



LOYAL TEXTILE MILLS LTD

ANNUAL REPORT 2013 - 2014

LOYAL TEXTILE MILLS LIMITED

(CIN : L17111TN1946PLC001361)

BOARD OF DIRECTORS (As on 23 rd May 2014)	:	Mr. MANIKAM RAMASWAMI, Chairman & Managing Director
	:	Mr. K.J.M. SHETTY I.A.S. (Retd.)
	:	Mr. S. VENKATARAMANI
	:	Mr. R. POORNALINGAM I.A.S. (Retd.)
	:	Mr. SHRIDHAR SUBRAHMANYAM
	:	Mr. P. MANIVANNAN
	:	Mr. MADHAVAN NAMBIAR, I.A.S. (Retd.)
BANKERS	:	EXPORT IMPORT BANK OF INDIA
	:	CENTRAL BANK OF INDIA
	:	STATE BANK OF INDIA
	:	KARUR VYSYA BANK LTD
	:	INDIAN BANK
	:	STATE BANK OF MYSORE
	:	INDIAN OVERSEAS BANK
AUDITORS	:	MESSRS. SURI & CO., CHENNAI.
REGISTERED OFFICE	:	21/4, MILL STREET, KOVILPATTI - 628 501.
	:	PHONE : 04632 - 220001 FAX : 04632 - 221353
	:	E-mail:investors@loyaltextiles.com
REGISTRAR AND SHARE TRANSFER AGENTS	:	GNSA INFOTECH LIMITED STA Department, Nelson Chambers, 4th Floor, F Block, No. 115 Nelson Manickam Road, Aminjikarai, CHENNAI - 600 029 PHONE : (044) 4296 2025 E-mail : sta@gnsaindia.com

Notice

LOYAL TEXTILE MILLS LTD.,

(CIN: L17111TN1946PLC001361)

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

Email :investor@loyaltextiles.com,

Website :www.loyaltextiles.com

Phone : 04632 - 220001 Fax : 04632 - 221353

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Sixty Eighth Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at 21/4, Mill Street, Kovilpatti : 628 501 at 10 a.m. on Thursday the 11th day of September, 2014 to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2014 and the Profit & Loss Account for the year ended on that date together with the reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint M/s. Suri & Co., Chartered Accountants, (Firm Regn. No: 004283S), as Statutory Auditors of the Company for a period of three years from the conclusion of this Annual General Meeting till the conclusion of the 71st Annual General Meeting to be held in the year 2017 and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, **Mr.K.J.M.Shetty (holding DIN. 00033296)**, Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for three consecutive years from the conclusion of this Annual General Meeting.”
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, **S.Venkataramani (holding DIN. 00053043)**, Director of the Company who retires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for three consecutive years from the conclusion of this Annual General Meeting.”

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

“**RESOLVED** that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, **R.Poornalingam (holding DIN. 00955742)**, Director of the Company who retires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for three consecutive years from the conclusion of this Annual General Meeting.”

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

“**RESOLVED** that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, **Mr.Shridhar Subrahmanyam (holding DIN. 01780475)**, Director of the Company who retires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for three consecutive years from the conclusion of this Annual General Meeting.”

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

Notice

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, **Mr.M.Madhavan Nambiar (holding DIN. 03487311)**, Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for three consecutive years from the conclusion of this Annual General Meeting.”

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

“RESOLVED that in supersession of the resolution passed by the members of the company at the Annual General Meeting held on 24th August 2011 consent under Section 180 (1) (c) of the Companies Act, 2013 be and is hereby accorded to the Board of Directors of the Company for borrowing sum or sums of money from time to time which together with the amounts already borrowed by the Company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) which may exceed at any time the aggregate of the paid up share capital and free reserves, that is to say reserves not set apart for any specific purpose, provided that the total of such borrowings outstanding at any time shall not exceed a sum of Rs.1000 Crores (Rupees One Thousand Crores only) and that the directors be and are hereby empowered and authorized to arrange and fix the terms and conditions of all such money to be borrowed from time to time such as the interest, repayment, security or otherwise as they may deem fit.”

“RESOLVED FURTHER THAT the consent of the Company be and is hereby accorded in terms of section 180 (1) (a) and other applicable provisions if any, of the Companies Act, 2013 to the Board of Directors of the Company to mortgage and / or charge all or any of the movable or immovable properties of the Company wheresoever situate, present and future, and the whole of the undertaking of the Company together with the power to take over the management of the business and concern of the Company in certain events, to or in favour of public financial institutions, banks and other individuals or concerns to secure loans advanced / agreed to be lent and advanced by them to the Company together with interest thereon at the respective agreed rates, compound interest, commission, remuneration payable to the lenders / agents / trustees.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board / Committee be and is hereby authorized to finalize, settle and execute such documents / deeds / writings / papers / agreements as may be required and do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard to creating mortgages / charges as aforesaid.

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

“RESOLVED THAT in supersession of the resolution passed by the members of the company at the Annual General Meeting held on 24th August 2011 consent of the Company be and is hereby accorded, pursuant to Section 181 of the Companies Act, 2013 or any statutory modifications and reenactments thereon, to the Board of Directors of the Company making contributions in any financial year to charitable and other funds / trusts not relating to the business of the Company or the welfare of its employees any sum or sums in excess of Rs.50,000 or 5 percent of the average net profits of the Company as determined in accordance with section 198 of the Companies Act, 2013 or any statutory modification on re-enactments during the three financial years immediately preceding the relevant year, whichever is greater, but subject to a maximum of Rs.500 Lakhs in any financial year.”

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

Place : CHENNAI
Date : 23rd May, 2014

MANIKAM RAMASWAMI
Chairman & Managing Director

Notice

LOYAL TEXTILE MILLS LTD.,

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

NOTES:

1 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORMS, IN ORDER TO BE VALID, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. The Register of Members and Share Transfer Books of the Company will be closed from 2nd September, 2014 to 11th September, 2014 (both days inclusive).

3. The Explanatory statement pursuant to section 102 of the Companies Act, 2013 in respect to special business as set out in the notice is annexed hereto.

4. Members are requested to notify to the Company's Registrars and Transfer Agent (R&TA) M/s. GNSA Infotech Limited, STA Department, Nelson Chambers, 4th Floor, F Block, No.115 Nelson Manickam Road, Aminjikarai, Chennai-600029. Phone:044-42962025, E-mail: sta@gnsaindia.com

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

5. Members holding shares in the same name or same order of names under different Ledger Folios are requested to apply for consolidation of such Folios, to the Company's R&TA, at the address stated in Note No. 3 above.

6. Under Section 205A of the Companies Act, 1956, the amount of dividends remaining unclaimed for a period of 7 years has to be transferred to the Investor Education and Protection Fund established by the Central government. Members who have not encashed the dividend warrants for the year ended 31st March 2007 and/or any subsequent years are requested to make their claim(s) by surrendering the unencashed warrants immediately to the Company or R&TA, giving necessary details.

7. Members may avail themselves of the facility of nomination in terms of Section 72 of the Companies Act, 2013 by nominating in the prescribed form a person to whom their respective shares in the Company shall vest in the event of such members' death. The prescribed form can be obtained from its R&TA at the aforesaid address.

8. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.

9. Electronic copy of the Annual Report and the Notice of the Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes, unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the above documents are being sent in the permitted mode.

10. Members may also note that the Notice of the 68th Annual General Meeting and Annual Report for 2013-2014 will also be available on the Company's website www.Loyaltextiles.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Kovilpatti for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the members may also send their requests to investors@loyaltextiles.com.

11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or R&TA.

12. Voting through electronic means

I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 68th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

The instruction for e-voting are as under :

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:

- (i) Open email and open PDF file viz; "Loyal Textile Mill – 68th AGM e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder – Login

Notice

- (iv) Enter user ID and password as initial password/PIN noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
- (vii) Select "EVEN" of Loyal Textile Mills Limited.
- (viii) Now you are ready for e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory (ies) who are authorized to vote, to the Scrutinizer through e-mail to evoting.ksmassociates@gmail.com with a copy marked to evoting@nsdl.co.in
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/ Depository Participants(s) or requesting physical copy]:
- (I) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM :

EVEN (e-voting Event Number)	USER ID	PASSWORD/PIN

(I). Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

- II. 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 Downloads section of www.evoting.nsdl.com

III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.

IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

V. The e-voting period commences on 05th September, 2014 (9:00 am) and ends on 07th September, 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 07th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

VI. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 07th August, 2014

VII. M/s.KSM Associates represented by Mr. Krishna Sharan Mishra, Practicing Company Secretary (having Membership No. 6447 and Certificate of Practice No. 7039) have been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

VIII. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

IX. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.loyaltextiles.com and on the website of NSDL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.

13. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

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

Place : CHENNAI
Date : 23rd May, 2014

MANIKAM RAMASWAMI
Chairman & Managing Director

Notice

EXPLANATORY STATEMENT IN RESPECT TO PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

The following explanatory statement sets out all material facts relating to the special business mentioned under item no. 4 to 10 of the Notice dated 23rd May 2014.

Item No.4

Mr. K. J. M. Shetty aged 80 years, is a retired IAS officer. He has been in the Board since June 2002. He is also the Chairman of the Audit committee, Shareholders grievances Committee and Corporate Social Responsibility committee of the Board of Directors of the company.

He holds 50 no. of equity Shares of the Company as second holder.

Outside Directorship:

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

Committee Membership:

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

Mr. K. J. M. Shetty retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. K. J. M. Shetty being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for three consecutive years from the conclusion of this Annual General Meeting. A notice has been received from a member proposing Mr. K. J. M. Shetty as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. K. J. M. Shetty fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. K. J. M. Shetty as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. K. J. M. Shetty as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. K. J. M. Shetty, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item No.5

Mr. S. Venkataramani aged 71 years, is a fellow member of Institute of Chartered Accountant of India. He has been in the Board since October 2004. He is also a member of the Audit committee and Shareholders grievances committee of the Board of Directors.

Outside Directorship:

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

Committee Membership:

1. Maris Spinners Limited.

Mr. S. Venkataramani does not hold any share in the Company.

Mr. S. Venkataramani retires at the ensuing Annual General Meeting in terms of Section 149 and any other applicable provisions of the Companies Act, 2013. Mr. S. Venkataramani being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for three consecutive years from the conclusion of this Annual General Meeting. A notice has been received from a member proposing Mr.S. Venkataramani as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. S. Venkataramani fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. S. Venkataramani as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. S. Venkataramani as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. S. Venkataramani, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item No.6

I. Mr. R. POORNALINGAM

Mr. R. Poornalingam aged 67 years, is a retired I.A.S. Officer has left his distinctive mark in a variety of challenging assignments in his career. His contributions to the field of Public Administration encompass the State of Tamilnadu as well as the Central Government. A Honours Graduate in Electrical Engineering, he also holds a Master Degree in Economics and a Bachelors in Law, he is also a Hubert Humphery Scholar. He has been in the Board since October 2006.

Notice

Outside Directorship: NIL

Committee Membership: NIL

Mr. R. Poornalingam does not hold any share in the Company.

Mr. R. Poornalingam retires at the ensuing Annual General Meeting in terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. R. Poornalingam being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for three consecutive years from the conclusion of this Annual General Meeting. A notice has been received from a member proposing Mr. R. Poornalingam as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. R. Poornalingam fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. R. Poornalingam as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. R. Poornalingam as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. R. Poornalingam, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item No.7

Mr. Shridhar Subrahmanyam aged 75 years holds Master of Science in engineering from University of California at Los Angeles, USA, Bachelor of Technology (Honours) in Chemistry and Mathematics from University of Allahabad, India. He has vast experience and served across the globe as a top Managerial person. He has been in the Board since May 2007. He is also a member of the Audit committee of the Board of Directors.

Outside Directorship: NIL

Committee Membership: NIL

Mr. Shridhar Subrahmanyam does not hold any share in the Company.

Mr. Shridhar Subrahmanyam retires at the ensuing Annual General Meeting in terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Shridhar Subrahmanyam being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for three consecutive years from the conclusion of this Annual General Meeting. A notice has been received from a member proposing Mr. Shridhar Subrahmanyam as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Shridhar Subrahmanyam fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. R. Shridhar Subrahmanyam as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Shridhar Subrahmanyam as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Shridhar Subrahmanyam, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item No. 8

Mr. Madhavan Nambiar aged 63 years, is a Non-Executive Independent Director of the Company. He has been in the Board since May 2012. He is also member of Corporate Social Responsibility committee of the Board of Directors of the company

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

Earlier, he held posts as Chairman and Managing Director of Electronics Corporation of Tamil Nadu Ltd (ELCOT) and Tamil Nadu Industrial Development Corporation (TIDCO) in the State of Tamil Nadu.

