LOYAL TEXTILE MILLS LTD

LOYAL

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

Divisional Office :
"Karumuttu Centre", 7th Floor - North Wing, New No. 634 (Old No. 498), Anna Salai,
Nandanam, Chennai - 600035, India.
Phone : +91 44 4227 7374
GSTIN : Tamil Nadu : 33AAACL2632C1Z8, Andhra Pradesh : 37AAACL2632C1Z0
CIN : L17111TN1946PLC001361, PAN : AAACL2632C

**REF: LOYAL/SEC/2026-27/011** **August 29, 2026**

| | |
|---|---|
| The Secretary, Listing Department<br>**BSE Limited**<br>Phiroze Jeejeebhoy Towers,<br>Dalal Street,<br>Mumbai - 400 001<br>**Scrip Code: 514036** | The Manager, Listing Department<br>**National Stock Exchange of India Limited**<br>Exchange Plaza, 5th Floor, Plot No. C/1,<br>G Block, Bandra-Kurla Complex,<br>Bandra (E), Mumbai - 400 051.<br>**Symbol: LOYALTEX** |

Dear Sir / Madam,

**Sub: Submission of Annual Report (including AGM Notice) for the FY 2025-26**

The 80th Annual General Meeting (AGM) of the Company is scheduled to be held through Video Conferencing ("VC")/ Other Audio-Visual Means ("OAVM") on **Tuesday, September 22, 2026** at **10.45 a.m.**

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith the Notice convening the 80th Annual General Meeting (AGM) along with Annual Report for the Financial year 2025-26 which is being sent through email today to those members whose email address are registered with the Depository Participant(s).

The Notice of the 80th AGM and the Annual Report for the financial year 2025-26 have also been uploaded on the website of the Company at www.loyaltextiles.com and National Securities Depository Limited at www.evoting.nsdl.com

Kindly take the above on record.

Thanking you,

Yours faithfully
For **LOYAL TEXTILE MILLS LIMITED**

RAJESH V Digitally signed by RAJESH V
Date: 2026.08.29 13:15:56 +05'30'

**Dr.V.Rajesh**
Company Secretary
Membership No. F9213
Encl: as above

Registered Office :
No. 21/4, Mill Street, Kovilpatti 628 501, Tamil Nadu, India
Phone : +91 4632 220001-5
E-Mail : kovilpatti@loyaltextiles.com, : www.loyaltextiles.com

ISO 9001 : 2015
ISO 14001 : 2015
ISO 45001 : 2018
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CIN : L17111TN1946PLC001361, PAN : AAACL2632C

Please find below further details:

| | |
|---|---|
| **Benpose Date for Sending Notice** | 21.08.2026 (Friday) |
| **Date of Completion of Dispatch** | 29.08.2026 (Saturday) |
| **Cut Off Date for E-voting** | 15.09.2026 (Tuesday) |
| **Remote e-Voting Start Date** | 19.09.2026 (Saturday) |
| **Remote e-Voting Start Time** | 09.00 A.M |
| **Remote e-Voting End Date** | 21.09.2026 (Monday) |
| **Remote e-Voting End Time** | 5:00 P.M |
| **Date of Annual General Meeting** | 22.09.2026 (Tuesday) |
| **AGM Start Time** | 10.45 A.M |

Yours faithfully
For **LOYAL TEXTILE MILLS LIMITED**

RAJESH V Digitally signed by RAJESH V
Date: 2026.08.29 13:16:22 +05'30'

**Dr.V.Rajesh**
Company Secretary
Membership No. F9213

# LOYAL TEXTILE MILLS LIMITED

## ANNUAL REPORT

## 2025 - 26

| | | |
|---|---|---|
| **BOARD OF DIRECTORS** | : | Mrs. Valli M Ramaswami, Chairperson & Whole Time Director<br>Mrs. Vishala Ramswami, Non-Executive Director<br>Mr. M. E. Manivannan, Whole Time Director<br>Mr. B. Vaidyanathan, Non-Executive Director<br>Mrs. Vijayalakshmi Rao, Independent Director<br>Mr. R. Kannan, Independent Director<br>Mr. Lakshmi Narayanan, Independent Director<br>Mr. Gokul S Dixit, Independent Director<br>Mr. K. Kumaran, Independent Director |
| **CHIEF EXECUTIVE OFFICER** | : | Mr. N. Srinivasan (Resigned w.e.f. 30.06.2026) |
| **CHIEF FINANCIAL OFFICER** | : | Mr. U. Thenappan |
| **COMPANY SECRETARY** | : | Mr. S. Muthukrishnan (up to 31.12.2025)<br>Dr. V. Rajesh (w.e.f. 01.01.2026) |
| **STATUTORY AUDITOR** | : | Mr. N. Sri Krishna,<br>Partner, M/s. Brahmayya & Co., Chartered Accountants, Chennai |
| **COST AUDITOR** | : | Mr. B. Venkateswar, Practicing Cost Accountant |
| **INTERNAL AUDITOR** | : | M/s. Capri Assurance and Advisory Services,<br>Chartered Accountants, Chennai |
| **SECRETARIAL AUDITOR** | : | M/s. Mohankumar & Associates, Company Secretaries |
| **BANKERS** | : | Central Bank of India<br>State Bank of India<br>HDFC Bank Limited<br>IDBI Bank Limited |
| **REGISTERED OFFICE** | : | 21/4, Mill Street,<br>Kovilpatti – 628 501.<br>Phone: 04632 – 220001<br>E-mail: investors@loyaltextiles.com |
| **REGISTRAR AND SHARE TRANSFER AGENT** | : | M/s. GNSA Infotech Private Limited,<br>STA Department, Nelson Chambers,<br>4th Floor, F Block, No.115, Nelson Manickam Road,<br>Aminjikarai, Chennai – 600 029<br>Phone: 044-42962025<br>E-mail: sta@gnsaindia.com |
| **WEBSITE** | : | www.loyaltextiles.com |

# Contents

# LOYAL TEXTILE MILLS LTD

(CIN: L17111TN1946PLC001361)

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

## NOTICE

**NOTICE** is hereby given that the 80th Annual General Meeting of the Members of the Company will be held on Tuesday, **September 22, 2026, at 10.45 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:
   a) The Audited standalone financial statements of the Company for the financial year ended March 31, 2026, together with the Report of the Board of Directors and Auditors thereon; and
   b) The Audited consolidated financial statements of the Company for the financial year ended March 31, 2026, together with the Report of Auditors thereon.
2. To appoint a director in place of Mrs. Vishala Ramswami (DIN: 06967899), who retires by rotation and being eligible offers herself 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 the provisions of 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(s) thereof, for the time being in force), the Company hereby ratifies the remuneration of Rs.1,00,000/- (Rupees One Lakh Only), plus applicable taxes and reimbursement of out of pocket expenses on actuals, payable to Mr. B. Venkateswar, Practicing Cost Accountant, (holding Membership No.27622), who is re-appointed by the Board of Directors of the Company as Cost Auditors, to conduct the audit of the cost records maintained by the Company for the financial year ended March 31, 2027."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company (including any Committee thereof) be and are hereby authorized to do all such acts, deeds, things and take all such steps as may be necessary, proper or expedient to give effect to this resolution and for matters connected therewith or incidental thereto."

### 4. RE-APPOINTMENT OF MR. MUTHU ELUMALAI MANIVANNAN (DIN: 02229808) AS WHOLE TIME DIRECTOR FOR ANOTHER TERM OF 5 YEARS PERIOD.

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

**"RESOLVED THAT** pursuant to the provisions of 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 and on the recommendation of the Nomination and remuneration Committee and the Board, the consent of the Members of the Company be and is hereby accorded to appoint Mr. M. E. Manivannan (DIN: 02229808) as an Whole Time Director (Executive & Non-Independent Director) of the company for a period of 5 years with effective from 11.02.2027, (i.e., re-appointment take effect from the day immediately following the expiry of the existing term) liable to retire by rotation at a remuneration and other terms and conditions as mentioned below.

(a) **Salary:** Cost to the company (CTC) of Rs.5,80,615/- (Rupees Five Lakhs Eighty Thousand six hundred fifteen only) per month, which includes NPS, Meal Coupon Performance linked Variable Bonus, Car lease, HRA, Conveyance allowance contribution to Provident Fund and gratuity as per company rules plus periodical increment as decided by the company.

(b) **Vehicle:** Car for use in company's business, mobile phone and telephone at residence will not be considered as perquisites. Personal long-distance calls on telephone and use of car for private purposes shall be billed by the company

(c) **Gratuity:** Gratuity shall not exceed half month's salary for each completed year of service.

(d) **Insurance:** Group Mediclaim Insurance premiums shall be paid as per the rules of the company.

(e) **Leave:** Entitled to Privilege Leave and Casual and sick leave as per the rules of the Company.

(f) In the absence, or inadequacy of profits in any financial year, the remuneration including the perquisites will be paid to the managerial personnel including the Whole Time Director(s) in accordance with applicable provisions of Schedule V of the Companies Act, 2013.

### 5. RE-APPOINTMENT OF Mr. K. KUMARAN HAVING DIN 00801146 AS AN INDEPENDENT DIRECTOR FOR FIVE YEARS FOR SECOND TERM

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (**"the Act"**), the Companies (Appointment and Qualification of Directors) Rules, 2014, Regulation 17 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"SEBI Listing Regulations"**), including any statutory modification(s), amendment(s), re-enactment(s) thereof for the time being in force, Mr. K Kumaran, (DIN: 00801146), Independent Director of the Company who has submitted a declaration that he meets the criteria for Independence as provided in the Act and listing regulations and eligible for re-appointment as Independent Director for second term and in respect of his appointment based on his evaluation of performance, the Nomination and Remuneration Committee has recommended his re- appointment to the Board Mr. K. Kumaran (DIN:00801146), who was appointed as a Director under the Independent Category of the Company by the Board of Directors with effect from 10th October 2026 pursuant to Section 161 of the Companies Act, 2013, and who holds office up to the date 09 October 2026 and in respect of whom the Company has received a notice under Section 160 of the Act, proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five (5) consecutive years commencing from 10.10.2026 up to 09.10.2031"

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including any Committee thereof) and Dr. V. Rajesh, the Company Secretary be and are hereby severally authorised to do all such acts, deeds, matters and things as may be necessary, expedient or desirable to give effect to this resolution, including filing the necessary forms with the Registrar of Companies, Stock Exchanges and such other authorities as may be required."

### 6. APPOINTMENT OF MR. SUBRAHMANIYA SIVAM RAMAMURTHY HAVING DIN 02393209 TO APPOINT AS INDEPENDENT DIRECTOR FOR FIVE YEARS FOR FIRST TERM

To consider and, if thought fit, to pass, the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 read Schedule IV and other applicable provisions of the Companies Act, 2013 **("the Act')** and the Rules made thereunder and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015(including any statutory modification(s) or reenactment(s) thereof for the time being in force) and based on the recommendations of the Nomination and Remuneration Committee and Board of Directors of the Company, Dr. R Subrahmaniya Sivam (DIN: 02393209) be and is hereby appointed as an Independent Director of the Company to hold office for a First term of five years from 22nd September 2026 to 21st September 2031, not liable to retire by rotation;

**"RESOLVED FURTHER THAT** the Board of Directors and Dr. V. Rajesh, the Company Secretary of the Company be and are hereby severally authorized to do all acts and take all such steps as may be considered necessary, proper or expedient for the purpose of giving effect to the above resolution."

**For on and behalf of the Board**

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

Place : Chennai
Date : 14/08/2026

## NOTES:

1. Pursuant to Ministry's Circular No. 20/2020 dated 05.05.2020, General Circular No. 02/2022 dated 05.05.2022, General Circular No. 09/2023 dated 25.09.2023, General Circular No. 09/2024 dated 19.09.2024 and General Circular No. 03/2025 dated 22.09.2025. (**(MCA Circulars)**) and circular issued by SEBI vide circular no. SEBI/ HO/ CFD/ CFDPoD-2/ P/ CIR/ 2024/ 133 dated October 3, 2024 (**"SEBI Circular"**) and other applicable circulars and notifications issued (including any statutory modifications or re-enactment thereof for the time being in force and as amended from time to time, companies are allowed to hold AGM through Video Conferencing (**"VC"**) or other audio visual means (**"OAVM"**), without the physical presence of members at a common venue. In compliance with the said Circulars, our 80th AGM shall be conducted through VC / OAVM.

2. Pursuant to the aforementioned circular,, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorized representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.

3. The Members can join the AGM in the VC/OAVM mode 15 minutes before or 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 restrictions on account of first come first served basis.

4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

5. 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) the Secretarial Standard on General Meetings (SS-2) issued by the ICSI and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs from time to time the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. 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 as well as e-voting on the date of the AGM will be provided by NSDL.

6. The Notice calling the AGM has been uploaded on the website of the Company at https://loyaltextiles.com/. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.

7. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular issued from time to time.

# EXPLANATORY STATEMENT

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

### Item No. 3 RATIFICATION OF REMUNERATION FOR COST AUDITOR

As per the provisions of Section 148 of the Companies Act, 2013 ("**Act**") read with the Companies (Cost Records and Audit) Rules, 2014 ("**the Rules**"), as amended from time to time, the Company is required to have an audit conducted of its cost records by a cost accountant in practice for products covered under the Rules. The Board, based on the recommendation of the Audit Committee, has approved the re-appointment of Mr. B. Venkateswar, Practicing Cost Accountant (Membership No.27622) as the Cost Auditors to conduct the audit of the cost records of the Company for the FY 2026-27, at a remuneration of Rs. 1,00,000 (Rupees One Lakhs Only) plus applicable taxes and reimbursement of out-of-pocket expenses on actuals. In accordance with Section 148(3) of the Act, read with the Rules, the remuneration payable to the Cost Auditors, as recommended by the Audit Committee and approved by the Board of Directors, is required to be ratified by the Members of the Company.

Accordingly, the approval of the Members is sought for passing an Ordinary Resolution as set out in Item No. 3 of the Notice for ratification of the remuneration payable to the Cost Auditors for FY 2026-27.

The Board re-commends ratification of remuneration of Cost Auditors, as set out in Item No. 3 of the Notice for approval by the Members as an Ordinary Resolution.

None of the Director, Key Managerial Personnel, or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

### Item No.4 RE-APPOINTMENT OF MR. MUTHU ELUMALAI MANIVANNAN (DIN: 02229808) AS WHOLE-TIME DIRECTOR

The Board of Directors, on recommendation of the Nomination and Remuneration Committee, has approved the appointment of Mr. M. E. Manivannan as the Whole Time Director of the Company with effect from 11$^{th}$ February 2027.

He is already serving on the Board as Whole Time Director for the Five-year period ever from 10.02.2022 and he is eligible to reappointment as Whole Time Director for another five years from 11.02.2027.

Mr. M.E. Manivannan has over 43 years' experience in textile industry, performing various roles.

He has rich experience in formulation of systems & procedures and its sustained compliance.

He has successfully implemented many new projects and successfully commissioned composite textile units and state-of-the-art apparel manufacturing units in record time.

He has presented many papers in various academic and professional forums, workshops and seminars at regional and national level.

He is a University Rank holder in B.B.A. and hold post graduate degrees in Commerce and Business Management from Madurai Kamaraj University, besides a degree in Law from Madurai Law College. He has also undergone short term Management Development Programme (MDP) at Indian Institute of Management (IIM), Ahmedabad.

The Board of Directors are of the opinion that the Company will be immensely benefited through his association and believe that his judgment and knowledge are very important elements in the discussions and business decisions adopted by the Board of Directors.

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.

Your directors recommend the resolution for your approval.

### Item No. 5 RE- APPOINTMENT OF MR. K. KUMARAN (DIN: 00801146) AS INDEPENDENT DIRECTOR FOR FIVE YEARS FOR SECOND TERM

The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee ("NRC"), appointed Mr. Kumaran (DIN: 00801146) as a Director in the category of Independent Director of the Company with effect from 10th October 2023 to 09th October 2026 for three year period for first term, pursuant to Section 161 of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Pursuant to Section 161 of the Companies Act, 2013, Mr. K. Kumaran holds office only up to the date of 09th October 2026 and is eligible for re-appointment as an Independent Director for a second term of five (5) consecutive years commencing from 10.10.2026 up to 09.10.2031.

The Company has received:

- Consent to act as Director in Form DIR-2;
- Declaration confirming that he is not disqualified from being appointed as a Director under Section 164 of the Companies Act, 2013;
- Declaration confirming that he meets the criteria of independence prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations;
- Confirmation that he has complied with the requirements relating to registration in the Independent Directors' Databank, wherever applicable and has been exempted from the Online Proficiency self-assessment test;
- Disclosure of interest in Form MBP-1; and
- Confirmation that he is not debarred from holding the office of Director by virtue of any order of SEBI or any other statutory authority.

In the opinion of the Board, Mr. K. Kumaran fulfils the conditions specified in the Companies Act, 2013, the Rules made thereunder and the SEBI Listing Regulations for appointment as an Independent Director and is independent to the management.

The NRC and the Board have evaluated the skills, expertise, experience, and competencies of Mr. K. Kumaran and are of the view that his appointment would be of immense benefit to the Company.

His experience would strengthen the Board's effectiveness and contribute significantly to the Company's governance framework.

A brief profile of Mr. K. Kumaran is provided below:

| Particulars | Details |
|---|---|
| Name | Mr. K. Kumaran |
| DIN | 00801146 |
| Age | 12.01.1966 (60 years) |
| Qualification | Mr. K. Kumaran completed his graduation in Engineering from Anna University and did his MBA in Duke University in USA. |
| Experience | He is a successful industrialist having vast knowledge and rich experience over 40 years in Production, Management and he has business interests in Paper & Coir products manufacturing, Bio-Medical Waste management, Electrical and Electronics Waste Management and Solid waste Management. He is passionate about waste management services, especially recycling and reusing the materials in conformance with Indian standards. |
| Expertise | Production, Management including waste management and in all spheres of management including Strategic Planning and Business Administration |
| Date of first appointment on the Board | 10th October 2023 (for three years) |
| Proposed tenure | from 10.10.2026 up to 09.10.2031 (for five years) |
| Shareholding in the Company | Nil |

| Particulars | Details |
| --- | --- |
| Directorships in other companies | 1. M/s. Earth Sense Properties Pvt Ltd<br>2. M/s. Earth Sense Ventures Pvt Ltd<br>3. M/s. Earth Sense Recycle Pvt Ltd<br>4. M/s. India Works Organisation<br>5. M/s. Nelsun Paper Mill Pvt Ltd<br>6. M/s. Nagsun Ceramics Pvt Ltd<br>7. M/s. Stardrive Busducts Pvt Ltd |
| Membership/Chairmanship of Committees | Nil |
| Number of Meetings of the Board attended during the year | 5 (FIVE) |
| Details of remuneration sought to be paid | NIL |
| Total Remuneration last drawn | NIL |

The terms and conditions of appointment of Mr. K. Kumaran as an Independent Director shall be available for inspection by the Members at the Registered Office of the Company during business hours on all working days up to the date of the Annual General Meeting and shall also be made available electronically, if required.

The Board considers that the appointment of Mr. K. Kumaran as an Independent Director is in the best interests of the Company and accordingly recommends the Resolution set out in Item No. 5 of the Notice for approval of the Member.

None of the Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the said Resolution.

### Item No. 6 APPOINTMENT OF DR. SUBRAHMANIYA SIVAM R (DIN: 02393209) AS INDEPENDENT DIRECTOR

Dr. R Subrahmaniya Sivam, is a qualified Chartered Accountant, Cost and Management Accountant, Company Secretary for first term for five years and also completed his Doctorate. He is a Practicing Chartered Accountant by Profession. He has held various posts in Industries and has over four decades of experience in Internal and Management audits, structuring costing models & systems. He is also interested in the fields of Cost Accounting, Environmental, Social and Governance (ESG) and Business Responsibility and Sustainability Reporting (BRSR).

In the opinion of the Nomination and Remuneration Committee and the Board of Directors, Dr R Subrahmaniya Sivam (DIN: 02393209) possesses the relevant expertise and experience and fulfils the conditions for being appointed as Independent Director as specified in the Sections 149 and 152 of the Act and SEBI (LODR). Having regard to the qualification, skill, experience and financial knowledge, the Board considers that his induction would be of immense benefit to the company.

Dr. R Subrahmaniya Sivam is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013. The company has received the following from Dr. R Subrahmaniya Sivam in respect of his proposed appointment:

1. Consent to act as Director – Section 152(5) of the Act - Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

2. Form DIR- 8 intimating that he is not disqualified under Section 164(2) of the Act – Rule 14 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

3. Notice in writing from a member proposing the candidature of the above person for being appointed as Director of the company – Section 160 of the Act.

4. Declaration that;

   a) he meets the criteria of independence prescribed by both the Act and LODR.

   b) is not aware of any circumstances or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge duties with an objective independent judgment and without any external influence.

   c) has not been debarred or disqualified from being appointed or continuing as director of a company by the Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA) or any such statutory authority.

   d) has registered his name in the Data Bank of Independent Directors maintained by Indian Institute of Corporate Affairs (IICA) in compliance with Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014.

   e) has been exempted from the Online Proficiency self-assessment test.

Details of Dr. R Subrahmaniya Sivam are furnished below in pursuant to Regulation 36(3) of SEBI (LODR) and Secretarial Standard (SS -2) on General Meeting.

The Independent Director would be eligible for sitting fee for attending the Board meeting and any other Committee meetings in which he will be a member, within the ceiling prescribed by the Act and as determined by the Board from time to time. He would also be eligible for commission / remuneration within the limits permissible under Law and approved by shareholders. However, he is not entitled to any stock option.

A copy of the Resolution of the Nomination and Remuneration Committee / Board of Directors, other relevant documents referred to in the Notice and the explanatory statement and the draft letter of appointment setting out the terms and conditions are available for inspection by the Members at the Registered Office of the Company during business hours on any working day from the date of dispatch of the Notice till the date of closing of e- voting period (i.e., 19.09.2026 to 21.09.2026). The draft Letter of Appointment setting out terms and conditions of appointment is also available on the website of the Company.

Dr. R Subrahmaniya Sivam is interested in the resolution concerning his appointment.

None of the other Directors / Key Managerial Personnel of the Company / their relatives are in any way concerned or interested, financially or otherwise, in this resolution.

The Board recommends the Special Resolution set out in the Notice for approval of the Members of the company.

A brief profile of Dr. R Subrahmaniya Sivam is provided below:

| Particulars | Details |
|---|---|
| Name | Dr. R Subrahmaniya Sivam |
| DIN | 02393209 |
| Age | 15.12.1958 (68 years) |
| Qualification | CA., CMA., CS., Ph.D., |
| Experience | Over four decades of experience in Internal and Management Audits, structuring costing models & systems. Interested in the fields of Cost Accounting, on Environmental, Social and Governance (ESG) and Business Responsibility and Sustainability Reporting (BRSR). |
| Expertise | Expertise in fields of Cost Accounting, on Environmental, Social and Governance (ESG) and Business Responsibility and Sustainability Reporting (BRSR). |
| Date of first appointment on the Board | 14.08.2026 (as additional director) |
| Proposed tenure | 5 years (from 22.09.2026 to 21.09.2031) |
| Shareholding in the Company | NIL |
| Directorships in other companies | High Energy Batteries (India) Limited |

| Particulars | Details |
|---|---|
| Membership/Chairmanship of Committees | NIL |
| Number of Meetings of the Board attended during the year | NIL |
| Details of remuneration sought to be paid | Only entitled for sitting fees |
| Relationship with other Directors, Manager and Key Managerial Personnel | NIL |

The terms and conditions of appointment of Dr. R Subrahmaniya Sivam as an Independent Director shall be available for inspection by the Members at the Registered Office of the Company during business hours on all working days up to the date of the Annual General Meeting and shall also be made available electronically, if required.

The Board considers that the appointment of Dr. R Subrahmaniya Sivam as an Independent Director is in the best interests of the Company and accordingly recommends the Resolution set out in Item No. 6 of the Notice for approval of the Member.

None of the existing Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the said Resolution.

### ANNEXURE TO THE NOTICE

### DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT IN THE FORTHCOMING ANNUAL GENERAL MEETING WHO IS LIABLE TO RETIRE BY ROTATION

[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 on General Meetings]

| | |
|---|---|
| Name | Mrs. Vishala Ramswami |
| Director Identification Number | 06967899 |
| Date of Birth and Age | 06th April 1992, 34yrs |
| Designation/Category of the Director | Non-Executive, Non-Independent Director |
| Date of First Appointment on the Board | February 17, 2025 |
| Qualification | Ms. Vishala Ramswami has done undergraduate degree in Economics and Management from the University of Bath, England and master's degree in international development from London School of Economics. |
| Expertise in specific functional areas | She had worked at EY's (Ernst & Young) Global headquarters in London as Global brand, Marketing & Communications Officer.<br>Considering her functional expertise and that her contribution is immensely beneficial to the Company, based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors through a resolution passed by circulation dated January 17, 2025 have appointed Mrs. Vishala Ramswami as an Additional Director in the capacity of non-executive Non – Independent Director liable to retire by rotation.<br>Then by way of postal ballot, she was appointed as director by the shareholders of the company and hence she is serving as a member of the Board of Directors at Loyal Textiles Ltd. |
| Relationship with other Directors, Managers, and other Key Managerial Personnel of the Company. | She is the daughter of chairperson of the company Mrs. Valli M Ramaswami. |
| Directorships held in other companies including equity listed companies and excluding foreign companies | Nil |
| Memberships/ Chairmanships of committees of other companies (excluding foreign companies) | Nil |
| Shareholding in the company | Nil |
| Name of listed entities from which the person has resigned in the past three years | Nil |
| Terms and Conditions of appointment / reappointment | Her appointment as Director to retire by rotation at the ensuing annual general meeting as per provisions of the Companies Act, 2013. |
| Details of Remuneration sought to be paid | Sitting fees for attending Board/Committee Meetings are waived by the Director. |

**By order of the Board**
**For LOYAL TEXTILE MILLS LIMITED**

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

Place : Chennai
Date : 14.08.2026

### THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER: -

The remote e-voting period **begins on Saturday 19 September 2026, at 09:00A.M. and ends on Monday 21 September 2026 at 05:00 P.M.** The remote e-voting module shall be disabled by NSDL for e-voting thereafter. The Members whose names appear in the Register of Members / Beneficial Owners as on the record date (**cut-off date**) i.e. **September 15, 2026,** may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Tuesday **September 15, 2026.**

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

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

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

A) **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

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

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

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL. | 1. For OTP based login you can click on https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp. You will have to enter your 8-digit DP ID,8-digit Client ID, PAN No., Verification code and generate OTP. Enter the OTP received on registered email id/mobile number and click on login. 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 or joining virtual meeting & voting during the meeting.<br>2. 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 or joining virtual meeting & voting during the meeting.<br>3. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select **"Register Online for IDeAS Portal"** or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp<br>4. 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 be opened. 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 |

| Type of shareholders | Login Method |
|---|---|
| | 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 or joining virtual meeting & voting during the meeting.<br>5. Shareholders/Members can also download NSDL Mobile App "**NSDL Speede**" facility by scanning the QR code mentioned below for seamless voting experience.<br>NSDL Mobile App is available on<br>App Store Google Play |
| Individual Shareholders holding securities in demat mode with CDSL | 1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System My easi Tab and then user your existing my easi username & password.<br>2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.<br>3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option.<br>4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from an e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-Voting 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 or joining virtual meeting & voting during the meeting. |

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

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

| Login type | Helpdesk details |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at 022 - 4886 7000 |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800-21-09911 |

**B) Login Method for e-Voting and joining virtual meeting 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 **'Shareholder/ Member'** section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log in to NSDL e-services 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 EVEN number is 141425**:

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

5. Password details for shareholders other than Individual shareholders are given below:
   a. If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.
   b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your **'initial password',** you need to enter the 'initial password' and the system will force you to change your password.
   c. How to retrieve your **'initial password'?**
      (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. 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 and join General Meeting on NSDL e-Voting system**

**How to cast your vote electronically and join General Meeting 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 and General Meeting is in active status.
2. Select **“EVEN”** of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under **“Join Meeting”.**
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 have casted vote for any resolution “after submit” then you will not be change or modify your vote casted.
8. You can also take the printout of the votes cast by you by clicking on the print option.

**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. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on **“Upload Board Resolution / Authority Letter”** displayed under “e-Voting” tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the **“Forgot User Details/Password?”** or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on.: 022 - 4886 7000 or send a request to Ms. Pallavi Mhatre at evoting@nsdl.com.

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

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar 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), AADHAR (self-attested scanned copy of Aadhar Card) to investors@loyaltextiles.com. If you are an Individual shareholder 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 and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. Alternatively, shareholder/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. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system.** After successful login, you can see link of "VC/OAVM" placed under **"Join meeting"** menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member 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.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at investors@loyaltextiles.com. The same will be replied by the company suitably.

6. The members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least Seven (7) days prior to proposed the annual general meeting mentioning their name, DEMAT account number/folio number, email id, mobile number at investors@loyaltextiles.com

7. The members who do not wish to speak during the AGM but have queries may send their queries in advance Seven (7) days prior to proposed the annual general meeting mentioning their name, DEMAT account number/folio number, email id, mobile number at investors@loyaltextiles.com. These queries will be replied to by the company suitably by email.

**By order of the Board**
**For LOYAL TEXTILE MILLS LIMITED**

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

Place : Chennai
Date : 14/08/2026

# BOARD'S REPORT

## TO THE MEMBERS

The Directors are pleased to present herewith the Annual Report of Loyal Textile Mills Limited ("**the Company**") along with the Audited Financial Statements for the Financial Year ('**FY'**) ended 31st March 2026.

## FINANCIAL HIGHLIGHTS

**(Rs. in Crore)**

| Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| **Revenue from operations** | **421.96** | 627.78 | **421.96** | 627.78 |
| **EBITDA** | **(4.35)** | (34.05) | **(2.81)** | (30.61) |
| Less : Interest | **32.77** | 50.96 | **32.77** | 50.96 |
| **Operating Profit (EBDT)** | **(37.12)** | (85.01) | **(35.58)** | (81.57) |
| Less : Depreciation | **19.78** | 25.81 | **19.78** | 25.81 |
| Add: Exceptional Items | **(3.73)** | 67.86 | **(3.73)** | 67.86 |
| **Profit Before Tax (PBT)** | **(60.63)** | (42.96) | **(59.08)** | (39.52) |
| Less: Tax Expenses | **(10.01)** | (28.32) | **(10.01)** | (28.32) |
| **Profit After Tax (PAT) – Continued Operations** | **(50.62)** | (14.65) | **(49.07)** | (11.21) |
| Profit After Tax (PAT) – Discontinued Operations | **(15.60)** | (40.04) | **(15.60)** | (40.04) |
| **Profit after Tax** | **(66.21)** | (54.68) | **(64.67)** | (51.24) |
| Profit after OCI Income | **(66.56)** | (55.60) | **(65.01)** | (52.16) |
| Add: Surplus brought forward from previous year | **140.96** | 195.64 | **174.91** | 226.15 |
| Less: Dividend | | - | | - |
| Less: Transfer to General Reserve | | - | | - |
| (Add) / Less: Transfer to OCI Reserve due to Ind AS Transition | | - | | - |
| **Balance carried to Balance sheet** | **74.73** | 140.96 | **110.24** | 174.91 |
| **Earnings Per Share** | | | | |
| EPS per Share – Continuing Operations (in Rs.) | **(105.10)** | (30.41) | **(101.89)** | (23.27) |
| EPS per Share – Discontinued Operations (in Rs.) | **(32.39)** | (83.12) | **(32.39)** | (83.12) |
| EPS per Share (in Rs.) | **(137.48)** | (113.54) | **(134.28)** | (106.39) |

## PERFORMANCE OF THE COMPANY

During FY 2025-26, the Company completed the major phase of its restructuring and business consolidation programme initiated during FY 2024-25. The programme was undertaken with the objective of improving the quality of the Company's business, reducing exposure to low-margin and commoditised products and creating a more focused platform for sustainable growth.

The restructuring resulted in a reduction in production volumes and topline, as the Company consciously exited or reduced businesses which did not provide adequate returns. During the year, the Company produced 39.20 lakh kg of yarn (103.47 lakh kg in FY 2024-25), 103.22 lakh metres of woven fabric (218.86 lakh metres in FY 2024-25), 21.46 lakh kg of knitted fabric (51.68 lakh kg in FY 2024-25), and 18.82 lakh pieces of garments (24.63 lakh pieces in FY 2024-25). Product revenue consequently declined to Rs.390.71 crore from Rs.581.81 crore in the previous year. Export revenue stood at Rs.270 crore compared with Rs.384 crore in FY 2024-25, while domestic revenue stood at Rs.115.07 crore compared with Rs.231.13 crore. The reduction was principally attributable to the planned exit from low-margin and non-viable product lines. Export performance was additionally affected by geopolitical developments and supply-chain disruptions in the Middle East.

Revenue from operations stood at Rs.421.96 crore compared with Rs.627.78 crore in the previous year. The Company reported a net loss of Rs.66.21 crore, which was impacted by restructuring-related costs, inventory revaluation and under-utilisation of capacity during the period of business realignment. The year's results also included gains from the sale of certain non-core assets, including units in Andhra Pradesh.

The financial performance of FY 2025-26 should accordingly be viewed in the context of both the Company's deliberate business restructuring and the challenging external operating environment. Importantly, despite the significant reduction in topline, EBITDA loss reduced to Rs.4.35 crore from Rs.34.05 crore in the previous year, representing an improvement of Rs.29.70 crore. The improvement in EBITDA and operating loss reflects the initial benefits of the Company's product rationalisation, business consolidation and cost optimisation initiatives. While the benefits of the restructuring have not yet fully translated into overall profitability, the improvement at the operating level provides a positive foundation for the next phase of the Company's growth.

Management's focus continues to be on rebuilding the business through export-led growth, higher-value products, improved utilisation and operational efficiency. Throughout the year, the Company maintained operational discipline, with strong emphasis on cost control, supply-chain optimisation and alignment of production volumes with market demand. In parallel, investments continued in workforce development through targeted training programmes, particularly in the garmenting division, to enhance skill levels and productivity across core operational areas.

## Outlook

Looking ahead, the Company remains optimistic about its growth prospects, with a strong strategic focus on the technical textile segment, particularly in personal protective wear. This high-value, niche segment continues to gain momentum, supported by heightened global emphasis on workplace safety standards and rising institutional demand across both domestic and export markets.

To meet the increasing demand, the Company is actively enhancing production capacity in the processing & garmenting division. One of the key operational challenges being addressed is the shortage of skilled tailors, which has temporarily constrained output. In response, targeted recruitment drives, and structured skill development programs are being rolled out to strengthen and expand the tailoring workforce.

As part of its comprehensive transformation strategy, the Company has undertaken the following initiatives:

**Product Portfolio Realignment**: The business has been strategically restructured to focus on the profitable garments segment—particularly technical textiles—while significantly reducing exposure to commodity-driven products like yarn, which are subject to intense price volatility and margin pressure.

**Cost Optimization and Efficiency Enhancement**: A series of cost control and operational efficiency initiatives are underway to further streamline operations, optimize resource utilization, and boost overall productivity.

**Expanding the Market Presence:** The Company is expanding its market presence in the technical textile & garments segment across the globe and particularly in India. This will grow the business and bring in capacity utilisation at the fullest possible resulting in better margins.

With these strategic actions firmly in place, the Company is confident of executing a successful turnaround in the upcoming fiscal year. By focusing on high-margin segments, maintaining operational rigor, and investing in workforce capabilities, the Company is well-positioned to enhance competitiveness, improve profitability, and deliver sustained shareholder value in the years ahead.

## DIVIDEND

As the Company has incurred losses due to consolidation of operations and pruning down unviable operations, no dividend is proposed by the Board.

## SHARE CAPITAL

As on 31st March 2026, the paid-up share capital of the Company was **Rs.4,81,64,460/-** comprising **48,16,446** equity shares of **Rs.10/-** each. There has been no change in the share capital of the Company during the year under review.

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

## TRANSFER TO RESERVES

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

## MATERIAL CHANGES OCCURED AFTER THE END OF FINANCIAL YEAR

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

## MANAGEMENT DISCUSSIONS ON THE INDUSTRY SCENARIO & OUTPUTS

The global technical textiles market is valued at approximately $252.8 billion and is projected to surge to $329.2 billion by 2030, expanding to a compound annual growth rate (CAGR) of 5.6%. Unlike conventional fashion and apparel that prioritize aesthetics, technical textiles are engineered for uncompromising functionality, durability, safety, and performance across diverse industrial and high-tech sectors

Many new players are entering this market considering better operability and margins. Protech (Protective Technical Wear) is gaining momentum among the new entrants. West Asia crisis had halted the momentum during this year. GCC being major customer, supply chain disruption has been impacted heavily in the Q4.

Despite these setbacks, the outlook for Global Technical Textile trade remains cautiously optimistic. The stabilization of freight routes and normalization of inventory cycles could further support the industry's path to recovery.

## INDIAN TEXTILE INDUSTRY

The Indian Textile and Apparel industry holds a vital position in the national economy, contributing approximately 2.3% to GDP, 13% to industrial output, and 12% to export earnings. It is also the second-largest employer in the country, offering direct employment to 45 million individuals and supporting 60 million more in allied sectors.

The **Protech (protective textiles) sector in India** is expanding rapidly at an estimated compound annual growth rate (**CAGR**) of **12% to 14%**, outperforming conventional textile applications as domestic industrial safety norms and defense requirements tighten.

Stricter enforcement of occupational health codes across manufacturing, oil and gas extraction, and chemical processing plants demanding certified flame-retardant (**FR**) and chemical-splash apparel are supporting this growth in the Protech segments. India is supposedly the highest CAGR across the globe until 2030.

Going forward, vertically integrated, innovation-driven, cost-efficient companies and those offering value added – high end products are expected to lead industry growth and profitability.

**Opportunities**

Structural growth in domestic and global demand for protective and technical textiles, supported by tightening occupational safety regulation and institutional procurement programmes.

Government thrust on technical textiles through the National Technical Textiles Mission and textile park/PM MITRA initiatives, which could improve access to infrastructure, incentives and skilled workforce.

Ability to leverage existing vertically integrated capacity and export relationships to pivot toward higher-margin protective garment categories without large incremental greenfield investment.

Further monetisation of non-core/non-operational assets to strengthen the balance sheet and fund working capital for the growing technical textiles order book.

**Threats**

Continued volatility in cotton and other input costs, which can compress margins across both the legacy commodity business and the technical textiles segment.

Global demand uncertainty and currency volatility affecting export realisations, given the Company's high dependence on international markets.

Competitive intensity from both domestic and international manufacturers in the protective wear space as more players reallocate capacity toward technical textiles.

Execution risk in scaling a new product and compliance-certification pipeline (e.g., safety and quality standards specific to protective/medical garments) within the targeted timeframe.

**Risks & Concerns**

The Company's principal risks include cotton and input price volatility, global demand cyclicality, foreign exchange fluctuation on export receivables, and execution risk associated with scaling the protective wear business. The Company has instituted internal control systems commensurate with the size and nature of its operations, covering financial reporting, inventory management and statutory compliance, which are reviewed periodically by the Audit Committee and statutory auditors.

**Human Resources**

The Company continued to focus on workforce productivity and cost rationalisation during the year, including measures to align employee costs with the evolving production mix as capacity is redirected toward technical and protective garments. Employee relations remained cordial throughout the year, and the Company continues to invest in training its garmenting workforce on the specialised stitching, finishing and quality-compliance requirements associated with protective garment categories

**Key Financial Ratios**

Key Financial Ratios and significant changes are detailed in Note 48 of the Standalone Financial Statements.

