



LOYAL TEXTILE MILLS LTD

ANNUAL REPORT 2012-2013

LOYAL TEXTILE MILLS LIMITED

BOARD OF DIRECTORS : Mr. MANIKAM RAMASWAMI,
(As on 24th May 2013) 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

: E-mail:investors@loyaltextiles.com

REGISTRAR AND SHARE : GNSA INFOTECH LIMITED

TRANSFER AGENTS STA Department, Nelson Chambers,
4th Floor, F Block,
No. 115 Nelson Manickam Road,
Aminjikai,
CHENNAI - 600 029
PHONE : (044) 4296 2025
E-mail : sta@gnsaindia.com

Notice

LOYAL TEXTILE MILLS LTD.

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Sixty Seventh 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 10.00 A.M. on Monday the 23rd day of September, 2013 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2013 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 a Director in the place of Mr. R. Poornalingam who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Mr. Shridhar Subrahmanyam who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint M/s. Suri & Co., Chartered Accountants, Chennai, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit to pass the following resolutions with or without modification as a **SPECIAL RESOLUTION:**

RESOLVED THAT the Article 2 (a) of the Articles of Association of the Company be and is hereby altered, modified and amended by deleting the existing Article and replacing it by the following:

The Authorised Share Capital of the Company is Rs. 15,00,00,000/- (Rupees Fifteen Crores only) divided into 90,00,000 (Ninety Lakhs) Equity Shares of Rs.10/- each and 6,00,000 (Six Lakhs) redeemable cumulative Preference Share of Rs. 100/- each with power to increase or reduce the capital in accordance with the provisions of Companies Act, 1956".

7. To consider and if thought fit to pass the following resolutions with or without modification as a **SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Section 198,269,309,310,311 and other applicable provisions of the Companies Act, 1956 if any and read with Section II, Part II of Schedule XIII to the Companies Act, 1956, subject to the approval of the Central Government, if necessary, and such other approvals, permissions and sanctions, as may be required, Mr. Manikam Ramaswami be and is hereby reappointed as the Chairman and Managing Director of the Company for a further period of 5 years with effect from 1st June 2013 on the following terms of remuneration and perquisites.

- (A) I) Remuneration effective from 1st June 2013.
- a) Basic Salary : Rs. 1,50,000/- Per Month
 - b) Perquisites :
 - i) **Housing:** House Rent Allowance Rs.45,000/- Per Month

ii.) **Medical Reimbursement :** Reimbursement of expenses incurred for Self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

iii.) **Leave Travel Concession:** Reimbursement of expenditure incurred for self and family once a year subject to a maximum of one month's salary.

iv.) **Club Fees:** Fees of clubs subject to maximum of two clubs excluding admission and life membership fees.

v.) **Personal Accident Insurance and Mediclaim Insurance:**
The premium shall be paid as per the rules of the Company.

vi.) Contributions to Provident Fund and Superannuation Fund shall be paid as per the rules of the Company and shall not be included in the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

vii.) Gratuity shall not exceed half a month's salary for each complete years of services.

viii.) Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

ix.) Leave: Privilege Leave

On full pay and allowance as per the Rules of the Company. Encashment of the leave at the end of the tenure will not be included in the computation of ceiling and perquisites. He will also be entitled to Casual and Sick leave as per the leave rules of the Company.

- c) Commission:

The Managing Director shall be paid commission on the net profits of the Company, as may be decided by the Remuneration Committee from time to time and subject to the overall ceiling laid down under the section 198 and 309 of the Companies Act, 1956.

Salary, Perquisites and commission shall not exceed 5% of the net profits of the Company in any financial year.

B. The salary aforesaid and the perquisites provided to Mr. Manikam Ramaswami be paid as Minimum Remuneration in the event of absence or inadequacy of profits in any year subject to such limits as may be prescribed in Section II Part II of Schedule XIII to the Companies Act, 1956 from time to time.

For the purpose of considering the payment of Remuneration to the Chairman and Managing Director, the Board is informed that the remuneration committee consists of all directors except Mr. Manikam Ramaswami.

"It is RESOLVED FURTHER THAT pursuant to the provisions of the Companies Act, 1956 and subject to the approval of the Central Government, if any required, the remuneration/ allowances aforesaid and the perquisites provided to Mr. Manikam Ramaswami be paid as minimum remuneration in the event of absence or inadequacy of profits in any year subject to such limits as may be prescribed in section II of part II of Schedule XIII to the Companies Act, 1956 from time to time

RESOLVED FURTHER THAT Mr. P. Manivannan, whole time director of the Company be and are hereby authorized to do all such acts, deeds and things as may be necessary or required to give effect to this resolution.

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

Place : CHENNAI
Date : 24th May, 2013

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 14th September 2013 to 23rd September 2013 (both days inclusive).

3. 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, 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

4. 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.

5. As per the amended provisions of the Companies Act, 1956, dividends remaining unclaimed for a period of 7 years has to be transferred to the Investor Education and Protection Fund established by the Government of India. Members who have not encashed the dividend warrants for the year ended 31st March 2006 and/or any subsequent years are requested to write to the Company giving necessary details before 27.10.2013.

6. Members may avail themselves of the facility of nomination in terms of Section 109A of the Companies Act, 1956 by nominating in the prescribed form a person to whom their shares in the Company shall vest in the event of their death. The prescribed form can be obtained from the R&TA at the aforesaid address.

7. As required under Clause 49 of the Listing Agreement, the details of the Director retiring by rotation and eligible for reappointment are furnished below :

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.

Outside Directorship : NIL

Committee Membership : NIL

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

II. Mr. SHRIDHAR SUBRAHMANYAM

Mr. Shridhar Subrahmanyam aged 74 years holds Master of Science in engineering from University of California at Los Angeles, USA, Bachelor of Technology (Honours) in Mechanical Engineering from IIT, Kharagpur, India and Bachelor of Science in Physics, 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.

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

Place : CHENNAI
Date : 24th May, 2013

MANIKAM RAMASWAMI
Chairman & Managing Director

EXPLANATORY STATEMENT

As required by Section 173 of the Companies, Act, 1956, the following explanatory statement sets out all material facts relating to the Special Business mentioned under item No.6 to 7 of the Notice dated 24th May 2013.

Item No. 6: The resolution is required to correct a typographical error, which has crept in the Articles of Association regarding the word(s) "Ninety" instead of "Ninety Lakhs"

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

Your directors recommend the resolution at item No.6 for approval by the members.

Item No. 7: Mr. Manikam Ramaswami's term of office as Chairman and Managing Director of the Company comes for renewal on 31st May, 2013. Hence at the meeting of the remuneration committee held on 24th May, 2013 he was recommended for reappointment as Chairman and Managing Director for a further period of 5 years from 01st June, 2013 to 31st May, 2018 with remuneration as detailed in the resolution under item no. 7 of the agenda.

Your Directors consider the aforesaid remuneration commensurate with the duties and responsibilities of Mr. Manikam Ramaswami.

Mr. Manikam Ramaswami, aged 60 years is a B. Tech (Hons) from I.I.T Chennai. He has been the Managing Director of the Company since 01st June, 1979. He has 33 years of experience in corporate planning, production and managing textile mills.

Mr. Manikam Ramaswami holds 109315 Shares in the Company.

Outside Directorship:

1. Hellen Cotton Trading Co P Ltd.,
2. Nemesis Cotton Trading Co P Ltd.,
3. Rhea Cotton Traders P Ltd.,
4. Gruppo P&P Loyal Spa, La Spezia, Italy
5. Loyal Dimco Group AEBE, Greece

Committee Membership:

1. TEXPROCIL - Chairman
2. South India Mills Association - Member
3. Confederation of Indian Industry Regional Council (Southern Region) - Member

None of the Directors other than Mr. Manikam Ramaswami is concerned or interested in this resolution.