Mr. Madhavan Nambiar has rich teaching background. He is a fellow at the Judge Business School, Cambridge University. He has also been an associate professor, teaching public policy at the School of International and Public Affairs (SIPA), Columbia University. He was also a fellow at the Queen Elizabeth House, Oxford University.

Outside Directorship:

1. C-dot Alcatel-Lucent Research Centre Private Limited.
2. Hotel Leelaventure Limited.
3. Rediff. Com India Limited.
4. Kerala State Industrial Development Corpn Ltd.,
5. Palakkad Infrastructure Private Limited.
6. Punj-Lloyd Limited.
7. The Catholic Syrian Bank Ltd.,
8. Indian Institute of Information Technology and Management Kerala (sec 25 company).

Mr. Madhvan Nambiar retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Madhvan Nambiar being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director three consecutive years from the conclusion of this Annual General Meeting. A notice has been received from a member proposing Mr. Madhvan Nambiar as a candidate for the office of Director of the Company.

Notice

In the opinion of the Board, Mr. Madhvan Nambiar fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. R. Madhvan Nambiar as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Madhvan Nambiar as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Madhvan Nambiar, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 8. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item No.9

The shareholders of the Company, at the Annual General Meeting held on 27th May, 2011 approved an increase in borrowing powers of the Board of Directors to the extent of Rs.950 Crores.

In view of the need to continuously modernize the production facilities at various locations and for expansion of the business, the Company will have to avail loans. It is therefore proposed to increase the borrowing powers to Rs.1000 Crores.

The Board of Directors is also required to be authorized to create such mortgage / charges in such manner as the Board may think fit to secure the borrowings up to the overall limit of Rs.1000 Crores.

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

Your directors recommend the resolution at item No. 9 for approval by the members.

Item No.10

As per Section 181 of the Companies Act, 2013, the Board of Directors of the Company can contribute / donate to charitable and other funds not directly relating to the business of the Company any amount up to 5% of the average net profits of the Company for the last three years or Rs.50,000/- in a year whichever is higher. Any payment to be made by the Company in excess of the above limits requires the prior approval of the shareholders of the Company in General Meeting.

With the increased participation in socio-economic activities by the Joint Stock Companies your Board has decided to take active participation in such activities for the welfare of the general public. Hence at the Board Meeting held on 23.05.2014, it was resolved by them to pass the same resolution under new companies act , 2013 with the same limit of Rs.500 Lakhs per annum subject to the approval of the Shareholders.

Directors' Report

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have great pleasure in presenting their 68th Annual Report on the business and operations of the Company together with the audited statement of accounts for the year ended 31st March 2014.

WORKING RESULTS

Financial results for the year under review are as follows :

(Rs. in Crores)
Year ended 31st March 2014

GROSS PROFIT	179.64
Less : Interest	75.81
OPERATING PROFIT	103.83
Less : Depreciation	70.86
PROFIT BEFORE TAX	32.97
Less: Current Tax	7.50
PROFIT AFTER CURRENT TAX	25.47
Provision for Deferred tax Liability	8.57
MAT Credit	(2.80)
PROFIT AFTER DEFERRED TAX	19.70
Add : Surplus brought forward from previous year	20.50
Less : Dividend Tax	0.61
Less : Proposed Dividend on Equity Shares (75%)	3.61
Less : Transfer to General Reserve	2.25
BALANCE CARRIED TO NEXT YEAR	33.73

DIVIDEND

Your Directors recommend a dividend of Rs. 7.50 (75%) per equity shares of Rs.10/- each for the financial year ended 31st March 2014

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

The performance during the year 2013-2014 under review was satisfactory.

We had completed the laying of dedicated electrical lines to all our units, this proved very useful. We were able to get better quality of power and were able to wheel the power we produced through wind mills and purchased power.

However the poor evacuation of power generated by our wind mills caused a huge loss of about 15 crores.

Quality of power however continues to be very poor, the number of tripping, power outage due to poor quality of distribution infrastructure continues to be a serious problem.

The textile markets by and large remained good and we were able to increase our turnover substantially. Exports of yarn however did not result in profits due to large scale default of contracts by Chinese importers.

We invested 32.75 crores in capital equipments, availed 32.75 crores new term loans and repaid 74.64 crores term loans.

The total term loans stand at Rs. 341.08 crores reduced from Rs. 383.22 crores at the end of last fiscal year. Our efforts to deleverage our debt is on track.

We have been able to identify new markets for all our products and will be able to increase value added exports in the coming year.

We have enjoyed cordial relationship with all our stake holders

We have won several export awards, 5S awards, QC awards and recognition for our CSR full conduct of business.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

All amounts which are due to be transferred to the Investor Education and Protection Fund are regularly monitored and transferred. During the year, the Company has transferred a sum of Rs. 5.67 Lakhs, being the amount due and payable and remaining unpaid for a period of 7 years, as provided under Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (awareness and protection of investors) Rules, 2001. Members who have not encashed the Dividend warrants for the financial year ended 2006-2007 and/or any subsequent years are requested to write to the Company with necessary details before 01.09.2014.

Directors' Report

EXPORTS

During the Year under review, the company exported goods to the tune of Rs. 1282.29 crores.

MODERNISATION :

A sum of Rs. 52.01 Crores (Previous year Rs. 74.60 Crores) was spent on modernization / replacement of plant and machinery during the year under review.

FINANCE :

During the year, the Company availed term loans to the tune of Rs.32.74 Crores and repaid loans to the extent of Rs. 74.56 Crores to Banks/ Financial institutions.

FIXED DEPOSITS :

Deposits aggregating to Rs. 1.70 lakhs remained unclaimed as on 31st March 2014. No deposit has since been renewed / repaid.

DONATION :

During the year 2013-2014 the company has paid a donation of Rs. 205.61 Lakhs.

DIRECTORS :

In accordance with the provisions of the Companies Act, 2013, Mr. K.J.M. Shetty, Director and Mr. Madhavan Nambiar, Director retire by rotation and are eligible for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956.

The Directors hereby state :-

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures.
- ii) that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year;

iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

iv) that the directors have got prepared the annual accounts on a going concern basis.

LISTING :

The Company's equity shares continue to be listed on the Bombay Stock Exchange, Mumbai. The listing fees for the financial year 2014-2015 has been paid to BSE and the Annual Custodian fee has been paid to the NSDL and CDSL for the financial year 2014-15.

AUDITORS :

M/s. Suri & Co., Chartered Accountants, Auditors of the Company retires at this Annual General Meeting and are eligible for reappointment. The Company has received a letter from M/s. Suri & Co to the effect that their appointment as auditors, if made, would be within the limits as provided under the required provisions of the companies Act, 2013.

The Auditors Report to the shareholders does not contain any qualification.

COST AUDITOR

The Central Government has approved the appointment of Mr. V.BALASUBRAMANIAN as Cost Auditor of the Company to do Cost Audit for the financial year 2014-15.

REPORT ON CORPORATE GOVERNANCE

A detailed report on Corporate Governance is annexed to this report. The Company has complied with the conditions of Corporate governance as stipulated in clause 49 of the listing agreement. The certificate obtained from the auditors of the Company regarding compliance of conditions is annexed to this report.

PARTICULARS OF EMPLOYEES :

As required by Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, a statement of information relating to the employees has been given in the Annexure, which forms part of this Report.

Directors' Report

PARTICULARS OF ENERGY CONSUMPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required as per Section 217 (1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 is given in the annexure, which forms part of this report.

ACKNOWLEDGEMENT

Your Directors wish to acknowledge the co-operation and assistance extended by Exim Bank, Central Bank of India, State Bank of India, Karur Vysya Bank Ltd., Indian Bank, State Bank of Mysore and Indian Overseas Bank. Your Directors appreciate the continued co-operation extended by staff and workers of the company and look forward to the same cordial relationship in the coming years.

For and on behalf of the Board of Directors

Place : CHENNAI
Date : 23rd May, 2014.

MANIKAM RAMASWAMI
Chairman & Managing Director

Directors' Report

ANNEXURE TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH 2014.

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

Name	Designation	Nature of Duties	Age	Remuneration (Rs.)	Qualification	Date of appointment	Experience	Last employment
Manikam Ramaswami	Chairman & Managing Director	Management of affairs of the Company	60 years	1,31,41,498/-	B.Tech (Hons)	01.06.1979	35 years	Nil

Note :

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

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

_____ None _____

STATEMENT OF PARTICULARS PURSUANT TO THE PROVISIONS OF SECTION 217(1)(E) OF THE COMPANIES ACT, 1956 ANNEXURE TO AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH 2014.

A) Energy conservation measures taken

The company continuously monitors the energy usage and following major measures have been taken during the year ended 31st March 2014 for bringing down the energy cost.

1. This year we have changed 3,400 Nos. of normal Tube light fittings into Energy savings LED Lamps. Due to this change, there was an energy saving of 1450 units per day and amount saved was Rs. 33.94 Lakhs per annum.
2. We have modified the Ingersal Rand Compressor and achieved 250 cfm output extra with same input power. By doing this, the power savings was 960 units per day, Cost savings was Rs. 22.46 lakhs per annum.
3. All the energy conservation initiatives undertaken during the previous years were continued meticulously and improvements were made wherever possible.

B) Additional investments and proposals being implemented for reduction of consumption of energy:

The Company focuses on energy conservation measures on an ongoing basis and depending upon the saving potential, decision to invest would be made.

ANNEXURE

FORM A

(See Rule 2)

Form for disclosure of particulars with respect to conservation of energy.

(A) POWER AND FUEL CONSUMPTION	2013-2014	2012-2013
1. Electricity		
a) Purchased		
Units	15,06,81,750.00	13,99,94,560.99
Total Amount Rs.	102,20,12,415.00	89,83,99,194.76
Rate/ Unit Rs.	6.78	6.42
b) Generation		
i) Through Diesel etc./ Generator Units		
Units	11,67,884.00	37,06,885.00
Fuel Value	1,89,59,035.10	5,50,74,338.05
Fuel Quantity	3,47,102.00	11,69,658.00
Units per Ltr of Oil	3.36	3.17
Cost/unit Rs.	16.23	14.86
ii) Through Furnace Oil /Generator Units		
Units	8,98,921.00	41,23,648.00
Fuel Value	1,06,51,593.92	4,56,46,126.84
Fuel Quantity	2,18,816.00	8,88,978.00
Units per Ltr of Oil	4.11	4.64
Cost / unit Rs.	11.85	11.07
iii) Through Wind /Generator Units		
Units	5,91,65,320.80	7,68,72,349.00
Value	31,29,03,411.45	42,28,43,457.56
Cost / unit Rs.	5.29	5.50
iv) Through Steam Turbine/ Generator	Not applicable	Not applicable
2. Coal (specify quantity and where used)		
Qty. (Tonnes)		
Total Cost	Not Applicable	Not Applicable
Average cost		
3. Furnace oil		
Qty (Ltrs)	2,11,711.00	8,88,978.00
Total Cost Rs.	1,03,15,017.98	4,56,46,126.84
Average Cost Rs.	48.72	51.35
4. Others / Internal Generation		
Fire wood (for boiler)		
Quantity (Kgs)	1,80,17,982.12	1,61,96,261.73
Total cost Rs.	6,90,29,289.34	6,04,76,610.39
Rate/unit Rs.	3.83	3.73
(B) Consumption per unit of production		
products with details unit (per kg/mtr)		
Electricity		
Yarn	3.94	3.87
Cloth	2.95	2.89
Garments	0.14	0.14

FORM B (See Rule 2)

Form for disclosure of particulars with respect to Absorption.

Research and Development :

Research and Development is being carried out by South India Textile Research Association (SITRA). Being a Member of SITRA, we get latest information on Research.

Foreign Exchange earnings and outgo :

The Company is one of the leading exporters of Textiles.

Initiatives are constantly undertaken to improve exports to various countries.

	ABSTRACT	
	(Rs. in. Crore)	(Rs. in. Crore)
	<u>2013-2014</u>	<u>2012-2013</u>
Total Foreign Exchange Earned	1,230.46	886.70
Total Foreign Exchange Used	73.45	104.66

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

Corporate Governance is about promoting Corporate fairness, transparency and accountability. The Company believes that, the Corporate Governance Code will protect the shareholders' rights, minimise risk and enhance value in the investment process. The ultimate purpose thus is to create a self driven, self assessed and self regulated organization in a competitive business environment.

The following is a report on the status and progress on major aspects of Corporate Governance.