## Outlook for the Company

Against this backdrop, your Company has proactively undertaken several strategic initiatives aimed at repositioning itself for long-term success. While FY 2025-26 was marked by lower capacity utilization and a net loss—primarily due to restructuring and realignment efforts—these decisions were crucial in laying a stronger foundation for the future.

Looking ahead, the Company will focus on:

- **Accelerating Growth in Technical Textiles**: The Company is prioritizing its presence in the fast-growing technical textile segment, especially in **personal protective wear**, which is witnessing rising demand from institutional buyers and export markets due to increasing focus on workplace safety and compliance standards.
- **Strategic Product Realignment**: To improve profitability, the Company has restructured its product mix, reducing dependence on low-margin commodity segments such as yarn, and shifting its emphasis to higher-value garments and specialized textiles. Growing garments segment will support utilisation and efficiency of the downstream capacities in spinning, weaving & knitting.
- **Improving Operational Efficiency**: A series of measures are underway to optimize production costs, streamline supply chains, and enhance workforce capabilities, particularly within the garmenting division where targeted training programs are addressing skill shortages.
- **Market Expansion**: A series of efforts are underway to expand the market presence globally and particularly in India considering the potential.

In alignment with broader industry trends, especially the shift toward value added technical garments Company is confident of navigating current headwinds and achieving a meaningful turnaround in the coming fiscal year.

## RENEWABLE ENERGY

During the year, the company generated 4.19 Cr. units of wind power against 4.82 Cr. units in the previous year and solar power 0.40 Cr units against 0.74 Cr. units in the previous year. The wind and solar power generation during the year has reduced compared to the previous year.

## 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, are 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 the Joint Venture(s) is attached to the financial statements in the prescribed format.

## BOARD MEETING

The Board met five times during the year, and date(s) are given below:

| Sl. No | Date of the meeting(s) | Particulars |
|---|---|---|
| 01. | 27.05.2025 | For Q4 and audited financial results for the FY 2024 – 25 |
| 02. | 12.08.2025 | For Q1 results for the FY 2025 – 26 |
| 03. | 11.11.2025 | For Q2 results for the FY 2025 – 26 |
| 04. | 29.12.2025 | For appointment of Company Secretary |
| 05. | 11.02.2026 | For Q3 for the FY 2025 – 26 |

## PASSING OF RESOLUTIONS BY CIRCULATION

During the financial year, certain resolutions of the Board were approved by circulation. The Board confirms that these resolutions are following the compliances on the provisions of Section 175 of the Companies Act, 2013, along with the applicable rules and amendments thereto.

## DIRECTORS/ KEY MANAGERIAL PERSONNEL

### Appointment/ Re-appointment

1. Dr. V. Rajesh, Company Secretary, has been appointed as Company Secretary of the Company under Key Managerial Personnel (**KMP**) as per Section 203 of the Companies Act 2013 and Compliance Officer of the Company as per regulation 6(1) of the SEBI LODR Regulations 2015 and the Nodal Officer of the Company as per Rule 7(2A) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 w.e.f. 01.01.2026.
2. In accordance with provisions of the Act and the Articles of Association of the Company, Mrs. Vishala Ramswami (**DIN**: **06967899**), Non-Executive Non-Independent Director is liable to retire by rotation at this AGM and is eligible for re-appointment.

Disclosures required pursuant to Regulation 36 of the SEBI Listing Regulations and the Secretarial Standards on General Meeting (‘**SS-2’**) are provided in the Notice of AGM, forming part of the Annual Report, in respect of the appointment and re-appointment of Directors at the ensuing AGM.

## INDEPENDENT DIRECTORS

In terms of Section 149 of the Act and the SEBI Listing Regulations, Mr. Lakshmi Narayanan, Mr. K Kumaran, Mrs. Vijayalakshmi Rao, Mr. Gokul S Dixit and Mr. R. Kannan are the Independent Directors of the Company as on the date of this Report.

There are five (5) Independent Directors for the FY 2025 – 26.

All Independent Directors of the Company have submitted declarations under Section 149(7) of the Companies Act 2013 confirming that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations. In terms of Regulation 25(8) of the SEBI Listing Regulations, the Independent Directors have further confirmed that they are not aware of any circumstance or situation which exists, or may reasonably be anticipated, which could impair or impact their ability to discharge their duties with objective independent judgement and without any external influence. The Independent Directors of the Company have undertaken requisite steps towards the inclusion of their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs, in terms of Section 150 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

## KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Companies Act, 2013, the Key Managerial Personnel (**KMP**) of the Company during the financial year 2025-26 comprised the following:

- Mrs. Valli M Ramaswami – Whole Time Director
- Mr. M. E. Manivannan – Whole Time Director
- Mr. N. Srinivasan - Chief Executive Officer (up to 30.06.2026)
- Mr. U. Thenappan - Chief Financial Officer
- Mr. S. Muthukrishnan - Company Secretary and Compliance Officer (up to 31.12.2025)
- Dr. V. Rajesh, Company Secretary and Compliance Officer (w.e.f. 01.01.2026)

### Changes in Key Managerial Personnel during the Year

During the year under review, the following changes occurred in the composition of Key Managerial Personnel:

- Dr. V. Rajesh was appointed as a Company Secretary and Compliance Officer with effect from 01st January 2026.

### Changes Post Financial Year-End

Subsequent to the close of the financial year:

- Mr. N. Srinivasan was resigned from the position of the Chief Executive Officer with effect from 30th June 2026.

## 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.

## COMMITTEES OF THE BOARD

The Committees of the Board focus on certain specific areas and make informed decisions in line with the delegated authority. The following Committees constituted by the Board function according to their respective roles and defined scope:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders' Relationship Committee

Details of composition, terms of reference and number of meetings held in FY26 for the aforementioned committees are given in the report on Corporate Governance, which forms a part of this Report. Further, during the year under review, all recommendations made by the various committees have been considered and accepted by the Board.

## 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 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. 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 Program for Independent Directors of the Company.

The Policy on Familiarisation Program 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 further affirmed that none of the members of the Company has been denied access to the Audit Committee. No complaint has been received from any employee during this year.

## SECRETARIAL STANDARDS

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

## 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 31st March 2025 is available on the Company's website at www.loyaltextiles.com.

Similarly, the Annual return as on 31st March 2026 will also available once filed with the Registrar of Companies (ROC).

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

In accordance with the provisions of Section 135 of the Companies Act, 2013 and the applicable Rules, the Company has constituted a Corporate Social Responsibility (**CSR**) Committee. The Committee comprises three Directors, including two Independent Directors and one Whole-time Director.

The Company's CSR Policy is available on the Company website at: www.loyaltextiles.com

However, the Company did not meet the criteria prescribed under Section 135 of the Companies Act, 2013 for the applicability of Corporate Social Responsibility (CSR) provisions during the financial years 2024-25 and 2025-26.

Accordingly, the provisions relating to CSR were not applicable to the Company during the said financial years.

## AUDIT

### STATUTORY AUDIT

**M/s. Brahmayya & Co.,** Chartered Accountants (Firm Registration No. 000511S), were appointed as the Statutory Auditors of the Company for a period of five years at the 76th Annual General Meeting held on September 22, 2022. Their term continues until the conclusion of the 81st Annual General Meeting, scheduled for the year 2027.

The Statutory Auditor's Report for the financial year ended 31st March 2026 does not contain any qualifications, reservations, adverse remarks, or disclaimers.

However, the auditors have included an Emphasis of Matter paragraph, which is reproduced below:

*Attention is invited to Note No. 51 of the Standalone Financial Statement, which describes the initiatives undertaken by the management involving Monetization of Assets resulting in scaling down of the operations and relocating manufacturing facilities in order to improve the operational efficiencies. The steps undertaken by the company is stated to be addressing the liquidity constraints and in addition the Management has informed that it continues its efforts in rationalizing its operations by further prioritizing high-value contribution segments and embark on steps towards cost optimization to achieve the targeted operational profitability and sustainability. Considering the progress in the initiatives undertaken during the year and based on the management assertion of achieving the operational profits, the company's operations have been considered sustainable.*

### Management's Response to the Emphasis of Matter

The Board acknowledges the Auditors' observations and affirms that appropriate corrective measures are being actively implemented.

The Company continues its efforts towards realignment and rationalisation of its manufacturing operations with the objective of improving capacity utilisation, enhancing operational efficiencies, prioritizing high-value contributing segments and optimising costs to achieve sustainable profitability at the operational level.

During the year, the Company has made considerable progress in monetisation of underutilised and non-core assets and has further identified certain assets for monetisation, including assets classified as "Held for Sale", with the objective of reduction of debt, strengthening liquidity and improving overall cost efficiencies. The company has completed major phase of its restructuring & consolidation of operations during the year.

Considering the progress achieved so far in operational improvement and liquidity enhancement, the management is confident of achieving sustainable operational profitability in the near future.

### SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and amended Regulation 24A of the SEBI Listing Regulations, the Board has based on the recommendation of Audit Committee approved appointment of Messrs. A. Mohan Kumar & Associates, Company Secretaries, Chennai, a peer reviewed firm of Company Secretaries in Practice as Secretarial Auditors of the Company for a period of five years, i.e., from April 1, 2025 to March 31, 2030, post that in the AGM held on September 26, 2025, the shareholders also approved the above said appointment.

The Report of the Secretarial Auditor, Messrs. A. Mohan Kumar & Associates, Company Secretaries, Chennai for FY 2025-26 is annexed herewith as **Annexure - II.** The said Secretarial Audit Report does not contain any qualification, reservations, adverse remarks or disclaimer.

### COST AUDIT & COST RECORDS

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, 2026. The Cost Audit Report for the financial year 2025-26 will be submitted to the Central Government before the due date.

The Board of Directors of the Company have re-appointed Mr. B. Venkateswar, Practicing Cost Accountant, holding Membership No.27622 as Cost Auditor for the year ending 31st March 2027.

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 is required to be ratified by the Shareholders. Accordingly, resolution seeking **ratification for the remuneration** payable to Cost Auditors is included as one of the items in the Notice convening the AGM.

### INTERNAL AUDITORS

The company has appointed M/s. Capri Assurance and Advisory Services, as External Internal Auditors for the period ending 30th September, 2026 (for six months period).

## OTHER DISCLOSURES

### PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions entered into by the Company during the financial year 2025-26 were carried out in the ordinary course of business and at arm's length. These transactions were reviewed and approved by the Audit Committee, which comprises independent directors. Where applicable, repetitive transactions were approved through the omnibus approval route, in accordance with the SEBI Listing Regulations and the Company's related party transaction policy.

As per Regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the thresholds specified in Schedule XII of these regulations.

Disclosures pursuant to Section 188(1) of the Companies Act, 2013 are provided in Form AOC 2, which forms part of this Report as **Annexure IV**. Additional details of related party transactions, including their nature, value, and terms, are set out in Note 47 to the standalone and consolidated financial statements.

Transactions with people's or entities belonging to the promoter group holding 10% or more of the shareholding in the Company are also disclosed in the financial statements.

During the year under review, non-executive directors had no pecuniary relationships or transactions with the Company.

The Board of Directors, based on the recommendation of the Audit Committee, has adopted a policy to regulate related party transactions including material related party transactions in accordance with the applicable provisions of the Companies Act 2013 and the SEBI Listing Regulations. The Policy is available on the Company's website at
https://loyaltextiles.com/wp-content/uploads/2026/04/Policy-on-Materiality-of-Related-Party-Transactions.pdf

Further, during the financial year 2025-26, the Company proposes to enter into related party transactions with Gruppo P& P Loyal S.P.A, the joint venture partner of the Company, which are expected to exceed the materiality threshold of 10% of the Company's annual consolidated turnover as of March 31, 2025. Accordingly, a special resolution seeking shareholder approval for entering into these material transactions has been done with the postal ballot passed on 31.03.2026.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During FY 2025-26, the Company has not given loans and advances made investments, guarantee to any of its joint venture Companies and other body corporates and persons.

## DEPOSITS FROM PUBLIC

During the year under review, the Company did not accept any deposits from the public in terms of Section 73 of the Companies Act, 2013. Accordingly, there were no outstanding public deposits, whether principal or interest, as on the date of the balance sheet.

## DISCLOSURE UNDER 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 however, necessary annual returns have been filed with respective collectorate. Details of status of complaints as below:

| | |
|---|---|
| No. of Complaints outstanding as on 1st April, 2025 | 0 |
| No. of complaints received during FY 2025-2026 | 0 |
| No of complaints redressed during FY 2025-2026 | 0 |
| No of complaints outstanding as at 31st March, 2026 | 0 |
| No of complaints outstanding more than 90 days as at 31st March, 2026 | 0 |

## DISCLOSURE UNDER MATERNITY BENEFITS ACT, 1961

During FY 2025-26, the company complied with the relevant applicable provisions of Maternity Benefits Act, 1961.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors hereby confirms that:

a. In the preparation of the annual financial statements for the year ended 31st March 2026, the applicable accounting standards have been followed, along with proper explanations relating to material departures.

b. The Directors have selected appropriate accounting policies and applied them consistently and have made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company and the loss for the financial year ended 31st March 2026.

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 adequate internal financial controls to be followed by the Company, and such internal financial controls are operating effectively.

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

## TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

In accordance with the provisions of Section 124 of the Companies Act, 2013 and the applicable rules made thereunder, the Company has transferred a sum of **Rs. 4,39,975/-** to the Investor Education and Protection Fund (**IEPF**) during the year. This amount represents dividends that remained unclaimed and unpaid for a period of seven consecutive years.

As per statutory requirements, any dividend that remains unclaimed or unpaid for seven years from the date of transfer to the unpaid dividend account is required to be transferred to the IEPF.

Due dates for transfer of Unclaimed Dividends to the IEPF are 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 |
|---|---|---|---|---|---|
| 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 not yet en-cashed their dividend warrants for the above financial years are advised to submit their claims to the Company's Registrar and Transfer Agent (**RTA**) at the earliest by quoting their folio number or DP ID and Client ID.

## CREDIT RATING

During the financial year 2025-26, CARE Ratings Limited revised the Company's credit ratings for its bank facilities, citing near-term operational and financial pressures. The revised ratings are as follows:

| Facilities | Rating | Rating Action |
|---|---|---|
| Long-term / Short-term bank facilities | CARE BB+; Stable / CARE A4+ | Reaffirmed |
| Short Term Bank Facilities | CARE A4+ | Reaffirmed |
| Long Term Bank Facilities | Withdrawn | Withdrawn |

## LISTING

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

## PARTICULARS OF EMPLOYEES

In accordance with the provisions of Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is confirmed that no employee of the Company received remuneration of **Rs. 1.02 crore** or more during the financial year, **or Rs. 8.50 lakhs** or more per month during any part of the year under review.

## RATIO OF REMUNERATION OF DIRECTOR

Pursuant to Section 197(12) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the statement disclosing the ratio of the Director to the median employee's remuneration is provided in **Annexure V** to this Report.

## CEO / CFO CERTIFICATION

In accordance with Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate certifying the accuracy and completeness of the financial statements and cash flow statement for the year ended 31st March 2026, duly signed by the Chief Executive Officer and Chief Financial Officer, was submitted to the Board of Directors. The certificate is annexed to this Report as **Annexure VI**.

## INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has in place an adequate internal control system designed to ensure the orderly and efficient conduct of its business, including the safeguarding of assets, the prevention and detection of fraud and errors, the accuracy and completeness of accounting records, and the timely preparation of reliable financial information.

All transactions are properly authorized, recorded, and reported to the management. The Company adheres to applicable accounting standards and statutory requirements in maintaining its books of accounts. The internal audit function, carried out by an independent firm of auditors, regularly evaluates the effectiveness of internal controls and ensures their compliance with the policies approved by the Board.

## 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.

## GENERAL

In accordance with the applicable provisions of the Companies Act, 2013 and the Companies (Accounts) Rules, 2014, the Board confirms the following disclosures for the year under review:

- No significant or material orders were passed by any regulators, courts, or tribunals, other than those already considered in the financial statements and disclosed under the Statement on Contingent Liabilities and Commitments in the notes to the financial statements, that would impact the going concern status of the Company or its future operations.
- No instances of fraud were reported by statutory auditors under Section 143(12) of the Companies Act, 2013 to the Audit Committee or the Board of Directors.
- There was no change in the nature of the business of the Company during the financial year. The Company continues to operate in the textile industry, with a strategic focus on value-added offerings, particularly technical textiles and protective wear.
- No proceedings are pending against the Company under the Insolvency and Bankruptcy Code, 2016.
- The Company did not enter into any one-time settlement with any bank or financial institution during the financial year.

## 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, co-operation 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 stakeholders for their support and for the confidence they have reposed in the company.

## CAUTIONARY STATEMENT

This report, including the Management Discussion and Analysis, contains forward-looking statements that reflect the Company's current expectations regarding future performance. These statements are subject to inherent risks and uncertainties, and actual results may differ materially from those expressed or implied. Key factors that may impact performance include market demand, raw material availability and pricing, changes in government policies, regulatory developments, tax laws, economic conditions, and other operational or legal matters.

**For and on behalf of the Board**

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

Place : Chennai
Date : 14.08.2026

## 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 :**

1. C mill, 1st line -carding filter main suction fan Cogged belt conversion
2. A Mill spinning Ring frame number 1 to 5 Fan motor suction pressure optimization from 40 Hz to 35 Hz
3. A mill spinning Ring frame number 6,7,8 - Main drive motor toothed belt conversion in place of flat belt
4. Automatic, mechanically operated drain valve (zero air loss) installed in place of timer operated value.

From the above initiatives, an overall 1.85 lakh units were saved per annum.

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

During the year, the company utilized 260 lakhs units of power generated through windmills and through solar energy- Solar Power Generated & Consumed: 40 Lakhs Units.

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

During the year have spent Rs.1.26 Lakhs for various Energy Saving activities in VTM.

### B. TECHNOLOGY ABSORPTION

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

Latest machines from LTM are shifted to VTM - A and created a state-of-art spinning unit to produce yarns with higher productivity and quality.

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

Our R&D division is structured to cover the entire value chain of protective wear, from fiber blending and spinning to specialized finishing and quality assurance.

The following projects highlight our recent focus on cost optimization through TFO process reduction and the expansion of our FR (Flame Retardant) portfolio.

| Project Description | Target Segment | Outcome / Status |
|---|---|---|
| **Modacrylic/Cotton/Anti-static (Single Ply 20s):** Cost-optimized alternative to 2/40s Ne in 2/1 Twill (168 GSM). | Oil & Gas Workwear | WRA results are match with regular standards; awaiting bulk orders. |
| **Meta-Aramid/Birla FR Viscose (50/50):** 200 GSM Rib Knitted Fabric (28s Ne). | Firefighting (Balaclava) | Samples shared with buyers; awaiting bulk orders. |
| **Meta-Aramid/Lenzing FR Viscose (50/50):** 120 GSM Plain Woven Fabric (Liner). | Firefighting (Liner) | Samples shared with buyers; awaiting bulk orders. |
| **Modacrylic Protex F/Virgin Cotton/Anti-static:** Single ply yarn for specialized requirements. | Sweden Export Market | Ongoing discussions for bulk yarn orders. |
| **Protex-F/Bamboo Blend (55/45):** Sustainable 30s Hosiery sample for enhanced comfort and Odor control. | Middle East Country (Hot Climate – Industrial Work wear comfort) | WRA tested results within norms. |
| BPCL Coverall Fabric: Meta-Aramid/Para-Aramid/ FR Viscose blend (170 GSM). | Oil & Gas (Domestic) | Samples developed; currently under WRA testing. |

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in Cr.)

| Particulars | 2025-26 | 2024-25 |
|---|---|---|
| Total Foreign Exchange Earned | **312.79** | 388.01 |
| Total Foreign Exchange Used | **39.05** | 46.71 |

## Annexure II

## FORM No. MR-3

## SECRETARIAL AUDIT REPORT

## FOR THE FINANCIAL YEAR ENDED MARCH 31, 2026

*[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,**
**M/s. LOYAL TEXTILE MILLS LIMITED**

We have conducted the Secretarial Audit of the Compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Loyal Textile Mills Limited** (hereinafter called **"the Company"**) bearing Corporate Identification Number L17111TN1946PLC001361. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of **M/s. Loyal Textile Mills Limited** 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 authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2026, 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:

1. *It was observed that the Company has entered into a Joint Venture Agreement with M/s. Gruppo P&P Loyal S.P.A, Italy, as an Overseas Direct Investment, wherein the Company holds 47.5% of the total shareholding. Accordingly, the Company is required to comply with applicable Reserve Bank of India (RBI) regulations, including but not limited to the filing of the Foreign Liabilities and Assets (FLA) Return and submission of the Annual Performance Report (APR) in respect of the said foreign investment.*

   ***Management's Response:** The Management has stated that the Company is taking necessary steps, including initiating compounding proceedings with the relevant RBI authority, in respect of the above matter.*

   We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2026 according to the provisions of:

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

   (ii) The 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;

   (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

   (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

   (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) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

   d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

   e) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2021;

   f) The Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021- Not applicable during the financial year under review as the Company has not listed its Non-convertible Securities in any stock exchange;

   g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – The Company is not registered as transferor to issue and Share Transfer Agent during the financial year under review and hence not applicable;

h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021- Not applicable during the financial year under review as the Company has not delisted its equity shares from any stock exchange;

i) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013- Not applicable during the financial year under review

j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018- The Company has not bought back any of its securities during the financial year under review and hence not applicable; and

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

(vi) The Laws as applicable specifically to the Company

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with BSE Limited (f.k.a. Bombay Stock Exchange Ltd) (BSE) and National Stock Exchange of India Limited (NSE).

I further report that the applicable financial laws, such as Direct and Indirect Tax Laws, have not been reviewed under my audit as the same falls under the review of statutory auditor and by other designated professionals.

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

I further report that:

a) The Board of Directors (**“the board”**) of the Company is duly constituted with 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.

b) Adequate Notice is given to all Directors to Schedule the Board Meetings, agenda and detailed notes on agenda were sent generally at least seven days in advance and where notice was given at a shorter period, the same were ratified by the Independent Directors of the Company. Also, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

c) All the decisions were carried out with requisite majority.

I further report that there are adequate systems and process in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the following major transactions were identified:

1. Mr. N. Srinivasan was appointed as the Chief Executive Officer (CEO) with effect from 01/04/2025 for a period of two years, up to 31/03/2027.

2. Mr. R M Shanmugam resigned as the Chief Operating Officer (COO) with effect from 12/06/2025.

3. According to the information made available to us, a structural failure occurred in a standby equalization tank at the company’s unit, Loyal Super Fabrics, Cuddalore. Following the incident, Department of Industrial Safety and Health (DISH), Cuddalore issued a notice dated 07/10/2025, and subsequently summons were issued to the Factory Manager and Factory Occupier by the Chief Judicial Magistrate, Cuddalore on 29/01/2026. The Company has received the final order from the authorities, and the Factory Manager and Factory Occupier have paid the respective fines as stipulated therein.

4. Mr. S. Muthukrishnan has resigned from the position of Company Secretary and Compliance Officer with effect from 31/12/2025 and subsequently Dr. V. Rajesh was appointed as the Company Secretary and Compliance Officer with effect from 01/01/2026.

5. The Company has been periodically recording the details related to closure of the trading window in its Structured Digital Database (SDD) software. We suggest recording the UPSI shared with

designated persons including auditors and other consultants, wherever applicable, prior to the publication of financial results and other material events to further strengthen the SDD framework.

6. The company convened a postal ballot for obtaining shareholders' approval for entering into Material Related Party Transactions with its Joint Venture – Gruppo P&P Loyal S.P.A. The scrutinizer submitted his report dated 31/03/2026 in which the votes cast (in favour) by the promoter group has also been taken into consideration for the said agenda item along with public. The management has stated that, the votes cast by the public shareholders, excluding the promoter group's votes, have exceeded the requisite majority and accordingly the resolution is passed.

**For A. Mohan Kumar & Associates**
**Practicing Company Secretaries**

Sd/-

**A. Mohan Kumar**
Partner
Membership Number: FCS 4347
Certificate of Practice Number: 19145
Peer review Certificate No. 6842/2025
UDIN: F004347H001102015

Place: Chennai
Date: 14/08/2026

*This Report is to be read with my testimony of even date which is annexed as* **Annexure A** *and forms an integral part of this report.*

*ANNEXURE – A*

To,

The Members,
M/s. Loyal Textile Mills Limited

My 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. My responsibility is to express an opinion on these secretarial records based on my audit.

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

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, I 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 management. My examination was limited to the verification of procedure on 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 A. Mohan Kumar & Associates**
**Practicing Company Secretaries**

Sd/-

**A. Mohan Kumar**
Partner
Membership Number: FCS 4347
Certificate of Practice Number: 19145
Peer review Certificate No. 6842/2025

Place: Chennai
Date: 14/08/2026

## 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 |

However, the Company did not meet the criteria prescribed under Section 135 of the Companies Act, 2013 for the applicability of Corporate Social Responsibility (CSR) provisions during the financial years 2024-25 and 2025-26. Accordingly, the provisions relating to CSR were not applicable to the Company during the said financial years.

Sd/-
**Vijayalakshmi Rao**
Chairperson of CSR Committee
(DIN:00259208)

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

Place: Chennai
Date: 14/08/2026

## 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 | Gruppo P&P Loyal Spa, Italy – Joint Venture | Kurunji Properties Pvt Ltd |
|---|---|---|---|
| 1 | Name(s) of the related party and nature of relationship | Joint Venture | Mrs. Valli M Ramaswami, Promoter |
| 2 | Nature of contracts / arrangements / transactions | Sale of Garments, Fabrics and Commission | Rent Paid |
| 3 | Duration of the contracts / arrangements / transactions | 01.04.2025 to 31.03.2026 | 01.04.2025 to 31.03.2026 |
| 4 | Salient terms of the contracts or arrangements or transactions including the value | Sale of Garments and Fabric - Rs 9594.01 lakhs<br>Dividend receipt – Rs.567.05 lakhs | Rent Paid Rs. 18.00 lakhs |

| S. No. | Particulars | Gruppo P&P Loyal Spa, Italy – Joint Venture | Kurunji Properties Pvt Ltd |
|---|---|---|---|
| 5 | Date(s) of approval by the Board | Transactions were approved by Board in the meeting held on 27/05/2025, 12/08/2025, 11/11/2025 and 11/02/2026 | Transactions were approved by Board in the meeting held on 27/05/2025, 12/08/2025, 11/11/2025 and 11/02/2026 |
| 6 | Amount paid as advances | **Nil** | **Nil** |

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

Place : Chennai
Date : 14/08/2026

## 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

b. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year is provided below:

| S. No. | Name | Designation | Ratio of remuneration to the Median remuneration of employee | Percentage of Increase of remuneration |
|---|---|---|---|---|
| 1 | Mrs. Valli M Ramaswami | Chairperson & Whole Time Director | 33 | 0.00% |
| 2 | Mr. M.E. Manivannan | Whole Time Director | 15 | (8.95%) |
| 3 | Mr.N Srinivasan | Chief Executive Officer | 42 | (1.33%) |
| 4 | Mr. U Thenappan | Chief Financial Officer | 19 | (3.65%) |
| 5 | Mr.S Muthukrishnan @ | Company Secretary & Compliance Officer | 12 | 10.70% |
| 6 | Dr.V.Rajesh* | Company Secretary & Compliance Officer | 11 | - |

@ Mr. S. Muthukrishnan as Company Secretary and Compliance officer has left the office on December 31, 2025.

* Dr. V. Rajesh as Company Secretary and Compliance officer has joined on January 01, 2026.

c. Percentage increase / (decrease) in the median remuneration of employees in the financial year: 9.81%

d. No. of permanent employees on the rolls of the Company: 351

e. 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 managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in managerial remuneration.

   Average percentage increase/(Decrease) made in the salaries of employees other than the managerial personnel in the last financial year i.e., 2025-26 was 8.68% whereas the increase/(decrease) in managerial remuneration for the same financial year was 5.61%.

f. It is hereby affirmed that the remuneration is as per the remuneration policy of the company available in the website of the company in the following link https://loyaltextiles.com/policy-documents/.

**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. None of the 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

## CEO/CFO CERTIFICATION IN RESPECT OF FINANCIAL STATEMENTS AND CASH FLOW STATEMENT PURSUANT TO REGULATION 17(8) OF SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS), REGULATIONS, 2015 FOR THE FINANCIAL YEAR ENDED MARCH 31, 2026

We have reviewed the Financial Statements and the Cash Flow Statement for the year ended March 31, 2026 and we hereby certify and confirm to the best of our knowledge and belief the following:

a. The Financial Statements and Cash Flow statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

b. The Financial Statements and the Cash Flow Statement together present a true and fair view of the affairs of the Company and are in compliance with existing accounting standards, applicable laws and regulations.

c. There are no transactions entered into by the Company during the year ended March 31, 2026 which are fraudulent, illegal or violative of Company's Code of Conduct.

d. We accept responsibility for establishing and maintaining internal controls for Financial Reporting and we have evaluated the effectiveness of these internal control systems of the Company pertaining to financial reporting. Deficiencies noted, if any, are discussed with the Auditors and the Audit Committee, as appropriate, and suitable actions are taken to rectify the same.

e. There have been no significant changes in the above-mentioned internal controls over financial reporting during the relevant period.

f. There have been no significant changes in the accounting policies during the relevant period.

g. We have not noticed any significant fraud particularly those involving the, management or an employee having a significant role in the Company's internal control system over Financial Reporting.

| | |
|---|---|
| Sd/- | Sd/- |
| **N Srinivasan** | **U Thenappan** |
| Chief Executive Officer | Chief Financial Officer |

Place : Chennai
Date : 27.05.2026

## 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**

Pursuant to regulation 17 of the SEBI LODR Regulation 2015 (**"LODR Regulation"**) our Board of Directors with an optimum combination of Executive and Non-Executive Directors.

There are five (5) Independent Non-Executive Directors, two (2) Executive Directors and two (2) Non-Independent, Non-Executive Directors, aggregating nine (9) directors.

All the directors have considerable professional experience in their respective field(s), and they use their independent judgement in the Board deliberation and decisions.

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

| Sl. No | DIN | Name | No. of Directorship in other Companies | 2025 | | | | 2026 | Attended AGM | No. of Equity Shares held |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | May 29 | August 12 | November 11 | December 29 | February 11 | | |
| 01. | 00036508 | Mrs. Valli M Ramaswami (CMD & WTD) | - | P | P | P | A | P | YES | 195463 |
| 02. | 06967899 | Mrs. Vishala Ramswami (NED) | - | P | P | A | A | A | NO | 550 |
| 03. | 02229808 | Mr. M.E. Manivannan (WTD) | - | P | P | P | P | P | YES | 50 |
| 04. | 00263983 | Mr. Vaidyanathan (NED) | 3 | P | P | P | A | P | NO | - |
| 05. | 00259208 | Mrs. Vijayalakshmi Rao (ID) | - | P | P | P | P | P | YES | - |
| 06. | 00580679 | Mr. Lakshmi Narayanan (ID) | 6 | P | P | A | P | P | YES | - |
| 07. | 00366831 | Mr. R. Kannan (ID) | 1 | A | A | A | P | P | YES | - |
| 08. | 00357170 | Mr. Gokul S Dixit (ID) | 2 | P | P | P | P | P | YES | - |
| 09. | 00801146 | Mr.K. Kumaran (ID) | 1 | P | P | A | P | P | NO | - |

None of the Directors are members of any committee other than our company and none of the Directors on the Board is a member of more than ten Committees or Chairman of more than five committees across the public companies in which he/she is a director. None of the Directors on the Board serve as Independent Directors in more than seven listed entities. None of the Executive Directors on the Board serve as an Independent Director in more than three listed entities. None of the Directors/ Key Management Personnel of the Company are related to each other (in terms of the Act).

**Relationship between Directors inter-se**

Except Mrs. Vishala Ramswami, who is the daughter of Mrs. Valli M Ramaswami, Chairperson & Whole Time Director of the Company, none of the other directors are related to each other.

### 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 in the following link https://loyaltextiles.com/policy-documents/.

### Skills, Expertise and Competence of the Board

The Board comprises of persons with diverse experience 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 matrix table is the skills/expertise/competencies identified by the board of directors.

| Sl. No | Directors' skills | (1) 00036508 | (2) 06967899 | (3) 02229808 | (4) 00263983 | (5) 00259208 | (6) 00580679 | (7) 00366831 | (8) 00357170 | (9) 00801146 |
|---|---|---|---|---|---|---|---|---|---|---|
| 01. | Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments. | ✓ | | | ✓ | ✓ | ✓ | ✓ | ✓ | |
| 02. | Monitoring the effectiveness of governance practices and making changes as needed. | ✓ | | | ✓ | ✓ | ✓ | ✓ | ✓ | |
| 03. | Selecting, compensating, monitoring and, when necessary, replacing key managerial personnel and overseeing succession planning. | ✓ | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 04. | Aligning key managerial personnel and remuneration of board of directors with the longer-term interests of the company and its shareholders. | ✓ | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 05. | Ensuring a transparent nomination process to the board of directors with the diversity of thought, experience, knowledge, perspective and gender in the board of directors. | ✓ | | | ✓ | ✓ | | ✓ | | |
| 06. | Monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions. | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 07. | Ensuring the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place systems for risk management, financial and operational control, and compliance with the law and relevant standards. | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 08. | Overseeing the process of disclosure and Communications | ✓ | | ✓ | | | | | | |
| 09. | Monitoring and reviewing board of director's evaluation framework. | ✓ | | | | ✓ | ✓ | ✓ | ✓ | |

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

Your Company has received declarations from all its Independent Directors confirming that they meet the criteria of independence prescribed both under the Act and the SEBI Listing Regulations. The Board at its meeting held on May 27, 2025 has taken on record these declarations received from the Independent Directors. In the opinion of the Board, the Independent Directors of the Company fulfilling the conditions specified in SEBI Listing Regulations and are independent of the Management.

Every Independent Director at the first meeting of the Board in every financial year, give declarations under Section 149(7) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations that he/she meets the criteria of independence as stated in these provisions/clauses.

The Independent Directors have included their names in the databank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

Your Company has issued formal letter of appointment to all Independent Directors, and the terms and conditions of their appointment have been hosted on the website of the Company.

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 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 and met four times during the year as follows:

| S.No. | Name of the Director | Designation | 27.05.2025 | 12.08.2025 | 11.11.2025 | 11.02.2026 |
|---|---|---|---|---|---|---|
| 1 | Mr. Gokul S Dixit | Chairman | P | P | P | P |
| 2 | Mr. B. Vaidyanathan | Member | P | P | P | P |
| 3 | Mr. R. Kannan | Member | A | A | A | P |
| 4 | Mrs. Vijayalakshmi Rao | Member | P | P | P | P |

**Our Board of Directors delegated the following activities to the audit committee to function effectively**

(i) to the recommendation for appointment, remuneration and terms of appointment of auditors of the company;

(ii) to review and monitor the auditor's independence and performance, and effectiveness of audit process;

(iii) examination of the financial statement and the auditors' report thereon;

(iv) approval or any subsequent modification of transactions of the company with related parties;

(v) scrutiny of inter-corporate loans and investments;

(vi) valuation of undertakings or assets of the company, wherever it is necessary;

(vii) evaluation of internal financial controls and risk management systems;

(viii) monitoring the end use of funds raised through public offers and related matters.

(ix) oversight entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(x) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;

(xi) approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(xii) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

a. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

b. changes, if any, in accounting policies and practices and reasons for the same;

c. major accounting entries involving estimates based on the exercise of judgment by management;

d. significant adjustments made in the financial statements arising out of audit findings;

e. compliance with listing and other legal requirements relating to financial statements;

f. disclosure of any related party transactions;

g. modified opinion(s) in the draft audit report;

(xiii) reviewing, with the management, the quarterly financial statements before submission to the board for approval;

(xiv) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

(xv) approval or any subsequent modification of transactions of the entity with related parties;

(xvi) scrutiny of inter-corporate loans and investments

(xvii) valuation of undertakings or assets of the listed entity, wherever it is necessary;

(xviii) evaluation of internal financial controls and risk management systems;

(xix) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(xx) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(xxi) discussion with internal auditors of any significant findings and follow up there on;

(xxii) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

(xxiii) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(xxiv) to look into the reasons for substantial defaults in the payment to the shareholders (in case of non-payment of declared dividends).

(xxv) to review the functioning of the whistle blower mechanism;

(xxvi) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

(xxvii) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

(xxviii) reviewing the utilization of loans and/ or advances from/investment by the holding company in any company exceeding rupees 100 crore or 10% of the asset size of the company, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

(xxix) consider and comment on rationale, cost-benefits and impact of schemes involving mergers, demerger, amalgamation etc., on the listed entity and its shareholders.

**The audit committee is mandatorily reviewing the following:**

(1) management discussion and analysis of financial condition and results of operations;

(2) management letters / letters of internal control weaknesses issued by the statutory auditors;

(3) internal audit reports relating to internal control weaknesses; and

(4) the appointment, removal and terms of remuneration of the chief internal auditor

## 3. NOMINATION AND REMUNERATION COMMITTEE

**Terms of Reference**

The Committee shall identify the people 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.

The Nomination and Remuneration Committee comprises of the following directors of the company and met two times during the year as follows:

| S.No. | Name of the Director | Designation | 27.05.2025 | 12.08.2025 | 29.12.2025 |
|---|---|---|---|---|---|
| 1 | Mrs.Vijayalakshmi Rao | Chairman | P | P | P |
| 2 | Mr. B Vaidyanathan | Member | P | P | A |
| 3 | Mr. Gokul S Dixit | Member | P | P | P |

## 4. STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

During the year under review, the company has not received any requests from the shareholders with respect to non-receipt of dividend warrants for the current year, 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 was no pending request / complaints of the shareholders as of 31st March 2026.

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.

**STAKEHOLDERS RELATIONSHIP COMMITTEE:**

During the year the Committee met once on 27th May 2026. The attendance of the meeting is as follows:

| S. No. | Name of the Director | Category | 27.05.2026 |
|---|---|---|---|
| 1 | Mr. B. Vaidyanathan | Chairman | P |
| 2 | Mr. Gokul S Dixit | Member | P |
| 3 | Mr. M.E.Manivannan | Member | P |

## 5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As per the provisions of 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 Members. Mrs. Vijayalakshmi Rao, Non-Executive Independent Director is the Chairperson of the Committee. Mr. M.E. Manivannan and Mr. R. Kannan, Directors are the other members of the Committee.

However, the Company did not meet the criteria prescribed under Section 135 of the Companies Act, 2013 for the applicability of Corporate Social Responsibility (CSR) provisions during the financial years 2024-25 and 2025-26. Accordingly, the provisions relating to CSR were not applicable to the Company during the said financial years.

## 6. INDEPENDENT DIRECTORS MEETING

During the year, the Independent Directors of the Company without the presence of non-independent directors and management team met on March 23, 2026. The Independent Directors inter-alia reviewed the performance of the non-independent directors, Board as a whole and Chairman of the Company, on parameters of effectiveness and to assess the quality, quantity and timeliness of flow of information between the management and the Board.

## 7. 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 2025-26:**

(Rs. in Lakhs)

| S. No. | Particulars | Mrs. Valli M Ramaswami, Chairperson & Whole Time Director | Mr. M.E. Manivannan, Whole Time Director | Total |
|---|---|---|---|---|
| | | | | |
| 1 | Salary | 60.00 | 42.05 | 102.05 |
| 2 | Bonus / Benefits | - | 24.60 | 24.60 |
| 3 | Other perquisites / Performance linked incentives | - | - | |
| 4 | Contribution to Provident Fund / Pension | 7.20 | 3.02 | 10.22 |
| Total | | **67.20** | **69.67** | **136.87** |

**Remuneration to Non-Executive Directors**

There was no Sitting Fees paid to Non - Executive Directors during the year.