The agreement entered into with Mr. Manikam Ramaswami contains the terms and conditions of his reappointment including remuneration. The agreement shall be open for inspection on all working days between 11.00 a.m. to 1.00 p.m. up to the date of the Annual General Meeting.

This explanation together with the accompanying notice is and should be treated as an abstract of the terms of appointment of Mr. Manikam Ramaswami, as the Chairman and Managing Director of the Company under Section 302 of the Companies Act, 1956.

In compliance with the provisions of Section 309 read with Schedule XIII of the Act, terms of the remuneration specified above are now being placed before the Members in General Meeting for their approval.

Hence your Board seeks the approval of the Members of this resolution.

No Director is concerned or interested either directly or indirectly in this resolution.

Directors' Report

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have great pleasure in presenting their 67th Annual Report on the business and operations of the Company together with the audited statement of accounts for the year ended 31st March 2013.

WORKING RESULTS

Financial results for the year under review are as follows :

	(Rs. in Crores)
	Year ended 31 st March 2013
GROSS PROFIT	142.04
Less : Interest	61.72
OPERATING PROFIT	80.32
Less : Depreciation	69.11
PROFIT BEFORE TAX	11.21
Less: Current Tax	3.02
PROFIT AFTER CURRENT TAX	8.19
Provision for Deferred tax Liability	15.00
MAT Credit	(11.85)
PROFIT AFTER DEFERRED TAX	5.04
Add : Surplus brought forward from previous year	19.29
Less : Dividend Tax	0.42
Less : Proposed Dividend on Equity Shares (50%)	2.41
Less : Transfer to General Reserve	1.00
BALANCE CARRIED TO NEXT YEAR	20.50

DIVIDEND

Your Directors recommend a dividend of Rs. 5.00 (50%) per equity shares of Rs.10 each/- for the financial year ended 31st March 2013

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

The year under review, 2012-2013 was a better year than the previous year. The ill effects of yarn export ban had been fully digested. However the wide fluctuations in exchange rate, impacted the profit and loss, while change over from \$ packing credit to Rupee packing credit.

During the year, the direct transmission cables were laid to our Kovilpatti unit in October and to our CTM unit during February. We have spent over 6 crores in capital expenditure and over 2 crores in revenue expenditure to get these direct transmission cables laid and on the creation of the substation. The power situation at both units have improved since, CTM unit has since turned profitable.

India's textile competitiveness is gradually improving and today at the yarn stage we are the most competitive manufacturer globally, at the fabric stage there are a few smaller manufacturers who are apparently more competitive but in real terms are not due to severe power constraints besides socio - political issues.

Our turnover increased to Rs. 1247.39 crores and exports increased to Rs. 935.42 crores.

The total cash generated before interest, depreciation and taxes is Rs. 142.04 crores. After interest, and taxes it is Rs. 74.15 crores. The net profit after all expenses and provisions is Rs. 5.04 crores. The Dividend proposed is 50% and would need Rs. 2.41 crores.

During the year Rs. 75.80 crores of capital work was undertaken. Additional borrowings were Rs. 31.00 crores. The net reduction in borrowings net of new borrowings is Rs. 37.54 crores. We have after many years started reducing the total borrowings even as we are steadily improving our turnover.

We were able to tighten the receivables and keep a tight control over inventories during the year which helped in improved cash flow.

The prospects for the current year appears to be better and we hope to improve both Top and Bottom line by at least 20%

We enjoyed excellent industrial relation at all our unit and the employee strength stands at 5948.

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. 5.47 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 2005-2006 and/or any subsequent years are requested to write to the Company with necessary details before 27.10.2013.

Directors' Report

EXPORTS

During the Year under review, the company exported goods to the tune of Rs. 935.42 crores.

MODERNISATION :

A sum of Rs. 74.60 Crores (Previous year Rs. 151.42 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.31.00 Crores and repaid loans to the extent of Rs. 74.68 Crores to Banks/Financial institutions.

FIXED DEPOSITS :

4 deposits aggregating to Rs. 0.92 lakhs remained unclaimed as on 31st March 2013. No deposit has since been renewed / repaid.

DONATION :

During the year 2012-2013 the company has paid a donation of Rs.101.47 Lakhs.

DIRECTORS :

In accordance with the provisions of the Companies Act, 1956, Mr. R. Poornalingam, Director and Mr. Shridhar Subrahmanyam, Director retire by rotation and are eligible for reappointment.

DIRECTOR'S 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 2013-2014 has been paid to BSE and the Annual Custodian fee has been paid to the NSDL and CDSL for the financial year 2013-14.

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 of Section 224(1-B) of the Companies Act, 1956.

The Auditors Report to the shareholders does not contain any qualification **except for the observation made by the Auditors regarding change in the method of depreciation on windmills and its effect on profit/assets.**

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 2012-13.

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.

Directors' 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.

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 : 24th May, 2013.

MANIKAM RAMASWAMI
Chairman & Managing Director

ADDENDUM TO THE DIRECTOR'S REPORT (MANAGEMENT REPLY TO THE AUDITOR'S COMMENT)

The Statutory Auditors of the company have, in their auditor's report, under the opinion paragraph, made a qualification regarding the change in the rate of depreciation on windmills and its effect on profit / assets / reserves. The directors wish to state that, the lifespan of windmills are 20 years as per the industrial norms. The Company has hitherto been depreciating the windmills at 10 years and in the current year changed the lifespan of windmills to 15 years and depreciating accordingly. A note on the matter is given under Note No.29 to the Financial Statements which is self explanatory.

For and on behalf of the Board of Directors

Place : CHENNAI
Date : 24th May, 2013.

MANIKAM RAMASWAMI
Chairman & Managing Director

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 2013.

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

_____ None _____

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 ANNEXED TO AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH 2013.

A) Energy conservation measures taken

The Company continuously monitors the energy usage in all its units and following major measures have been taken during the year ended 31st March 2013 for bringing down the energy cost.

1. This year we have changed the Normal Tube light fittings to Energy saving LED Lamps nearly 1500 no's. Due to these changes there is an energy saving of 360 units per day and amount saved is Rs. 2.40 Lakhs per year.
2. We have taken actions to optimise Compressor Operating pressure from 6.7 bar to 5.5 bar for Air jet looms. Due to these actions there is an energy saving of 4850 units per day. Total cost saving is Rs. 104 lakhs.
3. We have installed energy saving inverter in carding filter fan motor and thereby saved energy to the tune of 336 units per day, resulting in saving of Rs. 7.26 lakhs per year.
4. We have changed the wind / solar street light and CFL lights in Hostel area. Due to these changes there is energy saving to the extent of 275 units per day and the total cost savings is Rs. 5.96 Lakhs per annum.

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 savings 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	2012-2013	2011-2012
1. Electricity		
a) Purchased		
Units	13,99,94,560.99	10,20,26,935.00
Total Amount Rs.	89,83,99,194.76	58,12,53,500.29
Rate/ Unit Rs.	6.42	5.70
b) Generation		
i) Through Diesel etc./ Generator Units		
Units	37,06,885.00	15,40,415.00
Fuel Value	5,50,74,338.05	2,16,54,795.84
Fuel Quantity	11,69,658.00	5,16,072.00
Units per Ltr of Oil	3.17	2.98
Cost/unit Rs.	14.86	14.06
ii) Through Furnace Oil /Generator Units		
Units	41,23,648.00	89,51,726.00
Fuel Value	4,56,46,126.84	9,23,14,912.60
Fuel Quantity	8,88,978.00	20,21,876.00
Units per Ltr of Oil	4.64	4.43
Cost / unit Rs.	11.07	10.31
iii) Through Wind /Generator Units		
Units	7,68,72,349.00	5,58,72,381.64
Value	42,28,43,457.56	27,06,76,503.82
Cost / unit Rs.	5.50	4.84
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)	--	--
Total Cost Rs.	--	--
Average Cost Rs.	--	--
4. Others / Internal Generation		
Fire wood (for boiler)		
Quantity (Kgs)	1,61,96,261.73	1,44,18,989.00
Total cost Rs.	6,04,76,610.39	5,93,50,772.85
Rate/unit Rs.	3.73	4.12
(B) Consumption per unit of production		
products with details unit (per kg/mtr)		
Electricity		
Yarn	3.87	3.59
Cloth	2.89	2.78
Garments	0.14	0.14

FORM B
(See Rule 2)

Form for disclosure of particulars with respect to Absorbition.