2. BOARD OF DIRECTORS :

i) The composition of the Board of Directors as on 31st March, 2014 is as follows :

S.No	Name of the Director	Executive/Non Executive/ Independent	No. of directorships in other companies*	Committee Membership in other companies**
1.	Mr.Manikam Ramaswami Chairman & Managing Director	Promoter & Executive	Nil	Nil
2.	Mr.K.J.M. Shetty	Independent & Non-Executive	2	3
3.	Mr.S. Venkataramani	Independent & Non-Executive	2	1
4.	Mr.R.Poornalingam	Independent & Non-Executive	Nil	Nil
5.	Mr.Shridhar Subrahmanyam	Independent & Non-Executive	Nil	Nil
6.	Mr. M.Madhavan Nambiar	Independent & Non-Executive	3	1
6.	Mr.P. Manivannan	Executive Director	Nil	Nil

* Directorship in Private Limited Companies, Section 25 Companies and Foreign Companies are excluded.

** Only Audit Committee, Shareholders' / Investors' Grievance Committee and Remuneration Committee considered.

The information on the Directors retiring by rotation and eligible for reappointment at the ensuing AGM is furnished in the AGM notice.

Annexure

II. Board Meetings & AGM

During the year under review Five Board meetings were held i.e. on 24th May, 2013, 12th August, 2013, 07th November, 2013, 06th January, 2014 and 5th February 2014. The Company regularly furnishes all the relevant information, as recommended by the Securities and Exchange Board of India / Stock Exchange, to the Board.

The attendance of directors at these meetings and the remuneration paid to the Directors is as follows:

Directors	No. of Board Meeting Attended	Whether attended last AGM
Mr. Manikam Ramaswami	05	No
Mr. KJM. Shetty	05	No
Mr. S. Venkataramani	04	No
Mr. R. Poornalingam	04	No
Mr. Shridhar Subrahmanyam	03	No
Mr. Madhavan Nambiar	04	No
Mr. P. Manivannan	05	Yes

iii) Remuneration to Directors

No remuneration other than the sitting fees and other expenses (traveling, boarding and lodging incurred for attending the Board / Committee Meetings) were paid to the non-executive Directors in 2013-2014.

a) Details of Remuneration paid to the Managing Director and Directors during the year 2013-2014 is given below.

NAME OF DIRECTOR	SALARY Rs.	PERKS Rs.	COMMISSION Rs.	PF & SUPER ANNUATION FUND Rs.	TOTAL Rs.
Mr. Manikam Ramaswami	18,00,000	8,91,498	1,00,00,000	4,50,000	1,31,41,498
Mr. P. Manivannan	11,00,000	49,980	NIL	72,000	12,21,980

b) Details of payments made to Non-Executive Directors during the year 2013-2014 is given below :-

Directors	Sitting Fees (in Rupees)		Total No. of Shares held in the Company as on 31 st March 2014
	Board Meeting	Committee Meeting	
Mr.K.J.M. Shetty	70,000	50,000	50*
Mr.S.Venkataramani	60,000	40,000	Nil
Mr.R. Poornalingam	60,000	Nil	Nil
Mr.Shridhar Subrahmanyam	40,000	30,000	Nil
Mr. Madhavan Nambiar	60,000	Nil	Nil

* Shares held as second joint holder.

3. BOARD COMMITTEES

In accordance with the Code of Corporate governance, the Board has set up the following Committees. All Directors have confirmed that the number of committee memberships they hold across all Companies is within the limits prescribed as per stock exchange regulations.

(i) Audit Committee

The Audit Committee consists of three Non-Executive directors with Mr.KJM.Shetty (as Chairman), Mr.S.Venkataramani and Mr.Shridhar Subrahmanyam as members.

During the year the Committee met four times i.e. on 24th May 2013, 12th August, 2013, 07th November, 2013 and 05th February, 2014.

Annexure

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

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

The details of attendance of members of the Audit Committee are as follows :

Name of the Member	No. of Meetings attended
Mr. K.J.M. Shetty	4
Mr. S. Venkataramani	3
Mr. Shridhar Subrahmanyam	3

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

ii) Shareholders' / Investors' Grievance Committee

This Committee (a) approves and monitors share transfers, and transmissions, splitting and consolidation of Shares and issue of duplicate share certificates and share certificates in the case of rematerialisation of shares. All these requests are approved by the Committee once in a fortnight by way of circular resolutions. (b) looking into redressal of shareholders / investors complaints viz. transfer of shares, non receipt of declared dividends etc. and deciding on any other matter as may be required in connection with the shareholders/investors' servicing or redressal of their grievances and (c) carries out functions envisaged under the Code of Conduct for prevention of Insider Trading adopted in terms of Regulation 12(1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992.

The Committee consists of 3 Directors, out of which 2 are Non-Executive Directors namely, Mr. K.J.M. Shetty, and Mr.S. Venkataramani, and 1 executive director namely Mr.P. Manivannan.

The Committee met once during the year, on 23rd May 2013.

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

9 Shareholders' complaints in the nature of non-receipt of dividend warrants, non - receipt of share certificates after transfer, non - receipt of Annual Report etc were received during 2013 - 2014.

To monitor investor servicing on a continuous basis the Committee has directed the Company Secretary to forward to the Committee members a report on investors servicing on a periodical basis. All the complaints received from the shareholders during the year under review were resolved to the satisfaction of the shareholders.

The Company has designated an exclusive E-Mail ID for the purpose of registering complaints by investors and necessary follow up action by the company / compliance officer in compliance with Clause 47(f) of the Listing Agreement. The e-mail ID is : investors@loyaltextiles.com

4. MANAGEMENT DISCUSSION & ANALYSIS REPORT :

The Management Discussion and Analysis Report forms part of the Annual Report.

5. DISCLOSURES

a) There were no materially significant related party transactions made by the Company with its Promoters, Directors or Management or relatives etc., during the year, that may have potential conflict with the interests of the Company. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.

Transactions with related parties are disclosed in Note No. 46 to the Accounts in this annual report.

b) The Company has complied with the statutory provisions, rules and regulations relating to the capital markets during the last three years and Stock Exchanges or SEBI or any statutory authority has not imposed any penalty or stricture on the Company.

6. GENERAL SHAREHOLDER INFORMATION

a) Annual General Meeting

Day : Thursday
Date : 11th September, 2014
Time : 10.00 a.m
Venue : 21/4, Mill Street, Kovilpatti : 628 501.

The information on the Directors retiring by rotation and eligible for reappointment at the ensuing AGM is furnished in the notice of the AGM.

Last three Annual General Meetings :

Date & Time	Location	Special Resolution passed
24 th August, 2011, 10.00 A.M	21/4, Mill Street, Kovilpatti - 628 501. Tamil Nadu	NIL
22 nd August, 2012, 10.00 A.M		1. Appointment of Mr. P. Manivannan as Whole Time Director and payment of remuneration.
23 rd September, 2013, 10.00 A.M		1. Alteration of Articles of Association to correct a typographical error, which has kept crept in the Articles of Association regarding the word(s) "Ninety" instead of "Ninety Lakhs". 2. Appointment of Mr. Manikam Ramaswami as a Chairman and Managing Director and payment of remuneration.

Annexure

- * No Special Resolution was passed last year through postal Ballot.
- * No Special resolution is proposed to be passed through postal ballot this year.

b) Financial Calendar (*tentative calendar of events and subject to change*) **for the 2014 - 2015.**

Financial reporting for the quarter

ending 30th June 2014 : End of July 2014

Financial reporting for the quarter

ending 30th September 2014 : End of October 2014

Financial reporting for the quarter

ending 31st December 2014 : End of January 2015

Financial reporting for the quarter

ending 31st March 2015 : with in 60 days from the end of March 2015

Annual General Meeting for the year ended 31st March, 2015: Last week of August 2015.

c) Book Closure period :

02nd September, 2014 to 11th September, 2014. (As stipulated in the Listing agreement)

d) Share Capital :

The Share Capital of the Company comprises of 48,16,446 equity shares of Rs. 10/- each.

g) Market price data :

e) Dividend :

Your Directors recommend a Dividend of Rupees 7.50 (75%) per equity share of Rs. 10/- each for financial year ended 31st March 2014.

f) Listing on Stock Exchange and stock code :

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

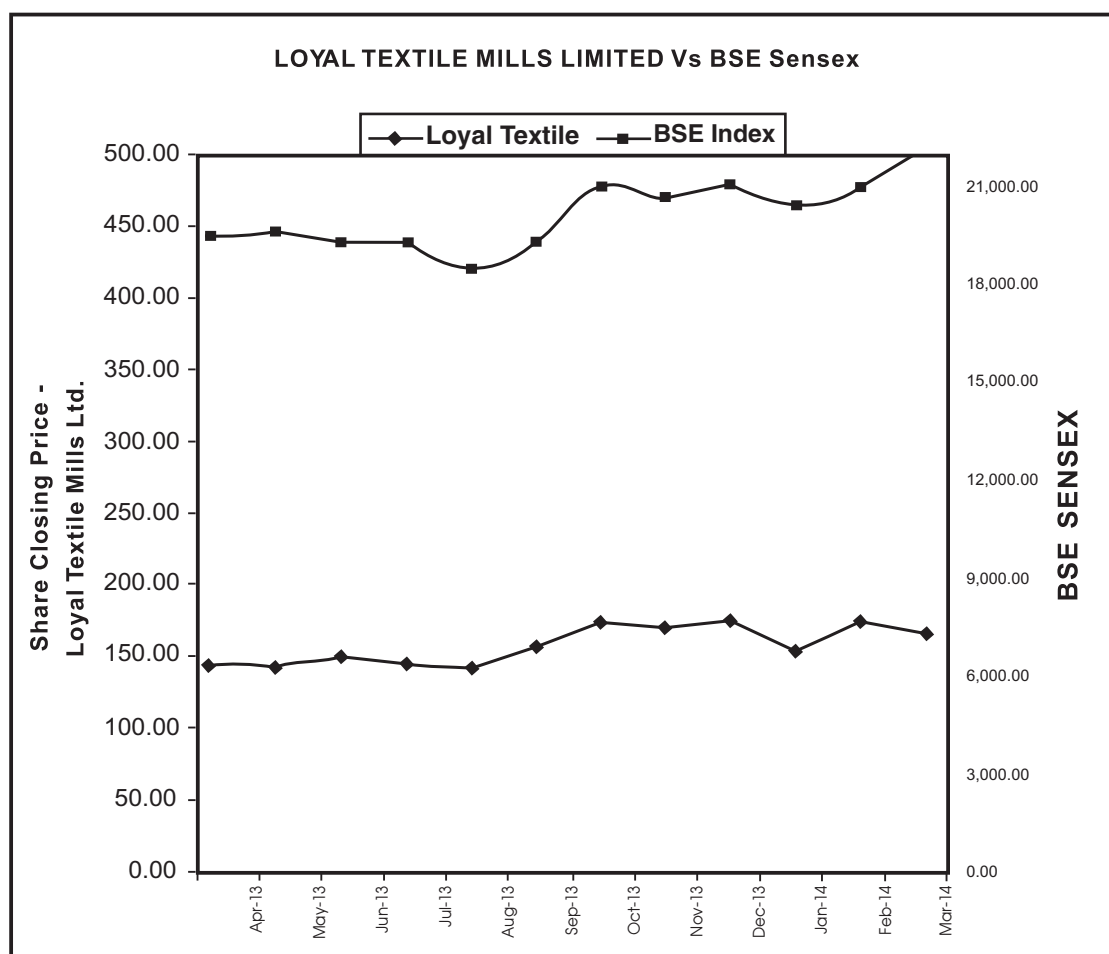
Stock Exchange	Stock code
Bombay Stock Exchange Limited. Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001	514036

The Annual listing fee for the year 2014-2015 has been paid by the Company to the Bombay Stock Exchange Limited.

The Annual Custodian fee for the year 2014-2015 has been paid by the Company to NSDL and CDSL.