**Pecuniary Relationship or Transaction of the Non-Executive Directors**

There were no pecuniary relationship or transactions of the non-executive director's vis-a-vis the Company during the financial year ended 31$^{st}$ March 2026.

**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. However, sitting fees was not paid for any of the directors.

## 8. GENERAL BODY MEETINGS Annual General Meetings (AGM)

| FY | Date and time | Venue | Details of Special Resolution passed |
|---|---|---|---|
| 2022-23 | 27/09/2023 10.00 am | AGM held through Video Conferencing facility provided by NSDL | NIL |
| 2023-24 | 23/09/2024 10.00 am | AGM held through Video Conferencing facility provided by NSDL | NIL |
| 2024-25 | 26/09/2025 10.00 am | AGM held through Video Conferencing facility provided by NSDL | 1. Re-appointment of Mr. Gokul S Dixit (Din: 00357170) as an Independent Director for a period of one year<br>2. Sale Of Unit at Andhra Pradesh as an Undertaking.<br>3. Sale of Unit at Sivaganga, Tamilnadu as an Undertaking. |

## 8a. POSTAL BALLOT

During the year under review, the Company completed process of postal ballot as per provisions of Section 110 of the Companies Act, 2013. Mr. S Harikrishnan (Company Secretaries in Practice) (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 CDSL 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 have been submitted to the Bombay Stock Exchange, National Stock Exchanges 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. | **Material Related Party Transaction(s) between The Loyal Textile Mills Limited with Gruppo P&P Loyal S.p.A** | 190 | 189 (99.99%) | 2 (0.01%) |

### Whistle Blower Policy

Your Company has established a Vigil Mechanism/Whistle Blower Policy to enable stakeholders to report unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. During the year, the Whistle Blower policy was revamped to extend the policy to suppliers, dealers and all other stakeholders, dealing directly or indirectly with the Company.

The disclosure in relation to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for the FY 2025-26 is as below:

a) Number of complaints filed during the financial year: Nil

b) Number of complaints disposed off during the financial year: Nil

c) Number of complaints pending as on end of the financial year: Nil

M/s.Brahmayya & Co., Chartered Accountants are the Statutory Auditors of the Company. The total fees paid/payable to the statutory auditors and its network firms by the Company and its subsidiaries for the year ended March 31, 2026 is given below (excluding reimbursement of expenses):

| S.No. | Nature of Service | Rs. in Lakhs |
|---|---|---|
| 1. | Statutory Audit Fees | 15 |
| | Total | 15 |

### Reconciliation of Share Capital Audit

Your Company has engaged a qualified practicing Company secretary to carry out share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital of the Company. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

### Disclosure of Accounting Treatment

Your Company has not adopted any alternative accounting treatment prescribed differently from the Ind AS.

### Non-Executive Directors' compensation and disclosures

The Nomination and Remuneration Committee recommends all fees/compensation paid to the Non-Executive Directors (including Independent Directors) and thereafter, the fees/compensation are fixed by the Board and approved by the Members in the General Meeting, if required.

### Code of Conduct

Your Company has received confirmations from the Board and the Senior Management Personnel regarding their adherence to the Code of Conduct. The Annual Report of the Company contains a certificate by the Chief Executive Officer, on the compliance declarations received from the Board and Senior Management. The Code has been hosted on the Company's website https://loyaltextiles.com/ .

### Code of Conduct for Prohibition of Insider Trading

Your Company has adopted a Code of Conduct as per Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended. All Designated Persons having any access to the Unpublished Price Sensitive Information (**"UPSI"**) of the Company are governed by the Code. During the year under review, the Company is in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015. On a quarterly basis, the Audit Committee reviews the compliance with these Regulations. Your Company has also formulated a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information. The Codes have been hosted on the Company's website https://loyaltextiles.com/ .

During the year under review, the Company has not raised any funds through preferential allotment or public issue or rights issue or qualified institutions placement and hence the disclosure as specified under Regulation 32(4) & 32(7A) of the SEBI Listing Regulations is not applicable.

During the year under review, the Company and its subsidiaries had not granted any loans/advances in the nature of loans to firms/companies in which Directors are interested (in terms of Section 184(2) of the Act).

## 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 the stipulated time and uploaded to the Company's website https://loyaltextiles.com/

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

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

## 10. GENERAL SHAREHOLDER INFORMATION

| | | |
|---|---|---|
| a | Annual General meeting | |
| | Date | **22.09.2026** |
| | Time | **10.45 A.M** |
| | Venue | Through Video Conference ("**VC**") Audio-Visual Means ("**OAVM**") |
| b | Financial Year | |
| | Unaudited Financial Results for the Quarter ended 30/06/2026 | On or before 14.08.2026 |
| | Unaudited Financial Results for the Quarter ended 30/09/2026 | On or before 14.11.2026 |
| | Unaudited Financial Results for the Quarter ended 31/12/2026 | On or before 14.02.2027 |
| | Audited Financial Results for the year ended 31/03/2027 | On or before 30.05.2027 |
| c | Dividend Payment date | Not applicable |
| d | Name and Address of the Stock Exchange where the Company's Shares Listed | Bombay Stock Exchange<br>Phiroze Jeejeebhoy Towers,<br>Dalal Street,<br>Mumbai - 400 001<br>National Stock Exchange of India Limited<br>Exchange Plaza, 5th Floor, Plot No. C/1,<br>G Block, Bandra-Kurla Complex,<br>Bandra (E), Mumbai - 400 051.<br>Listing Fee for the Financial year 2025-26 has been paid. |
| e | Stock Code / ISIN | BSE: 514036<br>NSE: Symbol: LOYALTEX<br>ISIN: INE970D01010 |

**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 of 31st March 2026, No Equity Shares were pending for transfer.

**Shares transferred to IEPF Authority**

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (**"IEPF Rules"**), shares in respect of which dividends have remained unclaimed or unpaid for a period of seven consecutive years or more is required to be transferred to the Investor Education and Protection Fund Authority (**'IEPF Authority'**). In terms of the IEPF Rules, **6,931** shares pertaining to **23** shareholders were transferred to the IEPF Authority during the FY 2025-26. The voting rights on the shares outstanding in the IEPF Authority as on March 31, 2026 remains frozen till the rightful owner of such shares claim the same.

**Instructions to Members**

SEBI has vide circulars dated November 3, 2021, December 14, 2021 and March 16, 2023 made it mandatory for holders of physical securities to furnish their KYC details viz., (i) PAN (ii) Nomination (to register or opt out) (iii) Complete postal address, Mobile No. and E-mail ID (iv) Bank details (v) Specimen signature of shareholder.

To encourage mandatory up dation of KYC details in the physical folios, reminder letters were sent to the shareholders at their last available addresses for furnishing of PAN, KYC details and Nomination. Further, Members may note that SEBI has as per the aforementioned circular, mandated companies to pay dividend only in electronic mode with effect from April 1, 2024. Hence, physical shareholders are urged to update the KYC details at the earliest to get the future dividends and past unclaimed dividends directly to the bank account. Members may get in touch with GNSA Infotech Private Limited, Registrar and Share Transfer Agent, for further information.

**Dematerialization of shares and liquidity**

Your Company's shares are compulsorily traded in dematerialized form on NSE and BSE. Equity shares of the Company representing 98.31% of the Company's equity share capital are dematerialized as on March 31, 2026. The entire Promoter's holdings are in electronic form and the same is in line with the directions issued by SEBI.

The equity shares of the Company are regularly traded in BSE and NSE and hence have good liquidity.

Members are requested to note that SEBI vide circular dated January 25, 2022 has mandated the issuance of securities in dematerialised form only and hence the issuance of share certificates in case of transmission and requests for duplicate share certificates can only be undertaken in dematerialized mode.

**Distribution of Shareholder as on 31st March 2026**

| No. of Shares Held | No. of Shareholders | % of Shareholders | No. of Shares Held | % of Shareholding |
|---|---|---|---|---|
| Up to – 500 | 3228 | 91.94 | 234155 | 4.86 |
| 501 – 1000 | 139 | 3.96 | 105156 | 2.18 |
| 1001 – 2000 | 66 | 1.88 | 98821 | 2.05 |
| 2001 – 3000 | 15 | 1.88 | 38337 | 2.05 |
| 3001 – 4000 | 12 | 0.34 | 43903 | 0.91 |
| 4001 – 5000 | 8 | 0.23 | 37892 | 0.79 |
| 5001 – 10000 | 10 | 0.28 | 68668 | 1.43 |
| 10001 & above | 33 | 0.94 | 4189514 | 86.98 |
| **TOTAL** | **3511** | 100 | **4816446** | 100 |

**Shareholding Pattern as on 31st March 2026**

| S. No | Category | No. of Shares | % of Total Capital | % of Total Capital |
|---|---|---|---|---|
| 1 | Promoter and Promoter Group | 3539845 | 73.49 | 73.49 |
| 2 | Nationalized Banks | 2000 | 0.04 | 0.04 |
| 3 | Non-Residents | 12017 | 0.25 | 0.25 |
| 4 | Others | 1262584 | 26.21 | 26.21 |
| **Total** | | **4816446** | 100.00 | 100.00 |

**Plant Locations**

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

1) 21/4, Mill Street, Kovilpatti – 628 501.

2) N Venkateswarapuram, N Subbiahpuram, Sattur Taluk – 626 205.

**Processing**

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

**Disclosure pursuant to SEBI/HO/CFD/CMD1/CIR/P2018/0000000141 circular dated November 15, 2018**

The Company is not undertaking any commodity hedging activities, hence there is no risk of commodity hedging of the company.

**Address for Correspondence**

| Compliance Officer | Registrar and Share Transfer Agent |
|---|---|
| Dr. V. Rajesh<br>Company Secretary & Compliance Officer<br>Loyal Textile Mills Ltd.<br>Corporate office<br>"Karumuttu Centre" 7th Floor, North Wing,<br>New No: 634 (Old No:498),<br>Anna Salai, Nandhanam,<br>Chennai – 600035<br>Phone: (04632) 2220001<br>Email: secretarial@loyaltextiles.com | GNSA Infotech Private Limited<br>STA Department, Nelson Chambers,<br>4th Floor, F Block,<br>No. 115, Nelson Manickam Road,<br>Aminjikarai, Chennai – 600 029<br>Phone: 044-42962025<br>Email: sta@gnsaindia.com<br>Contact Person: Mr. Krishna Kumar, Director |

**Other Disclosures**

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

b) 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 BY THE CEO UNDER REGULATION 26(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING ADHERENCE TO THE CODE OF CONDUCT

Pursuant to Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for the financial year ended March 31, 2026.

Sd/-
**N Srinivasan**
**Chief Executive Officer**

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## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

We 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 our opinion and to the best of our 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 us by the Company & its officers, we hereby certify that None of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2026 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities Exchange Board of India, (**"SEBI"**) and Ministry of Corporate Affairs (**"MCA"**) or any such other Statutory Authority.

| S. No. | Name of the Director | DIN | Date of Appointment at current designation | Original Date of Appointment in the Company |
|---|---|---|---|---|
| 1. | Mrs. Vishala Ramswami | 06967899 | 22-02-2025 | 17-01-2025 |
| 2. | Mrs. Valli Ramaswami Manikam | 00036508 | 12-04-2023 | 12-04-2018 |
| 3. | Mr. Muthu Elumalai Manivannan | 02229808 | 11-02-2022 | 02-12-2021 |
| 4. | Mr. Balasubramanian Vaidyanathan | 00263983 | 27-09-2018 | 07-12-2017 |
| 5. | Mrs. Krishnamurthi Rao Vijayalakshmi | 00259208 | 25-09-2017 | 25-09-2017 |
| 6. | Mr. Rajappa Kannan | 00366831 | 24-09-2021 | 20-11-2020 |
| 7. | Mr. Lakshmi Narayanan | 00580679 | 17-09-2022 | 08-08-2022 |
| 8. | Mr. Gokul Subramanian Dixit | 00357170 | 04-11-2022 | 04-11-2022 |
| 9. | Mr. Kumaran Kandasamy | 00801146 | 10-10-2023 | 10-10-2023 |

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our 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.

**For A. Mohan Kumar & Associates**
**Practicing Company Secretaries**

Sd/-
**A. Mohan Kumar**
Partner
Membership Number: FCS 4347
Certificate of Practice Number: 19145
Peer review Certificate No. 6842/2025
UDIN: F004347H001102169

Place: Chennai
Date: 14/08/2026

## ANNEXURE – VIII TO THE DIRECTORS' REPORT

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

To

The Members
Loyal Textile Mills Limited

We have examined the compliance of Corporate Governance by **Loyal Textile Mills Limited** (**"Company"**) for the financial year ending on 31st March 2026, as stipulated in Regulations 17 to 27 and clauses (b) to (i) and (t) of sub-regulation (2) of regulation 46 and Para C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

In our opinion and to the Best of our information and according to the explanations given to us, and the representation made by the directors and the management, we certify that the Company has complied with the condition of Corporate Governance as stipulated in the Listing Regulations.

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

Sd/-
**N Sri Krishna**
Partner
Membership No.026575
UDIN: 26026575PGQSAU6392

Place : Chennai
Date: 14th August 2026

## INDEPENDENT AUDITOR'S REPORT - STANDALONE

**To**

**The Members of Loyal Textile Mills Limited**

**Report on the Audit of the Standalone Financial Statements**

**Opinion**

We have audited the accompanying Standalone Financial Statements of **Loyal Textile Mills Limited** ("the Company"), which comprise the Standalone Balance Sheet as at 31st March 2026, the Standalone Statement of Profit and Loss (including Other Comprehensive loss), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India including the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS"), of the state of affairs of the Company as at 31st March 2026, its loss (including other comprehensive loss), its changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 ("ICAI") together with the ethical requirements that are relevant to our audit of the Standalone 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 opinion on the Standalone Financial Statements.

**Emphasis of Matter:**

Attention is invited to Note No. 51 of the Standalone Financial Statement, which describes the initiatives undertaken by the management involving Monetization of Assets resulting in scaling down of the operations and relocating manufacturing facilities in order to improve the operational efficiencies. The steps undertaken by the company is stated to be addressing the liquidity constraints and in addition the Management has informed that it continues its efforts in rationalizing its operations by further prioritizing high-value contribution segments and embark on steps towards cost optimization to achieve the targeted operational profitability and sustainability. Considering the progress in the initiatives undertaken during the year and based on the management assertion of achieving the operational profits, the company's operations have been considered sustainable.

Our opinion is not modified in respect of this matter.

**Key Audit Matters**

Key Audit Matters are those matters that, in our professional judgement, were of the most significance in our audit of the Standalone Financial Statements of the financial year ended 31st March 2026. These matters were addressed in the context of our audit of the Standalone 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 following matters as Key Audit Matters to be communicated in our report:

**1. Revenue recognition**

| Key Audit Matter | Auditor's Response |
|---|---|
| Refer Note No. 4.19 and 24 to the Standalone Financial Statements<br><br>Cut off Revenue is one of the key profit drivers and is therefore susceptible to misstatement.<br><br>Cut-off is the key assertion in so far as revenue recognition is concerned. There is a risk that revenue is recognized on sale of goods without substantial transfer of control as on reporting date which will not be in accordance with Ind AS-115 "Revenue from Contracts with Customers".<br><br>In view of the above and since revenue is a key performance indicator of the Company, we have identified timing of revenue recognition from sale of goods as a key audit matter. | Principal Audit Procedures Performed:<br><br>Our audit process consisted of testing the design and operating effectiveness of the internal controls and substantive testing performed by us which are as follows:<br><br>(i) We obtained an understanding of process and evaluated the design, implementation, and operating effectiveness of management's internal controls in relation to revenue recognition from sale of goods. We tested the Company's control over timing of revenue recognition around year end.<br><br>(ii) At the year end, we have performed the cut off testing for late cut off to test that the revenue is recorded in the appropriate period. We have traced sales with proof of delivery (POD) to confirm the recognition of sale. |

**2. Inventory Valuation**

| Key Audit Matter | Auditor's Response |
|---|---|
| (Refer Note No 4.6 and 9 to the Standalone Financial Statements)<br><br>The Company's inventories comprise of Raw materials, Work-in-progress, Finished goods and Stores & spares amounting to Rs.10,520.64 Lakhs as at 31st March 2026.<br><br>The inventories are valued at lower of cost and net realizable value ('NRV').<br><br>NRV is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling costs.<br><br>The determination of NRV involves estimates of prevailing market conditions, stage of completion of the inventory, the estimated future selling price and selling costs.<br><br>Considering the significance of the amount of carrying value of inventories and significant judgements and assumptions involved in assessment of NRV, the same is considered a key audit matter. | Principal audit procedures performed.<br><br>Evaluated the design and operation of internal controls and its operating effectiveness in determining the NRV, including the Company's review of key estimates, such as estimated future selling prices on a test basis.<br><br>Compared NRV with recent sales or estimated selling price and selling costs.<br><br>Evaluated the Company's judgement with regards to application of write-down of inventories, where required.<br><br>Assessed the adequacy and appropriateness of the disclosures made by the management with respect to Inventories in compliance with the requirements of applicable Ind AS 2 and Schedule III to the Companies Act, 2013. |

**3. Discontinued Operations and Assets Held for Sale**

| Key Audit Matter | Auditor's Response |
|---|---|
| (Refer Note No. 4.4, 5B, 35(a) and 35(b) to the Standalone Financial Statements)<br><br>During the year, the Board of Directors, at its meeting held on 12th August 2025, decided to dispose of the Shri Vishala Textile Mills (SVTM) Unit at Naidupet and the Chinthamani Textile Mills (CTM) Unit at Sivagangai. Accordingly, during the year ended 31st March 2026, the Company completed the sale of the SVTM Unit and presented its results as discontinued operations in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations. The CTM Unit, pending disposal, was classified as a disposal group held for | Principal audit procedures performed.<br><br>• Obtained an understanding of the process adopted by the management for identification, accounting and presentation of discontinued operations and assets held for sale and evaluated the design and operating effectiveness of the relevant internal controls.<br><br>• Evaluated the appropriateness of the Company's accounting policy and management's assessment for classification of the Shri Vishala Textile Mills (SVTM) Unit located in Naidupet as discontinued operations and the Chinthamani Textile |

| Key Audit Matter | Auditor's Response |
|---|---|
| sale based on management's assessment that the criteria under Ind AS 105 were satisfied.<br><br>We considered this matter to be a key audit matter due to the significance and materiality of the disposal group and the significant management judgement involved in assessing the classification and measurement under Ind AS 105, including determining the gain on disposal of the SVTM Unit, measuring the CTM disposal group at the lower of its carrying amount and fair value less costs to sell, where applicable, and the related presentation and disclosures in the Standalone Financial Statements. | Mills (CTM) Unit located in Sivagangai as held for sale in accordance with the requirements of Ind AS 105.<br><br>• Verified the minutes of the meetings of the Board of Directors, sale agreements, sale deed and other supporting documents relating to the disposal of the Shri Vishala Textile Mills (SVTM) Unit located in Naidupet and the proposed disposal of the Chinthamani Textile Mills (CTM) Unit located in Sivagangai.<br><br>• Tested the allocation of assets, liabilities, revenues and expenses relating to the discontinued operations to the underlying accounting records.<br><br>• Verified the computation of the gain recognised on disposal of the Shri Vishala Textile Mills (SVTM) Unit located in Naidupet and evaluated the measurement of the Chinthamani Textile Mills (CTM) Unit located in Sivagangai disposal group, including the assessment of fair value less costs to sell, where applicable.<br><br>• Assessed the adequacy and appropriateness of the presentation and disclosures made by the management relating to discontinued operations and assets held for sale in compliance with the requirements of Ind AS 105 and Schedule III to the Companies Act, 2013. |

**Other Information**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Company's Annual Report, but does not include the Standalone Financial Statements, and our auditor's report thereon.

Our opinion on the Standalone 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 Financial Statements, our responsibility is to read the other information and in doing so, consider whether other information is materially inconsistent with Standalone Financial Statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report the fact. We have nothing to report in this regard.

**Management's Responsibilities for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these Standalone Financial Statements that give a true and fair view of the Financial Position, Financial Performance, Total Comprehensive Loss, Changes in Equity and Cash flows of the Company in accordance with the Accounting Principles generally accepted in India, including the 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; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone 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 Financial Statements, Board of Directors 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 Board of Directors 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 Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Standalone 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 Standalone Financial Statements.

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

(a) Identify and assess the risks of material misstatement of the Standalone 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.

(b) 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 Company has adequate internal financial controls with reference to Standalone Financial Statements in place and the operating effectiveness of such controls.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) 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 Standalone 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.

(e) Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatement in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone 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 the work; and (ii) to evaluate the effect of any identified misstatements in the Standalone 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 most significance in the audit of the Standalone Financial Statements of the financial year ended 31st March 2026 and are therefore the Key Audit Matters. We describe these matters in our auditor's report unless law or regulations precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

1. As required by 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 Act, 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 of the aforesaid Standalone Financial Statements.

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Standalone Financial Statements have been kept by the Company so far as it appears from our examination of those books, except for the matters stated in the paragraph 3(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, as amended.

   (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive loss), the Standalone Statement of Changes in Equity, the Standalone Statement of Cash Flows dealt with by this report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015 as amended.

   (e) On the basis of the written representations received from the directors as on 31st March 2026 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March 2026 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) The modifications relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(b) above on reporting under Section 143(3)(b) of the Act and paragraph 3(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, as amended.

   (g) With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.

3. 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 as amended, in our opinion and to the best of our information and according to the explanations given to us:

   a. The Company has disclosed the impact of pending litigations on its financial position in Note No 38.1 to the Standalone Financial Statements

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

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

   d. (i) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) 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 person(s) or entity(ies), 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 by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

      (ii) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entity ('Funding Parties') with the understanding, whether recorded in writing or otherwise, that the Company shall, whether 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.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e. The Company has not declared or paid any dividend during the year. Hence provisions of Section 123 of the Act are not applicable.

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

g. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. The audit trail has been preserved by the Company as per the statutory requirements for record retention under Rule11(g) of the Companies (Audit and Auditors) Rules,2014.

4. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended

   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 of the Act. The remuneration paid to any director is not in excess of the limit laid down under section 197(16), which are required to be commented upon by us.

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

Sd/-
**N Sri Krishna**
Partner
Membership No.026575
UDIN: 26026575PZMJYK2256

Place : Chennai
Date: 27th May 2026

### Annexure A to the Independent Auditor's Report

The "**Annexure A**" referred to in clause 1 of "**Report on Other Legal and Regulatory Requirements**" Paragraph of the Independent Auditor's Report of even date to the members of **Loyal Textile Mills Limited** ("the Company") on the Standalone Financial Statements as on and for the year ended 31st March 2026.

i) In respect of the 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) We are informed that a test of physical verification of Property, Plant and Equipment was carried out by the management at reasonable intervals, and no material discrepancies were noticed. In our opinion, the frequency of verification of these assets is reasonable having regards to the size of the Company and nature of its assets.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the company) as disclosed in the Standalone 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 carried out in accordance with the generally accepted auditing practices in India, the Company has not revalued its Property, Plant and Equipment and Intangible assets during the year ended 31st March 2026.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, there are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transaction Act, 1988 and rules made thereunder.

ii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, 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) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, The Company has been sanctioned working capital limits in excess of INR Five crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly returns / statements along with subsequent revisions filed by the Company with the banks are in agreement with the books of accounts of the Company.

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

iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, the Company has complied with the provisions of section 185 and section 186 of the Act to the extent applicable with respect to grant of loans, security, guarantee given, and investments made.

v) According to the information and explanations given to us, and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, the Company has not accepted any deposits from the public and no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal. Therefore, the provision of clause (v) of paragraph 3 of the order are not applicable to the Company.

vi) According to the information and explanations given to us, and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of the same.

vii) According to the information and explanation given to us and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India,

a) In our opinion, the Company is generally regular in depositing the undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Goods and Service tax, Duty of Customs, Cess and other statutory dues with the appropriate authorities. There are no outstanding undisputed statutory dues on 31st March 2026 for a period of more than six months from the date they become payable.

b) Dues of Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Goods and Service tax, Duty of Customs. Cess and other statutory dues which have not been deposited as on 31st March 2026, on account of any dispute and the forum where disputes are pending is given below:

| Sl.no | Nature of the Statute | Nature of Dues | Amount in Lakhs | Period to Which amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| 1 | Central Sales Tax Act. 1956 | CST | 795.54 | 2013-2014 | State Tax Appellate Tribunal, Kakinada |
| 2 | Goods & Service Tax Act | GST | 1,689.27 | Various Periods from FY 2017-18 to FY 2022-23 | Appellate Authority |
| 3 | Income Tax Act 1961 | Income Tax | 2183.37 | Various Periods from AY 2017-18 to AY 2022-23 | CIT Appeals |
| | | | 2.59 | AY 2015-16 | IT Department |

viii) According to the information and explanations given to us, and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India, 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 carried out in accordance with the generally accepted auditing practices in India, the Company has not defaulted in repayment of Principal or 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 carried out in accordance with the generally accepted auditing practices in India, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority or other lender.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with generally accepted auditing practices in India, the Company has not availed any term loans during the year.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, carried out in accordance with the generally accepted auditing practices in India, in our opinion, hat the Company has not raised funds on short term basis.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, carried out in accordance with the generally accepted auditing practices in India, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its Joint venture as defined under the act. Therefore, the provisions of clause (ix)(e) of paragraph 3 of the Order are not applicable to the Company. The Company does not have any subsidiaries or associates.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, carried out in accordance with the generally accepted auditing practices in India, in our opinion, the Company has not raised loans during the year on the pledge of securities held in its Joint Venture. Therefore, the provisions of clause (ix)(f) of paragraph 3 of the Order are not applicable to the Company. The Company does not have any subsidiaries or associates.

x) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with generally accepted auditing practices in India, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause (x) (a) of paragraph 3 of the Order are not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with generally accepted auditing practices in India, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause (x)(b) of paragraph 3 of the Order are not applicable to the Company.

xi) (a) During the course of our examination of the books and records of the Company and according to the information and explanations given to us we have neither come across any instance of material fraud by the company or on the company noticed or reported during the year nor have we been informed any such cases by the management during the course of our audit.

(b) No report under Section 143 (12) of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, as amended, with the Central Government.

(c) According to the information and explanations given to us, the Company has not received any whistle blower complaints during the year. Therefore, the provisions of clause (xi)(c) of paragraph 3 of the Order are not applicable to the Company.

xii) In our opinion and according to the information and explanations given to us and on the basis of our examination of records of the Company, carried out in accordance with the generally accepted auditing practices in India, the Company is not a Nidhi Company. Therefore, the provisions of clause (xii)(a), (xii)(b) and (xii)(c) of the paragraph 3 of the Order are 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, carried out in accordance with the generally accepted auditing practices in India, transactions with the related parties, are prima facie in compliance with the provisions of sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the Standalone Financial Statements as required by the applicable Ind AS.

xiv) (a) According to the information and explanations given to us and based on our examination of the records of the Company, carried out in accordance with the generally accepted auditing practices in India, the Company has an internal audit system that commensurate with the size and nature of its business.

(b) We have considered the internal audit reports for the year under audit, issued to the Company.

xv) According to the information and explanations given to us and based on our examination of the records of the Company, carried out in accordance with the generally accepted auditing practices in India, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, the provision of clause (xv) of the paragraph 3 of the Order are not applicable to the Company.

xvi) According to the information and explanations given to us and on the basis of our examination of the records of the Company carried out in accordance with the generally accepted auditing practices in India,

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

b) The Company has not conducted non-banking financial/housing finance activities during the year. Therefore, the provision of clause (xvi)(b) of the paragraph 3 of the Order are not applicable to the Company.

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

d) According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Therefore, the provisions of clause (xvi)(d) of the paragraph 3 of Order are not applicable to the Company.

xvii) The Company has incurred cash loss of INR 5141.95 Lakhs in the current financial year and INR 4832.35 Lakhs in the immediately preceding financial year.

xviii) There has been no resignation of the statutory auditors during the year. Therefore, the provisions of clause (xviii) of the paragraph 3 of Order are not applicable to the Company.

xix) According to the information and explanations given to us and on the basis of the financial ratios (Refer Note No.48 to the Standalone Financial Statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the Standalone 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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, carried out in accordance with the generally accepted auditing practices in India, the provisions of Section 135 of the Act are not applicable to the Company. Therefore, the provisions of clause (xx) of paragraph 3 of the Order are not applicable to the Company.

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

Sd/-
**N Sri Krishna**
Partner
Membership No.026575
UDIN: 26026575PZMJYK2256

Place : Chennai
Date: 27th May 2026

## Independent Auditors' Report

### Annexure B to the Independent Auditor's Report

The **Annexure B,** referred to in Clause 2(g) of "**Report on Other Legal and Regulatory Requirements"** Paragraph of the Independent Auditor's Report of even date to the members of **Loyal Textile Mills Limited** ("the Company") on the Standalone Financial Statements as of and for the year ended 31st March 2026.

**Report on the Internal Financial Controls with reference to Standalone Financial Statements under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to Standalone Financial Statements of **Loyal Textile Mills Limited** ("the Company") as of 31st March 2026 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

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

The Company's Board of Directors 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 ("the Guidance Note") 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 Act.

**Auditors' Responsibility for Internal Financial Controls**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, 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 ICAI. 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 with reference to Standalone Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to Standalone Financial Statements, 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 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 with reference to Standalone Financial Statements.

**Meaning of Internal Financial Controls with reference to Standalone Financial Statements**

A Company's internal financial control with reference to the Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to Standalone Financial Statements include 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 Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Financial Statements.

**Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements**

Because of the inherent limitations of internal financial controls with reference to Standalone Financial Statements, 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 with reference to the Standalone Financial Statements to future periods are subject to the risk that the internal financial control with reference to Standalone Financial Statements 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 with reference to Standalone Financial Statements and such internal financial controls with reference to Standalone Financial Statements were operating effectively as at 31$^{st}$ March 2026, 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

Sd/-
**N Sri Krishna**
Partner
Membership No.026575
UDIN: 26026575PZMJYK2256

Place : Chennai
Date: 27th May 2026

## Standalone Balance Sheet as at 31st March, 2026

(Amounts are in INR Lakhs unless specified)

| PARTICULARS | Note No | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|---|
| **I ASSETS** | | | |
| **A Non-Current Assets** | | | |
| (a) Property, Plant and Equipment | 5 | **13,981.10** | 25,416.64 |
| (b) Capital Work-in-Progress | 5A | **67.19** | 5.49 |
| (c) Investment Property | 5 | **13.44** | 13.93 |
| (d) Other Intangible Assets | 5 | **36.20** | 48.28 |
| (e) Financial Assets | | | |
| (i) Investments | 6 | **173.02** | 199.00 |
| (f) Deferred Tax Assets (Net) | 7 | **4,158.94** | 3,139.67 |
| (g) Other Non-Current Assets | 8 | **1,930.91** | 2,365.24 |
| **Total Non-Current Assets** | | **20,360.79** | 31,188.24 |
| **B Current Assets** | | | |
| (a) Inventories | 9 | **10,520.64** | 20,853.52 |
| (b) Financial Assets | | | |
| (i) Trade Receivables | 10 | **6,373.38** | 13,529.85 |
| (ii) Cash and Cash Equivalents | 11 | **52.32** | 23.21 |
| (iii) Bank Balance Other than (ii) above | 12 | **980.31** | 406.43 |
| (iv) Other Financial Assets | 13 | **3,697.01** | 4,964.99 |
| (c) Current Tax Assets (Net) | 14 | **474.08** | 277.07 |
| (d) Other Current Assets | 15 | **5,082.63** | 7,492.94 |
| **Total Current Assets** | | **27,180.37** | 47,548.01 |
| C Non-Current Assets Held for Sale | 5B | **1,458.26** | 2,033.26 |
| **Total Assets (A+B+C)** | | **48,999.41** | 80,769.52 |
| **II EQUITY AND LIABILITIES** | | | |
| **A EQUITY** | | | |
| (a) Equity Share Capital | 16 | **481.64** | 481.64 |
| (b) Other Equity | 17 | **16,360.80** | 23,016.59 |
| **Total Equity** | | **16,842.44** | 23,498.23 |
| **B LIABILITIES** | | | |
| **[1] Non-Current Liabilities** | | | |
| (a) Provisions | 18 | **211.19** | 116.19 |
| **Total Non-Current Liabilities** | | **211.19** | 116.19 |
| **[2] Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 19 | **21,560.30** | 41,329.94 |
| (ii) Trade Payables | | | |
| (a) Total outstanding dues of Micro and Small Enterprises | 20 | **1,104.40** | 3,791.88 |
| (b) Total outstanding dues of Creditors other than Micro and Small Enterprises | | **3,676.79** | 4,025.06 |
| (iii) Other Financial Liabilities | 21 | **3,214.47** | 4,238.85 |
| (b) Other Current Liabilities | 22 | **1,868.64** | 3,336.56 |
| (c) Provisions | 23 | **521.18** | 432.81 |
| **Total Current Liabilities** | | **31,945.78** | 57,155.10 |
| **Total Liabilities** | | **32,156.97** | 57,271.29 |
| **Total Equity and Liabilities (A+B)** | | **48,999.41** | 80,769.52 |
| **Summary of Material Accounting Policies** | **2 to 4** | | |

The Accompanying notes form an integral part of the Standalone Financial Statements

In terms of our Report of Even Date

For **Brahmayya & Co.,**
Chartered Accountants
(ICAI Firm Reg. No: 000511S)

Sd/-
**N.Sri Krishna**
Partner
M. No: 026575

Place : Chennai
Date : 27th May 2026

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

Sd/-
**M E Manivannan**
Whole Time Director
(DIN: 02229808)

Sd/-
**N Srinivasan**
Chief Executive Officer

Sd/-
**U Thenappan**
Chief Financial Officer

Sd/-
**Dr V Rajesh**
Company Secretary

## Standalone Statement of Profit and Loss for the Year Ended 31st March, 2026

(Amounts are in INR Lakhs unless specified)

| | Particulars | Note No | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|---|---|
| **I** | **INCOME** | | | |
| | Revenue from Operations | 24 | **42,195.77** | 62,778.47 |
| | Other Income | 25 | **1,479.69** | 1,171.72 |
| | **Total Income** | | **43,675.46** | 63,950.19 |
| **II** | **EXPENSES** | | | |
| | Cost of materials consumed | 26 | **17,186.33** | 32,494.14 |
| | Purchase of Stock-in-Trade | 27 | **356.97** | 2,854.75 |
| | Changes in Inventories of | | | |
| | Finished Goods | 28 | **2,085.99** | 4,261.89 |
| | Work-in-progress | | **4,282.48** | (388.45) |
| | Employee Benefits Expense | 29 | **8,610.56** | 10,835.35 |
| | Finance costs | 30 | **3,277.36** | 5,096.47 |
| | Depreciation and Amortization Expense | 31 | **1,978.15** | 2,580.94 |
| | Other Expenses | 32 | **11,588.52** | 17,297.35 |
| | **Total Expenses** | | **49,366.35** | 75,032.43 |
| **III** | **Profit/(Loss) before exceptional items and tax - (I-II)** | | **(5,690.89)** | (11,082.25) |
| IV | Exceptional Items | 33 | **371.97** | (6,786.01) |
| **V** | **Profit / (Loss) before tax (III-IV)** | | **(6,062.86)** | (4,296.24) |
| **VI** | **Tax expense:** | | | |
| | (1) Current tax | | **-** | - |
| | (2) Deferred tax Expenses/(Income) | 34(a) | **(1,001.00)** | (2,831.50) |
| **VII** | **Profit / (Loss) for the period after tax from Continuing Operations (V-VI)** | | **(5,061.86)** | (1,464.74) |
| | A. Profit/ (Loss) from Discontinued operations | 35(a) | **(2,332.03)** | (4,003.64) |
| | B. Gain/(Loss) On Sale of Discontinued Opetations | 35(b) | **772.13** | - |
| | C. Tax Expenses of Discontinued Operations | | **-** | - |
| **VIII** | **Profit / (Loss) for the period after tax from Discontinued Operations (A+B-C)** | | **(1,559.90)** | (4,003.64) |
| **IX** | **Profit/(Loss) for the period after tax (VII + VIII)** | | **(6,621.76)** | (5,468.37) |
| | (A) Items that will not be reclassified to Profit or (Loss) | 36 | **(52.31)** | (16.23) |
| | (B) Income tax relating to items that will not be reclassified to Profit or Loss | 34(b) | **18.28** | (75.47) |
| **X** | **Total Other Comprehensive Income/(Loss) (A+B)** | | **(34.03)** | (91.70) |
| **XI** | **Total Comprehensive Income for the Period (IX + X)** | | **(6,655.79)** | (5,560.07) |
| **XII** | **Earnings Per Share** | **37** | | |
| | **No. of Paid - up Equity Shares (Face Value of Rs.10/- per share)** | | **48.16** | 48.16 |
| | **Earnings Per Share ( EPS) - Continuing Operations** | | | |
| | - Basic & Diluted EPS | | **(105.10)** | (30.41) |
| | **Earnings Per Share ( EPS) - Discontinued Operations** | | | |
| | - Basic & Diluted EPS | | **(32.39)** | (83.12) |
| | **Earnings Per Share ( EPS) - Continuing and Discontinued Operations** | | | |
| | - Basic & Diluted EPS | | **(137.48)** | (113.54) |
| **Summary of Material Accounting Policies** | | **2 to 4** | | |

The Accompanying notes form an integral part of the Standalone Financial Statements

In terms of our Report of Even Date

For **Brahmayya & Co.,**
Chartered Accountants
(ICAI Firm Reg. No: 000511S)

Sd/-
**N.Sri Krishna**
Partner
M. No: 026575

Place : Chennai
Date : 27th May 2026

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

Sd/-
**M E Manivannan**
Whole Time Director
(DIN: 02229808)

Sd/-
**N Srinivasan**
Chief Executive Officer

Sd/-
**U Thenappan**
Chief Financial Officer

Sd/-
**Dr V Rajesh**
Company Secretary

## Standalone Statement of Changes in Equity for the Year Ended 31st March 2026

(Amounts are in INR Lakhs unless specified)

### A) EQUITY SHARE CAPITAL

| **For the year ended 31st March 2026** | | | | |
|---|---|---|---|---|
| **Balance as at 01st April 2025** | **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 2026** |
| **481.64** | **-** | **481.64** | **-** | **481.64** |

| For the year ended 31st March 2025 | | | | |
|---|---|---|---|---|
| Balance as at 01st April 2024 | Changes in Equity share capital due to prior period errors | Restated Balance at the beginning of financial year | Changes in Equity share capital during the year | Balance as at 31st March 2023 |
| 481.64 | - | 481.64 | - | 481.64 |

### B) OTHER EQUITY

| **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 01.04.2025 | 24.19 | 8,475.06 | 242.52 | 14,095.65 | 159.73 | 19.45 | 23,016.59 |
| Total Comprehensive Income/ (Loss) for the Current Year | - | - | - | (6,621.76) | (31.76) | (2.26) | (6,655.79) |
| Less: Dividend | - | - | - | | - | - | - |
| **Balance as at 31.03.2026** | **24.19** | **8,475.06** | **242.52** | **7,473.88** | **127.95** | **17.19** | **16,360.80** |

| **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 01-04-2024 | 24.19 | 8,475.06 | 242.52 | 19,564.02 | 251.27 | 19.60 | 28,576.66 |
| Total Comprehensive Income/ (Loss) for the Current Year | - | - | - | (5,468.37) | (91.53) | (0.16) | (5,560.07) |
| Less: Dividend | - | - | - | | - | - | - |
| **Balance as at 31.03.2025** | **24.19** | **8,475.06** | **242.52** | **14,095.65** | **159.73** | **19.45** | **23,016.59** |

The Accompanying notes form an integral part of the Standalone Financial Statements

In terms of our Report of Even Date

For **Brahmayya & Co.,**
Chartered Accountants
(ICAI Firm Reg. No: 000511S)

Sd/-
**N.Sri Krishna**
Partner
M. No: 026575

Place : Chennai
Date : 27th May 2026

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

Sd/-
**M E Manivannan**
Whole Time Director
(DIN: 02229808)

Sd/-
**N Srinivasan**
Chief Executive Officer

Sd/-
**U Thenappan**
Chief Financial Officer

Sd/-
**Dr V Rajesh**
Company Secretary

## Standalone Cash Flow Statement for the Year Ended 31st March, 2026

(Amounts are in INR Lakhs unless specified)

| PARTICULARS | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| **CASHFLOW FROM OPERATING ACTIVITIES** | | |
| Net Profit/(Loss) Before Tax after Exceptional Items | **(7,622.76)** | (8,299.87) |
| **Adjustments for** | | |
| Depreciation and Amortisation | **2,480.81** | 3,467.52 |
| Finance Costs | **3,277.36** | 5,096.47 |
| Provision for Inventory | **3,646.60** | 748.00 |
| Dividend received on Investments | **(567.06)** | (439.53) |
| Bad Debts & Provision for Expected Credit Loss | **561.10** | 664.21 |
| (Profit)/Loss on disposal of Fixed Assets | **(4,153.76)** | (8,132.88) |
| **OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES** | **(2,377.71)** | (6,896.08) |
| **Adjustments for Changes In Working Capital** | | |
| **Adjustment for (Increase)/Decrease in Operating Assets** | | |
| Inventories | **6,686.28** | 19,957.82 |
| Trade Receivables | **6,595.37** | 1,654.61 |
| Other Financial Assets | **694.10** | 800.71 |
| Other Assets | **2,699.07** | 953.96 |
| **Adjustment for Increase/ (Decrease) in Operating Liabilities** | | |
| Trade Payables | **(3,163.50)** | (3,251.59) |
| Other Financial Liabilities | **(2,116.16)** | 50.62 |
| Other Current Liabilities | **(248.40)** | 1,375.85 |
| Provisions | **88.38** | 151.90 |
| **CASH FLOW FROM OPERATING ACTIVITIES** | **8,857.44** | 14,797.79 |
| Income Tax (Paid)/Refund | **-** | - |
| **NET CASH FLOW FROM OPERATING ACITIVTIES (A)** | **8,857.44** | 14,797.79 |
| | | |
| **CASHFLOW FROM INVESTING ACTIVITIES** | | |
| Payments for Assets acquisition | **(467.27)** | (20.76) |
| Proceeds on Sale of Property, Plant and Equipment | **14,043.70** | 10,548.14 |
| Dividend Received | **567.06** | 439.53 |
| **NET CASH FLOW FROM INVESTING ACTIVITIES(B)** | **14,143.49** | 10,966.91 |
| | | |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Interest paid | **(3,202.18)** | (4,968.69) |
| Proceeds / (Repayment) of Short Term Borrowings | **(19,769.64)** | (20,893.09) |
| **NET CASH FLOW FROM FINANCING ACTIVITIES (C)** | **(22,971.82)** | (25,861.78) |
| NET CASH INFLOW / (OUTFLOW) ( A+B+C ) | **29.11** | (97.09) |
| OPENING CASH AND CASH EQUIVALENTS (D) | **23.21** | 120.30 |
| **CLOSING CASH AND CASH EQUIVALENTS (E)** | **52.32** | 23.21 |

## Standalone Cash Flow Statement for the year ended 31st March, 2026

(All amounts in lakhs, unless other stated)

| Components of Cash and Cash Equivalents | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| (i) In current accounts | **48.94** | 20.96 |
| (ii) In EEFC accounts | **3.13** | 1.25 |
| Cash In hand | **0.25** | 1.01 |
| **Total** | **52.32** | 23.21 |

| | | |
|---|---|---|
| The Net cash flows attributable to the Operating Activities of Discontinued operations | **(970.98)** | (3,117.54) |
| The Net cash flows attributable to the Investing Activities of Discontinued operations | **7,934.26** | - |
| The Net cash flows attributable to the Financing Activities of Discontinued operations | **-** | - |

**The Statement of Cash Flows has been prepared under the indirect method as set out in Indian Accounting Standard 7 (Ind AS 7) Statement of Cash Flows**

The Accompanying notes form an integral part of the Standalone Financial Statements

In terms of our Report of Even Date

For **Brahmayya & Co.,**
Chartered Accountants
(ICAI Firm Reg. No: 000511S)

Sd/-
**N.Sri Krishna**
Partner
M. No: 026575

Place : Chennai
Date : 27th May 2026

Sd/-
**Valli M Ramaswami**
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Sd/-
**N Srinivasan**
Chief Executive Officer

Sd/-
**U Thenappan**
Chief Financial Officer

Sd/-
**Dr V Rajesh**
Company Secretary

(Amounts are in INR Lakhs unless specified)

## 1. Corporate Information

Loyal Textile Mills Limited ("the Company") is a Public Limited Company incorporated and domiciled In India and it's registered office situated at Tamilnadu, India. The company is engaged in the Business of Manufacturing of Yarn, Fabrics and Garments. The Company shares are listed in Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

## 2. Basis of Preparation

These notes provide the list of the material accounting policies adopted in the preparation of these Standalone Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### a) Statement of Compliance with Ind AS

The Standalone Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards as notified under Section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015 (by Ministry of Corporate Affairs ('MCA')). The Company has uniformly applied the accounting policies during the periods presented.