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

	<u>(Rs. in. Crore)</u>	<u>(Rs. in. Crore)</u>
	<u>2012-2013</u>	<u>2011-2012</u>
Total Foreign Exchange Earned	886.70	646.76
Total Foreign Exchange Used	104.66	80.74

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 organisation 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 :

1) The composition of the Board of Directors as on 31st March, 2013 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.

II. Board Meetings & AGM

During the year under review Four Board meetings were held i.e. on 11th May, 2012, 06th August, 2012, 02nd November, 2012, and 07th February, 2013, . 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	04	No
Mr. KJM. Shetty	04	No
Mr. S. Venkataramani	04	No
Mr. R. Poornalingam	03	No
Mr. Shridhar Subrahmanyam	04	No
Mr. Madhavan Nambiar	02	No
Mr. P. Manivannan	04	Yes

iii) Remuneration to Directors

No remuneration other than the sitting fees and other expenses (travelling, boarding and lodging incurred for attending the Board / Committee Meetings) were paid to the non-executive Directors in 2012-2013.

a) Details of Remuneration paid to the Managing Director and Directors during the year 2012-2013 is given below.

NAME OF DIRECTOR	SALARY	PERKS	COMMISSION	PF & SUPER ANNUATION FUND	TOTAL
	Rs.	Rs.	Rs.	Rs.	Rs.
Mr. Manikam Ramaswam	1,800,000	570,803	2,000,000	450,000	4,820,803
Mr. P. Manivannan	600,000	48,481		72,000	720,481

b) Details of payments made to Non-Executive Directors during the year 2012-2013 is given below :-

Directors	Sitting Fees (in Rupees)		Total No. of Shares held in the Company as on 31 st March 2013
	Board Meeting	Committee Meeting	
Mr.K.J.M. Shetty	40,000	50,000	50*
Mr.S.Venkataramani	40,000	50,000	Nil
Mr.R. Poornalingam	30,000	Nil	Nil
Mr.Shridhar Subrahmanyam	40,000	40,000	Nil
Mr. Madhavan Nambiar	20,000	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 11th May 2012, 06th August, 2012, 02nd November, 2012 and 07th February, 2013.

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 followings:

- 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	4
Mr. Shridhar Subrahmanyam	4

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. KJM Shetty, and Mr.S. Venkataramani, and 1 executive director namely Mr.P. Manivannan.

The Committee met once during the year, on 11th May 2012.

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

20 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 2012 - 2013.

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. 45 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 : Monday
Date : 23rd September, 2013
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
20 th September, 2010, 10.00 A.M	21/4, Mill Street, Kovilpatti - 628 501. Tamil Nadu	NIL
24 th August, 2011, 10.00 A.M		NIL
22 nd August, 2012, 10.00 A.M		1. Appointment of Mr. P. Manivannan as Whole Time 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 2013 - 2014.**

Financial reporting for the quarter ending 30th June 2013 : End of July 2013

Financial reporting for the quarter ending 30th September 2013 : End of October 2013

Financial reporting for the quarter ending 31st December 2013 : End of January 2014

Financial reporting for the quarter ending 31st March 2014 : with in 60 days from the end of March 2014

Annual General Meeting for the year ended 31st March, 2014: Last week of August 2014.

c) Book Closure period :

14th September, 2013 to 23rd September, 2013. (As stipulated in the Listing agreement)

d) Share Capital :

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

g) Market price data :

MONTH	COMPANY'S SHARE PRICE			BSE SENSEX		
	HIGH	LOW	CLOSE	HIGH	LOW	CLOSE
Apr 12	173.95	150.60	164.80	17,664.10	17,010.16	17,318.81
May 12	175.20	155.00	159.05	17,432.33	15,809.71	16,218.53
Jun 12	165.00	151.90	160.00	17,448.48	15,748.98	17,429.98
Jul 12	165.90	151.05	156.00	17,631.19	16,598.48	17,236.18
Aug 12	167.75	150.25	167.70	17,972.54	17,026.97	17,429.56
Sep 12	182.50	162.00	166.00	18,869.94	17,250.80	18,762.74
Oct 12	178.95	159.00	172.00	19,137.29	18,393.42	18,505.38
Nov 12	188.00	165.00	168.10	19,372.70	18,255.69	19,339.90
Dec 12	176.90	162.35	175.00	19,612.18	19,149.03	19,426.71
Jan 13	181.95	160.05	166.25	20,203.66	19,508.93	19,894.98
Feb 13	173.00	146.65	148.50	19,966.69	18,793.97	18,861.54
Mar 13	158.65	144.05	155.25	19,754.66	18,568.43	18,835.77

e) Dividend :

Your Directors recommend a Dividend of Rupees 5.00 (50%) per equity share of Rs. 10/- each for financial year ended 31st March 2013.

f) Listing on Stock Exchange and stock code :

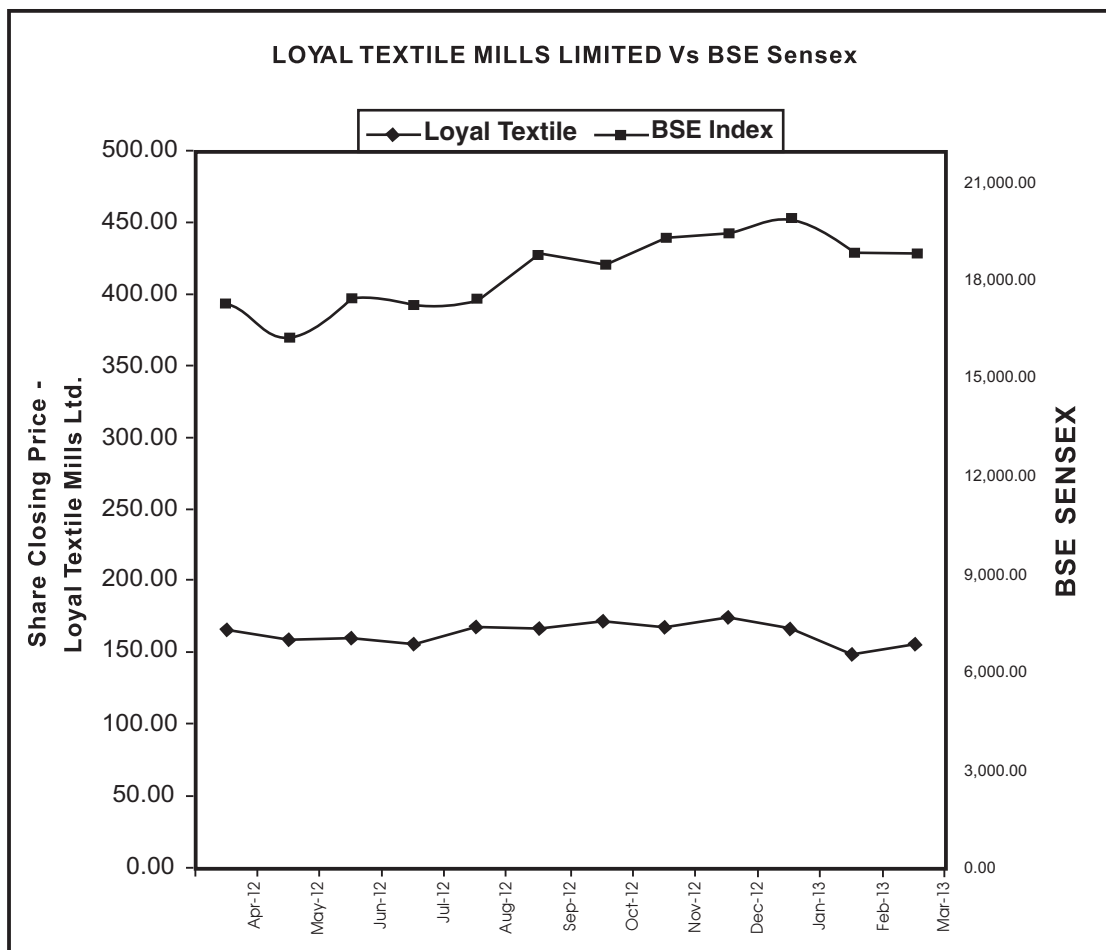
The Company's equity shares are listed on the Stock Exchange, Mumbai. The address of the Stock exchange and the stock code is given below :