MONTH	COMPANY'S SHARE PRICE			BSE SENSEX		
	HIGH (₹)	LOW (₹)	CLOSE (₹)	HIGH	LOW	CLOSE
Apr 13	151.00	138.00	145.60	19622.68	18144.22	19504.18
May 13	147.00	140.00	144.00	20443.62	19451.26	19760.30
Jun 13	152.25	138.15	150.00	19860.19	18467.16	19395.81
Jul 13	150.00	145.00	145.10	20351.06	19126.82	19345.70
Aug 13	159.50	138.00	143.00	19569.20	17448.71	18619.72
Sep 13	172.60	150.00	158.20	20739.69	18166.17	19379.77
Oct 13	175.35	150.55	175.00	21205.44	19264.72	21164.52
Nov 13	186.05	169.05	171.50	21321.53	20137.67	20791.93
Dec 13	190.00	164.00	177.00	21483.74	20568.70	21170.68
Jan 14	191.00	154.00	154.00	21409.66	20343.78	20513.85
Feb 14	182.00	154.00	176.00	21140.51	19963.12	21120.12
Mar 14	187.35	157.00	168.00	22467.21	20920.98	22386.27

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



h) Share Transfer System :

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

	No.of shares	
No. of Transfers	4	8880
No. of Transmissions	3	766
No. of Duplicate Share Certificates issued	3	10250

i) Dematerialization of shares :

The Company has entered in to an agreement with both NSDL & CDSL to have electronic depository facilities for the shares of the Company. As on 31st March, 2014, 17,90,780 shares were in dematerialised form representing 37.181% of the total shares. The Demat ISIN code Number of our share is INE970D01010.

Annexure

j) Shareholding Pattern (As on 31st March, 2014) :

S. No.	Category	No. of Shares	% to total capital
1	Promoter Group	3539845	73.49%
2	Nationalized Banks	5200	0.11%
3	Insurance Companies	Nil	Nil
4	Non Residents	27608	0.57%
5	Others	1243793	25.82%
	TOTAL	4816446	100%

k) Distribution of shareholding of the Company as on 31st March 2014 :

DISTRIBUTION OF HOLDINGS - 31-03-2014				
Range	No. of Share Holders	% of Share Holders	No. of Shares	% of Holding
up to 5000	1809	83.60	249138	5.17
5000 - 10000	151	6.98	121648	2.53
10001 - 20000	92	4.25	147198	3.06
20001 - 30000	31	1.43	77018	1.60
30001 - 40000	19	0.88	70364	1.46
40001 - 50000	10	0.46	48959	1.02
50001 - 100000	18	0.83	132406	2.75
100001 & above	34	1.57	3969715	82.42
Total	2164	100.00	4816446	100.00

l) The Company has not issued any GDRs/ ADRs/ Warrants or any convertible Instruments during the year under review.

m) Plant locations :

Spinning, knitting weaving, Ginning & Garments:

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

Processing :

- C7 - 1, SIPCOT Industrial Complex, Kudikadu, Cuddalore - 607 005.

n) Means of Communication :

The Quarterly financial results, as taken on record by the Board of Directors, are communicated to the Stock Exchange where the shares of the Company are listed. These results are also published in English dailies like the Business Line & Vernacular dailies like the Tamil Murasu and also on SEBI's website www.bseindia.com

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

o) Address for Communication :

a. Compliance Officer

Mr. M. Arumugam
Company Secretary
Loyal Textile Mills Ltd.
21/4, Mill Street,
Kovilpatti - 628 501
Phone : (04632) 222001 Fax : (04632) 221353
Email : investors@loyaltextiles.com

(or)

b. Registrar and Share Transfer Agent

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

INSIDER TRADING POLICY

As per the SEBI Guidelines on Insider Trading, all listed companies were required to setup an appropriate mechanism for regulating transactions in the shares of the Company by insiders. Your company has framed a Code of Conduct for Prevention of Insider Trading for Promoters, Directors, Designated Employees & their dependant family members. Mr. M. Arumugam, Company Secretary has been appointed as the Compliance Officer for monitoring insider trading.

Information pursuant to Clause 49(IV)(G) of the Listing Agreement :

The necessary information are provided in the notice, calling the Annual General Meeting.

EXTENT OF COMPLIANCE WITH NON MANDATORY REQUIREMENTS

Remuneration Committee :

The Company has not constituted any Remuneration Committee. The remuneration to the Executive Director is paid as approved by the Members of the Company based on the recommendation of the Board of Directors.

Circulation of Quarterly / Half-yearly results :

The Quarterly / half yearly results are sent to shareholders who request for the same.

Annexure

Audit qualifications :

The auditors have not made any qualifications on the financial statements of the Company.

Postal Ballot :

During the year no resolutions were passed by postal ballot.

Training of Board Members and their evaluation

Majority of the Board members have been associated with the Company for a number of years and are well aware of the business model of the company as well as the risk profile of the business parameters of the company, their responsibilities as directors, and the best ways to discharge them.

Whistle Blower Policy :

The Company is yet to implement a Whistle Blower Policy.

MANIKAM RAMASWAMI

Chairman & Managing Director

ANNEXURE TO CORPORATE GOVERNANCE REPORT

To

The Members of Loyal Textile Mills Limited

Sub : Declaration by the CEO under Clause 49 (I) (D) (ii) of the Listing Agreement

I, Manikam Ramaswami, Chairman & Managing Director of Loyal Textile Mills Limited, to the best of my knowledge and belief, declare that all the members of the Board and Senior Management Personnel have affirmed compliance with the code of conduct of the Company for the year ended 31st March 2014.

MANIKAM RAMASWAMI

Chairman & Managing Director

Place : CHENNAI

Date : 23rd May 2014

AUDITOR'S CERTIFICATE

To

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

We have examined the compliance of conditions of corporate governance by M/S. LOYAL TEXTILE MILLS LTD., KOVILPATTI. for the year ended on 31st March 2014, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the condition of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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.

Place : CHENNAI

Date : 23rd May, 2014

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

R. KRISHNAMOORTHY
PARTNER
M. No. 20695

Report of the Independent auditors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF M/S. LOYAL TEXTILE MILLS LIMITED, KOVILPATTI.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of LOYAL TEXTILE MILLS LIMITED, KOVILPATTI which comprise the Balance Sheet as at 31st March, 2014, and the Profit and Loss Statement and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the general circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This Responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedure to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014.
- ii) In the case of the profit and Loss Account, of the PROFIT for the year ended on that date, and
- iii) In the case of cash flow statement, of the cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Profit and Loss Statement and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Profit and Loss Statement and Cash Flow Statement comply with the Accounting Standards notified under Companies Act, 1956 read with the general circular 15/2013 dated 13th September, 2013 of the Ministry of Company Affairs in respect of section 133 of the Companies Act, 2013.
 - e. On the basis of written representations received from the Directors, as on 31st March, 2014, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub - section(1) of section 274 of the Act;
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Act nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

(R.KRISHNAMOORTHY)
PARTNER
M. No: 20695

Place : CHENNAI
Date : 23rd May, 2014

Report of the Independent auditors

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in our report to the members of Loyal Textile Mills Limited ("the Company") for the year ended 31st March, 2014 we further report that:

1. a. The Company has maintained proper records to show full particulars including quantitative details and situation of Fixed Assets.
b. According to the information and explanations given to us, the fixed assets of all locations have been physically verified by the management during the year at reasonable intervals and no material discrepancies were noticed on such verification.
c. No substantial part of fixed assets have been disposed off during the year.
2. a. As explained to us, the inventories have been physically verified by the management at regular intervals during the year.
b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
c. The company has maintained proper records of inventory. As explained to us, the discrepancies noticed on physical verification of stocks, as compared to book records were not material and the same have been properly dealt with in the books of accounts.
3. a. In our opinion and according to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to the companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
b. In our opinion and according to the information and explanations given to us, the Company has not taken loans, secured or unsecured from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. According to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no major weakness in internal control which requires correction.
5. a. The particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained in pursuance of section 301 of the Act.
b. As explained to us there have been transactions made in pursuance of such contracts or arrangements in respect of each such party entered in the register maintained under Section 301 of the Companies Act, 1956 during the year and the same have been made at prices which are reasonable having regard to the prevailing market prices.
6. In our opinion, and according to the information and explanations given to us, the Company has complied with directives of Reserve Bank of India and the provisions of Sections 58A and 58 AA of the Companies Act, 1956 and the rules framed there under or any other relevant provisions of the Act with regard to the deposits accepted from the public. As per information furnished, the company has not received any order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
7. In our opinion, the Company has an internal audit system which is commensurate with the size of the company and the nature of its business.
8. We have broadly reviewed the cost records maintained by the company in respect of products where pursuant to the Rules made by the Central Government, the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. a) According to the information and explanations given to us, the company has been regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income-tax, Sales-tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty, Cess and other material statutory dues with the appropriate authorities during the year.
b) According to the information and explanations given to us, there are no undisputed statutory dues payable in respect of above which are outstanding as at 31st March 2014 for a period of more than six months from the dates they became payable.
c) According to the information and explanations furnished to us there are no dues of Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited with appropriate authorities on account of any dispute. In respect of income tax and sales tax which are pending payment on account of dispute, the information of which is given below :
10. The company has neither any accumulated losses nor has incurred any cash losses in the financial year or in the immediately preceding financial year.
11. According to the information and explanations given to us the company has not defaulted in repayment of dues to financial institutions or banks. The Company has no outstanding debentures.
12. The company has not granted any loans / advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company not being a Chit fund, Nidhi or Mutual Benefit Society, the requirements of item (xiii) of paragraph 4 of the Order is not applicable to the company.

Report of the auditors

14. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. In respect of shares held as investments, the same are held in the name of the Company.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others, from a bank or financial institution.
16. As per information and explanations given to us, term loans were applied for the purpose of which loans were obtained.
17. According to the information and explanations given to us, no fund raised on short-term basis has been used for long-term investment.
18. The company has not made any allotment of shares during the year.
19. The company has not issued debentures. Hence the requirements of clause (xix) of paragraph 4 of the Order regarding creation of securities for debentures issued are not applicable to the company.
20. The Company has not raised any amount by public issues.
21. According to the information and explanations given to us, a fraud on or by the Company has not been noticed or reported during the year.

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

(R.KRISHNAMOORTHY)
PARTNER
M. No: 20695

Place : Chennai
Date : 23rd May, 2014.

ANNEXURE TO REPORT OF THE AUDITORS FOR THE YEAR ENDED 31st MARCH 2014 STATEMENT OF UNPAID DISPUTED DUES

Name of Statute / Dues	Unpaid Disputed Liability (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax	37,45,000 10,86,00,000 34,12,600	2004 - 05 2010 - 11 2011 - 12	Commissioner of Income Tax (Appeals) Commissioner of Income Tax (Appeals) Before Assistant Commissioner Tuticorin.
Sales Tax - CST	2,02,04,493	2002 - 03, 2003 - 04 2005 - 06, 2007 - 08, 2010 - 11, 2013 - 14	Additional Deputy Commissioner of Sales Tax

Operating Results Summary

(Rs. in Lakhs)

Year Ended	31.3.2014	31.3.2013	31.3.2012	31.3.2011
Revenue from operation	1,60,362.47	1,25,232.53	91,059.40	96,245.34
Other Income	551.55	160.56	1,080.98	1,471.97
Total	<u>1,60,914.02</u>	<u>1,25,393.09</u>	<u>92,140.38</u>	<u>97,717.31</u>
Cost of Materials consumed	55,693.40	49,425.61	40,212.44	43,980.68
Purchase of Stock - in -Trade	55,646.99	34,496.93	16,534.34	23,654.50
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	(2,397.19)	(510.86)	2,811.10	(5,449.16)
Employee benefits expenses	7,611.94	6,081.22	4,696.76	4,356.35
Finance costs	7,580.60	7,149.20	4,498.06	2,605.01
Depreciation and amortisation expense	7,085.77	6,910.82	6,621.30	5,038.96
Other expenses	26,395.33	20,719.31	17,436.38	18,184.77
Total	<u>1,57,616.82</u>	<u>1,24,272.23</u>	<u>92,810.38</u>	<u>92,371.11</u>
Pre Tax Profit / (Loss)	3,297.19	1,120.87	(670.00)	5,346.20
Export (C & F Value)	1,28,229.16	93,542.32	67,674.86	77,975.53
Production of Yarn in Lakh Kgs.	267.36	249.85	219.38	225.14
Production of Cloth in Lakh Mtrs.	465.66	415.52	338.07	288.15

Balance Sheet Summary

(Rs. in Lakhs)

As at	31.3.2014	31.3.2013	31.3.2012	31.3.2011
Net Fixed Assets	50,999.13	52,982.67	52,324.58	42,161.09
Investments	455.15	600.15	625.36	357.75
Long Term Loans and Advances	475.82	355.01	1,231.15	2,906.23
Current Assets	40,829.59	36,498.59	37,983.83	46,528.43
Total	92,759.69	90,436.42	92,164.92	91,953.50
Long Term Borrowings	27,196.65	30,877.97	42,448.31	36,642.20
Deferred Tax Liability (Net)	5,293.94	4,437.10	2,937.10	3,182.09
Current Liabilities	49,038.80	44,012.99	35,892.30	40,991.76
Total	81,529.39	79,328.06	81,277.71	80,816.05
Net Worth	11,230.30	11,108.36	10,887.21	11,137.45
Represented By :				
Share Capital	481.64	481.64	481.64	481.64
Reserves and surplus	12,174.45	10,626.73	10,405.57	10,655.81
Pre Tax Profit / (Loss)	3,297.19	1,120.87	(670.00)	5,346.20
Dividend paid on Equity shares	361.23	240.82	48.16	658.24
% of Dividend on Equity Shares	75	50	10	139

