LOYAL TEXTILE MILLS LIMITED

ANNUAL REPORT 2022-23

BOARD OF DIRECTORS	:	Mrs. Valli M Ramaswami, Chairperson & Whole Time Director Ms. Vishala Ramswami, Executive Director Mr. M.E. Manivannan, Whole Time Director Mr. B.T. Bangera, Independent Director Mrs Vijayalakshmi Rao, Independent Director Mr. R. Kannan, Independent Director Mr. Lakshmi Narayanan, Independent Director Mr. Gokul S Dixit, Independent Director Mr. Mr. Madhavan Nambiar, Non-Executive Director Mr. B. Vaidyanathan, Non-Executive Director Mr. S. Arun, Independent Director (Upto 06.06.2022) Mr. R. Poornalingam, Non-Executive Director (Upto 08.08.2022)
CHIEF EXECUTIVE OFFICER	:	Mr. A. Velliangiri
CHIEF FINANCIAL OFFICER	:	Mr. K. Ganapathi
COMPANY SECRETARY	:	Mr. P. Mahadevan
STATUTORY AUDITOR	:	Mr. N. Sri Krishna, Partner, M/s. Brahmayya & Co., Chartered Accountants, Chennai
COST AUDITOR	:	Mr. B. Venkateswar, Practicing Cost Accountant
INTERNAL AUDITOR	:	M/s. Capri Assurance and Advisory Services, Chartered Accountants, Chennai
SECRETARIAL AUDITOR	:	Mr. K.J. Chandra Mouli, Partner, M/s. BP & Associates, Company Secretaries, Chennai
BANKERS	:	Central Bank of India State Bank of India Karur Vyaya Bank Kotak Mahindra Bank IndusInd Bank Limited HDFC Bank Limited ICICI Bank Limited
REGISTERED OFFICE	:	21/4, Mill Street, Kovilpatti – 628 501. Phone: 04632 – 220001 E-mail: investors@loyaltextiles.com
REGISTRAR AND SHARE TRANSFER AGENT	:	M/s. GNSA Infotech Private Limited, STA Department, Nelson Chambers, 4th Floor, F Block, No.115, Nelson Manickam Road, Aminjikarai, Chennai – 600 029 Phone: 044-42962025 E-mail: sta@gnsaindia.com
WEBSITE	:	www.loyaltextiles.com

Contents

LOYAL TEXTILE MILLS LTD

(CIN: L17111TN1946PLC001361)

REGD OFFICE: 21/4 MILL STREET, KOVILPATTI 628 501
Email: investors@loyaltextiles.com, Website: www.loyaltextiles.com
Phone: 04632-220001 Fax: 04632-221353

NOTICE

NOTICE is hereby given that the 77th Annual General Meeting of the Members of the Company will be held on **Wednesday, September 27, 2023 at 10.00 A.M.** (IST) through Video Conference ("VC") / Other Audio-Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Standalone and Consolidated Statement of Profit and Loss for the year ended 31st March 2023, the Cash Flow Statement for the year ended 31st March 2023, the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in Place of Mr. B. Vaidyanathan, Director (DIN: 00263983), who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS:

3. **Ratification of Remuneration to the Cost Auditor**

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

   RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. B. Venkateswar, Practicing Cost Accountant, (holding Membership No.27622), appointed by the Board as Cost Auditor to conduct the audit of the cost accounts with the remuneration of Rs.1,00,000/- (Rupees One Lakh Only), in addition to GST, travelling and out-of-pocket expenses for the financial year 2023-24 be and is hereby confirmed and ratified.

By order of the Board
For Loyal Textile Mills Limited

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

Place : Chennai
Date : 29th May, 2023

NOTES:

1. In view of Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated December 28, 2022 read with circulars dated May 05, 2022, May 5, 2020, April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through Video Conference ("VC") / Other Audio-Visual Means ("OAVM"), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Attendance Slip and Proxy Form are not annexed to this Notice. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC / OAVM and participate thereat and cast their votes through e-voting.
3. The Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 in respect of the special business, as set out in the Notice is annexed hereto and forms part of the Notice.
4. Pursuant to the provisions of Section 91 of the Companies Act, 2013 and Regulation 42 of SEBI (LODR) Regulations 2015, the Register of Members and Share Transfer Books of the company will be closed from **21st September, 2023** to **27th September, 2023** (both days inclusive) for the purpose of Annual General Meeting.

5. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or R&TA for assistance in this regard.

   Members shall quote their Registered Folio No. in all their correspondences and notify the change, if any, in their Address / bank mandate to the Company's Registrar and Share Transfer Agent M/s. GNSA Infotech Private Limited, STA Department, Nelson Chambers, 4th Floor, F Block, No.115, Nelson Manickam Road, Aminjikarai, Chennai – 600 029. Phone: 044-42962025, E-mail: sta@gnsaindia.com

6. Pursuant to Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, shares in physical form can be transferred only in dematerialized form with effect from 1st April, 2019.

7. To support the "Green Initiative", Members who have not registered their email addresses are requested to register the same with the Company's Registrar and Share Transfer Agent / their Depository Participants, in respect of shares held in physical / electronic mode, respectively.

8. In terms of requirements of Section 124(6) of the Companies Act, 2013 Read with Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Amendment Rules 2017 ("the Rules"), the Company is required to transfer the shares in respect of which the dividend remains unpaid or unclaimed for a period of seven consecutive years to the IEPF account established by the Central Government. The Company had accordingly transferred 4,298 Equity shares pertaining to Dividend for the Financial Year 2014-15 to the IEPF account.

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

9. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection by the Members by writing an e-mail to the Company Secretary at investors@loyaltextiles.com

10. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with Annual Report 2022-23 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company / Depository Participants. Members may note that the Notice and the Annual Report 2022-23 will also be available on the Company's website at www.loyaltextiles.com on the website of the Stock Exchanges i.e. BSE Limited at www.bseindia.com / National Stock Exchange of India Limited at www.nseindia.com and on the website of NSDL www.evoting.nsdl.com

11. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), the Company is providing facility of remote e-voting to its Members in respect of the business set out in the Notice. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system will be provided by NSDL.

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

13. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice

By order of the Board
For Loyal Textile Mills Limited

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

Place : Chennai
Date : 29th May, 2023

EXPLANATORY STATEMENT

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

Item No. 3

The Board of Directors of the Company, on the recommendation of its Audit Committee, has approved the appointment of Mr. B. Venkateswar, Practicing Cost Accountant, (Membership No.27622) as Cost Auditor to conduct the audit of the Cost Accounts of the Company for the financial year 2023-24 at remuneration given in the resolution in the Notice.

As per Section 148 (3) of the Companies Act 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditors is to be ratified by the shareholders.

Your Directors recommend the resolution for your approval.

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

ANNEXURE TO THE NOTICE

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

Resolution No. 2

Name	Mr. B. Vaidyanathan
Director Identification Number	00263983
Date of Birth and Age	07/10/1956 and 66 Years
Date of Appointment	07/12/2017
Profile	B.Tech (Electronics) at IIT Madras P.G.Diploma in Management in IIM Ahmedabad
Inter-se Director Relationship	He is not having any inter-se relationship with other directors of the Company.
Directorship in other companies	1. M/s.Telekonnectors Limited 2. M/s.Hanbi E&C India Private Limited 3. M/s.Fabheads Automation Private Limited
Committee Membership	Nil
Shareholding in the company	Nil

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

The remote e-voting period begins on **23.09.2023 at 9.00 A.M and ends on 26.09.2023 at 5.00 P.M.** The remote e-voting module shall be disabled by NSDL for voting thereafter.

<u>How do I vote electronically using NSDL e-Voting system?</u>

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

Step 1: Access to NSDL e-Voting system

A) **<u>Login method for e-Voting for Individual shareholders holding securities in demat mode</u>**

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

Notice

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

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. Existing **IDeAS** user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the **"Beneficial Owner"** icon under **"Login"** which is available under **'IDeAS'** section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on **"Access to e-Voting"** under e-Voting services and you will be able to see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period. 4. Shareholders/Members can also download NSDL Mobile App **"NSDL Speede"** facility by scanning the QR code mentioned below for seamless voting experience. 
Individual Shareholders holding securities in demat mode with CDSL	1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered

Type of shareholders	Login Method
	Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period.

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

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

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

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

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

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

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

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

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

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

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

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

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to cshkrishnan@gmail.com with a copy marked to evoting@nsdl.com
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details / Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on 022 - 4886 7000 and 022 - 2499 7000 or send a request to Ms.Pallavi Mhatre at evoting@nsdl.com

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

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

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

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

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

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

2. The Members can join the AGM in the VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

3. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID / folio number, PAN, mobile number at investors@loyaltextiles.com from S**eptember 14, 2023 (9.00 a.m. IST) to September 20, 2023 (5.00 p.m. IST).** Those Members who have registered themselves as a speaker will only be allowed to express their views / ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

4. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.com or use Contact No. 022 - 4886 7000 and 022 - 2499 7000 or Contact Mr. Amit Vishal, AVP, NSDL at the designated email ID: evotoing@nsdl.com or Contact Ms. Pallavi Mhatre, Sr. Manager, NSDL at the designated email ID: evoting@nsdl.com.

BOARD'S REPORT

Your Directors have great pleasure in presenting the 77th Annual Report of the Company along with the Audited Financial statements for the financial year ended 31st March 2023.

FINANCIAL RESULTS

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

(Rs. in Cr.)

Particulars	Standalone		Consolidated	
	2023	2022	**2023**	2022
Revenue from operations	**1,402.89**	1,762.87	**1,402.89**	1,762.87
Gross Profit	**66.92**	198.11	**68.54**	203.98
Less : Interest	**31.79**	29.63	**31.79**	29.63
Operating Profit (EBDT)	**35.13**	168.49	**36.74**	174.35
Less : Depreciation	**36.58**	37.04	**36.58**	37.04
Profit Before Tax (PBT)	**(1.45)**	131.45	**0.17**	137.31
Less: Tax Expenses	**(2.68)**	40.19	**(2.67)**	40.26
Profit After Tax (PAT)	**1.23**	91.26	**2.84**	97.05
Profit after OCI Income	**0.99**	91.25	**2.60**	97.04
Add : Surplus brought forward from previous year	**242.17**	154.52	**266.91**	175.27
Less: Dividend	**4.82**	3.61	**4.82**	5.42
Less: Dividend Tax	**-**	-	**-**	-
Less: Transfer to General Reserve	**-**	-	**-**	-
(Add) / Less : Transfer to OCI Reserve due to Ind AS Transition	**-**	-	**-**	-
Balance carried to Balance sheet	**238.59**	242.17	**264.94**	266.91
Earning Per Share				
Basic – EPS per Share (in Rs.)	**2.56**	189.48	**5.91**	201.50
Diluted – EPS per Share (in Rs.)	**2.56**	189.48	**5.91**	201.50

PERFORMANCE OF THE COMPANY

Post COVID-19, since July 2021 due to demand-pull, Indian Textile Industry performed well almost for an year. The Russian - Ukraine war commenced on 24/02/2022 has affected adversely the global economy in terms of high inflation. Since March 2022 the order flow started declining month-on-month with prices also falling continuously till January 2023. The FY 2022-23 turned to be a most challenging year for Textile Industry.

Exports declined from Rs.1,303.11 Cr. in 2021 – 22 to Rs.682.66 Cr. in 2022 -23. The Company has stepped up sales in the domestic market from Rs. 357.39 Cr. in 2021-22 to Rs. 625.70 Cr. in 2022-23. Total revenue from operations during the year was Rs.1,402.89 Cr. against Rs.1,762.87 Cr. in 2021-22. The company has incurred net loss of Rs.3.77 cr. (after taxes) during year. The market is likely to pick up from second half of the current year.

During the year, your Company has produced 269.55 lakh kg Yarn (279.21 lakh kg - FY 2021-22) 411.84 lakh meter Woven fabric (533.31 lakh meter - FY 2021-22) and 104.12 lakh kg Knitted fabric (243.53 lakh kg - FY 2021-22)

DIVIDEND

As the Company has incurred loss due to external factors as mentioned above, your Directors have proposed to skip payment of dividend during the year.

SHARE CAPITAL

As on 31st March 2023, the paid-up share capital of the Company was Rs.4,81,64,460/- comprising 48,16,446 equity shares of Rs.10/- each. There has been no change in the share capital of the Company during the year under review.

During the year, the company has not issued any shares or any convertible instruments.

TRANSFER TO RESERVES

During the year under review, the Company has not transferred any amount to General Reserve.

MATERIAL CHANGES OCCURED AFTER THE END OF FINANCIAL YEAR

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

MANAGEMENT DISCUSSIONS ON THE INDUSTRY SCENARIO & OUTPUTS

INDIAN TEXTILE INDUSTRY

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

The first Cotton Textile Mills in India was established in Mumbai in 1854. Now India has emerged as the second largest Textile producer in the world. The Indian Textile and Apparel industry is second largest employer in the country next to Agriculture providing direct employment to 45 million people and 60 million people in allied industries.

India is the 3rd largest exporter of Textiles & Apparel in the world. India has a share of 4.6% of the global trade in Textiles and Apparel. Export to USA, EU and UK, accounts for approximately 50% of India's Textiles and Apparel exports.

Textiles and Apparel Export in the last three years:

Values in Mn USD	2019-20	2020-21	2021-22	2021-22 (Apr-Dec)	2022-23 (Apr-Dec) (Provisional)	% Change
India's Export of Textile & Apparel	33,379	29,877	42,347	**30,455**	**25,837**	**(15.2%)**

The exports declined by 15% during April- December 2022 as compared to same period of the previous year.

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

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

India occupies first position in the world in cotton acreage with around 119.10 lakh hectares under cotton cultivation which is around 36% of the world area of 326.36 lakh hectares.

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

During 2021-22, India's productivity was around 445 kg/hectare against the world average of 757 kg/hectare.

The production and consumption of cotton in the last 5 years:

(in lakh bales of 170 Kg Each)

Year	Production	Consumption
2016-17	345.00	310.41
2017-18	370.00	319.06
2018-19	333.00	311.21
2019-20	365.00	269.19
2020-21	352.48	334.87
2021-22	312.03	316.00

Source: Committee on Cotton Production & Consumption (COCPC) Meeting dated 20/09/2022

The import and export of cotton in the last 5 years:-

(in lakh bales of 170 Kg each)

Year	Import	Export
2016-17	30.94	58.21
2017-18	15.80	67.59
2018-19	35.37	43.55
2019-20	15.50	47.04
2020-21	11.03	77.59
2021-22 (P)	14.00	43.00

Source: Committee on Cotton Production & Consumption (COCPC) Meeting dated 20/09/2022 P-Provisional

Due to fluctuation in cotton production cotton prices fluctuates widely from time to time.

Inherent challenges and outlook

There is no correlation between cotton price and yarn price. The price are determined independently with no relevance to each other.

Textile Industry is labour intensive. The labour turnover ratio is very high in Textile Industry. Shortage of work force and higher labour turnover ratio affects both machine utilisation and productivity.

Fluctuations in cotton prices, fluctuations in order flow, very high labour turnover and low profit margin are the major challenges faced by the Textiles mills in the country.

As Clothing is a basic need, there is always demand for Textile and Apparel. However the demand is not uniform. The demand fluctuates based on the economic developments happening across the country and globe. Thus there is an opportunity for growth.

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

Loyal Textile Mills has four textile mills, one process house and a garment division. The Company is focusing on continuous improvement in production and cost reduction measures. The Company has established its credentials both in the domestic and export market, through supplying quality products. Loyal Textiles has entered into a MOU with the Government of Tamilnadu for setting up a project for manufacturing Technical Textiles in PM-MITRA Park being set up in Virudhunagar district, Tamilnadu.

AWARDS

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

LOYAL INTERNATIONAL SOURCING PRIVATE LTD.

Loyal International Sourcing Private Limited (LISPL) is a 100% Wholly Owned Subsidiary Company started in the year 2014. There was no operation in LISPL during the year and the operation in LISPL has been stopped.

Application for Strike off a Company has been filed with Registrar of Companies, Chennai. The process will be completed before next annual general meeting.

RENEWABLE ENERGY

During the year, the company has generated 6.02 Cr. units of wind power against 5.99 Cr. units in the previous year and solar power 46.97 lakh units against 45.88 lakh units in the previous year. The wind power generation during the year has improved slightly as compared to the previous year due to high wind velocity.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

CONSOLIDATED FINANCIAL STATEMENT

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

BOARD MEETING

The Board met four times during the year on 30th May 2022, 8th August 2022, 11th November 2022, and 14th February 2023.

PASSING OF RESOLUTION BY CIRCULATION

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

DIRECTORS

1. Pursuant to Section 149 and 152 of the Companies Act 2013, read with Schedule IV of the Companies Act, 2013 and the Companies (Amendment) Act, 2017 read with the Companies (Appointment and Qualifications of Directors) Rules, 2014 Mrs. Vijayalakshmi Rao (DIN:00259208), was re-appointed as Independent Director of the Company, not liable to retire by rotation for a second term of five consecutive years commencing from October 01, 2022 till September 30, 2027
2. Pursuant to Section 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014 Mrs. Valli M Ramaswami (DIN:00036508), was re-appointed as Chairperson and Whole Time Director of the Company, not subject to retirement by rotation, for a term of five consecutive years with effect from 12th April 2023.
3. Pursuant to Section 149 and 152 of the Companies Act, 2013 read with Schedule IV of the Companies Act, 2013, the Companies (Amendment) Act, 2017 and Companies (Appointment and Qualifications of Directors) Rules, 2014 Mr.Lakshmi Narayanan and Mr.Gokul S Dixit have been appointed as Independent Directors of the company for a term of five years and three years respectively.
4. Mr.Madhavan Nambiar (DIN: 01122411), Director was retired as an Independent Director of the company due to completion of his second term of office as an Independent Director on 30/09/2022. Pursuant to Section 152, 160, 161 of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, Mr.Madhavan Nambiar (DIN: 01122411) have been appointed as Non-Executive, Non-Independent Director of the Company liable to retire by rotation..

   The Re-appointment / Appointment of the above Directors have been approved by the Shareholders' through Postal Ballot process during the year.
5. Pursuant to Section 152 of the Companies Act, 2013, Mr. B.Vaidyanathan, Director (DIN: 00263983), retires by rotation in this Annual General Meeting and being eligible for re-appointment offers himself for re-appointment as Director of the Company.

   The Board recommends his re-appointment for the consideration of the members of the company in this Annual General Meeting. Brief profile of Mr. B.Vaidyanathan has been given in the Notice convening the AGM.

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Independent directors have submitted their disclosure to the Board confirming that they fulfill the requirements as to qualify for their appointment as an Independent Director under the provisions of Section 149 of the Companies Act, 2013 as well as SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board confirms that the Independent Directors meet the criteria as laid down under the Companies Act, 2013 as well as SEBI Listing Regulations.

STATUTORY AUDITORS

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

The Auditor's Report to the Shareholders on the Standalone and Consolidated financial statement for the year ended March 31, 2023 does not contain any qualification, observation or adverse comment.

SECRETARIAL AUDITOR

Pursuant to Section 204 of the Companies Act, 2013 and read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed Mr. K.J. Chandra Mouli, Partner, M/s. BP & Associates, Company Secretaries, Chennai to undertake the secretarial audit of the company for the financial year ended 31st March, 2023.

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

COST AUDITOR

Mr. B. Venkateswar, Practicing Cost Accountant was appointed as Cost Auditor for auditing the cost accounts of the Company for the year ended 31st March, 2023. The Cost Audit Report for the financial year 2022-23 will be submitted to the Central Government before due date.

The Board of Directors of the Company have appointed Mr.B.Venkateswar, Practicing Cost Accountant, holding Membership No.27622 as Cost Auditor for the year ending 31st March 2024.

In accordance with the provisions of Section 148(3) of the Companies Act 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholder. Accordingly, resolution seeking ratification for the remuneration payable to Cost Auditors is included at item No.3 of the Notice convening the AGM.

INTERNAL AUDITORS

The company has appointed M/s. Capri Assurance and Advisory Services, as External Internal Auditors for the financial year 2023-24.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3) (a) of the Companies Act, 2013 the Annual return as on March 31, 2023 is available on the Company's website at www.loyaltextiles.com

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

a. In the preparation of the annual accounts for the year ended March 31, 2023, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b. the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended March 31, 2023 and of the profit of the company for the year ended on that date;

c. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. the Directors have prepared the annual accounts on a going concern basis;

e. the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively; and

f. the Directors had devised proper system to ensure that compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

During the year, the company has contributed a sum of Rs.102.14 Lakhs in accordance with the provisions of Section 135 of the Companies Act, 2013 for spending towards CSR activities. Annual Report on CSR activities is enclosed as **Annexure III.**

RELATED PARTY TRANSACTIONS

Related party transactions that were entered during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. Transactions with related parties entered by the Company in the normal course of business are periodically placed before the Audit Committee for its approval.

Particulars of contracts or arrangements with related parties referred to in section 188(1) of the Companies Act, 2013 in the prescribed Form AOC-2 is attached as **Annexure IV**. Also Refer Note No.42 of Financial statement which sets out the transactions with related parties.

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

PARTICULARS OF EMPLOYEES

No employee of the Company was in receipt of remuneration of not less than Rs.1.02 Cr. during the year or Rs.8.50 lakhs per month during any part of the said year as per Section 197 of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

RATIO OF REMUNERATION OF DIRECTOR

As per Section 197 (12) of the Companies Act 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the details of Ratio of Remuneration to each Director to the median employee's remuneration is furnished as **Annexure V**.

CEO / CFO CERTIFICATION

In accordance with Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, a certificate on the Financial Statements and Cash Flow Statement of the company for the year ended March 31, 2023 duly signed by CEO and CFO was submitted to the Board of Directors and the same is attached as **Annexure VI**.

CORPORATE GOVERNANCE

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

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

BOARD EVALUATION

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

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

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

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

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

RISK MANAGEMENT

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

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year, the company has transferred Rs.11,26,568/- being the dividend amount which was due and payable and remained unclaimed and unpaid for a period of 7 years to Investor Education and Protection Fund as per the requirements of the Companies Act, 2013.

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

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

Financial Year	Rate of Dividend	Date of Declaration of Dividend	Date of Dividend transfer to unpaid Dividend Account	Last Date for Claiming unpaid Dividend	Due to Transfer to IEPF
2015-2016	100%	14-09-2016	29-10-2016	29-09-2023	29-10-2023
2016-2017	100%	25-09-2017	25-10-2017	25-09-2024	25-10-2024
2017-2018	50%	27-09-2018	29-10-2018	27-09-2025	27-10-2025
2018-2019	15%	26-09-2019	28-10-2019	26-09-2026	26-10-2026
2020-2021	75%	24-09-2021	29-10-2021	29-09-2028	29-10-2028
2021-2022	100%	22-09-2022	27-10-2022	27-09-2029	27-10-2029

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

PUBLIC DEPOSITS

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

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

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the Standalone Financial statement.

LISTING

On application for listing in National Stock Exchange India Limited (NSE), the NSE has granted the listing approval on 8th August 2022 and subsequently the shares of the company listed and traded in NSE from 11th August 2022.

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

ENHANCING SHAREHOLDERS' VALUE

The company believes in the importance of its Members who are among its most important stakeholders. Accordingly, the company's operations are committed to the goal of achieving high levels of performance and cost effectiveness, growth building, enhancing the productive asset and resource base and nurturing overall corporate reputation. The company is also committed to creating value for its stakeholders by ensuring that its corporate actions have positive impact on the socio-economic and environmental growth and development.

ACKNOWLEDGEMENT

The Board has pleasure in recording its appreciation for the assistance, cooperation and support extended to the company by the banks and the government departments.

The Board also places on record its sincere appreciation of the response received from the company’s valuable customers and thank them for their continued support.

The company is grateful to all the employees for their continued co-operation extended to the company. Their contribution has been outstanding and the Directors place on record their appreciation for the same.

The Directors also thank the shareholders for their support and for the confidence they have reposed in the company.

CAUTIONARY STATEMENT

Statements in the Board’s report and the Management Discussion & Analysis describing the Company’s objectives, expectations or forecasts may be forward - looking within the meaning of applicable securities, laws and regulations. The Company cannot guarantee the accuracy of assumptions and the projected future performance of the Company. The actual results may materially differ from those expressed or implied in this report. Important factors that could influence the company’s operations include global and domestic demand and supply conditions affecting selling price of finished goods, input availability and prices, changes in government regulations, tax laws, economical developments within the country and other factors such as litigation and industrial relations.

For and on behalf of the Board

Valli M Ramaswami	**M.E. Manivannan**
Chairperson & Whole Time Director	Whole Time Director
(DIN:00036508)	(DIN: 02229808)

Place : Chennai

Date : 29th May, 2023

ANNEXURE – I

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

A. CONSERVATION OF ENERGY

1. Steps taken or Impact on Conservation of Energy :

a. Old inefficient motors were replaced with eneregy efficient induction motors (IE3) in LTM.

b. Energy savings fan 10 nos. for Humidification plant were changed

c. Spinning Pneumafil fan changed for 7 machines.

d. Cogged belt conversion done for B-Mill Carding filter.

e. 1No. Waste collection filter stopped in B-Mill Carding.

f. Delay Timer Fixed for all Spx machines Fan Motor.

g. Cone Conveyor motor intermittent operation in all OE machines.

h. Optimized the fan speeds of Blow room /Carding Material transport area.

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

From the above intiatives overall 3 lakh units will be saved per annum

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

We have installed Solar power around 0.6 MW in CTM and 1.4 MW at SVTM.

During the year, the company utilized 587 lakhs units power generated through wind mills and 46.97 lakhs units from solar power plant.

3. Capital Investment on Energy Conservation Equipment :

a. We have invested around Rs.132 lakhs for various Energy saving activities in LTM.

b. We have spent Rs.4 Lakhs for various Energy Saving activities in VTM.

B. TECHNOLOGY ABSORPTION

1. Efforts made towards technology absorption :

a. The company has installed one new Toyota (KTTM) Model Rx 300 auto doffer ring frame with Toyota compact in LTM which is having most modern features and can achieve higher productivity. Further four ring frames will be installed in the current financial year.

b. The company has also installed one more non-compact Toyota (KTTM) Rx 300 ring frame in VTM with the latest features.

c. The company has converted nine RIFA compact ring frames into the latest LMW SpinPact compact machines which will deliver highest productivity and quality.

d. The company has installed two TC 12 Cards, one Reiter E86 comber, one Reiter D 26 draw frame and two new LMW simplexes model LF 4280 machines in LTM. These are the latest machines with update technology and will improve productivity and quality of the yarns produced.

e. The company has installed ten new fleece knitting machines which improved the company's fleece fabric production capacity.

f. ESOP technology has been implemented at LSF ETP to stop / reduce useage of Chlorine to remove colour from eluent water.

g. C-0 technology absorbed and being used for water proofing / chemical / acid proofing treatment of technical textile fabrics at LSF.

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

a. In LTM spindles are changed in seven ring frames with 17.5 wharve dia which will give more energy saving and around 7% higher productivity.

b. We have also done invertor conversion in 10 ring frames which will have around 1% power saving and help in achieving higher production due to smooth speed increase.

c. In LTM all ring frames are changed with energy saving spindle tapes.

d. The company had developed ring yarn from cotton mixing blended with recycled cotton produced from autoconer hard waste. The yarn samples and fabric samples are submitted to eminent brands and got approved.

e. The company has installed carbon fans in two humidification plants of LTM and two humidification plants of VTM which will give around 3% energy saving.

f. The company has converted 23 normal knitting machines into fleece fabric producing machines which will give the company an edge in product diversification as and when required.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in Cr.)