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

The Annual listing fee for the year 2013-2014 has been paid by the Company to the Bombay Stock Exchange Limited.

The Annual Custodian fee for the year 2013-2014 has been paid by the Company to NSDL and CDSL.

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. Shiva Prasad Padhy, 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	10	12511
No. of Transmissions	3	1100
No. of Duplicate Share Certificates issued	NIL	

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, 2013, 8,70,544 shares were in dematerialised form representing 18.074% of the total shares. The Demat ISIN code Number of our share is INE970D01010.

j) Shareholding Pattern (As on 31st March, 2013) :

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	36508	0.76%
5	Others	1234893	25.64%
	TOTAL	4816446	100%

k) Distribution of shareholding of the Company as on 31st March 2013 :

DISTRIBUTION OF HOLDINGS - 31-03-2013				
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	7	0.32	33118	0.69
50001 -100000	21	0.97	148247	3.08
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. Shiva Prasad Padhy
Company Secretary
Loyal Textile Mills Ltd.
No. 83, (Old No.41) First Main Road,
R A Puram, Chennai - 600 028
Phone : (044) 42277374 Fax : (044) 43060622
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. Shiva Prasad Padhy, 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. **except for the observation made by the Auditors regarding change in the method of depreciation on windmills and its effect on profit / assets.** The management reply to the Auditor's Report has been given as an addendum to the Directors' Report.

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 2013.

MANIKAM RAMASWAMI

Chairman & Managing Director

Place:CHENNAI

Date:24th May 2013

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 2013, 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 implimentation 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.

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

**R KRISHNAMOORTHY
PARTNER
M. No. 20695**

Place : CHENNAI

Date : 24th May, 2013

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, 2013, 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 referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act,"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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. 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 **subject to the revision in the rate of charging depreciation on the windmills, as referred to in Note no. 29 to this Financial Statements, the profit for the year/related assets/reserves of the Company stand increased by Rs. 8.65 Crores** 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, 2013.
- 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 referred to in subsection (3C) of section 211 of the Act;
 - e. On the basis of written representations received from the Directors, as on 31st March, 2013, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2013 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 : 24th May, 2013.

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, 2013 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 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. In our opinion and 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 31-3-2013 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 : 24th May, 2013.

ANNEXURE TO REPORT OF THE AUDITORS FOR THE YEAR ENDED 31st MARCH 2013 STATEMENT OF UNPAID DISPUTED DUES

Name of Statute / Dues	Unpaid Disputed Liability (Rs. in '000s)	Period to which the amount relates	Forum where dispute is pending
Income Tax	1124	2004 - 05	Commissioner of Income Tax (Appeals)
Sales Tax - CST	6,06	2002 - 03	Appellate Assistant Commissioner of Sales Tax
Service Tax -	8,30	2009 - 10	High Court - Madurai Bench

Operating Results Summary

(Rs. in Lakhs)

Year Ended	31.3.2013	31.3.2012	31.3.2011
Revenue from operation	1,24,739.15	91,059.40	96,245.34
Other Income	653.94	1,080.98	1,471.97
Total	<u>1,25,393.09</u>	<u>92,140.38</u>	<u>97,717.31</u>
Cost of Materials consumed	49,425.61	40,212.44	43,980.68
Purchase of Stock - in -Trade	34,496.93	16,534.34	23,654.50
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	(510.86)	2,811.10	(5,449.16)
Employee benefits expenses	6,081.22	4,696.76	4,356.35
Finance costs	6,172.56	4,498.06	2,605.01
Depreciation and amortisation expense	6,910.82	6,621.30	5,038.96
Other expenses	21,695.94	17,436.38	18,184.77
Total	<u>1,24,272.22</u>	<u>92,810.38</u>	<u>92,371.11</u>
Pre Tax Profit / (Loss)	1,120.87	(670.00)	5,346.20
Export (C & F Value)	93,542.32	67,674.86	77,975.53
Production of Yarn in Lakh Kgs.	249.85	219.38	225.14
Production of Cloth in Lakh Mtrs.	415.43	338.07	288.15

Balance Sheet Summary

(Rs. in Lakhs)

As at	31.3.2013	31.3.2012	31.3.2011
Net Fixed Assets	52,982.67	52,324.58	42,161.09
Investments	600.15	625.36	357.75
Long Term Loans and Advances	355.01	1231.15	2906.23
Current Assets	35,944.58	37,983.83	46,528.43
Total	<u>89,882.41</u>	<u>92,164.92</u>	<u>91,953.50</u>
Long Term Borrowings and Provisions	38,426.85	42,448.31	36,642.20
Deferred Tax Liability (Net)	4,437.10	2,937.10	3,182.09
Current Liabilities	35,910.09	35,892.30	40,991.76
Total	<u>78774.04</u>	<u>81277.71</u>	<u>80,816.05</u>
Net Worth	11,108.37	10,887.21	11,137.45
Represented By :			
Share Capital	481.64	481.64	481.64
Reserves and surplus	10,626.73	10,405.57	10,655.81
Pre Tax Profit / (Loss)	1,135.43	(670.00)	5,346.20
Dividend paid on Equity shares	240.82	48.16	658.24
% of Dividend on Equity Shares	50	10	139

Profit and Loss Statement for the year ended 31st March 2013

(Rs. in Lakhs)

Particulars	Note No.	Year ended 31.03.2013	Year ended 31.03.2012
I. REVENUE FROM OPERATION	1	1,24,739	91,059
II. OTHER INCOME	2	654	1,081
III. TOTAL REVENUE (I+II)		<u>1,25,393</u>	<u>92,140</u>
IV. EXPENSES			
Cost of Material consumed	3	49,426	40,213
Purchase of stock in trade	4	34,497	16,534
Changes in inventories of Finished Goods, work-in-Progress and Stock-in-Trade	5	(5,11)	2,811
Employee benefits expenses	6	6,081	4,697
Finance costs	7	6,172	4,498
Depreciation and amortisation expenses	8	6,911	6,621
Other expenses	9	21,696	17,436
TOTAL EXPENSES		<u>1,24,272</u>	<u>92,810</u>
V. Profit before exceptional and extraordinary item and tax - (III - IV)		1,121	(670)
VI. Exceptional and Extraordinary Item			
VII. Profit before tax		1,121	(670)
VIII. Tax expenses:			
(1) Current Tax / Wealth Tax		302	1
(2) Deferred tax		1,500	(245)
(3) Mat credit		(1,185)	
(4) Excess tax provision written back			(232)
IX. Profit/(Loss) for the period from continuing operations (VII - VIII)		504	(194)
X. Profit/(Loss) from discontinuing operations			
XI. Profit/(Loss) for the period (IX + X)		504	(194)
XII. Earning per equity share :			
(1) Basic		10.46	(4.03)
(2) Diluted		10.46	(4.03)

Notes 1 to 9 and 26 to 47 form an integral part of this Profit and Loss Statement

MANIKAM RAMASWAMI
Chairman & Managing
Director

S. VENKATARAMANI
P. MANIVANNAN
K.J.M. SHETTY
Directors

SHIVA PRASAD PADHY
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 : 24th May 2013
Place : Chennai.