The Standalone Financial statements for the year ended 31st March 2026 were authorized and approved for issue by the Board of Directors on 27th May 2026.

### b) Historical cost convention

The Standalone Financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments that are measured at fair value or amortized cost
- Defined benefit plans – plan assets measured at fair value; and
- Assets held for sale – measured at lower of carrying amount and fair value less cost to sell;

### c) Current / Non – Current Classification

Any asset or liability is satisfied as current if it satisfies any of the following conditions:

- Asset / Liability is expected to be realised / settled in the Company's normal operating cycle
- Asset is intended for sale or consumption
- Asset / Liability is held primarily for the purpose of trading
- Asset is a cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date
- In case of a Liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date

For the purpose of this classification, the Company has ascertained its normal operating cycle as twelve months, which is based on the nature of business and time between acquisition of assets and their realisation in cash and cash equivalents.

## 3. Use of Material Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the Standalone Financial Statements. They affect the application of the Company's accounting policies, reporting amounts of assets, liabilities, income and expense and disclosures made. Although these estimates are based on management's best knowledge of current events and actions, actual result may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgements are described below:

### 3.1. Use of estimation and assumption

In the process of applying the Company's accounting policies, management had made the following estimation and assumptions that have the significant effect on the amounts recognized in the Standalone Financial statements. The estimates and assumptions used in accompanying Standalone Financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the Standalone Financial statements, reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.

#### a) Property, Plant and Equipment & Intangible Assets

Key estimates related to property, plant and equipment and intangible assets include useful lives, recoverability of carrying values and the existence of any retirement obligations. As a result of future decisions, such estimates could be significantly modified. The useful lives as mentioned in Note No.

4.1 and Note No. 4.2 is applied as per Schedule II of Companies Act, 2013 and estimated based upon our historical experience, technical estimation and industry information. These estimates include an assumption regarding periodic maintenance and an appropriate level of annual capital expenditures to maintain the assets.

**b) Employee Benefits - Measurement of Defined Benefit Obligation (DBO)**

Management assesses post-employment and other employee benefit obligations using the projected unit credit method based on actuarial assumptions which represent management's best estimates of the variables (such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases) that will determine the ultimate cost of providing post-employment and other employee benefits. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

**3.2. Critical judgements made in applying accounting policies**

**a) Revenue**

The Company recognizes revenue from contracts with customers based on a five-step model as per Ind AS 115 which involves judgements such as identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables. The management exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time It considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

**b) Recognition of Deferred Tax Assets**

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

**c) Evaluation of Indicators for Impairment of Assets**

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**d) Expected Credit Losses**

Expected credit losses of the Company are based on an evaluation of the collectability of receivables. A considerable amount of judgement is required in assessing the ultimate realization of these receivables, including their current credit worthiness, past collection history of each customer and ongoing dealings with them. If the financial conditions of the counterparties with which the Company contracted were to deteriorate, resulting in an impairment of their ability to make payments, additional expected credit loss may be required.

**e) Useful Life of Depreciable/Amortizable Assets**

Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment.

**f) Fair Value Measurements**

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

**g) Provisions**

At each reporting date basis the management judgement, changes in facts and legal aspects, the Company assess the requirement of the provisions. However, the actual future outcome may be different from this judgement.

**h) Leases**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain or not to exercise the option to renew or terminate the lease. That considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

**3.3. Recent Pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time.

On 7th May 2025, MCA notifies the Companies (Indian Accounting Standards) Amendment Rules, 2025, applicable from 1st April 2025 as below:

**Ind AS 21 The Effects of Changes in Foreign Exchange Rates**

The amendment provides guidance on determining the exchange rate when a currency is not exchangeable into another currency. Where exchangeability is lacking, entities are required to estimate the spot exchange rate that would be used in an orderly transaction under prevailing economic conditions and disclose the estimation process, key inputs, and associated risks.

The Company does not expect this amendment to have any significant impact on its Standalone Financial statements.

On 13th August 2025, MCA notifies the Companies (Indian Accounting Standards) Amendment Rules, 2025, applicable from 1st April 2025 as below:

**Ind AS 107 Financial Instrument Disclosures & Corresponding alignment to Ind AS 7 Statement of Cash Flows:**

The amendment provides inclusion of specific disclosure requirements relating to Supplier Finance Arrangements (SFAs) which requires the entity to disclose the nature and terms of such arrangements for the users to comprehend the liquidity & working capital management of the entity. The Company has reviewed the amendment and based on its evaluation; the Company has determined that it does not have any significant impact on its Standalone Financial Statements.

**Ind AS 1 Presentation of Financial Statements**

The amendment provides revision on the principles for classification of liabilities as current or non-current, particularly in relation to covenants. Under the revised guidance, the right to defer settlement must exist at the reporting date and must have substance, rather than being assessed based on the ability to defer settlement for at least twelve months after the reporting date. The amendment also introduces specific guidance on the classification of liabilities subject to covenant conditions. The Company has no impact of these amendments in its classification criteria of current and non-current liabilities.

**Ind AS 12 Income Taxes**

The amendment incorporates certain exceptions relating to the recognition and disclosures of deferred tax arising from implementation of the Organisation for Economic Co-operation and Development ("OECD") Pillar Two Model rules. The amendment had no impact on the Company's Standalone Financial Statements as the Company is not in the scope of the Pillar Two model rules.

## 4. Material Accounting Policies

### 4.1 Property, Plant and Equipment and Depreciation

**Initial Recognition**

All items of property, plant and equipment are initially measured at cost. The cost of an item of plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Cost includes its purchase price (after deducting trade discounts and rebates), import duties & non-refundable purchase taxes, any costs directly attributable to bringing the asset to the location & condition necessary for it to be capable of operating in the manner intended by management, borrowing costs on qualifying assets and asset retirement costs.

The activities necessary to prepare an asset for its intended use or sale extend to more than just physical construction of the asset. It may also include technical (DPR, environmental, planning, Land acquisition and geological study) and administrative work such as obtaining approvals before the commencement of physical construction.

The cost of replacing a part of an item of property, plant and equipment is capitalized if it is probable that the future economic benefits of the part will flow to the Company and that its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

Costs of day-to-day repairs and maintenance costs are recognized into the statement of profit and loss account as incurred.

**Subsequent measurement**

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values estimated useful lives and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

**Depreciation**

Depreciation is provided on Straight Line Method, as per the provisions of Schedule II of the Companies Act, 2013 or based on useful life estimated on the technical assessment. Asset class wise useful lives are as under:

| Type of Assets | Useful Life |
|---|---|
| Leasehold Land | Over the term of lease |
| Buildings | 30 Years |
| Plant and Machinery | 8 Years |
| Office Equipment | 5 Years |
| Furniture and Fittings | 8 Years |
| Vehicle | 8 Years |

In respect of additions / deletions to the Property Plant and Equipment / leasehold improvements, depreciation is charged from the date the asset is ready to use / up to the date of deletion.

**De-recognition**

An item of plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de recognition of the asset is recognized in the profit or loss in the year the asset is derecognized.

**Capital Work in Progress and Capital Advances**

Cost of asset not ready for intended use and assets under installation or under construction as at the Balance Sheet date are shown as Capital Work in Progress. Advances given towards acquisition of Property, Plant and Equipment outstanding at each Balance Sheet date are disclosed as Other Non-Current Asset in accordance with Schedule III to the Companies Act, 2013.

**4.2 Intangible Assets & Amortization**

**Initial Recognition**

Intangible assets acquired separately are initially measured at cost. Intangible assets are recognized if, it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

Cost of separately acquired intangible asset includes its purchase price (after deducting trade discounts and rebates), import duties & non-refundable purchase taxes, any costs directly attributable to preparing the asset for its intended use.

Intangible assets acquired in a business combination are recognized at fair value at the acquisition date. Subsequently, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

**Subsequent measurement and amortization**

Intangible assets are stated at cost of acquisition less accumulated amortization and accumulated impairment losses, if any. Subsequent expenditure related to an item of intangible assets are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values estimated useful lives and amortization method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortized on a straight-line basis over the period of their estimated useful lives.

The amortization expense is recognized in the Standalone statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Indefinite-life intangible assets comprise of those assets for which there is no foreseeable limit to the period over which they are expected to generate net cash inflows. These are considered to have an indefinite life, given the strength and durability of the Company and the level of marketing support.

**De-recognition**

An item of Intangible Assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de recognition of the asset is recognized in the profit or loss in the year the asset is derecognized.

For indefinite life intangible assets, the assessment of indefinite life is reviewed annually to determine whether it continues, if not, it is impaired or changed prospectively based on revised estimates.

### 4.3 Investment Property

**Initial Recognition**

Investment properties comprise of immovable properties that are held to earn rentals or for capital appreciation, or both. Investment properties are measured initially at their cost of acquisition, including transaction costs. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in the Standalone Statement of Profit and Loss as incurred.

Though the Company measures investment property using 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 Standalone 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.

**Subsequent measurement (depreciation and useful lives)**

Depreciation on investment properties is provided on the straight-line method, computed on the basis of useful lives prescribed in Schedule II to the Companies Act, 2013. In case of leasehold properties, the same is depreciated over the lease term or useful life whichever is lower

**De-recognition**

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized as other operating income in the Standalone Statement of Profit and Loss in the period of de-recognition.

### 4.4 Non-current Assets 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. 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:

a) The appropriate level of management is committed to a plan to sell the asset,

b) An active programme to locate a buyer and complete the plan has been initiated (if applicable),

c) The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and

d) 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.

Subsequently, such non-current assets and disposal groups classified as 'held for sale' are measured at the lower of it carrying value and fair value less costs to sell. Non-current assets held for sale are no longer depreciated or amortized.

### 4.5 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. Capitalisation of borrowing cost is suspended in the period during which the active development is delayed due to other than temporary interruption. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest, exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other costs that an entity incurs in connection with the borrowing of funds.

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

(Amounts are in INR Lakhs unless specified)

**4.6 Inventories**

Inventories consisting of Raw materials, Stores and Spares, work in progress and finished goods are measured at the lower of cost and net realizable value. The cost of all categories of inventories is based on the weighted average method.

Cost of raw materials, consumables, stores and spares includes cost of purchases and other directly attributable costs incurred in bringing the inventories to its present location and condition.

Cost of work-in-progress and finished goods comprises direct material, direct labour and an appropriate proportion of variable and fixed overhead expenditure. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

**4.7 Impairment of Non – Financial Assets**

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of Profit and Loss, except for properties previously revalued with the revaluation surplus taken to Other Comprehensive Income (“OCI”). For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation surplus.

After impairment, depreciation or amortization is provided on the revised carrying amount of the asset over its remaining useful life.

The impairment assessment for all assets is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the assets or CGU’s recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

**4.8 Financial Assets**

Financial assets comprise of investments in equity, trade receivables, cash and cash equivalents and other financial assets.

**Initial recognition**

Financial assets are recognized when the Company becomes a party to the contractual provisions of these instruments. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets and at fair value through profit or loss) are added to or deducted from the fair value of the financial assets on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognized immediately as profit or loss.

**Subsequent Measurement**

a) **Financial assets measured at amortized cost***:*

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the Statement of Profit and Loss.

The Company while applying above criteria has classified the following at amortized cost:

(i) Trade Receivables

(ii) Cash and Cash Equivalents

(iii) Other Financial Assets

**b) Financial assets at fair value through other comprehensive income (FVTOCI):**

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, selling the financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at FVTOCI. Fair Value movements in financial assets at FVTOCI are recognized in other comprehensive income. Equity instruments held for trading are classified at fair value through profit or loss (FVTPL). For other equity instruments the Company classifies the same either at FVTOCI or FVTPL on instrument-to-instrument basis. The classification is made on initial recognition and is irrevocable. Fair value changes on equity investments at FVTOCI, excluding dividends are recognized in other comprehensive income (OCI).

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

Financial assets are measured at fair value through profit or loss if it does not meet the criteria for classification as measured at amortized cost or at fair value through other comprehensive income. All fair value changes are recognized in the Standalone statement of profit and loss.

d) Investment in subsidiaries, joint ventures & associates are carried at cost in the Standalone Financial Statements. However, a provision for diminution in value is made to recognize a decline other than temporary in value of the investments.

**Impairment**

Financial assets are tested for impairment based on the expected credit losses in accordance with Ind AS 109 on the following financial assets:

**a) Trade Receivables**

An impairment analysis is performed at each reporting date. The expected credit losses over lifetime of the asset are estimated by adopting the simplified approach using a provision matrix on its portfolio of trade receivables, which is based on historical loss rates reflecting current condition and forecasts of future economic conditions. In this approach assets are grouped on the basis of similar credit characteristics such as customer segment, past due status and other factors which are relevant to estimate the expected cash loss from these assets.

**b) Other financial assets**

Other financial assets are tested for impairment based on significant change in credit risk since initial recognition and impairment is measured based on probability of default over the lifetime when there is significant increase in credit risk.

**De-recognition**

A financial asset is derecognized only when:

- The Company has transferred the rights to receive cash flows from the financial asset, or
- The contractual right to receive cash flows from financial asset is expired, or
- Retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset and transferred substantially all risks and rewards of ownership of the financial asset, in such cases the financial asset is derecognized. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is also derecognized if the Company has not retained control of the financial asset.

### 4.9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank (including deposits with banks with original maturity of three months or less) and cash in hand and short-term investments with an original maturity of three months or less. Deposits with banks are subsequently measured at amortized cost and short-term investments are measured at fair value through statement of profit & loss account.

### 4.10 Share Capital

Equity Shares are classified as equity.

### 4.11 Financial Liabilities

**Initial Recognition**

Financial liabilities are recognized when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value plus any directly attributable transaction costs, such as loan processing fees and issue expenses.

(Amounts are in INR Lakhs unless specified)

**Subsequent Measurement - at amortized cost**

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are de recognized, and through the amortization process.

**De-recognition**

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### 4.12 Employee benefits

Employee benefits are charged to the Standalone Statement of Profit and Loss for the year.

Retirement benefits in the form of Provident Fund and Employee State Insurance (ESI) are defined contribution scheme and such contributions are recognized, when the contributions to the respective funds are due. There is no other obligation other than the contribution payable to the respective funds.

Gratuity liability is defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial year. Re measurement in case of defined benefit plans gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income and they are included in the statement of changes in equity.

The amount of Non-current and Current portions of employee benefits is classified as per the actuarial valuation at the end of each financial year.

### 4.13 Income Taxes

Income tax expense is comprised of current and deferred taxes. Current and deferred tax is recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current income tax relating to items recognized outside profit and loss is recognized outside profit and loss (either in other comprehensive income or in equity). Current income taxes for the current period, including any adjustments to tax payable in respect of previous years, are recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the tax rates that are enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are recognized for temporary differences between the Standalone Financial statement carrying amounts of existing assets and liabilities and their respective tax base using the tax rates that are expected to apply in the period in which the deferred tax asset or liability is expected to settle, based on the laws that have been enacted or substantively enacted by the end of reporting period.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced accordingly to the extent that it is no longer probable that they can be utilized.

Deferred tax assets and liabilities are offset when there is legally enforceable right of offset current tax assets and liabilities when the deferred tax balances relate to the same taxation authority. Current tax asset and liabilities are offset where the entity has legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Deferred Tax relating to items recognized outside profit or loss is recognized outside profit and loss (either in other comprehensive income or in equity).

## 4.14 Leases

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

(i) the contract involves the use of an identified asset

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease, and

(iii) the Company has the right to direct the use of the asset

The Company's lease assets consist of the following:

| Asset Description | Useful life |
|---|---|
| Leasehold Land | As per Lease period |

At date of commencement of leases, the Company recognizes a right of use asset (ROU) and a corresponding lease liability for all the lease arrangements, except for those with a term of twelve month or less (short term leases) and leases of low value assets. For these leases, the Company recognizes lease payments as an operating expense on straight line basis over the lease term.

### Initial Measurement

ROU assets are initially measured at cost that comprises of the initial amount of lease liability adjusted for any lease payments made at or prior to the date of commencement, initial direct costs and lease incentives (if any).

Lease Liability is initially measured at the present value of future lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease or, if not readily determinable, incremental borrowing rate.

### Subsequent Measurement

ROU assets are subsequently measured at cost less accumulated depreciation and impairment loss, if any. ROU is depreciated from the date of commencement on a straight-line basis over the shorter of lease term or useful life of the underlying asset.

Lease Liability is subsequently measured by increasing the carrying amount to reflect interest and reducing the carrying amount to reflect the lease payments made.

The carrying amount of lease liability is remeasured to reflect any reassessment or lease modification such as change in lease term.

### Company as a lessor

Leases for which the Company is a lessor is classified as finance or operating lease. 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. Lease income from operating leases is recognized in statement of profit and loss on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

## 4.15 Provisions

A provision is recognized 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 measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Provisions are reviewed and adjusted, when required, to reflect the current best estimate at the end of each reporting period.

The Company recognizes decommissioning provisions in the period in which a legal or constructive obligation is incurred. A corresponding decommissioning cost is added to the carrying amount of the associated property, plant and equipment, and it is depreciated over the estimated useful life of the asset.

## 4.16 Contingent Liabilities

Contingent liability is disclosed in case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- A present obligation arising from past events, when no reliable estimate is possible;
- A possible obligation arising from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future

events beyond the control of the Company where the probability of outflow of resources is not remote.

### 4.17 Contingent Assets

Contingent assets are not recognized but disclosed in the Standalone Financial statements when an inflow of economic benefits is probable.

### 4.18 Fair Value Measurements

Company follows the hierarchy mentioned underneath for determining fair values of its financial instruments:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value for these instruments is determined using Level 1 inputs.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is fair valued using level 2 inputs.

If one or more of the significant inputs is not based on observable market data, the instrument is fair valued using Level 3 inputs. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting dates, with the resulting value discounted back to present value
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

### 4.19 Revenue Recognition

Revenue is recognized based on the nature of activity to the extent it is probable that the economic benefits will flow to the Company and revenue can be reliably measured. The Company collects Goods and Service Tax (GST) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. The following specific recognition criteria must also be met before revenue is recognised

**Sale of Products**: Revenue is measured at the fair value of the consideration received or receivable for goods supplied net of returns and discounts to customers. Revenue from sale of goods is recognised on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

### 4.20 Other Income

**Interest Income**

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Interest income on fixed deposits is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

**Dividend income**

Dividend income is recognized at the time when right to receive the payment is established, which is generally when the shareholders approve the dividend.

**Rental income**

Rental income is recognised on a straight-line basis over the period of the lease/contract, in accordance with the terms of the agreement, unless another systematic basis is more representative of the time pattern of the user's benefit.

### 4.21 Foreign currency transactions

**Functional and presentation Currency**

The Standalone Financial statements are presented in Indian Rupee (INR) which is also the functional and presentation currency of the Company.

**Transaction and Balances**

Transactions in foreign currencies are translated to the functional currency of the Company, at exchange rates in effect at the transaction date. Foreign exchange gains and losses arising from the settlement of these transactions are recognised in the statement of profit and loss.

At each reporting date monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the date of the Standalone Financial statement. Exchange differences arising on translation are recognised in the statement of profit and loss.

The translation for other non-monetary assets and liabilities is not updated from historical exchange rates unless they are carried at fair value.

### 4.22 Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset. 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.

### 4.23 Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus Issue. bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares) in equity shares issued during the year and excluding treasury shares.

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account, the after-income tax effect of interest and other financing costs associated with dilutive potential equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

### 4.24 Segment Reporting

Operating segments are identified and reported in a manner consistent with the internal financial reporting provided to the chief operating decision makers responsible for allocating resources and assessing performance of the operating segments.

### 4.25 Events after reporting date:

Where events occurring after the Balance Sheet provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the Standalone Financial Statements.

Non-Adjusting events after the Balance Sheet date which are material size or nature are disclosed separately in the Standalone Financial Statements.

(Amounts are in INR Lakhs unless specified)

## 5. Property, Plant & Equipment, Intangible Assets and Investment Property

| Particulars | Property, Plant & Equipment | | | | | | | Total PPE | Intangible Assets | Investment Property |
|---|---|---|---|---|---|---|---|---|---|---|
| | Land** | Building | Plant and Equip-ment | Furniture and Fittings | Electrical Fittings | Vehicles | Office Equip-ment | | | |
| **Gross Block** | | | | | | | | | | |
| **As at 1st April 2024** | **1,406.97** | **13,210.85** | **49,298.15** | **424.84** | **1,931.25** | **212.15** | **493.06** | **66,977.27** | **216.65** | **180.96** |
| Additions | - | - | 48.93 | - | 34.66 | - | 11.55 | 95.14 | 1.00 | - |
| Disposals | (410.97) | (295.91) | (3,773.53) | (3.38) | (39.65) | (2.30) | (37.31) | (4,563.03) | - | (162.82) |
| Assets moved to held for sale | (82.10) | (44.80) | (3,920.38) | - | - | - | - | (4,047.29) | - | - |
| **As at 31st March 2025** | **913.90** | **12,870.14** | **41,653.18** | **421.47** | **1,926.27** | **209.85** | **467.30** | **58,462.09** | **217.64** | **18.14** |
| Additions | | 189.38 | 163.62 | 142.97 | 10.25 | | 12.50 | 518.71 | - | - |
| Disposal - Others | (0.14) | (0.02) | (4,337.58) | (0.47) | - | (23.59) | | (4,361.79) | - | - |
| Disposal - Held for Sale | (178.55) | (4,934.57) | (8,904.72) | (20.15) | (918.30) | - | | (14,956.29) | - | - |
| Assets moved to held for sale | (4.66) | (1,381.47) | (1,883.19) | (16.80) | (225.94) | (1.61) | (34.11) | (3,547.77) | - | - |
| **As at 31st March 2026** | **730.53** | **6,743.46** | **26,691.31** | **527.03** | **792.28** | **184.65** | **445.68** | **36,114.95** | **217.64** | **18.14** |
| **Accumulated Depreciation/ Amortisation** | | | | | | | | | | |
| **As at 1st April 2024** | **4.92** | **3,723.96** | **28,167.22** | **247.22** | **1,284.98** | **91.54** | **324.27** | **33,844.13** | **155.83** | **29.19** |
| Depreciation for the Year | 1.59 | 438.59 | 2,770.83 | 38.61 | 114.83 | 24.53 | 62.82 | 3,451.80 | 13.53 | 2.19 |
| Disposals/Adjustments | - | (61.15) | (2,128.46) | (2.36) | (13.83) | (1.04) | (29.61) | (2,236.45) | - | (27.16) |
| Assets moved to held for sale | - | (23.06) | (1,990.97) | - | - | - | - | (2,014.03) | | |
| **As at 31st March 2025** | **6.51** | **4,078.35** | **26,818.62** | **283.47** | **1,385.98** | **115.03** | **357.47** | **33,045.45** | **169.36** | **4.21** |
| Depreciation for the Year | 1.19 | 349.30 | 1,963.78 | 31.31 | 79.83 | 14.21 | 28.61 | 2,468.23 | 12.09 | 0.48 |
| Disposal - Others | - | - | (3,428.40) | (0.23) | - | (9.64) | - | (3,438.27) | - | - |
| Disposal - Held for Sale | - | (1,505.85) | (5,520.63) | (18.00) | (807.56) | - | - | (7,852.05) | - | - |
| Assets moved to held for sale | - | (508.35) | (1,412.13) | (2.70) | (145.20) | (0.00) | (21.14) | (2,089.52) | - | - |
| **As at 31st March 2026** | **7.70** | **2,413.44** | **18,421.24** | **293.85** | **513.05** | **119.60** | **364.94** | **22,133.85** | **181.45** | **4.70** |
| **Net Block** | | | | | | | | | | |
| **As at 31st March 2025** | **907.39** | **8,791.80** | **14,834.56** | **138.00** | **540.28** | **94.82** | **109.82** | **25,416.64** | **48.28** | **13.93** |
| **As at 31st March 2026** | **722.84** | **4,330.02** | **8,270.08** | **233.17** | **279.23** | **65.05** | **80.74** | **13,981.10** | **36.20** | **13.44** |

**Notes on property, plant and equipment**

** Includes Rs.153.39 lakhs of Land on "right of use basis" which is depreciated over the useful life of lease term

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 **31.03.2026** amounting to **Rs. 1600 lacs** is management estimate based on the available market information and the same is not valued by a registered valuer.


LOYAL TEXTILE MILLS LTD

## 5A Capital Work in Progress at Cost

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Balance at the beginning of the period | **5.49** | 46.96 |
| Additions during the year | **580.41** | 54.66 |
| Capitalisation during the year | **(518.71)** | (96.14) |
| **Balance at the end of the period** | **67.19** | 5.49 |

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

**1 Capital Work in Progress (CWIP) ageing schedule**

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Less than 1 Year | **67.19** | 5.49 |
| 1-2 Years | | |
| 2-3 years | | |
| More than 3 Years | | |
| **Total** | **67.19** | 5.49 |

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

## 5B Assets Classified as held for Sale

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Opening Non-current Assets Held for Sale | **2,033.26** | - |
| Add: Transfer from Property, Plant & Equipment | **8,562.50** | 2,033.26 |
| Less: Disposed during the Year * | **(9,137.50)** | - |
| **Total** | **1,458.26** | 2,033.26 |

**Notes:**

1 The Non-current Assets Held for Sale amounting to INR 1,458.26 lakhs as at 31st March 2026, comprises of Assets relating to the discontinued operations of Chintamani Textile Mills (CTM) Unit, Sivagangai. The management is committed to the disposal of these assets and expects the disposal to be completed in the near future. Accordingly, these assets have been classified as “Non-current Assets Held for Sale” in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations.

2 *Pursuant to discontinuation of manufacturing activities at the Naidupet Unit of Shri Vishala Textile Mills (SVTM), assets amounting to INR 7104.24 lakhs were transferred from Property, Plant and Equipment to Non-current Assets Held for Sale. The assets were subsequently disposed of during the year.

Further, windmill assets classified as Non-current Assets Held for Sale during the previous year amounting to INR 2033.26 Lakhs were disposed of during the current year.

The assets classified as held for sale are measured in accordance with the requirements of Ind AS 105, i.e., at the lower of their carrying amount and fair value less costs to sell.

(Amounts are in INR Lakhs unless specified)

## 6 Non-Current Investments.

| S.No | Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|---|
| | **Joint Venture** | | |
| 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. | | |
| | | **149.30** | 149.30 |
| II | **Investments in Equity Instruments carried at FVTOCI** | | |
| | **Investments in Equity Instruments:** | | |
| | **A) Quoted** | | |
| 1 | Central Bank of India Limited | **0.46** | 0.63 |
| | 1,469 Equity shares of Rs. 10/- each fully paid up. | | |
| 2 | Amrutanjan Health Care Limited | **4.95** | 6.45 |
| | 1,000 Equity shares of Rs. 1/- each fully paid up. | | |
| 3 | Matrimony.com Limited | **9.04** | 10.86 |
| | 2,120 Equity shares of Rs. 5/- each fully paid up. | | |
| | | **14.45** | 17.93 |
| | **B) Unquoted** | | |
| 1 | Dhanvantari Nano Ayushadi Private Limited | **2.50** | 2.50 |
| | 25,000 Equity shares of Rs. 10/- each fully paid up. | | |
| 2 | Cuddalore Sipcot Industries Common Utilities Limited | **4.67** | 4.67 |
| | 4,665 Equity shares of Rs. 100/- each fully paid up. | | |
| 3 | SIMA Textile Processing Centre Limited | **2.00** | 2.00 |
| | 20,000 Equity shares of Rs. 10/- each fully paid up. | | |
| 4 | Dhanvantari Nano Ayushadi Private Limited | **-** | 22.50 |
| | 2,25,000 Compulsorily Convertible Debentures of Rs. 10 each | | |
| | | **9.17** | 31.67 |
| | | **23.62** | 49.60 |
| 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** | **173.02** | 199.00 |
| | **Aggregate value of:** | | |
| | Quoted Investments | **14.45** | 17.93 |
| | Unquoted Investments | **158.57** | 181.07 |
| | Less : Provision for Impairment on Investments carried at Cost | **-** | - |
| | **Investments Net of Impairment** | **173.02** | 199.00 |

## 7 Deferred Tax Assets (Net)

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| **Deferred Tax Liabilities:** | | |
| - On account of Depreciation | **(1,627.92)** | (3,498.62) |
| **Deferred Tax Assets:** | | |
| - on account of timing differences under Income tax | **5,505.08** | 6,356.50 |
| MAT credit Entitlement | **281.79** | 281.79 |
| **Total** | **4,158.94** | 3,139.67 |

## 8 Other Non-Current Asset

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Capital Advances | **509.94** | 511.65 |
| Electricity Deposit | **1,420.97** | 1,853.59 |
| **Total** | **1,930.91** | 2,365.24 |

## 9 Inventories

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Raw Materials | **2,602.89** | 2,929.66 |
| Work-in-progress | **4,100.10** | 8,994.60 |
| Finished Goods | **5,055.54** | 7,380.39 |
| Stores, spares and Packing Materials | **1,138.22** | 1,548.88 |
| | **12,896.75** | 20,853.52 |
| *Less: Provision for Impairment* | **(2,376.11)** | - |
| **Total** | **10,520.64** | 20,853.52 |

## 10 Trade Receivables

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| **Unsecured** | | |
| (i) Trade Receivables - Unsecured, Considered Good | **6,373.38** | 13,529.85 |
| (ii) Trade Receivables which have significant increase in credit risk | **1,307.41** | 778.22 |
| | **7,680.79** | 14,308.07 |
| *Less: Provision for Expected Credit Loss* | **(1,307.41)** | (778.22) |
| **Total** | **6,373.38** | 13,529.85 |

(Amounts are in INR Lakhs unless specified)

**Ageing of Receivables**

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| **a) Undisputed Trade receivables – considered good** | | |
| Less than 6 months | **5,382.13** | 12,091.83 |
| 6 months to 1 year | **332.19** | 299.24 |
| 1 to 2 years | **315.21** | 1,042.20 |
| 2 to 3 years | **343.84** | 96.57 |
| More than 3 years | **-** | - |
| **(b) Undisputed Trade Receivables – which have significant increase in credit risk** | | |
| Less than 6 months | **-** | - |
| 6 months to 1 year | **15.69** | - |
| 1 to 2 years | **135.09** | 591.03 |
| 2 to 3 years | **802.29** | - |
| More than 3 years | **232.91** | 65.76 |
| **(c) Disputed Trade Receivables – which have significant increase in credit risk** | | |
| Less than 6 months | **-** | - |
| 6 months to 1 year | **-** | - |
| 1 to 2 years | **-** | - |
| 2 to 3 years | **-** | - |
| More than 3 years | **121.43** | 121.43 |

## 11 Cash and Cash Equivalents

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| **Balance with banks** | | |
| (i) In current accounts | **48.94** | 20.96 |
| (ii) In EEFC accounts | **3.13** | 1.25 |
| Cash In hand | **0.25** | 1.01 |
| **Total** | **52.32** | 23.21 |

## 12 Bank Balances other than Cash and Cash equivalents

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| **Earmarked Deposit accounts** | | |
| Unpaid Dividend Account | **8.95** | 13.48 |
| Margin Money Deposits | **971.36** | 392.95 |
| **Total** | **980.31** | 406.43 |

## 13 Other Financial Assets

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Government Grants and Subsidies Receivable | **3,649.85** | 4,898.87 |
| Interest Accured on Margin Money Deposits | **18.31** | 4.50 |
| Other Receivable | **28.85** | 61.62 |
| **Total** | **3,697.01** | 4,964.99 |

## 14 Current Tax - Assets (Net)

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Advance payment of tax (Net of provision) | **474.08** | 277.07 |
| **Total** | **474.08** | 277.07 |

## 15 Other Current Assets

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| GST Refund / GST ITC Receivable | **3,481.56** | 4,576.59 |
| Advances to Suppliers | **1,204.29** | 2,167.76 |
| Advances to Employees | **10.91** | 42.08 |
| Deposits | **179.45** | 150.17 |
| Prepaid Expenses | **206.42** | 556.35 |
| **Total** | **5,082.63** | 7,492.94 |

(Amounts are in INR Lakhs unless specified)

## 16 Equity Share Capital

### A Authorised, Issued, Subscribed, Paid-up share capital

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| **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 |
| (Previous year 6,00,000 preference shares of Rs.100 each) | | |
| **Issued & Subscribed Share Capital** | | |
| 48,16,446 Equity Shares of Rs.10/- each fully paid - up | **481.64** | 481.64 |
| (Previous year 48,16,446 equity shares of Rs.10/- each) | | |
| **Paid-up Share Capital** | | |
| 48,16,446 Equity Shares of Rs.10/- each fully paid - up | **481.64** | 481.64 |
| (Previous year 48,16,446 equity shares of Rs.10/- each) | | |

### B Reconciliation of Equity shares outstanding at the Beginning and at the End of the year

| Particulars | As at 31st March 2026 | | As at 31st March 2025 | |
|---|---|---|---|---|
| | No of Shares | Amount in Lakhs | No of Shares | Amount in Lakhs |
| **Equity shares at the beginning of the year** | **48,16,446** | **481.6** | 48,16,446 | 481.64 |
| Add: Issue of equity shares during the year | - | - | - | - |
| Less: Buyback of Shares during the year | - | - | - | - |
| **Equity shares at the end of the year** | **48,16,446** | **481.64** | 48,16,446 | 481.64 |

### C 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.

### D Shares in the company held by each shareholder holding more than 5% shares

| S. No. | Promoter Name | Shareholding as on 31.03.2026 | | Shareholding as on 31.03.2025 | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total shares | No. of Shares | % of total shares |
| 1 | Madurai Tara Traders Private Limited | **7,76,887** | **16.13** | 7,76,887 | 16.13 |
| 2 | Felspar Credit and Investment Private Limited | **6,61,126** | **13.73** | 6,61,126 | 13.73 |
| 3 | Dhanalakshmi Properties Private Limited | **6,29,343** | **13.07** | 6,29,343 | 13.07 |
| 4 | Kurunji Properties Private Limited | **3,46,887** | **7.20** | 3,46,887 | 7.20 |
| 5 | Chinthamani Cotton Trading Private Limited | **2,80,270** | **5.82** | 2,80,270 | 5.82 |

E Shareholding of Promoters

| S. No. | Promoter Name | Shareholding as on 31.03.2026 | | | Shareholding as on 31.03.2025 | | |
|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total shares | % Change | No. of Shares | % of total shares | % Change |
| 1 | Mrs. Valli M Ramaswami | 1,95,463 | 4.06 | - | 1,95,463 | 4.06 | - |
| 2 | Mrs. Vishala Ramaswami | 550 | 0.01 | - | 550 | 0.01 | - |
| 3 | Mr. M Ramakrishnan | 2 | 0.00 | - | 2 | 0.00 | - |
| 4 | Mr. P Manivannan | 2 | 0.00 | - | 2 | 0.00 | - |
| 5 | M/s. Madurai Tara Traders Private Limited | 7,76,887 | 16.13 | - | 7,76,887 | 16.13 | - |
| 6 | M/s. Felspar Credit and Investments Private Limited | 6,61,126 | 13.73 | - | 6,61,126 | 13.73 | - |
| 7 | M/s. Dhanalakshmi Properties Private Limited | 6,29,343 | 13.07 | - | 6,29,343 | 13.07 | - |
| 8 | M/s. Kurunji Properties Private Limited | 3,46,887 | 7.20 | - | 3,46,887 | 7.20 | - |
| 9 | M/s. Chinthamani Cotton Trading Private Limited | 2,80,270 | 5.82 | - | 2,80,270 | 5.82 | - |
| 10 | M/s. Nemesis Cotton Trading Company Private Limited | 1,36,086 | 2.83 | - | 1,36,086 | 2.83 | - |
| 11 | M/s. Rhea Cotton Traders Private Limited | 1,16,660 | 2.42 | - | 1,16,660 | 2.42 | - |
| 12 | M/s. Nike Cotton Traders Private Limited | 1,15,000 | 2.39 | - | 1,15,000 | 2.39 | - |
| 13 | M/s.Hellen Cotton Trading Company Private Limited | 71,950 | 1.49 | - | 71,950 | 1.49 | - |
| 14 | M/s. Valli Agri Industries Private Limited | 55,620 | 1.15 | - | 55,620 | 1.15 | - |
| 15 | M/s. Valli Yarn Processors Private Limited | 53,496 | 1.11 | - | 53,496 | 1.11 | - |
| 16 | M/s. Vishala Apparels Private Limited | 30,625 | 0.64 | - | 30,625 | 0.64 | - |
| 17 | M/s. Vishala Knitwear Private Limited | 29,375 | 0.61 | - | 29,375 | 0.61 | - |
| 18 | M/s. Sri Manikavasagam Trades and Finance Private Limited | 22,501 | 0.47 | - | 22,501 | 0.47 | - |
| 19 | M/s. Emmar Trades and Finance Private Limited | 18,002 | 0.37 | - | 18,002 | 0.37 | - |
| | Total | 35,39,845 | 73.49 | - | 35,39,845 | 73.49 | - |

(Amounts are in INR Lakhs unless specified)

## 17 Other Equity

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| **17.1 Capital Reserves** | | |
| Opening Balance | **24.19** | 24.19 |
| Additions during the year | **-** | - |
| Deductions during the year | **-** | - |
| **Closing Balance** | **24.19** | 24.19 |
| **17.2 Amalgamation Reserve** | | |
| Opening Balance | **242.52** | 242.52 |
| Additions during the year | **-** | - |
| Deductions during the year | **-** | - |
| **Closing Balance** | **242.52** | 242.52 |
| **17.3 General Reserve** | | |
| Opening Balance | **8,475.06** | 8,475.06 |
| Add: | | |
| Transfer from Surplus | **-** | - |
| Less: | | |
| Deductions during the year | **-** | - |
| **Closing Balance** | **8,475.06** | 8,475.06 |
| **17.4 Retained Earnings** | | |
| Opening Balance | **14,095.64** | 19,564.02 |
| **Add:** | | |
| Profit for the period as per statement of profit & loss account | **(6,621.76)** | (5,468.37) |
| **Closing Balance** | **7,473.88** | 14,095.64 |

| | Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|---|
| **17.5** | **Other Comprehensive Income Reserve** | | |
| | Opening Balance | | |
| | Remeasurement of Defined benefit plans | **159.74** | 251.27 |
| | Revaluation Surplus | **19.43** | 19.60 |
| | **Total Opening Balance** | **179.17** | 270.87 |
| | Other Comprehensive Income for the year | | |
| | Items that will not be reclassified to Profit and Loss | | |
| | -Actuarial Gain / (Loss) on Defined Benefit Plan | **(31.76)** | (91.53) |
| | -Gain /(Loss) on Equity Instruments through OCI | **(2.26)** | (0.16) |
| | **Total of Items that will not be reclassified to Profit and Loss** | **(34.03)** | (91.70) |
| | **Closing Balance** | | |
| | Remeasurement of Defined benefit plans | **127.97** | 159.74 |
| | Revaluation Surplus | **17.17** | 19.43 |
| | **Total Closing Balance** | **145.14** | 179.17 |
| | **Total Other Equity** | **16,360.80** | 23,016.59 |

## 18 Non - Current Provision

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| **Employee Benefits** | | |
| Provision for Post Employment Benefits | **211.19** | 116.19 |
| **Total** | **211.19** | 116.19 |

## 19 Borrowings

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| **Loans Repayable On Demand** | | |
| **From Banks (secured) at amortised cost*** | | |
| - Packing Credit | **6,452.67** | 11,302.27 |
| - Cash Credit | **5,993.30** | 15,014.53 |
| - Working Capital Loan | **4,153.70** | 6,787.14 |
| - LC Discounted with Banks | **3,896.06** | 5,619.69 |
| - Bills Discounted with Banks | **1,064.58** | 2,606.32 |
| **Total** | **21,560.30** | 41,329.94 |

Note:

1. There is no default as on the balance sheet date in the repayment of borrowings and interest thereon
2. The Company is generally regular in registering and filling of satisfaction of charges with ROC within the statutory period during the Year ended 31st March 2026.
3. The quarterly returns or statements of current assets returns along with subsequent revisions filed by the Company with the banks generally are in agreement with the books of accounts.