Particulars	2022-23	2021-22
Total Foreign Exchange Earned	**828.38**	1,199.07
Total Foreign Exchange Used	**348.79**	129.41

Annexure II

FORM MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2023

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by LOYAL TEXTILE MILLS LIMITED (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Loyal Textile Mills Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorised representatives during the conduct of secretarial audit and as per the explanations given to us and the representations made by the management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India, we hereby report that in our opinion, the company has during the audit period covering the financial year ended on 31st March, 2023 generally complied with the statutory provisions listed hereunder and also that the company has proper board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by Loyal Textile Mills Limited for the financial year ended on 31st March, 2023 according to the applicable provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made there under;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; -

   d. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   e. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

   f. Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

vi. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;

vii. Other laws applicable to the Company as per the representations made by the Management;

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

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

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

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

i. The Company has appointed Mrs. Krishnamurti Rao Vijayalakshmi as Non-Executive - Independent Director (1st term) w.e.f. 25th September 2017 and her term was completed on 24th September 2022. She was only re-appointed as Non-Executive - Independent Director (2nd term) for a further period of five years w.e.f 01st October 2022. However there was gap of 7 days between her retirement and re-appointment, which was not intimated to authorities.

ii. The Company has implemented an in house software with respect to Structural Digital Database under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. However the software requires further improvements and modifications inorder to comply with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

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

i. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

ii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

iii. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998

We further report that

The Board of Directors of the Company is duly constituted with the proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice has been given to all directors to schedule the board meetings, agenda and detailed notes on the agenda were sent at least seven days in advance, and a system exists for seeking andobtaining further information and clarifications on the agendaitems before the meeting and for meaningful participation at themeeting.

We report that there are adequate systems and processes in the company commensurate with the size andoperations of the company to monitor and ensure compliance withapplicable laws, rules, regulations and guidelines.

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

1. Mrs.Krishnamurti Rao Vijayalakshmi was re-appointed as Director (Non-Executive and Independent) w.e.f. 01st October, 2022 for a period of five years by passing a special resolution through postal ballot on 05th October 2022.

2. Mr. Lakshminarayanan was appointed as Director (Non-Executive and Independent) by the Board of Directors w.e.f 08th August 2022 and subsequently approved by the shareholders by passing a special resolution through postal ballot on 05th October 2022.

3. Mr. Subramanian Arun has resigned from the directorship w.e.f. 06th June, 2022.

4. Mr. R.Poornalingam has resigned from the post of Non-Executive - Non Independent Director w.e.f 08th August 2022.

5. Mr. Maniedath Madhavan Nambiar has retired from the post of Non-Executive- Independent Director w.e.f 30th September 2022. Further Mr. Maniedath Madhavan Nambiar was appointed as Director (Non-Executive Non-Independent) by the Board of Directors w.e.f 04th November 2022 and subsequently approved by the shareholders by passing a special resolution through postal ballot on 27th December 2022.

6. Mr. Gokul Dixit was appointed as Director (Non-Executive and Independent) by the Board of Directors w.e.f 04th November 2022 and subsequently approved by the shareholders by passing a special resolution through postal ballot on 27th December 2022.

7. Mrs. Valli M Ramasami was re-appointed as Chairperson & Whole Time Director by the Board of Directors w.e.f 14th February 2023 and subsequently approved by the shareholders by passing a special resolution through postal ballot on 25th March 2023.

For BP & Associates
Company Secretaries

K. J. Chandra Mouli
Partner
M.NO: F11720
CP NO: 15708
UDIN: F011720E000407885

Date : 29th May 2023
Place : Chennai

ANNEXURE – A

To,

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

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Account of the company.

4. Whereever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on a test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For BP & Associates
Company Secretaries

K. J. Chandra Mouli
Partner
M.NO: F11720
CP NO: 15708
UDIN: F011720E000407885

Date : 29th May 2023
Place : Chennai

ANNEXURE III

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

1. **A brief outline of the Company's CSR policy**

   The Company's CSR policy is focused primarily on Education and Health Care. The CSR Policy has been uploaded in the company's website www.loyaltextiles.com

2. **Composition of CSR Committee**

NAME	POSITION	CATEGORY
Mrs. Vijayalakshmi Rao	Chairperson	Independent Director
Mr. R Kannan	Member	Independent Director
Mr. M.E. Manivannan	Member	Director

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the Company's Website www.loyaltextiles.com

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

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

(Rs. in Lakhs)

S.No.	Financial Year	Amount available for set-off from preceding financial years	Amount required to be set-off for the financial year
1	2021-22	6.89	6.89

6. **Average Net Profit**

   Average net profit of the company for the last three financial years is **Rs.5,451.72 Lakhs**

7. (a) Two percent of average net profit of the company as per section 135(5) is **Rs.109.03 Lakhs**
   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years – **Nil**
   (c) Amount required to be set off for the financial year, if any – **Rs.6.89 Lakhs**
   (d) Total CSR obligation for the financial year (7a+7b-7c) – **Rs.102.14 Lakhs**

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

<table>
<tr><th rowspan="3">Total Amount Spent for the Financial Year (Rs. in Lakhs)</th><th colspan="5">Amount Unspent (in Rs.)</th></tr>
<tr><td colspan="2">Total Amount transferred to Unspent CSR Account as per Section 135(6)</td><td colspan="3">Amount transferred to any fund specified under Schedule VII as per the second proviso to Section 135(5).</td></tr>
<tr><td>Amount</td><td>Date of Transfer</td><td>Name of the Fund</td><td>Amount</td><td>Date of Transfer</td></tr>
<tr><td>102.14</td><td colspan="2">NIL</td><td colspan="3">NIL</td></tr>
</table>

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

Sl. No.	CSR project or activity identified	Sector in which the project is covered	Locations (Unit)	Amount Outlay (Budget)- Project wise/ Program wise	Amount Spent on the project or programs	Cumulative Expenditure upto reporting period	Amount spent: Direct or through implementing agency
1	Educational Expenses incurred for Manickam Ramaswamy College of Arts and Science	Promoting education, including special education and vocation skills.	Thiruparan-kundram, (Above location is in Tamilnadu)	94.80	94.80	94.80	Implementing Agency
2	Health Care and Medical Expenses – Supply of Coverall and PPE Kits to the Joint Director of Health Services	Creating Health infrastructure for COVID care, establishment of medical oxygen generation and storage plants, manufacturing and supply of oxygen concentrators, ventilators, cylinders and other medical equipment for countering COVID-19, etc.	Tuticorin, (Above location is in Tamilnadu)	7.35	7.35	7.35	Direct Spending
	TOTAL			**102.14**	**102.14**	**102.14**	

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

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

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

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) - **Rs.102.14 Lakhs**

(g) Excess amount for set off, if any

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

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

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

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

S. No.	CSR project or activity identified	Sector in which the project is covered	Locations (Unit)	Amount Outlay (Budget)- Project wise/ Program wise	Amount Spent on the project or programs	Cumulative Expenditure upto reporting period	Amount spent: Direct or through implementing agency
NIL							

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

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

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

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

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

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

Vijayalakshmi Rao
Chairperson of CSR Committee
(DIN:00259208)

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

Place: Chennai
Date: 29th May 2023

ANNEXURE IV

RELATED PARTY TRANSACTIONS

Form No. AOC-2

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

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

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

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

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

S. No.	Particulars	Details
a)	Name(s) of the related party and nature of relationship	Gruppo P&P Loyal Spa, Italy – Joint Venture
b)	Nature of contracts / arrangements / transactions	Sale of Garments, Fabrics and Commission
c)	Duration of the contracts / arrangements / transactions	01.04.2022 – 31.03.2023
d)	Salient terms of the contracts or arrangements or transactions including the value	Sale of Garments Rs. 5,712.35 lakhs. Sale of Fabrics Rs. 0.46 lakhs. Purchase of Service - Commission Rs. 3.05 lakhs.
e)	Date(s) of approval by the Board	Transactions were approved by Board in the meeting held on 08.08.2022, 11.11.2022, 14.02.2023 and 29.05.2023
f)	Amount paid as advances	Nil

S. No	Particulars	Details
a)	Name(s) of the related party and nature of relationship	Valli Agri Industries Pvt Ltd – Mrs. Valli M Ramaswami, Promoter
b)	Nature of contracts / arrangements / transactions	Purchase of Milk & Ghee
c)	Duration of the contracts / arrangements / transactions	01.04.2022 – 31.03.2023
d)	Salient terms of the contracts or arrangements or transactions including the value	Purchase of Milk & Ghee Rs. 89.31 lakhs
e)	Date(s) of approval by the Board	Transactions were approved by Board in the meeting held on 29.05.2023
f)	Amount paid as advances	Nil

S. No	Particulars	Details
a)	Name(s) of the related party and nature of relationship	P.Orr & Sons Pvt Ltd – Ms.Vishala Ramswami, CEO
b)	Nature of contracts / arrangements / transactions	Purchase of Watches
c)	Duration of the contracts / arrangements / transactions	01.04.2022 – 31.03.2023
d)	Salient terms of the contracts or arrangements or transactions including the value	Purchase of Watches Rs. 1.74 lakhs
e)	Date(s) of approval by the Board	Transactions were approved by Board in the meeting held on 29.05.2023
f)	Amount paid as advances	Nil

S. No	Particulars	Details
a)	Name(s) of the related party and nature of relationship	Emmar Trades & Finance Pvt Ltd – Mrs. Valli M Ramaswami, Promoter
b)	Nature of contracts / arrangements / transactions	Purchase of Coconut
c)	Duration of the contracts / arrangements / transactions	01.04.2022 – 31.03.2023
d)	Salient terms of the contracts or arrangements or transactions including the value,	Purchase of Coconut Rs. 0.61 lakhs
e)	Date(s) of approval by the Board	Transactions were approved by Board in the meeting held on 29.05.2023
f)	Amount paid as advances	Nil

The Board has approved the following transactions in the meeting held on 29.05.2023. (Rs. in Lakhs)

Name of the Related Party	Relationship of the counter party with the Company	Nature of contracts / arrangements / transactions	Current year Transaction Amount
Thiagarajar School of Management	Mrs.Valli M Ramaswami Trustee	Expenses met to be recovered	1.78
Loyal Mill Primary School	Mrs.Valli M Ramaswami Trustee	Expenses met to be recovered	10.21
Madurai Tara Traders Pvt Ltd	Mrs. Valli M Ramaswami Director	Expenses met to be recovered	0.01
Demeter Agri Services Pvt Ltd	Ms.Vishala Ramswami Director	Expenses met to be recovered	0.01
Felsper Credit and Investments Pvt Ltd	Mrs. Valli M Ramaswami Promoter	Expenses met to be recovered	0.00
Hellen Cotton Trading Pvt Ltd	Mrs. Valli M Ramaswami Director	Expenses met to be recovered	0.00
Valli Yarn Processors Pvt Ltd	Mrs. Valli M Ramaswami Promoter	Expenses met to be recovered	5.45
Vishala Apparels Pvt Ltd	Mrs. Valli M Ramaswami Promoter	Expenses met to be recovered	0.01
Vishala Knitwear Pvt Ltd	Mrs. Valli M Ramaswami Promoter	Expenses met to be recovered	0.01
Loyal International Sourcing Pvt Ltd	100% Subsidiary of Loyal	Expenses met to be recovered	8.52

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

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

Place : Chennai
Date : 29th May 2023

ANNEXURE – V

RATIO OF REMUNERATION OF DIRECTOR

[Part A : Information pursuant to Section 197 (12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014]

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

S. No.	Name	Designation	Ratio / Times of remuneration to the Median remuneration of employee	Percentage of Increase of remuneration
1	Mrs. Valli M Ramaswami	Chairperson & Whole Time Director	1447	265%
2	Mr. M.E. Manivannan	Whole Time Director	70	337%
3	Ms. Vishala M Ramswami	Executive Director	28	0%
4	Mr. A. Velliangiri	Chief Executive Officer	120	15%
5	Mr. K. Ganapathi	Chief Financial Officer	89	-12%
6	Mr. P. Mahadevan	Company Secretary & Compliance Officer	30	14%

b. Percentage increase / (decrease) in the median remuneration of employees in the financial year: 13.40%

c. No. of permanent employees on the rolls of the Company: 1805

d. Average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

   Average percentage increase/(Decrease) made in the salaries of employees other than the managerial personnel in the last financial year i.e., 2022-23 was 1.09% whereas the increase/(decrease) in the managerial remuneration for the same financial year was 203.31%.

e. It is hereby affirmed that the remuneration is as per the remuneration policy of the company.

Part B : Statement of Disclosure pursuant to Section 197 of the Companies Act, 2013 [Read with Rule 5 (2) and 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014]

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

ANNEXURE – VI

COMPLIANCE CERTIFICATE BY
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

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

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

A. Velliangiri	**K. Ganapathi**
Chief Executive Officer	Chief Financial Officer

Place : Chennai
Date : 29th May 2023

ANNEXURE VII

REPORT ON CORPORATE GOVERNANCE

COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

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

1. BOARD OF DIRECTORS

Composition and Category of Directors

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

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

Attendance of Directors at the Board Meetings and Annual General Meeting

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

@ Appointed as Director in the Board on 8th August 2022
@@ Appointed as Director in the Board on 4th November 2022
* Resigned from the Board on 8th August 2022
** Resigned from the Board on 6th June 2022

No. of Directorship / Membership in other Companies

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

S. No.	Name	Category	No. of Directorship in other Companies	No. of Committee Membership in other Companies
6	Mrs. Vijayalakshmi Rao	Non-Executive & Independent Director	-	-
7	Mr. B. Vaidyanathan	Non – Executive & Non-Independent Director	1	-
8	Mr.R.Kannan	Non-Executive & Independent Director	-	-
9	Mr. Lakshmi Narayanan	Non-Executive & Independent Director	1	-
10	Mr. Gokul S Dixit	Non-Executive & Independent Director	-	-
11	Mr. R. Poornalingam	Non-Executive & Non -Independent Director	2	3
12	Mr.S.Arun	Non-Executive & Independent Director	-	-

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

Number of meetings of the Board of Directors held and its dates

S.No.	Date of Board meeting	No. of Directors	No. of Directors present
1	30.05.2022	10	9
2	08.08.2022	9	8
3	11.11.2022	10	9
4	14.02.2023	10	8

Relationship between Directors inter-se

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

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

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

Familiarisation programme imparted to Independent Directors

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

Skills, Expertise and Competence of the Board

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

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

Code of Conduct for Members of the Board and Senior Management Personnel

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

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

2. AUDIT COMMITTEE

Terms of Reference

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

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

Composition of the Committee

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

S.NO.	NAME OF THE DIRECTOR	POSITION
1	Mr. B.T. Bangera #	Chairman
2	Mr. B. Vaidyanathan	Member
3	Mr. R. Kannan	Member
4	Mrs. Vijayalakshmi Rao	Member
5	Mr.Gokul S Dixit ##	Member
6	Mr. Madhavan Nambiar *	Member
7	Mr. S Arun**	Member
8	Mr. R Poornalingam***	Member

Designated as Chairman of the Committee on 7th November 2022

Inducted as member of the Committee on 7th November 2022

* Retired from the Committee on 7th November 2022

** Resigned from the Board on 6th June 2022

*** Resigned from the Board on 8th August 2022

Meetings and attendance

The Committee met five times during the year on 30th May 2022, 8th August 2022, 11th November 2022 , 7th December 2022, and 14th February 2023. The attendance details of the meetings are as follows:

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

3. NOMINATION AND REMUNERATION COMMITTEE

Terms of Reference

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

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

Composition of the Committee

The Committee comprises of the following Directors of the Company.

S.NO.	NAME OF THE DIRECTOR	POSITION
1	Mr. B.T. Bangera #	Chairman
2	Mrs. Vijayalakshmi Rao	Member
3	Mr. B.Vaidyanathan	Member
4	Mr. Madhavan Nambiar*	Member
5	Mr. R Poornalingam**	Member

Designated as Chairman of the Committee on 7th November 2022

* Retired from the Committee on 7th November 2022

** Resigned from the Board on 8th August 2022

Meetings and attendance

The Committee met two times during the year on 8th August 2022 and 14th February 2023. The attendance details of the meetings are as follows:

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

4. STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

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

During the year under review, the company received 3 requests from the shareholders with respect to non-receipt of dividend warrants, non-receipt of share certificates after transfer, non-receipt of Annual Report etc.

All the requests of the shareholders were attended within the stipulated time and there is no pending request / complaints of the shareholders as at 31st March 2023.

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

5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

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

During the year, the committee has been reconstituted by inducting Mr. M.E. Manivannan, Whole Time Director and Mr.R.Kannan, Independent Director as members of the Committee, in the place of Directors Mr.P.Manivannan and Mr.Madhavan Nambiar.

During the year the Committee met one time (i.e.) on 30th May 2022. The attendance of the meeting is as follows:

S.NO.	NAME OF THE DIRECTOR	POSITION	NO. OF MEETING ATTENDED
1	Mrs. Vijayalakshmi Rao	Chairperson	1
2	Mr. M.E. Manivannan	Member	1
3	Mr. R. Kannan	Member	-

6. REMUNERATION OF DIRECTORS

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

Details of Remuneration paid to Executive Directors during the Financial Year 2022-23: (Rs. in Lakhs)

S. No.	Particulars	Mrs.Valli M Ramaswami, Chairperson & Whole Time Director	Mr. M.E. Manivannan Whole Time Director	Ms. Vishala Ramswami, Executive Director	Total
1	Salary	60.00	30.95	12.00	102.95
2	Bonus / Benefits	-	-	-	-
3	Commission	630.76	-	-	630.76
4	Other perquisites / Performance linked incentives	-	-	-	-

S. No.	Particulars	Mrs.Valli M Ramaswami, Chairperson & Whole Time Director	Mr. M.E. Manivannan Whole Time Director	Ms. Vishala Ramswami, Executive Director	Total
5	Contribution to Provident Fund / Pension	7.20	2.71	1.44	11.35
6	Contribution to Superannuation Fund	-	-	-	-
7	Stock Options	-	-	-	-
8	Service contracts / Notice Period / Severance fees	-	-	-	-
Total		**697.96**	**33.66**	**13.44**	**745.06**

Remuneration to Non-Executive Directors

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

Details of Sitting Fees paid to Non-Executive Directors during the Financial Year 2022-23: (Rs. in Lakhs)

S.No.	Name	Sitting Fee		Total
		Board Meeting	Committee Meetings	
1	Mr. R. Poornalingam	1.00	1.10	2.10
2	Mr. Madhavan Nambiar	2.00	1.40	3.40
3	Mr. B.T. Bangera	2.00	2.80	4.80
4	Mrs. Vijayalakshmi Rao	2.00	1.90	3.90
5	Mr. B. Vaidyanathan	2.00	2.60	4.60
6	Mr.S.Arun	0.50	0.50	1.00
7	Mr.R.Kannan	-	-	-
8	Mr. Lakshmi Narayanan	0.50	-	0.50
9	Mr. Gokul S Dixit	1.00	1.70	2.70
Total		**11.00**	**12.00**	**23.00**

Pecuniary Relationship or Transaction of the Non-Executive Directors

There were no pecuniary relationship or transactions of the Non-Executive directors vis-a-vis the Company during the financial year ended 31st March 2023.

Criteria of making payments to Non-Executive Directors

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

7. GENERAL BODY MEETINGS

Details of the last three Annual General Meetings held

AGM	Date and Time	Venue	Details of Special Resolution passed
74th	23.09.2020, 10.15 AM	Through Video Conference ("VC") / Other Audio-Visual Means ("OAVM")	Nil
75th	24.09.2021, 10.15 AM	Through Video Conference ("VC") / Other Audio-Visual Means ("OAVM")	Yes
76th	22.09.2022, 10.15 AM	Through Video Conference ("VC") / Other Audio-Visual Means ("OAVM")	Nil

8. POSTAL BALLOT

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

The voting results along with the Scrutinizer’s Report has been submitted to the Bombay Stock Exchange , National Stock Exchange and uploaded in the Company’s website.

The details of the Postal Ballot:

S. No.	Resolution	No. of Votes received	No. of Votes favour & %	No. of Votes against & %
1	Special Resolution – Approval for re-appointment of Mrs.Vijayalakshmi Rao, (DIN: 00259208) as an Independent Director of the Company for a second term of five consecutive years.	36,36,569	36,36,563 (99.99)	6 (00.01)
	Special Resolution – Approval for appointment of Mr. Lakshmi Narayanan, (DIN: 00580679) as an Independent Director of the Company for a term of five consecutive years.	36,36,569	36,36,563 (99.999)	6 (00.001)
2	Ordinary Resolution: Approval for the appointment of Mr. Madhavan Nambiar, (DIN: 01122411) as an Non-Executive and Non-Independent Director of the Company	36,30,959	36,30,897 (99.999)	62 (00.001)
	Approval for the appointment of Mr. Gokul S Dixit, (DIN: 00357170) as an Independent Director of the Company	36,30,959	36,30,897 (99.999)	62 (00.001)
3	Special Resolution: Approval for Re-appointment of Mrs. Valli M Ramaswami (DIN: 00036508) as Chairperson and Whole Time Director of the Company.	34,39,954	34,36,271 (99.89)	3,683 (00.010)

9. MEANS OF COMMUNICATION

a. The financial results for the Quarter / Year ended are published in the leading English Newspaper viz., Business Line and Tamil version in Tamil Murasu. The financial results have been sent to Stock Exchanges within a stipulated time and uploaded in the Company’s website www.loyaltextiles.com

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

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

10. GENERAL SHAREHOLDER INFORMATION

a	Annual General meeting	
	Date	27.09.2023
	Time	10.00 A.M.
	Venue	Through Video Conference ("VC") / Other Audio-Visual Means ("OAVM")
b	Financial Year	
	Unaudited Financial Results for the Quarter ended 30.06.2023	On or before 14.08.2023
	Unaudited Financial Results for the Quarter ended 30.09.2023	On or before 14.11.2023
	Unaudited Financial Results for the Quarter ended 31.12.2023	On or before 14.02.2024
	Audited Financial Results for the year ended 31.03.2024	On or before 30.05.2024
c	Dividend Payment Date	Not applicable
d	Name and Address of the Stock Exchange where the Company's Shares Listed	Bombay Stock Exchange Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051. Listing Fee for the Financial year 2022-23 has been paid.
e	Stock Code / ISIN	BSE: 514036 NSE: Symbol: LOYALTEX ISIN: INE970D01010

Share market price data of financial Year 2022-23

YEAR	MONTH	BSE			NSE		
		HIGH	LOW	CLOSE	HIGH	LOW	CLOSE
2022	April	1,399	1,000	1,210	-	-	-
	May	1,249	825	890	-	-	-
	June	1,050	821	947	-	-	-
	July	999	875	939	-	-	-
	August	1,184	900	960	1,095	812	950
	September	962	787	846	966	784	836
	October	858	771	780	917	757	778
	November	900	700	794	925	702	800
	December	829	676	754	829	665	747
2023	January	784	681	732	795	684	722
	February	729	611	613	748	612	615
	March	729	463	568	675	530	538

Share price performance in comparison to BSE Sensex and Nifty 50

YEAR	MONTH	BSE		NSE	
		LOYAL Share price	SENSEX	LOYAL Share price	NIFTY 50
2022	April	1,210	57,060	-	-
	May	890	55,566	-	-
	June	947	53,018	-	-
	July	939	57,570	-	-
	August	960	59,537	950	17759
	September	846	57,426	836	17094
	October	780	60,746	778	18012
	November	794	63,099	800	18758
	December	754	60,840	747	18105
2023	January	732	59,549	722	17662
	February	613	58,962	615	17303
	March	568	58,991	538	17359

Share transfer system

In line with amended SEBI (LODR) Regulations, 2015, the Share Transfers are entertained only in dematerialized form, with effect from 1st April, 2019. As at 31st March, 2023, No Equity Shares were pending for transfer.

Distribution of Shareholder as on 31st March 2023

No. of Shares Held	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
Up to – 500	2825	91.60	2,10,733	4.38
501 – 1000	115	3.73	87,151	1.81
1001 – 2000	65	2.11	99,901	2.07
2001 – 3000	13	0.42	32,520	0.68
3001 – 4000	15	0.49	54,425	1.13
4001 – 5000	3	0.10	14,018	0.29
5001 – 10000	12	0.39	80,985	1.68
10001 & above	35	1.17	42,36,713	87.96
TOTAL	**3,083**	**100**	**48,16,446**	**100**

Shareholding Pattern as on 31st March 2023

S.No	Category	No. of Shares	% of Total Capital
1	Promoter Group	35,39,845	73.49
2	Nationalized Banks	4,000	0.08
3	Non Residents	9,257	0.19
4	Others	12,63,344	26.24
Total		**48,16,446**	**100**

Dematerialization of Shares

The Company has entered into an agreement with both NSDL & CDSL to have electronic depository facilities for the shares of the Company. Out of 48,16,446 total shares of the company, 46,90,218 shares were in dematerialized form representing 97.38% of the total shares. The Demat ISIN code number of our share is INE970D01010.

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

The company have no GDRs / ADRs / or convertible instrument outstanding as at 31st March 2023.

Plant Locations

Spinning, Knitting, Weaving, Ginning & Garments

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

Processing

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

Address for Correspondence

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

Other Disclosures

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

b) 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.

DISCRETIONARY REQUIREMENTS

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

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

DISCLOSURE OF THE COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

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

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

DECLARATION OF COMPLIANCE OF CODE OF CONDUCT

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

It is hereby confirmed that the Members of the Board and the Senior Management Personnel of the Company have affirmed Compliance of the Code of Conduct of the Company for the year ended 31st March 2023.

Place : Chennai
Date : 29th May, 2023

A Velliangiri
Chief Executive Officer

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that None of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

S. No.	Name of the Director	DIN	Date of Appointment in the Company
1.	Mrs. Valli M Ramaswami	00036508	12-04-2018
2.	Ms.Vishala Ramswami	06967899	20-11-2020
3.	Mr.M.E.Manivannan	02229808	02-12-2021
4.	Mr.B.T.Bangera	00432492	25-09-2017
5.	Mrs.Vijayalakshmi Rao	00259208	25-09-2017
6.	Mr. R.Kannan	00366831	20-11-2020
7.	Mr.Lakshmi Narayanan	00580679	08-08-2022
8.	Mr. Gokul S Dixit	00357170	04-11-2022
9.	Mr. Madhavan Nambiar	01122411	04-11-2022
10.	Mr.B.Vaidyanathan	00263983	07-12-2017

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

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

Date : 29th May 2023
Place : Chennai

ANNEXURE – D TO THE DIRECTORS' REPORT

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

To

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

1. We have examined the compliance of conditions of Corporate Governance by M/s. LOYAL TEXTILE MILLS LTD., KOVILPATTI for the year ended on 31^{st} March 2023, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called as SEBI (LODR) Regulations, 2015).