Balance Sheet as at 31st March, 2013

(Rs. in Lakhs)

Particulars	Note No.	As at 31.03.2013	As at 31.03.2012
I. EQUITY AND LIABILITIES			
1. SHAREHOLDERS FUNDS :			
a. Share Capital	10	482	482
b. Reserves and Surplus	11	10,627	10,406
2. NON CURRENT LIABILITIES :			
a. Long term borrowings	12	38,334	42,429
b. Deferred Tax Liability (Net)	13	4,437	2,937
c. Other Long-Term Liabilities		Nil	Nil
d. Long -Term Provisions	14	92	20
3. Current Liabilities			
a. Short - Term Borrowings	15	21,570	23,993
b. Trade payables		6,550	4,019
c. Other Current Liabilities	16	4,294	4,945
d. Short-Term Provisions	17	3,496	2,934
Total		89,882	92,165
II. ASSETS			
1. NON CURRENT ASSETS :			
a. Fixed Assets			
i. Tangible Assets	18	52,592	48,222
ii. Intangible Assets		Nil	Nil
iii. Capital work in Progress	19	390	4,103
iv. Intangible Assets under Development		Nil	Nil
b. Non Current Investments	20	600	625
c. Deferred Tax Assets (net)		Nil	Nil
d. Long term Loans and advances	21	355	1,231
e. Other Non Current Assets		Nil	Nil
1. CURRENT ASSETS :			
a. Current Investment		Nil	Nil
b. Inventories	22	14,253	13,510
c. Trade receivables	23	7,462	8,219
d. Cash & Cash Equivalents	24	89	3,280
e. Short Term Loans & Advances		Nil	Nil
f. Other Current Assets	25	14,141	12,975
Total		89,882	92,165

Notes 10 to 47 form an integral part of this Balance Sheet

MANIKAM RAMASWAMI
Chairman & Managing
Director

S. VENKATARAMANI
P. MANIVANNAN
K.J.M. SHETTY
Directors

SHIVA PRASAD PADHY
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 : 24th May 2013
Place : Chennai.

Cash Flow Statement

(Rs. in Lakhs)

	31.03.2013	31.03.2012
OPERATING ACTIVITIES		
PROFIT BEFORE TAX	1,121	(670)
ADJUSTMENTS FOR :		
Depreciation	6,911	6,621
Interest paid	6,172	4,498
Interest received	(54)	(119)
Dividend received from Investments - Others	-	-
Joint Venture Investment	-	(41)
Provision for Doubtful Debts	31	--
(Profit)/Loss on disposal of Fixed Assets	(8)	(219)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	14,173	10,070
ADJUSTMENTS FOR CHANGES IN		
Inventories	(742)	9,545
Debtors	725	(696)
Advances	948	1,375
Current Liabilities and provisions	(477)	(513)
CASH FLOW FROM OPERATING ACTIVITIES	14,627	19,781
Dividend receipts	-	-
Interest receipts	20	131
Income Tax (Paid)/Refund	(16)	(377)
NET CASH FLOW (A)	14,631	19,535
INVESTING ACTIVITIES		
Payment for Assets acquisition	(7,320)	(16,385)
Proceeds on Sale of Fixed Assets	20	917
Dividend received from Jointventure	--	42
Investment - others	(235)	(268)
NET CASH FLOW (B)	(7,535)	(15,694)
FINANCING ACTIVITIES		
Interest paid	(5,872)	(4,744)
Borrowings (Net)		
Raised	3,101	9,836
Repaid	(7,468)	(7,348)
Dividend paid	(48)	(188)
NET CASH FLOW (C)	(10,287)	(2,444)
NET CASH INFLOW/(OUTFLOW) (A-B-C)	(3,191)	1,397
OPENING CASH AND CASH EQUIVALENTS (D)	3,280	1,883
CLOSING CASH AND CASH EQUIVALENTS (E)	89	3,280
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(3,191)	(1,397)

MANIKAM RAMASWAMI
Chairman & Managing
Director

S. VENKATARAMANI
P. MANIVANNAN
K.J.M. SHETTY
Directors

SHIVA PRASAD PADHY
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 : 24th May 2013
Place : Chennai.

Notes Accompanying Financial Statements

(Rs. in Lakhs)

	Year ended 31.03.2013	Year ended 31.03.2012
NOTE NO. 1 : REVENUE FROM OPERATIONS		
Sale of Products	1,20,646	87,023
Revenue from Services	180	200
Other operating Revenues	3,913	3,836
TOTAL	<u>1,24,739</u>	<u>91,059</u>
NOTE NO. 2 : OTHER INCOME		
Interest Income	54	119
Dividend Income	--	42
Net gain/loss on sale of investments	1	2
Other Non operating income	599	918
TOTAL	<u>654</u>	<u>1081</u>
ADDITIONAL INFORMATION :		
A) SALE OF PRODUCTS		
i) Yarn	45,431	28,311
ii) Cloth	32,479	21,919
iii) Hosiery Cloth	35,808	29,372
iv) Garments	6,162	6,688
v) Cotton Waste	585	507
vi) Miscellaneous sales	181	226
TOTAL	<u>1,20,646</u>	<u>87,023</u>
B) INTEREST INCOME		
From Banks	9	90
From Others	45	29
TOTAL	<u>54</u>	<u>119</u>
NOTE NO. 3 : COST OF MATERIALS CONSUMED		
i) Cotton, Staple Fibre and Cotton Waste	29,751	28,714
ii) Yarn	5,100	10,800
iii) Cloth	14,165	321
iv) Dyes	167	201
v) Reflective band	243	177
TOTAL	<u>49,426</u>	<u>40,213</u>
NOTE NO. 4 : PURCHASE OF STOCK-IN-TRADE		
Yarn	34,497	16,534
TOTAL	<u>34,497</u>	<u>16,534</u>

Notes Accompanying Financial Statements

(Rs. in Lakhs)

	Year ended 31.03.2013	Year ended 31.03.2012
NOTE NO. 5 : CHANGES IN INVENTORIES		
OPENING STOCK		
Process Stock	2,293	2,205
Finished Goods	4,347	7,264
Waste Cotton	49	31
TOTAL (A)	6,689	9,500
Less: CLOSING STOCK		
Process Stock	2,348	2,293
Finished Goods	4,775	4,347
Waste Cotton	77	49
TOTAL (B)	7,200	6,689
CHANGES IN INVENTORIES (B-A)	(511)	2,811
NOTE NO. 6 : EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages and Bonus	5,007	3,884
Unavailed earned Leave	78	18
Contribution to Provident Fund and other funds	410	288
Other Welfare Expenses	586	507
	6,081	4,697
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	20	-
4. Contribution to Super annuation fund - defined benefit plan	2	3
5. Perquisites and other allowances	6	6
	48	29
B) Whole Time Director's remuneration and perquisites included under various heads in the Profit and Loss Statement		
1. Salary, Performance incentive and Bonus	7	7
2. Contribution to Provident fund - Defined contribution plan	1	1
3. Perquisites and other Allowances		
	8	8
C) Payment of professional charges (inclusive of Taxes) to a Director	-	4
NOTE NO. 7 : FINANCE COSTS		
Interest Expenses	6,041	4,462
Other Borrowing Cost	131	36
	6,172	4,498