Refer Note No.45 for details of security created against Current borrowings

(Amounts are in INR Lakhs unless specified)

## 20 Trade Payables

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Total outstanding dues of Micro and Small Enterprises | **1,104.40** | 3,791.88 |
| Total outstanding dues of Creditors other than Micro and Small Enterprises | **3,676.79** | 4,025.06 |
| **Total** | **4,781.19** | 7,816.94 |

**Ageing of Trade payables:**

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| **(i) MSME:** | | |
| Less than 1 year | **807.89** | 3,057.64 |
| 1-2 years | **296.51** | 734.24 |
| 2-3 years | **-** | - |
| More than 3 years | **-** | - |
| | **1,104.40** | 3,791.88 |
| **(ii) Others:** | | |
| Less than 1 year | **3,225.38** | 2,898.69 |
| 1-2 years | **451.41** | 1,126.37 |
| 2-3 years | **-** | - |
| More than 3 years | **-** | - |
| **Total Trade Payables** | **3,676.79** | 4,025.06 |

## 21 Other Financial Liabilities

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Electricity Charges Payable | **2,179.99** | 2,892.37 |
| Expenses Payable | **456.82** | 717.67 |
| Unclaimed Dividend* | **8.95** | 13.48 |
| Interest accured but not due | **75.19** | 127.77 |
| Interest payable to MSME vendors | **335.70** | 359.80 |
| Derivate Financial Contract | **111.24** | - |
| Creditors for Capital Goods | **46.59** | 127.75 |
| **Total** | **3,214.47** | 4,238.85 |

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

## 22 Other Current Liabilities

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Statutory Dues Payable | **129.20** | 153.88 |
| Employees Benefits Payable | **857.25** | 1,219.52 |
| Advances from customers | **804.48** | 1,884.92 |
| Security Deposit from Customer | **77.72** | 78.24 |
| **Total** | **1,868.64** | 3,336.56 |

## 23 Short Term Provisions

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| **Employee benefits** | | |
| Provision for Post Employment Benefits | **521.18** | 432.81 |
| **Total** | **521.18** | 432.81 |

(Amounts are in INR Lakhs unless specified)

## 24 REVENUE FROM OPERATIONS

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| Sale of Products | **39,071.84** | 58,180.61 |
| Service Income | **933.84** | 985.58 |
| Other operating Revenues | | |
| - Export Benefits | **1,448.15** | 2,577.53 |
| - Waste and Scrap Sales | **741.94** | 1,034.74 |
| **TOTAL** | **42,195.77** | 62,778.47 |

**24.1 In the following disclosure, Revenue from contract with customers has been disaggregated based on the nature and type of goods sold.**

| | | |
|---|---|---|
| **Sale of Products** | | |
| Garments | **19,848.64** | 19,776.83 |
| Textile Products | **19,223.21** | 38,403.78 |
| | **39,071.84** | 58,180.61 |

**24.2 The following is analysis on the Company's revenue disaggregates on the basis of timing of revenue recognition**

| | | |
|---|---|---|
| At Point of Time | **42,195.77** | 62,778.47 |
| Over the Period | **-** | - |
| | **42,195.77** | 62,778.47 |

## 25 OTHER INCOME

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| Interest Income | **174.55** | 159.82 |
| Dividend Income | **567.06** | 439.53 |
| Other Non operating income | | |
| a) Insurance Claim Received | **40.91** | - |
| b) Net Foreign Exchange Gain/(Losses) | **431.65** | 502.95 |
| c) Rental Income | **30.24** | 36.33 |
| d) Miscellaneous Income | **235.28** | 33.08 |
| **Total** | **1,479.69** | 1,171.72 |

## 26 COST OF MATERIALS CONSUMED

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| Cotton, Staple Fibre and Cotton waste | **8,664.27** | 23,466.12 |
| Yarn | **3,123.52** | 5,839.78 |
| Fabric | **4,509.24** | 2,255.96 |
| Dyes | **331.97** | 437.75 |
| Reflective band | **557.33** | 494.53 |
| **TOTAL** | **17,186.33** | 32,494.14 |

## 27 PURCHASE OF STOCK-IN-TRADE

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| Cotton | **356.97** | 2,854.75 |
| **TOTAL** | **356.97** | 2,854.75 |

## 28 CHANGES IN INVENTORIES

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| **Inventories at the beginning of the year** | | |
| Work-in-progress | **10,545.05** | 10,156.60 |
| Finished goods | **11,128.83** | 15,390.72 |
| **Total (A)** | **21,673.88** | 25,547.32 |
| **Inventories at the end of the year** | | |
| Work-in-progress | **6,262.57** | 10,545.05 |
| Finished goods | **9,042.85** | 11,128.83 |
| **Total (B)** | **15,305.42** | 21,673.88 |
| **Changes In Inventories Net (Increase ) / Decrease (A-B)** | | |
| Work-in-progress | **4,282.48** | (388.45) |
| Finished goods | **2,085.99** | 4,261.89 |
| **TOTAL** | **6,368.47** | 3,873.43 |

## 29 EMPLOYEE BENEFITS EXPENSES

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| Salaries, Wages and Bonus | **6,781.35** | 8,664.25 |
| Contribution to Provident Fund and Other funds* | **561.85** | 696.07 |
| Gratutity Expenses (Net)* | **102.29** | 207.57 |
| Staff Welfare Expenses | **1,165.07** | 1,267.46 |
| **TOTAL** | **8,610.56** | 10,835.35 |

*Refer Note No.43a & 43b

## 30 FINANCE COSTS

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| Interest Expenses | | |
| - For Working capital Loan | **3,106.04** | 4,675.07 |
| - For Bills Discounting | **142.50** | 232.26 |
| Other Borrowing Cost | **28.83** | 189.14 |
| **TOTAL** | **3,277.36** | 5,096.47 |

(Amounts are in INR Lakhs unless specified)

## 31 DEPRECIATION AND AMORTISATION EXPENSE

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| Depreciation on PPE | **1,978.15** | 2,580.94 |
| **TOTAL** | **1,978.15** | 2,580.94 |

## 32 OTHER EXPENSES

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| Power and Fuel | **2,031.20** | 3,814.60 |
| Consumption of Stores,Spare parts and Packing Material | **3,126.60** | 4,321.15 |
| Freight and forwarding charges | **958.51** | 1,750.04 |
| Selling Expenses | **603.71** | 857.86 |
| **Payment to the Auditors** | | |
| As Auditors | **15.00** | 15.00 |
| For Certification work | **1.00** | 1.00 |
| Conversion Charges | **664.05** | 1,223.67 |
| Processing Charges | **1,016.37** | 1,087.24 |
| Repairs and Maintanence | | |
| (a) Plant & Machinery | **737.37** | 1,011.76 |
| (b) Buildings | **350.50** | 259.89 |
| (c) Vehicles | **127.98** | 173.21 |
| Insurance | **271.72** | 340.77 |
| Bad Debts written Off | **42.29** | 8.79 |
| Allowances for Expected Credit Loss (Net) | **100.00** | 655.42 |
| Rates and Taxes | **171.66** | 133.49 |
| Expenditure on CSR Activities | **-** | 45.62 |
| Rent | **129.54** | 104.74 |
| Bank Charges | **349.95** | 608.90 |
| Travelling Expenses | **153.03** | 202.87 |
| Professional Expenses | **434.73** | 335.96 |
| Communication Expenses | **164.18** | 184.01 |
| Printing & Stationery | **27.38** | 32.37 |
| Membership fees | **19.74** | 23.84 |
| Advertisement | **14.96** | 17.44 |
| Testing Charges | **22.71** | 17.93 |
| Donations | **3.20** | 0.99 |
| Other Miscellaneous Expenses | **51.13** | 68.77 |
| **TOTAL** | **11,588.52** | 17,297.35 |

## 33 Exceptional Items

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| Profit on Sale of Assets* | **(3,381.64)** | (8,136.31) |
| Provision for Impairment of Inventory** | **3,646.60** | 748.00 |
| New Labour Code – Gratuity Obligation # | **107.00** | - |
| Trueup Charges relating to prior years | **-** | 602.30 |
| **TOTAL** | **371.97** | (6,786.01) |

***Profit on Sale of Assets – INR 33.81 Crores**

During the year, the Company has disposed of certain assets comprising land, wind mills and idle plant and machinery that had been identified as surplus to operating requirements. The net gain arising on such disposals, being the excess of sale consideration over the carrying amount of the assets, aggregates to INR 33.81 Crores. The disposal has been carried out as part of the Company's asset optimisation programme.

****Impairment of Inventories – INR 36.46 Crores**

The Company has undertaken a review of its inventories considering the changes in market conditions and business environment. Due to tariff-related uncertainties impacting demand, geopolitical developments affecting GCC markets and rationalisation of certain business segments, the net realisable value of certain inventories was assessed to be lower than their carrying cost. Accordingly, the Company has recognised an impairment charge of INR 36.46 Crores during the year.

**#New Labour Code – Gratuity Obligation – INR 1.07 Crores**

Pursuant to the enactment of the Code on Social Security, 2020 and the consequential revision in the definition of "wages" applicable for the computation of gratuity, the Company has recognised an incremental gratuity obligation of INR 1.07 Crores. This represents the effect of the change in the actuarial computation of the defined benefit obligation arising from the broadened wage definition.

## 34(a) Income Tax Recognised In Profit And Loss Account

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| **Current Tax** | | |
| In respect of current year | **-** | - |
| In respect of prior years | **-** | - |
| **Deferred Tax** | | |
| In respect of current year | **1,001.00** | 2,831.50 |
| **TOTAL** | **1,001.00** | 2,831.50 |

## 34(b) Income Tax Recognised In Other Comprehensive Income

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| Arising on income and expenses recognised in other comprehensive income | | |
| Remeasurement of defined benefit obligation | **17.06** | (75.56) |
| Net fair value gain/(loss) on investment in equity shares at FVTOCI | **1.22** | 0.09 |
| **TOTAL** | **18.28** | (75.47) |

(Amounts are in INR Lakhs unless specified)

## 35(a) Profit/ (Loss) from Discontinued operations

| | Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|---|
| I | **INCOME** | | |
| | Revenue from Operations | **723.26** | 5,436.67 |
| | Other Income | **2.43** | 97.65 |
| | **Total Income** | **725.69** | 5,534.32 |
| II | **EXPENSES** | **-** | - |
| | a. Cost of materials consumed | **(438.30)** | (247.87) |
| | b. Purchases of Stock in Trade | **28.15** | - |
| | c. Changes in inventories of: | **-** | - |
| | - Finished Goods | **238.87** | 3,748.44 |
| | - Work in progress | **612.02** | 1,550.45 |
| | d. Employee benefits expense | **367.75** | 1,100.57 |
| | e. Finance Costs | **-** | - |
| | f. Depreciation & Amortisation expense | **502.66** | 886.58 |
| | g. Other expenses | **1,746.57** | 2,499.78 |
| | **Total Expenses** | **3,057.72** | 9,537.95 |
| | **Net Profit / (loss) on Discontinuing operation (I-II)** | **(2,332.03)** | (4,003.64) |

## 35(b) Gain/(Loss) On Sale of Discontinued Operations

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| Gain/(Loss) On Sale of Discontinued Operations | **772.13** | - |
| **TOTAL** | **772.13** | - |

## 36 OTHER COMPREHENSIVE INCOME

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| Remeasurement Gain/(Loss) of Defined Benefit Obligation | **(48.82)** | (15.98) |
| Net fair value Gain/(Loss) on Investment in Equity Shares at FVTOCI | **(3.48)** | (0.25) |
| **TOTAL** | **(52.31)** | (16.23) |

## 37 Earnings per share (Rs.)

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Profit / (Loss) for the period after tax from Continuing Operations (A) | **(5,061.86)** | (1,464.74) |
| Profit / (Loss) for the period after tax from Discontinued Operations (B) | **(1,559.90)** | (4,003.64) |
| Profit / (Loss) for the period after tax Continuing and Discontinued Operations [C] | **(6,621.76)** | (5,468.37) |
| Opening / Closing number of shares in Lakhs (D) | **48.16** | 48.16 |
| Earnings per Share ( EPS) - Continuing Operations | | |
| **Basic & Diluted EPS (A)/(D)** | **(105.10)** | (30.41) |
| Earnings per Share ( EPS) - Discontinued Operations | | |
| **Basic & Diluted EPS (B)/(D)** | **(32.39)** | (83.12) |
| Earnings per Share ( EPS) - Discontinued Operations | | |
| **Basic & Diluted EPS (C)/(D)** | **(137.48)** | (113.54) |

## 38 Contingent Liabilities and Commitment

### 38.1 Claims against the Company not acknowledged as debts:

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 31st March 2026 on account of disputes are given below:

| Nature of Dues | Forum before which the dispute is pending | Period to which it relates | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|---|---|
| Sales Tax | Appeal with STAT, Kakinada Court for AP CST dispute (13-14) | 2013-2014 | **795.54** | 795.54 |
| GST | Pending with Appellate Authority | 2017-2023 | **1689.27** | 1,652.94 |

| Nature of Dues | Forum before which the dispute is pending | Assessment Year | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|---|---|
| Income Tax | Pending with IT Department | 2015-16 | **2.59** | 2.10 |
| | Pending with CIT (APPEALS) | 2017-18 to 2022-23 | **2183.37** | 2,102.42 |

### 38.2 On account of Bank guarantees

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Bank Guarantees | **143.89** | 119.62 |

### 38.3 Commitments

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Exports obligations under Advance Authorisation (AA) scheme | **290.18** | 290.18 |
| Exports obligations under Export Promotion Capital Goods (EPCG) scheme* | **430.55** | 702.23 |

(Amounts are in INR Lakhs unless specified)

## 39 Disclosures required under Section 22 of MSMED Act 2006 under the Chapter on Delayed Payments to Micro, Small and Medium Enterprises

Disclosure of payable to MSME Suppliers 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 | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| (a) The principal amount remaining unpaid to any supplier at the end of each accounting year | **1,104.40** | 3,791.88 |
| (b) The interest payable thereon on (a) | **316.44** | 250.05 |
| (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 | **19.26** | 109.75 |
| (e) The amount of interest accrued and remaining unpaid at the end of each accounting year | **335.70** | 359.80 |
| (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 | **335.70** | 359.80 |

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

## 40 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 set-off 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 | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Debt | **21,635.49** | 41,457.72 |
| Less: Cash and bank balances | **52.32** | 23.21 |
| Net debt (A) | **21,583.17** | 41,434.51 |
| Total equity (B) | **16,842.44** | 23,498.24 |
| **Net debt to equity ratio A/B** | **1.28** | 1.76 |

## 41 Disclosure of Financial Instruments under Ind AS 107

### 41.1 Classification of Financial Assets and Liabilities (IND AS 107)

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| **Financial assets at FVTOCI** | | |
| Investments* | **23.62** | 49.60 |
| **Financial assets at Amortised Cost #** | | |
| Investments* | **0.10** | 0.10 |
| Trade receivables | **6,373.38** | 13,529.85 |
| Cash and cash equivalents | **52.32** | 23.21 |
| Bank balances other than above | **980.31** | 406.43 |
| Other Financial assets | **3,697.01** | 4,964.99 |
| **Financial liabilities at Amortised Cost #** | | |
| Borrowings (short term) | **21,560.30** | 41,329.94 |
| Trade payables | **4,781.19** | 7,816.94 |
| Other financial liabilities | **3,214.47** | 4,238.85 |

# Carrying value of the Financial assets and Financial liabilities designated at amortised cost approximates its Fair value.

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

### 41.2 Fair value measurements (Ind AS 113)

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

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

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

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

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

Sensitivity of Level 3 financial instruments are insignificant.

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

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

Unquoted equity investments: Management Estimates that cost apporximates the Fair Value

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Financial assets at Fair Value Through Other Comprehensive Income | | |
| Investments in Listed Equity Shares - Level - 1 | **14.45** | 17.93 |
| Investments in Unlisted Equity Shares - Level - 3 | **9.17** | 31.67 |

(Amounts are in INR Lakhs unless specified)

## 42 Financial Risk Management Objectives and Policies (IND AS 107)

**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, cash and bank balances and other financial assets.

**Risk Exposures and Responses**

The Company is exposed to Market risk, Liquidity risk and Credit risk The Board of Directors reviews policies for managing each of these risks, which are summarised below

**(A) 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) Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, management performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio. The Company's policy is to minimise interest rate cash flow risk exposures on long-term and short term financing. As at 31st March, 2026, the Company is not exposed to changes in market interest rates through bank borrowings at variable interest rates

**(ii) Foreign Currency Risk**

The company operates internationally and transacts business in several currencies. It generates Major portion of Export revenue and also imports certain assets and Raw materials. Exchange rates between the Indian Rupee and foreign currencies have experienced significant fluctuations in recent years and may continue to vary in the future. Consequently, the company is exposed to foreign currency risk, and its financial results may be affected by movements in the value of the Indian Rupee against foreign currencies. Foreign exchange risk arises from future probable transactions and recognized assets and liabilities denominated in currencies other than the company's functional currency.

The company measures this risk through forecasts of highly probable foreign currency cash flows and manages its foreign currency exposure by implementing appropriate hedging strategies.

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

**Company's Total Foreign currency exposure**

| Particulars | Currency | As at 31st March 2026 | | |
|---|---|---|---|---|
| | | Exchange Rate | Amount in Foreign Currency | Amount |
| Trade Receivables | EUR | 109.01 | 16.78 | 1,829.00 |
| | GBP | 125.64 | 1.42 | 177.81 |
| | USD | 94.65 | 29.67 | 2,808.23 |
| Advance to Suppliers | CHF | 118.06 | 0.17 | 20.48 |
| Trade Payable | EUR | 109.01 | 0.57 | 62.33 |
| | JPY | 0.58 | 30.04 | 17.42 |
| | USD | 94.65 | 1.82 | 171.87 |
| Import LC Outstanding | USD | 94.65 | 3.19 | 301.71 |

| Particulars | Currency | As at 31st March 2025 | | |
|---|---|---|---|---|
| | | Exchange Rate | Amount in Foreign Currency | Amount |
| Trade Receivables | EUR | 92.32 | 23.30 | 2,150.80 |
| | GBP | 110.74 | 1.49 | 164.62 |
| | USD | 85.58 | 62.50 | 5,349.16 |
| | CHF | 96.84 | 0.13 | 12.74 |
| Trade Payables | EUR | 92.32 | 1.33 | 122.72 |
| | GBP | 110.74 | 0.00 | 0.50 |
| | USD | 85.58 | 6.73 | 576.22 |
| Import LC Outstanding | USD | 85.58 | 7.17 | 613.23 |

**Company's Unhedged Foreign currency exposure**

| **Particulars** | **Currency** | **As at 31st March 2026** | | |
|---|---|---|---|---|
| | | **Exchange Rate** | **Amount in Foreign Currency** | **Amount** |
| Trade Receivables | EUR | **109.01** | - | - |
| | GBP | **125.64** | - | - |
| | USD | **94.65** | - | - |
| Advance to Suppliers | CHF | **118.06** | - | - |
| Trade Payables | EUR | **109.01** | - | - |
| | JPY | **0.58** | - | - |
| | USD | **94.65** | - | - |

| Particulars | Currency | As at 31st March 2025 | | |
|---|---|---|---|---|
| | | Exchange Rate | Amount in Foreign Currency | Amount |
| Trade Receivables | EUR | 92.32 | - | - |
| | GBP | 110.74 | 1.49 | 164.62 |
| | USD | 85.58 | 37.29 | 3,191.66 |
| Trade Payable | CHF | 96.84 | 0.13 | 12.74 |
| | EUR | 92.32 | 1.33 | 122.72 |
| | GBP | 110.74 | 0.00 | 0.50 |
| | USD | 85.58 | 6.73 | 576.22 |
| Import LC Outstanding | USD | 85.58 | 7.17 | 613.23 |

(Amounts are in INR Lakhs unless specified)

**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 | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| **USD Sensitivity** | | |
| INR/USD - increases by 5% | - | 100.11 |
| INR/USD - decreases by 5% | - | (100.11) |
| **EURO Sensitivity** | | |
| INR/EURO - increases by 5% | - | 6.14 |
| INR/EURO - decreases by 5% | - | (6.14) |

**B Liquidity Risk**

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

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

The table below provides details regarding the remaining contractual maturities of financial liabilities and investments at the reporting date based on contractual undiscounted payments

| **Particulars** | **As at 31st March 2026** | | | |
|---|---|---|---|---|
| | **Upto 1 year** | **1 to 2 years** | **More than 2 years** | **Total** |
| Borrowings (short term) | **21,560.30** | **-** | | **21,560.30** |
| Trade payables | **4,781.19** | **-** | | **4,781.19** |
| Other financial liabilities | **3,214.47** | **-** | | **3,214.47** |
| **Total** | **29,555.96** | **-** | | **29,555.96** |
| Particulars | As at 31st March 2025 | | | |
| | Upto 1 year | 1 to 2 years | More than 2 years | Total |
| Borrowings (short term) | 41,329.94 | - | | 41,329.94 |
| Trade payables | 7,816.94 | - | | 7,816.94 |
| Other financial liabilities | 4,238.85 | - | | 4,238.85 |
| **Total** | 53,385.74 | - | | 53,385.74 |

**C 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**

The Company is exposed to credit risk primarily from trade receivables arising from the sale of its products and related services. Trade receivables are generally unsecured and arise from transactions with a large number of independent customers.

The Company assesses impairment of trade receivables using the Expected Credit Loss (ECL) model under the simplified approach. A provision matrix is applied to estimate expected credit losses, taking into account historical credit loss experience, customer-specific factors, current economic conditions, and forward-looking information.

Credit risk is managed through established policies, procedures, and internal controls. Before extending credit to new customers, the Company evaluates their creditworthiness based on factors such as financial position, past payment history, and other relevant information. Customer creditworthiness is reviewed periodically, and outstanding receivables are monitored on an ongoing basis.

To mitigate credit risk, the Company may obtain security deposits, bank guarantees, or letters of credit, where considered appropriate, and establishes suitable credit terms and exposure limits for individual customers. The Company believes that its credit risk is adequately managed and that there is no significant concentration of credit risk, as its customer base is well diversified across established and reputed entities.

**(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 2026

## 43 Disclosure of Employee Benefits

**(a) Defined Contribution Plans :**

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

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| Provident Fund | **437.31** | 552.36 |
| Employee State Insurance | **133.52** | 207.50 |

The expenses incurred on account of the above defined contribution plans have been included in Note 29 “Employee Benefits Expenses” under the head “Contribution to provident and other funds”

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

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

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

**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

(Amounts are in INR Lakhs unless specified)

**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 | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Discount Rate | **7.31%** | 6.64% |
| Expected rate of return on plan assets | **6.64%** | 7.23% |
| Salary Escalation Rate | **4.00%** | 4.00% |
| Attrition Rate | **14.00%** | 14.00% |

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 | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| **Expense recognised in Statement of Profit or Loss** | | |
| Current Service Cost | **108.52** | 140.20 |
| Interest Cost | **57.69** | 84.46 |
| Prior Service Cost | **107.57** | 0.00 |
| Expected return on plan assets | **(37.55)** | (66.15) |
| **Subtotal** | **236.22** | 158.51 |
| **Recognised in Other Comprehensive Income** | | |
| Actuarial loss/(gain) on Present value of Obligation | **31.86** | (34.43) |
| Actuarial gain/(loss) on change in fair value Plan Assets | **16.96** | (0.58) |
| **Subtotal** | **48.82** | (35.01) |
| **Net Benefit Expenses** | **285.05** | 123.50 |

The current service cost, past service cost and the net interest expenses for the year are included in Note 29 “Employee Benefits Expenses” under the head “Salaries and Wages”.

**(ii) Net defined benefit plan Asset/Liability recognised in Balance Sheet as follows**

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| **Benefit asset / liability** | | |
| Present value of defined benefit obligation | **855.08** | 1188.22 |
| Unpaid Gratuity | **182.58** | 207.25 |
| Fair value of plan assets | **(305.28)** | (846.48) |
| **Net defined benefit plan Asset/Liability recognised in Balance Sheet** | **732.38** | 549.00 |

**iii) Changes in the present value of the obligation - reconciliation of opening and closing balances:**

| Particulars | As at 31st March 2026 Gratuity (Funded Plan) | As at 31st March 2025 Gratuity (Funded Plan) |
|---|---|---|
| Opening balance of Present Value of the Obligation | **1188.22** | 1336.03 |
| Interest Cost | **57.69** | 84.46 |
| Current Service Cost | **108.52** | 140.20 |
| Prior service cost | **107.57** | 0.00 |
| Benefits Paid | **(638.78)** | (338.04) |
| Actuarial loss/(gain) | **31.86** | (34.43) |
| Closing balance of Present Value of the Obligation | **855.08** | 1188.22 |

**(iv) Reconciliation of changes in the fair value of plan Assets:**

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Opening balance Fair Value of Plan Assets | **846.48** | 1047.79 |
| Expected return on Plan Assets | **37.55** | 66.15 |
| Contribution by the Company | **77.00** | 70.00 |
| Benefits Paid | **(638.78)** | (338.04) |
| Actuarial gain/(loss) | **(16.96)** | 0.58 |
| Closing balance of Fair Value of Plan Assets | **305.28** | 846.48 |

**(v) Reconciliation of Fair value of Assets & Obligation**

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Present value of the obligation | **855.08** | 1,395.47 |
| Fair value of the Plan Assets | **305.28** | 846.47 |
| Surplus/(Deficit) | **(549.79)** | (549.00) |
| Experience adjustments on Plan Liabilities (loss)/ gain | **(31.86)** | 34.43 |
| Experience adjustments on Plan Assets (loss)/ gain | **(16.96)** | 0.58 |

**(vi) Percentage of each category of plan assets to total fair value of plan assets:**

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| a) Government Securities | **42.17%** | 30.95% |
| b) Bank deposits (Special deposit scheme) | **49.84%** | 2.62% |
| c) Others / approved securities | **7.99%** | 66.43% |

**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.

## 44 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. 0.00 Lakhs (Pr.Yr. Rs. 45.62 Lakhs). Amount spent during the year on CSR activities as under:

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| a) Gross amount required to be spent by the Company during the year | **Nil** | 45.62 |
| b) Amount available for set-off | **Nil** | - |
| c) Amount required to be spent by the company in cash during the year | **Nil** | 45.62 |
| d) Amount of expenditure incurred | **Nil** | 45.62 |
| e) Shortfall at the end of the year | **Nil** | - |
| f) Total of previous year shortfall | **Nil** | Nil |
| g) Reason for shortfall | **Nil** | NA |
| h) Nature of CSR activities | **Nil** | Promotion of Health/Promotion of Education |
| i) Details of related party transaction | **Nil** | 45.62 |
| 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 |

## 45 Assets pledged as security

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Property, Plant & Equipment | **13,981.10** | 25,416.64 |
| Capital Work-in-progress | **67.19** | 5.49 |
| Investment property | **13.44** | 13.93 |
| Other Intangible assets | **36.20** | 48.28 |
| **Non-Current Assets** | **14,097.92** | 25,484.34 |
| Trade receivables | **6,373.38** | 13,529.85 |
| Inventory | **10,520.64** | 20,853.52 |
| **Current Assets** | **16,894.01** | 34,383.37 |
| Non-Current Assets Held for Sale | **1,458.26** | 2,033.26 |
| **Total assets pledged as security** | **32,450.19** | 61,900.97 |

**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.

## 46 Deferred Tax Assets (Net) movement

**As at 31st March 2026**

| Particulars | Opening Balance | Recognised in Profit or Loss | Recognised in OCI | Closing Balance |
|---|---|---|---|---|
| **Deferred Tax Assets** | | | | |
| Expenses deductible in future years | **1,124.30** | **792.39** | **-** | **1,916.69** |
| Provision for doubtful debts | **274.20** | **184.91** | **-** | **459.11** |
| Unabsorbed Losses - Carry Forward | **5,446.52** | **(1,847.00)** | **-** | **3,599.52** |
| Others | **-** | **-** | **18.28** | **18.28** |
| MAT Credit recoverable | **281.79** | **-** | | **281.79** |
| **Total Deferred Tax Assets (A)** | **7,126.81** | **(869.70)** | **18.28** | **6,275.39** |
| **Deferred Tax Liabilities** | | | | |
| PPE and Intangible Assets | **(3,891.40)** | **1,870.70** | | **(2,020.70)** |
| Others | **(95.74)** | **-** | **-** | **(95.74)** |
| **Total Deferred Tax Liabilities (B)** | **(3,987.14)** | **1,870.70** | **-** | **(2,116.44)** |
| **Net Deferred Tax Assets (A=B)** | **3,139.67** | **1,001.00** | **18.28** | **4,158.94** |

As at 31st March 2025

| Particulars | Opening Balance | Recognised in Profit or Loss | Recognised in OCI | Closing Balance |
|---|---|---|---|---|
| **Deferred Tax Assets** | | | | |
| Expenses deductible in future years | 908.30 | 216.00 | - | 1,124.30 |
| Provision for doubtful debts | 45.10 | 229.10 | | 274.20 |
| Unabsorbed Losses - Carry Forward | 2,398.90 | 3,047.62 | | 5,446.52 |
| Others | 2.12 | (2.12) | | - |
| MAT Credit recoverable | 281.79 | - | | 281.79 |
| **Total Deferred Tax Assets (A)** | 3,636.20 | 3,490.60 | - | 7,126.81 |
| **Deferred Tax Liabilities** | | | | |
| PPE and Intangible Assets | (3,232.30) | (659.10) | | (3,891.40) |
| Others | (20.27) | - | (75.47) | (95.74) |
| **Total Deferred Tax Liabilities (B)** | (3,252.57) | (659.10) | (75.47) | (3,987.14) |
| **Net Deferred Tax Assets (A=B)** | 383.64 | 2,831.50 | (75.47) | 3,139.67 |

LOYAL TEXTILE MILLS LTD

(Amounts are in INR Lakhs unless specified)

## 47 Related Party Disclosures

### List of Related Parties

### A Name of the Key Managerial Personnel and their Relative

| Sl.No | Name of the Key Managerial Personnel | Designation |
|---|---|---|
| 1 | Mrs.Valli M Ramaswami | Chairman and Whole Time Director |
| 2 | Mr.M.E.Manivannan | Whole Time Director |
| 3 | Mrs.Vishala M Ramaswami | Executive Director till 27-12-2024, Appointed as Non Independent Non Executive Director (w.e.f 17.01.2025) |
| 4 | Mr.B.Vaidyanathan | Non-Independent Director |
| 5 | Mr.Gokul Dixit | Independent Director |
| 6 | Mr.R.Kannan | Independent Director |
| 7 | Mr.Lakshmi Narayanan | Independent Director |
| 8 | Mrs.Vijayalakshmi Rao | Independent Director |
| 9 | Mr.Kumaran | Independent Director |
| 10 | Mr.N.Srinivasan | Chief Finanical Officer (Till 12-11-2024)<br>Chief Executive Officer (w.e.f. 01-04-2025) |
| 11 | Mr.U.Thenappan | Chief Financial Officer (w.e.f 12-11-2024) |
| 12 | Dr.V.Rajesh | Company Secretary (w.e.f 01-01-2026) |
| 13 | Mr.A Velliangiri | Chief Executive Officer (Till 31-03-2025) |
| 14 | Mr.K Ganapathi | Chief Financial Officer (Till 29-06-2024) |
| 15 | Mr.S.Muthukrishnan | Company Secretary (Till 31-12-2025) |
| 16 | Mr.P Mahadevan | Company Secretary (Till 30-09-2024) |

### B Joint Venture

| Sl.No | Name of the Joint Venture |
|---|---|
| 1 | Gruppo P&P Loyal Spa, Italy |

### C Enterprises over which KMP have significant influence

| Sl.No | Name of Enterprises over which KMP have significant influence |
|---|---|
| 1 | Valli Agri Industries Private Limited |
| 2 | Valli Yarn Processors Private Limited |
| 3 | Kurunji Properties Private Limited |
| 4 | P.Orr & Sons Private Limited |
| 5 | Manickavasagam Charitable Foundation |
| 6 | Thiagesar Trust |

**D Transactions During the Year with Related Parties**

| Sl. No | Type of Related Party Transaction | Name of the Related Party | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|---|---|
| 1 | Remuneration paid to Key Managerial Personnel | Mrs.Valli M Ramaswami | **67.20** | 67.20 |
| | | Mrs.Vishala M Ramaswami | **-** | 12.32 |
| | | Mr. M.E.Manivannan | **29.70** | 32.12 |
| | | Mr. N.Srinivasan | **75.86** | 81.34 |
| | | Mr. U Thenappan | **36.21** | 16.10 |
| | | Dr. V.Rajesh | **5.78** | - |
| | | Mr. A Velliangiri | **-** | 56.91 |
| | | Mr. K Ganapathi | **-** | 24.33 |
| | | Mr. S Muthukrishnan | **14.77** | 10.92 |
| | | Mr. P Mahadevan | **-** | 9.03 |
| 2 | Purchase of Property, Plant & Equipment | P.Orr & Sons Private Limited | **0.81** | 5.49 |
| 3 | Corporate Social Resposniblity | Manickavasagam Charitable Foundation | **-** | 45.62 |
| 3 | Sale of Property, Plant & Equipment | Manickavasagam Charitable Foundation | **-** | 425.50 |
| 4 | Sale of Goods | Manickavasagam Charitable Foundation | **-** | 1.28 |
| | | Gruppo P&P Loyal Spa, | **9,573.05** | 9,334.22 |
| 5 | Dividend Income | Gruppo P&P Loyal Spa, | **567.05** | 439.53 |
| 6 | Purchase of Goods. | Gruppo P&P Loyal Spa, | **-** | 3.39 |
| | | Valli Agri Industries Private Limited | **-** | 183.90 |
| 7 | Rental Expenses | Kurunji Properties Private Limited | **18.00** | 18.00 |

**E Balances at the end of the Year**

| Sl. No | Type of Related Party Transaction | Name of the Related Party | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|---|---|
| 1 | Outstanding Receivables | Gruppo P&P Loyal Spa, | **1,572.25** | 1,892.83 |
| | | Valli Agri Industries Private Limited | **14.10** | 36.74 |
| | | Valli Yarn Processors Private Limited | **145.11** | 151.06 |
| | | Thiagesar Trust | **10.43** | 10.43 |
| | | Manickavasagam Charitable Foundation | **3.73** | 3.50 |
| 2 | Outstanding Payables | P.Orr & Sons Private Limited | **0.62** | 5.49 |
| | | Kurunji Properties Private Limited | **3.90** | 14.85 |
| | | Mrs.Valli M Ramaswami | **-** | 2.20 |

(Amounts are in INR Lakhs unless specified)

## 48 Analytical Ratio

| Sl.No | Ratios | Numerator | Denominator | As at 31st March 2026 | As at 31st March 2025 | % Variance | Reason for variance |
|---|---|---|---|---|---|---|---|
| (I) | Current Ratio (in times) | Total Current Assets | Total Current Liabilities | **0.85** | 0.83 | 2.27% | |
| (II) | Debt Equity Ratio (in times) | Total Debt | Total Equity | **1.28** | 1.76 | (27.22%) | The ratio improved primarily due to a significant reduction in short-term borrowings during the year, resulting in a lower debt base despite the reduction in shareholders' equity owing to losses incurred during the year. |
| (iii) | Debt Service Coverage Ratio (In Times) | Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses (Dep and Amortization) + Interest + Other non-cash adjustments (loss on sale of Fixed Assets) | Debt service = Interest and lease payments + Principal repayments | **0.11** | 0.44 | (73.80%) | |
| (iv) | Inventory Turnover Ratio (in Times) | Revenue from operations | Average Inventory | **2.74** | 2.19 | 25.16% | The increase was primarily attributable to a significant reduction in average inventory levels during the year |
| (v) | Trade Receivables Turnover Ratio (In Times) | Revenue from operations | Average Trade Receivables | **4.31** | 4.64 | (7.13%) | |
| (vi) | Trade Payables Turnover Ratio (In Times) | Purchases | Average Trade Payables | **3.13** | 4.00 | (21.79%) | The decrease was mainly due to lower purchases during the year, which reduced the turnover ratio despite a decline in average trade payables. |
| (vii) | Net Capital Turnover Ratio (in times) | Revenue from operations | Average Working capital (i.e. Total current assets less Total current liabilities | **(9.01)** | -7.10 | 26.84% | The ratio changed mainly due to the reduction in negative working capital as current liabilities declined more significantly than current assets during the year. |
| (iv) | Return on Equity (in %) | Net Profit After Tax | Average total equity | **(32.83%)** | -20.81% | 57.76% | The ratio deteriorated primarily due to higher net losses during the year coupled with a reduction in the average shareholders' equity base. |
| (viii) | Net profit ratio (in %) | Net Profit After Tax | Revenue from operations | **(15.43%)** | -8.02% | 92.46% | The decline was mainly due to higher net losses and lower revenue from operations compared to the previous year. |

| Sl.No | Ratios | Numerator | Denominator | As at 31st March 2026 | As at 31st March 2025 | % Variance | Reason for variance |
|---|---|---|---|---|---|---|---|
| (ix) | Return on Capital Employed (in %) | Profit before tax + finance costs -interest income | Capital employed = Net worth + Borrowings + Lease liabilities + Deferred tax liabilities - Current Investment - Cash and Cash Equivalents - Other Bank Balances | **(10.86%)** | -4.69% | 131.33% | The ratio deteriorated primarily due to lower operating profitability (EBIT) during the year despite a reduction in capital employed resulting from lower borrowings. |
| | | | | | | | |
| (x) | Return on Investment (in %) | Income Generated From Investments | Average Investments = Average of Opening Investments and Closing Investments | **304.86%** | 220.73% | 38.11% | The increase was mainly attributable to higher dividend income from investments during the year along with a lower average investment balance, resulting in a higher return on investment. |

## 49 Additional regulatory Information required under Schedule III of Companies Act 2013

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

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

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

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

**(iii) Wilful defaulter:**

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

**(iv) Registration of charges:**

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

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

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

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

The Company has not entered into any scheme of arrangement which has an accounting impact during the 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 company (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 company 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.