Profit and Loss Statement for the year ended 31st March 2014

(Rs. in Lakhs)

Particulars	Note No.	Year ended 31.03.2014	Year ended 31.03.2013
I. REVENUE FROM OPERATION	1	1,60,362	1,25,232
II. OTHER INCOME	2	552	161
III. TOTAL REVENUE (I+II)		1,60,914	1,25,393
IV. EXPENSES			
Cost of Material consumed	3	55,693	49,426
Purchase of stock in trade	4	55,647	34,497
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	5	(2,397)	(511)
Employee benefits expenses	6	7,612	6,081
Finance costs	7	7,581	7,149
Depreciation and amortisation expenses	8	7,086	6,911
Other expenses	9	26,395	20,719
TOTAL EXPENSES		1,57,617	1,24,272
V. Profit before exceptional and extraordinary item and tax - (III - IV)		3,297	1,121
VI. Exceptional and Extraordinary Item			
VII. Profit before tax (V - VI)		3,297	1,121
VIII. Tax expenses:			
(1) Current Tax \ Wealth Tax		750	302
(2) Deferred tax		857	1500
(3) Mat credit		(280)	(1185)
IX. Profit/(Loss) for the period from continuing operations		1,970	504
X. Profit/(Loss) from discontinuing operations			
XI. Profit/(Loss) for the period (IX + X)		1,970	504
XII. Earning per equity share :			
(1) Basic		40.91	10.46
(2) Diluted		40.91	10.46

Notes 1 to 9 and 25 to 46 form an integral part of this Profit and Loss Statement

MANIKAM RAMASWAMI
Chairman & Managing
Director

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

M. ARUMUGAM
Company Secretary

Vide our Report of even date attached

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

R. KRISHNAMOORTHY
Partner
M. No. 20695

Date : 23rd May 2014
Place : Chennai.

Balance Sheet as at 31st March, 2014

(Rs. in Lakhs)

Particulars	Note No.	As at 31.03.2014	As at 31.03.2013
I. EQUITY AND LIABILITIES			
1. SHAREHOLDERS FUNDS :			
a. Share Capital	10	482	482
b. Reserves and Surplus	11	12,175	10,627
2. NON CURRENT LIABILITIES :			
a. Long term borrowings	12	27,197	30,878
b. Deferred Tax Liability (Net)	13	5,294	4,437
3. Current Liabilities			
a. Short - Term Borrowings	14	24,225	22,124
b. Trade payables		7,145	6,550
c. Other Current Liabilities	15	13,468	11,751
d. Short-Term Provisions	16	4,200	3,589
Total		94,186	90,438
II. ASSETS			
1. NON CURRENT ASSETS :			
a. Fixed Assets			
i. Tangible Assets	17	50,999	52,592
ii. Capital work in Progress	18	1,426	390
b. Non Current Investments	19	455	600
c. Long term Loans and advances	20	476	355
2. CURRENT ASSETS :			
a. Current Investment			Nil
b. Inventories	21	16,354	14,253
c. Trade receivables	22	8,255	7,463
d. Cash & Cash Equivalents	23	312	643
f. Other Current Assets	24	15,909	14,142
Total		94,186	90,438

Notes 10 to 46 form an integral part of this Balance Sheet

MANIKAM RAMASWAMI
Chairman & Managing
Director

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

M. ARUMUGAM
Company Secretary

Vide our Report of even date attached

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

R. KRISHNAMOORTHY
Partner
M. No. 20695

Date : 23rd May 2014
Place : Chennai.

Cash Flow Statement

(Rs. in Lakhs)

	31.03.2014	31.03.2013
OPERATING ACTIVITIES		
PROFIT BEFORE TAX	3,297	1,121
ADJUSTMENTS FOR :		
Depreciation	7,086	6,911
Interest paid	7,581	7,148
Interest received	(106)	(54)
Dividend received from Investments - Others		
Provision for Doubtful Debts	193	32
(Profit)/Loss on disposal of Fixed Assets	(229)	(8)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	17,822	15,150
ADJUSTMENTS FOR CHANGES IN		
Inventories	(2,101)	(742)
Debtors	(987)	725
Loans & Advances and other current assets	(1,014)	948
Current Liabilities and provisions	4,947	77
CASH FLOW FROM OPERATING ACTIVITIES	18,667	16,158
Dividend receipts		
Interest receipts	113	20
Income Tax (Paid)/Refund	(915)	(16)
NET CASH FLOW (A)	17,865	16,162
INVESTING ACTIVITIES		
Payment for Assets acquisition	(6,634)	(7,319)
Proceeds on Sale of Fixed Assets	335	20
Investment - others	145	(236)
NET CASH FLOW (B)	(6,154)	(7,535)
FINANCING ACTIVITIES		
Interest paid	(7,612)	(6,848)
Borrowings (Net)		
Raised	3,275	3,101
Repaid	(7,464)	(7,469)
Dividend paid	(241)	(48)
NET CASH FLOW (C)	(12,042)	(11,264)
NET CASH INFLOW / (OUTFLOW) (A-B-C)	(331)	(2637)
OPENING CASH AND CASH EQUIVALENTS (D)	643	3280
CLOSING CASH AND CASH EQUIVALENTS (E)	312	643
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(331)	(2637)

MANIKAM RAMASWAMI
Chairman & Managing
Director

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

M. ARUMUGAM
Company Secretary

Vide our Report of even date attached

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

R. KRISHNAMOORTHY

Partner
M. No. 20695

Date : 23rd May 2014
Place : Chennai.

Notes Accompanying Financial Statements

(Rs. in Lakhs)

	Year ended 31.03.2014	Year ended 31.03.2013
NOTE NO. 1 : REVENUE FROM OPERATIONS		
Sale of Products	1,52,944	1,20,061
Revenue from Services	234	180
Other operating Revenues	7,184	4,991
TOTAL	1,60,362	1,25,232
NOTE NO. 2 : OTHER INCOME		
Interest Income	106	55
Dividend Income	--	--
Net gain/loss on sale of investments	--	1
Other Non operating income	446	105
Net gain from foreign currency of transactions		
TOTAL	552	161
ADDITIONAL INFORMATION :		
A) SALE OF PRODUCTS		
i) Yarn	64,625	45,431
ii) Cloth	35,330	32,479
iii) Hosiery Cloth	42,294	35,808
iv) Garments	9,256	6,162
v) Miscellaneous sales	1,438	181
TOTAL	1,52,943	1,20,061
B) INTEREST INCOME		
From Banks	9	9
From Others	97	45
TOTAL	106	54
NOTE NO. 3 : COST OF MATERIALS CONSUMED		
i) Cotton, Staple Fibre and Cotton Waste	37,549	34,851
ii) Yarn	17,228	14,000
iii) Cloth	350	165
iv) Dyes	327	167
v) Reflective band	239	243
TOTAL	55,693	49,426
NOTE NO. 4 : PURCHASE OF STOCK-IN-TRADE		
Yarn	45,731	32,477
Hosiery Cloth	9,916	2,020
TOTAL	55,647	34,497

Notes Accompanying Financial Statements

(Rs. in Lakhs)

	Year ended 31.03.2014	Year ended 31.03.2013
NOTE NO. 5 : CHANGES IN INVENTORIES		
OPENING STOCK		
Process Stock	2,348	2,293
Finished Goods	4,775	4,347
Waste Cotton	77	49
TOTAL (A)	7,200	6,689
Less: CLOSING STOCK		
Process Stock	2,527	2,348
Finished Goods	6,974	4,775
Waste Cotton	96	77
TOTAL (B)	9,597	7,200
CHANGES IN INVENTORIES (A-B)	(2,397)	(511)
NOTE NO. 6 : EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages and Bonus	6,143	5,007
Unavailed earned Leave	53	78
Contribution to Provident Fund and other funds	522	410
Other Welfare Expenses	894	586
TOTAL	7,612	6,081
ADDITIONAL INFORMATION :		
REMUNERATION PAID TO DIRECTORS:		
A) Chairman and Managing Director's remuneration and perquisites included under the various heads in the Profit and Loss Statement.		
1. Salary	18	18
2. Contribution to Provident fund - Defined contribution plan	2	2
3. Commission	100	20
4. Contribution to Super annuation fund - defined benefit plan	2	2
5. Perquisites and other allowances	9	6
TOTAL	131	48
B) Whole Time Director's remuneration and perquisites included under various heads in the Profit and Loss Statement		
1. Salary, Performance incentive and Bonus	11	7
2. Contribution to Provident fund - Defined contribution plan	1	1
3. Perquisites and other Allowances	—	—
TOTAL	12	8
NOTE NO. 7 : FINANCE COSTS		
Interest Expenses	7,477	7,033
Other Borrowing Cost	104	116
TOTAL	7,581	7,149

Notes Accompanying Financial Statements

(Rs. in Lakhs)

	Year ended 31.03.2014	Year ended 31.03.2013
NOTE NO. 8 : DEPRECIATION AND AMORTISATION EXPENSE		
DEPRECIATION ON		
1) Building	380	331
2) Plant and Machinery	6,628	6,508
3) Furniture	19	22
4) Vehicle	59	50
TOTAL	7,086	6,911
DEPRECIATION RATES USED ON CERTIAN ASSETS:		
	%	%
1) On compact conversion machinery of spinning division (upto 2005)	35.00%	35.00%
2) On the addition of Humidification Plant	35.00%	35.00%
3) On certain electrical installations of Building	25.00%	25.00%
4) On the dust collection attachment to Ring Frame added after 2002	95.00%	95.00%
5) On the spectrocolour matching machine	95.00%	95.00%
6) On Interior decorations of office buildings after 2007	35.00%	35.00%
7) On addition of card cans and simplex bobbins (2007-08)	33.33%	33.33%
8) Solar heater	95.00%	95.00%
9) Air Receiver	95.00%	95.00%
10) Wind Mill	6.33%	6.33%
NOTE NO. 9 : OTHER EXPENSES		
Freight and forwarding charges	3,600	3,424
Brokerage and Commission	2,524	2,134
Selling Expenses	390	431
PAYMENT TO THE AUDITORS		
As Auditors	7	7
For Taxation Matters	4	5
For Certification work	1	2
For Service Tax	2	2
For Reimbursement of Expenses	2	--
Conversion and processing Charges	1,479	808
Stores Consumed	4,112	3,252
Power and Fuel	8,077	6,368
Rent	7	19
Repairs to Building	308	2,98
Repairs to Machinery	2,902	2,044
Insurance	214	186
Rates and Taxes excluding Taxes on Income	588	297
Provision for Doubtful Debts	193	32
Miscellaneous Expenses*	1,985	1,410
TOTAL	26,395	20,719

*Includes Donation paid of Rs. 2,05,61,355/- (P.Y. Rs. 1,01,47,731/-)

Notes Accompanying Financial Statements

(Rs. in Lakhs)

	Year ended 31.03.2014	Year ended 31.03.2013
Additional Information:		
A) VALUE OF IMPORTS CALCULATED ON CIF BASIS		
i. Raw material (Staple Fibre, Cotton, Dyes, Reflective band)	4,315	6,077
ii. Components and spares	454	1,111
iii. Capital goods	586	1,828
TOTAL	<u>5,355</u>	<u>9,016</u>
B) CONSUMPTION OF RAW MATERIAL		
i. Indigeneous	49,171	43,817
ii. Imported	4,875	5,609
TOTAL	<u>54,046</u>	<u>49,426</u>
C) CONSUMPTION OF STORES AND SPARES		
i. Indigeneous	5,818	3,279
ii. Imported	706	1,186
TOTAL	<u>6,524</u>	<u>4,465</u>
D) EXPENDITURE IN FOREIGN CURRENCY		
On Account of Travel	34	38
Commission on export sales	1,917	1,380
Professional Charges	--	--
Salary	39	32
TOTAL	<u>1,990</u>	<u>1,450</u>
E) EARNINGS IN FOREIGN EXCHANGE		
On export of goods, including export through Merchant Exporters	1,23,046	88,670
Dividend received	--	--
TOTAL	<u>1,23,046</u>	<u>88,670</u>

Notes Accompanying Financial Statements

(Rs. in Lakhs)