Management's Responsibility

2. The Compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in SEBI (LODR) Regulations, 2015.

Auditor's Responsibility

3. Our Examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (ICAI), the Standards on Auditing specified under section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics by the ICAI.
6. We have complied with the relevant applicable requirements of the Standards on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination of the relevant records and according to the information and explanations given to us, we certify that the Company has complied with the condition of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C and D of Schedule V of the above-mentioned Listing Regulations during the year ended 31^{st} March, 2023.
8. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

N.Sri Krishna
Partner
Membership No.026575
UDIN: 23026575BGRIDX6395

Place : Chennai
Date : 29^{th} May 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of Loyal Textile Mills Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying Standalone Ind AS Financial Statements of Loyal Textile Mills Limited ("the Company"), which comprise the Balance sheet as on 31st March 2023, and the statement of Profit and Loss (Including Other Comprehensive Income), the Statement of Changes in Equity and the statement of cash flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as on 31st March, 2023, and its profit and its total comprehensive income, its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

Key Audit Matter	Auditor's Response
Refer Note No. 2 and 23 to the Standalone Ind AS Financial Statements Cut off Revenue is one of the key profit drivers and is therefore susceptible to misstatement. Cut-off is the key assertion in so far as revenue recognition is concerned. There is a risk that revenue is recognized on sale of goods without substantial transfer of control as on reporting date which will not be in accordance with Ind AS-115 "Revenue from Contracts with Customers". In view of the above and since revenue is a key performance indicator of the Company, we have identified timing of revenue recognition from sale of goods as a key audit matter.	Principal Audit Procedures Performed: Our audit process consisted testing of the design and operating effectiveness of the internal controls and substantive testing performed by us which are as follows: (i) We obtained an understanding of process and evaluated the design, implementation and operating effectiveness of management's internal controls in relation to revenue recognition from sale of goods. We tested the Company's control over timing of revenue recognition around year end. (ii) At the year end, we have performed the cut off testing for late cut off to test that the revenue is recorded in the appropriate period. We have traced sales with proof of delivery (POD) to confirm the recognition of sales.

2) Inventory Valuation

Key Audit Matter	Auditor's Response
Valuation of inventories (Refer Note No 2 and 6 to the Standalone Ind AS Financial Statements) The Company's inventories comprise of raw materials, work-in-progress, finished goods and stores & spares amounting to Rs.52,161.97 Lakhs as at 31st March 2023. The inventories are valued at lower of cost and net realizable value ('NRV'). NRV is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling costs. The determination of NRV involves estimates of prevailing market conditions, stage of completion of the inventory, the estimated future selling price and selling costs. Considering the significance of the amount of carrying value of inventories and significant judgements and assumptions involved in assessment of NRV, the same is considered a key audit matter.	Principal audit procedures performed. Evaluated the design and operation of internal controls and its operating effectiveness in determining the NRV, including the Company's review of key estimates, such as estimated future selling prices on a test basis. Compared NRV with recent sales or estimated selling price and selling costs. Evaluated the Company's judgement with regards to application of write-down of inventories, where required. Assessed the adequacy and appropriateness of the disclosures made by the management with respect to Inventories in compliance with the requirements of applicable Ind AS 2 and Schedule III to the Companies Act, 2013.

Other Information

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

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

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

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

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including Other Comprehensive Income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (IND AS) specified under section 133 of the Act read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and the estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

Other Matters

The comparative financial information of the company for the year ended 31st March 2022 prepared in accordance with Indian Accounting Standards, included in these Standalone Ind AS Financial Statements have been audited by the predecessor Auditors. The report of the predecessor Auditors on the comparative financial information dated 30th May 2022 expressed an Unmodified opinion.

Independent Auditors' Report

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
   d) In our opinion, the aforesaid standalone Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   e) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B."
   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      I. The Company has disclosed the impact of pending litigations on its financial position in Note No 33.1 to the Standalone Ind AS Financial Statements.
      II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      III. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
      IV. a) The management has represented that, to the best of its knowledge and belief, during the year no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
      (b) The management has represented, that, to the best of its knowledge and belief, during the year no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
      (c) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations received undersubclause (iv)(a) and (iv)(b) contain any material misstatement.
      V. The dividend proposed, declared, and paid by the Company during the year pertaining to the previous financial year is in accordance with provisions of Section 123 of the Act.
3. In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 read with Schedule V of the Act.

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

N Sri Krishna
Partner
Membership No.026575
UDIN: 23026575BGRIDX6395

Place : Chennai
Date: 29th May, 2023

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in Independent Auditors' Report to the Members of Loyal Textile Mills Limited on the Standalone Ind AS Financial Statements for the year ended 31st March, 2023

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

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

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

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

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

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

d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year ended 31.03.2023

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

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

b. The Company has been sanctioned working capital limits in excess of Rs. 5 Crores, in aggregate, from banks or financial institutions on the basis of security of current assets. The company has filed the quarterly returns or statements with such banks or financial institutions which are in agreement with the books of account of the company except for the differences in relation to inventories as detailed in Note 43(ii) to the standalone Ind AS Financial Statements. These differences in the quarterly statements were subsequently rectified after 31 March 2023 by submitting revised statements to respective banks.

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

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

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

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

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

a) The company has been regular in depositing with appropriate authorities undisputed statutory dues such as Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Goods and Services Tax, Cess, and any other statutory dues with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Goods and Services Tax, Cess and any other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, details of dues of Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Goods and Services Tax, Cess and any other statutory dues which have not been deposited as on 31 March 2023 on account of any dispute and the forum where disputes are pending is given below

Sl. No	Nature of the Statute	Nature of Dues	Amount in Lakhs	Period to Which amount relates	Forum where dispute is pending
1	Sales Tax of Tamilnadu	Sales Tax/ VAT	648.40	Various Periods from 2006-07 to 2014-15	State Tax Appellate Tribunal, Madurai
			227.18	Various Periods from 2007-08 to 2013-14	DC Appeal-Tirunelveli
			54.98	Various Periods from 2008-09 to 2013-14	Revision petition - JC, Tirunelveli
2	Central Sales Tax Act. 1956	CST	205.70	Various Periods from 2005-06 to 2009-10	State Tax Appellate Tribunal, Madurai
			795.54	Various Periods from 2013-14	State Tax Appellate Tribunal, Kakinada
3	Income Tax Act 1961	Income Tax	516.46	Various Periods from 2017-18 to 2018-19	CIT Appeals
			78.08	Various Periods from 2019-20 to 2021-22	IT Department

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

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

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

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

(d) According to the information and explanations given to us and on an overall examination of the Balance sheet of the company as at 31.03.2023, we report that, the company has used funds raised on short-term basis aggregating to Rs.2,775.34 Lakhs for long-term purposes.

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

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

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

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

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

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

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

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

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed as related party transactions in Note No.42 the Standalone Ind AS Financial Statements.

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

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

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

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

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

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

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

xvii. The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.

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

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

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

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

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

N Sri Krishna
Partner
Membership No.026575
UDIN: 23026575BGRIDX6395

Place : Chennai
Date: 29th May, 2023

Annexure - B to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Standalone Ind AS Financial Statements of the Company as of and for the year ended 31st March, 2023, we have audited the internal financial controls over financial reporting of Loyal Textile Mills Limited ("the Company") as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS Financial Statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

N Sri Krishna
Partner
Membership No.026575
UDIN: 23026575BGRIDX6395

Place : Chennai
Date: 29th May, 2023

Operating Result Summary

(Rs. in Lakhs)

Year ended	31.03.2023	31.03.2022	31.03.2021	31.03.2020	31.03.2019
Revenue from Operations	140,289	176,287	112,180	110,443	130,694
Other Income	3,668	892	305	344	549
Total Income	**143,957**	**177,178**	**112,485**	**110,787**	**131,243**
Cost of materials consumed	94,062	113,131	62,312	65,326	72,550
Purchase of Stock-in-Trade	1,857	3,679	1,656	2,946	12,535
Changes in Inventories of Finished Goods, Work-in-progress	(6,809)	(9,051)	1,194	(2,282)	(1,233)
Employee Benefits Expense	17,651	16,371	12,913	12,117	10,778
Finance costs	3,179	2,963	3,503	3,691	3,923
Depreciation and amortization expense	3,658	3,704	4,307	5,213	5,739
Other expenses	30,503	33,236	23,301	23,808	24,647
Total Expenses	**144,102**	**164,033**	**109,186**	**110,819**	**128,940**
Profit/(Loss) before tax	(145)	13,145	3,299	(32)	2,303
Export	68,266	130,664	77,467	76,291	109,520
Production of Yarn in Lakh Kgs	269.55	279.72	229.52	247.25	283.06
Production of Cloth in Lakh Mtrs	411.84	533.30	445.73	507.98	510.07

Balance Sheet Summary

(Rs. in Lakhs)

Year ended	31.03.2023	31.03.2022	31.03.2021	31.03.2020	31.03.2019
Net Fixed Assets	33,388	30,770	32,068	35,214	39,494
Investments	200	250	254	256	264
Long Term Loans and Advances	3,877	1,715	480	469	485
Current Assets	89,315	93,312	65,306	60,103	59,213
Total	**126,781**	**126,047**	**98,108**	**96,042**	**99,456**
Long Term Borrowings	-	-	1,308	6,091	10,149
Deferred Tax Liability (Net)	1,237	941	1,709	2,063	123
Current Liabilities	92,223	91,403	70,151	65,721	67,371
Total	**93,460**	**92,343**	**73,168**	**73,875**	**77,643**
Networth	33,321	33,703	24,940	22,167	21,814
Represented By					
Share Capital	482	482	482	482	482
Reserves & Surplus	32,839	33,222	24,458	21,685	21,332
Pre Tax Profits	-145	13,145	3,299	(32)	2,303
Dividend paid on equity shares	-	-	-	72	241
% of dividend paid on equity shares	100%	75%	0%	15%	50%

Standalone Balance Sheet as at 31st March, 2023

(All amounts in lakhs, unless other stated)

(Rs. in Lakhs)

PARTICULARS	Note No.	31st March 2023	31st March 2022
ASSETS			
A. Non-Current Assets			
(a) Property, Plant & Equipment	3	**32,756.22**	30,025.52
(b) Capital Work-in-progress	3A	**309.90**	439.50
(c) Investment property	3	**270.29**	276.33
(d) Other Intangible assets	3	**52.01**	28.89
(e) Financial Assets			
(i) Investments	4	**198.07**	225.78
(f) Other Non-Current Assets	5	**3,877.14**	1,714.85
Total Non-Current Assets (A)		**37,463.62**	32,710.87
B. Current Assets			
(a) Inventories	6	**52,161.97**	44,653.80
(b) Financial Assets			
(i) Investments	7	**2.15**	24.04
(ii) Trade Receivables	8	**20,570.21**	30,290.03
(iii) Cash and Cash Equivalents	9	**345.14**	562.97
(iv) Bank Balance Other than (iii) above	10	**1,769.26**	1,362.84
(v) Others Financial Assets	11	**2,379.28**	3,482.45
(c) Other current Assets	12	**12,089.03**	12,959.93
Total Current Assets (B)		**89,317.03**	93,336.06
Total Assets (A+B)		**126,780.65**	126,046.94
EQUITY AND LIABILITIES			
C. EQUITY			
(a) Equity Share Capital	13	**481.64**	481.64
(b) Other Equity	14	**32,839.20**	33,221.84
Total Equity (C)		**33,320.85**	33,703.48
LIABILITIES			
D. Non-Current Liabilities			
(a) Provisions	15	**130.14**	87.66
(b) Deferred Tax Liabilities (Net)	16	**1,237.30**	940.81
Total Non-Current Liabilities (D)		**1,367.43**	1,028.47
E. Current Liabilities			
(a) Financial Liabilities			
(i) Borrowing	17	**66,226.62**	61,625.93
(ii) Trade Payables	18		
(a) Total outstanding dues of micro enterprises and small enterprises; and		**2,214.36**	812.36
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		**14,733.80**	17,240.85
(iii) Other financial liabilities	19	**7,197.22**	8,518.77
(b) Other current liabilities	20	**1,599.58**	1,940.60
(c) Provisions	21	**120.79**	95.02
(d) Current Tax Liabilites (Net)	22	**-**	1,081.45
Total Current Liabilities (E)		**92,092.37**	91,314.99
F. Total Liabilities (D+E)		**93,459.80**	92,343.46
Total Equity and Liabilities (C+F)		**126,780.65**	126,046.94

Note No. 3 to 46 form an integral part of this Financial Statements

Valli M Ramaswami
Chairperson & Whole Time Director

M E Manivannan
Whole Time Director

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

A Velliangiri
Chief Executive Officer

K Ganapathi
Chief Financial Officer

P Mahadevan
Company Secretary & Compliance Officer

N.Sri Krishna
Partner
M. No: 026575

Place : Chennai
Date : 29th May 2023

Standalone Statement of Profit and Loss for the year ended 31st March, 2023

(All amounts in lakhs, unless other stated)

(Rs. in Lakhs)

	PARTICULARS	Note No.	31st March 2023	31st March 2022
I.	Revenue from Operations	23	**140,289.39**	176,286.81
II.	Other Income	24	**3,667.59**	891.61
III.	**Total Income (I +II)**		**143,956.98**	177,178.42
IV.	Expenses:			
	Cost of materials consumed	25	**94,061.84**	113,131.26
	Purchase of Stock-in-Trade	26	**1,856.73**	3,679.13
	Changes in Inventories of	27		
	Finished Goods		**(6,658.06)**	(5,840.71)
	Work-in-progress		**(150.58)**	(3,209.83)
	Employee Benefits Expense	28	**17,651.48**	16,371.40
	Finance costs	29	**3,179.45**	2,962.60
	Depreciation and amortization expense	3	**3,657.51**	3,703.89
	Other expenses	30	**30,503.25**	33,235.70
	Total Expenses		**144,101.62**	164,033.44
V.	Profit / (Loss) before exceptional items and tax - (III - IV)		**(144.64)**	13,144.98
VI.	Exceptional Items		**-**	-
VII.	Profit / (Loss) before tax (V - VI)		**(144.64)**	13,144.98
VIII.	Tax expense:	31(a)		
	(1) Current tax		**-**	4,119.00
	(2) Deferred tax		**(26.13)**	(143.10)
	(3) Income Tax relating to Previous Year		**(241.70)**	42.74
IX.	**Profit/(Loss) for the period after tax (VII + VIII)**		**123.19**	9,126.34
X.	**Other Comprehensive Income**			
	(a) Items that will not be reclassified to Profit or Loss	32	**(44.61)**	(2.37)
	(b) Income tax relating to items that will not be reclassified to Profit or Loss	31(b)	**20.44**	0.90
X.	**Other Comprehensive Income for the year (a)+(b)**		**(24.17)**	(1.47)
XI.	**Total Comprehensive Income for the Period (IX+X)**		**99.01**	9,124.87
XII.	Earning per equity share of Rs.10/- :			
	(1) Basic		**2.56**	189.48
	(2) Diluted		**2.56**	189.48

Note No. 3 to 46 form an integral part of this Financial Statements

Valli M Ramaswami
Chairperson & Whole Time Director

M E Manivannan
Whole Time Director

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

A Velliangiri
Chief Executive Officer

K Ganapathi
Chief Financial Officer

P Mahadevan
Company Secretary & Compliance Officer

N.Sri Krishna
Partner
M. No: 026575

Place : Chennai
Date : 29th May 2023

Standalone Statement of Changes In Equity

(All amounts in lakhs, unless other stated)

A) EQUITY SHARE CAPITAL

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

For the year ended 31st March 2022				(₹ in Lakhs)
Balance as at 01st April 2021	Changes in Equity share capital due to prior period errors	Restated Balance at the beginning of financial year	Changes in Equity share capital during the year	Balance as at 31st March 2022
481.64	-	481.64	-	481.64

B) EQUITY SHARE CAPITAL

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

Particulars	**Reserves & Surplus**					**Equity Instru-ments through OCI**	**Total**
	Capital Reserve	**General Reserve**	**Amalga-mation Reserve**	**Retained Earnings**	**Remeasure-ment of Defined benefit plans**		
Balance as at 01.04.2022	24.19	8,475.06	242.52	24,217.46	240.27	22.33	33,221.84
Total Comprehensive Income/ (Loss) for the Current Year	-	-	-	123.19	-20.67	-3.50	99.01
Less: Dividend	-	-	-	481.64	-	-	481.64
Balance as at 31.03.2023	**24.19**	**8,475.06**	**242.52**	**23,859.00**	**219.60**	**18.83**	**32,839.20**

Statement of Changes in Other Equity (2021-22)							
Particulars	**Reserves & Surplus**					**Equity Instruments through OCI**	**Total**
	Capital Reserve	**General Reserve**	**Amalga-mation Reserve**	**Retained Earnings**	**Remeasure-ment of Defined benefit plans**		
Balance as at 01-04-2021	24.19	8,475.06	242.52	15,452.36	239.12	24.95	24,458.20
Total Comprehensive Income/ (Loss) for the Current Year	-	-	-	9,126.34	1.15	-2.62	9,124.87
Less: Dividend	-	-	-	361.23	-	-	361.23
Balance as at 31.03.2022	**24.19**	**8,475.06**	**242.52**	**24,217.46**	**240.27**	**22.33**	**33,221.84**

Note No. 3 to 46 form an integral part of this Financial Statements

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Whole Time Director

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Chief Executive Officer

K Ganapathi
Chief Financial Officer

P Mahadevan
Company Secretary & Compliance Officer

N.Sri Krishna
Partner
M. No: 026575

Place : Chennai
Date : 29th May 2023

Standalone Cash Flow Statement for the year ended 31st March, 2023

(All amounts in lakhs, unless other stated)

(Rs. in Lakhs)

PARTICULARS	**31st March 2023**	31st March 2022
CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAX	**(144.64)**	13,144.98
Adjustments for		
Depreciation	**3,657.51**	3,703.89
Interest paid	**3,179.45**	2,962.60
Interest received	**(135.88)**	(180.54)
Dividend received on Investments - Others	**45.84**	164.90
Bad Debts & Provision for Bad debts Written back	**-**	102.57
Impairment on Assets	**22.37**	-
(Profit)/Loss on disposal of Fixed Assets	**16.38**	(53.31)
Net unrealised foreign exchange (gain) / loss	**(299.86)**	-
OPERATING PROFIT BEFORE WORKING CAPITAL	**6,341.17**	19,845.09
Adjustments for Changes In Working Capital		
Adjustment for (Increase)/Decrease in Operating Assets		
Inventories	**(7,508.17)**	(18,809.78)
Trade Receivables	**9,884.93**	(8,046.25)
Other Financial Assets	**1,103.17**	(1,482.79)
Other Current Assets	**870.91**	(3,214.17)
Other Non-Current Assets	**(502.32)**	(562.63)
Amount deposited as Margin Money	**(406.42)**	1,439.83
Adjustment for Increase/ (Decrease) in Operating Liabilities		
Trade Payables	**(1,077.52)**	(5,973.05)
Other Financial Liabilities	**(1,321.55)**	271.33
Other Current Liabilities	**(513.37)**	(361.97)
Long & Short term Provisions	**28.98**	(48.75)
Other Non-Current Liabilities	**343.05**	1,494.40
CASH FLOW FROM OPERATING ACTIVITIES	**7,242.86**	(15,448.74)
Income Tax (Paid)/Refund	**(667.40)**	(1,778.00)
NET CASH FLOW (A)	**6,575.45**	(17,226.74)

Standalone Cash Flow Statement for the year ended 31st March, 2023

(All amounts in lakhs, unless other stated)

(Rs. in Lakhs)

PARTICULARS	31st March 2023	31st March 2022
CASH FLOW FROM INVESTING ACTIVITIES		
Payments for Assets acquisition	**(7,978.23)**	(3,203.28)
Proceeds on Sale of Fixed Assets	**26.20**	75.49
Sale/(Purchase) of Investments	**21.89**	0.00
Dividend receipts	**135.88**	180.54
NET CASH FLOW (B)	**(7,794.26)**	(2,947.25)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	**(3,179.45)**	(2,962.60)
Proceeds / (Repayment) of Long Term Borrowings	**-**	(5,297.84)
Proceeds / (Repayment) of Short Term Borrowings	**4,662.07**	28,972.21
Dividend paid	**(481.64)**	(361.23)
NET CASH FLOW (C)	**1,000.98**	20,350.53
NET CASH INFLOW / (OUTFLOW) (A+B+C)	**(217.83)**	176.54
OPENING CASH AND CASH EQUIVALENTS (D)	**562.97**	386.43
CLOSING CASH AND CASH EQUIVALENTS (E)	**345.14**	562.97
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (E-D)	**(217.83)**	176.54

Note No. 3 to 46 form an integral part of this Financial Statements

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Whole Time Director

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Chief Executive Officer

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Company Secretary & Compliance Officer

N.Sri Krishna
Partner
M. No: 026575

Place : Chennai
Date : 29th May 2023

(All amounts in lakhs, unless other stated)

1 General Information:

Loyal Textiles Mills Limited ("the Company") is a listed company incorporated on 1956 in the state of Tamilnadu, India. The Company is engaged in manufacturing of yarn, woven fabric, knitted fabric and technical clothing. The Company has manufacturing plants at Kovilpatti, Sattur, Cuddalore, Sivagangai in Tamilnadu, Khammam in Telangana, and Nellore in Andhra Pradesh.

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

2 Significant Accounting Policies:

(a) Statement of Compliance:

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

(b) Basis for Preparation and Presentation:

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(c) Significant accounting judgements, estimates and assumptions

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

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

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

a. Useful lives of property, plant and equipment

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

b. Provision for doubtful receivables

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

c. Estimation of net realisable value of inventories

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

d. Provision for employee benefits

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

e. Provision for taxes

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

e. Fair value for Investment Property

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

(d) Revenue Recognition:

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

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

1. Sale of Goods

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

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

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

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

2. Sale of Services

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

3. Dividend and Interest Income

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

Interest income from financial asset is recognized when it is probable that the economic benefit will flow to the company and the amount of income can be measured reliably. Interest income is accrued on time basis by reference to principal outstanding using the effective interest rate method (EIR), which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition

4. Other Income

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

Incentives receivable from Government is accounted on certainty of receipt.

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

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

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

Cash Flow Statement

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

(f) Inventories:

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

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

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

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

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

In case of by-products at estimated realizable value

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

(g) Property, Plant And Equipment:

Recognition and measurement

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

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

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

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

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

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

Depreciation

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

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

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

Buildings - 30 years

Plant and Equipment - 8 years

Furniture and Fixtures - 8 years

Vehicles - 8 years

Office Equipment - 5 years

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

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

Other Prospects

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

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

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

Capital Work-in-Progress

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

(h) Intangible Assets:

Recognition

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

Useful Life:

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

Derecognition

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

(i) Investment Property

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

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

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

Though the Company measures investment properties using the cost-based measurement, the fair value of investment property is disclosed in the notes. The fair Value of the Investment property as disclosed in the Financial statements is the best judgement of the Management with available information. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss in the period in which the property is derecognised.

(j) Borrowing Cost

Definition:

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

Recognition:

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

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

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

Cessation of Borrowing Cost

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

(k) Leases

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

Company as a lessee

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

i) Right-of-use assets

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

- Plant and machinery
- Buildings
- Land

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

ii) Lease liabilities

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

Company as a lessor

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

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

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

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

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

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

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

(m) Financial Instruments

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

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

(i) Financial assets

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

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

Classification of financial assets

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

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

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

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

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

All other financial assets are subsequently measured at fair value.

Effective interest method

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

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

Investments in equity instruments at FVTOCI

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

A financial asset is held for trading if:

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

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

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

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

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

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

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

Impairment of financial assets

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

De-recognition of financial assets

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

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

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

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

(ii) Financial liabilities

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

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

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

A financial liability is classified as held for trading if:

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

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

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

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

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

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

Financial liabilities subsequently measured at amortised cost

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

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

Derecognition of financial liabilities

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

(n) Derivative financial instruments

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

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

(o) Government Grants, Subsidies And Export Incentives

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

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

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

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

(p) Foreign Currency Transactions and Translation

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

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

(q) Employee Benefits:

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

Short term employee benefit obligations:

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

Defined contribution plan Provident Fund & Employee State Insurance

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

Defined benefit plan

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

Gratuity Fund:

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

(r) Segment Reporting:

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

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

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

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

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

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

(s) Earnings Per Share:

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

(t) Income Taxes:

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

Current tax

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

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

Deferred tax

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

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

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

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

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

Recognition

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

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

Provisions:

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

Contingent Liabilities:

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

Contingent Assets:

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

(v) Non-Current Asset held for Sale

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

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

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

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

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

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

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

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

Particulars	Property, Plant & Equipment							Total PPE	Intangible Assets	Investment Property
	Land**	Building	Plant and Equipment	Furniture and Fittings	Electrical Fittings	Vehicles	Office Equipment			
As at 31st March 2021	**1,406.97**	**12,075.77**	**42,474.47**	**320.79**	**1,388.96**	**122.14**	**262.92**	**58,052.01**	**156.58**	**310.94**
Additions	200.64	143.77	1,751.61	23.42	87.91	45.38	100.41	2,353.14	3.29	-
Disposals/Adjustments	-	-	(3,527.06)	-	-	-	-	(3,527.06)	-	-
As at 31st March 2022	**1,607.61**	**12,219.54**	**40,699.02**	**344.21**	**1,476.87**	**167.52**	**363.33**	**56,878.09**	**159.87**	**310.94**
Additions	-	917.91	5,218.23	77.67	355.00	44.63	104.10	6,717.53	36.23	-
Disposals	-	-	(159.10)	-	(0.06)	-	(6.28)	(165.44)	-	-
Adjustments#	(200.64)	-	-	-	-	-	-	(200.64)	-	-
As at 31st March 2023	**1,406.97**	**13,137.45**	**45,758.16**	**421.88**	**1,831.82**	**212.15**	**461.14**	**63,229.55**	**196.10**	**310.94**
Depreciation/Amortisation										
As at 31st March 2021	**-**	**2,345.37**	**22,706.10**	**148.09**	**981.86**	**2.40**	**176.21**	**26,360.04**	**108.70**	**28.57**
Charge for the year 2021-22	1.67	504.75	2,965.21	29.57	102.71	29.29	44.04	3,677.24	22.27	6.03
Disposals/Adjustments	-	-	(3,184.70)	-	-	-	-	(3,184.70)	-	-
As at 31st March 2022	**1.67**	**2,850.12**	**22,486.61**	**177.66**	**1,084.56**	**31.68**	**220.25**	**26,852.58**	**130.97**	**34.60**
Charge for the year 2022-23	1.67	430.28	2,986.57	34.91	88.42	30.60	65.88	3,638.34	13.12	6.04
Disposals/Adjustments	-	-	(14.69)	-	(0.00)	-	(2.90)	(17.59)	-	-
As at 31st March 2023	**3.34**	**3,280.40**	**25,458.49**	**212.58**	**1,172.99**	**62.29**	**283.24**	**30,473.33**	**144.09**	**40.65**
Net Block										
As at 31st March 2022	1,605.94	9,369.42	18,212.40	166.55	392.31	135.84	143.07	30,025.52	28.89	276.33
As at 31st March 2023	1,403.63	9,857.05	20,299.65	209.30	658.83	149.86	177.90	32,756.22	52.01	270.29

Notes on property, plant and equipment

** Includes Rs.155.22 lacs of Land on "right of use basis" which is depreciated over the useful life of lease term

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

1. The title deeds of all immovable properties are held in the name of the Company. Where immovable properties are acquired by the Company consequent to acquisition / merger of companies, the title to the immovable properties of the transferror companies shall be deemed to have been mutated in the name of the company as per the scheme of amalgamation approved by National Company Law Tribunal / court

2. Fair value disclosure of investment property as required under Ind AS 40: The fair value of the Investment property as on 31.03.2023 amounting to Rs. 1,942 lacs is management estimate based on the available market information and the same is not valued by a registered valuer.