(Amounts are in INR Lakhs unless specified)

**(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 Financial 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 Financial Year

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

The Company did not have any transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the year ended March 31, 2026.

## 50 Segmental Information

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

## 51 Operational Note

The Company continues its efforts towards realignment and rationalisation of its manufacturing operations with the objective of improving capacity utilisation, enhancing operational efficiencies and optimising costs to achieve sustainable profitability at the operational level.

During the year, the Company has made considerable progress in monetisation of underutilised and non-core assets and has further identified certain assets for monetisation, including assets classified as “Held for Sale”, with the objective of reduction of debt, strengthening liquidity and improving overall cost efficiencies.

Considering the progress achieved so far in operational improvement and liquidity enhancement, the management is confident of achieving sustainable operational profitability in the near future.

The Auditors have drawn an Emphasis of Matter in this regard in their audit report.

## 52 Regrouping

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

## 53 Approval of Financial Statements

The Standalone Financial statements of Loyal Textile Mills Limited were reviewed by Audit Committee and approved by the Board of Directors at its meeting held on 27th May 2026.

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In terms of our Report of Even Date

For **Brahmayya & Co.,**
Chartered Accountants
(ICAI Firm Reg. No: 000511S)

Sd/-
**N.Sri Krishna**
Partner
M. No: 026575

Place : Chennai
Date : 27th May 2026

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

Sd/-
**M E Manivannan**
Whole Time Director
(DIN: 02229808)

Sd/-
**N Srinivasan**
Chief Executive Officer

Sd/-
**U Thenappan**
Chief Financial Officer

Sd/-
**Dr V Rajesh**
Company Secretary

## INDEPENDENT AUDITOR'S REPORT - CONSOLIDATED

**To**

**The Members of Loyal Textile Mills Limited**
**Report on the Audit of the Consolidated Financial Statements**

### Opinion

We have audited the accompanying Consolidated Financial Statements of **Loyal Textile Mills Limited** ("the Holding Company"), and its joint venture which comprise the Consolidated Balance Sheet as at 31st March 2026, the Consolidated Statement of Profit and Loss (including Other Comprehensive Loss), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the Consolidated 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 other auditors on Separate Financial statement and on other financial information of the Joint Venture, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India including the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS"), of the consolidated state of affairs of the Holding Company and it's joint venture as at 31st March 2026, of its Consolidated loss (including other comprehensive loss), its Consolidated changes in equity and its Consolidated cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Holding Company and it's Joint Venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Consolidated 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 and other auditors in terms of their reports referred to in "Other Matters" paragraph below, have obtained is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

### Emphasis of Matter:

Attention is invited to Note No. 53 of the Consolidated Financial Statement, which describes the initiatives undertaken by the holding company's management involving Monetization of Assets resulting in scaling down of the operations and relocating manufacturing facilities in order to improve the operational efficiencies. The steps undertaken by the Holding company is stated to be addressing the liquidity constraints and in addition the Management has informed that it continues its efforts in rationalizing its operations by further prioritizing high-value contribution segments and embark on steps towards cost optimization to achieve the targeted operational profitability and sustainability. Considering the progress in the initiatives undertaken during the year and based on the management assertion of achieving the operational profits, the Holding company's operations have been considered sustainable.

Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of the most significance in our audit of the Consolidated Financial Statements of the financial year ended 31st March 2026. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the following matters as Key Audit Matters to be communicated in our report:

**1) Revenue recognition**

| Key Audit Matter | Auditor's Response |
|---|---|
| Refer Note No 4.20 and 24 to the Consolidated Financial Statements<br>Cut off Revenue is one of the key profit drivers and is therefore susceptible to misstatement.<br>Cut-off is the key assertion in so far as revenue recognition is concerned. There is a risk that revenue is recognized on sale of goods without substantial transfer of control as on reporting date which will not be in accordance with Ind AS-115 "Revenue from Contracts with Customers".<br>In view of the above and since revenue is a key performance indicator of the Holding Company, we have identified timing of revenue recognition from sale of goods as a key audit matter. | Principal Audit Procedures Performed:<br>Our audit process consisted testing of the design and operating effectiveness of the internal controls and substantive testing performed by us which are as follows:<br>(i) We obtained an understanding of process and evaluated the design, implementation, and operating effectiveness of management's internal controls in relation to revenue recognition from sale of goods. We tested the Holding Company's control over timing of revenue recognition around year end.<br>(ii) At the year end, we have performed the cut off testing for late cut off to test that the revenue is recorded in the appropriate period. We have traced sales with proof of delivery (POD) to confirm the recognition of sales. |

**2) Inventory Valuation**

| Key Audit Matter | Auditor's Response |
|---|---|
| Valuation of inventories (Refer Note No 4.7 and 9 to the Consolidated Financial Statements)<br>The Holding Company's inventories comprise of raw materials, work-in-progress, finished goods and stores & spares amounting to Rs.10,520.64 Lakhs as at 31st March 2026.<br>The inventories are valued at lower of cost and net realizable value ('NRV').<br>NRV is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling costs.<br>The determination of NRV involves estimates of prevailing market conditions, stage of completion of the inventory, the estimated future selling price and selling costs.<br>Considering the significance of the amount of carrying value of inventories and significant judgements and assumptions involved in assessment of NRV, the same is considered a key audit matter. | Principal audit procedures performed.<br>Evaluated the design and operation of internal controls and its operating effectiveness in determining the NRV, including the Holding Company's review of key estimates, such as estimated future selling prices on a test basis.<br>Compared NRV with recent sales or estimated selling price and selling costs.<br>Evaluated the Holding Company's judgement with regards to application of write-down of inventories, where required.<br>Assessed the adequacy and appropriateness of the disclosures made by the management with respect to Inventories in compliance with the requirements of applicable Ind AS 2 and Schedule III to the Companies Act, 2013. |

**3. Discontinued Operations and Assets Held for Sale**

| Key Audit Matter | Auditor's Response |
|---|---|
| (Refer Note No. 4.4, 5B, 35(a) and 35(b) to the Consolidated Financial Statements)<br>During the year, the Board of Directors, at its meeting held on 12th August 2025, decided to dispose of the Shri Vishala Textile Mills (SVTM) Unit at Naidupet and the Chinthamani Textile Mills (CTM) Unit at Sivagangai. Accordingly, during the year ended 31st March 2026, the Holding Company completed the sale of the SVTM Unit and presented its results as discontinued operations in accordance with Ind AS 105, Non- | Principal audit procedures performed.<br>• Obtained an understanding of the process adopted by the management for identification, accounting and presentation of discontinued operations and assets held for sale and evaluated the design and operating effectiveness of the relevant internal controls.<br>• Evaluated the appropriateness of the Holding Company's accounting policy and management's assessment for classification of the Shri Vishala Textile Mills (SVTM) Unit |

| Key Audit Matter | Auditor's Response |
|---|---|
| current Assets Held for Sale and Discontinued Operations. The CTM Unit, pending disposal, was classified as a disposal group held for sale based on management's assessment that the criteria under Ind AS 105 were satisfied.<br><br>We considered this matter to be a key audit matter due to the significance and materiality of the disposal group and the significant management judgement involved in assessing the classification and measurement under Ind AS 105, including determining the gain on disposal of the SVTM Unit, measuring the CTM disposal group at the lower of its carrying amount and fair value less costs to sell, where applicable, and the related presentation and disclosures in the Consolidated Financial Statements. | located in Naidupet as discontinued operations and the Chinthamani Textile Mills (CTM) Unit located in Sivagangai as held for sale in accordance with the requirements of Ind AS 105.<br><br>• Verified the minutes of the meetings of the Board of Directors, sale agreements, sale deed and other supporting documents relating to the disposal of the Shri Vishala Textile Mills (SVTM) Unit located in Naidupet and the proposed disposal of the Chinthamani Textile Mills (CTM) Unit located in Sivagangai.<br>• Tested the allocation of assets, liabilities, revenues and expenses relating to the discontinued operations to the underlying accounting records.<br>• Verified the computation of the gain recognised on disposal of the Shri Vishala Textile Mills (SVTM) Unit located in Naidupet and evaluated the measurement of the Chinthamani Textile Mills (CTM) Unit located in Sivagangai disposal group, including the assessment of fair value less costs to sell, where applicable.<br>• Assessed the adequacy and appropriateness of the presentation and disclosures made by the management relating to discontinued operations and assets held for sale in compliance with the requirements of Ind AS 105 and Schedule III to the Companies Act, 2013. |

**Other Information**

The Holding Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Holding Company's Annual Report, but does not include the Consolidated Financial Statements, and our auditor's report thereon.

Our opinion on the Consolidated 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 Financial Statements, our responsibility is to read the other information and in doing so, consider whether other information is materially inconsistent with Consolidated Financial Statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report the fact. We have nothing to report in this regard.

**Management's Responsibilities for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these Consolidated Financial Statements that give a true and fair view of the Consolidated Financial Position, Consolidated Financial Performance, Consolidated Total Comprehensive Loss, Consolidated Changes in Equity and Consolidated Cash flows of the Holding Company and of its Joint Venture in accordance with the Accounting Principles generally accepted in India, including the Ind AS specified under section 133 of the Act read with relevant rules issued thereunder. The respective Board of directors of the Holding Company and of its Joint Venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Holding Company and of its Joint Venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the holding company and of its Joint Venture are responsible for assessing the ability of the Holding Company and of its Joint Venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Holding Company and of its Joint Venture or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Holding Company and of its joint venture are also responsible for overseeing the financial reporting process of the Holding Company and of its joint venture.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

(a) Identify and assess the risks of material misstatement of the Consolidated 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.

(b) 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 and of its Joint venture has adequate internal financial controls system with reference to Consolidated Financial Statements in place and the operating effectiveness of such controls.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Holding Company and of its Joint Venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Holding Company and of its Joint Venture to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient and appropriate audit evidence regarding the financial information of the holding company of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of financial information of the Holding Company included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by 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.

Materiality is the magnitude of misstatement in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated 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 the work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the financial year ended 31st March 2026 and are therefore the Key Audit Matters. We describe these matters in our auditor's report unless law or regulations 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:**

We did not audit Financial Statements of one Joint Venture located outside India, whose Financial Statements reflect Group's share of total Net profit after tax and Total Comprehensive Income of INR 721.48 Lakhs for the year ended on that date, as considered in the Consolidated Financial Statements. These Financial Statements have been audited by other auditor whose report have been furnished to us by the Management, and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this joint venture, is based solely on the reports of the other auditor.

The Financial Statements and other Financial Information of One foreign joint venture have been prepared in accordance with accounting principles generally accepted in their country and which have been audited by other auditor under generally accepted Auditing Standards applicable in that country. The Holding Company's management has converted the Financial Statements of such Joint Venture located outside India from accounting principles generally accepted in their country 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 Joint venture 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.

Our opinion on the Consolidated Financial Statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matter with respect to our reliance on the work done and the reports of other auditors and the financial statements certified by the Management.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (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) and 4 of the Order to the extend applicable.

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements and the other financial information of joint venture, as noted in "Other Matter" paragraph, we report to the extent applicable that:

   a) We/ the other auditor 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 Financial Statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books, except for the matters stated in the paragraph 3(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, as amended.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive loss), the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements

(d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015 as amended.

(e) On the basis of the written representations received from the directors of the Holding company as on 31st March 2026 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 2026 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) In our opinion, the modifications relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(b) above on reporting under Section 143(3)(b) of the Act and paragraph 3(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, as amended.

(g) With respect to the adequacy of the internal financial controls with reference to Consolidated Financial Statements of the Holding Company and its Joint Venture and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report

3. 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 as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of other statutory auditors on separate financial statements and also the other financial information of the joint venture, as noted in the "Other Matter" paragraph.

   a. The Holding Company has disclosed the impact of pending litigations on the Consolidated financial position of the Holding Company and of its Joint Venture in Note No 36.1 to the Consolidated Financial Statements.

   b. The Holding Company and of its Joint Venture did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   c. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Holding Company and of its Joint venture during the year ended 31st March 2026.

   d. (i) The Management of the Holding Company has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) 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 person(s) or entity(ies), 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 by or on behalf of the Holding Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

   (ii) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Holding Company from any person(s) or entity(ies), including foreign entity ('Funding Parties') with the understanding, whether recorded in writing or otherwise, that the Holding Company shall, whether 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.

   (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

   e. The Holding Company has not declared or paid any dividend during the year. Hence provisions of Section 123 of the Act are not applicable.

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

g. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. The audit trail has been preserved by the Holding Company as per the statutory requirements for record retention under Rule11(g) of the Companies (Audit and Auditors) Rules,2014.

4. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended.

   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 of the Act. The remuneration paid to any director is not in excess of the limit laid down under section 197(16), which are required to be commented upon by us.

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

Sd/-
**N Sri Krishna**
Partner
Membership No.026575
UDIN: 26026575PTJSXL5991

Place : Chennai
Date: 27th May 2026

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### Annexure A to the Independent Auditor's Report

The **"Annexure A"** referred to in clause 1 of **"Report on Other Legal and Regulatory Requirements"** Paragraph of the Independent Auditor's Report of even date to the members of **Loyal Textile Mills Limited** on the Consolidated Financial Statements as on and for the year ended 31st March 2026.

In terms of the information and explanations sought by us and given by the Holding Company and the books of accounts and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(xxi) In Our Opinion and according to the information and explanations given to us, we report that there are no qualifications or adverse remarks in the CARO reports, except to the extend stated herein below:

| S.No. | Company | CIN | Holding / Subsidiary | Clause number of the CARO report |
|---|---|---|---|---|
| 1 | Loyal Textile Mills Limited | L17111TN1946PLC001361 | Holding/ the Company | Clause 3(xvii) – Cash Losses. |

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

Sd/-
**N Sri Krishna**
Partner
Membership No.026575
UDIN: 26026575PTJSXL5991

Place : Chennai
Date: 27th May 2026

### Annexure B to the Independent Auditor's Report

The **Annexure B,** referred to in Clause 2(g) of "**Report on Other Legal and Regulatory Requirements"** Paragraph of the Independent Auditor's Report of even date to the members of **Loyal Textile Mills Limited** on the Consolidated Financial Statements as of and for the year ended 31st March 2026.

**Report on the Internal Financial Controls with reference to Consolidated Financial Statements 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 Financial Statements of **Loyal Textile Mills Limited** as of and for the year ended 31st March 2026, we have audited the internal financial controls with reference to Consolidated Financial Statements of **Loyal Textile Mills Limited** ("the Holding Company"), and its joint venture, which are incorporated in India, as on that date.

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

The Holding Company's Board of Directors 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 ("the Guidance Note") 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 Act.

**Auditors' Responsibility for Internal Financial Controls**

Our responsibility is to express an opinion on the internal financial controls with reference to Consolidated Financial Statements of the Holding Company based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, 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 ICAI. 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 with reference to Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to Consolidated Financial Statements, 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 Consolidated 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 Holding Company's internal financial controls system with reference to Consolidated Financial Statements

**Meaning of Internal Financial Controls with reference to Consolidated Financial Statements**

A Company's internal financial control with reference to Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to Consolidated Financial Statements include 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 Consolidated Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Consolidated Financial Statements.

**Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to Consolidated Financial Statements, 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 with reference to Consolidated Financial Statements to future periods are subject to the risk that the internal financial control with reference to Consolidated Financial Statements 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 with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at 31st March 2026, 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

Sd/-
**N Sri Krishna**
Partner
Membership No.026575
UDIN: 26026575PTJSXL5991

Place : Chennai
Date: 27th May 2026

## Consolidated Balance Sheet as at 31st March, 2026

(Amounts are in INR Lakhs unless specified)

| PARTICULARS | Note No | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|---|
| **I ASSETS** | | | |
| **A Non-Current Assets** | | | |
| (a) Property, Plant and Equipment | 5 | **13,981.10** | 25,416.64 |
| (b) Capital Work-in-progress | 5A | **67.19** | 5.49 |
| (c) Investment property | 5 | **13.44** | 13.93 |
| (d) Other Intangible Assets | 5 | **36.20** | 48.28 |
| (e) Financial Assets | | | |
| (i) Investments | 6 | **3,722.89** | 3,594.45 |
| (f) Deferred Tax Assets (Net) | 7 | **4,158.94** | 3,139.67 |
| (g) Other Non-Current Assets | 8 | **1,930.91** | 2,365.24 |
| **Total Non-Current Assets** | | **23,910.67** | 34,583.70 |
| **B Current Assets** | | | |
| (a) Inventories | 9 | **10,520.64** | 20,853.52 |
| (b) Financial Assets | | | |
| (i) Trade Receivables | 10 | **6,373.38** | 13,529.85 |
| (ii) Cash and Cash Equivalents | 11 | **52.32** | 23.21 |
| (iii) Bank Balance Other than (ii) above | 12 | **980.31** | 406.43 |
| (iv) Other Financial Assets | 13 | **3,697.01** | 4,964.99 |
| (c) Current Tax Assets (Net) | 14 | **474.08** | 277.07 |
| (d) Other Current Assets | 15 | **5,082.63** | 7,492.94 |
| **Total Current Assets** | | **27,180.37** | 47,548.01 |
| C Non-Current Assets Held for Sale | 5B | **1,458.26** | 2,033.26 |
| **Total Assets (A+B+C)** | | **52,549.29** | 84,164.97 |
| | | | |
| **II EQUITY AND LIABILITIES** | | | |
| **A EQUITY** | | | |
| (a) Equity Share Capital | 16 | **481.64** | 481.64 |
| (b) Other Equity | 17 | **19,910.67** | 26,412.04 |
| **Total Equity** | | **20,392.31** | 26,893.68 |
| **B LIABILITIES** | | | |
| **[1] Non-Current Liabilities** | | | |
| (a) Provisions | 18 | **211.19** | 116.19 |
| **Total Non-Current Liabilities** | | **211.19** | 116.19 |
| **[2] Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 19 | **21,560.30** | 41,329.94 |
| (ii) Trade Payables | | | |
| (a) Total outstanding dues of Micro and Small Enterprises | 20 | **1,104.40** | 3,791.88 |
| (b) Total outstanding dues of Creditors other than Micro and Small Enterprises | | **3,676.79** | 4,025.06 |
| (iii) Other Financial Liabilities | 21 | **3,214.47** | 4,238.85 |
| (b) Other Current Liabilities | 22 | **1,868.64** | 3,336.56 |
| (c) Provisions | 23 | **521.18** | 432.81 |
| **Total Current Liabilities** | | **31,945.78** | 57,155.10 |
| **Total Liabilities** | | **32,156.97** | 57,271.29 |
| **Total Equity and Liabilities (A+B)** | | **52,549.29** | 84,164.97 |
| **Summary of Material Accounting Policies** | **2 to 4** | | |

The Accompanying notes form an integral part of the Standalone Financial Statements

In terms of our Report of Even Date

For **Brahmayya & Co.,**
Chartered Accountants
(ICAI Firm Reg. No: 000511S)

Sd/-
**N.Sri Krishna**
Partner
M. No: 026575

Place : Chennai
Date : 27th May 2026

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

Sd/-
**M E Manivannan**
Whole Time Director
(DIN: 02229808)

Sd/-
**N Srinivasan**
Chief Executive Officer

Sd/-
**U Thenappan**
Chief Financial Officer

Sd/-
**Dr V Rajesh**
Company Secretary

## Consolidated Statement of Profit and Loss for the Year Ended 31st March, 2026

(Amounts are in INR Lakhs unless specified)

| | Particulars | Note No | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|---|---|
| **I** | **INCOME** | | | |
| | Revenue from Operations | 24 | **42,195.77** | 62,778.47 |
| | Other Income | 25 | **912.63** | 732.18 |
| | **Total Income** | | **43,108.40** | 63,510.65 |
| **II** | **EXPENSES** | | | |
| | Cost of materials consumed | 26 | **17,186.33** | 32,494.14 |
| | Purchase of Stock-in-Trade | 27 | **356.97** | 2,854.75 |
| | Changes in Inventories of | | | |
| | Finished Goods | 28 | **2,085.99** | 4,261.89 |
| | Work-in-progress | | **4,282.48** | (388.45) |
| | Employee Benefits Expense | 29 | **8,610.56** | 10,835.35 |
| | Finance costs | 30 | **3,277.36** | 5,096.47 |
| | Depreciation and Amortization Expense | 31 | **1,978.15** | 2,580.94 |
| | Other Expenses | 32 | **11,588.52** | 17,297.35 |
| | **Total Expenses** | | **49,366.35** | 75,032.43 |
| **III** | **Profit/(Loss) before exceptional items and tax - (I-II)** | | **(6,257.95)** | (11,521.78) |
| IV | Share of Profit / (Loss) from a joint Venture | | **721.48** | 783.63 |
| **V** | **Profit/(Loss) before exceptional items and tax - (III+IV)** | | **(5,536.47)** | (10,738.15) |
| VI | Exceptional Items | 33 | **371.97** | (6,786.01) |
| **VII** | **Profit / (Loss) before tax (V-VI)** | | **(5,908.44)** | (3,952.14) |
| **VIII** | **Tax expense:** | | | |
| | (1) Current tax | | **-** | - |
| | (2) Deferred tax Expenses/(Income) | 34(a) | **(1,001.00)** | (2,831.50) |
| **IX** | **Profit / (Loss) for the period after tax from Continuing Operations (VII-VIII)** | | **(4,907.44)** | (1,120.64) |
| | A. Profit/ (Loss) from Discontinued operations | 35(a) | **(2,332.03)** | (4,003.64) |
| | B. Gain/(Loss) On Sale of Discontinued Opetations | 35(b) | **772.13** | - |
| | C. Tax Expenses of Discontinued Operations | | **-** | - |
| **X** | **Profit / (Loss) for the period after tax from Discontinued Operations (A+B-C)** | | **(1,559.90)** | (4,003.64) |
| **XI** | **Profit/(Loss) for the period after tax (IX + X)** | | **(6,467.34)** | (5,124.28) |
| | (A) Items that will not be reclassified to Profit or (Loss) | 36 | **(52.31)** | (16.23) |
| | (B) Income tax relating to items that will not be reclassified to Profit or Loss | 34(b) | **18.28** | (75.47) |
| **XII** | **Total Other Comprehensive Income/(Loss) (A+B)** | | **(34.03)** | (91.70) |
| **XIII** | **Total Comprehensive Income for the Period (XI + XII)** | | **(6,501.37)** | (5,215.97) |
| **XIV** | **Earnings Per Share** | **37** | | |
| | **No. of Paid - up Equity Shares (Face Value of Rs.10/- per share)** | | **48.16** | 48.16 |
| | **Earnings Per Share ( EPS) - Continuing Operations** | | | |
| | - Basic & Diluted EPS | | **(101.89)** | (23.27) |
| | **Earnings Per Share ( EPS) - Discontinued Operations** | | | |
| | - Basic & Diluted EPS | | **(32.39)** | (83.12) |
| | **Earnings Per Share ( EPS) - Continuing and Discontinued Operations** | | | |
| | - Basic & Diluted EPS | | **(134.28)** | (106.39) |
| | **Summary of Material Accounting Policies** | **2 to 4** | | |

The Accompanying notes form an integral part of the Standalone Financial Statements

In terms of our Report of Even Date

For **Brahmayya & Co.,**
Chartered Accountants
(ICAI Firm Reg. No: 000511S)

Sd/-
**N.Sri Krishna**
Partner
M. No: 026575

Place : Chennai
Date : 27th May 2026

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

Sd/-
**M E Manivannan**
Whole Time Director
(DIN: 02229808)

Sd/-
**N Srinivasan**
Chief Executive Officer

Sd/-
**U Thenappan**
Chief Financial Officer

Sd/-
**Dr V Rajesh**
Company Secretary

## Consolidated Statement of Changes in Equity for the Year Ended 31st March 2026

(Amounts are in INR Lakhs unless specified)

### A) EQUITY SHARE CAPITAL

| **For the year ended 31st March 2026** | | | | |
|---|---|---|---|---|
| **Balance as at 01st April 2025** | **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 2026** |
| **481.64** | **-** | **481.64** | **-** | **481.64** |

| For the year ended 31st March 2025 | | | | |
|---|---|---|---|---|
| Balance as at 01st April 2024 | Changes in Equity share capital due to prior period errors | Restated Balance at the beginning of financial year | Changes in Equity share capital during the year | Balance as at 31st March 2023 |
| 481.64 | - | 481.64 | - | 481.64 |

### B) OTHER EQUITY

| 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 01.04.2025 | 24.19 | 8,475.06 | 242.52 | 17,491.09 | 159.73 | 19.45 | 26,412.04 |
| Total Comprehensive Income/ (Loss) for the Current Year | - | - | - | (6,467.34) | (31.76) | (2.26) | (6,501.37) |
| Less: Dividend | - | - | - | | - | - | - |
| **Balance as at 31.03.2026** | **24.19** | **8,475.06** | **242.52** | **11,023.75** | **127.95** | **17.19** | **19,910.67** |

| 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 01-04-2024 | 24.19 | 8,475.06 | 242.52 | 22,615.37 | 251.27 | 19.60 | 31,628.01 |
| Total Comprehensive Income/ (Loss) for the Current Year | - | - | - | (5,124.28) | (91.53) | (0.16) | (5,215.97) |
| Less: Dividend | - | - | - | | - | - | - |
| **Balance as at 31.03.2025** | **24.19** | **8,475.06** | **242.52** | **17,491.09** | **159.73** | **19.45** | **26,412.04** |

The Accompanying notes form an integral part of the Standalone Financial Statements

In terms of our Report of Even Date

For **Brahmayya & Co.,**
Chartered Accountants
(ICAI Firm Reg. No: 000511S)

Sd/-
**N.Sri Krishna**
Partner
M. No: 026575

Place : Chennai
Date : 27th May 2026

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

Sd/-
**M E Manivannan**
Whole Time Director
(DIN: 02229808)

Sd/-
**N Srinivasan**
Chief Executive Officer

Sd/-
**U Thenappan**
Chief Financial Officer

Sd/-
**Dr V Rajesh**
Company Secretary

## Consolidated Cash Flow Statement for the Year Ended 31st March, 2026

(Amounts are in INR Lakhs unless specified)

| PARTICULARS | **For the Year Ended 31st March 2026** | For the Year Ended 31st March 2025 |
|---|---|---|
| **CASHFLOW FROM OPERATING ACTIVITIES** | | |
| Net Profit/(Loss) Before Tax after Exceptional Items | **(7,468.34)** | (7,955.78) |
| **Adjustments for** | | |
| Depreciation and Amortisation | **2,480.81** | 3,467.52 |
| Finance Costs | **3,277.36** | 5,096.47 |
| Provision for Inventory | **3,646.60** | 748.00 |
| Share of Profit from Joint Venture | **(721.48)** | (783.63) |
| Bad Debts & Provision for Expected Credit Loss | **561.10** | 664.21 |
| (Profit)/Loss on disposal of Fixed Assets | **(4,153.76)** | (8,132.88) |
| **OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES** | **(2,377.71)** | (6,896.08) |
| **Adjustments for Changes In Working Capital** | | |
| **Adjustment for (Increase)/Decrease in Operating Assets** | | |
| Inventories | **6,686.28** | 19,957.82 |
| Trade Receivables | **6,595.37** | 1,654.61 |
| Other Financial Assets | **694.10** | 800.71 |
| Other Assets | **2,699.07** | 953.96 |
| **Adjustment for Increase/ (Decrease) in Operating Liabilities** | | |
| Trade Payables | **(3,163.50)** | (3,251.59) |
| Other Financial Liabilities | **(2,116.16)** | 50.62 |
| Other Current Liabilities | **(248.40)** | 1,375.85 |
| Provisions | **88.38** | 151.90 |
| **CASH FLOW FROM OPERATING ACTIVITIES** | **8,857.44** | 14,797.79 |
| Income Tax (Paid)/Refund | **-** | - |
| **NET CASH FLOW FROM OPERATING ACITIVTIES (A)** | **8,857.44** | 14,797.79 |
| **CASHFLOW FROM INVESTING ACTIVITIES** | | |
| Payments for Assets acquisition | **(467.27)** | (20.76) |
| Proceeds on Sale of Property, Plant and Equipment | **14,043.70** | 10,548.14 |
| Dividend Received | **567.06** | 439.53 |
| **NET CASH FLOW FROM INVESTING ACTIVITIES (B)** | **14,143.49** | 10,966.91 |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Interest paid | **(3,202.18)** | (4,968.69) |
| Proceeds / (Repayment) of Short Term Borrowings | **(19,769.64)** | (20,893.09) |
| **NET CASH FLOW FROM FINANCING ACTIVITIES (C)** | **(22,971.82)** | (25,861.78) |
| NET CASH INFLOW / (OUTFLOW) ( A+B+C ) | **29.11** | (97.09) |
| OPENING CASH AND CASH EQUIVALENTS | **23.21** | 120.30 |
| **CLOSING CASH AND CASH EQUIVALENTS** | **52.32** | 23.21 |

## Consolidated Cash Flow Statement for the year ended 31$^{st}$ March, 2026

(All amounts in lakhs, unless other stated)

| Components of Cash and Cash Equivalents | **For the Year Ended 31st March 2026** | For the Year Ended 31st March 2025 |
|---|---|---|
| (i) In current accounts | **48.94** | 20.96 |
| (ii) In EEFC accounts | **3.13** | 1.25 |
| Cash in Hand | **0.25** | 1.01 |
| **Total** | **52.32** | 23.21 |

| | | |
|---|---|---|
| The Net cash flows attributable to the Operating Activities of Discontinued operations | **(970.98)** | (3,117.54) |
| The Net cash flows attributable to the Investing Activities of Discontinued operations | **7,934.26** | |
| The Net cash flows attributable to the Financing Activities of Discontinued operations | **-** | |

**The Statement of Cash Flows has been prepared under the indirect method as set out in Indian Accounting Standard 7 (Ind AS 7) Statement of Cash Flows**

The Accompanying notes form an integral part of the Standalone Financial Statements

In terms of our Report of Even Date

For **Brahmayya & Co.,**
Chartered Accountants
(ICAI Firm Reg. No: 000511S)

Sd/-
**N.Sri Krishna**
Partner
M. No: 026575

Place : Chennai
Date : 27$^{th}$ May 2026

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

Sd/-
**M E Manivannan**
Whole Time Director
(DIN: 02229808)

Sd/-
**N Srinivasan**
Chief Executive Officer

Sd/-
**U Thenappan**
Chief Financial Officer

Sd/-
**Dr V Rajesh**
Company Secretary

(Amounts are in INR Lakhs unless specified)

## 1. Corporate Information

Loyal Textile Mills Limited ("the Holding Company") is a Public Limited Company incorporated and domiciled In India and it's registered office situated at Tamilnadu, India. The Holding Company is engaged in the Business of Manufacturing of Yarn, Fabrics and Garments. The Holding Company shares are listed in Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE)..

## 2. Basis of Preparation

These notes provide the list of the material accounting policies adopted in the preparation of these Consolidated Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### a) Statement of Compliance with Ind AS

The Consolidated Financial Statements of the Holding Company have been prepared in accordance with the Indian Accounting Standards as notified under Section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015 (by Ministry of Corporate Affairs ('MCA')). The Holding Company has uniformly applied the accounting policies during the periods presented.

The Consolidated Financial statements for the year ended 31st March 2026 were authorized and approved for issue by the Board of Directors on 27th May 2026.

### b) Historical cost convention

The Consolidated Financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments that are measured at fair value or amortized cost
- Defined benefit plans – plan assets measured at fair value; and
- Assets held for sale – measured at lower of carrying amount and fair value less cost to sell;

### c) Current / Non – Current Classification

Any asset or liability is satisfied as current if it satisfies any of the following conditions:

- Asset / Liability is expected to be realised / settled in the Holding Company's normal operating cycle
- Asset is intended for sale or consumption
- Asset / Liability is held primarily for the purpose of trading
- Asset is a cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date
- In case of a Liability, the Holding Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date

For the purpose of this classification, the Holding Company has ascertained its normal operating cycle as twelve months, which is based on the nature of business and time between acquisition of assets and their realisation in cash and cash equivalents.

## 3. Use of Material Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the Consolidated Financial Statements. They affect the application of the Holding Company's accounting policies, reporting amounts of assets, liabilities, income and expense and disclosures made. Although these estimates are based on management's best knowledge of current events and actions, actual result may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgements are described below:

### 3.1. Use of estimation and assumption

In the process of applying the Holding Company's accounting policies, management had made the following estimation and assumptions that have the significant effect on the amounts recognized in the Consolidated Financial statements. The estimates and assumptions used in accompanying Consolidated Financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the Consolidated Financial statements, reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.

#### a) Property, Plant and Equipment & Intangible Assets

Key estimates related to property, plant and equipment and intangible assets include useful lives, recoverability of carrying values and the existence of any retirement obligations. As a result of future decisions, such estimates could be significantly modified. The useful lives as mentioned in Note No. 4.1 and Note No. 4.2 is applied as per Schedule II of Companies Act, 2013 and estimated based upon our historical experience, technical estimation and industry information. These estimates include an assumption regarding periodic maintenance and an appropriate level of annual capital expenditures to maintain the assets.

**b) Employee Benefits - Measurement of Defined Benefit Obligation (DBO)**

Management assesses post-employment and other employee benefit obligations using the projected unit credit method based on actuarial assumptions which represent management's best estimates of the variables (such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases) that will determine the ultimate cost of providing post-employment and other employee benefits. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

### 3.2. Critical judgements made in applying accounting policies

**a) Revenue**

The Holding Company recognizes revenue from contracts with customers based on a five-step model as per Ind AS 115 which involves judgements such as identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables. The management exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time It considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

**b) Recognition of Deferred Tax Assets**

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

**c) Evaluation of Indicators for Impairment of Assets**

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**d) Expected Credit Losses**

Expected credit losses of the Holding Company are based on an evaluation of the collectability of receivables. A considerable amount of judgement is required in assessing the ultimate realization of these receivables, including their current credit worthiness, past collection history of each customer and ongoing dealings with them. If the financial conditions of the counterparties with which the Holding Company contracted were to deteriorate, resulting in an impairment of their ability to make payments, additional expected credit loss may be required.

**e) Useful Life of Depreciable/Amortizable Assets**

Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment.

**f) Fair Value Measurements**

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

**g) Provisions**

At each reporting date basis the management judgement, changes in facts and legal aspects, the Holding Company assess the requirement of the provisions. However, the actual future outcome may be different from this judgement.

**h) Leases**

The Holding Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Holding Company has several lease contracts that include extension and termination options. The Holding Company applies judgement in evaluating whether it is reasonably certain or not to exercise the option to renew or terminate the lease. That considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Holding Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

### 3.3. Recent Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time.

On 7th May 2025, MCA notifies the Companies (Indian Accounting Standards) Amendment Rules, 2025, applicable from 1st April 2025 as below:

**Ind AS 21 The Effects of Changes in Foreign Exchange Rates**

The amendment provides guidance on determining the exchange rate when a currency is not exchangeable into another currency. Where exchangeability is lacking, entities are required to estimate the spot exchange rate that would be used in an orderly transaction under prevailing economic conditions and disclose the estimation process, key inputs, and associated risks.

The Holding Company does not expect this amendment to have any significant impact on its Consolidated Financial statements.

On 13th August 2025, MCA notifies the Companies (Indian Accounting Standards) Amendment Rules, 2025, applicable from 1st April 2025 as below:

**Ind AS 107 Financial Instrument Disclosures & Corresponding alignment to Ind AS 7 Statement of Cash Flows:**

The amendment provides inclusion of specific disclosure requirements relating to Supplier Finance Arrangements (SFAs) which requires the entity to disclose the nature and terms of such arrangements for the users to comprehend the liquidity & working capital management of the entity. The Holding Company has reviewed the amendment and based on its evaluation; the Holding Company has determined that it does not have any significant impact on its Consolidated Financial Statements.