Notes Accompanying Financial Statements

(Rs. in Lakhs)

	Year ended 31.03.2013	Year ended 31.03.2012
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NOTE NO. 8 : DEPRECIATION AND AMORTISATION EXPENSE

DEPRECIATION ON

1) Building	331	201
2) Plant and Machinery	6,508	6,341
3) Furniture	22	23
4) Vehicle	50	56
TOTAL	<u>6,911</u>	<u>6,621</u>

DEPRECIATION RATES USED ON CERTIAN ASSETS:

1) On compact convesion 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 bobins (2007-08)	33.33%	33.33%
8) Solar heater	95.00%	95.00%
9) Air Receiver	95.00%	95.00%
10) Wind Mill (Refer Note No.29)	6.33%	10.34%

NOTE NO. 9 : OTHER EXPENSES

Freight and forwarding charges	3,424	2,055
Brokerage and Commission	2,135	1,493
Selling Expenses	1,408	904

PAYMENT TO THE AUDITORS

As Auditors		
For Taxation Matters	7	5
For Certification work	4	3
For Service Tax	2	1
For Reimbursement of Expenses	2	1
Conversion and processing Charges	808	878
Stores Consumed	3,253	2,833
Power and Fuel	6,367	5,139
Rent	19	54
Repairs to Building	298	459
Repairs to Machinery	2,044	2,039
Insurance	186	175
Rates and Taxes excluding Taxes on Income	297	198
Miscellaneous Expenses*	1,442	1,199
TOTAL	<u>21,696</u>	<u>17,436</u>

* Includes Donation paid of Rs.1,01,47,731/- (PY - Rs.6,80,001/-)

Notes Accompanying Financial Statements

(Rs. in Lakhs)

	Year ended 31.03.2013	Year ended 31.03.2012
Additional Information:		
A) VALUE OF IMPORTS CALCULATED ON CIF BASIS		
i. Raw material (Staple Fibre, Cotton, Dyes, Reflective band)	6,077	870
ii. Components and spares	1,111	955
iii. Capital goods	1,828	5,063
TOTAL	<u>9,016</u>	<u>6,888</u>
B) CONSUMPTION OF RAW MATERIAL		
i. Indigeneous	43,817	37,099
ii. Imported	5,609	3,114
TOTAL	<u>49,426</u>	<u>40,212</u>
C) CONSUMPTION OF STORES AND SPARES		
i. Indigeneous	3,279	3,689
ii. Imported	1,186	1,642
TOTAL	<u>4,465</u>	<u>5,331</u>
D) EXPENDITURE IN FOREIGN CURRENCY		
On Account of Travel	38	40
Commission on export sales	1,380	1,122
Professional Charges	--	--
Salary	32	24
TOTAL	<u>1,450</u>	<u>1,186</u>
E) EARNINGS IN FOREIGN EXCHANGE		
On export of goods, including export through Merchant Exporters	88,670	64,635
Dividend received	--	42
TOTAL	<u>88,670</u>	<u>64,676</u>

Notes Accompanying Financial Statements

(Rs. in Lakhs)

Particulars	As At 31.03.2013	As At 31.03.2012
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	47,03,946
--	-----------	-----------

Add:

Number of shares allotted during the year as fully paid - up pursuant to a scheme of Amalgamation with 'Shri Chintamani Textile Mills Limited'

	NIL	1,12,500
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 31.03.2013	As At 31.03.2012
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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)

Particulars	Amount
(1) Allotment of shares as fully paid-up pursuant to contracts without payments being received in cash	
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 31.03.2012	Additions during the year	Deductions during the year	As At 31.03.2013
Capital Reserves	24	NIL	NIL	24
Capital Redemption Reserve	430	NIL	NIL	430
Revaluation Reserve	41	NIL	NIL	41
Amalgamation Reserve	243	NIL	NIL	243
General Reserve	7,739	100	NIL	7,839
Surplus (Profit and Loss Account) (Note 1)	1,929	504	383	2,050
Total	10,406	604	383	10,627

Note 1 : SURPLUS (Profit and Loss Account)

Opening Balance	1,929	2,422
Add:		
Profit for the period	504	(194)
Less:		
Proposed Final dividend @ 50% (P.Y. 10%)	241	48
Tax on distributed profits on equity shares	42	8
Transfer to General Reserve	100	243
Closing Balance	2,050	1,929

Notes Accompanying Financial Statements

(Rs. in Lakhs)

Particulars	As At 31.03.2013	As At 31.03.2012
NOTE NO. 12. LONG TERM BORROWINGS		
(A) TERM LOANS : SECURED		
Term Loan from Banks	32,396	36,334
(B) TERM LOANS FROM FINANCIAL INSTITUTION	5,926	6,073
<p>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</p> <p>Term loans availed from Central bank of India and karur Vysya Bank to the extent of Rs.144.50 Crores are exclusively charged by the specific assets purchased out of the term loan</p> <p>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.</p> <p>Term loan are repayable Half yearly / Quarterly as per agreement at floating rate of interest. Term loans payable with in a period of 12 months Rs.70.68 Crores (PY Rs.62.38 Crores)</p> <p>Term loans are guaranteed by the Chairman and Managing Director.</p>		
(C) CUMULATIVE FIXED DEPOSITS (UNSECURED)	12	22
TOTAL	38,334	42,429
<u>NON CURRENT LIABILITIES</u>		
NOTE NO. 13. DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liabilities	5,529	5,199
Deferred Tax Assets	(1,092)	(2,262)
Deferred Tax Liabilities (Net)	4,437	2,937
NOTE NO. 14. LONG TERM PROVISIONS		
Employee Benefits - Gratuity	92	20
TOTAL	92	20

Notes Accompanying Financial Statements

(Rs. in Lakhs)

Particulars	As At 31.03.2013	As At 31.03.2012
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CURRENT LIABILITIES

NOTE NO. 15. SHORT - TERM BORROWINGS

(A) 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	21,570	23,993
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Working capital loans are guaranteed by the chariman and Managing Director

TOTAL	21,570	23,993
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NOTE NO. 16. OTHER CURRENT LIABILITIES

Advance for Capital Goods	66	573
Expenses Payable	2,655	1,768
Statutory Liabilities Payable	76	69
Other Payable	786	1,846
Advance for Supplies	649	589
Interest accrued but not due on borrowings	20	27
Unpaid Dividends	42	70
Unclaimed matured deposits and interest accrued thereon	-	3
TOTAL	4,294	4,945

Note No. 17. SHORT-TERM PROVISIONS

Provision for dividend	241	48
Provision for dividend distribution Tax	41	8
Provision for income tax	3,090	2,778
Provision for wealth tax	11	9
For Provident Fund and Other Funds	34	44
Provision for Leave Salary	79	47
TOTAL	3,496	2,934

Notes Accompanying Financial Statements

Note No. 18. FIXED ASSETS - TANGIBLE

Class of Assets	Gross Carrying Amount			Depreciation			Net Carrying Amount		
	01.04.2012	Addition/ adjustment	Deduction/ adjustment	As at 31.03.2013	As on 01.04.2012	For the year	Deduction/ Adjustment	As at 31.03.2013	As at 31.03.2012
1. Land	1,080	258	-	1,338	-	-	-	1,338	1,080
2. Buildings	7,886	3,463	-	11,349	1,810	331	-	9,208	6,076
3. Plant & Equipment	75,270	7,460	55	82,675	34,453	6,508	45	41,759	40,817
4. Furniture & Fixtures	335	26	-	361	264	22	-	75	71
5. Vehicles	416	86	18	484	238	50	16	212	178
6. Office equipments	-	-	-	-	-	-	-	-	-
Total	84,987	11,293	73	96,207	36,765	6,911	61	52,592	48,222
Previous year Total	69,387	17,268	1,668	84,987	31,113	6,621	969	48,222	38,273