(All amounts in lakhs, unless other stated)

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

Particulars	31'st March 2023	31st March 2022
Balance at the beginning of the period	**439.51**	200.64
Additions during the year	**6,624.15**	2,595.30
Capitalisation during the year	**6,753.77**	2,356.43
Balance at the end of the period	**309.90**	439.51

Additional regulatory Information required under Schedule III of Companies Act 2013

1. Capital Work in Progress (CWIP) ageing schedule **(Rs. in Lakhs)**

CWIP	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 years	More than 3 Years	
As at 31.03.2023	**300.88**	**9.02**	**-**	**-**	**309.90**
As at 31.03.2022	439.50	-	-	-	439.50

2. There are no overdue or cost overrun projects compared to its original plan and no projects which are temporarily suspended, on the above mentioned reporting dates

(All amounts in lakhs, unless other stated)

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

S. No	Particulars	31st March 2023		31st March 2022	
I	**Investments in Equity Instruments carried at cost as per Ind AS 27**				
	Unquoted Investments				
	Wholly Owned Subsidiary				
1	Loyal International Sourcing Pvt Ltd (Subsidiary 100%)	**2.00**	**-**	2.00	2.00
	20,000 Equity shares of Rs. 10/- each fully paid up.				
	Provision for Impairment*	**(2.00)**		NIL	
	Joint Ventues				
1	Gruppo P&P Loyal spa (Joint Venture 47.5%)		**149.30**		149.30
	3,325 Equity shares of Euro 85 each fully paid up.				
2	Loyal Dimco Group A.E.B.E.(Joint venture 50%)	**18.39**	**-**	18.39	18.39
	50,000 Equity shares				
	Provision for Impairment*	**(18.39)**		NIL	
3	Loyal Textiles (UK) Ltd (49%)	**0.00**	**-**	0.00	0.00
	2,450 Equity shares				
	Provision for Impairment*	**(0.00)**		NIL	
4	Loyal IRV Textile LDA, Portugal (Joint Venture 51%)	**1.99**	**-**	1.99	1.99
	2,250 Equity shares of Euro 1 each fully paid up.				
	Provision for Impairment*	**(1.99)**		NIL	
			149.30		171.67
II	**Investments in Equity Instruments carried at FVTOCI**				
	A) Quoted				
1	Central Bank of India		**0.35**		0.27
	1,469 Equity shares of Rs. 10/- each fully paid up.				
2	Amrutanjan Health Care Ltd		**5.75**		7.94
	1,000 Equity shares of Rs. 1/- each fully paid up.				
3	Matrimony.com Ltd		**10.90**		14.13
	2,120 Equity shares of Rs. 5/- each fully paid up.				

(All amounts in lakhs, unless other stated)

S. No	Particulars	31st March 2023	31st March 2022
	B) Unquoted		
1	Dhanvantari Nano Ayushadi Private Limited	**2.50**	2.50
	25,000 Equity shares of Rs. 5/- each fully paid up.		
2	Cuddalore Sipcot Industries Common Utilities Limited	**4.67**	4.67
	4,665 Equity shares of Rs. 100/- each fully paid up.		
3	SIMA Textile Processing Centre Ltd	**2.00**	2.00
	20,000 Equity shares of Rs. 10/- each fully paid up.		
4	Dhanvantari Nano Ayushadi Private Limited	**22.50**	22.50
	2,25,000 Compulsorily Convertible Debentures of Rs. 5/- each		
		48.67	54.01
III	**Investments carried at Amortised Cost**		
1	Investment in Government or trust securities	**0.10**	0.10
		0.10	0.10
	Total Non-Current Investments	**198.07**	225.78
	Aggregate value of:		
	Quoted Investments	**17.00**	22.34
	Unquoted Investments	**203.44**	203.44
	Less : Provision for Impairment on Investments carried at Cost	**22.37**	-
	Investments Net of Impairment	**198.07**	225.78

*The companies mentioned in below table are not operational and the company has also made an application with the AD Banker during the current year for closure of the three foreign join venture companies. Accordingly, the carrying value of these investments has been impaired during the year.

Investments in subsidiary and joint venture which are inoperative:

Name of the Companies	Book Value
Foreign Companies (JV)	
Loyal Dimco Group A.E.B.E.(Joint venture 50%)	**18.39**
Loyal Textiles (UK) Ltd (49%)	**0.00**
Loyal IRV Textile LDA, Portugal (Joint Venture 51%)	**1.99**
Domestic Company (Subsidiary)	**20.37**
Loyal International Sourcing Private Ltd	**2.00**
Total Impairment for Inoperational foreign JV's and Subsidiary	**22.37**

Particulars	31st March 2023	31st March 2022
Note No. 5. OTHER NON-CURRENT ASSET		
Capital Advances	**2,332.00**	672.04
Prepaid Expenses	**12.48**	-
Electricity Deposits	**1,339.44**	1,042.82
Advance Tax (Net of Provision for Tax)	**193.22**	-
Total Other Non-Current Asset	**3,877.14**	1,714.85
Note No. 6. INVENTORIES		
Inventories (Lower of Cost and Net Realizable Value)		
(a) Raw Materials	**20,984.92**	20,556.10
(b) Work-in-progress	**10,808.31**	10,657.73
(c) Finished Goods	**18,401.09**	11,743.03
(d) Stores, spares and Packing Materials	**1,967.65**	1,696.94
Total Inventories	**52,161.97**	44,653.80
Provision made during the year against carrying value of Inventories arising on account of lower of cost or NRV is Rs. 958.28 lacs (2021-22 - Rs. 183.56 lacs)		
Note No. 7. CURRENT INVESTMENTS		
Investments in Equity Instruments carried at FVTOCI		
Unquoted Investments		
Saheli Exports Private Limited	**2.15**	2.15
4300 Equity shares of Rs. 10/- each fully paid up.		
Continuum Wind Energy Pvt Ltd	**-**	21.89
2,18,927 Equity shares of Rs. 10/- each fully paid up.		
Total Current Investments	**2.15**	24.04
Note No.8. TRADE RECEIVABLES		
(i) Trade Receivables - Unsecured, Considered Good	20,570.21	30,290.03
(ii) Trade Receivables which have significant increase in credit risk	129.09	160.14
	20,699.30	**30,450.17**
Less: Allowance for Doubtful Trade Receivables	(129.09)	(160.14)
Total Trade Receivables	**20,570.21**	**30,290.03**
Ageing of Receivables		
a) Undisputed Trade receivables – considered good		
Less than 6 months	**20,180.54**	28,908.12
6 months to 1 year	**331.32**	949.70
1 to 2 years	**37.64**	402.54
2 to 3 years	**14.01**	23.88
More than 3 years	**6.70**	5.79

(All amounts in lakhs, unless other stated)

Particulars	31st March 2023	31st March 2022
(b) Undisputed Trade Receivables – which have significant increase in credit risk		
Less than 6 months	**-**	-
6 months to 1 year	**-**	108.08
1 to 2 years	**-**	13.59
2 to 3 years	**-**	13.35
More than 3 years	**21.01**	25.12
(c) Disputed Trade Receivables – which have significant increase in credit risk		
Less than 6 months	**-**	-
6 months to 1 year	**-**	-
1 to 2 years	**108.08**	-
2 to 3 years	**-**	-
More than 3 years	**-**	-
Note No.9. CASH AND CASH EQUIVALENTS		
Balance with banks		
(i) In current accounts	**338.35**	558.42
(ii) In EEFC accounts	**1.37**	2.82
Cash on hand	**5.42**	1.73
Total Cash & Cash Equivalents	**345.14**	562.97
Note No.10. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Unpaid Dividend Bank account	**44.59**	54.69
Bank balances held as margin money	**1,724.67**	1,308.14
Total Bank Balances	**1,769.26**	1,362.84
Note No. 11. OTHER FINANCIAL ASSETS		
a) Govt Grants and subsidies receivable from Govt.	**1,451.83**	2,331.81
b) Interest Accured on Marginal Money Deposits	**31.67**	-
c) Security Deposits	**556.30**	552.77
d) Income Tax Refund Receivable	**173.86**	173.86
e) Other Receivable	**165.61**	217.54
f) Insurance Receivable	**-**	206.47
Total Other Financial Assets	**2,379.28**	3,482.45
Note No. 12. OTHER CURRENT ASSETS		
a) GST Refund / GST ITC Receivable	**6,359.33**	5,609.58
b) Advances to Suppliers	**4,600.93**	6,845.02
c) Prepaid Expenses	**1,128.76**	505.33
Total Other Current Assets	**12,089.03**	12,959.93

(All amounts in lakhs, unless other stated)

Particulars	31st March 2023	31st March 2022
Note No.13 (a) Authorised, Issued, Subscribed, Paid-up share capital and par value per share		
Authorised Share Capital		
90,00,000 Equity Shares of Rs.10/- each	**900.00**	900.00
6,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each	**600.00**	600.00
Issued & Subscribed Share Capital		
48,16,446 Equity Shares of Rs.10/- each fully paid - up	**481.64**	481.64
Paid-up Share Capital		
48,16,446 Equity Shares of Rs.10/- each fully paid - up	**481.64**	481.64
	481.64	481.64

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

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

Note No. 13 (c) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year		
Number of shares outstanding as at the beginning of the year	**4,816,446**	4,816,446
Issue of equity shares during the year	**-**	-
Number of shares outstanding as at the end of the year	**4,816,446**	4,816,446

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

S. No.	Promoter Name	**Shareholding as on 31.03.2023**		Shareholding as on 31.03.2022	
		No. of Shares	**% of total shares**	No. of Shares	% of total shares
1	Madurai Tara Traders Pvt Ltd	**776,887**	**16.13**	776,887	16.13
2	Felspar Credit and Investment Pvt Ltd	**661,126**	**13.73**	661,126	13.73
3	Dhanalakshmi Properties Pvt Ltd	**629,343**	**13.07**	629,343	13.07
4	Kurunji Properties Pvt Ltd	**346,887**	**7.20**	346,887	7.20
5	Chinthamani Cotton Trading Pvt Ltd	**280,270**	**5.82**	280,270	5.82

(All amounts in lakhs, unless other stated)

Note No.13 (e) Shareholding of Promoters

S. No.	Promoter Name	Shareholding as on 31.03.2023			Shareholding as on 31.03.2022		
		No. of Shares	% of total shares	% change during the year	No. of Shares	% of total shares	% change during the year
1	Mr. Manikam Ramaswami (Deceased)	-	-	100%	109,315	2.27	-
2	Mrs. Valli M Ramaswami	195,463	4.06	127%	86,148	1.79	-
3	Ms. Vishala Ramaswami	550	0.01	-	550	0.01	-
4	Mr. M Ramakrishnan	2	0.00	-	2	0.00	-
5	Mr. P Manivannan	2	0.00	-	2	0.00	-
6	M/s. Madurai Tara Traders Private Ltd.	776,887	16.13	-	776,887	16.13	-
7	M/s. Felspar Credit and Investments Private Ltd.	661,126	13.73	-	661,126	13.73	-
8	M/s. Dhanalakshmi Properties Pvt Ltd	629,343	13.07	-	629,343	13.07	-
9	M/s. Kurunji Properties Pvt Ltd	346,887	7.20	-	346,887	7.20	-
10	M/s. Chinthamani Cotton Trading Pvt Ltd	280,270	5.82	-	280,270	5.82	-
11	M/s. Nemesis Cotton Trading Company Private Ltd.	136,086	2.83	-	136,086	2.83	-
12	M/s. Rhea Cotton Traders Private Ltd.	116,660	2.42	-	116,660	2.42	-
13	M/s. Nike Cotton Traders Private Ltd.	115,000	2.39	-	115,000	2.39	-
14	M/s.Hellen Cotton Trading Company Private Ltd.	71,950	1.49	-	71,950	1.49	-
15	M/s. Valli Agri Industries Private Ltd.	55,620	1.15	-	55,620	1.15	-
16	M/s. Valli Yarn Processors Private Ltd.	53,496	1.11	-	53,496	1.11	-
17	M/s. Vishala Apparels Private Ltd.	30,625	0.64	-	30,625	0.64	-
18	M/s. Vishala Knitwear Private Ltd.	29,375	0.61	-	29,375	0.61	-
19	M/s. Sri Manikavasagam Trades and Finance Private Ltd.	22,501	0.47	-	22,501	0.47	-
20	M/s. Emmar Trades and Finance Private Ltd.	18,002	0.37	-	18,002	0.37	-
	Total	3,539,845	73.49		3,539,845	73.49	

(All amounts in lakhs, unless other stated)

Particulars	31st March 2023	31st March 2022
Note No.14. OTHER EQUITY		
(a) Capital Reserves		
Opening Balance	**24.19**	24.19
Additions during the year	**-**	-
Deductions during the year	**-**	-
Closing Balance	**24.19**	24.19
(b) Amalgamation Reserve		
Opening Balance	**242.52**	242.52
Additions during the year	**-**	-
Deductions during the year	**-**	-
Closing Balance	**242.52**	242.52
(c) General Reserve		
Opening Balance	**8,475.06**	8,475.06
Transfer from Surplus	**-**	-
Deductions during the year	**-**	-
Closing Balance	**8,475.06**	8,475.06
(d) Retained Earnings		
Opening Balance	**24,217.46**	15,452.36
Add:		
Profit for the period as per statement of profit & loss account	**123.19**	9,126.34
Less:		
Final dividend (PY @ 100% - Rs. 10/- per share)	**481.64**	361.23
Closing Balance	**23,859.00**	24,217.46
(e) Other Comprehensive Income Reserve		
Opening Balance		
Remeasurement of Defined benefit plans	**240.27**	239.12
Equity Instruments through OCI	**22.33**	24.95
Total Opening Balance	**262.60**	264.07
Other Comprehensive Income for the year		
Items that will not be reclassified to Profit and Loss		
-Actuarial Gain / (Loss) on Defined Benefit Plan	**(20.67)**	1.15
-Gain /(Loss) on Equity Instruments through OCI	**(3.50)**	(2.62)
Total of Items that will not be reclassified to Profit and Loss	**(24.17)**	(1.47)
Closing Balance		
Remeasurement of Defined benefit plans	**219.60**	240.27
Equity Instruments through OCI	**18.83**	22.33
Total Closing Balance	**238.43**	262.60
Total Other Equity (a)+(b)+(c)+(d)+(e)	**32,839.20**	33,221.84

(All amounts in lakhs, unless other stated)

Particulars	31st March 2023	31st March 2022
Note No.15. NON - CURRENT PROVISION		
Employee Benefits		
Provision for Post Employment Benefits - Gratuity (refer note no.36)	**130.14**	87.66
Total Non-Current Provision	**130.14**	87.66
Note No.16. DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Net (Refer Note 41)		
Deferred Tax Liabilities:		
a) Tax Effects on Items Constituting Liabilities	**2,755.10**	2,361.91
Property, Plant & Equipment		
(Difference between book balance and tax balance)		
Deferred Tax Assets:		
- On account of timing differences under Income tax	**(1,236.02)**	(796.27)
MAT credit Entitlement	**(281.79)**	(624.83)
Total Deferred Tax Liabilities (Net)	**1,237.30**	940.81
Note No.17 BORROWINGS		
Loans Repayable On Demand		
From Banks (secured) at amortised cost*		
- Packing Credit	**28,538.38**	24,067.16
- Cash Credit	**7,135.05**	5,189.95
- Working Capital Loan	**1,157.13**	-
- LC Discounted with Banks	**27,918.49**	19,515.24
- Bills Discounted with Banks	**1,477.57**	12,853.59
Total Current Borrowings	**66,226.62**	61,625.93
Refer Note No.40 for details of security created against Current borrowings		
Note No.18. TRADE PAYABLES		
- Outstanding dues to creditor - other than Micro and Small Enterprises	**14,697.65**	17,201.23
- Oustanding dues to creditor - Micro and Small Enterprises	**2,214.36**	812.36
- Dues to related parties	**36.15**	39.62
Total Trade Payables	**16,948.16**	18,053.21
Ageing of Trade payables:		
(i) MSME:		
Less than 1 year	**2,214.36**	812.36
1-2 years	**-**	-
2-3 years	**-**	-
More than 3 years	**-**	-
	2,214.36	812.36

(All amounts in lakhs, unless other stated)

Particulars	31st March 2023	31st March 2022
(ii) Others:		
Less than 1 year	**14,626.82**	17,085.63
1-2 years	**-**	155.22
2-3 years	**106.98**	-
More than 3 years	**-**	-
Total Trade Payables	**14,733.80**	17,240.85

Note No.19. OTHER FINANCIAL LIABILITIES

Electricity Charges Payable	**3,674.77**	3,051.86
Salary & Wages Payable	**1,282.60**	1,590.02
Bonus and Leave Salary Payable	**1,006.75**	1,173.63
Expenses Payable	**957.83**	2,586.06
Interest accured but not due	**156.47**	117.21
Interest payable to MSME vendors	**118.80**	-
Total Other Financial Liabilities	**7,197.22**	8,518.77

Note No.20. OTHER CURRENT LIABILITIES

Statutory Payables	**940.23**	828.49
Advances from customers	**478.87**	918.75
Security Deposit	**180.48**	193.37
Total Other Current Liabilities	**1,599.58**	1,940.60

Note No.21. SHORT-TERM PROVISIONS

Employee benefits		
Provision for Post Employment Benefits - Gratuity (refer note no.36)	**120.79**	95.02
Total Short Term Provisions	**120.79**	95.02

Note No.22. CURRENT TAX - LIABILITIES (NET)

Provision for Income Tax (Net of Advance Tax)	**-**	1,081.45
Total Current Tax Liabilities	**-**	1,081.45

Particulars	31st March 2023	31st March 2022
Note No.23. REVENUE FROM OPERATIONS		
Sale of Products	**132,862.43**	167,737.55
Sale of Services	**1,074.50**	730.27
Other operating Revenues		
- Duty Drawback/RODTEP/ROSTCL	**2,523.19**	4,650.37
- Waste and Scrap Sales	**3,829.27**	3,168.62
Total Revenue from Operations	**140,289.39**	176,286.81
Note No.24. OTHER INCOME		
Interest Income	**138.86**	51.56
Dividend Income	**135.88**	180.54
Other Non operating income		
a) Insurance Claim Received*	**1,720.49**	55.73
b) Net Foreign Exchange Gain/(Losses)	**889.28**	474.12
c) Rental Income	**40.08**	39.09
d) Profit on Sale of Assets	**-**	53.31
e) Miscellaneous Income	**743.01**	37.26
Total Other Income	**3,667.59**	891.61

*** Note on Insurance Claim Received**

A fire accident took place at Shri Visala Textile Mills [SVTM] weaving unit at Naidupeta, Andhra Pradesh on 7th March 2022. Total claim made with insurance company for replacement value of the assets damaged was Rs. 49.76 crores against which an adhoc amount of Rs. 13.75 crores was received in March'23.

Further, Insurance Claim of Rs. 50 lacs has been received against looms affected due to fire accident in LTM Weaving Division in Apr'22 and Rs. 2.82 crores against claim made in relation to damage to windmill due to fire accident.

Particulars	31st March 2023	31st March 2022
Note No.25. COST OF MATERIALS CONSUMED		
i) Cotton, Staple Fibre and Cotton waste	**64,065.22**	54,764.58
ii) Yarn	**22,389.98**	53,635.41
iii) Fabric	**6,495.03**	3,895.72
iv) Dyes	**561.83**	423.18
v) Reflective band	**549.78**	412.38
Total Cost of Materials Consumed	**94,061.84**	113,131.26
Note No.26. PURCHASE OF STOCK-IN-TRADE		
Yarn	**37.42**	2,163.52
Fabric	**2.24**	-
Others - Packing materials and Cotton	**1,817.07**	1,515.61
Total Purchase of Stock-in-Trade	**1,856.73**	3,679.13

(All amounts in lakhs, unless other stated)

Particulars	31st March 2023	31st March 2022
Note No.27. CHANGES IN INVENTORIES		
Opening Stock		
Process Stock	**10,657.73**	7,447.90
Finished goods	**11,743.03**	5,902.32
Total (A)	**22,400.76**	13,350.22
LESS: Closing Stock		
Process Stock	**10,808.31**	10,657.73
Finished goods	**18,401.09**	11,743.03
Total (B)	**29,209.40**	22,400.76
Changes In Inventories Net (Increase) / Decrease (A-B)		
Process Stock	**(150.58)**	(3,209.83)
Finished goods	**(6,658.06)**	(5,840.71)
Total Changes in Inventories	**(6,808.64)**	(9,050.54)
Note No.28. Employee Benefits / Expenses		
Salaries, Wages and Bonus	**14,000.17**	13,650.29
Unavailed Leave	**209.70**	153.96
Contribution to Provident Fund and other funds	**1,241.78**	965.99
Other Welfare Expenses	**2,199.83**	1,601.17
Total Employee Benefits/Expenses	**17,651.48**	16,371.40
Note No.29. FINANCE COSTS		
Interest Expenses		
- For Term Loan	**-**	211.58
- For Working capital Loan	**2,767.01**	2,073.90
- For Bills Discounting	**223.27**	569.77
Other Borrowing Cost	**189.17**	107.36
Total Finance Costs	**3,179.45**	2,962.60

(All amounts in lakhs, unless other stated)

Particulars	31st March 2023	31st March 2022
Note No.30. OTHER EXPENSES		
Power and Fuel	**9,841.28**	9,888.34
Stores Consumed	**8,639.28**	8,420.59
Freight and forwarding charges	**2,533.26**	5,667.72
Selling Expenses	**1,141.96**	1,755.39
Payment to the Auditors		
As Auditors	**11.22**	9.50
For Certification work	**0.40**	1.29
Conversion Charges	**1,587.52**	1,574.20
Processing Charges	**1,412.51**	842.83
Repairs & Maintanence		
(a) Repairs to Machinery	**1,545.61**	1,515.41
(b) Repairs to Building	**620.87**	398.88
(c) Repairs & Maintenance for Vehicles	**313.01**	330.31
Insurance	**384.95**	308.42
Bad Debts	**45.84**	164.90
Rates and Taxes	**122.68**	112.63
Loss on sale of Assets	**16.38**	102.57
Provision for Impairment of Investments (Refer Note No. 4)	**22.37**	-
Expenditure on CSR Activities	**102.15**	46.16
Rent	**275.43**	183.11
Bank Charges	**875.02**	988.78
Travelling Expenses	**309.28**	149.27
Professional Expenses	**294.69**	243.46
Communication Expenses	**222.21**	211.09
Other Miscellaneous Expenses	**185.34**	320.87
Total Other Expenses	**30,503.25**	33,235.70

(All amounts in lakhs, unless other stated)

Particulars	31st March 2023	31st March 2022
Note No.31 (a). Income Tax Recognised In Profit And Loss Account		
Current Tax		
In respect of current year	**-**	4,119.00
In respect of prior years	**(241.70)**	42.74
Deferred Tax	**-**	-
In respect of current year	**(26.13)**	(143.10)
Total Tax Expenses	**(267.83)**	4,018.64
Note No.31 (b). Income Tax Recognised In Other Comprehensive Income		
Arising on income and expenses recognised in other comprehensive income		
Remeasurement of defined benefit obligation	**18.60**	(0.47)
Net fair value gain/(loss) on investment in equity shares at FVTOCI	**1.84**	1.37
Total income tax recognised in other comprehensive income	**20.44**	0.90
Note No.32. Other Comprehensive Income		
Remeasurement of defined benefit obligation	**(39.27)**	1.62
Net fair value gain/(loss) on investment in equity shares at FVTOCI	**(5.34)**	(3.99)
Total Other Comprehensive Income	**(44.61)**	(2.37)

33) 33.1 Other money for which the Company is contingently liable

The details of dues of Income Tax, Goods and Service tax, Sales Tax, Value Added Tax, cess and other material statutory dues applicable to the Company which have not been deposited as on March 31, 2023 on account of disputes are given below:

Nature of Dues	Forum before which the dispute is pending	Period to which it relates	31st March 2023	31st March 2022
Sales Tax	State Tax Appellate Tribunal, Madurai	2005-2010	**205.70**	205.70
	Appeal with STAT, Kakinada Court for AP CST dispute (13-14)	2018-2019	**434.88**	795.54
VAT	State Tax Appellate Tribunal, Madurai	2006-2015	**648.40**	648.40
	DC Appeal-Tirunelveli *	2007-2014	**-**	227.18
	Revision petition - JC, Tirunelveli *	2006-2012	**-**	54.98
	ADC (Appeals), Chennai *	2007-2013	**-**	86.92
GST	GST Dept	2017-2018	**-**	42.37
Labour Case			**-**	3.13

* Since provided

Nature of Dues	Forum before which the dispute is pending	Assessment Year	31st March 2023	31st March 2022
Income Tax	Pending with IT Department	2015-2022	**594.54**	550.71

33.2 Commitments

Exports obligations under Export Promotion Capital Goods (EPCG) scheme	**963.00**	2,225.25

(All amounts in lakhs, unless other stated)

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

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

Particulars	**31st March 2023**	31st March 2022
(a) The principal amount remaining unpaid to any supplier at the end of each accounting year	**2,214.36**	812.36
(b) The interest payable thereon on (a)	**44.41**	-
(c) The amount of interest paid by the buyer along with the amount of the payment made to the supplier beyond the due date during each accounting year	**-**	-
(d) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	**74.39**	-
(e) The amount of interest accrued and remaining unpaid at the end of each accounting year	**118.80**	-
(f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	**118.80**	-

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

35) Financial Instruments and Risk Management

35.11 Capital management

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

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

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

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

Particulars	**31st March 2023**	31st March 2022
Debt	**66,383.09**	61,743.14
Less: Cash and bank balances	**345.14**	562.97
Net debt	**66,037.95**	61,180.17
Total equity	**33,320.85**	33,703.48
Net debt to equity ratio	**1.98**	1.82

35.2 Financial Instruments by category

Categories of Financial Instruments

Financial assets at FVTOCI		
Investments*	**50.92**	78.15

(All amounts in lakhs, unless other stated)

Particulars	31st March 2023	31st March 2022
Financial assets at Amortised Cost #		
Trade receivables	**20,570.21**	30,290.03
Cash and cash equivalents	**345.14**	562.97
Bank balances other than above	**1,769.26**	1,362.84
Other financial assets	**2,379.28**	3,482.45
Financial liabilities at Amortised Cost #		
Borrowings (short term)	**66,227**	61,626
Trade payables	**16,948**	18,053
Other financial liabilities	**7,197**	8,519

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

* Investment value excludes investment in subsidiay and Joint ventures which are shown at cost in balance sheet as per Ind AS 27 "Separate Financial Statements"

Fair value measurements (Ind AS 113)

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

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

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

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

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

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

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

Unquoted equity investments: Based on Management evaluation carrying cost approximates the Fair Value.

Particulars	31st March 2023	31st March 2022
Financial assets at Fair Value Through Other Comprehensive Income		
Investments in Listed Equity Shares - Level - 1	**17.00**	22.34
Investments in Unlisted Equity Shares - Level - 3	**33.92**	55.81

35.3 Financial Risk Management

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

(All amounts in lakhs, unless other stated)

Risk Exposures and Responses

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

35.3.1 Market Risk

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

(i) Foreign Currency Risk

The company operates internationally and business is transacted in several currencies. The current year export sales of company comprise around 50% of the total sales of the company. Further the company also imports certain assets and material. The exchange rate between the Indian Rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently the company is exposed to foreign currency risks and the results of the company may be affected as the rupee appreciates/ depreciates against foreign currencies. Foreign exchange risk arises from the future probable transactions and recognized assets and liabilities denominated in a currency other than company's functional currency.

