Companies Act 2013**

**(i) Details of Benami property held**

No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

**(ii) Borrowing secured against current assets**

The Company has borrowings from banks and financial institutions on the basis of security of current assets. The returns or statements filed by the company are in agreement with the books of accounts and there are no material discrepancies.

**(iii) Wilful defaulter:**

The company has not been declared as Wilful defaulter by any bank or financial institution or government or any government authority.

**(iv) Registration of charges:**

The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

**(v) Compliance with number of layers of companies**

The Company has complied with the number of layers prescribed under the Companies Act, 2013.

**(vi) Compliance with approved scheme(s) of arrangements**

The group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

**(vii) Utilization of borrowed funds and share premium**

The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the group (Ultimate Beneficiaries) or provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the group shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

**(viii) Undisclosed income**

There is no income surrendered or disclosed as income during the current or previous financial year in the tax assessments under the Income Tax Act, 1961, and hence requirement to record in the books of accounts does not arise.

**(ix) Details of crypto currency or virtual currency**

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

**(x) Valuation of PP&E, intangible asset and investment property**

The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous financial year.

**(xi) Relationship with struck off companies**

The company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 during FY 2022-23 and having Outstanding balance pertaining to previous financial years is given below:

| Name of Struck off company | Nature of transactions with struck off company | Relationship with struck off company | 31st March 2024 | 31st March 2023 |
|---|---|---|---|---|
| Datalog Technologies P.Ltd., | Payables | Supplier | 0.08 | 0.08 |
| Mesdan India Services Pvt.Ltd | Payables | Supplier | 0.02 | 0.02 |

| (x) | Ratios | | | | | |
|---|---|---|---|---|---|---|

| S. No | Ratios | | FY 2023-24 | FY 2022-23 | Change in % | Reason for variance |
|---|---|---|---|---|---|---|
| a) | **Current Ratio** | Times | **0.91** | 0.97 | (6.52%) | |
| | Current Assets | Rs. Lacs | **72,104** | 89,317 | | |
| | Current Liabilities | Rs. Lacs | **79,528** | 92,092 | | |
| b) | **Debt Equity Ratio** | Times | **1.94** | 1.84 | 5.30% | |
| | Short term debt+Long term debt+Interest payable on Borrowings | Rs. Lacs | **62,296** | 66,378 | | |
| | Shareholder's Equity | Rs. Lacs | **32,110** | 36,027 | | |
| c) | **Debt Service Coverage Ratio** | Times | **0.94** | 2.26 | (58.51%) | Impacted by current year losses and higher interest costs due to reduced export interest subvention. |
| | (EBITDA-current tax+Non operating income and losses). | Rs. Lacs | **4,969** | 7,199 | | |
| | Interest + principal repayments | Rs. Lacs | **5,288** | 3,179 | | |
| d) | **Return on Equity** | % | **(11.59%)** | 0.82% | (1521.15%) | Loss in current year in comparison to profit in previous year has led to the adverse movement. Operating margins declined on the back of slump in Global textile market and elevated / volatile cotton prices. |
| | Profit After Tax | Rs. Lacs | **(3,950)** | 284 | | |
| | Average Shareholder's Equity | Rs. Lacs | **34,068** | 34,865 | | |
| e) | **Trade Receivables Turnover Ratio** | Times | **5.16** | 5.52 | (6.51%) | |
| | Revenue from Operation | Rs. Lacs | **93,919** | 140,289 | | |
| | Average Trade Receivable | Rs. Lacs | **18,209** | 25,430 | | |
| f) | **Trade Payables Turnover Ratio** | Times | **4.60** | 5.80 | (20.67%) | |
| | Purchases | Rs. Lacs | **74,986** | 99,206 | | |
| | Average Trade Payable | Rs. Lacs | **16,299** | 17,106 | | |
| g) | **Net Capital Turnover Ratio** | Times | **(12.65)** | (50.55) | (74.97%) | Due to decline in revenue from operations. |
| | Revenue from Operation | Rs. Lacs | **93,919** | 140,289 | | |
| | Working Capital | Rs. Lacs | **(7,424)** | (2,775) | | |