Note No. 19

	31.03.2013	31.03.2012
CAPITAL WORK-IN-PROGRESS	129	120
LAND UNDER PROGRESS	24	1,492
BUILDING	237	2,491
TOTAL	390	4,103

Note: Intangible assets: NIL

Notes Accompanying Financial Statements

(Rs. in Lakhs)

Particulars	As At 31.03.2013	As At 31.03.2012
NOTE NO. 20. NON-CURRENT INVESTMENTS - AT COST - LONG TERM		
(A) INVESTMENT PROPERTY	-	261
(B) TRADE INVESTMENTS		
(i) Investments in Equity Instruments	416	179
(ii) Investment in Preference shares	-	-
(iii) Investment in debentures or bonds	-	-
(C) NON -TRADE INVESTMENTS		
(i) Investments in Equity Instruments	184	185
(ii) Investment in Preference shares	-	-
(iii) Investment in debentures or bonds	-	-
(iv) Investment in Mutual Funds	-	-
(v) Investment in Government or trust securities	-	-
(vi) Investment in partnership firms	-	-
TOTAL	<u>600</u>	<u>625</u>

NOTE NO. 20. NON-CURRENT INVESTMENTS-AT COST-LONG TERM

TRADE INVESTMENT (UN QUOTED)	31.03.2013		31.03.2012	
	No. of Shares	At Cost	No. of Shares	At Cost
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 Tiret Cotton Farming and Ginning P.L.C	3 085	91	-	-
ix) Shree Rengaraj ISPAT Industries P.Ltd.,	145000	1,45	-	--
TOTAL	<u>278033</u>	<u>416</u>	<u>129948</u>	<u>179</u>

NON TRADE INVESTMENT (QUOTED)

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	275	5	275	5
iv) Page Industries Limited	--	--	47	1
v) Kitex Garments Limited	2 000	1	2 000	1
TOTAL	<u>12744</u>	<u>184</u>	<u>10838</u>	<u>185</u>

Notes Accompanying Financial Statements

(Rs. in Lakhs)

Particulars	As At 31.03.2013	As At 31.03.2012
NON TRADE INVESTMENT (UNQUOTED)		
12 Year National Plan certificate*	}	
12 Year National defence certificate*		
5 Year Postal deposit*		
6 Year National savings certificate**		
* Investment value of Rs.9000/- deposited with Central Excise Department		
** Investment value of Rs.1000/- deposited with Andhra Sales tax Department		
Aggregate amount quoted Investment	184	185
Market value of Quoted investment	249	243
Aggregate amount Un quoted Investment	416	179
Aggregate provision for Diminution in value of Investment	NIL	NIL

NOTE NO. 21. LONG-TERM LOANS AND ADVANCES

Capital Advances

Unsecured, Considered good	<u>355</u>	<u>1,231</u>
Total	<u>355</u>	<u>1,231</u>

NOTE NO. 22. INVENTORIES

a) Raw Materials	6,193	5,761
b) Work-in-progress	2,425	2,293
c) Finished Goods	4,775	4,396
d) Stores, spares and Packing Materials	860	1,060
Total	<u>14,253</u>	<u>13,510</u>

Notes Accompanying Financial Statements

(Rs. in Lakhs)

Particulars	As At 31.03.2013	As At 31.03.2012
NOTE NO. 23. TRADE RECEIVABLES		
(A) Trade receivables outstanding for more than six months from the date they become due for payment:		
(I) Unsecurd, Considered good	621	1,553
(ii) Considered doubtful	32	-
Less: Allowance for bad and doubtful	(32)	--
TOTAL-A	<u>621</u>	<u>1,553</u>
(B) Trade receivables (others)		
(i) Unsecured, Considered good	6,841	6,666
TOTAL-B	<u>6,841</u>	<u>6,666</u>
TOTAL (A+B)	<u>7,462</u>	<u>8,219</u>
NOTE NO. 24. CASH AND CASH EQUIVALENTS		
(A) Balance with Banks		
(I) Earmarked Bank Balances		
(i) Unpaid Dividend Bank account	45	49
(II) Bank balances held as margin money or as security against:		
(i) Borrowings	-	--
(ii) Guarantees	--	92
(iii) Letters of Credit	229	618
(iv) Other commitments	--	--
(III) Other bank balances		
(i) Bank deposits with more than 12 months maturity	--	--
(ii) Others	(225)	2,476
(B) Cheques, drafts in hand	0	0
(C) Cash on hand	40	45
Total	<u>89</u>	<u>3,280</u>
NOTE NO. 25. OTHER CURRENT ASSETS		
Interest Subsidy Receivable	642	999
Advances recoverable in cash or in kind or for value to be received	8,348	8,121
Deposits	945	854
Tax payments pending Adjustments	4,206	3,001
	<u>14,141</u>	<u>12,975</u>

Notes Accompanying the Financial Statements for the year ended 31st March 2013

26) 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 Target plus 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 2013

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 account.

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 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 2013

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:

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

27. Contingent Liabilities	(Rs. in Lakhs)	
(To the extent not provided for)	31.03.2013	31.03.2012
i) Claim against the Company not acknowledged as debts	26	29
ii) Counter Guarantee given to Banks	6,08	6,87
iii) On Account of Bills discounted	203,52	46,66
iv) Disputed income tax demand not provided for-Appeals filed before Appellate Authorities are pending	11,23	0
v) Disputed Sales tax demand not provided for	91	35
vi) Disputed Service tax not provided for	1,42	1,11
vii) On account of export obligation covered by letter of undertaking	33,34	47,03

Notes Accompanying the Financial Statements

for the year ended 31st March 2013

(Rs. in Lakhs)

Particulars	As At 31.03.2013	As At 31.03.2012
-------------	---------------------	---------------------

28. Commitment:

i) Estimated amount of Contracts remaining to be executed on Capital Accounts and not provided for	2,006	2,609
ii) The Amount of capital commitments/contingencies jointly controlled entitles	-	-

29) Change in the method of Depreciation - Windmills were depreciated over 10 years. The number of year over which the windmill are depreciated has been changed to 15 years, against industrial norms of 20 years. The change in the method of depreciation has resulted in an increase of profit / asset by Rs.8.65 Crores.

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

31) 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.

32) Power and fuel cost is net Rs.25.61 Crores (P.Y. Rs.24.07 Crores) being electricity generated through wind mills.

33) The amount of borrowing cost capitalised during the year Rs.0.81 Crores (PY Rs. 1.26 Crores)

34) 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. 11.84 crores.

35) Deferred tax liability mainly represent timing difference relating to depreciation of Rs.55.29 Crores (P.Y. Rs.51.99 Crores) and Deferred asset mainly represent timing difference on account of carried forward depreciation permissible Rs.7.58 Crores (P.Y. : Rs.12.97 Crores) under Income tax Act 1961.

36) 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 2013

b) The net loss incurred 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.

37) Earning per share

a) Opening / Closing number of shares	48 16 446	48 16 446
b) Profit / Loss after deferred Tax	5 03 78 299.45	(1 94 25 787.24)
c) Earnings per share (Rs.)	10.46	(4.03)
d) Face value of share (Rs.)	10.00	10.00

38) Based on the information available with the Company, the principal amount due to Micro and small enterprises on 31.03.13 is Rs.NIL. There has been no overdue principal amount and therefore no interest is paid/payable.