Particulars	As At 31.03.2014	As At 31.03.2013
-------------	---------------------	---------------------

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

AUTHORISED SHARE CAPITAL

9000000 Equity Shares of Rs.10/- each	900	900
---------------------------------------	-----	-----

Note No.10.(d) Shares in the company held by each shareholder holding more than 5% shares

600000 Redeemable Cumulative Preference Shares of Rs.100/- each	600	600
---	-----	-----

(Previous year 6,00,000 preference shares of Rs.100 each)

ISSUED & SUBSCRIBED SHARE CAPITAL

4816446 Equity Shares of Rs.10/- each fully paid-up	482	482
---	-----	-----

(Previous year 4816446 equity shares of Rs.10/- each)

PAID-UP SHARE CAPITAL

4816446 Equity Shares of Rs.10/- each fully paid-up	482	482
---	-----	-----

(Previous year 4816446 equity shares of Rs.10/- each)

Total	482	482
-------	-----	-----

NOTE NO. 10 (b) 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	48,16,446	48,16,446
--	-----------	-----------

Number of shares outstanding as at the end of the year	48,16,446	48,16,446
--	-----------	-----------

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

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

Notes Accompanying Financial Statements

(Rs. in Lakhs)

Particulars	As At 31.03.2014	As At 31.03.2013
-------------	---------------------	---------------------

Note No. 10 (d) Shares in the company held by each shareholder holding more than 5% shares

Sl.No	Name of the shareholder	Number of shares held in the company	
1	MADURAI TARA TRADERS (P) LTD	7 76 887	7 76 887
2	FELSPER CREDIT AND INVESTMENTS (P) LTD	6 61 126	6 61 126
3	DHANALAKSHMI INVESTMENT (P) LTD	6 29 343	6 29 343
4	KURUNJI INVESTMENTS (P) LTD	3 46 887	3 46 887
5	CHINTHAMANI INVESTMENTS (P) LTD	2 79 220	2 79 220

Note No. 10 (e) Details of allotments of shares for consideration other than cash, allotments of bonus shares and shares bought back (during the period of five years from 2008-2009)

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

NOTE No. 11. RESERVES AND SURPLUS

Particulars	As At 31.03.2014	As At 31.03.2013
Capital Reserves	24	24
Capital Redemption Reserve	430	430
Revaluation Reserve	41	41
Amalgamation Reserve	243	243
General Reserve	8.064	7,839
Surplus (Profit and Loss Account) (Note 1)	3,373	2,050
Total	12,175	10,627

Note 1 : SURPLUS (Profit and Loss Account)

Opening Balance	2,050	1,929
Add:		
Profit for the period	1,970	504
Less:		
Proposed Final dividend @ 75% (P.Y. 50%)	361	241
Tax on distributed profits on equity shares	61	42
Transfer to General Reserve	225	100
Closing Balance	3,373	2,050

Notes Accompanying Financial Statements

(Rs. in Lakhs)

Particulars	As At 31.03.2014	As At 31.03.2013
-------------	---------------------	---------------------

NON CURRENT LIABILITIES

NOTE NO. 12. LONG TERM BORROWINGS

(A) TERM LOANS : SECURED

from Banks	22,267	24,940
from Financial Institutions	4,925	5,926

Term loans except the following are secured by joint and equitable mortgage of all immovable properties present and future and by hypothecation of machineries ranking paripassu with one another

Term loans availed from Central bank of India and Karur Vysya Bank to the extent of Rs.161.11 Crores are exclusively charged by the specific assets purchased out of the term loan

Term loans availed from Indian Overseas Bank to the extent of Rs.20 cores is exclusively charged on Land, Building and Plant and Machinery of CTM unit only.

Term loan are repayable Quarterly as per agreement at floating rate of interest.

Term loans are guaranteed by the Chairman and Managing Director.

	5	12
(B) CUMULATIVE FIXED DEPOSITS (UNSECURED)		
	27,197	30,878
TOTAL		

NOTE NO. 13. DEFERRED TAX LIABILITIES (NET)

Deferred Tax Liabilities	5,750	5,529
Deferred Tax Assets	(456)	(1,092)
Deferred Tax Liabilities (Net)	5,294	4,437

Notes Accompanying Financial Statements

(Rs. in Lakhs)

Particulars	As At 31.03.2014	As At 31.03.2013
-------------	---------------------	---------------------

CURRENT LIABILITIES

NOTE NO. 14. SHORT - TERM BORROWINGS

LOANS REPAYABLE ON DEMAND - FROM BANKS

Secured

Working Capital Loans from banks are secured by the hypothecation of Raw-materials, Stock-in-process, Finished Goods, Stores consumables, Spares and Book debts and are also secured by second charge on block assets

24,225	22,124
--------	--------

Working capital loans are guaranteed by the chairman and Managing Director

TOTAL	24,225	22,124
-------	--------	--------

NOTE NO. 15. OTHER CURRENT LIABILITIES

Current Maturities of Long term Debts

6,916	7,456
-------	-------

Creditor for Capital Goods

95	66
----	----

Expenses Payable

5,652	3,315
-------	-------

Statutory Liabilities Payable

106	76
-----	----

Other Payable

133	127
-----	-----

Advance received against Supplies

498	649
-----	-----

Interest accrued but not due on borrowings

22	20
----	----

Unclaimed Dividends

46	42
----	----

TOTAL	13,468	11,751
-------	--------	--------

Note No. 16. SHORT-TERM PROVISIONS

Proposed Dividend

361	241
-----	-----

Tax on Proposed Dividend

61	41
----	----

Provision for income tax

3,568	3,091
-------	-------

Provision for wealth tax

11	11
----	----

For Provident Fund and Other Funds

73	34
----	----

Provision for Gratuity

49	92
----	----

Provision for Leave Salary

77	79
----	----

TOTAL	4,200	3,589
-------	-------	-------

Notes Accompanying Financial Statements

Note No. 17. FIXED ASSETS - TANGIBLE

(Rs.in Lakhs)											
Class of Assets		Gross Carrying Amount				Depreciation				Net Carrying Amount	
		01.04.2013	Addition/ adjustment	Sales/ adjustments	As at 31.03.2014	As on 01.04.2013	For the year	Withdrawal	Acc. Dep.As at 31.03.2014	W D V As at 31.03.2014	W D V As on 31.03.2013
1. Land	- Owned	1,337	40	-	1,377	-	-	-	-	1,377	1,337
2. Buildings	- Owned	11,000	274	-	11,275	2,140	368	-	2,508	8,767	8,861
	- Leased Out	346	25	-	372	1	12	-	13	359	345
3. Furniture	- Owned	370	8	-	378	288	19	-	307	72	82
4. Plant & Machinery											
	- Owned	80,616	5,201	1,085	84,733	39,732	6,457	981	45,207	39,526	40,884
	- Leased Out	2,053	5	-	2,058	1,182	171	-	1353	705	871
5. Vehicles	- Owned	475	39	34	481	272	56	31	297	183	204
	- Leased Out	8	6	-	14	-	3	-	3	11	8
Total		96,207	5,599	1,119	100,687	43,614	7,086	1,012	49,688	50,999	52,592
Previous year Total		84,987	11,293	73	96,207	36,765	6,911	61	43,615	52,592	48,222

**Own assets given on operating lease have been presented separately as leased out in the note as per Accounting Standard (AS) 19 "Accounting for Leases"

Note No. 18 : CAPITAL WORK-IN-PROGRESS

	31.03.2014	31.03.2013
LAND UNDER PROGRESS	120	129
BUILDING	245	24
PLANT & MACHINERY	1,061	237
TOTAL	1,426	390

Note : Intangible assets : NIL

Notes Accompanying Financial Statements

(Rs. in Lakhs)

Particulars	As At 31.03.2014		As At 31.03.2013	
NOTE NO. 19. NON-CURRENT INVESTMENTS - AT COST - LONG TERM				
	No. of Shares	At Cost	No. of Shares	At Cost
(A) TRADE INVESTMENTS				
I Investment in Equity Instruments - Unquoted				
I) Uniloyal Expotex Ltd.	24,700	2	24,700	2
ii) Shri. Teyem Processors Ltd.,	24,808	2	24,808	2
iii) Gruppo P&P Loyal spa (Joint Venture 47.5%)	3,325	149	3,325	149
iv) Cuddalore Sipcot Industries Association	4,665	5	4,665	5
v) Loyal Dimco Group A.E.B.E. (Joint Venture 50%)	50,000	18	50,000	18
vi) SIMA Textile Processing Centre Ltd	20,000	2	20,000	2
vii) Loyal Textiles (UK) Ltd	2,450	-	2,450	-
viii) Loyal Tirt Cotton Farming and Ginning P.L.C	3,085	91	3,085	91
ix) Shree Rengaraj ISPAT Industries P.Ltd.,			1,45,000	145
		271		416
II Investments in Equity Instruments - Quoted				
Kitex Garments Limited	2,000	1	2,000	1
B) NON -TRADE INVESTMENTS				
(I) Investment in Equity Instruments				
I) Central Bank of India	1,469	2	1,469	2
ii) Reliance gold - ETF - Units	9,000	177	9,000	177
iii) Larsen and Toubro Limited	41	5	275	5
		184		184
II Investment in Government or trust securities				
TOTAL		455		600

Aggregate Market value of Quoted Investments : Rs. 244.19 Lacs

Notes Accompanying Financial Statements

(Rs. in Lakhs)

Particulars	As At 31.03.2013	As At 31.03.2012
NOTE NO. 20. LONG-TERM LOANS AND ADVANCES		
Capital Advances		
Unsecured, Considered good	476	355
Total	476	355
NOTE NO. 21. INVENTORIES		
a) Raw Materials	6,031	6,193
b) Work-in-progress	2,623	2,425
c) Finished Goods	6,974	4,775
d) Stores, spares and Packing Materials	726	860
Total	16,354	14,253
NOTE NO. 22. TRADE RECEIVABLES		
(A) Trade receivables outstanding for more than six months from the date they become due for payment:		
(I) Unsecured, Considered good	264	621
(ii) Considered doubtful	225	32
Less: Allowance for bad and doubtful	(225)	(32)
TOTAL-A	264	621
(B) Trade receivables (others)		
(I) Unsecured, Considered good	7,991	6,842
TOTAL-B	7,991	6,842
TOTAL (A+B)	8,255	7,463

Notes Accompanying Financial Statements

(Rs. in Lakhs)

Particulars	As At 31.03.2014	As At 31.03.2013
NOTE NO. 23. CASH AND CASH EQUIVALENTS		
(A) Balance with Banks		
(I) Earmarked Bank Balances		
(i) Unpaid Dividend Bank account	46	45
(II) Bank balances held as margin money or as security against:		
(i) Letters of Credit	176	229
(III) Other bank balances		
(i) Bank deposits with more than 12 months maturity		
(ii) Others	72	329
(B) Cash on hand	18	40
	<u>312</u>	<u>643</u>

Total

NOTE NO. 24. OTHER CURRENT ASSETS

Interest Subsidy Receivable	496	642
Export Benefit Receivable	2,760	1,766
Advances recoverable in cash or in kind or for value to be received	6,827	6,583
Deposits	739	945
Tax payments pending Adjustments	5,087	4,206
Total	<u>15,909</u>	<u>14,142</u>

Notes Accompanying the Financial Statements for the year ended 31st March 2014

25) **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES :**

A) The accounts have been prepared to comply with, in all material aspects, the generally accepted accounting principles, under the historical cost convention, on accrual basis and in line with the applicable accounting standards specified in Companies (Accounting Standard) Rule 2006, the provisions of Companies Act 1956. The disclosure and other requirements under the Micro, Small and Medium Enterprises Development Act, 2006 have been considered.

B) Revenue recognition:

- (i) Sales are recognised when goods are despatched and are recorded excluding Sales Tax and recoveries. There is no Excise Duty collection on sales as the Company has opted out of the duty payment scheme.
- (ii) Rental Income / Interest income / Service / Process Charge is accounted on accrual basis.
- (iii) Dividend income on investments/claims are accounted for, when the right to receive the payment is established. Dividends from foreign company is accounted on receipt.

C) Duty Draw Back claims:

- i) Duty draw back claims, other Export benefits are accounted on completion of exports, on complying with the rules of the scheme governing it. No obligation is attached to this assistance.
- ii) Sale of import entitlements are accounted on completion of transfer.
- iii) Duty portion of capital goods availed against Focus market / product licences for which no obligation is attached, is recognised under income approach method.

D) Expenditure:

Expenses are accounted for on accrual basis and provision is made for all losses and known liabilities. Cost of inputs are accounted net of duty concessions availed.