**Ind AS 1 Presentation of Financial Statements**

The amendment provides revision on the principles for classification of liabilities as current or non-current, particularly in relation to covenants. Under the revised guidance, the right to defer settlement must exist at the reporting date and must have substance, rather than being assessed based on the ability to defer settlement for at least twelve months after the reporting date. The amendment also introduces specific guidance on the classification of liabilities subject to covenant conditions. The Holding Company has no impact of these amendments in its classification criteria of current and non-current liabilities.

**Ind AS 12 Income Taxes**

The amendment incorporates certain exceptions relating to the recognition and disclosures of deferred tax arising from implementation of the Organisation for Economic Co-operation and Development ("OECD") Pillar Two Model rules. The amendment had no impact on the Holding Company's Consolidated Financial Statements as the Holding Company is not in the scope of the Pillar Two model rules.

## 4. Material Accounting Policies

### 4.1 Basis of Consolidation

**Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Profit or loss and other comprehensive income ('OCI') of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable. All the consolidated subsidiaries have a consistent reporting date of 31st March 2026.

The Group combines the Financial Statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intergroup transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. Profit or loss and each component of OCI are attributed to the equity holders of the Holding Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiaries. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized within equity.

**Associates and Joint Ventures**

An associate is an entity over which the Holding Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates are accounted using the equity method, after initially being recognized at cost.

Investments in joint arrangement are classified as either Joint operations or Joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the Joint arrangement.

- Joint ventures – Joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Interest in joint venture is accounted for using the equity method, after initially being recognized at cost.
- Joint operations – Joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Holding Company recognizes its direct right to the assets, liabilities, revenue and expenses of Joint operations and its share of any jointly held or incurred assets, liabilities, revenue and expenses. These have been incorporated in the financial statement under the appropriate heading

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Holding Company's share of the post-acquisition profits or losses of the investee in profit and loss, and the Holding Company's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment. When the Holding Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Holding company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the Holding Company and its associates and joint ventures are eliminated to the extent of the Holding Company's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Holding Company. The carrying amount of equity accounted investments is tested for impairment in accordance impairment of non-financial asset policy

**Business Combinations**

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition date fair values. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the difference is recognized in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through OCI.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which the similar borrowing could be obtained from an independent financier under comparable terms and condition. Contingent consideration is classified either as equity or financial liability. Amount classified as financial liability are subsequently re-measured to fair value with changes in fair value recognized in profit or loss. Business combinations involving entities or businesses under common control have been accounted for using the pooling of interest's method. The assets and liabilities of the combining entities are reflected at their carrying amounts. No adjustments have been made to reflect fair values, or to recognize any new assets or liabilities except changes made to harmonize the accounting policies.

## 4.2 Property, Plant and Equipment and Depreciation

### Initial Recognition

All items of property, plant and equipment are initially measured at cost. The cost of an item of plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Holding Company and the cost of the item can be measured reliably.

Cost includes its purchase price (after deducting trade discounts and rebates), import duties & non-refundable purchase taxes, any costs directly attributable to bringing the asset to the location & condition necessary for it to be capable of operating in the manner intended by management, borrowing costs on qualifying assets and asset retirement costs.

The activities necessary to prepare an asset for its intended use or sale extend to more than just physical construction of the asset. It may also include technical (DPR, environmental, planning, Land acquisition and geological study) and administrative work such as obtaining approvals before the commencement of physical construction.

The cost of replacing a part of an item of property, plant and equipment is capitalized if it is probable that the future economic benefits of the part will flow to the Holding Company and that its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

Costs of day-to-day repairs and maintenance costs are recognized into the statement of profit and loss account as incurred.

### Subsequent measurement

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values estimated useful lives and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

### Depreciation

Depreciation is provided on Straight Line Method, as per the provisions of Schedule II of the Companies Act, 2013 or based on useful life estimated on the technical assessment. Asset class wise useful lives are as under:

| Type of Assets | Useful Life |
|---|---|
| Leasehold Land | Over the term of lease |
| Buildings | 30 Years |
| Plant and Machinery | 8 Years |
| Office Equipment | 5 Years |
| Furniture and Fittings | 8 Years |
| Vehicle | 8 Years |

In respect of additions / deletions to the Property Plant and Equipment / leasehold improvements, depreciation is charged from the date the asset is ready to use / up to the date of deletion.

### De-recognition

An item of plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de recognition of the asset is recognized in the profit or loss in the year the asset is derecognized.

### Capital Work in Progress and Capital Advances

Cost of asset not ready for intended use and assets under installation or under construction as at the Balance Sheet date are shown as Capital Work in Progress. Advances given towards acquisition of Property, Plant and Equipment outstanding at each Balance Sheet date are disclosed as Other Non-Current Asset in accordance with Schedule III to the Companies Act, 2013.

## 4.3 Intangible Assets & Amortization

### Initial Recognition

Intangible assets acquired separately are initially measured at cost. Intangible assets are recognized if, it is probable that the future economic benefits that are attributable to the asset will flow to the Holding Company and the cost of the asset can be measured reliably.

(Amounts are in INR Lakhs unless specified)

Cost of separately acquired intangible asset includes its purchase price (after deducting trade discounts and rebates), import duties & non-refundable purchase taxes, any costs directly attributable to preparing the asset for its intended use.

Intangible assets acquired in a business combination are recognized at fair value at the acquisition date. Subsequently, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

**Subsequent measurement and amortization**

Intangible assets are stated at cost of acquisition less accumulated amortization and accumulated impairment losses, if any. Subsequent expenditure related to an item of intangible assets are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values estimated useful lives and amortization method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortized on a straight-line basis over the period of their estimated useful lives.

The amortization expense is recognized in the Consolidated statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Indefinite-life intangible assets comprise of those assets for which there is no foreseeable limit to the period over which they are expected to generate net cash inflows. These are considered to have an indefinite life, given the strength and durability of the Holding Company and the level of marketing support.

**De-recognition**

An item of Intangible Assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de recognition of the asset is recognized in the profit or loss in the year the asset is derecognized.

For indefinite life intangible assets, the assessment of indefinite life is reviewed annually to determine whether it continues, if not, it is impaired or changed prospectively based on revised estimates.

### 4.4 Investment Property

**Initial Recognition**

Investment properties comprise of immovable properties that are held to earn rentals or for capital appreciation, or both. Investment properties are measured initially at their cost of acquisition, including transaction costs. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Holding Company. All other repair and maintenance costs are recognised in the Consolidated Statement of Profit and Loss as incurred.

Though the Holding Company measures investment property using 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 Consolidated 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.

**Subsequent measurement (depreciation and useful lives)**

Depreciation on investment properties is provided on the straight-line method, computed on the basis of useful lives prescribed in Schedule II to the Companies Act, 2013. In case of leasehold properties, the same is depreciated over the lease term or useful life whichever is lower

**De-recognition**

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized as other operating income in the Consolidated Statement of Profit and Loss in the period of de-recognition.

### 4.5 Non-current Assets held for sale

The Holding 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. 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 Holding Company treats sale of the asset to be highly probable when:

a) The appropriate level of management is committed to a plan to sell the asset,

b) An active programme to locate a buyer and complete the plan has been initiated (if applicable),

c) The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and

d) 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.

Subsequently, such non-current assets and disposal groups classified as 'held for sale' are measured at the lower of it carrying value and fair value less costs to sell. Non-current assets held for sale are no longer depreciated or amortized.

### 4.6 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. Capitalisation of borrowing cost is suspended in the period during which the active development is delayed due to other than temporary interruption. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest, exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other costs that an entity incurs in connection with the borrowing of funds.

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

### 4.7 Inventories

Inventories consisting of Raw materials, Stores and Spares, work in progress and finished goods are measured at the lower of cost and net realizable value. The cost of all categories of inventories is based on the weighted average method.

Cost of raw materials, consumables, stores and spares includes cost of purchases and other directly attributable costs incurred in bringing the inventories to its present location and condition.

Cost of work-in-progress and finished goods comprises direct material, direct labour and an appropriate proportion of variable and fixed overhead expenditure. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

### 4.8 Impairment of Non – Financial Assets

At each reporting date, the Holding Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Holding Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of Profit and Loss, except for properties previously revalued with the revaluation surplus taken to Other Comprehensive Income ("OCI"). For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation surplus.

After impairment, depreciation or amortization is provided on the revised carrying amount of the asset over its remaining useful life.

The impairment assessment for all assets is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Holding Company estimates the assets or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was

(Amounts are in INR Lakhs unless specified)

recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

**4.9 Financial Assets**

Financial assets comprise of investments in equity, trade receivables, cash and cash equivalents and other financial assets.

**Initial recognition**

Financial assets are recognized when the Holding Company becomes a party to the contractual provisions of these instruments. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets and at fair value through profit or loss) are added to or deducted from the fair value of the financial assets on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognized immediately as profit or loss.

**Subsequent Measurement**

a) **Financial assets measured at amortized cost**:

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the Statement of Profit and Loss.

The Holding Company while applying above criteria has classified the following at amortized cost:

(i) Trade Receivables

(ii) Cash and Cash Equivalents

(iii) Other Financial Assets

b) **Financial assets at fair value through other comprehensive income (FVTOCI):**

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, selling the financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at FVTOCI. Fair Value movements in financial assets at FVTOCI are recognized in other comprehensive income. Equity instruments held for trading are classified at fair value through profit or loss (FVTPL). For other equity instruments the Holding Company classifies the same either at FVTOCI or FVTPL on instrument-to-instrument basis. The classification is made on initial recognition and is irrevocable. Fair value changes on equity investments at FVTOCI, excluding dividends are recognized in other comprehensive income (OCI).

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

Financial assets are measured at fair value through profit or loss if it does not meet the criteria for classification as measured at amortized cost or at fair value through other comprehensive income. All fair value changes are recognized in the Consolidated statement of profit and loss.

d) Investment in subsidiaries, joint ventures & associates are carried at cost in the Consolidated Financial Statements. However, a provision for diminution in value is made to recognize a decline other than temporary in value of the investments.

**Impairment**

Financial assets are tested for impairment based on the expected credit losses in accordance with Ind AS 109 on the following financial assets:

a) **Trade Receivables**

An impairment analysis is performed at each reporting date. The expected credit losses over lifetime of the asset are estimated by adopting the simplified approach using a provision matrix on its portfolio of trade receivables, which is based on historical loss rates reflecting current condition and forecasts of future economic conditions. In this approach assets are grouped on the basis of similar credit characteristics such as customer segment, past due status and other factors which are relevant to estimate the expected cash loss from these assets.

b) **Other financial assets**

Other financial assets are tested for impairment based on significant change in credit risk since initial recognition and impairment is measured based on probability of default over the lifetime when there is significant increase in credit risk.

**De-recognition**

A financial asset is derecognized only when:

- The Holding Company has transferred the rights to receive cash flows from the financial asset, or
- The contractual right to receive cash flows from financial asset is expired, or
- Retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset and transferred substantially all risks and rewards of ownership of the financial asset, in such cases the financial asset is derecognized. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is also derecognized if the Holding Company has not retained control of the financial asset.

### 4.10 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank (including deposits with banks with original maturity of three months or less) and cash in hand and short-term investments with an original maturity of three months or less. Deposits with banks are subsequently measured at amortized cost and short-term investments are measured at fair value through statement of profit & loss account.

### 4.11 Share Capital

Equity Shares are classified as equity.

### 4.12 Financial Liabilities

**Initial Recognition**

Financial liabilities are recognized when, and only when, the Holding Company becomes a party to the contractual provisions of the financial instrument. The Holding Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value plus any directly attributable transaction costs, such as loan processing fees and issue expenses.

**Subsequent Measurement - at amortized cost**

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are de recognized, and through the amortization process.

**De-recognition**

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### 4.13 Employee benefits

Employee benefits are charged to the Consolidated Statement of Profit and Loss for the year.

Retirement benefits in the form of Provident Fund and Employee State Insurance (ESI) are defined contribution scheme and such contributions are recognized, when the contributions to the respective funds are due. There is no other obligation other than the contribution payable to the respective funds.

Gratuity liability is defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial year. Re measurement in case of defined benefit plans gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income and they are included in the statement of changes in equity.

The amount of Non-current and Current portions of employee benefits is classified as per the actuarial valuation at the end of each financial year.

### 4.14 Income Taxes

Income tax expense is comprised of current and deferred taxes. Current and deferred tax is recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current income tax relating to items recognized outside profit and loss is recognized outside profit and loss (either in other comprehensive income or in equity). Current income taxes for the current period, including any adjustments to tax payable in respect of previous years, are recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the tax rates that are enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are recognized for temporary differences between the Consolidated Financial statement carrying amounts of existing assets and liabilities and their respective tax base using the tax rates that are expected to apply in the period in which the deferred tax asset or liability is expected to settle, based on the laws that have been enacted or substantively enacted by the end of reporting period.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced accordingly to the extent that it is no longer probable that they can be utilized.

Deferred tax assets and liabilities are offset when there is legally enforceable right of offset current tax assets and liabilities when the deferred tax balances relate to the same taxation authority. Current tax asset and liabilities are offset where the entity has legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Deferred Tax relating to items recognized outside profit or loss is recognized outside profit and loss (either in other comprehensive income or in equity).

### 4.15 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Holding Company as a lessee

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

(i) the contract involves the use of an identified asset

(ii) the Holding Company has substantially all of the economic benefits from use of the asset through the period of the lease, and

(iii) the Holding Company has the right to direct the use of the asset

The Holding Company's lease assets consist of the following**:**

| Asset Description | Useful life |
|---|---|
| Leasehold Land | As per Lease period |

At date of commencement of leases, the Holding Company recognizes a right of use asset (ROU) and a corresponding lease liability for all the lease arrangements, except for those with a term of twelve month or less (short term leases) and leases of low value assets. For these leases, the Holding Company recognizes lease payments as an operating expense on straight line basis over the lease term.

#### Initial Measurement

ROU assets are initially measured at cost that comprises of the initial amount of lease liability adjusted for any lease payments made at or prior to the date of commencement, initial direct costs and lease incentives (if any).

Lease Liability is initially measured at the present value of future lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease or, if not readily determinable, incremental borrowing rate.

#### Subsequent Measurement

ROU assets are subsequently measured at cost less accumulated depreciation and impairment loss, if any. ROU is depreciated from the date of commencement on a straight-line basis over the shorter of lease term or useful life of the underlying asset.

Lease Liability is subsequently measured by increasing the carrying amount to reflect interest and reducing the carrying amount to reflect the lease payments made.

The carrying amount of lease liability is remeasured to reflect any reassessment or lease modification such as change in lease term.

**Company as a lessor**

Leases for which the Holding Company is a lessor is classified as finance or operating lease. Leases in which the Holding Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Lease income from operating leases is recognized in statement of profit and loss on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

### 4.16 Provisions

A provision is recognized if, as a result of a past event, the Holding 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 measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Provisions are reviewed and adjusted, when required, to reflect the current best estimate at the end of each reporting period.

The Holding Company recognizes decommissioning provisions in the period in which a legal or constructive obligation is incurred. A corresponding decommissioning cost is added to the carrying amount of the associated property, plant and equipment, and it is depreciated over the estimated useful life of the asset.

### 4.17 Contingent Liabilities

Contingent liability is disclosed in case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- A present obligation arising from past events, when no reliable estimate is possible;
- A possible obligation arising from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Holding Company where the probability of outflow of resources is not remote.

### 4.18 Contingent Assets

Contingent assets are not recognized but disclosed in the Consolidated Financial statements when an inflow of economic benefits is probable.

### 4.19 Fair Value Measurements

Holding Company follows the hierarchy mentioned underneath for determining fair values of its financial instruments:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value for these instruments is determined using Level 1 inputs.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is fair valued using level 2 inputs.

If one or more of the significant inputs is not based on observable market data, the instrument is fair valued using Level 3 inputs. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting dates, with the resulting value discounted back to present value

(Amounts are in INR Lakhs unless specified)

- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

**4.20 Revenue Recognition**

Revenue is recognized based on the nature of activity to the extent it is probable that the economic benefits will flow to the Holding Company and revenue can be reliably measured. The Holding Company collects Goods and Service Tax (GST) on behalf of the government and, therefore, these are not economic benefits flowing to the Holding Company. Hence, they are excluded from revenue. The following specific recognition criteria must also be met before revenue is recognised

**Sale of Products**: Revenue is measured at the fair value of the consideration received or receivable for goods supplied net of returns and discounts to customers. Revenue from sale of goods is recognised on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

**4.21 Other Income**

**Interest Income**

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Holding Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Interest income on fixed deposits is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

**Dividend income**

Dividend income is recognized at the time when right to receive the payment is established, which is generally when the shareholders approve the dividend.

**Rental income**

Rental income is recognised on a straight-line basis over the period of the lease/contract, in accordance with the terms of the agreement, unless another systematic basis is more representative of the time pattern of the user's benefit.

**4.22 Foreign currency transactions**

**Functional and presentation Currency**

The Consolidated Financial statements are presented in Indian Rupee (INR) which is also the functional and presentation currency of the Holding Company.

**Transaction and Balances**

Transactions in foreign currencies are translated to the functional currency of the Holding Company, at exchange rates in effect at the transaction date. Foreign exchange gains and losses arising from the settlement of these transactions are recognised in the statement of profit and loss.

At each reporting date monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the date of the Consolidated Financial statement. Exchange differences arising on translation are recognised in the statement of profit and loss.

The translation for other non-monetary assets and liabilities is not updated from historical exchange rates unless they are carried at fair value.

**4.23 Government Grants**

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset. 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.

(Amounts are in INR Lakhs unless specified)

**4.24 Earnings per share**

Basic earnings per share are calculated by dividing the profit attributable to owners of the Holding Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus Issue. bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares) in equity shares issued during the year and excluding treasury shares.

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account, the after-income tax effect of interest and other financing costs associated with dilutive potential equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**4.25 Segment Reporting**

Operating segments are identified and reported in a manner consistent with the internal financial reporting provided to the chief operating decision makers responsible for allocating resources and assessing performance of the operating segments.

**4.26 Events after reporting date:**

Where events occurring after the Balance Sheet provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the Consolidated Financial Statements.

Non-Adjusting events after the Balance Sheet date which are material size or nature are disclosed separately in the Consolidated Financial Statements.

## 5. Property, Plant & Equipment, Intangible Assets and Investment Property

| Particulars | Property, Plant & Equipment | | | | | | | Total PPE | Intangible Assets | Investment Property |
|---|---|---|---|---|---|---|---|---|---|---|
| | Land** | Building | Plant and Equip-ment | Furniture and Fittings | Electrical Fittings | Vehicles | Office Equip-ment | | | |
| **Gross Block** | | | | | | | | | | |
| **As at 1st April 2024** | **1,406.97** | **13,210.85** | **49,298.15** | **424.84** | **1,931.25** | **212.15** | **493.06** | **66,977.27** | **216.65** | **180.96** |
| Additions | - | - | 48.93 | - | 34.66 | - | 11.55 | 95.14 | 1.00 | - |
| Disposals | (410.97) | (295.91) | (3,773.53) | (3.38) | (39.65) | (2.30) | (37.31) | (4,563.03) | - | (162.82) |
| Assets moved to held for sale | (82.10) | (44.80) | (3,920.38) | - | - | - | - | (4,047.29) | - | - |
| **As at 31st March 2025** | **913.90** | **12,870.14** | **41,653.18** | **421.47** | **1,926.27** | **209.85** | **467.30** | **58,462.09** | **217.64** | **18.14** |
| Additions | | 189.38 | 163.62 | 142.97 | 10.25 | | 12.50 | 518.71 | | - |
| Disposal - Held for Sale | (178.55) | (4,934.57) | (8,904.72) | (20.15) | (918.30) | - | | (14,956.29) | | - |
| Disposal - Others | (0.14) | (0.02) | (4,337.58) | (0.47) | - | (23.59) | | (4,361.79) | | |
| Assets moved to held for sale | (4.66) | (1,381.47) | (1,883.19) | (16.80) | (225.94) | (1.61) | (34.11) | (3,547.77) | - | |
| **As at 31st March 2026** | **730.53** | **6,743.46** | **26,691.31** | **527.03** | **792.28** | **184.65** | **445.68** | **36,114.95** | **217.64** | **18.14** |
| **Accumulated Depreciation/ Amortisation** | | | | | | | | | | |
| **As at 1st April 2024** | **4.92** | **3,723.96** | **28,167.22** | **247.22** | **1,284.98** | **91.54** | **324.27** | **33,844.13** | **155.83** | **29.19** |
| Depreciation for the Year | 1.59 | 438.59 | 2,770.83 | 38.61 | 114.83 | 24.53 | 62.82 | 3,451.80 | 13.53 | 2.19 |
| Disposals/Adjustments | - | (61.15) | (2,128.46) | (2.36) | (13.83) | (1.04) | (29.61) | (2,236.45) | - | (27.16) |
| Assets moved to held for sale | - | (23.06) | (1,990.97) | - | - | - | - | (2,014.03) | | |
| **As at 31st March 2025** | **6.51** | **4,078.35** | **26,818.62** | **283.47** | **1,385.98** | **115.03** | **357.47** | **33,045.45** | **169.36** | **4.21** |
| Depreciation for the Year | 1.19 | 349.30 | 1,963.78 | 31.31 | 79.83 | 14.21 | 28.61 | 2,468.23 | 12.09 | 0.48 |
| Disposal - Held for Sale | - | (1,505.85) | (5,520.63) | (18.00) | (807.56) | - | - | (7,852.05) | - | - |
| Disposal - Others | - | - | (3,428.40) | (0.23) | - | (9.64) | - | (3,438.27) | - | - |
| Assets moved to held for sale | - | (508.35) | (1,412.13) | (2.70) | (145.20) | (0.00) | (21.14) | (2,089.52) | - | - |
| **As at 31st March 2026** | **7.70** | **2,413.44** | **18,421.24** | **293.85** | **513.05** | **119.60** | **364.94** | **22,133.85** | **181.45** | **4.70** |
| **Net Block** | | | | | | | | | | |
| **As at 31st March 2025** | **907.39** | **8,791.80** | **14,834.56** | **138.00** | **540.28** | **94.82** | **109.82** | **25,416.64** | **48.28** | **13.93** |
| **As at 31st March 2026** | **722.84** | **4,330.02** | **8,270.08** | **233.17** | **279.23** | **65.05** | **80.74** | **13,981.10** | **36.20** | **13.44** |

**Notes on property, plant and equipment**

** Includes Rs.153.39 lakhs of Land on "right of use basis" which is depreciated over the useful life of lease term

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 **31.03.2026** amounting to **Rs. 1600 lacs** is management estimate based on the available market information and the same is not valued by a registered valuer.

## 5A Capital Work in Progress at Cost

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Balance at the beginning of the period | **5.49** | 46.96 |
| Additions during the year | **580.41** | 54.66 |
| Capitalisation during the year | **(518.71)** | (96.14) |
| **Balance at the end of the period** | **67.19** | 5.49 |

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

1 **Capital Work in Progress (CWIP) ageing schedule**

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Less than 1 Year | **67.19** | 5.49 |
| 1-2 Years | | |
| 2-3 years | | |
| More than 3 Years | | |
| **Total** | **67.19** | 5.49 |

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

## 5B Assets Classified as held for Sale

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Opening Non-current Assets Held for Sale | **2,033.26** | - |
| Add: Transfer from Property, Plant & Equipment | **8,562.50** | 2,033.26 |
| Less: Disposed during the Year * | **(9,137.50)** | - |
| **Total** | **1,458.26** | 2,033.26 |

**Notes:**

1 The Non-current Assets Held for Sale amounting to INR 1,458.26 lakhs as at 31st March 2026, comprises of Assets relating to the discontinued operations of Chintamani Textile Mills (CTM) Unit, Sivagangai. The management is committed to the disposal of these assets and expects the disposal to be completed in the near future. Accordingly, these assets have been classified as “Non-current Assets Held for Sale” in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations.

2 *Pursuant to discontinuation of manufacturing activities at the Naidupet Unit of Shri Vishala Textile Mills (SVTM), assets amounting to INR 7104.24 lakhs were transferred from Property, Plant and Equipment to Non-current Assets Held for Sale. The assets were subsequently disposed of during the year.

Further, windmill assets classified as Non-current Assets Held for Sale during the previous year amounting to INR 2033.26 Lakhs were disposed of during the current year.

The assets classified as held for sale are measured in accordance with the requirements of Ind AS 105, i.e., at the lower of their carrying amount and fair value less costs to sell.

(Amounts are in INR Lakhs unless specified)

## 6 Non-Current Investments.

| S.No | Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|---|
| | **Joint Venture** | | |
| 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.)* | | |
| | Add: Accumulated Share of Total Comprehensive Income and dividend paid | **3,395.45** | 3,051.36 |
| | Add: Share of Profit/(Loss) during the Year | **721.48** | 783.63 |
| | Less: Dividend Received during the year | **(567.06)** | (439.53) |
| | | **3,699.17** | 3,544.75 |
| II | **Investments in Equity Instruments carried at FVTOCI** | | |
| | **Investments in Equity Instruments:** | | |
| | **A) Quoted** | | |
| 1 | Central Bank of India Limited | **0.46** | 0.63 |
| | 1,469 Equity shares of Rs. 10/- each fully paid up. | | |
| 2 | Amrutanjan Health Care Limited | **4.95** | 6.45 |
| | 1,000 Equity shares of Rs. 1/- each fully paid up. | | |
| 3 | Matrimony.com Limited | **9.04** | 10.86 |
| | 2,120 Equity shares of Rs. 5/- each fully paid up. | | |
| | | **14.45** | 17.93 |
| | **B) Unquoted** | | |
| 1 | Dhanvantari Nano Ayushadi Private Limited | **2.50** | 2.50 |
| | 25,000 Equity shares of Rs. 10/- each fully paid up. | | |
| 2 | Cuddalore Sipcot Industries Common Utilities Limited | **4.67** | 4.67 |
| | 4,665 Equity shares of Rs. 100/- each fully paid up. | | |
| 3 | SIMA Textile Processing Centre Limited | **2.00** | 2.00 |
| | 20,000 Equity shares of Rs. 10/- each fully paid up. | | |
| 4 | Dhanvantari Nano Ayushadi Private Limited | **-** | 22.50 |
| | 2,25,000 Compulsorily Convertible Debentures of Rs. 10 each | | |
| | | **9.17** | 31.67 |
| | | **23.62** | 49.60 |
| III | **Investments carried at Amortised Cost** | | |
| 1 | Investment in Government or trust securities | **0.10** | 0.10 |
| | | **0.10** | 0.10 |
| | **Total Non-Current Investments** | **3,722.89** | 3,594.45 |
| | **Aggregate value of:** | | |
| | Quoted Investments | **14.45** | 17.93 |
| | Unquoted Investments | **3,708.44** | 3,576.52 |
| | Less : Provision for Impairment on Investments carried at Cost | **-** | - |
| | **Investments Net of Impairment** | **3,722.89** | 3,594.45 |

(Amounts are in INR Lakhs unless specified)

## 7 Deferred Tax Assets (Net)

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| **Deferred Tax Liabilities:** | | |
| - On account of Depreciation | **(1,627.92)** | (3,498.62) |
| **Deferred Tax Assets:** | | |
| - on account of timing differences under Income tax | **5,505.08** | 6,356.50 |
| MAT credit Entitlement | **281.79** | 281.79 |
| **Total** | **4,158.94** | 3,139.67 |

## 8 Other Non-Current Asset

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Capital Advances | **509.94** | 511.65 |
| Electricity Deposit | **1,420.97** | 1,853.59 |
| **Total** | **1,930.91** | 2,365.24 |

## 9 Inventories

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Raw Materials | **2,602.89** | 2,929.66 |
| Work-in-progress | **4,100.10** | 8,994.60 |
| Finished Goods | **5,055.54** | 7,380.39 |
| Stores, spares and Packing Materials | **1,138.22** | 1,548.88 |
| | **12,896.75** | 20,853.52 |
| *Less: Provision for Impairment* | **(2,376.11)** | - |
| **Total** | **10,520.64** | 20,853.52 |

## 10 Trade Receivables

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| **Unsecured** | | |
| (i) Trade Receivables - Unsecured, Considered Good | **6,373.38** | 13,529.85 |
| (ii) Trade Receivables which have significant increase in credit risk | **1,307.41** | 778.22 |
| | **7,680.79** | 14,308.07 |
| *Less: Provision for Expected Credit Loss* | **(1,307.41)** | (778.22) |
| **Total** | **6,373.38** | 13,529.85 |

(Amounts are in INR Lakhs unless specified)

**Ageing of Receivables**

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| **a) Undisputed Trade receivables – considered good** | | |
| Less than 6 months | **5,382.13** | 12,091.83 |
| 6 months to 1 year | **332.19** | 299.24 |
| 1 to 2 years | **315.21** | 1,042.20 |
| 2 to 3 years | **343.84** | (494.47) |
| More than 3 years | **-** | - |
| **(b) Undisputed Trade Receivables – which have significant increase in credit risk** | | |
| Less than 6 months | **-** | - |
| 6 months to 1 year | **15.69** | - |
| 1 to 2 years | **135.09** | 591.03 |
| 2 to 3 years | **802.29** | - |
| More than 3 years | **232.91** | 656.79 |
| **(c) Disputed Trade Receivables – which have significant increase in credit risk** | | |
| Less than 6 months | **-** | - |
| 6 months to 1 year | **-** | - |
| 1 to 2 years | **-** | - |
| 2 to 3 years | **-** | - |
| More than 3 years | **121.43** | 121.43 |

## 11 Cash and Cash Equivalents

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| **Balance with banks** | | |
| (i) In current accounts | **48.94** | 20.96 |
| (ii) In EEFC accounts | **3.13** | 1.25 |
| Cash in Hand | **0.25** | 1.01 |
| **Total** | **52.32** | 23.21 |

## 12 Bank Balances other than Cash and Cash equivalents

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| **Earmarked Deposit accounts** | | |
| Unpaid Dividend Account | **8.95** | 13.48 |
| Margin Money Deposits | **971.36** | 392.95 |
| **Total** | **980.31** | 406.43 |

(Amounts are in INR Lakhs unless specified)

## 13 Other Financial Assets

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Government Grants and Subsidies Receivable | **3,649.85** | 4,898.87 |
| Interest Accured on Margin Money Deposits | **18.31** | 4.50 |
| Other Receivable | **28.85** | 61.62 |
| **Total** | **3,697.01** | 4,964.99 |

## 14 Current Tax - Assets (Net)

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Advance payment of tax (Net of provision) | **474.08** | 277.07 |
| **Total** | **474.08** | 277.07 |

## 15 Other Current Assets

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| GST Refund / GST ITC Receivable | **3,481.56** | 4,576.59 |
| Advances to Suppliers | **1,204.29** | 2,167.76 |
| Advances to Employees | **10.91** | 42.08 |
| Deposits | **179.45** | 150.17 |
| Prepaid Expenses | **206.42** | 556.35 |
| **Total** | **5,082.63** | 7,492.94 |

(Amounts are in INR Lakhs unless specified)

## 16 Equity Share Capital

### A Authorised, Issued, Subscribed, Paid-up share capital

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| **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 |
| (Previous year 6,00,000 preference shares of Rs.100 each) | | |
| **Issued & Subscribed Share Capital** | | |
| 48,16,446 Equity Shares of Rs.10/- each fully paid - up | **481.64** | 481.64 |
| (Previous year 48,16,446 equity shares of Rs.10/- each) | | |
| **Paid-up Share Capital** | | |
| 48,16,446 Equity Shares of Rs.10/- each fully paid - up | **481.64** | 481.64 |
| (Previous year 48,16,446 equity shares of Rs.10/- each) | | |

### B Reconciliation of Equity shares outstanding at the Beginning and at the End of the year

| Particulars | As at 31st March 2026 | | As at 31st March 2025 | |
|---|---|---|---|---|
| | No of Shares | Amount in Lakhs | No of Shares | Amount in Lakhs |
| **Equity shares at the beginning of the year** | **48,16,446** | **481.6** | 48,16,446 | 481.64 |
| Add: Issue of equity shares during the year | - | - | - | - |
| Less: Buyback of Shares during the year | - | - | - | - |
| **Equity shares at the end of the year** | **48,16,446** | **481.64** | 48,16,446 | 481.64 |

### C 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.

### D Shares in the company held by each shareholder holding more than 5% shares

| S. No. | Promoter Name | Shareholding as on 31.03.2026 | | Shareholding as on 31.03.2025 | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total shares | No. of Shares | % of total shares |
| 1 | Madurai Tara Traders Private Limited | **7,76,887** | **16.13** | 7,76,887 | 16.13 |
| 2 | Felspar Credit and Investment Private Limited | **6,61,126** | **13.73** | 6,61,126 | 13.73 |
| 3 | Dhanalakshmi Properties Private Limited | **6,29,343** | **13.07** | 6,29,343 | 13.07 |
| 4 | Kurunji Properties Private Limited | **3,46,887** | **7.20** | 3,46,887 | 7.20 |
| 5 | Chinthamani Cotton Trading Private Limited | **2,80,270** | **5.82** | 2,80,270 | 5.82 |

(Amounts are in INR Lakhs unless specified)

**E Shareholding of Promoters**

| S. No. | Promoter Name | Shareholding as on 31.03.2026 | | | Shareholding as on 31.03.2025 | | |
|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total shares | % Change | No. of Shares | % of total shares | % Change |
| 1 | Mrs. Valli M Ramaswami | 1,95,463 | 4.06 | - | 1,95,463 | 4.06 | - |
| 2 | Mrs. Vishala Ramaswami | 550 | 0.01 | - | 550 | 0.01 | - |
| 3 | Mr. M Ramakrishnan | 2 | 0.00 | - | 2 | 0.00 | - |
| 4 | Mr. P Manivannan | 2 | 0.00 | - | 2 | 0.00 | - |
| 5 | M/s. Madurai Tara Traders Private Limited | 7,76,887 | 16.13 | - | 7,76,887 | 16.13 | - |
| 6 | M/s. Felspar Credit and Investments Private Limited | 6,61,126 | 13.73 | - | 6,61,126 | 13.73 | - |
| 7 | M/s. Dhanalakshmi Properties Private Limited | 6,29,343 | 13.07 | - | 6,29,343 | 13.07 | - |
| 8 | M/s. Kurunji Properties Private Limited | 3,46,887 | 7.20 | - | 3,46,887 | 7.20 | - |
| 9 | M/s. Chinthamani Cotton Trading Private Limited | 2,80,270 | 5.82 | - | 2,80,270 | 5.82 | - |
| 10 | M/s. Nemesis Cotton Trading Company Private Limited | 1,36,086 | 2.83 | - | 1,36,086 | 2.83 | - |
| 11 | M/s. Rhea Cotton Traders Private Limited | 1,16,660 | 2.42 | - | 1,16,660 | 2.42 | - |
| 12 | M/s. Nike Cotton Traders Private Limited | 1,15,000 | 2.39 | - | 1,15,000 | 2.39 | - |
| 13 | M/s.Hellen Cotton Trading Company Private Limited | 71,950 | 1.49 | - | 71,950 | 1.49 | - |
| 14 | M/s. Valli Agri Industries Private Limited | 55,620 | 1.15 | - | 55,620 | 1.15 | - |
| 15 | M/s. Valli Yarn Processors Private Limited | 53,496 | 1.11 | - | 53,496 | 1.11 | - |
| 16 | M/s. Vishala Apparels Private Limited | 30,625 | 0.64 | - | 30,625 | 0.64 | - |
| 17 | M/s. Vishala Knitwear Private Limited | 29,375 | 0.61 | - | 29,375 | 0.61 | - |
| 18 | M/s. Sri Manikavasagam Trades and Finance Private Limited | 22,501 | 0.47 | - | 22,501 | 0.47 | - |
| 19 | M/s. Emmar Trades and Finance Private Limited | 18,002 | 0.37 | - | 18,002 | 0.37 | - |
| | **Total** | 35,39,845 | 73.49 | - | 35,39,845 | 73.49 | - |

(Amounts are in INR Lakhs unless specified)

## 17 Other Equity

| | Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|---|
| **17.1** | **Capital Reserves** | | |
| | Opening Balance | **24.19** | 24.19 |
| | Additions during the year | **-** | - |
| | Deductions during the year | **-** | - |
| | **Closing Balance** | **24.19** | 24.19 |
| **17.2** | **Amalgamation Reserve** | | |
| | Opening Balance | **242.52** | 242.52 |
| | Additions during the year | **-** | - |
| | Deductions during the year | **-** | - |
| | **Closing Balance** | **242.52** | 242.52 |
| **17.3** | **General Reserve** | | |
| | Opening Balance | **8,475.06** | 8,475.06 |
| | Add: | | |
| | Transfer from Surplus | **-** | - |
| | Less: | | |
| | Deductions during the year | **-** | - |
| | **Closing Balance** | **8,475.06** | 8,475.06 |
| **17.4** | **Retained Earnings** | | |
| | Opening Balance | **17,491.09** | 22,615.37 |
| | **Add:** | | |
| | Profit for the period as per statement of profit & loss account | **(6,467.34)** | (5,124.28) |
| | **Closing Balance** | **11,023.75** | 17,491.09 |

(Amounts are in INR Lakhs unless specified)

| | Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|---|
| 17.5 | **Other Comprehensive Income Reserve** | | |
| | Opening Balance | | |
| | Remeasurement of Defined benefit plans | **159.74** | 251.27 |
| | Revaluation Surplus | **19.43** | 19.60 |
| | **Total Opening Balance** | **179.17** | 270.87 |
| | Other Comprehensive Income for the year | | |
| | Items that will not be reclassified to Profit and Loss | | |
| | -Actuarial Gain / (Loss) on Defined Benefit Plan | **(31.76)** | (91.53) |
| | -Gain /(Loss) on Equity Instruments through OCI | **(2.26)** | (0.16) |
| | **Total of Items that will not be reclassified to Profit and Loss** | **(34.03)** | (91.70) |
| | **Closing Balance** | | |
| | Remeasurement of Defined benefit plans | **127.97** | 159.74 |
| | Revaluation Surplus | **17.17** | 19.43 |
| | **Total Closing Balance** | **145.14** | 179.17 |
| | **Total Other Equity** | **19,910.67** | 26,412.03 |

## 18 Non - Current Provision

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| **Employee Benefits** | | |
| Provision for Post Employment Benefits | **211.19** | 116.19 |
| **Total** | **211.19** | 116.19 |

## 19 Borrowings

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| **Loans Repayable On Demand** | | |
| **From Banks (secured) at amortised cost*** | | |
| - Packing Credit | **6,452.67** | 11,302.27 |
| - Cash Credit | **5,993.30** | 15,014.53 |
| - Working Capital Loan | **4,153.70** | 6,787.14 |
| - LC Discounted with Banks | **3,896.06** | 5,619.69 |
| - Bills Discounted with Banks | **1,064.58** | 2,606.32 |
| **Total** | **21,560.30** | 41,329.94 |

Note:

1. There is no default as on the balance sheet date in the repayment of borrowings and interest thereon
2. The Company is generally regular in registering and filling of satisfaction of charges with ROC within the statutory period during the Year ended 31st March 2026.
3. The quarterly returns or statements of current assets returns along with subsequent revisions filed by the Company with the banks generally are in agreement with the books of accounts.