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

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

Company's Total Foreign currency exposure

Particulars	Currency	31st March 2023		
		Exchange Rate	Amount in Foreign Currency	Amount
Trade Receivables	EUR	**89.61**	**19.62**	**1,757.93**
	GBP	**101.87**	**0.62**	**63.43**
	USD	**82.22**	**90.73**	**7,459.31**
Trade Payable	CHF	**89.82**	**0.71**	**64.04**
	EUR	**89.61**	**21.77**	**1,950.71**
	GBP	**101.87**	**0.09**	**8.86**
	USD	**82.22**	**21.68**	**1,782.19**
Import LC Outstanding	EUR	**89.61**	**15.45**	**1,384.04**
	USD	**82.22**	**62.71**	**5,155.96**
		31st March 2022		
Trade Receivables	EUR	83.78	32.61	2,731.93
	GBP	100.10	0.73	72.80
	USD	75.82	274.62	20,820.46
Trade Payable	CHF	80.53	2.15	172.90
	EUR	83.47	3.44	287.32
	GBP	100.99	0.09	9.00
	USD	74.24	41.59	3,087.95

(All amounts in lakhs, unless other stated)

Company's Unhedged Foreign currency exposure

Particulars	Currency	31st March 2023		
		Exchange Rate	Amount in Foreign Currency	Amount in (Rs.)
Trade Receivables	EUR	**89.61**	**12.87**	**1,153.08**
	GBP	**101.87**	**0.62**	**63.43**
	USD	**82.22**	**13.11**	**1,077.61**
Trade Payable	CHF	**89.82**	**0.71**	**64.04**
	EUR	**89.61**	**21.77**	**1,950.71**
	GBP	**101.87**	**0.09**	**8.86**
	USD	**82.22**	**21.68**	**1,782.19**
Import LC Outstanding	EUR	**89.61**	**15.45**	**1,384.04**
	USD	**82.22**	**11.74**	**965.05**

Particulars	Currency	31st March 2022		
Trade Receivables	EUR	-	-	-
	GBP	-	-	-
	USD	-	-	-
Trade Payable	CHF	-	-	-
	EUR	-	-	-
	GBP	-	-	-
	USD	-	-	-

Sensitivity

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

Particulars	31st March 2023	31st March 2022
USD Sensitivity		
INR/USD - increases by 5%	**(83.48)**	-
INR/USD - decreases by 5%	**83.48**	-
EURO Sensitivity		
INR/EURO - increases by 5%	**(109.08)**	-
INR/EURO - decreases by 5%	**109.08**	-

(ii) Interest Rate Risk

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

Interest rate exposure

Particulars	**31st March 2023**	31st March 2022
Current Borrowings	**66,226.62**	61,625.93

Sensitivity analysis:

Sensitivity analysis is carried out for floating rate borrowings as at March 31, 2023. For every 1% increase in average interest rates, profit before tax would be impacted by loss of approximately Rs. 662 lakhs (Pr.Yr: Rs. 616 Lakhs). Similarly, for every 1% decrease in average interest rates there would be an equal and opposite impact on the profit before tax. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

35.3.2 Liquidity Risk

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

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

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

Particulars	As at '31st March 2022			
	Upto 1 year	1 to 2 years	More than 2 years	Total
Borrowings (short term)	61,625.93	-	-	61,625.93
Trade payables	18,053.21	-	-	18,053.21
Other financial liabilities	8,518.77	-	-	8,518.77
Total	88,197.92	-	-	88,197.92

(All amounts in lakhs, unless other stated)

35.3.3 Credit Risk

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

(i) Trade receivables

Trade receivables of the company are typically unsecured and derived from sale made to a large number of independent customers. Customer credit risk is managed by each business unit subject to established policies, procedures and control relating to customer credit risk management. Before accepting any new customer, the company has appropriate level of control procedures to assess the potential customer credit quality. The credit worthiness of its customers are reviewed based on their financial position, past experience and other facts. The credit period provided by the company to its customers generally ranges from 0-90 days. Outstanding customer receivables are reviewed periodically.

The credit related to the trade receivables is mitigated by taking security deposits/ bank guarantee/letter of credit- as and where considered necessary, setting appropriate credit terms and by setting and monitoring internal limits on exposure to individual customers.

There is no substantial concentration of the credit risk as the revenue / trade receivables pertaining to any of the single customer do not exceed 10% of company revenue.

(ii) Cash and Cash Equivalents and Bank Deposits

Credit risk on cash and cash equivalents and balances with Banks is considered to be minimal as the counterparties are all substantial banks and Corporates with high credit ratings. The Directors are unaware of any factors affecting the recoverability of outstanding balances at 31st March 2023

36) Disclosure of Employee Benefits

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

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

Particulars	**2022-23**	2021-22
Provident Fund	**816.62**	635.48
Employee State Insurance	**333.26**	295.30

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

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

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

(All amounts in lakhs, unless other stated)

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

Investment Risk

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

Salary Risk

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

Interest Risk

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

Longevity Risk

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

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

Particulars	**31st March 2023**	31st March 2022
Discount Rate	**7.54%**	7.43%
Salary Escalation Rate	**7.50%**	8.00%
Attrition Rate	**8.00%**	8.00%
Expected rate of return on plan assets	**7.43%**	7.15%

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

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

Particulars	**31st March 2023**	31st March 2022
Expense recognised in Statement of Profit or Loss		
Current Service Cost	**87.45**	78.64
Interest Cost	**90.30**	82.63
Expected return on plan assets	**(80.50)**	(75.29)
Subtotal	**97.25**	85.98
Recognised in Other Comprehensive Income		
Actuarial loss/(gain) on Present value of Obligation	**38.40**	42.78
Actuarial gain/(loss) on change in fair value Plan Assets	**(0.87)**	44.40
Subtotal	**39.27**	(1.62)
Net Benefit Expenses	**136.52**	84.36

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

(All amounts in lakhs, unless other stated)

	Particulars	31st March 2023	31st March 2022
(ii)	**Net defined benefit plan Asset/Liability recognised in Balance Sheet as follows**		
	Benefit asset / liability		
	Present value of defined benefit obligation	**1,356.64**	1,290.33
	Fair value of plan assets	**1,105.70**	1,140.92
	Net defined benefit plan Asset/Liability recognised in Balance Sheet	**(250.94)**	(149.41)
iii)	**Changes in the present value of the obligation - reconciliation of opening and closing balances:**		
		Gratuity (Funded Plan)	Gratuity (Funded Plan)
	Opening balance of Present Value of the Obligation	**1,290.33**	1,224.88
	Interest Cost	**90.30**	82.63
	Current Service Cost	**87.45**	78.64
	Benefits Paid	**(149.86)**	(138.60)
	Actuarial loss/(gain)	**38.40**	42.78
	Closing balance of Present Value of the Obligation	**1,356.64**	1,290.33
(iv)	**Reconciliation of changes in the fair value of plan Assets:**		
	Opening balance Fair Value of Plan Assets	**1,140.92**	1,084.83
	Expected return on Plan Assets	**80.50**	75.29
	Contribution by the Company	**35.00**	75.00
	Benefits Paid	**(149.86)**	(138.60)
	Actuarial gain/(loss)	**(0.87)**	44.40
	Closing balance of Fair Value of Plan Assets	**1,105.70**	1,140.92
(v)	**Reconciliation of Fair value of Assets & Obligation**		
	Present value of the obligation	**1,356.64**	1,290.33
	Fair value of the Plan Assets	**1,105.70**	1,140.92
	Surplus/(Deficit)	**(250.94)**	(149.53)
	Experience adjustments on Plan Liabilities (loss)/ gain	**(38.40)**	(42.78)
	Experience adjustments on Plan Assets (loss)/ gain	**(0.87)**	44.40
(vi)	**Percentage of each category of plan assets to total fair value of plan assets:**		
	a) Government Securities	**37.57%**	40.00%
	b) Bank deposits (Special deposit scheme)	**1.83%**	2.00%
	c) Others / approved securities	**60.60%**	58.00%

vii) The estimates of future salary increases, considered in actuarial valuation, taken into on account of inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. The expected rate of return on assets are estimated as per the return on Government of India bonds.

(All amounts in lakhs, unless other stated)

	Particulars	31st March 2023	31st March 2022
37)	**Earnings per share (Rs.)**		
	The following reflects the profit and shares related data used in the Basic EPS/Diluted EPS computations:		
	Opening / Closing number of shares	**4,816,446**	4,816,446
	Profit / Loss after Tax Expense (Rs. Lakhs)	**123**	9,126
	Earnings per share (Rs.)	**2.56**	189.48
	Face value of shares (Rs.)	**10.00**	10.00
38)	**Expenditure towards Corporate Social Responsibility (CSR) activities**		
	As per Section 135 of the Companies Act 2013, the Company needs to spend 2% of its average net profits of the immediately preceding three financial years on Corporate Social Responsibility (CSR) activities.		
	The gross amount required to be spent by the Company during the year towards Corporate Social Responsibility (CSR) as per the provision of section 135 of the Companies Act, 2013 amounts to Rs. 108.88 Lakhs (Pr.Yr. Rs. 36.63 Lakhs). Amount spent during the year on CSR activities as under:		
	a) Gross amount required to be spent by the Company during the year	**108.88**	36.63
	b) Amount available for set-off	**(6.89)**	
	c) Amount required to be spent by the company in cash during the year	**102.14**	36.63
	d) Amount of expenditure incurred	**102.14**	43.52
	e) Shortfall at the end of the year	**-**	(6.89)
	f) Total of previous year shortfall	**Nil**	Nil
	g) Reason for shortfall	**NA**	NA
	h) Nature of CSR activities	**Promotion of Health/Promotion of Education**	Promotion of Health/Promotion of Education
	i) Contribution to trust where promoter is interested.	**94.64**	-
	j) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	**Nil**	Nil
39)	**Distribution Made and Proposed (Ind AS 1)**		
	Cash dividends on equity shares declared and paid:		
	Final dividend for the year ended on March 31, 2022: Rs. 10 per share (March 31 2021: Rs. 7.5 per share)	**481.64**	361.23
	Total Distribution made	**481.64**	361.23
	Proposed dividend for the year ended on March 31, 2023: NIL (March 31 2022: Rs. 10 per share)	**-**	481.64
	Total Dividend Proposed	**-**	481.64

(All amounts in lakhs, unless other stated)

	Particulars	31st March 2023	31st March 2022
40)	**Assets pledged as security**		
	Current assets		
	Financial assets		
	Trade receivables	**20,570.21**	30,290.03
	Non-financial assets		
	Inventory	**52,161.97**	44,653.80
	Total current assets pledged as security	**72,732.18**	74,943.83
	Non-current assets		
	Property, Plant & Equipment	**32,756.22**	30,025.52
	Capital Work-in-progress	**309.90**	439.50
	Investment property	**270.29**	276.33
	Other Intangible assets	**52.01**	28.89
	Total non-current assets pledged as security	**33,388.41**	30,770.24
	Total assets pledged as security	**106,120.59**	105,714.07

Details of security for Current borrowings

Current borrowings from banks are secured as follows

Primary Security

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

Collateral Security

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

(All amounts in lakhs, unless other stated)

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

Particulars	Opening Balance	MAT Credit Entitlement	Recognised in Profit or Loss	Recognised in OCI	Closing Balance
Deferred Tax Assets					
Expenses deductible in future years	720.17		(58.77)	-	661.40
Provision for doubtful debts	56.00		(10.90)		45.10
Unabsorbed Losses - Carry Forward	-		527.40		527.40
Others	(18.32)			20.44	2.12
MAT Credit recoverable	624.83	(343.05)			281.79
Total DTA	**1,382.68**	**(343.05)**	**457.73**	**20.44**	**1,517.80**
Deferred Tax Liabilities					
Property Plant and Equipment and Intangible Assets	(2,323.50)		(431.60)	-	(2,755.10)
Others	-	-	-	-	-
Total DTL	**(2,323.50)**	**-**	**(431.60)**	**-**	**(2,755.10)**
Net DTL	**(940.81)**	**(343.05)**	**26.13**	**20.44**	**(1,237.30)**

Deferred Tax Liabilities (Net) movement for FY 2021-2022

Particulars	Opening Balance	MAT Credit Entitlement	Recognised in Profit or Loss	Recognised in OCI	Closing Balance
Deferred Tax Assets					
Expenses deductible in future years	729.87		(9.70)	-	720.17
Provision for doubtful debts	65.70		(9.70)	-	56.00
Unabsorbed Losses - Carry Forward	-		-	-	-
Others	(19.22)		-	0.90	(18.32)
MAT Credit Recoverable	2,119.23	(1,494.40)			624.83
Total DTA	**2,895.58**	**(1,494.40)**	**-19.40**	**0.90**	**1,382.68**
Deferred Tax Liabilities					
Property Plant and Equipment and Intangible Assets	(2,486.00)		162.50	-	(2,323.50)
Others	-	-	-	-	-
Total DTL	**(2,486.00)**	**-**	**162.50**	**-**	**(2,323.50)**
Net DTL	**409.58**	**(1,494.40)**	**143.10**	**0.90**	**(940.81)**

42) Related Party Disclosures for the year ended 31.03.2023

(i) List of Related Parties

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

(All amounts in lakhs, unless other stated)

(ii) Transaction with Related Party - KMP

Remuneration paid to key managerial personnel:	Smt. Valli M Ramaswami (Chairperson and Whole Time Director)		Ms. Vishala M Ramswami (Director)		Sri. M.E.Manivannan (Whole Time Director)		Sri. P.Manivannan (Whole Time Director)	
	31st March 2023	31st March 2022	**31st March 2023**	31st March 2022	**31st March 2023**	31st March 2022	**31st March 2023**	31st March 2022
Salary, Perquisites and Other allowances	**60.00**	65.00	**12.00**	12.00	**30.95**	7.04	**-**	6.32
Contribution to provident fund - defined contribution plan	**7.20**	7.20	**1.44**	1.44	**2.71**	0.67	**-**	-
Commission	**-**	630.76	**-**	-	**-**	-	**-**	-
Total	**67.20**	702.96	**13.44**	13.44	**33.66**	7.71	**-**	6.32

Remuneration paid to key managerial personnel:	Mr. A Velliangiri (Chief Executive Officer)		Mr. K Ganapathi, (Chief Financial Officer)		Mr. P Mahadevan (Company Secretary & Compliance Officer)	
	31st March 2023	31st March 2022	**31st March 2023**	31st March 2022	**31st March 2023**	31st March 2022
Salary, Perquisites and Other allowances	**55.23**	48.50	**41.18**	47.42	**13.69**	12.22
Contribution to provident fund - defined contribution plan	**2.83**	2.16	**1.69**	1.56	**0.62**	0.35
Total	**58.06**	50.66	**42.87**	48.97	**14.31**	12.57

Sitting Fees to Directors	31st March 2023	31st March 2022
Independent Director		
Mr. B T Bangera	**4.80**	4.80
Mrs. Vijayalakshmi Rao	**3.90**	2.40
Mr.S.Arun	**1.00**	4.60
Mr.Gokul S Dixit	**2.70**	-
Mr.Lakshminarayanan	**0.50**	-
Non Independent Director		
Mr. B Vaidyanathan	**4.60**	4.50
Mr. Madhavan Nambiar	**3.40**	5.10
Mr. R Poornalingam	**2.10**	4.70

(iii) Outstanding balances as on 31.03.2023 - Related Party (KMP)

Particulars	Smt. Valli M Ramaswami (Chairperson and Whole Time Director)		Ms. Vishala M Ramswami (Director)		Sri. M.E.Manivannan (Whole Time Director)		Sri. P.Manivannan (Whole Time Director)	
	31st March 2023	31st March 2022	**31st March 2023**	31st March 2022	**31st March 2023**	31st March 2022	**31st March 2023**	31st March 2022
Commission Payable	**324.29**	636.76	**-**	-	**-**	-	**-**	-

(All amounts in lakhs, unless other stated)

(iv) Transactions with Related Parties other than KMP

S. No.	Name	Relationship of the related party with the reporting entity	Type of Related Party Transaction	Value of Transaction during the reporting period	
				2022-23	2021-22
1	Gruppo P&P	Joint Venture	Sale of Goods	**5,868.25**	6459.21
			Purchase of Goods	**3.05**	5.67
			Dividend Income received	**160.93**	180.54
2	Loyal International Sourcing P.Ltd	Wholly Owned Subsidiary	Expenses met to be recovered	**8.52**	0.90
3	Manickavasagam Charitable Foundation	Enterprises over which KMP have significant influence	CSR	**94.64**	64.24
			Expenses met to be recovered	**1.78**	0.08
4	Valli Agri Industries	Enterprises over which KMP have significant influence	Purchase of Goods.	**89.31**	100.78
5	Kurunji Properties P Ltd	Enterprises over which KMP have significant influence	Rent Paid	**16.20**	-
6	Loyal Mill Primary School	Enterprises over which KMP have significant influence	Expenses met to be recovered	**10.21**	-
7	P.Orr & Sons Private Limited	Enterprises over which KMP have significant influence	Purchase of Goods.	**1.74**	0.66
8	Emmar Trades & Finance P. Ltd.	Enterprises over which KMP have significant influence	Purchase of Goods.	**0.61**	1.00
9	Valli Yarn Processors P Ltd	Enterprises over which KMP have significant influence	Expenses met to be recovered	**5.45**	0.89
10	Loyal Textile Mills Limited Employees Gratutity Fund	Post Employment Benefit Plans Trust	Contribution to employee benefit plan	**25.00**	65.00
11	M/S Valli Cotton Traders Limited Employees Gratutity Fund	Post Employment Benefit Plans Trust	Contribution to employee benefit plan	**10.00**	10.00

(All amounts in lakhs, unless other stated)

(v) Outstanding balances with Related Parties other than KMP

S.No.	Name	Relationship of the related party with the reporting entity	Outstanding Balance as on 31.03.2023	Outstanding Balance as on 31.03.2022
Outstanding Receivable				
1	Gruppo P&P	Joint Venture	**1,469.79**	813.66
2	Valli Agri Industries	Enterprises over which KMP have significant influence	**365.14**	342.46
3	Valli Yarn Processors P Ltd	Enterprises over which KMP have significant influence	**151.06**	126.93
4	Shri Manikavasakam Trades & Finance	Enterprises over which KMP have significant influence	**43.06**	43.06
5	Nike Cotton Traders P Ltd	Enterprises over which KMP have significant influence	**25.59**	25.59
6	Kurunji Properties P Ltd	Enterprises over which KMP have significant influence	**13.51**	13.55
7	Thiagesar Trust	Enterprises over which KMP have significant influence	**10.43**	10.43
8	Loyal Mill Primary School	Enterprises over which KMP have significant influence	**7.03**	0.92
9	Maduari Tara Traders P Ltd	Promoter	**0.81**	0.81
10	Manickavasagam Charitable Foundation	Enterprises over which KMP have significant influence	**10.18**	11.58
Outstanding Payable				
11	P.Orr & Sons Private Limited	Enterprises over which KMP have significant influence	**(9.56)**	(9.27)
12	Loyal Textile Mills Limited Employees Gratutity Fund	Post Employment Benefit Plans Trust	**(214.41)**	(154.96)
13	M/S Valli Cotton Traders Limited Employees Gratutity Fund	Post Employment Benefit Plans Trust	**(36.52)**	(27.71)

(All amounts in lakhs, unless other stated)

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

(i) Details of Benami property held

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

(ii) Borrowing secured against current assets

The Company has borrowings from banks and financial institutions on the basis of security of current assets. Differences between the value of inventory in Quarterly statements filed with the banks and the carrying value in the books of accounts arising on account of GST Receivables and Export Benefit Receivables is provided in the table below:

Quarter Ended	Amount as per Books of Accounts (a)	Amount as per Statement (b)	Difference (b)-(a)	GST/Export Benefits Receivables	Unreconciled after filing the revised stock statements
Quarter ended 30th Jun'2022	39,876.63	42,479.75	2,603.12	2,603.12	-
Quarter ended 30th Sep'2022	40,842.15	42,918.03	2,075.88	2,075.88	-
Quarter ended 31st Dec'2022	50,132.00	56,101.46	5,969.46	5,969.46	-
Quarter ended 31st Mar'2023	52,158.00	58,593.00	6,435.00	6,435.00	-

Revised statements were submitted to respective banks after considering the above reconciliation.

(iii) Wilful defaulter:

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

(iv) Registration of charges:

The Company do not have any charges or satisfaction of charges relating to the year under audit, which is yet to be registered with ROC beyond the statutory period.

(v) Compliance with number of layers of companies

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

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

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

(vii) Utilization of borrowed funds and share premium

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

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

(viii) Undisclosed income

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

(ix) Details of crypto currency or virtual currency

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

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

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

(xi) Relationship with struck off companies

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

Name of Struck off company	Nature of transactions with struck off company	Relationship with struck off company	31st March 2023	31st March 2022
Datalog Technologies P.Ltd.,	Payables	Supplier	0.08	0.08
Mesdan India Services Pvt.Ltd	Payables	Supplier	0.02	0.02

(x)	Ratios					
S. No	Ratios		FY 2022-23	FY 2021-22	Change in %	Reason for variance
a)	**Current Ratio**	**Times**	**0.97**	1.02	(5.11%)	
	Current Assets	Rs. Lacs	**89,317**	93,336		
	Current Liabilities	Rs. Lacs	**92,092**	91,315		
b)	**Debt Equity Ratio**	**Times**	**1.99**	1.83	8.89%	
	Short term debt+Long term debt + Interest payable on Borrowings	Rs. Lacs	**66,378**	61,661		
	Shareholder's Equity	Rs. Lacs	**33,321**	33,703		
c)	**Debt Service Coverage Ratio**	**Times**	**2.17**	5.34	(59.32%_	Debt service coverage ratio is lower primarily due to increase in cost of material consumed resulting in lower EBIDTA.
	(EBITDA-current tax+Non operating income and losses).	Rs. Lacs	**6,909**	15,826		
	Interest + principal repayments	Rs. Lacs	**3,179**	2,963		
d)	**Return on Equity**	**%**	**0.37%**	31.12%	(98.82%)	Return on equity ratio is lower primariliy due to increase in cost of materials consumed resulting in lower profits during the year.
	Profit After Tax	Rs. Lacs	**123**	9,126		
	Average Shareholder's Equity	Rs. Lacs	**33,512**	29,322		
e)	**Trade Receivables Turnover Ratio**	**Times**	**5.52**	6.69	(17.54%)	
	Revenue from Operation	Rs. Lacs	**140,289**	176,287		
	Average Trade Receivable	Rs. Lacs	**25,430**	26,349		
f)	**Trade Payables Turnover Ratio**	**Times**	**8.30**	6.66	24.70%	Trade Payables Turnover Ratio increased due to Increase in raw material (cotton) cost and purchase of capital items for restoration of SVTM Weaving.
	Purchases	Rs. Lacs	**145,252**	140,038		
	Average Trade Payable	Rs. Lacs	**17,501**	21,040		
g)	**Net Capital Turnover Ratio**	**Times**	**(50.55)**	87.22	(157.95%)	Net capital turnover ratio is lower primarily due to increase in current borrowings and decrease in trade receivables
	Revenue from Operation	Rs. Lacs	**140,289**	176,287		
	Working Capital	Rs. Lacs	**(2,775)**	2,021		
h)	**Net profit ratio**	**%**	**0.09%**	5.18%	(98.30%)	Net profit ratio is lower primariliy due to increase in cost of materials consumed resulting in lower profi ts during the year.
	Profit After Tax	Rs. Lacs	**123**	9,126		
	Revenue from Operation	Rs. Lacs	**140,289**	176,287		

Notes to Standalone Financial Statements for the year ended 31st March, 2023

(All amounts in lakhs, unless other stated)

S. No	Ratios		FY 2022-23	FY 2021-22	Change in %	Reason for variance
i)	**Return on Capital Employed**	%	**3.04%**	16.89%	(81.98%)	Net profit ratio is lower primariliy due to increase in cost of materials consumed resulting in lower profits during the year.
	EBIT	Rs. Lacs	**3,035**	16,108		
	Capital Employed	Rs. Lacs	**99,698**	95,364		
	(Total Equity + Borrowings)					
j)	**Return on investment**	%	**67.86%**	72.27%	(6.09%)	
	Income from Investment	Rs. Lacs	**135.88**	180.54		
	Cost of the Investment	Rs. Lacs	**200.22**	249.82		

44) Segmental Information

The Company is primarily engaged in the business of manufacturing, purchase and sale of textiles. The Chief Executive Officer (CEO), who has been identified as being the Chief Operating Decision Maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit. Therefore, there is only one reportable segment for the Company.

45) Regrouping

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

46) Approval of Financial Statements

The financial statements of Loyal Textile Mills Limited were reviewed by Audit Committee and approved by the Board of Directors at its meeting held on May 29, 2023.

Valli M Ramaswami
Chairperson & Whole Time Director

M E Manivannan
Whole Time Director

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

A Velliangiri
Chief Executive Officer

K Ganapathi
Chief Financial Officer

P Mahadevan
Company Secretary & Compliance Officer

N.Sri Krishna
Partner
M. No: 026575

Place : Chennai
Date : 29th May 2023

INDEPENDENT AUDITOR'S REPORT

To The Members of Loyal Textile Mills Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of Loyal Textile Mills Limited ("the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as ("the Group"), and its joint ventures, which comprise the Consolidated Balance Sheet as at 31st March 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on Standalone financial statements, as applicable, of such Joint Venture as was audited by the other auditors, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its Joint ventures as at 31st March 2023 and its consolidated profit and other Comprehensive Income, consolidated statement of changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Group and its Joint Ventures in accordance with the ethical requirements that are relevant to our audit of the Consolidated Ind AS Financial Statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in the Other Matters section below is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

1) Revenue recognition

Key Audit Matter	Auditor's Response
Refer Note No. 2 and 23 to the Consolidated Ind AS Financial Statements Cut off Revenue is one of the key profit drivers and is therefore susceptible to misstatement. Cut-off is the key assertion in so far as revenue recognition is concerned. There is a risk that revenue is recognized on sale of goods without substantial transfer of control as on reporting date which will not be in accordance with Ind AS-115 "Revenue from Contracts with Customers". In view of the above and since revenue is a key performance indicator of the Company, we have identified timing of revenue recognition from sale of goods as a key audit matter.	Principal Audit Procedures Performed: Our audit process consisted testing of the design and operating effectiveness of the internal controls and substantive testing performed by us which are as follows: (i) We obtained an understanding of process and evaluated the design, implementation and operating effectiveness of management's internal controls in relation to revenue recognition from sale of goods. We tested the Company's control over timing of revenue recognition around year end. (ii) At the year end, we have performed the cut off testing for late cut off to test that the revenue is recorded in the appropriate period. We have traced sales with proof of delivery (POD) to confirm the recognition of sales.

2) Inventory Valuation

Key Audit Matter	Auditor’s Response
Valuation of inventories (Refer Note No 2 and 6 to the Consolidated Ind AS Financial Statements) The Company’s inventories comprise of raw materials, work-in-progress, finished goods and stores & spares amounting to Rs.52,161.97 Lakhs as at 31st March 2023. The inventories are valued at lower of cost and net realizable value (‘NRV’). NRV is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling costs. The determination of NRV involves estimates of prevailing market conditions, stage of completion of the inventory, the estimated future selling price and selling costs. Considering the significance of the amount of carrying value of inventories and significant judgements and assumptions involved in assessment of NRV, the same is considered a key audit matter.	Principal audit procedures performed. Evaluated the design and operation of internal controls and its operating effectiveness in determining the NRV, including the Company’s review of key estimates, such as estimated future selling prices on a test basis. Compared NRV with recent sales or estimated selling price and selling costs. Evaluated the Company’s judgement with regards to application of write-down of inventories, where required. Assessed the adequacy and appropriateness of the disclosures made by the management with respect to Inventories in compliance with the requirements of applicable Ind AS 2 and Schedule III to the Companies Act, 2013.