39) 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.234.00 lacs (P.Y. Rs.185.86 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 2013

(Rs. in Lakhs)

Particulars	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
	Gratuity (Funded Plan)	Gratuity (Funded Plan)	Gratuity (Funded Plan)	Gratuity (Funded Plan)	Gratuity (Funded Plan)
c) Present Value of the Obligation					
as on 01.04.2012	606	545	454	391	317
Current Service Cost	50	59	53	48	32
Interest Cost	51	43	35	27	20
Benefits Paid	(21)	(16)	(31)	(21)	(19)
Actuarial loss/(gain)	16	(25)	34	10	41
Present value of the Obligation as on 31.03.13	702	606	545	454	391

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

	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Fair value of Plan Asset as on 01.04.2012	571	451	398	321	254
Expected return/on plan assets	46	42	33	29	22
Contribution by the Company	23	94	56	70	62
Benefits Paid	(21)	(16)	(31)	(21)	(19)
Actuarial gain/(Loss)	(2)	0	(5)	(1)	1
Fair value of Plan Assets as on 31.03.13	618	571	451	398	321

e) The total expenses recognised in the profit and loss account is as follows:

Current Service Cost	50	59	53	48	32
Interest Cost	51	43	35	27	20
Expected return on plan assets	(46)	(42)	(33)	(29)	(22)
Net Actuarial (gain)/loss recognised in the year	19	(25)	24	11	40
	74	36	79	56	70

(f) Reconciliation of Net Liability recognised in the balance sheet

Net Liability as at the beginning of the year	20	79	56	70	62
Add: Expenses as (d) above	77	36	79	56	70
Less: Employers	(23)	(94)	(56)	(70)	(62)
Contribution / payment	0	0	0	0	0
Net Liability as at the end of the year	74	20	79	56	70

Notes Accompanying the Financial Statements for the year ended 31st March 2013

(Rs. in Lakhs)

Particulars	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
g) Constitution of Plan Assets:					
In Government approved securities/deposits/Bonds	618	571	452	398	321
h) Principal actuarial assumptions used as at the Balance Sheet date:					
Discount Rate	8.70%	8.70%	8.00%	7.00%	6.50%
Salary Escalation Rate	9.00%	9.00%	9.00%	8.00%	8.00%
Attrition Rate	5.00%	5.00%	5.00%	5.00%	5.00%
Expected rate of return on plan assets	8.00%	8.00%	7.20%	7.20%	7.20%
i) The expected contribution to the defined benefit during the annual period beginning or after the Balance Sheet date					
	79.02	79.02	55.86	70.10	70.10
a) Actual return on plan assets	41.61	.41.61	33.19	29.35	22.11

J. 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.

K. Percentage of each category of plan assets to total fair value of plan assets as at 31.3.2013

	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
a) Government Securities	51.71%	48.18%	34.00%	38.00%	40.00%
b) Bank deposits (Special deposit scheme)	11.71%	4.37%	16.00%	6.00%	7.00%
c) Others / approved securities	36.58%	47.45%	50.00%	56.00%	53.00%

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 2013

45. PRIMARY SEGMENT REVENUES, RESULTS AND OTHER INFORMATION

(Rs. in Lakhs)

	YarnManufacturing		YarnTrading		Cloth		Garments		Total	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Revenue										
External Sales	12,843	30,211	34,454	-	73,556	57,227	6,498	7,073	1,27,351	94,511
Inter-segment transfer					2,793	3,451	-		2,793	3,451
	12,843	30,211	34,454	--	70,763	60,678	6,498	7,073	124,558	97,962
Results										
Segment Results	2,635	(8.90)	285		3,073	2,849	5,26	939	6,519	2,898
Less: Unallocated expenses less income									720	811
Profit from Operations									7,239	3,709
Interest Expenses									6,118	4,379
Profit before tax									1,121	(670)
Tax									(617)	(476)
Profit after tax									504	(194)
OTHER INFORMATION										
Segment Assets	30,540	28,256			55,325	46,166	2,800	2,965	88,665	77,387
Unallocable Assets									1,217	1,364
Total Assets									89,882	78,751
Segment Liabilities	2,021	(972)			11,402	8,172	1,010	433	14,433	7,633
Unallocable Liabilities									75,449	
Total Liabilities									8,98,82	7,633
Segment Capital Expenditure	1,784	5,889			8,905	10,396	604	167	11,293	16,452
Unallocable Capital Expenditure									0	816
Total Capital Expenditure									11,293	17,268
Segment Depreciation	1,660	575			4,699	5,927	552	111	6,911	6,613
Unallocable Depreciation									0	8
Total Depreciation									6,911	6,621

2. All fixed assets of the company are located in India

3. Carrying amount of segment assets

4. Carrying amount of segment liabilities

46. Secondary Segment - Geographical

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

Region	31.03.2013	31.03.2012	Amount	Amount
Europe	13,270	14,587	1,433	2,086
USA	77,897	17,539	1,995	2,823
Asia	19,452	45,728	3,025	3,180
Others	10,027	9,170	945	130
	1,20,646	87,024	7,399	8,219

Region	31.03.2013	31.03.2012	Amount	Amount
Europe	55	251	55	251
USA	68	1	68	1
Asia	437	3,762	437	3,762
Others	60	5	60	5
	620	4,019	620	4,019

Notes Accompanying the Financial Statements

for the year ended 31st March 2013

47) RELATED PARTY DISCLOSURES FOR THE FINANCIAL YEAR ENDED 31.03.2013

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 Purchases of Raw Materials	No operation
iv) Volume of the transactions	Sale Value - 35.28 Purchase - 140.00 Commission - 0.09 Quality claim -0.06	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 31.03.2013 - 149.00	9,133
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	445 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 Exportex 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 LIMITED

Registered Office :
21/4, Mill Street, Kovilpatti - 628 501.

PROXY FORM

Ledger Folio No. / Client Id :

I/We of
in the district of being a member / members of
LOYAL TEXTILE MILLS LIMITED hereby appoint of
..... in the district of or failing him
of in the district of as my / our Proxy, to attend and vote on
my/our behalf at the Sixty Seventh Annual General Meeting of the Company to be held
at 10.00 a.m.on Monday, 23rd day of September 2013 and at any adjournment thereof.

Dated this day of 2013.

Signed by the said



.....

NOTE : The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.

LOYAL TEXTILE MILLS LTD

LOYAL

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

DIVISIONAL OFFICE:

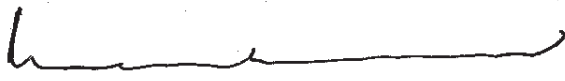
No. 83 (Old No.41), 1st Main Road, R.A. Puram, Chennai 600 028, INDIA

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

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

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 2013.
3.	Type of Audit Observation	Qualified
4.	Frequency of qualification	First time
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	subject to the revision in the rate of charging depreciation on the windmills, as referred to in Note No. 29 to this Financial Statements, the profit for the year/related assets/reserves of the company stand increased by Rs. 8.65 Crores Management Response : Refer Page 7 of Director's Report
6.	Additional comments from the board/audit committee chair:	As per Discussion made in the Annual Report
7.	To be signed by	
	<ul style="list-style-type: none">Chairman and Managing Director	 (Manikam Ramaswami)

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

LOYAL

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

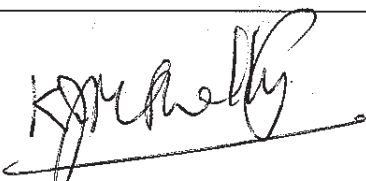

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Phone: +91 44 4227 7374 Fax: +91 44 4306 0622

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

- : 2 : -

<ul style="list-style-type: none">• CFO	The Company does not have CFO
<ul style="list-style-type: none">• Audit Committee Chairman	 (K J M SHETTY)
<ul style="list-style-type: none">• Auditor of the Company	For Suri & co Chartered Accountants Firm Reg No.004283S  R. Krishnamoorthy Partner Membership No.20695

Regd. Office:

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

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