E) Use of estimates:

The preparation of financial statement requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statement and the reported amount of income and expenses during the year.

F) Fixed Assets and Depreciation:

- i) Land including lease is stated at cost except for a portion revalued. Other Fixed Assets are stated at cost less depreciation. The cost include borrowing cost and in respect of imported machinery the cost include the value portion of customs duty credit availed as granted by the government under export incentive schemes. The Capital subsidy from government is accounted when the right to receive is established and is deducted from the gross value of the respective assets. Assets under erection/construction are stated at value incurred.
- ii) Depreciation in respect of all assets at Loyal division excepting Plant and Machinery (On SLM basis) has been provided on written down value basis at the rates specified in Schedule XIV to the Companies Act 1956.
- iii) Depreciation in respect of all assets at Valli Division, Processing Division and Plant and Machinery of Loyal division (except as stated specifically elsewhere), SCTM division has been provided at the rates specified in Schedule XIV to the Companies Act, 1956 on straight line basis. Depreciation in respect of all assets at Garment division has been provided on written down value basis at the rates specified in Schedule XIV. Rate of depreciation is determined on certain assets as per the internal assessment on the useful life of such assets.

Notes Accompanying the Financial Statements for the year ended 31st March 2014

- iv) Depreciation in respect of all assets (except Furniture & Vehicles, which has been provided on WDV basis) at Shri Vishala Textile Mills division has been provided on SLM basis at the rates specified in Schedule XIV of the Companies Act, 1956.
- v) Depreciation in respect of additions/sales has been provided pro-rata from the date of commissioning or till the date of sale as rounded off to the nearest month.
- vi) The increase / decrease in long term liability due to fluctuation in foreign currency in respect of imported Plant and Machinery beyond the date of commissioning is taken to Profit and Loss account. Depreciation has been provided from the date of commissioning. The assets identified as obsolete and held for disposal are stated at their estimated net realisable values.

G. Foreign Currency Transactions:

- i) Foreign Currency transactions are recorded at the negotiated rates prevailing on the dates of transactions. Exchange difference on Foreign Currency Transactions covered by specific forward contracts are recognised over the period of the contract.
- ii) Foreign Exchange assets and liabilities are converted at the year end exchange rates. However non monetary assets ie., investments are stated at the rate prevailing on the date of transaction.
- iii) Exchange differences arising on foreign currency transactions are included in the profit and loss statement.

H. Retirement benefits:

a) Short term benefits:

The gross amounts are recognized as expense and to the extent unpaid it is recognized as liability.

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

b) Post employment benefits:

Provident fund and other funds, being defined contribution schemes, the contributions are charged to the Profit and Loss Account of the year when the contributions, for the covered employees, to the respective government administered funds are due. Gratuity, being a defined benefit plan, the defined benefit obligations are provided for on the basis of an actuarial valuation made at the end of each financial year.

c) Other long term benefits:

Deferred employee benefits/deferred compensation and Termination benefits are recognized as an expense as and when incurred. Payments made under the Voluntary Retirement scheme are charged to the Profit and Loss Account in the year incurred. Actuarial gains/losses are immediately taken to the Profit and Loss account and are not deferred.

I) Valuation of Inventories:

- a) Inventories are valued at lower of cost or net realisable value, cost being ascertained on the following basis:
 - i) Stores and spares, raw-materials on weighted average basis.
 - ii) Stock-in-process, Finished goods - cost includes applicable production overheads.
 - iii) Traded goods - at lower of Cost or net realisable value.
- b) Obsolete/non-moving Inventories are provided for to the extent of requirement and are stated at net realisable value.

J. Investments:

Investments being long term are valued at Cost. Provision for permanent diminution in value is made, when considered necessary.

K. Taxes on Income :

Current Tax is determined on the basis of taxable income for the year. Deferred tax is recognised for all timing differences, subject to the consideration of prudence.

Notes Accompanying the Financial Statements for the year ended 31st March 2014

L. Cash Flow Statement:

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

M. Impairment of Fixed Assets:

Consideration is given at each Balance Sheet date to determine whether there is any impairment of the carrying amount of the company's fixed assets. Impairment loss is recognised as and when required.

N. Earnings per share:

In determining earnings per share, the company considers the net profit after tax and includes the post tax effect on any extra ordinary items. The number of shares used in computing basic and diluted equity shares is the weighted average number of shares outstanding during the year.

O. Provisions and contingent liabilities:

The company creates a provision when there is a present obligation as a result of an event that requires an outflow of resources and a reliable estimate can be made of the amount. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources.

P. SEGMENT REPORTING:

SEGMENT INFORMATION:

- The company has identified four reportable business segments as primary segments viz : yarn, yarn for trading, cloth and garments.
- The secondary segment information are identified on the basis of geographical segments viz. Europe, Asia, U.S.A and Others.
- The Accounting policies adopted for segment reporting are in line with the accounting policy of the company with the following additional policies for segment reporting.
 - Revenue and Expenses have been identified to a segment on the actual basis / on turnover basis of the segment.
 - Pricing for Inter segment transfers has been made, considering the normal internal business reporting system of the company at estimated realisable value.
 - Operating assets and liabilities represent assets / liabilities in respective segments.

Q. Accounting for Leases :

- The determination of whether an agreement is , or contains , a lease is based on the substance of agreement at the date of inception.
- Operating leases - assets leased out under operating leases are capitalised, Lease rental income is recognised on an accrual basis.
- In respect of operating lease, the depreciation is recognised in the Profit and Loss Statement.
- Initial direct costs, if any, incurred specifically to earn revenue from operating lease, is recognised as expenses in the Profit and Loss Statement.

		(Rs. in Lakhs)
26. Contingent Liabilities	31.03.2014	31.03.2013
(To the extent not provided for)		
i) Claim against the Company not acknowledged as debts	26.30	26.30
ii) Counter Guarantee given to Banks	134.22	608.18
iii) On Account of Bills discounted	18,988.95	20,352.17
iv) Disputed income tax demand not provided for-Appeals filed before Appellate Authorities/revision petition pending	1,157.58	1,123.45
v) Disputed Sales tax demand not provided for	131.45	91.23
vi) Disputed Service tax, Excise / Customs duty not provided for	125.38	142.49
vii) On account of export obligation covered by letter of undertaking	2,984.58	3,334.35

Notes Accompanying the Financial Statements for the year ended 31st March 2014

(Rs. in Lakhs)

Particulars	As At 31.03.2014	As At 31.03.2013
-------------	---------------------	---------------------

27. Commitment:

i) Estimated amount of Contracts remaining to be executed on Capital Accounts and not provided for	750.53	2,006.29
ii) The Amount of capital commitments/contingencies jointly controlled entitles	-	-

28) No significant restriction is attached on the investments held outside India.

29) The Cash and Cash equivalents in the Cash flow statement include foreign currency balances, which does not include any amount, which is of restrictive realisability.

30) Power and fuel cost is net Rs.33.24 Crores (P.Y. Rs.45.04 Crores) being electricity generated through wind mills.

31) The amount of borrowing cost capitalised during the year "NIL" (PY Rs.0.81 Crores)

32) Due to higher rate of depreciation available under I.T computation, the company is liable to tax only on its book profit under MAT computation. The MAT credit available is Rs.14.64 crores.

33) Deferred tax liability mainly represent timing difference relating to depreciation of Rs.57.50 Crores (P.Y. Rs.55.29 Crores) and Deferred asset mainly represent timing difference on account of deferred allowance of Rs.4.56 Crores (P.Y. : Rs. 7.58 Crores) under Income tax Act 1961.

34) Disclosure regarding Derivative Instruments:

a) The Company enters into forward contracts either to hedge its foreign exchange exposure or to reduce costs and not for any speculative purposes. The Company has not entered into any derivative deals during the year and the Company has no outstanding derivative exposure as on 31st March 2014

b) The net loss incurred of Rs. 185 lakhs by the company on cancellation of Forward Contracts during the year is grouped under miscellaneous expenditure. As the Company has taken forward cover only for hedging purposes, the Company is not required to mark to market the forward contracts as on the Balance Sheet date.

35) Earning per share	31.03.2014	31.03.2013
a) Opening / Closing number of shares	48 16 446	48 16 446
b) Profit / Loss after deferred Tax	19 70 35 471	5 03 78 299
c) Earnings per share (Rs.)	40.91	10.46
d) Face value of share (Rs.)	10.00	10.00

36) Based on the information available with the Company, the principal amount due to Micro, Small and Medium enterprises on 31.03.14 is Rs.NIL. There has been no overdue principal amount and therefore no interest is paid/payable.

37) The Company has adopted the Accounting Standard (AS) 15

Post employment benefits :

(a) Provident fund and other funds

Being a defined contribution plan, the company makes fixed monthly contributions, in respect of covered employees, to the Government managed funds and the company has no legal obligation to pay any further sum beyond the contribution made towards the claims settled. The company has during the year recognised Rs.297.47 lacs (P.Y. Rs.234.00 lacs) as expense towards contribution towards these plans.

(b) Gratuity

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

Notes Accompanying the Financial Statements for the year ended 31st March 2014

Particulars	31.03.2014	31.03.2013
i) Changes in the present value of the obligation - reconciliation of opening and closing balances :		
	31.03.2014 Gratuity (Funded Plan)	31.03.2013 Gratuity (Funded Plan)
Opening balance of Present Value of the Obligation	7,02,43,028	6,05,89,754
Interest Cost	59,79,137	51,46,426
Current Service Cost	51,49,202	49,93,735
Benifits Paid	(34,68,018)	(21,27,463)
Acturial Loss/(gain)	(46,83,464)	16,40,576
Closing balance of Present Value of the Obligation	7,32,19,885	7,02,43,028

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

Opening balance Fair Value of Plan Assets	6,18,18,916	5,71,29,672
Expected return on plan assets	54,30,215	46,48,493
Contribution by the Company	73,78,843	23,34,677
Benifits Paid	(34,68,018)	(21,27,463)
Acturial Loss/(gain)	36,14,317	(1,66,463)
Closing balance of Fair Value of Plan Assets	7,47,74,273	6,18,18,916

iii) Reconciliation of Fair value of Assets & Obligation :

Particulars	31.03.2014	31.03.2013	31.03.2012	31.03.2011	31.03.2010
	Gratuity (Funded Plan)	Gratuity (Funded Plan)	Gratuity (Funded Plan)	Gratuity (Funded Plan)	Gratuity (Funded Plan)
Present Value of the Obligation	7,32,19,885	7,02,43,028	6,05,89,942	5,44,78,000	4,54,03,000
Fair value of the Plan assets	7,47,74,273	6,18,18,916	5,71,29,672	4,66,85,047	3,98,17,000
Surplus/(Deficit)	(15,54,388)	84,24,112	34,60,270	77,92,953	55,86,000
Experience Adjustment on plan liabilities (loss)/gain	46,83,464	(16,40,576)	25,30,734	(33,63,000)	(10,07,000)
Experience Adjustment on plan assets (loss)/ gain	36,14,317	(1,66,463)	(38,694)	(4,55,000)	(63,000)

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

Current Service Cost	51,49,202	49,93,735
Interest Cost	59,79,137	51,46,426
Expected return on plan assets	(54,30,215)	(46,48,493)
Net Acturial (gain)/Loss recognised in the year	(38,91,132)	18,75,458
Total	18,06,992	73,67,126

Notes Accompanying the Financial Statements for the year ended 31st March 2014

Particulars	31.03.2014	31.03.2013
v) Percentage of each category of plan assets to total fair value of plan assets:		
a) Government Securities	51.61%	51.71%
b) Interest Cost	11.70%	11.71%
c) Others / approved Securities	36.69%	36.58%
vi) Principal actuarial assumption used as at the Balance Sheet date :		
Discount Rate	9.10%	8.70%
Salary Escalation Rate	10.00%	9.00%
Attrition Rate	5.00%	5.00%
Expected rate of return on plan assets	8.00%	8.00%
vii) The estimates of future salary increases, considered in actuarial valuation, taken into account of inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. The expected rate of return on assets are estimated as per the return on government of India bonds.		
38. Fixed assets of Ginning unit at Thallada, Andhra Pradesh and certain knitting machinery at Valli Textile Mills and SCTM divisions are given on cancellable operating lease at a monthly lease rent.		
39) Computation of Net Profit as per section 349 read with 306(5) and section 198 of the Companies Act, 1956 for Commission payable to the Managing Director / Whole Time Director:		
Net Profit as per profit and loss account (before tax)	32,97,19,471	11,20,86,539
Add:		
Remuneration and perquisites to the Managing Director and Whole Time Director	1,43,63,478	55,74,544
Provision for bad and doubtful debts	1,93,42,741	31,62,523
Less:		
Capital profit on sale of assets	-	-
Net profit on which commission is payable	36,34,25,690	12,08,23,606
Remuneration on net profits at 5%	1,81,71,000	60,41,000
Remuneration on net profits at 10%	3,63,43,000	1,20,82,000
Remuneration on net profits at 11%	3,99,77,000	1,32,91,000
Commission at the approval by the Board	1,00,00,000	20,00,000
40) In the opinion of the board, all the assets other than fixed asset and non-current investments have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated.		
41) There is no amount due and outstanding to be credited to investor's education and protection fund.		
42) Balances of certain parties are subject to confirmation / reconciliation if any.		
43) Previous year figures have been regrouped wherever necessary to confirm to the current years classification.		
44) Figures have been rounded off to the nearest lakh in the financial statement and in the accompanying notes.		