Other Information

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

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

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

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

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

The Holding Company’s Board of Directors is responsible for the preparation and presentation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Companies Act, 2013 (the Act) that give a true and fair view of the consolidated financial position, consolidated financial performance including Other comprehensive income, consolidated cash flows and Consolidated statement of Changes in equity of the Group including its Joint Ventures in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint ventures for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Ind AS Financial Statements, the respective Board of Directors of the companies included in the Group and its joint ventures are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

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

Auditors’ Responsibilities for the Audit of Consolidated Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting in preparation of Consolidated Ind AS Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the group and its joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the Consolidated Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group and its Joint Ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Ind AS Financial Statements, including the disclosures, and whether the Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its joint ventures to express an opinion on the Consolidated Ind AS Financial Statements. We are responsible for the direction, supervision, and performance of the audit of financial information of such entities or business activities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated Ind AS financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision, and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) and (b) of the section titled ‘Other Matters’ in this audit report.

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

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

We communicate with those charged with governance of the Holding company, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

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

From the matters communicated with those charged with governance, we determine those matters that were of utmost significance in the audit of the Consolidated Ind AS Financial Statements of the financial year ended 31st March 2023, and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

a) We did not the audit the financial statements of 1 overseas joint venture, whose financial statements include Group's share of net profit after tax of Rs.290.46 Lakhs and Group's share of total comprehensive income of 290.46 Lakhs for year ended 31st March 2023 respectively as considered in the Consolidated Ind AS Financial Statements. These financial statements have been audited by the other auditors whose reports have been furnished to us by the management and our report on the Consolidated Ind AS Financial Statements in so far as it relates to the aforesaid Joint Venture is based solely on the reports of the other auditors.

b) The financial statements of 1 overseas joint venture entity mentioned in (a) above have been prepared in accordance with accounting principles generally accepted in the respective overseas country and were audited by other auditors under generally accepted auditing standards applicable in the said country. The Holding Company's management has converted the financial statements of such joint venture entity located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such entity located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company are audited by us.

c) The consolidated Ind AS financial statements include the financial statements of 1 wholly owned subsidiary whose total assets of Rs. Nil as at 31st March 2023, Group’s share of total revenue of Rs. Nil, Group’s share of Net profit of Rs. Nil and Group’s share of net cash flows of Rs. Nil for the year ended on that date, as considered in the consolidated Ind AS financial statements, are unaudited and were furnished to us by the management. Our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary is based solely on such unaudited financial statements. In our opinion and according to the information and explanation given to us by the management, these financial statements are not material to the group.

d) In case of 3 foreign Joint venture entities (informed to be dormant entities), the financial statements for the year ended March 31, 2023 are not available. In the absence of financial statements of the aforesaid joint venture entities, the Group's share of total comprehensive income in relation to said joint venture entities for the year ended 31st March, 2023 have not been included in the Consolidated Ind AS Financial Statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

e) The comparative financial information of the company for the year ended 31st March 2022 prepared in accordance with Indian Accounting Standards, included in these Consolidated Ind AS Financial Statements have been audited by the predecessor Auditors. The report of the predecessor Auditors on the comparative financial information dated 30th May 2022 expressed an Unmodified opinion.

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

Independent Auditors' Report

Report on Other Legal and Regulatory Requirements

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

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

    a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept by the Holding Company so far as it appears from our examination of those books and the reports of the other auditors.

    c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the consolidated statement of changes in equity, dealt with by this Report are in agreement with the relevant books of account maintained for the preparation of the Consolidated Ind AS Financial Statements.

    d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with companies (Indian Accounting Standards) Rules, 2015, as amended

    e) On the basis of the written representations received from the directors of the holding Company as on 31st March, 2023 taken on record by the Board of Directors of the holding company, none of the directors of the holding company, is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

        i. The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on the consolidated financial position in Note 33.1 to the Consolidated Ind AS Financial Statements.

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

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

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

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

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

v. The dividend proposed, declared, and paid by the Holding Company during the year pertaining to the previous financial year is in accordance with provisions of Section 123 of the Act.

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

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

N Sri Krishna
Partner
Membership No.026575
UDIN: 23026575BGRIDY8378

Place : Chennai
Date: 29th May, 2023

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

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

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

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

The above does not include comments, if any, in respect of the following subsidiary as the CARO reporting relating to them has not been issued by its auditors till the date of principal auditors' report:

S.No	Company	CIN
1	Loyal International Sourcing Private Limited	U51909TN2014PTC097852

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

N Sri Krishna
Partner
Membership No.026575
UDIN: 23026575BGRIDY8378

Place : Chennai
Date: 29th May, 2023

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Consolidated Ind AS Financial Statements of the Group as of and for the year ended 31st March 2023, we have audited the internal financial controls over financial reporting of Loyal Textile Mills Limited ("the Holding Company") as of that date and its subsidiary company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial control over financial reporting of the Holding Company, its subsidiary and jointly controlled entity, incorporated in India.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting:

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2023, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. As regards the Subsidiary company where consolidation is based on financial statements prepared by management, we express our inability to comment on the adequacy and operating effectiveness of internal financial controls over financial reporting.

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

N Sri Krishna
Partner
Membership No.026575
UDIN: 23026575BGRIDY8378

Place : Chennai
Date: 29th May, 2023

Consolidated Balance Sheet as at 31st March 2023

(All amounts in lakhs, unless other stated)

(Rs. in Lakhs)

PARTICULARS	Note No.	31st March 2023	31st March 2022
ASSETS			
A. Non-Current Assets			
(a) Property, Plant & Equipment	3	**32,756.22**	30,025.52
(b) Capital Work-in-progress	3A	**309.90**	439.50
(c) Investment property	3	**270.29**	276.33
(d) Other Intangible assets	3	**52.01**	28.89
(e) Financial Assets			
(i) Investments	4	**2,904.12**	2,775.11
(f) Other Non-Current Assets	5	**3,877.14**	1,714.85
Total Non-Current Assets (A)		**40,169.67**	35,260.20
B. Current Assets			
(a) Inventories	6	**52,161.97**	44,653.80
(b) Financial Assets			
(i) Investments	7	**2.15**	24.04
(ii) Trade Receivables	8	**20,570.21**	30,290.03
(iii) Cash and Cash Equivalents	9	**345.14**	566.60
(iv) Bank Balance Other than (iii) above	10	**1,769.26**	1,362.84
(v) Others Financial Assets	11	**2,379.28**	3,482.45
(c) Other current Assets	12	**12,089.03**	12,959.93
Total Current Assets (B)		**89,317.03**	93,339.69
Total Assets (A+B)		**129,486.70**	128,599.90
EQUITY AND LIABILITIES			
C. EQUITY			
(a) Equity Share Capital	13	**481.64**	481.64
(b) Other Equity	14	**35,545.25**	35,766.65
Total Equity (C)		**36,026.90**	36,248.29
LIABILITIES			
D Non-Current Liabilities			
(a) Provisions	15	**130.14**	87.66
(b) Deferred Tax Liabilities (Net)	16	**1,237.30**	940.81
Total Non-Current Liabilities (D)		**1,367.43**	1,028.47
E Current Liabilities			
(a) Financial Liabilities			
(i) Borrowing	17	**66,226.62**	61,625.93
(ii) Trade Payables	18		
(a) Total outstanding dues of micro enterprises and small enterprises; and		**2,214.36**	812.36
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		**14,733.80**	17,240.85
(iii) Other financial liabilities	19	**7,197.22**	8,519.42
(b) Other current liabilities	20	**1,599.58**	1,940.60
(c) Provisions	21	**120.79**	95.02
(d) Current Tax Liabilities (Net)	22	**-**	1,088.95
Total Current Liabilities (E)		**92,092.37**	91,323.14
F Total Liabilities (D+E)		**93,459.80**	92,351.61
Total Equity and Liabilities (C+F)		**129,486.70**	128,599.90

Note No. 3 to 48 form an integral part of this Financial Statements

Valli M Ramaswami
Chairperson & Whole Time Director

M E Manivannan
Whole Time Director

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

A Velliangiri
Chief Executive Officer

K Ganapathi
Chief Financial Officer

P Mahadevan
Company Secretary & Compliance Officer

N.Sri Krishna
Partner
M. No: 026575

Place : Chennai
Date : 29th May 2023

Consolidated Statement of Profit and Loss for the year ended 31st March, 2023

(All amounts in lakhs, unless other stated)

(Rs. in Lakhs)

	PARTICULARS	Note No.	31st March 2023	31st March 2022
I.	Revenue from Operations	23	**140,289.39**	176,286.81
II.	Other Income	24	**3,531.84**	891.61
III.	**Total Income (I +II)**		**143,821.23**	177,178.42
IV.	Expenses:			
	Cost of materials consumed	25	**94,061.84**	113,131.26
	Purchase of Stock-in-Trade	26	**1,856.73**	3,679.13
	Changes in Inventories of	27		
	Finished Goods		**(6,658.06)**	(5,840.71)
	Work-in-progress		**(150.58)**	(3,209.83)
	Employee Benefits Expense	28	**17,651.48**	16,371.40
	Finance costs	29	**3,179.45**	2,962.60
	Depreciation and amortization expense	3	**3,657.51**	3,703.89
	Other expenses	30	**30,496.36**	33,114.96
	Total Expenses		**144,094.74**	163,912.70
V.	Profit / (Loss) before share of Profit / (Loss) of a Joint Venture and exceptional items and tax - (III - IV)		**(273.51)**	13,265.72
VI.	Share of Profit / (Loss) from a Joint Venture		**290.47**	465.52
VII.	**Profit / (Loss) before Exceptional items and tax (V + VI)**		**16.96**	13,731.24
VIII.	Exceptional Items		**-**	-
IX.	**Profit / (Loss) before tax (VII - VIII)**	31(a)	**16.96**	13,731.24
X.	Tax expense:			
	(1) Current tax		**0.37**	4,126.50
	(2) Deferred tax		**(26.13)**	(143.10)
	(3) Income Tax relating to Previous Year		**(241.70)**	42.74
XI.	**Profit/(Loss) for the period from continuing operations (IX-X)**		**284.42**	9,705.09
XII.	**Other Comprehensive Income, net off Income Tax**			
	(a) items that will not be reclassified to Profit or Loss	32	**(44.61)**	(2.37)
	(b) Income tax relating to items that will not be reclassified to Profit or Loss	31(b)	**20.44**	0.90
XII.	**Other Comprehensive Income for the year (a)+(b)**		**(24.17)**	(1.47)
XIII.	**Total Comprehensive Income for the Period (XI+XII)**		**260.25**	9,703.63
XIV.	Earning per equity share of ₹ 10/- :	37		
	(1) Basic		**5.91**	201.50
	(2) Diluted		**5.91**	201.50

Note No. 3 to 48 form an integral part of this Financial Statements

Valli M Ramaswami
Chairperson & Whole Time Director

M E Manivannan
Whole Time Director

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

A Velliangiri
Chief Executive Officer

K Ganapathi
Chief Financial Officer

P Mahadevan
Company Secretary & Compliance Officer

N.Sri Krishna
Partner
M. No: 026575

Place : Chennai
Date : 29th May 2023

Consolidated Statement of Changes In Equity

(All amounts in lakhs, unless other stated)

A) EQUITY SHARE CAPITAL

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

For the year ended 31st March 2022				(₹ in Lakhs)
Balance as at 01st April 2021	Changes in Equity share capital due to prior period errors	Restated Balance at the beginning of financial year	Changes in Equity share capital during the year	Balance as at 31st March 2022
481.64	-	481.64	-	481.64

B) EQUITY SHARE CAPITAL

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

Particulars	Reserves & Surplus					Equity Instru-ments through OCI	Foreign Currency Trans-lation Reserve - OCI	Total
	Capital Reserve	General Reserve	Amalga-mation Reserve	Retained Earnings	Remeasure-ment of Defined benefit plans			
Balance as at 01.04.2022	24.19	8,552.40	242.52	26,690.74	240.27	22.33	(5.81)	35,766.65
Total Comprehensive Income/ (Loss) for the Current Year	-	-	-	284.42	(20.67)	(3.50)	-	260.25
Less: Dividend	-	-	-	481.64	-	-	-	481.64
Balance as at 31.03.2023	**24.19**	**8,552.40**	**242.52**	**26,493.52**	**219.60**	**18.83**	**(5.81)**	**35,545.25**

Statement of Changes in Other Equity (2021-22)

Particulars	Reserves & Surplus					Equity Instruments through OCI	Foreign Currency Trans-lation Reserve - OCI	Total
	Capital Reserve	General Reserve	Amalga-mation Reserve	Retained Earnings	Remeasure-ment of Defined benefit plans			
Balance as at 01-04-2021	24.19	8,552.40	242.52	17,527.42	239.12	24.95	(5.81)	26,604.79
Total Comprehensive Income/ (Loss) for the Current Year	-	-	-	9,705.09	1.15	(2.62)	-	9,703.63
Less: Dividend	-	-	-	541.77	-	-	-	541.77
Balance as at 31.03.2022	**24.19**	**8,552.40**	**242.52**	**26,690.74**	**240.27**	**22.33**	**(5.81)**	**35,766.65**

Note No. 3 to 48 form an integral part of this Financial Statements

Valli M Ramaswami
Chairperson & Whole Time Director

M E Manivannan
Whole Time Director

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

A Velliangiri
Chief Executive Officer

K Ganapathi
Chief Financial Officer

P Mahadevan
Company Secretary & Compliance Officer

N.Sri Krishna
Partner
M. No: 026575

Place : Chennai
Date : 29th May 2023

Consolidated Cash Flow Statement for the year ended 31st March, 2023

(All amounts in lakhs, unless other stated)

(Rs. in Lakhs)

PARTICULARS	**31st March 2023**	31st March 2022
CASHFLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAX	**(273.51)**	13,265.72
Adjustments For		
Depreciation	**3,657.51**	3,703.89
Interest paid	**3,179.45**	2,962.60
Dividend received on Investments - Others	**(0.13)**	(180.54)
Bad Debts & Provision for Bad debts	**40.95**	0.00
Impairment on Assets	**-**	102.57
Impairment on Financial Assets carried at cost	**20.37**	-
(Profit)/Loss on disposal of Fixed Assets	**16.38**	(53.31)
Net unrealised foreign exchange (gain) / loss	**(299.86)**	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**6,341.17**	19,800.93
Adjustments for Changes In Working Capital		
Adjustment for (Increase)/Decrease in Operating Assets		
Inventories	**(7,508.17)**	(18,809.78)
Trade Receivables	**9,889.82**	(7,843.20)
Other Financial Assets	**1,103.17**	646.96
Other Current Assets	**870.91**	(3,374.26)
Other Non-Current Assets	**(502.32)**	(562.63)
Amount deposited as Margin Money	**(406.42)**	1,439.83
Adjustment for Increase/ (Decrease) in Operating Liabilities		
Trade Payables	(1,077.52)	(5,974.00)
Other Financial Liabilities	(1,322.20)	(3,727.48)
Other Current Liabilities	(521.24)	(362.97)
Long & Short term Provisions	28.98	(48.75)
Other Non-Current Liabilities	343.05	(624.83)
CASH FLOW FROM OPERATING ACTIVITIES	**7,239.23**	(19,440.18)
Income Tax (Paid)/Refund	**(667.40)**	(1,778.00)
NET CASH FLOW (A)	**6,571.82**	(21,218.18)

Consolidated Cash Flow Statement for the year ended 31st March, 2023

(All amounts in lakhs, unless other stated)

CASH FLOW FROM INVESTING ACTIVITIES		
Payments for Assets acquisition	**(7,978.23)**	(3,203.28)
Proceeds on Sale of Fixed Assets	**26.20**	75.49
Sale/(Purchase) of Investments	**21.89**	0.00
Dividend receipts	**135.88**	180.54
NET CASH FLOW (B)	**(7,794.26)**	(2,947.25)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	**(3,179.45)**	(2,962.60)
Proceeds / (Repayment) of Long Term Borrowings	**-**	(1,307.84)
Proceeds / (Repayment) of Short Term Borrowings	**4,662.07**	28,972.21
Dividend paid	**(481.64)**	(361.23)
NET CASH FLOW (C)	**1,000.98**	24,340.53
NET CASH INFLOW / (OUTFLOW) (A+B+C)	**(221.46)**	175.10
OPENING CASH AND CASH EQUIVALENTS (D)	**566.60**	391.50
CLOSING CASH AND CASH EQUIVALENTS (E)	**345.14**	566.60
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (D-E)	**(221.46)**	175.10

Note No. 3 to 48 form an integral part of this Financial Statements

Valli M Ramaswami
Chairperson & Whole Time Director

M E Manivannan
Whole Time Director

Vide our report of even date
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Chartered Accountants
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A Velliangiri
Chief Executive Officer

K Ganapathi
Chief Financial Officer

P Mahadevan
Company Secretary & Compliance Officer

N.Sri Krishna
Partner
M. No: 026575

Place : Chennai
Date : 29th May 2023

1 General Information:

Loyal Textiles Mills Limited ("the Company") is a listed company incorporated on 1956 in the state of Tamilnadu, India. The Company is engaged in manufacturing of yarn, woven fabric, knitted fabric and technical clothing. The Company has manufacturing plants at Kovilpatti, Sattur, Cuddalore, Sivagangai in Tamilnadu, Khammam in Telangana, and Nellore in Andhra Pradesh.

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

2 Significant Accounting Policies:

(a) Statement of Compliance:

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

(b) Basis for Preparation and Presentation:

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(c) Significant accounting judgements, estimates and assumptions

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

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

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

a. Useful lives of property, plant and equipment

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

b. Provision for doubtful receivables

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

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

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

d. **Provision for employee benefits**

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

e. **Provision for taxes**

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

e. **Fair value for Investment Property**

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

(d) Revenue Recognition:

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

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

1. **Sale of Goods**

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

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

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

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

2. **Sale of Services**

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

3. **Dividend and Interest Income**

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

Interest income from financial asset is recognized when it is probable that the economic benefit will flow to the company and the amount of income can be measured reliably. Interest income is accrued on time basis by reference to principal outstanding using the effective interest rate method (EIR), which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition

4. **Other Income**

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

Incentives receivable from Government is accounted on certainty of receipt.

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

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

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

Cash Flow Statement

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

(f) Inventories:

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

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

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

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

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

In case of by-products at estimated realizable value.

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

(g) Property, Plant And Equipment:

Recognition and measurement

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

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

a. its purchase price including import duties and non- refundable purchase taxes after deducting trade discounts and rebates
b. any attributable expenditure directly attributable for bringing an asset to the location and the working condition for its intended use and
c. the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

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

Depreciation

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

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

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

Buildings - 30 years

Plant and Equipment - 8 years

Furniture and Fixtures - 8 years

Vehicles - 8 years

Office Equipment - 5 years

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

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

Other Prospects

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

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

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

Capital Work-in-Progress

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

(h) Intangible Assets:

Recognition

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses

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

Useful Life:

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

Derecognition

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

(i) Investment Property

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

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

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

Though the Company measures investment properties using the cost-based measurement, the fair value of investment property is disclosed in the notes. The fair Value of the Investment property as disclosed in the Financial statements is the best judgement of the Management with available information. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss in the period in which the property is derecognised.

(j) Borrowing Cost

Definition:

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

Recognition:

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

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

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

Cessation of Borrowing Cost

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

(k) Leases

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

Company as a lessee

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

i) Right-of-use assets

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

- Plant and machinery
- Buildings
- Land

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

ii) Lease liabilities

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

Company as a lessor

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

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

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

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

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

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

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

(m) Financial Instruments

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

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

(i) Financial assets

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

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

Classification of financial assets

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

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

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

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

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

All other financial assets are subsequently measured at fair value.

Effective interest method

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

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

Investments in equity instruments at FVTOCI

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

A financial asset is held for trading if:

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

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

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

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

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

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

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

Impairment of financial assets

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

De-recognition of financial assets

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

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

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

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

(ii) Financial liabilities

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

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

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

A financial liability is classified as held for trading if:

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

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

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

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

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

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

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

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

Financial liabilities subsequently measured at amortised cost

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

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

Derecognition of financial liabilities

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

(n) Derivative financial instruments

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

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

(o) Government Grants, Subsidies And Export Incentives

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

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

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

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

(p) Foreign Currency Transactions and Translation

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

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

(q) Employee Benefits:

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

Short term employee benefit obligations:

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

Defined contribution plan Provident Fund & Employee State Insurance

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

Defined benefit plan

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

Gratuity Fund:

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

(r) Segment Reporting:

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

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

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

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

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

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

(s) Earnings Per Share:

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

(t) Income Taxes:

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

Current tax

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

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

Deferred tax

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

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

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

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

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

Recognition

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

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

Provisions:

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

Contingent Liabilities:

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

Contingent Assets:

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

(v) Non-Current Asset held for Sale

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

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

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

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

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

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

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

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

Particulars	Property, Plant & Equipment							Total PPE	Intangible Assets	Investment Property
	Land**	Building	Plant and Equipment	Furniture and Fittings	Electrical Fittings	Vehicles	Office Equipment			
As at 31st March 2021	**1,406.97**	**12,075.77**	**42,474.47**	**320.79**	**1,388.96**	**122.14**	**262.92**	**58,052.01**	**156.58**	**310.94**
Additions	200.64	143.77	1,751.61	23.42	87.91	45.38	100.41	2,353.14	3.29	-
Disposals/Adjustments	-	-	(3,527.06)	-	-	-	-	(3,527.06)	-	-
As at 31st March 2022	**1,607.61**	**12,219.54**	**40,699.02**	**344.21**	**1,476.87**	**167.52**	**363.33**	**56,878.09**	**159.87**	**310.94**
Additions	-	917.91	5,218.23	77.67	355.00	44.63	104.10	6,717.53	36.23	-
Disposals	-	-	(159.10)	-	(0.06)	-	(6.28)	(165.44)	-	-
Adjustments#	(200.64)	-	-	-	-	-	-	(200.64)	-	-
As at 31st March 2023	**1,406.97**	**13,137.45**	**45,758.16**	**421.88**	**1,831.82**	**212.15**	**461.14**	**63,229.55**	**196.10**	**310.94**
Depreciation/Amortisation										
As at 31st March 2021	**-**	**2,345.37**	**22,706.10**	**148.09**	**981.86**	**2.40**	**176.21**	**26,360.04**	**108.70**	**28.57**
Charge for the year 2021-22	1.67	504.75	2,965.21	29.57	102.71	29.29	44.04	3,677.24	22.27	6.03
Disposals/Adjustments	-	-	(3,184.70)	-	-	-	-	(3,184.70)	-	-
As at 31st March 2022	**1.67**	**2,850.12**	**22,486.61**	**177.66**	**1,084.56**	**31.68**	**220.25**	**26,852.58**	**130.97**	**34.60**
Charge for the year 2022-23	1.67	430.28	2,986.57	34.91	88.42	30.60	65.88	3,638.34	13.12	6.04
Disposals/Adjustments	-	-	(14.69)	-	(0.00)	-	(2.90)	(17.59)	-	-
As at 31st March 2023	**3.34**	**3,280.40**	**25,458.49**	**212.58**	**1,172.99**	**62.29**	**283.24**	**30,473.33**	**144.09**	**40.65**
Net Block										
As at 31st March 2022	1,605.94	9,369.42	18,212.40	166.55	392.31	135.84	143.07	30,025.52	28.89	276.33
As at 31st March 2023	1,403.63	9,857.05	20,299.65	209.30	658.83	149.86	177.90	32,756.22	52.01	270.29

Notes on property, plant and equipment

** Includes Rs.155.22 lacs of Land on "right of use basis" which is depreciated over the useful life of lease term

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

1. The title deeds of all immovable properties are held in the name of the Company. Where immovable properties are acquired by the Company consequent to acquisition / merger of companies, the title to the immovable properties of the transferror companies shall be deemed to have been mutated in the name of the company as per the scheme of amalgamation approved by National Company Law Tribunal / court

2. Fair value disclosure of investment property as required under Ind AS 40: The fair value of the Investment property as on 31.03.2023 amounting to Rs. 1,942 lacs is management estimate based on the available market information and the same is not valued by a registered valuer.

(All amounts in lakhs, unless other stated)

Note No. 3A. CAPITAL WORK IN PROGRESS AT COST

Particulars	31'st March 2023	31st March 2022
Balance at the beginning of the period	**439.51**	200.64
Additions during the year	**6,624.15**	2,595.30
Capitalisation during the year	**6,753.77**	2,356.43
Balance at the end of the period	**309.90**	439.51

Additional regulatory Information required under Schedule III of Companies Act 2013

1. Capital Work in Progress (CWIP) ageing schedule **(Rs. in Lakhs)**

CWIP	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 years	More than 3 Years	
As at 31.03.2023	**300.88**	**9.02**	**-**	**-**	**309.90**
As at 31.03.2022	439.50	-	-	-	439.50

2. There are no overdue or cost overrun projects compared to its original plan and no projects which are temporarily suspended, on the above mentioned reporting dates

(All amounts in lakhs, unless other stated)

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

S. No	Particulars	31st March 2023		31st March 2022	
I	**Investments in Equity Instruments carried at cost as per Ind AS 27**				
	Unquoted Investments				
	Wholly Owned Subsidiary				
1	Loyal International Sourcing Pvt Ltd (Subsidiary 100%)		**-**		-
	20,000 Equity shares of Rs. 10/- each fully paid up.				
	Joint Ventues				
1	Gruppo P&P Loyal spa (Joint Venture 47.5%)		**2,855.35**		2,700.63
	3,325 Equity shares of Euro 85 each fully paid up.				
2	Loyal Dimco Group A.E.B.E.(Joint venture 50%)	**18.39**	**-**	18.39	18.39
	50,000 Equity shares				
	Provision for Impairment*	**(18.39)**		NIL	
3	Loyal Textiles (UK) Ltd (49%)	**0.00**	**-**	0.00	0.00
	2,450 Equity shares				
	Provision for Impairment*	**(0.00)**		NIL	
4	Loyal IRV Textile LDA, Portugal (Joint Venture 51%)	**1.99**	**-**	1.99	1.99
	2,250 Equity shares of Euro 1 each fully paid up.				
	Provision for Impairment*	**(1.99)**		NIL	
			2,855.35		2,721.00
II	**Investments in Equity Instruments carried at FVTOCI**				
	A) Quoted				
1	Central Bank of India		**0.35**		0.27
	1,469 Equity shares of Rs. 10/- each fully paid up.				
2	Amrutanjan Health Care Ltd		**5.75**		7.94
	1,000 Equity shares of Rs. 1/- each fully paid up.				
3	Matrimony.com Ltd		**10.90**		14.13
	2,120 Equity shares of Rs. 5/- each fully paid up.				

(All amounts in lakhs, unless other stated)

S. No	Particulars	31st March 2023	31st March 2022
	B) Unquoted		
1	Dhanvantari Nano Ayushadi Private Limited	**2.50**	2.50
	25,000 Equity shares of Rs. 5/- each fully paid up.		
2	Cuddalore Sipcot Industries Common Utilities Limited	**4.67**	4.67
	4,665 Equity shares of Rs. 100/- each fully paid up.		
3	SIMA Textile Processing Centre Ltd	**2.00**	2.00
	20,000 Equity shares of Rs. 10/- each fully paid up.		
4	Dhanvantari Nano Ayushadi Private Limited	**22.50**	22.50
	2,25,000 Compulsorily Convertible Debentures of Rs. 5/- each		
		48.67	54.01
III	**Investments carried at Amortised Cost**		
1	Investment in Government or trust securities	**0.10**	0.10
		0.10	0.10
	Total Non-Current Investments	**2,904.12**	2,775.11
	Aggregate value of:		
	Quoted Investments	**17.00**	22.34
	Unquoted Investments	**2,907.49**	2,752.77
	Less : Provision for Impairment on Investments carried at Cost	**20.37**	-
	Investments Net of Impairment	**2,904.12**	2,775.11

*The companies mentioned in below table are not operational and the company has also made an application with the AD Banker during the current year for closure of the three foreign join venture companies. Accordingly, the carrying value of these investments has been impaired during the year.