## Notes Consolidated Financial Statements for the year ended 31st March, 2024

(All amounts in lakhs, unless other stated)

| S. No | Ratios | | FY 2023-24 | FY 2022-23 | Change in % | Reason for variance |
|---|---|---|---|---|---|---|
| h) | **Net profit ratio** | % | **(4.21%)** | 0.20% | (2,174.29%) | Net profit ratio negative due to lower operating margins on the back of slump in Global textile market and elevated / volatile cotton prices. |
| | Profit After Tax | Rs. Lacs | **(3,950)** | 284 | | |
| | Revenue from Operation | Rs. Lacs | **93,919** | 140,289 | | |
| i) | **Return on Capital Employed** | % | **(0.87%)** | 2.84% | (130.69%) | ROCE negative due to lower operating margins on the back of slump in Global textile market and elevated / volatile cotton prices. |
| | Profit before Tax | Rs. Lacs | **(6,111)** | (274) | | |
| | Add: Finance Cost | Rs. Lacs | **5,288** | 3,179 | | |
| | EBIT | Rs. Lacs | **(822)** | 2,906 | | |
| | Capital Employed | Rs. Lacs | **94,406** | 102,404 | | |
| j) | **Return on investment** | % | **0.30%** | 0.25% | 19.84% | |
| | Income from Investment | Rs. Lacs | **0.16** | 0.13 | | |
| | Cost of the Investment | Rs. Lacs | **52.10** | 50.92 | | |

**45) Segmental Information**

The Company is primarily engaged in the business of manufacturing, purchase and sale of textiles. The performance evaluation and allocation of resources is based on the analysis of the various performance indicator of the Company as a single unit. Therefore, there is only one reportable segment for the Company.

**46) Regrouping**

Previous year's figures have regrouped wherever necessary to correspond with the current year's disclosure.

**47) Approval of Financial Statements**

The financial statements of Loyal Textile Mills Limited were reviewed by Audit Committee and approved by the Board of Directors at its meeting held on May 29, 2024.

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

**M E Manivannan**
Whole Time Director

As per our report of even date
For **Brahmayya & Co.,**
Chartered Accountants
(ICAI Firm Reg. No: 000511S)

**A Velliangiri**
Chief Executive Officer

**K Ganapathi**
Chief Financial Officer

**P Mahadevan**
Company Secretary & Compliance Officer

**N.Sri Krishna**
Partner
M. No: 026575

Place : Chennai
Date : 29th May 2024

## Form AOC - 1

(All amounts in lakhs, unless other stated)

[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 "B": Associates and Joint Ventures**

| | | Name of associates / Joint Ventures | Gruppo P&P Loyal spa Italy |
|---|---|---|---|
| 1 | Latest audited Balance Sheet Date | | 31/12/2023 |
| 2 | Shares of Associate / Joint Ventures held by the company of the year | | 3325 Shares |
| | Amount of Investment in Associates / Joint Venture | | 1,49,30,077 |
| | Extend of Holding % | | 47.50% |
| 3 | Description of how there is significant influence | | % of Share holding |
| 4 | Reason why the associate / joint Venture is not consolidated | | Consolidated |
| 5 | Net worth attributable to Shareholding as per latest audited Balance Sheet (Rs.) | | 32,00,65,656 |
| 6. | Profit / Loss for the year (Rs.) | | |
| | • | Considered in Consolidation (Rs.) | 5,19,85,860 |
| | • | Not Considered in Consolidation (Rs.) | 5,36,29,196 |

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 **Brahmayya & Co.,**
Chartered Accountants
(ICAI Firm Reg. No: 000511S)

**A Velliangiri**
Chief Executive Officer

**K Ganapathi**
Chief Financial Officer

**P Mahadevan**
Company Secretary & Compliance Officer

**N.Sri Krishna**
Partner
M. No: 026575

Place : Chennai
Date : 29th May 2024