Notes Accompanying the Financial Statements for the year ended 31st March 2014



45. SEGMENT REPORTING (A) PRIMARY SEGMENT REVENUES, RESULTS AND OTHER INFORMATION

(Rs. in Lakhs)

	YarnManufacturing		YarnTrading		Cloth		Garments		Total	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Revenue										
External Sales	17,472	12,843	47,535	34,454	77,780	70,763	9,256	6,498	1,52,043	1,21,765
Inter-segment transfer					4,448	2,793			4,448	2,793
Results	17,472	12,843	47,535	34,454	82,228	73,556	9,256	6,498	1,56,491	1,24,568
Segment Results	4,181	3,032	581	575	4,037	3,409	1,801	535	10,600	7,550
Add: Unallocated income / (expenditure) (Net)									278	720
Profit from Operations									10,878	8,270
Interest Expenses									7,581	7,149
Profit before tax									3,297	1,121
Tax									1,327	617
Profit after tax									1,970	504
OTHER INFORMATION										
Segment Assets	27,537	29,951	5,979	-	51,971	52,002	2,660	2,506	88,147	84,459
Unallocable Assets									6,038	5,423
Total Assets	1,568	1,547	4,360	-	7,120	8,729	849	773	94,185	89,882
Segment Liabilities									13,897	11,050
Unallocable Liabilities									4,001	3,383
Total Liabilities	741	1,784	-	-	4,727	8,905	131	604	17,898	14,433
Segment Capital Expenditure									5,599	11,293
Unallocable Capital Expenditure									-	-
Total Capital Expenditure	1,887	1,660	-	-	5,103	4,699	95	552	5,599	11,293
Segment Depreciation									7,086	6,911
Unallocable Depreciation									-	-
Total Depreciation									7,086	6,911

46. Secondary Segment - Geographical

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

Region	Rs. in Lakhs		Region	Rs. in Lakhs	
	Amount	31.03.2013		Amount	31.03.2013
Europe	17,395	13,270	Europe	156	55
Asia	1,01,407	77,897	USA	13,431	14,250
America	27,404	19,452	Asia	245	68
Others	7,274	10,027	Others	65	60
	1,53,480	1,20,646		13,897	14,433

3. Carrying amount of segment liabilities

Region	Rs. in Lakhs		Region	Rs. in Lakhs	
	Amount	31.03.2013		Amount	31.03.2013
Europe	961	2,086	Europe	156	55
Asia**	91,309	84,486	USA	13,431	14,250
America	1,514	3,180	Asia	245	68
Others	402	130	Others	65	60
	94,186	89,882		13,897	14,433

** All fixed assets of the company are located in India

Notes Accompanying the Financial Statements

for the year ended 31st March 2014

46) RELATED PARTY DISCLOSURES FOR THE FINANCIAL YEAR ENDED 31.03.2014

NAME OF THE PARTY	RELATIONSHIP
1. Shri Teyem Processors Ltd., N. Venkateshwarapuram	Substantial interest in Voting Power (48.86%)
2. Uniloyal Exportex Ltd., Chennai	Substantial interest in Voting Power (49%)
3. Gruppo P&P Loyal Spa, Italy	Joint Venture Company
4. Loyal Dimco Group A.E.B.E., Greece	Joint Venture Company
5. Loyal Tired Cotton Farming and Gining P.L.C, Ethiopia	Joint Venture Company
6. Sri Manikam Ramaswari Chariman and Managing Director	Key Management Personnel
7. Sri. P.Manivannan (DIRECTOR)	Key Management Personnel

(Rs. in Lakhs)

i) The name of the transacting related party	Gruppo P&P Loyal Spa Italy	Loyal Tired Cotton Farming and Gining P.L.C. Ethiopia
ii) Description of the relationship between the parties	Joint Venture	Joint Venture
iii) Description of the nature of transactions	Sale of Garments and Fabrics Purchases of Raw Materials	No operation
iv) Volume of the transactions	Sale of Garments Rs. 5310.57 Sale of Fabric Rs. 482.03 Purchase of Reflective Bank Rs. 152.87 Purchase of FR Thread Rs. 73.18 Purchase of Polyester Fibre Rs. 10.02	NIL NIL NIL NIL NIL
v) Purchase of Fixed Assets & Leases	NIL	NIL
vi) Finance (including loans and equity contributions in cash or in kind)	During the year NIL As on 31.03.2014 - 149.00	During the Year- NIL As on 31.03.2014 - 91.33
vii) Management contracts including for deputation of employees	NIL	NIL
viii) Any other elements of the related party transaction necessary for an understanding of the financial statement	NIL	NIL
ix) The amounts or appropriate proportions of outstanding items pertaining to related parties at the balance sheet date and provisions for doubtful debts due from such parties at that date	Rs. 499.19 Considered good	NIL
x) Amount written off in the period of debts due from or to related parties	NIL	NIL
xi) Dividend received	NIL	NIL
xii) Guarantee given	NIL	NIL

Notes : 1. Mr. Manikam Ramaswami, Chairman and Managing Director is the key management personnel of the enterprise and his remuneration particulars are disclosed elsewhere in the notes.

2. Mr. P.Manivannan is employed on a whole time basis and hence his name has been included. His remuneration particulars are disclosed in the notes.

3. There is no transaction with Loyal Dimco Group A.E.B.E Greece, Uniloyal Expotex Limited, Chennai, and Shri Teyem Processors Ltd., during the year.

4. The information regarding applicable transactions as given in clause 24 of AS 18 is given above.

LOYAL TEXTILE MILLS LTD

LOYAL

(STAR TRADING HOUSE RECOGNISED BY GOVT. OF INDIA)

INTEGRATED MANAGEMENT SYSTEM CERTIFIED AND PRACTICING COMPANY

REGISTERED OFFICE :

21/4, MILL STREET, P.B. No. 1, KOVILPATTI - 628 501. TAMILNADU.

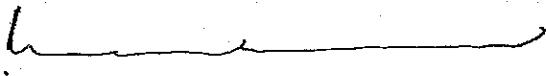
TIN No. 33615860011 CST. 468758 / 13-12-58. CIN No. L17111TN1946PLC001361

E-MAIL : kovilpatti@loyaltextiles.com

PHONE : 220001 (5) LINES FAX : 04632 - 221353

FORM-B

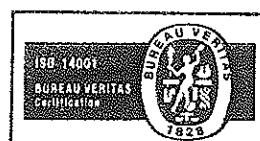
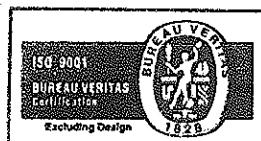
[Clause 31(a) of the Listing Agreement]

1.	Name of the Company	Loyal Textile Mills Limited
2.	Annual Financial Statements for the year ended	31 st March 2014.
3.	Type of Audit Observation	Un-Qualified
4.	Frequency of observation	67 years
5.	To be signed by	
	Chairman and Managing Director	 (Manikam Ramaswami)

MARKETING OFFICE : 83/41, FIRST MAIN ROAD, R.A. PURAM CHENNAI - 600 028

PHONE : (044) 42277374 Fax : (044) 43088622

E-MAIL : loyal@loyaltextiles.com



LOYAL TEXTILE MILLS LTD

LOYAL

(TRADING HOUSE RECOGNISED BY GOVT. OF INDIA)
INTEGRATED MANAGEMENT SYSTEM CERTIFIED AND PRACTICING COMPANY

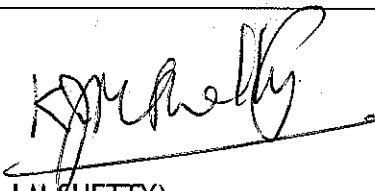
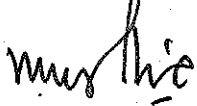
DIVISIONAL OFFICE:

No. 83 (Old No.41), 1st Main Road, R.A. Puram, Chennai 600 028, INDIA

Phone: +91 44 4227 7374 Fax: +91 44 4306 0622

E-Mail: loyal@vsnl.com, loyal@loyaltextiles.com Website: www.loyaltextiles.com

- : 2 : -

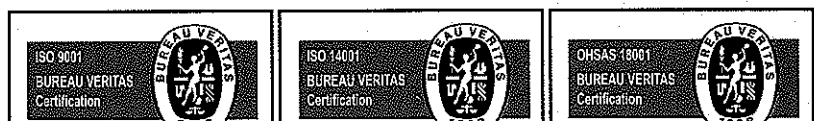
• CFO	The Company does not have CFO
• Audit Committee Chairman	 (K J M SHETTY)
• Auditor of the Company	For Suri & co Chartered Accountants Firm Reg No.0042835  R. Krishnamoorthy Partner Membership No.20695

Regd. Office:

No. 21/4, Mill Street, Kovilpatti 628 501, Tamilnadu, India

Phone: +91 4632 220001-5 • Fax: +91 4632 221353

E-Mail: kovilpatti@loyaltextiles.com



LOYAL TEXTILE MILLS LTD



(STAR TRADING HOUSE RECOGNISED BY GOVT. OF INDIA)

INTEGRATED MANAGEMENT SYSTEM CERTIFIED AND PRACTICING COMPANY

REGISTERED OFFICE :

21/4, MILL STREET, P.B. No. 1, KOVILPATTI - 628 501. TAMILNADU.

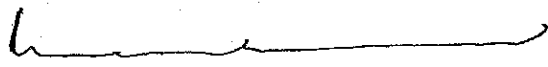
TIN No. 33615860011 CST. 468758 / 13-12-58. CIN No. L17111TN1946PLC001361

E-MAIL : kovilpatti@loyaltextiles.com

PHONE : 220001 (5) LINES FAX : 04632 - 221353

FORM-A

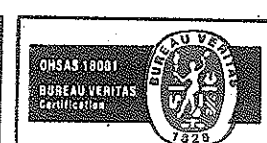
[Clause 31(a) of the Listing Agreement]

1.	Name of the Company	Loyal Textile Mills Limited
2.	Annual Financial Statements for the year ended	31 st March 2014.
3.	Type of Audit Observation	Un-Qualified
4.	Frequency of observation	67 years
5	To be signed by	
	Chairman and Managing Director	 (Manikam Ramaswami)

MARKETING OFFICE : 83/41, FIRST MAIN ROAD, R.A. PURAM CHENNAI - 600 028

PHONE : (044) 42277374 Fax : (044) 43060622

E-MAIL : loyal@loyaltextiles.com



LOYAL TEXTILE MILLS LTD

LOYAL

(TRADING HOUSE RECOGNISED BY GOVT. OF INDIA)
INTEGRATED MANAGEMENT SYSTEM CERTIFIED AND PRACTICING COMPANY

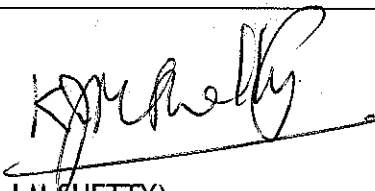
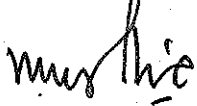
DIVISIONAL OFFICE:

No. 83 (Old No.41), 1st Main Road, R.A. Puram, Chennai 600 028, INDIA

Phone: +91 44 4227 7374 Fax: +91 44 4306 0622

E-Mail: loyal@vsnl.com, loyal@loyaltextiles.com Website: www.loyaltextiles.com

- : 2 : -

• CFO	The Company does not have CFO
• Audit Committee Chairman	 (K J M SHETTY)
• Auditor of the Company	For Suri & co Chartered Accountants Firm Reg No.0042835  R. Krishnamoorthy Partner Membership No.20695

Regd. Office:

No. 21/4, Mill Street, Kovilpatti 628 501, Tamilnadu, India

Phone: +91 4632 220001-5 • Fax: +91 4632 221353

E-Mail: kovilpatti@loyaltextiles.com