Investments in subsidiary and joint venture which are inoperative:

Name of the Companies	Book Value
Foreign Companies (JV)	
Loyal Dimco Group A.E.B.E.(Joint venture 50%)	**18.39**
Loyal Textiles (UK) Ltd (49%)	**0.00**
Loyal IRV Textile LDA, Portugal (Joint Venture 51%)	**1.99**
Total Impairment for Inoperational foreign JV's	**20.37**

(All amounts in lakhs, unless other stated)

Particulars	31st March 2023	31st March 2022
Note No. 5. OTHER NON-CURRENT ASSET		
Capital Advances	**2,332.00**	672.04
Prepaid Expenses	**12.48**	-
Electricity Deposits	**1,339.44**	1,042.82
Advance Tax (Net of Provision for Tax)	**193.22**	-
Total Other Non-Current Asset	**3,877.14**	1,714.85
Note No. 6. INVENTORIES		
Inventories (Lower of Cost and Net Realizable Value)		
(a) Raw Materials	**20,984.92**	20,556.10
(b) Work-in-progress	**10,808.31**	10,657.73
(c) Finished Goods	**18,401.09**	11,743.03
(d) Stores, spares and Packing Materials	**1,967.65**	1,696.94
Total Inventories	**52,161.97**	44,653.80
Provision made during the year against carrying value of Inventories arising on account of lower of cost or NRV is Rs. 958.28 lacs (2021-22 - Rs. 183.56 lacs)		
Note No. 7. CURRENT INVESTMENTS		
Investments in Equity Instruments carried at FVTOCI		
Unquoted Investments		
Saheli Exports Private Limited	**2.15**	2.15
4300 Equity shares of Rs. 10/- each fully paid up.		
Continuum Wind Energy Pvt Ltd	**-**	21.89
2,18,927 Equity shares of Rs. 10/- each fully paid up.		
Total Current Investments	**2.15**	24.04
Note No.8. TRADE RECEIVABLES		
(i) Trade Receivables - Unsecured, Considered Good	20,570.21	30,290.03
(ii) Trade Receivables which have significant increase in credit risk	129.09	160.14
	20,699.30	**30,450.17**
Less: Allowance for Doubtful Trade Receivables	(129.09)	(160.14)
Total Trade Receivables	**20,570.21**	**30,290.03**
Ageing of Receivables		
a) Undisputed Trade receivables – considered good		
Less than 6 months	**20,180.54**	28,908.12
6 months to 1 year	**331.32**	949.70
1 to 2 years	**37.64**	402.54
2 to 3 years	**14.01**	23.88
More than 3 years	**6.70**	5.79

(All amounts in lakhs, unless other stated)

Particulars	31st March 2023	31st March 2022
(b) Undisputed Trade Receivables – which have significant increase in credit risk		
Less than 6 months	**-**	-
6 months to 1 year	**-**	108.08
1 to 2 years	**-**	13.59
2 to 3 years	**-**	13.35
More than 3 years	**21.01**	25.12
(c) Disputed Trade Receivables – which have significant increase in credit risk		
Less than 6 months	**-**	-
6 months to 1 year	**-**	-
1 to 2 years	**108.08**	-
2 to 3 years	**-**	-
More than 3 years	**-**	-

Note No.9. CASH AND CASH EQUIVALENTS

Balance with banks		
(i) In current accounts	**338.35**	562.05
(ii) In EEFC accounts	**1.37**	2.82
Cash on hand	**5.42**	1.73
Total Cash & Cash Equivalents	**345.14**	566.60

Note No.10. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Unpaid Dividend Bank account	**44.59**	54.69
Bank balances held as margin money	**1,724.67**	1,308.14
Total Bank Balances	**1,769.26**	1,362.84

Note No. 11. OTHER FINANCIAL ASSETS

a) Govt Grants and subsidies receivable from Govt.	**1,451.83**	2,331.81
b) Interest Accured on Marginal Money Deposits	**31.67**	-
c) Security Deposits	**556.30**	552.77
d) Income Tax Refund Receivable	**173.86**	173.86
e) Other Receivable	**165.61**	217.54
f) Insurance Receivable	**-**	206.47
Total Other Financial Assets	**2,379.28**	3,482.45

Note No. 12. OTHER CURRENT ASSETS

a) GST Refund / GST ITC Receivable	**6,359.33**	5,609.58
b) Advances to Suppliers	**4,600.93**	6,845.02
c) Prepaid Expenses	**1,128.76**	505.33
Total Other Current Assets	**12,089.03**	12,959.93

(All amounts in lakhs, unless other stated)

Particulars	31st March 2023	31st March 2022
Note No.13 (a) Authorised, Issued, Subscribed, Paid-up share capital and par value per share		
Authorised Share Capital		
90,00,000 Equity Shares of Rs.10/- each	**900.00**	900.00
6,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each	**600.00**	600.00
Issued & Subscribed Share Capital		
48,16,446 Equity Shares of Rs.10/- each fully paid - up	**481.64**	481.64
Paid-up Share Capital		
48,16,446 Equity Shares of Rs.10/- each fully paid - up	**481.64**	481.64
	481.64	481.64

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

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

Particulars	31st March 2023	31st March 2022
Note No. 13 (c) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year		
Number of shares outstanding as at the beginning of the year	**4,816,446**	4,816,446
Issue of equity shares during the year	**-**	-
Number of shares outstanding as at the end of the year	**4,816,446**	4,816,446

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

S. No.	Promoter Name	**Shareholding as on 31.03.2023**		Shareholding as on 31.03.2022	
		No. of Shares	**% of total shares**	No. of Shares	% of total shares
1	Madurai Tara Traders Pvt Ltd	**776,887**	**16.13**	776,887	16.13
2	Felspar Credit and Investment Pvt Ltd	**661,126**	**13.73**	661,126	13.73
3	Dhanalakshmi Properties Pvt Ltd	**629,343**	**13.07**	629,343	13.07
4	Kurunji Properties Pvt Ltd	**346,887**	**7.20**	346,887	7.20
5	Chinthamani Cotton Trading Pvt Ltd	**280,270**	**5.82**	280,270	5.82

(All amounts in lakhs, unless other stated)

Note No.13 (e) Shareholding of Promoters

S. No.	Promoter Name	Shareholding as on 31.03.2023			Shareholding as on 31.03.2022		
		No. of Shares	% of total shares	% change during the year	No. of Shares	% of total shares	% change during the year
1	Mr. Manikam Ramaswami (Deceased)	-	-	100%	109,315	2.27	-
2	Mrs. Valli M Ramaswami	195,463	4.06	127%	86,148	1.79	-
3	Ms. Vishala Ramaswami	550	0.01	-	550	0.01	-
4	Mr. M Ramakrishnan	2	0.00	-	2	0.00	-
5	Mr. P Manivannan	2	0.00	-	2	0.00	-
6	M/s. Madurai Tara Traders Private Ltd.	776,887	16.13	-	776,887	16.13	-
7	M/s. Felspar Credit and Investments Private Ltd.	661,126	13.73	-	661,126	13.73	-
8	M/s. Dhanalakshmi Properties Pvt Ltd	629,343	13.07	-	629,343	13.07	-
9	M/s. Kurunji Properties Pvt Ltd	346,887	7.20	-	346,887	7.20	-
10	M/s. Chinthamani Cotton Trading Pvt Ltd	280,270	5.82	-	280,270	5.82	-
11	M/s. Nemesis Cotton Trading Company Private Ltd.	136,086	2.83	-	136,086	2.83	-
12	M/s. Rhea Cotton Traders Private Ltd.	116,660	2.42	-	116,660	2.42	-
13	M/s. Nike Cotton Traders Private Ltd.	115,000	2.39	-	115,000	2.39	-
14	M/s.Hellen Cotton Trading Company Private Ltd.	71,950	1.49	-	71,950	1.49	-
15	M/s. Valli Agri Industries Private Ltd.	55,620	1.15	-	55,620	1.15	-
16	M/s. Valli Yarn Processors Private Ltd.	53,496	1.11	-	53,496	1.11	-
17	M/s. Vishala Apparels Private Ltd.	30,625	0.64	-	30,625	0.64	-
18	M/s. Vishala Knitwear Private Ltd.	29,375	0.61	-	29,375	0.61	-
19	M/s. Sri Manikavasagam Trades and Finance Private Ltd.	22,501	0.47	-	22,501	0.47	-
20	M/s. Emmar Trades and Finance Private Ltd.	18,002	0.37	-	18,002	0.37	-
	Total	**3,539,845**	**73.49**		**3,539,845**	**73.49**	

(All amounts in lakhs, unless other stated)

Particulars	31st March 2023	31st March 2022
Note No.14. OTHER EQUITY		
(a) Capital Reserves		
Opening Balance	**24.19**	24.19
Additions during the year	**-**	-
Deductions during the year	**-**	-
Closing Balance	**24.19**	24.19
(b) Amalgamation Reserve		
Opening Balance	**242.52**	242.52
Additions during the year	**-**	-
Deductions during the year	**-**	-
Closing Balance	**242.52**	242.52
(c) General Reserve		
Opening Balance	**8,552.40**	8,552.40
Transfer from Surplus	**-**	-
Deductions during the year	**-**	-
Closing Balance	**8,552.40**	8,552.40
(d) Retained Earnings		
Opening Balance	**26,690.74**	17,527.42
Add:		
Profit for the period as per statement of profit & loss account	**284.42**	9,705.09
Less:		
Final dividend (PY @ 100% - Rs. 10/- per share)	**481.64**	541.77
Closing Balance	**26,493.52**	26,690.74
(e) Other Comprehensive Income Reserve		
Opening Balance		
Remeasurement of Defined benefit plans	**240.27**	239.12
Equity Instruments through OCI	**22.33**	24.95
Foreign Currency Translation Reserve	**(5.81)**	(5.81)
Total Opening Balance	**256.79**	258.26
Other Comprehensive Income for the year		
Items that will not be reclassified to Profit and Loss		
-Actuarial Gain / (Loss) on Defined Benefit Plan	**(20.67)**	1.15
-Gain /(Loss) on Equity Instruments through OCI	**(3.50)**	(2.62)
Gain/Loss on Foreign Currency Translation Reserve	**-**	-
Total of Items that will not be reclassified to Profit and Loss	**(24.17)**	(1.47)

(All amounts in lakhs, unless other stated)

Particulars	31st March 2023	31st March 2022
Closing Balance		
Remeasurement of Defined benefit plans	**219.60**	240.27
Equity Instruments through OCI	**18.83**	22.33
Foreign Currency Translation Reserve	**-5.81**	-5.81
Total Closing Balance	**232.62**	256.79
Total Other Equity (a)+(b)+(c)+(d)+(e)	**35,545.25**	35,766.65
Note No.15. NON - CURRENT PROVISION		
Employee Benefits		
Provision for Post Employment Benefits - Gratuity (refer note no.36)	**130.14**	87.66
Total Non-Current Provision	**130.14**	87.66
Note No.16. DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Net (Refer Note 41)		
Deferred Tax Liabilities:		
a) Tax Effects on Items Constituting Liabilities	**2,755.10**	2,361.91
Property, Plant & Equipment		
(Difference between book balance and tax balance)		
Deferred Tax Assets:		
- On account of timing differences under Income tax	**(1,236.02)**	(796.27)
MAT credit Entitlement	**(281.79)**	(624.83)
Total Deferred Tax Liabilities (Net)	**1,237.30**	940.81
Note No.17 BORROWINGS		
Loans Repayable On Demand		
From Banks (secured) at amortised cost*		
- Packing Credit	**28,538.38**	24,067.16
- Cash Credit	**7,135.05**	5,189.95
- Working Capital Loan	**1,157.13**	-
- LC Discounted with Banks	**27,918.49**	19,515.24
- Bills Discounted with Banks	**1,477.57**	12,853.59
Total Current Borrowings	**66,226.62**	61,625.93
Refer Note No.40 for details of security created against Current borrowings		
Note No.18. TRADE PAYABLES		
- Outstanding dues to creditor - other than Micro and Small Enterprises	**14,697.65**	17,201.23
- Oustanding dues to creditor - Micro and Small Enterprises	**2,214.36**	812.36
- Dues to related parties	**36.15**	39.62
Total Trade Payables	**16,948.16**	18,053.21

(All amounts in lakhs, unless other stated)

Particulars	31st March 2023	31st March 2022
Ageing of Trade payables:		
(i) MSME:		
Less than 1 year	**2,214.36**	812.36
1-2 years	**-**	-
2-3 years	**-**	-
More than 3 years	**-**	-
	2,214.36	812.36
(ii) Others:		
Less than 1 year	**14,626.82**	17,085.63
1-2 years	**-**	155.22
2-3 years	**106.98**	-
More than 3 years	**-**	-
Total Trade Payables	**14,733.80**	17,240.85

Note No.19. OTHER FINANCIAL LIABILITIES

Electricity Charges Payable	**3,674.77**	3,051.86
Salary & Wages Payable	**1,282.60**	1,590.02
Bonus and Leave Salary Payable	**1,006.75**	1,173.63
Expenses Payable	**957.83**	2,586.70
Interest accured but not due	**156.47**	117.21
Interest payable to MSME vendors	**118.80**	-
Total Other Financial Liabilities	**7,197.22**	8,519.42

Note No.20. OTHER CURRENT LIABILITIES

Statutory Payables	**940.23**	828.49
Advances from customers	**478.87**	918.75
Security Deposit	**180.48**	193.37
Total Other Current Liabilities	**1,599.58**	1,940.60

Note No.21. SHORT-TERM PROVISIONS

Employee benefits		
Provision for Post Employment Benefits - Gratuity (refer note no.36)	**120.79**	95.02
Total Short Term Provisions	**120.79**	95.02

Note No.22. CURRENT TAX - LIABILITIES (NET)

Provision for Income Tax (Net of Advance Tax)	**-**	1,088.95
Total Current Tax Liabilities	**-**	1,088.95

(All amounts in lakhs, unless other stated)

Particulars	31st March 2023	31st March 2022
Note No.23. REVENUE FROM OPERATIONS		
Sale of Products	**132,862.43**	167,737.55
Sale of Services	**1,074.50**	730.27
Other operating Revenues		
- Duty Drawback/RODTEP/ROSTCL	**2,523.19**	4,650.37
- Waste and Scrap Sales	**3,829.27**	3,168.62
Total Revenue from Operations	**140,289.39**	176,286.81
Note No.24. OTHER INCOME		
Interest Income	**138.86**	51.56
Dividend Income	**0.13**	180.54
Other Non operating income		
a) Insurance Claim Received*	**1,720.49**	55.73
b) Net Foreign Exchange Gain/(Losses)	**889.28**	474.12
c) Rental Income	**40.08**	39.09
d) Profit on Sale of Assets	**-**	53.31
e) Miscellaneous Income	**743.01**	37.26
Total Other Income	**3,531.84**	891.61

*** Note on Insurance Claim Received**

A fire accident took place at Shri Visala Textile Mills [SVTM] weaving unit at Naidupeta, Andhra Pradesh on 7th March 2022. Total claim made with insurance company for replacement value of the assets damaged was Rs. 49.76 crores against which an adhoc amount of Rs. 13.75 crores was received in March’23.

Further, Insurance Claim of Rs. 50 lacs has been received against looms affected due to fire accident in LTM Weaving Division in Apr’22 and Rs. 2.82 crores against claim made in relation to damage to windmill due to fire accident.

Particulars	31st March 2023	31st March 2022
Note No.25. COST OF MATERIALS CONSUMED		
i) Cotton, Staple Fibre and Cotton waste	**64,065.22**	54,764.58
ii) Yarn	**22,389.98**	53,635.41
iii) Fabric	**6,495.03**	3,895.72
iv) Dyes	**561.83**	423.18
v) Reflective band	**549.78**	412.38
Total Cost of Materials Consumed	**94,061.84**	113,131.26
Note No.26. PURCHASE OF STOCK-IN-TRADE		
Yarn	**37.42**	2,163.52
Fabric	**2.24**	-
Others - Packing materials and Cotton	**1,817.07**	1,515.61
Total Purchase of Stock-in-Trade	**1,856.73**	3,679.13

(All amounts in lakhs, unless other stated)

Particulars	31st March 2023	31st March 2022
Note No.27. CHANGES IN INVENTORIES		
Opening Stock		
Process Stock	**10,657.73**	7,447.90
Finished goods	**11,743.03**	5,902.32
Total (A)	**22,400.76**	13,350.22
LESS: Closing Stock		
Process Stock	**10,808.31**	10,657.73
Finished goods	**18,401.09**	11,743.03
Total (B)	**29,209.40**	22,400.76
Changes In Inventories Net (Increase) / Decrease (A-B)		
Process Stock	**(150.58)**	(3,209.83)
Finished goods	**(6,658.06)**	(5,840.71)
Total Changes in Inventories	**(6,808.64)**	(9,050.54)
Note No.28. Employee Benefits / Expenses		
Salaries, Wages and Bonus	**14,000.17**	13,650.29
Unavailed Leave	**209.70**	153.96
Contribution to Provident Fund and other funds	**1,241.78**	965.99
Other Welfare Expenses	**2,199.83**	1,601.17
Total Employee Benefits/Expenses	**17,651.48**	16,371.40
Note No.29. FINANCE COSTS		
Interest Expenses		
- For Term Loan	**-**	211.58
- For Working capital Loan	**2,767.01**	2,073.90
- For Bills Discounting	**223.27**	569.77
Other Borrowing Cost	**189.17**	107.36
Total Finance Costs	**3,179.45**	2,962.60

(All amounts in lakhs, unless other stated)

Particulars	31st March 2023	31st March 2022
Note No.30. OTHER EXPENSES		
Power and Fuel	**9,841.28**	9,888.34
Stores Consumed	**8,639.28**	8,420.59
Freight and forwarding charges	**2,533.26**	5,667.72
Selling Expenses	**1,141.96**	1,755.39
Payment to the Auditors		
As Auditors	**11.22**	10.00
For Certification work	**0.40**	1.34
Conversion Charges	**1,587.52**	1,574.20
Processing Charges	**1,412.51**	842.83
Repairs & Maintanence		
(a) Repairs to Machinery	**1,545.61**	1,515.41
(b) Repairs to Building	**620.87**	398.88
(c) Repairs & Maintenance for Vehicles	**313.01**	330.31
Insurance	**384.95**	308.42
Bad Debts	**40.95**	0.00
Rates and Taxes	**122.68**	112.63
Loss on sale of Assets	**16.38**	102.57
Provision for Impairment of Investments (Refer Note No. 4)	**20.37**	-
Expenditure on CSR Activities	**102.15**	46.16
Rent	**275.43**	183.11
Bank Charges	**875.02**	988.79
Travelling Expenses	**309.28**	149.27
Professional Expenses	**294.69**	243.46
Communication Expenses	**222.21**	211.09
Other Miscellaneous Expenses	**185.34**	364.47
Total Other Expenses	**30,496.36**	33,114.96

(All amounts in lakhs, unless other stated)

Particulars	31st March 2023	31st March 2022
Note No.31 (a). Income Tax Recognised In Profit And Loss Account		
Current Tax		
In respect of current year	**0.37**	4,126.50
In respect of prior years	**(241.70)**	42.74
Deferred Tax	**-**	-
In respect of current year	**(26.13)**	(143.10)
Total Tax Expenses	**(267.46)**	4,026.14
Note No.31 (b). Income Tax Recognised In Other Comprehensive Income		
Arising on income and expenses recognised in other comprehensive income		
Remeasurement of defined benefit obligation	**18.60**	(0.47)
Net fair value gain/(loss) on investment in equity shares at FVTOCI	**1.84**	1.37
Total income tax recognised in other comprehensive income	**20.44**	0.90
Note No.32. Other Comprehensive Income		
Remeasurement of defined benefit obligation	**(39.27)**	1.62
Net fair value gain/(loss) on investment in equity shares at FVTOCI	**(5.34)**	(3.99)
Total Other Comprehensive Income	**(44.61)**	(2.37)

33) 33.1 Other money for which the Company is contingently liable

The details of dues of Income Tax, Goods and Service tax, Sales Tax, Value Added Tax, cess and other material statutory dues applicable to the Company which have not been deposited as on March 31, 2023 on account of disputes are given below:

Nature of Dues	Forum before which the dispute is pending	Period to which it relates	31st March 2023	31st March 2022
Sales Tax	State Tax Appellate Tribunal, Madurai	2005-2010	**205.70**	205.70
	Appeal with STAT, Kakinada Court for AP CST dispute (13-14)	2018-2019	**434.88**	795.54
VAT	State Tax Appellate Tribunal, Madurai	2006-2015	**648.40**	648.40
	DC Appeal-Tirunelveli *	2007-2014	**-**	227.18
	Revision petition - JC, Tirunelveli *	2006-2012	**-**	54.98
	ADC (Appeals), Chennai *	2007-2013	**-**	86.92
GST	GST Dept	2017-2018	**-**	42.37
Labour Case			**-**	3.13

* Since provided

Nature of Dues	Forum before which the dispute is pending	Assessment Year	31st March 2023	31st March 2022
Income Tax	Pending with IT Department	2015-2022	**594.54**	550.71

33.2 Commitments

Exports obligations under Export Promotion Capital Goods (EPCG) scheme	**963.00**	2,225.25

(All amounts in lakhs, unless other stated)

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

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

	Particulars	31st March 2023	31st March 2022
(a)	The principal amount remaining unpaid to any supplier at the end of each accounting year	**2,214.36**	812.36
(b)	The interest payable thereon on (a)	**44.41**	-
(c)	The amount of interest paid by the buyer along with the amount of the payment made to the supplier beyond the due date during each accounting year	**-**	-
(d)	The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	**74.39**	-
(e)	The amount of interest accrued and remaining unpaid at the end of each accounting year	**118.80**	-
(f)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	**118.80**	-

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

35) Financial Instruments and Risk Management

35.11 Capital management

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

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

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

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

Particulars	31st March 2023	31st March 2022
Debt	**66,383.09**	61,743.14
Less: Cash and bank balances	**345.14**	566.60
Net debt	**66,037.95**	61,176.54
Total equity	**36,026.90**	36,248.29
Net debt to equity ratio	**1.83**	1.69

35.2 Financial Instruments by category

Categories of Financial Instruments

Financial assets at FVTOCI

Investments*	**50.92**	78.15

(All amounts in lakhs, unless other stated)

Particulars	31st March 2023	31st March 2022
Financial assets at Amortised Cost #		
Trade receivables	**20,570.21**	30,290.03
Cash and cash equivalents	**345.14**	566.60
Bank balances other than above	**1,769.26**	1,362.84
Other financial assets	**2,379.28**	3,482.45
Financial liabilities at Amortised Cost #		
Borrowings (short term)	**66,227**	61,626
Trade payables	**16,948**	18,053
Other financial liabilities	**7,197**	8,519

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

* Investment value excludes investment in subsidiay and Joint ventures which are shown at cost in balance sheet as per Ind AS 27 "Separate Financial Statements"

Fair value measurements (Ind AS 113)

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

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

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

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

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

Sensitivity of Level 3 financial instruments are insignificant.

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

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

Unquoted equity investments: Based on Management evaluation carrying cost approximates the Fair Value.

Particulars	31st March 2023	31st March 2022
Financial assets at Fair Value Through Other Comprehensive Income		
Investments in Listed Equity Shares - Level - 1	**17.00**	22.34
Investments in Unlisted Equity Shares - Level - 3	**33.91**	55.81

35.3 Financial Risk Management

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

(All amounts in lakhs, unless other stated)

Risk Exposures and Responses

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

35.3.1 Market Risk

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

(i) Foreign Currency Risk

The company operates internationally and business is transacted in several currencies. The current year export sales of company comprise around 50% of the total sales of the company. Further the company also imports certain assets and material. The exchange rate between the Indian Rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently the company is exposed to foreign currency risks and the results of the company may be affected as the rupee appreciates/ depreciates against foreign currencies. Foreign exchange risk arises from the future probable transactions and recognized assets and liabilities denominated in a currency other than company's functional currency.

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

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

Company's Total Foreign currency exposure

Particulars	Currency	31st March 2023		
		Exchange Rate	Amount in Foreign Currency	Amount
Trade Receivables	EUR	**89.61**	**19.62**	**1,757.93**
	GBP	**101.87**	**0.62**	**63.43**
	USD	**82.22**	**90.73**	**7,459.31**
Trade Payable	CHF	**89.82**	**0.71**	**64.04**
	EUR	**89.61**	**21.77**	**1,950.71**
	GBP	**101.87**	**0.09**	**8.86**
	USD	**82.22**	**21.68**	**1,782.19**
Import LC Outstanding	EUR	**89.61**	**15.45**	**1,384.04**
	USD	**82.22**	**62.71**	**5,155.96**
		31st March 2022		
Trade Receivables	EUR	83.78	32.61	2,731.93
	GBP	100.10	0.73	72.80
	USD	75.82	274.62	20,820.46
Trade Payable	CHF	80.53	2.15	172.90
	EUR	83.47	3.44	287.32
	GBP	100.99	0.09	9.00
	USD	74.24	41.59	3,087.95

(All amounts in lakhs, unless other stated)

Company's Unhedged Foreign currency exposure

Particulars	Currency	31st March 2023		
		Exchange Rate	Amount in Foreign Currency	Amount in (Rs.)
Trade Receivables	EUR	**89.61**	**12.87**	**1,153.08**
	GBP	**101.87**	**0.62**	**63.43**
	USD	**82.22**	**13.11**	**1,077.61**
Trade Payable	CHF	**89.82**	**0.71**	**64.04**
	EUR	**89.61**	**21.77**	**1,950.71**
	GBP	**101.87**	**0.09**	**8.86**
	USD	**82.22**	**21.68**	**1,782.19**
Import LC Outstanding	EUR	**89.61**	**15.45**	**1,384.04**
	USD	**82.22**	**11.74**	**965.05**

Particulars	Currency	31st March 2022		
Trade Receivables	EUR	-	-	-
	GBP	-	-	-
	USD	-	-	-
Trade Payable	CHF	-	-	-
	EUR	-	-	-
	GBP	-	-	-
	USD	-	-	-

Sensitivity

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

Particulars	31st March 2023	31st March 2022
USD Sensitivity		
INR/USD - increases by 5%	**(83.48)**	-
INR/USD - decreases by 5%	**83.48**	-
EURO Sensitivity		
INR/EURO - increases by 5%	**(109.08)**	-
INR/EURO - decreases by 5%	**109.08**	-

(ii) Interest Rate Risk

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

Interest rate exposure

Particulars	31st March 2023	31st March 2022
Current Borrowings	**66,226.62**	61,625.93

Sensitivity analysis:

Sensitivity analysis is carried out for floating rate borrowings as at March 31, 2023. For every 1% increase in average interest rates, profit before tax would be impacted by loss of approximately Rs. 662 lakhs (Pr.Yr: Rs. 616 Lakhs). Similarly, for every 1% decrease in average interest rates there would be an equal and opposite impact on the profit before tax. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

35.3.2 Liquidity Risk

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

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

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

Particulars	As at '31st March 2022			
	Upto 1 year	1 to 2 years	More than 2 years	Total
Borrowings (short term)	61,625.93	-	-	61,625.93
Trade payables	18,053.21	-	-	18,053.21
Other financial liabilities	8,519.42	-	-	8,519.42
Total	88,198.57	-	-	88,198.57

(All amounts in lakhs, unless other stated)

35.3.3 Credit Risk

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

(i) Trade receivables

Trade receivables of the company are typically unsecured and derived from sale made to a large number of independent customers. Customer credit risk is managed by each business unit subject to established policies, procedures and control relating to customer credit risk management. Before accepting any new customer, the company has appropriate level of control procedures to assess the potential customer credit quality. The credit worthiness of its customers are reviewed based on their financial position, past experience and other facts. The credit period provided by the company to its customers generally ranges from 0-90 days. Outstanding customer receivables are reviewed periodically.

The credit related to the trade receivables is mitigated by taking security deposits/ bank guarantee/letter of credit- as and where considered necessary, setting appropriate credit terms and by setting and monitoring internal limits on exposure to individual customers.

There is no substantial concentration of the credit risk as the revenue / trade receivables pertaining to any of the single customer do not exceed 10% of company revenue

(ii) Cash and Cash Equivalents and Bank Deposits

Credit risk on cash and cash equivalents and balances with Banks is considered to be minimal as the counterparties are all substantial banks and Corporates with high credit ratings. The Directors are unaware of any factors affecting the recoverability of outstanding balances at 31st March 2023.

36) Disclosure of Employee Benefits

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

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

Particulars	**2022-23**	2021-22
Provident Fund	**816.62**	635.48
Employee State Insurance	**333.26**	295.30

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

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

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

(All amounts in lakhs, unless other stated)

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

Investment Risk

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

Salary Risk

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

Interest Risk

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

Longevity Risk

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

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

Particulars	**31st March 2023**	31st March 2022
Discount Rate	**7.54%**	7.43%
Salary Escalation Rate	**7.50%**	8.00%
Attrition Rate	**8.00%**	8.00%
Expected rate of return on plan assets	**7.43%**	7.15%

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

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

Particulars	**31st March 2023**	31st March 2022
Expense recognised in Statement of Profit or Loss		
Current Service Cost	**87.45**	78.64
Interest Cost	**90.30**	82.63
Expected return on plan assets	**(80.50)**	(75.29)
Subtotal	**97.25**	85.98
Recognised in Other Comprehensive Income		
Actuarial loss/(gain) on Present value of Obligation	**38.40**	42.78
Actuarial gain/(loss) on change in fair value Plan Assets	**(0.87)**	44.40
Subtotal	**39.27**	(1.62)
Net Benefit Expenses	**136.52**	84.36

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

(All amounts in lakhs, unless other stated)

	Particulars	31st March 2023	31st March 2022
(ii)	**Net defined benefit plan Asset/Liability recognised in Balance Sheet as follows**		
	Benefit asset / liability		
	Present value of defined benefit obligation	**1,356.64**	1,290.33
	Fair value of plan assets	**1,105.70**	1,140.92
	Net defined benefit plan Asset/Liability recognised in Balance Sheet	**(250.94)**	(149.41)
iii)	**Changes in the present value of the obligation - reconciliation of opening and closing balances:**		
		Gratuity	Gratuity
		(Funded Plan)	(Funded Plan)
	Opening balance of Present Value of the Obligation	**1,290.33**	1,224.88
	Interest Cost	**90.30**	82.63
	Current Service Cost	**87.45**	78.64
	Benefits Paid	**(149.86)**	(138.60)
	Actuarial loss/(gain)	**38.40**	42.78
	Closing balance of Present Value of the Obligation	**1,356.64**	1,290.33
(iv)	**Reconciliation of changes in the fair value of plan Assets:**		
	Opening balance Fair Value of Plan Assets	**1,140.92**	1,084.83
	Expected return on Plan Assets	**80.50**	75.29
	Contribution by the Company	**35.00**	75.00
	Benefits Paid	**(149.86)**	(138.60)
	Actuarial gain/(loss)	**(0.87)**	44.40
	Closing balance of Fair Value of Plan Assets	**1,105.70**	1,140.92
(v)	**Reconciliation of Fair value of Assets & Obligation**		
	Present value of the obligation	**1,356.64**	1,290.33
	Fair value of the Plan Assets	**1,105.70**	1,140.92
	Surplus/(Deficit)	**(250.94)**	(149.53)
	Experience adjustments on Plan Liabilities (loss)/ gain	**(38.40)**	(42.78)
	Experience adjustments on Plan Assets (loss)/ gain	**(0.87)**	44.40
(vi)	**Percentage of each category of plan assets to total fair value of plan assets:**		
	a) Government Securities	**37.57%**	40.00%
	b) Bank deposits (Special deposit scheme)	**1.83%**	2.00%
	c) Others / approved securities	**60.60%**	58.00%

vii) The estimates of future salary increases, considered in actuarial valuation, taken into on account of inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. The expected rate of return on assets are estimated as per the return on Government of India bonds.

	Particulars	31st March 2023	31st March 2022
37)	**Earnings per share (Rs.)**		
	The following reflects the profit and shares related data used in the Basic EPS/Diluted EPS computations:		
	Opening / Closing number of shares	**4,816,446**	4,816,446
	Profit / Loss after Tax Expense (Rs. Lakhs)	**284**	9,705
	Earnings per share (Rs.)	**5.91**	201.50
	Face value of shares (Rs.)	**10.00**	10.00
38)	**Expenditure towards Corporate Social Responsibility (CSR) activities**		
	As per Section 135 of the Companies Act 2013, the Company needs to spend 2% of its average net profits of the immediately preceding three financial years on Corporate Social Responsibility (CSR) activities.		
	The gross amount required to be spent by the Company during the year towards Corporate Social Responsibility (CSR) as per the provision of section 135 of the Companies Act, 2013 amounts to Rs. 108.88 Lakhs (Pr.Yr. Rs. 36.63 Lakhs). Amount spent during the year on CSR activities as under:		
	a) Gross amount required to be spent by the Company during the year	**108.88**	36.63
	b) Amount available for set-off	**(6.89)**	
	c) Amount required to be spent by the company in cash during the year	**102.14**	36.63
	d) Amount of expenditure incurred	**102.14**	43.52
	e) Shortfall at the end of the year	**-**	(6.89)
	f) Total of previous year shortfall	**Nil**	Nil
	g) Reason for shortfall	**NA**	NA
	h) Nature of CSR activities	**Promotion of Health/Promotion of Education**	Promotion of Health/Promotion of Education
	i) Contribution to trust where promoter is interested.	**94.64**	-
	j) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	**Nil**	Nil
39)	**Distribution Made and Proposed (Ind AS 1)**		
	Cash dividends on equity shares declared and paid:		
	Final dividend for the year ended on March 31, 2022: Rs. 10 per share (March 31 2021: Rs. 7.5 per share)	**481.64**	541.77
	Total Distribution made	**481.64**	541.77
	Proposed dividend for the year ended on March 31, 2023: NIL (March 31 2022: Rs. 10 per share)	**-**	481.64
	Total Dividend Proposed	**-**	481.64

(All amounts in lakhs, unless other stated)

	Particulars	31st March 2023	31st March 2022
40)	**Assets pledged as security**		
	Current assets		
	Financial assets		
	Trade receivables	**20,570.21**	30,290.03
	Non-financial assets		
	Inventory	**52,161.97**	44,653.80
	Total current assets pledged as security	**72,732.18**	74,943.83
	Non-current assets		
	Property, Plant & Equipment	**32,756.22**	30,025.52
	Capital Work-in-progress	**309.90**	439.50
	Investment property	**270.29**	276.33
	Other Intangible assets	**52.01**	28.89
	Total non-current assets pledged as security	**33,388.41**	30,770.24
	Total assets pledged as security	**106,120.59**	105,714.07

Details of security for Current borrowings

Current borrowings from banks are secured as follows:

Primary Security

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

Collateral Security

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

(All amounts in lakhs, unless other stated)

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

Particulars	Opening Balance	MAT Credit Entitlement	Recognised in Profit or Loss	Recognised in OCI	Closing Balance
Deferred Tax Assets					
Expenses deductible in future years	720.17		(58.77)	-	661.40
Provision for doubtful debts	56.00		(10.90)		45.10
Unabsorbed Losses - Carry Forward	-		527.40		527.40
Others	(18.32)			20.44	2.12
MAT Credit recoverable	624.83	(343.05)			281.79
Total DTA	**1,382.68**	**(343.05)**	**457.73**	**20.44**	**1,517.80**
Deferred Tax Liabilities					
Property Plant and Equipment and Intangible Assets	(2,323.50)		(431.60)	-	(2,755.10)
Others	-	-	-	-	-
Total DTL	**(2,323.50)**	**-**	**(431.60)**	**-**	**(2,755.10)**
Net DTL	**(940.81)**	**(343.05)**	**26.13**	**20.44**	**(1,237.30)**

Deferred Tax Liabilities (Net) movement for FY 2021-2022

Particulars	Opening Balance	MAT Credit Entitlement	Recognised in Profit or Loss	Recognised in OCI	Closing Balance
Deferred Tax Assets					
Expenses deductible in future years	729.87		(9.70)	-	720.17
Provision for doubtful debts	65.70		(9.70)	-	56.00
Unabsorbed Losses - Carry Forward	-		-	-	-
Others	(19.22)		-	0.90	(18.32)
MAT Credit Recoverable	2,119.23	(1,494.40)			624.83
Total DTA	**2,895.58**	**(1,494.40)**	**(19.40)**	**0.90**	**1,382.68**
Deferred Tax Liabilities					
Property Plant and Equipment and Intangible Assets	(2,486.00)		162.50	-	(2,323.50)
Others	-	-	-	-	-
Total DTL	**(2,486.00)**	**-**	**162.50**	**-**	**(2,323.50)**
Net DTL	**409.58**	**(1,494.40)**	**143.10**	**0.90**	**(940.81)**

42) Related Party Disclosures for the year ended 31.03.2023

(i) List of Related Parties

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

(All amounts in lakhs, unless other stated)

(ii) Transaction with Related Party - KMP

Remuneration paid to key managerial personnel:	Smt. Valli M Ramaswami (Chairperson and Whole Time Director)		Ms. Vishala M Ramswami (Director)		Sri. M.E.Manivannan (Whole Time Director)		Sri. P.Manivannan (Whole Time Director)	
	31st March 2023	31st March 2022	**31st March 2023**	31st March 2022	**31st March 2023**	31st March 2022	**31st March 2023**	31st March 2022
Salary, Perquisites and Other allowances	**60.00**	65.00	**12.00**	12.00	**30.95**	7.04	**-**	6.32
Contribution to provident fund - defined contribution plan	**7.20**	7.20	**1.44**	1.44	**2.71**	0.67	**-**	-
Commission	**-**	630.76	**-**	-	**-**	-	**-**	-
Total	**67.20**	702.96	**13.44**	13.44	**33.66**	7.71	**-**	6.32

Remuneration paid to key managerial personnel:	Mr. A Velliangiri (Chief Executive Officer)		Mr. K Ganapathi, (Chief Financial Officer)		Mr. P Mahadevan (Company Secretary & Compliance Officer)	
	31st March 2023	31st March 2022	**31st March 2023**	31st March 2022	**31st March 2023**	31st March 2022
Salary, Perquisites and Other allowances	**55.23**	48.50	**41.18**	47.42	**13.69**	12.22
Contribution to provident fund - defined contribution plan	**2.83**	2.16	**1.69**	1.56	**0.62**	0.35
Total	**58.06**	50.66	**42.87**	48.97	**14.31**	12.57

Sitting Fees to Directors	**31st March 2023**	31st March 2022
Independent Director		
Mr. B T Bangera	**4.80**	4.80
Mrs. Vijayalakshmi Rao	**3.90**	2.40
Mr.S.Arun	**1.00**	4.60
Mr.Gokul Dixit	**2.70**	-
Mr.Lakshminarayanan	**0.50**	-
Non Independent Director		
Mr. B Vaidyanathan	**4.60**	4.50
Mr. Madhavan Nambiar	**3.40**	5.10
Mr. R Poornalingam	**2.10**	4.70

(iii) Outstanding balances as on 31.03.2023 - Related Party (KMP)

Particulars	Smt. Valli M Ramaswami (Chairperson and Whole Time Director)		Ms. Vishala M Ramswami (Director)		Sri. M.E.Manivannan (Whole Time Director)		Sri. P.Manivannan (Whole Time Director)	
	31st March 2023	31st March 2022	**31st March 2023**	31st March 2022	**31st March 2023**	31st March 2022	**31st March 2023**	31st March 2022
Commission Payable	**324.29**	636.76	**-**	-	**-**	-	**-**	-

(All amounts in lakhs, unless other stated)

(iv) Transactions with Related Parties other than KMP

S. No.	Name	Relationship of the related party with the reporting entity	Type of Related Party Transaction	Value of Transaction during the reporting period	
				2022-23	2021-22
1	Gruppo P&P	Joint Venture	Sale of Goods	**5,868.25**	6,459.21
			Purchase of Goods	**3.05**	5.67
			Dividend Income received	**160.93**	180.54
2	Manickavasagam Charitable Foundation	Enterprises over which KMP have significant influence	CSR	**94.64**	64.24
			Expenses met to be recovered	**1.78**	0.08
3	Valli Agri Industries	Enterprises over which KMP have significant influence	Purchase of Goods.	**89.31**	100.78
4	Kurunji Properties P Ltd	Enterprises over which KMP have significant influence	Rent Paid	**16.20**	-
5	Loyal Mill Primary School	Enterprises over which KMP have significant influence	Expenses met to be recovered	**10.21**	-
6	P.Orr & Sons Private Limited	Enterprises over which KMP have significant influence	Purchase of Goods.	**1.74**	0.66
7	Emmar Trades & Finance P. Ltd.	Enterprises over which KMP have significant influence	Purchase of Goods.	**0.61**	1.00
8	Valli Yarn Processors P Ltd	Enterprises over which KMP have significant influence	Expenses met to be recovered	**5.45**	0.89
9	Loyal Textile Mills Limited Employees Gratutity Fund	Post Employment Benefit Plans Trust	Contribution to employee benefit plan	**25.00**	65.00
10	M/S Valli Cotton Traders Limited Employees Gratutity Fund	Post Employment Benefit Plans Trust	Contribution to employee benefit plan	**10.00**	10.00

(All amounts in lakhs, unless other stated)

(v) Outstanding balances with Related Parties other than KMP

S.No.	Name	Relationship of the related party with the reporting entity	Outstanding Balance as on 31.03.2023	Outstanding Balance as on 31.03.2022
Outstanding Receivable				
1	Gruppo P&P	Joint Venture	**1,469.79**	813.66
2	Valli Agri Industries	Enterprises over which KMP have significant influence	**365.14**	342.46
3	Valli Yarn Processors P Ltd	Enterprises over which KMP have significant influence	**151.06**	126.93
4	Shri Manikavasakam Trades & Finance	Enterprises over which KMP have significant influence	**43.06**	43.06
5	Nike Cotton Traders P Ltd	Enterprises over which KMP have significant influence	**25.59**	25.59
6	Kurunji Properties P Ltd	Enterprises over which KMP have significant influence	**13.51**	13.55
7	Thiagesar Trust	Enterprises over which KMP have significant influence	**10.43**	10.43
8	Loyal Mill Primary School	Enterprises over which KMP have significant influence	**7.03**	0.92
9	Maduari Tara Traders P Ltd	Promoter	**0.81**	0.81
10	Manickavasagam Charitable Foundation	Enterprises over which KMP have significant influence	**10.18**	11.58
Outstanding Payable				
11	P.Orr & Sons Private Limited	Enterprises over which KMP have significant influence	**(9.56)**	(9.27)
12	Loyal Textile Mills Limited Employees Gratutity Fund	Post Employment Benefit Plans Trust	**(214.41)**	(154.96)
13	M/S Valli Cotton Traders Limited Employees Gratutity Fund	Post Employment Benefit Plans Trust	**(36.52)**	(27.71)

43) The following subsidiary /Joint Venture are considered in the Consolidated Financial Statements

Name	Country of Incorporation	FY 2022-2023 % of ownership interest	FY 2021-2022 % of ownership interest	Nature of Business
DIRECT SUBSIDARY				
Loyal International Sourcing P Ltd.,.	India	100.00	100.00	Textile- Trading
JOINT VENTURE				
Gruppo P&P Loyal Spa	Italy	47.50	47.50	Sale of garment and fabrics. Purchase of reflective band and trims.
Loyal Dimco Group A.E.B.E*	Greece	50.00	50.00	No operations
Loyal Textiles (UK) Ltd	UK	49.00	49.00	No operations
Loyal IRV Textile LDA, Portugal (Joint Venture 51%)	Portugal	51.00	51.00	No operations

Additional Information as required under Schedule III to the Companies Act, 2013 of enterprises Consolidated as subsidiary/Joint Venture.

FY 2022-2023				
Name of the enterprise	Net Asset i.e. Total assets minus total liabilities		Share in Total Comprehensive Income	
	As a % of consolidated Net Assets	Amount in Lakhs (Rs)	As % of Consolidated Total Compre-hensive Income	Amount in Lakhs (Rs)
Parent				
Loyal Textile Mills Limited.	92.1%	33,171.55	-11.61%	(30.22)
Subsidiary				
Loyal International Sourcing #	0.00%	Nil	0.00%	-
Joint Venture				
Foreign				
Gruppo P&P Loyal SPA Italy	7.9%	2,855.35	111.61%	290.47
Loyal Dimco Group A.E.B.E. Greece*	0.0%	-	0.0%	-
Loyal Textiles (UK) Ltd*	0.0%	-	0.0%	-
Loyal IRV Textile LDA, Portugal *	0.0%	-	0.0%	-

Loyal International Sourcing Private Ltd. was incorporated as a private limited company with the object to carry on the Business in identification of overseas buyers, manufacturers and suppliers in India and/or overseas of yarn, fabrics, garments, etc., or act as an agent or an intermediary to represent the buyer and/or manufacturer or carrying on the business of trading. Since the company failed to identify prospective buyers, the company shut down its operations from FY 2017-18 onwards. We are in the process of strike-off of company.

* The operations of Loyal Dimco Group A.E.B.E. (under the process of winding up), Loyal Textiles (UK) Ltd (Dissolved) and Loyal IRV Textile LDA, Portugal are not carrying on any operations. The carrying value of Investments has been Impaired during FY 2022-2023.

(All amounts in lakhs, unless other stated)

The investments in Loyal IRV Textile LDA, Portugal, Joint Venture Company was made during the year 2014-2015 with a view to explore overseas market opportunities. The Joint venture company did not identify any prospective buyers and it remains inoperative. Further, due to lack of expertise support and non-availability of manpower resources to carry on the operation, the management has decided to terminate the Joint Venture arrangement. The investment is stated at cost as there is no significant operating activities carried out by the company to impact the carrying amount of the investment made. The company was unable to obtain the financial statements of the joint venture company inspite of its best efforts.

The process of terminating the Joint Venture company Loyal Dimco Group A.E.C.E., Greece, by winding up the Joint Venture Company was initiated.

Due to inadequate financial information and considering the insignificance, Loyal IRV Textile LDA and Loyal Dimco Group A.E.C.E. are not consolidated for the purpose of Consolidated Financial Statement in accordance with Indian Accounting Standards (IND AS) and for the requirement of the Companies Act, 2013.

44) Disclosure of Interest in Joint Ventures under Equity Method (Gruppo P&P Loyal SPA Italy)

Particulars	**As at 31.03.2023**	As at 31.03.2022
Carrying value of Investments	**2,855.35**	2,700.63
Share of Profit (Loss) in Joint Venture	**290.47**	465.52

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

(i) Details of Benami property held

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

(ii) Borrowing secured against current assets

The Company has borrowings from banks and financial institutions on the basis of security of current assets. Differences between the value of inventory in Quarterly statements filed with the banks and the carrying value in the books of accounts arising on account of GST Receivables and Export Benefit Receivables is provided in the table below:

Quarter Ended	**Amount as per Books of Accounts (a)**	**Amount as per Statement (b)**	**Difference (b)-(a)**	**GST/Export Benefits Receivables**	**Unreconciled after filing the revised stock statements**
Quarter ended 30th Jun'2022	39,876.63	42,479.75	2,603.12	2,603.12	-
Quarter ended 30th Sep'2022	40,842.15	42,918.03	2,075.88	2,075.88	-
Quarter ended 31st Dec'2022	50,132.00	56,101.46	5,969.46	5,969.46	-
Quarter ended 31st Mar'2023	52,158.00	58,593.00	6,435.00	6,435.00	-

Revised statements were submitted to respective banks after considering the above reconciliation.

(iii) Wilful defaulter:

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

(iv) Registration of charges:

The Company do not have any charges or satisfaction of charges relating to the year under audit, which is yet to be registered with ROC beyond the statutory period.

(v) Compliance with number of layers of companies

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

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

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

(vii) Utilization of borrowed funds and share premium

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

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

(viii) Undisclosed income

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

(ix) Details of crypto currency or virtual currency

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

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

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

(xi) Relationship with struck off companies

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

Name of Struck off company	Nature of transactions with struck off company	Relationship with struck off company	31st March 2023	31st March 2022
Datalog Technologies P.Ltd.,	Payables	Supplier	0.08	0.08
Mesdan India Services Pvt.Ltd	Payables	Supplier	0.02	0.02

(x)	Ratios					
S. No	Ratios		FY 2022-23	FY 2021-22	Change in %	Reason for variance
a)	**Current Ratio**	**Times**	**0.97**	1.02	(5.11%)	
	Current Assets	Rs. Lacs	**89,317**	93,340		
	Current Liabilities	Rs. Lacs	**92,092**	91,323		
b)	**Debt Equity Ratio**	**Times**	**1.84**	1.70	8.31%	
	Short term debt+Long term debt + Interest payable on Borrowings	Rs. Lacs	**66,378**	61,661		
	Shareholder's Equity	Rs. Lacs	**36,027**	36,248		
c)	**Debt Service Coverage Ratio**	**Times**	**2.26**	5.48	(58.70%)	Debt service coverage ratio is lower primarily due to increase in cost of material consumed resulting in lower EBIDTA.
	(EBITDA-current tax+Non operating income and losses).	Rs. Lacs	**7,199**	16,240		
	Interest + principal repayments	Rs. Lacs	**3,179**	2,963		
d)	**Return on Equity**	**%**	**0.79%**	30.79%	(97.44%)	Return on equity ratio is lower primariliy due to increase in cost of materials consumed resulting in lower profits during the year.
	Profit After Tax	Rs. Lacs	**284**	9,705		
	Average Shareholder's Equity	Rs. Lacs	**36,138**	31,521		

(All amounts in lakhs, unless other stated)

S. No	Ratios		FY 2022-23	FY 2021-22	Change in %	Reason for variance
e)	**Trade Receivables Turnover Ratio**	**Times**	**5.52**	6.69	(17.48%)	
	Revenue from Operation	Rs. Lacs	**140,289**	176,287		
	Average Trade Receivable	Rs. Lacs	**25,430**	26,368		
f)	**Trade Payables Turnover Ratio**	**Times**	**8.30**	6.66	24.70%	Trade Payables Turnover Ratio increased due to Increase in raw material (cotton) cost and purchase of capital items for restoration of SVTM Weaving.
	Purchases	Rs. Lacs	**145,252**	140,038		
	Average Trade Payable	Rs. Lacs	**17,501**	21,040		
g)	**Net Capital Turnover Ratio**	**Times**	**(50.55)**	87.42	(157.82%)	Net capital turnover ratio is lower primarily due to increase in current borrowings and decrease in trade receivables
	Revenue from Operation	Rs. Lacs	**140,289**	176,287		
	Working Capital	Rs. Lacs	**(2,775)**	2,017		
h)	**Net profit ratio**	**%**	**0.20%**	5.51%	(96.32%)	Net profit ratio is lower primariliy due to increase in cost of materials consumed resulting in lower profi ts during the year.
	Profit After Tax	Rs. Lacs	**284**	9,705		
	Revenue from Operation	Rs. Lacs	**140,289**	176,287		
i)	**Return on Capital Employed**	**%**	**3.12%**	17.05%	(81.69%)	Net profit ratio is lower primariliy due to increase in cost of materials consumed resulting in lower profits during the year.
	EBIT	Rs. Lacs	**3,196**	16,694		
	Capital Employed	Rs. Lacs	**102,404**	97,909		
	(Total Equity + Borrowings)					
j)	**Return on investment**	**%**	**0.25%**	0.00%	0.25%	
	Income from Investment	Rs. Lacs	**0.13**	-		
	Cost of the Investment	Rs. Lacs	**50.92**	78.15		

46) Segmental Information

The Company is primarily engaged in the business of manufacturing, purchase and sale of textiles. The Chief Executive Officer (CEO), who has been identified as being the Chief Operating Decision Maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit. Therefore, there is only one reportable segment for the Company.

47) Regrouping

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

48) Approval of Financial Statements

The financial statements of Loyal Textile Mills Limited were reviewed by Audit Committee and approved by the Board of Directors at its meeting held on May 29, 2023.

Valli M Ramaswami
Chairperson & Whole Time Director

M E Manivannan
Whole Time Director

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

A Velliangiri
Chief Executive Officer

K Ganapathi
Chief Financial Officer

P Mahadevan
Company Secretary & Compliance Officer

N.Sri Krishna
Partner
M. No: 026575

Place : Chennai
Date : 29th May 2023

Form AOC - 1

(All amounts in lakhs, unless other stated)

[Pursuant to first provision to Sub section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014]

Statement containing salient features of the financial statement of subsidiaries / Associate Companies / Joint Ventures

Part "A" : Subsidiaries

(Amounts in Rs.)

Sl. No.	Particulars	Details
1	Name of the subsidiary	LOYAL INTERNATIONAL SOURCING PRIVATE LIMITED
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	NA
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign Subsidiaries.	INR
4	Share Capital	2,00,000
5	Reserves & Surplus	(2,00,000)
6	Total Assets	NIL
7	Total Liabilities	NIL
8	Investments	NIL
9	Turnover	4,88,680
10	Profit before taxation	4,88,621
11	Provision for taxation	36,770
12	Profit after taxation	4,51,851
13	Proposed Dividend	NIL
14	% of shareholding	100%

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations
   NIL

2. Names of subsidiaries which have been liquidated or sold during the year
   NIL

Form AOC - 1

(All amounts in lakhs, unless other stated)

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

			Gruppo P&P Loyal spa Italy	Loyal IRV Textile LDA Portugal	LOYAL DIMCO GROUP A.E.B.E Greece
Name of associates / Joint Ventures					
1	Latest audited Balance Sheet Date		31/12/2022	NA	NA
2	Shares of Associate / Joint Ventures held by the company of the year		3325 Shares	2550 Shares	50000 Shares
	Amount of Investment in Associates / Joint Venture		1,49,30,077	1,98,620	18,38,780
	Extend of Holding %		47.50%	51%	50%
3	Description of how there is significant influence		% of Share holding	% of Share holding	% of Share holding
4	Reason why the associate / joint Venture is not consolidated		Consolidated	Not in Operation	Not in Operation
5	Net worth attributable to Shareholding as per latest audited Balance Sheet (Rs.)		28,55,34,915	Nil	Nil
6.	Profit / Loss for the year (Rs.)		6,89,07,270	Nil	Nil
	•	Considered in Consolidation (Rs.)	2,90,46,821	Nil	Nil
	•	Not Considered in Consolidation (Rs.)	4,68,77,844	Nil	Nil

1. Names of associates or joint ventures which are yet to commence operations.
   Nil
2. Names of associates or joint ventures which have been liquidated or sold during the year.
   Nil

Note:

This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

Valli M Ramaswami
Chairperson & Whole Time Director

M E Manivannan
Whole Time Director

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

A Velliangiri
Chief Executive Officer

K Ganapathi
Chief Financial Officer

P Mahadevan
Company Secretary & Compliance Officer

N.Sri Krishna
Partner
M. No: 026575

Place : Chennai
Date : 29th May 2023