Refer Note No.45 for details of security created against Current borrowings

(Amounts are in INR Lakhs unless specified)

## 20 Trade Payables

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Total outstanding dues of Micro and Small Enterprises | **1,104.40** | 3,791.88 |
| Total outstanding dues of Creditors other than Micro and Small Enterprises | **3,676.79** | 4,025.06 |
| **Total** | **4,781.19** | 7,816.94 |

**Ageing of Trade payables:**

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| **(i) MSME:** | | |
| Less than 1 year | **807.89** | 3,057.64 |
| 1-2 years | **296.51** | 734.24 |
| 2-3 years | **-** | - |
| More than 3 years | **-** | - |
| | **1,104.40** | 3,791.88 |
| **(ii) Others:** | | |
| Less than 1 year | **3,225.38** | 2,898.69 |
| 1-2 years | **451.41** | 1,126.37 |
| 2-3 years | **-** | - |
| More than 3 years | **-** | - |
| **Total Trade Payables** | **3,676.79** | 4,025.06 |

## 21 Other Financial Liabilities

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Electricity Charges Payable | **2,179.99** | 2,892.37 |
| Expenses Payable | **456.82** | 717.67 |
| Unclaimed Dividend* | **8.95** | 13.48 |
| Interest accured but not due | **75.19** | 127.77 |
| Interest payable to MSME vendors | **335.70** | 359.80 |
| Derivate Financial Contract | **111.24** | - |
| Creditors for Capital Goods | **46.59** | 127.75 |
| **Total** | **3,214.47** | 4,238.85 |

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

(Amounts are in INR Lakhs unless specified)

### 22 Other Current Liabilities

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Statutory Dues Payable | **129.20** | 153.88 |
| Employees Benefits Payable | **857.25** | 1,219.52 |
| Advances from customers | **804.48** | 1,884.92 |
| Security Deposit from Customer | **77.72** | 78.24 |
| **Total** | **1,868.64** | 3,336.56 |

### 23 Short Term Provisions

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| **Employee benefits** | | |
| Provision for Post Employment Benefits | **521.18** | 432.81 |
| **Total** | **521.18** | 432.81 |

(Amounts are in INR Lakhs unless specified)

## 24 REVENUE FROM OPERATIONS

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| Sale of Products | **39,071.84** | 58,180.61 |
| Service Income | **933.84** | 985.58 |
| Other operating Revenues | | |
| - Export Benefits | **1,448.15** | 2,577.53 |
| - Waste and Scrap Sales | **741.94** | 1,034.74 |
| **TOTAL** | **42,195.77** | 62,778.47 |

**24.1 In the following disclosure, Revenue from contract with customers has been disaggregated based on the nature and type of goods sold.**

| | | |
|---|---|---|
| **Sale of Products** | | |
| Garments | **19,848.64** | 19,776.83 |
| Textile Products | **19,223.21** | 38,403.78 |
| | **39,071.84** | 58,180.61 |

**24.2 The following is analysis on the Company's revenue disaggregates on the basis of timing of revenue recognition**

| | | |
|---|---|---|
| At Point of Time | **42,195.77** | 62,778.47 |
| Over the Period | **-** | - |
| | **42,195.77** | 62,778.47 |

## 25 OTHER INCOME

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| Interest Income | **174.55** | 159.82 |
| Dividend Income | **-** | - |
| Other Non operating income | | |
| a) Insurance Claim Received | **40.91** | - |
| b) Net Foreign Exchange Gain/(Losses) | **431.65** | 502.95 |
| c) Rental Income | **30.24** | 36.33 |
| d) Miscellaneous Income | **235.28** | 33.08 |
| **Total** | **912.63** | 732.18 |

## 26 COST OF MATERIALS CONSUMED

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| Cotton, Staple Fibre and Cotton waste | **8,664.27** | 23,466.12 |
| Yarn | **3,123.52** | 5,839.78 |
| Fabric | **4,509.24** | 2,255.96 |
| Dyes | **331.97** | 437.75 |
| Reflective band | **557.33** | 494.53 |
| **TOTAL** | **17,186.33** | 32,494.14 |

(Amounts are in INR Lakhs unless specified)

## 27 PURCHASE OF STOCK-IN-TRADE

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| Cotton | **356.97** | 2,854.75 |
| **TOTAL** | **356.97** | 2,854.75 |

## 28 CHANGES IN INVENTORIES

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| **Inventories at the beginning of the year** | | |
| Work-in-progress | **10,545.05** | 10,156.60 |
| Finished goods | **11,128.83** | 15,390.72 |
| **Total (A)** | **21,673.88** | 25,547.32 |
| **Inventories at the end of the year** | | |
| Work-in-progress | **6,262.57** | 10,545.05 |
| Finished goods | **9,042.85** | 11,128.83 |
| **Total (B)** | **15,305.42** | 21,673.88 |
| **Changes In Inventories Net (Increase ) / Decrease (A-B)** | | |
| Work-in-progress | **4,282.48** | (388.45) |
| Finished goods | **2,085.99** | 4,261.89 |
| **TOTAL** | **6,368.47** | 3,873.43 |

## 29 EMPLOYEE BENEFITS EXPENSES

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| Salaries, Wages and Bonus | **6,781.35** | 8,664.25 |
| Contribution to Provident Fund and Other funds* | **561.85** | 696.07 |
| Gratutity Expenses (Net)* | **102.29** | 207.57 |
| Staff Welfare Expenses | **1,165.07** | 1,267.46 |
| **TOTAL** | **8,610.56** | 10,835.35 |

*Refer Note No.43a & 43b

## 30 FINANCE COSTS

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| Interest Expenses | | |
| - For Working capital Loan | **3,106.04** | 4,675.07 |
| - For Bills Discounting | **142.50** | 232.26 |
| Other Borrowing Cost | **28.83** | 189.14 |
| **TOTAL** | **3,277.36** | 5,096.47 |

(Amounts are in INR Lakhs unless specified)

## 31 DEPRECIATION AND AMORTISATION EXPENSE

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| Depreciation on PPE | **1,978.15** | 2,580.94 |
| **TOTAL** | **1,978.15** | 2,580.94 |

## 32 OTHER EXPENSES

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| Power and Fuel | **2,031.20** | 3,814.60 |
| Consumption of Stores,Spare parts and Packing Material | **3,126.60** | 4,321.15 |
| Freight and forwarding charges | **958.51** | 1,750.04 |
| Selling Expenses | **603.71** | 857.86 |
| **Payment to the Auditors** | | |
| As Auditors | **15.00** | 15.00 |
| For Certification work | **1.00** | 1.00 |
| Conversion Charges | **664.05** | 1,223.67 |
| Processing Charges | **1,016.37** | 1,087.24 |
| Repairs and Maintanence | | |
| (a) Plant & Machinery | **737.37** | 1,011.76 |
| (b) Buildings | **350.50** | 259.89 |
| (c) Vehicles | **127.98** | 173.21 |
| Insurance | **271.72** | 340.77 |
| Bad Debts written Off | **42.29** | 8.79 |
| Allowances for Expected Credit Loss (Net) | **100.00** | 655.42 |
| Rates and Taxes | **171.66** | 133.49 |
| Expenditure on CSR Activities | **-** | 45.62 |
| Rent | **129.54** | 104.74 |
| Bank Charges | **349.95** | 608.90 |
| Travelling Expenses | **153.03** | 202.87 |
| Professional Expenses | **434.73** | 335.96 |
| Communication Expenses | **164.18** | 184.01 |
| Printing & Stationery | **27.38** | 32.37 |
| Membership fees | **19.74** | 23.84 |
| Advertisement | **14.96** | 17.44 |
| Testing Charges | **22.71** | 17.93 |
| Donations | **3.20** | 0.99 |
| Other Miscellaneous Expenses | **51.13** | 68.77 |
| **TOTAL** | **11,588.52** | 17,297.35 |

(Amounts are in INR Lakhs unless specified)

## 33 Exceptional Items

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| Profit on Sale of Assets* | **(3,381.64)** | (8,136.31) |
| Provision for Impairment of Inventory** | **3,646.60** | 748.00 |
| New Labour Code – Gratuity Obligation # | **107.00** | - |
| Trueup Charges relating to prior years | **-** | 602.30 |
| TOTAL | **371.97** | (6,786.01) |

***Profit on Sale of Assets – INR 33.81 Crores**

During the year, the Company has disposed of certain assets comprising land, wind mills and idle plant and machinery that had been identified as surplus to operating requirements. The net gain arising on such disposals, being the excess of sale consideration over the carrying amount of the assets, aggregates to Rs. 33.81 Crores. The disposal has been carried out as part of the Company's asset optimisation programme.

****Impairment of Inventories – INR 36.46 Crores**

The Company has undertaken a review of its inventories considering the changes in market conditions and business environment. Due to tariff-related uncertainties impacting demand, geopolitical developments affecting GCC markets and rationalisation of certain business segments, the net realisable value of certain inventories was assessed to be lower than their carrying cost. Accordingly, the Company has recognised an impairment charge of Rs. 36.46 Crores during the year.

**#New Labour Code – Gratuity Obligation – INR 1.07 Crores**

Pursuant to the enactment of the Code on Social Security, 2020 and the consequential revision in the definition of "wages" applicable for the computation of gratuity, the Company has recognised an incremental gratuity obligation of INR 1.07 Crores. This represents the effect of the change in the actuarial computation of the defined benefit obligation arising from the broadened wage definition.

## 34(a) Income Tax Recognised In Profit And Loss Account

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| **Current Tax** | | |
| In respect of current year | **-** | - |
| In respect of prior years | **-** | - |
| **Deferred Tax** | | |
| In respect of current year | **1,001.00** | 2,831.50 |
| TOTAL | **1,001.00** | 2,831.50 |

## 34(b) Income Tax Recognised In Other Comprehensive Income

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| Arising on income and expenses recognised in other comprehensive income | | |
| Remeasurement of defined benefit obligation | **17.06** | (75.56) |
| Net fair value gain/(loss) on investment in equity shares at FVTOCI | **1.22** | 0.09 |
| TOTAL | **18.28** | (75.47) |

(Amounts are in INR Lakhs unless specified)

## 35(a) Profit/ (Loss) from Discontinued operations

| | Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|---|
| I | **INCOME** | | |
| | Revenue from Operations | **723.26** | 5,436.67 |
| | Other Income | **2.43** | 97.65 |
| | **Total Income** | **725.69** | 5,534.32 |
| II | **EXPENSES** | **-** | - |
| | a. Cost of materials consumed | **(438.30)** | (247.87) |
| | b. Purchases of Stock in Trade | **28.15** | - |
| | c. Changes in inventories of: | **-** | - |
| | - Finished Goods | **238.87** | 3,748.44 |
| | - Work in progress | **612.02** | 1,550.45 |
| | d. Employee benefits expense | **367.75** | 1,100.57 |
| | e. Finance Costs | **-** | - |
| | f. Depreciation & Amortisation expense | **502.66** | 886.58 |
| | g. Other expenses | **1,746.57** | 2,499.78 |
| | **Total Expenses** | **3,057.72** | 9,537.95 |
| | **Net Profit / (loss) on Discontinuing operation (I-II)** | **(2,332.03)** | (4,003.64) |

## 35(b) Gain/(Loss) On Sale of Discontinued Opetations

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| Gain/(Loss) On Sale of Discontinued Opetations* | **772.13** | - |
| **TOTAL** | **772.13** | - |

## 36 OTHER COMPREHENSIVE INCOME

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| Remeasurement Gain/(Loss) of Defined Benefit Obligation | **(48.82)** | (15.98) |
| Net fair value Gain/(Loss) on Investment in Equity Shares at FVTOCI | **(3.48)** | (0.25) |
| **TOTAL** | **(52.31)** | (16.23) |

(Amounts are in INR Lakhs unless specified)

## 37 Earnings per share (Rs.)

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Profit / (Loss) for the period after tax from Continuing Operations (A) | **(4,907.44)** | (1,120.64) |
| Profit / (Loss) for the period after tax from Discontinued Operations (B) | **(1,559.90)** | (4,003.64) |
| Profit / (Loss) for the period after tax Continuing and Discontinued Operations [C] | **(6,467.34)** | (5,124.28) |
| Opening / Closing number of shares in Lakhs (D) | **48.16** | 48.16 |
| Earnings per Share ( EPS) - Continuing Operations | | |
| **Basic & Diluted EPS (A)/(D)** | **(101.89)** | (23.27) |
| Earnings per Share ( EPS) - Discontinued Operations | | |
| **Basic & Diluted EPS (B)/(D)** | **(32.39)** | (83.12) |
| Earnings per Share ( EPS) - Discontinued Operations | | |
| **Basic & Diluted EPS (C)/(D)** | **(134.28)** | (106.39) |

## 38 Contingent Liabilities and Commitment

### 38.1 Claims against the Company not acknowledged as debts:

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 31st March 2026 on account of disputes are given below:

| Nature of Dues | Forum before which the dispute is pending | Period to which it relates | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|---|---|
| Sales Tax | Appeal with STAT, Kakinada Court for AP CST dispute (13-14) | 2013-2014 | **795.54** | 795.54 |
| GST | Pending with Appellate Authority | 2017-2023 | **1,689.27** | 1,652.94 |

| Nature of Dues | Forum before which the dispute is pending | Assessment Year | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|---|---|
| Income Tax | Pending with IT Department | 2015-16 | **2.59** | 2.10 |
| | Pending with CIT (APPEALS) | 2017-18 to 2022-23 | **2,183.37** | 2,102.42 |

### 38.2 On account of Bank guarantees

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Bank Guarantees | **143.89** | 119.62 |

### 38.3 Commitments

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Exports obligations under Advance Authorisation (AA) scheme | **290.18** | 290.18 |
| Exports obligations under Export Promotion Capital Goods (EPCG) scheme* | **430.55** | 702.23 |

(Amounts are in INR Lakhs unless specified)

## 39 Disclosures required under Section 22 of MSMED Act 2006 under the Chapter on Delayed Payments to Micro, Small and Medium Enterprises

Disclosure of payable to MSME Suppliers 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 | **As at 31st March 2026** | As at 31st March 2025 |
|---|---|---|
| (a) The principal amount remaining unpaid to any supplier at the end of each accounting year | **1,104.40** | 3,791.88 |
| (b) The interest payable thereon on (a) | **316.44** | 250.05 |
| (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 | **19.26** | 109.75 |
| (e) The amount of interest accrued and remaining unpaid at the end of each accounting year | **335.70** | 359.80 |
| (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 | **335.70** | 359.80 |

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

## 40 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 | **As at 31st March 2026** | As at 31st March 2025 |
|---|---|---|
| Debt | **21,635.49** | 41,457.72 |
| Less: Cash and bank balances | **52.32** | 23.21 |
| Net debt (A) | **21,583.17** | 41,434.51 |
| Total equity (B) | **20,392.31** | 23,498.24 |
| **Net debt to equity ratio A/B** | **1.06** | 1.76 |

(Amounts are in INR Lakhs unless specified)

## 41 Disclosure of Financial Instruments under Ind AS 107

### 41.1 Classification of Financial Assets and Liabilities (IND AS 107)

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| **Financial assets at FVTOCI** | | |
| Investments* | **23.62** | 49.60 |
| **Financial assets at Amortised Cost #** | | |
| Investments* | **0.10** | 0.10 |
| Trade receivables | **6,373.38** | 13,529.85 |
| Cash and cash equivalents | **52.32** | 23.21 |
| Bank balances other than above | **980.31** | 406.43 |
| Other Financial assets | **3,697.01** | 4,964.99 |
| **Financial liabilities at Amortised Cost #** | | |
| Borrowings (short term) | **21,560.30** | 41,329.94 |
| Trade payables | **4,781.19** | 7,816.94 |
| Other financial liabilities | **3,214.47** | 4,238.85 |

# Carrying value of the Financial assets and Financial liabilities designated at amortised cost approximates its Fair value.

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

### 41.2 Fair value measurements (Ind AS 113)

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

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

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

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

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

Sensitivity of Level 3 financial instruments are insignificant.

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

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

Unquoted equity investments: Management Estimates that cost apporximates the Fair Value

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Financial assets at Fair Value Through Other Comprehensive Income | | |
| Investments in Listed Equity Shares - Level - 1 | **14.45** | 17.93 |
| Investments in Unlisted Equity Shares - Level - 3 | **9.17** | 31.67 |

(Amounts are in INR Lakhs unless specified)

## 42 Financial Risk Management Objectives and Policies (IND AS 107)

**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, cash and bank balances and other financial assets.

**Risk Exposures and Responses**

The Company is exposed to Market risk, Liquidity risk and Credit risk The Board of Directors reviews policies for managing each of these risks, which are summarised below:

**(A) 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) Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, management performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio. The Company's policy is to minimise interest rate cash flow risk exposures on long-term and short term financing. As at 31st March, 2026, the Company is not exposed to changes in market interest rates through bank borrowings at variable interest rates.

**(ii) Foreign Currency Risk**

The company operates internationally and transacts business in several currencies. It generates Major portion of Export revenue and also imports certain assets and Raw materials. Exchange rates between the Indian Rupee and foreign currencies have experienced significant fluctuations in recent years and may continue to vary in the future. Consequently, the company is exposed to foreign currency risk, and its financial results may be affected by movements in the value of the Indian Rupee against foreign currencies. Foreign exchange risk arises from future probable transactions and recognized assets and liabilities denominated in currencies other than the company's functional currency.

The company measures this risk through forecasts of highly probable foreign currency cash flows and manages its foreign currency exposure by implementing appropriate hedging strategies.

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

**Company's Total Foreign currency exposure**

| Particulars | Currency | As at 31st March 2026 | | |
|---|---|---|---|---|
| | | Exchange Rate | Amount in Foreign Currency | Amount |
| Trade Receivables | EUR | **109.01** | **16.78** | **1,829.00** |
| | GBP | **125.64** | **1.42** | **177.81** |
| | USD | **94.65** | **29.67** | **2,808.23** |
| Advance to Suppliers | CHF | **118.06** | **0.17** | **20.48** |
| Trade Payable | EUR | **109.01** | **0.57** | **62.33** |
| | JPY | **0.58** | **30.04** | **17.42** |
| | USD | **94.65** | **1.82** | **171.87** |
| Import LC Outstanding | USD | **94.65** | **3.19** | **301.71** |

(Amounts are in INR Lakhs unless specified)

| Particulars | Currency | As at 31st March 2025 | | |
|---|---|---|---|---|
| | | Exchange Rate | Amount in Foreign Currency | Amount |
| Trade Receivables | EUR | 92.32 | 23.30 | 2,150.80 |
| | GBP | 110.74 | 1.49 | 164.62 |
| | USD | 85.58 | 62.50 | 5,349.16 |
| | CHF | 96.84 | 0.13 | 12.74 |
| Trade Payables | EUR | 92.32 | 1.33 | 122.72 |
| | GBP | 110.74 | 0.00 | 0.50 |
| | USD | 85.58 | 6.73 | 576.22 |
| Import LC Outstanding | USD | 85.58 | 7.17 | 613.23 |

**Company's Unhedged Foreign currency exposure**

| **Particulars** | **Currency** | **As at 31st March 2026** | | |
|---|---|---|---|---|
| | | **Exchange Rate** | **Amount in Foreign Currency** | **Amount** |
| Trade Receivables | EUR | **109.01** | - | - |
| | GBP | **125.64** | - | - |
| | USD | **94.65** | - | - |
| Advance to Suppliers | CHF | **118.06** | - | - |
| Trade Payables | EUR | **109.01** | - | - |
| | JPY | **0.58** | - | - |
| | USD | **94.65** | - | - |

| Particulars | Currency | As at 31st March 2025 | | |
|---|---|---|---|---|
| | | Exchange Rate | Amount in Foreign Currency | Amount |
| Trade Receivables | EUR | 92.32 | - | - |
| | GBP | 110.74 | 1.49 | 164.62 |
| | USD | 85.58 | 37.29 | 3,191.66 |
| Trade Payable | CHF | 96.84 | 0.13 | 12.74 |
| | EUR | 92.32 | 1.33 | 122.72 |
| | GBP | 110.74 | 0.00 | 0.50 |
| | USD | 85.58 | 6.73 | 576.22 |
| Import LC Outstanding | USD | 85.58 | 7.17 | 613.23 |

(Amounts are in INR Lakhs unless specified)

**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 | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| **USD Sensitivity** | | |
| INR/USD - increases by 5% | - | 100.11 |
| INR/USD - decreases by 5% | - | (100.11) |
| **EURO Sensitivity** | | |
| INR/EURO - increases by 5% | - | 6.14 |
| INR/EURO - decreases by 5% | - | (6.14) |

**B Liquidity Risk**

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

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

The table below provides details regarding the remaining contractual maturities of financial liabilities and investments at the reporting date based on contractual undiscounted payments

| Particulars | As at 31st March 2026 | | | |
|---|---|---|---|---|
| | **Upto 1 year** | **1 to 2 years** | **More than 2 years** | **Total** |
| Borrowings (short term) | **21,560.30** | - | | **21,560.30** |
| Trade payables | **4,781.19** | - | | **4,781.19** |
| Other financial liabilities | **3,214.47** | - | | **3,214.47** |
| **Total** | **29,555.96** | - | | **29,555.96** |
| Particulars | As at 31st March 2025 | | | |
| | Upto 1 year | 1 to 2 years | More than 2 years | Total |
| Borrowings (short term) | 41,329.94 | - | | 41,329.94 |
| Trade payables | 7,816.94 | - | | 7,816.94 |
| Other financial liabilities | 4,238.85 | - | | 4,238.85 |
| **Total** | 53,385.74 | - | | 53,385.74 |

**C 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**

The Company is exposed to credit risk primarily from trade receivables arising from the sale of its products and related services. Trade receivables are generally unsecured and arise from transactions with a large number of independent customers.

(Amounts are in INR Lakhs unless specified)

The Company assesses impairment of trade receivables using the Expected Credit Loss (ECL) model under the simplified approach. A provision matrix is applied to estimate expected credit losses, taking into account historical credit loss experience, customer-specific factors, current economic conditions, and forward-looking information.

Credit risk is managed through established policies, procedures, and internal controls. Before extending credit to new customers, the Company evaluates their creditworthiness based on factors such as financial position, past payment history, and other relevant information. Customer creditworthiness is reviewed periodically, and outstanding receivables are monitored on an ongoing basis.

To mitigate credit risk, the Company may obtain security deposits, bank guarantees, or letters of credit, where considered appropriate, and establishes suitable credit terms and exposure limits for individual customers. The Company believes that its credit risk is adequately managed and that there is no significant concentration of credit risk, as its customer base is well diversified across established and reputed entities.

**(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 2026

## 43 Disclosure of Employee Benefits

**(a) Defined Contribution Plans :**

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

| Particulars | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| Provident Fund | **437.31** | 552.36 |
| Employee State Insurance | **133.52** | 207.50 |

The expenses incurred on account of the above defined contribution plans have been included in Note 29 “Employee Benefits Expenses” under the head “Contribution to provident and other funds”

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

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

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

**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.

(Amounts are in INR Lakhs unless specified)

**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 | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Discount Rate | **7.31%** | 6.64% |
| Expected rate of return on plan assets | **6.64%** | 7.23% |
| Salary Escalation Rate | **4.00%** | 4.00% |
| Attrition Rate | **14.00%** | 14.00% |

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 | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|
| **Expense recognised in Statement of Profit or Loss** | | |
| Current Service Cost | **108.52** | 140.20 |
| Interest Cost | **57.69** | 84.46 |
| Prior Service Cost | **107.57** | - |
| Expected return on plan assets | **(37.55)** | (66.15) |
| **Subtotal** | **236.22** | 158.51 |
| **Recognised in Other Comprehensive Income** | | |
| Actuarial loss/(gain) on Present value of Obligation | **31.86** | (34.43) |
| Actuarial gain/(loss) on change in fair value Plan Assets | **(16.96)** | 0.58 |
| **Subtotal** | **48.82** | (35.01) |
| **Net Benefit Expenses** | **285.05** | 123.50 |

The current service cost, past service cost and the net interest expenses for the year are included in Note 29 “Employee Benefits Expenses” under the head “Salaries and Wages”.

**(ii) Net defined benefit plan Asset/Liability recognised in Balance Sheet as follows**

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| **Benefit asset / liability** | | |
| Present value of defined benefit obligation | **855.08** | 1,188.22 |
| Unpaid Gratuity | **182.58** | 207.25 |
| Fair value of plan assets | **(305.28)** | (846.47) |
| **Net defined benefit plan Asset/Liability recognised in Balance Sheet** | **732.38** | 549.00 |

(Amounts are in INR Lakhs unless specified)

**iii) Changes in the present value of the obligation - reconciliation of opening and closing balances:**

| Particulars | As at 31st March 2026 Gratuity (Funded Plan) | As at 31st March 2025 Gratuity (Funded Plan) |
|---|---|---|
| Opening balance of Present Value of the Obligation | **1188.22** | 1336.03 |
| Interest Cost | **57.69** | 84.46 |
| Current Service Cost | **108.52** | 140.20 |
| Prior service cost | **107.57** | 0.00 |
| Benefits Paid | **(638.78)** | (338.04) |
| Actuarial loss/(gain) | **31.86** | (34.43) |
| Closing balance of Present Value of the Obligation | **855.08** | 1188.22 |

**(iv) Reconciliation of changes in the fair value of plan Assets:**

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Opening balance Fair Value of Plan Assets | **846.48** | 1047.79 |
| Expected return on Plan Assets | **37.55** | 66.15 |
| Contribution by the Company | **77.00** | 70.00 |
| Benefits Paid | **(638.78)** | (338.04) |
| Actuarial gain/(loss) | **(16.96)** | 0.58 |
| Closing balance of Fair Value of Plan Assets | **305.28** | 846.48 |

**(v) Reconciliation of Fair value of Assets & Obligation**

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Present value of the obligation | **855.08** | 1,395.47 |
| Fair value of the Plan Assets | **305.28** | 846.47 |
| Surplus/(Deficit) | **(549.79)** | (549.00) |
| Experience adjustments on Plan Liabilities (loss)/ gain | **(31.86)** | 34.43 |
| Experience adjustments on Plan Assets (loss)/ gain | **(16.96)** | 0.58 |

**(vi) Percentage of each category of plan assets to total fair value of plan assets:**

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| a) Government Securities | **42.17%** | 30.95% |
| b) Bank deposits (Special deposit scheme) | **49.84%** | 2.62% |
| c) Others / approved securities | **7.99%** | 66.43% |

**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.

## 44 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. 0.00 Lakhs (Pr.Yr. Rs. 45.62 Lakhs). Amount spent during the year on CSR activities as under:

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| a) Gross amount required to be spent by the Company during the year | **Nil** | 45.62 |
| b) Amount available for set-off | **Nil** | - |
| c) Amount required to be spent by the company in cash during the year | **Nil** | 45.62 |
| d) Amount of expenditure incurred | **Nil** | 45.62 |
| e) Shortfall at the end of the year | **Nil** | - |
| f) Total of previous year shortfall | **Nil** | Nil |
| g) Reason for shortfall | **Nil** | NA |
| h) Nature of CSR activities | **Nil** | Promotion of Education |
| i) Details of related party transaction | **Nil** | 45.62 |
| 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 |

## 45 Assets pledged as security

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Property, Plant & Equipment | **13,981.10** | 25,416.64 |
| Capital Work-in-progress | **67.19** | 5.49 |
| Investment property | **13.44** | 13.93 |
| Other Intangible assets | **36.20** | 48.28 |
| **Non-Current Assets** | **14,097.92** | 25,484.34 |
| Trade receivables | **6,373.38** | 13,529.85 |
| Inventory | **10,520.64** | 20,853.52 |
| **Current Assets** | **16,894.01** | 34,383.37 |
| Non-Current Assets Held for Sale | **1,458.26** | 2,033.26 |
| **Total assets pledged as security** | **32,450.19** | 61,900.97 |

**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.

(Amounts are in INR Lakhs unless specified)

## 46 Deferred Tax Assets (Net) movement

**As at 31st March 2026**

| Particulars | Opening Balance | Recognised in Profit or Loss | Recognised in OCI | Closing Balance |
|---|---|---|---|---|
| **Deferred Tax Assets** | | | | |
| Expenses deductible in future years | **1,124.30** | **792.39** | **-** | **1,916.69** |
| Provision for doubtful debts | **274.20** | **184.91** | **-** | **459.11** |
| Unabsorbed Losses - Carry Forward | **5,446.52** | **(1,847.00)** | **-** | **3,599.52** |
| Others | **-** | **-** | **18.28** | **18.28** |
| MAT Credit recoverable | **281.79** | **-** | | **281.79** |
| **Total Deferred Tax Assets (A)** | **7,126.81** | **(869.70)** | **18.28** | **6,275.39** |
| **Deferred Tax Liabilities** | | | | |
| PPE and Intangible Assets | **(3,891.40)** | **1,870.70** | | **(2,020.70)** |
| Others | **(95.74)** | **-** | **-** | **(95.74)** |
| **Total Deferred Tax Liabilities (B)** | **(3,987.14)** | **1,870.70** | **-** | **(2,116.44)** |
| **Net Deferred Tax Assets (A=B)** | **3,139.67** | **1,001.00** | **18.28** | **4,158.94** |

As at 31st March 2025

| Particulars | Opening Balance | Recognised in Profit or Loss | Recognised in OCI | Closing Balance |
|---|---|---|---|---|
| **Deferred Tax Assets** | | | | |
| Expenses deductible in future years | 908.30 | 216.00 | - | 1,124.30 |
| Provision for doubtful debts | 45.10 | 229.10 | | 274.20 |
| Unabsorbed Losses - Carry Forward | 2,398.90 | 3,047.62 | | 5,446.52 |
| Others | 2.12 | (2.12) | | - |
| MAT Credit recoverable | 281.79 | - | | 281.79 |
| **Total Deferred Tax Assets (A)** | 3,636.20 | 3,490.60 | - | 7,126.81 |
| **Deferred Tax Liabilities** | | | | |
| PPE and Intangible Assets | (3,232.30) | (659.10) | | (3,891.40) |
| Others | (20.27) | - | (75.47) | (95.74) |
| **Total Deferred Tax Liabilities (B)** | (3,252.57) | (659.10) | (75.47) | (3,987.14) |
| **Net Deferred Tax Assets (A=B)** | 383.64 | 2,831.50 | (75.47) | 3,139.67 |

(Amounts are in INR Lakhs unless specified)

## 47 Related Party Disclosures

**List of Related Parties**

**A Name of the Key Managerial Personnel and their Relative**

| Sl.No | Name of the Key Managerial Personnel | Designation |
|---|---|---|
| 1 | Mrs.Valli M Ramaswami | Chairman and Whole Time Director |
| 2 | Mr.M.E.Manivannan | Whole Time Director |
| 3 | Mrs.Vishala M Ramaswami | Executive Director till 27-12-2024, Appointed as Non Independent Non Executive Director (w.e.f 17.01.2025) |
| 4 | Mr.B.Vaidyanathan | Non-Independent Director |
| 5 | Mr.Gokul Dixit | Independent Director |
| 6 | Mr.R.Kannan | Independent Director |
| 7 | Mr.Lakshmi Narayanan | Independent Director |
| 8 | Mrs.Vijayalakshmi Rao | Independent Director |
| 9 | Mr.Kumaran | Independent Director |
| 10 | Mr.N.Srinivasan | Chief Finanical Officer (Till 12-11-2024)<br>Chief Executive Officer (w.e.f. 01-04-2025) |
| 11 | Mr.U.Thenappan | Chief Financial Officer (w.e.f 12-11-2024) |
| 12 | Dr.V.Rajesh | Company Secretary (w.e.f 01-01-2026) |
| 13 | Mr.A Velliangiri | Chief Executive Officer (Till 31-03-2025) |
| 14 | Mr.K Ganapathi | Chief Financial Officer (Till 29-06-2024) |
| 15 | Mr.S.Muthukrishnan | Company Secretary (Till 31-12-2025) |
| 16 | Mr.P Mahadevan | Company Secretary (Till 30-09-2024) |

**B Joint Venture**

| Sl.No | Name of the Joint Venture |
|---|---|
| 1 | Gruppo P&P Loyal Spa, Italy |

**C Enterprises over which KMP have significant influence**

| Sl.No | Name of Enterprises over which KMP have significant influence |
|---|---|
| 1 | Valli Agri Industries Private Limited |
| 2 | Valli Yarn Processors Private Limited |
| 3 | Kurunji Properties Private Limited |
| 4 | P.Orr & Sons Private Limited |
| 5 | Manickavasagam Charitable Foundation |
| 6 | Thiagesar Trust |

(Amounts are in INR Lakhs unless specified)

**D Transactions During the Year with Related Parties**

| Sl. No | Type of Related Party Transaction | Name of the Related Party | For the Year Ended 31st March 2026 | For the Year Ended 31st March 2025 |
|---|---|---|---|---|
| 1 | Remuneration paid to Key Managerial Personnel | Mrs.Valli M Ramaswami | **67.20** | 67.20 |
| | | Mrs.Vishala M Ramaswami | **-** | 12.32 |
| | | Mr. M.E.Manivannan | **29.70** | 32.12 |
| | | Mr. N.Srinivasan | **75.86** | 81.34 |
| | | Mr. U Thenappan | **36.21** | 16.10 |
| | | Dr. V.Rajesh | **5.78** | - |
| | | Mr. A Velliangiri | **-** | 56.91 |
| | | Mr. K Ganapathi | **-** | 24.33 |
| | | Mr. S Muthukrishnan | **14.77** | 10.92 |
| | | Mr. P Mahadevan | **-** | 9.03 |
| 2 | Purchase of Property, Plant & Equipment | P.Orr & Sons Private Limited | **0.81** | 5.49 |
| 3 | Corporate Social Resposniblity | Manickavasagam Charitable Foundation | **-** | 45.62 |
| 3 | Sale of Property, Plant & Equipment | Manickavasagam Charitable Foundation | **-** | 425.50 |
| 4 | Sale of Goods | Manickavasagam Charitable Foundation | **-** | 1.28 |
| | | Gruppo P&P Loyal Spa, | **9,573.05** | 9,334.22 |
| 5 | Dividend Income | Gruppo P&P Loyal Spa, | **567.05** | 439.53 |
| 6 | Purchase of Goods. | Gruppo P&P Loyal Spa, | **-** | 3.39 |
| | | Valli Agri Industries Private Limited | **-** | 183.90 |
| 7 | Rental Expenses | Kurunji Properties Private Limited | **18.00** | 18.00 |

**E Balances at the end of the Year**

| Sl. No | Type of Related Party Transaction | Name of the Related Party | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|---|---|
| 1 | Outstanding Receivables | Gruppo P&P Loyal Spa, | **1,572.25** | 1,892.83 |
| | | Valli Agri Industries Private Limited | **14.10** | 36.74 |
| | | Valli Yarn Processors Private Limited | **145.11** | 151.06 |
| | | Thiagesar Trust | **10.43** | 10.43 |
| | | Manickavasagam Charitable Foundation | **3.73** | 3.50 |
| 2 | Outstanding Payables | P.Orr & Sons Private Limited | **0.62** | 5.49 |
| | | Kurunji Properties Private Limited | **3.90** | 14.85 |
| | | Mrs.Valli M Ramaswami | **-** | 2.20 |

(Amounts are in INR Lakhs unless specified)

## 48 The following Joint Venture are considered in the Consolidated Financial Statements

| Name of the Company | Country of Incorporation | FY 2025-26 % of ownership interest | FY 2024-25 % of ownership interest | Consolidated as |
|---|---|---|---|---|
| Gruppo P&P Loyal Spa | Italy | **47.50%** | 47.50% | Joint Venture |

**Additional Information as required under Schedule III to the Companies Act, 2013 of enterprises Consolidated as Joint Venture.**

| | FY 2025-26 | | | |
|---|---|---|---|---|
| | Net Asset i.e. Total assets minus total liabilities | | Share in Total Comprehensive Income | |
| Name of the enterprise | As a % of consolidated Net Assets | Amount | As % of Consolidated Total Comprehensive Income | Amount |
| **Parent** | | | | |
| Loyal Textile Mills Limited. | **82.6%** | **16,842.44** | **(111.10%)** | **(7,222.85)** |
| **Joint Venture (as per Equity Method)** | | | | |
| **Foreign** | | | | |
| Gruppo P&P Loyal SPA Italy | **17.4%** | **3,549.87** | **11.10%** | **721.48** |
| **Total** | **100.00%** | **20,392.31** | **(100.00%)** | **(6,501.37)** |

## 49 Disclosure of Interest in Joint Ventures under Equity Method

| Particulars | As at 31st March 2026 | As at 31st March 2025 |
|---|---|---|
| Carrying value of Investments | **3,699.17** | 3,544.75 |
| Share of Profit (Loss) in Joint Venture | **721.48** | 783.63 |

(Amounts are in INR Lakhs unless specified)

## 50 Analytical Ratio

| Sl.No | Ratios | Numerator | Denominator | As at 31st March 2026 | As at 31st March 2025 | % Variance | Reason for variance |
|---|---|---|---|---|---|---|---|
| (I) | Current Ratio (in times) | Total Current Assets | Total Current Liabilities | **0.85** | 0.83 | 2.27% | |
| (II) | Debt Equity Ratio (in times) | Total Debt | Total Equity | **1.06** | 1.54 | (31.20%) | The ratio improved primarily due to a significant reduction in short-term borrowings during the year, resulting in a lower debt base despite the reduction in shareholders' equity owing to losses incurred during the year. |
| (iii) | Debt Service Coverage Ratio (In Times) | Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses (Dep and Amortization) + Interest + Other non-cash adjustments (loss on sale of Fixed Assets) | Debt service = Interest and lease payments + Principal repayments | **0.12** | 0.45 | (73.08%) | |
| (iv) | Inventory Turnover Ratio (in Times) | Revenue from operations | Average Inventory | **2.74** | 2.19 | 25.16% | The increase was primarily attributable to a significant reduction in average inventory levels during the year |
| (v) | Trade Receivables Turnover Ratio (In Times) | Revenue from operations | Average Trade Receivables | **4.31** | 4.64 | (7.13%) | |
| (vi) | Trade Payables Turnover Ratio (In Times) | Purchases | Average Trade Payables | **3.13** | 4.00 | (21.79%) | The decrease was mainly due to lower purchases during the year, which reduced the turnover ratio despite a decline in average trade payables. |
| (vii) | Net Capital Turnover Ratio (in times) | Revenue from operations | Average Working capital (i.e. Total current assets less Total current liabilities | **(9.01)** | (7.10) | 26.84% | The ratio changed mainly due to the reduction in negative working capital as current liabilities declined more significantly than current assets during the year. |
| (iv) | Return on Equity (in %) | Net Profit After Tax | Average total equity | **(27.35%)** | (18.32%) | 49.34% | The ratio deteriorated primarily due to higher net losses during the year coupled with a reduction in the average shareholders' equity base. |
| (viii) | Net profit ratio (in %) | Net Profit After Tax | Revenue from operations | **(15.07%)** | (7.51%) | 100.60% | The decline was mainly due to higher net losses and lower revenue from operations compared to the previous year. |

(Amounts are in INR Lakhs unless specified)

| Sl.No | Ratios | Numerator | Denominator | As at 31st March 2026 | As at 31st March 2025 | % Variance | Reason for variance |
|---|---|---|---|---|---|---|---|
| (ix) | Return on Capital Employed (in %) | Profit before tax + finance costs -interest income | Capital employed = Net worth + Borrowings + Lease liabilities + Deferred tax liabilities - Current Investment - Cash and Cash Equivalents - Other Bank Balances | **(9.57%)** | (3.96%) | 141.96% | The ratio deteriorated primarily due to lower operating profitability (EBIT) during the year despite a reduction in capital employed resulting from lower borrowings. |
| | | | | | | | |
| (x) | Return on Investment (in %) | Income Generated From Investments | Average Investments = Average of Opening Investments and Closing Investments | **0.00%** | 0.00% | 0.00% | The increase was mainly attributable to higher dividend income from investments during the year along with a lower average investment balance, resulting in a higher return on investment. |

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

**(iii) Wilful defaulter:**

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

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

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

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

The Holding Company has not entered into any scheme of arrangement which has an accounting impact during the Financial Year.

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

The Holding 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 Holding Company (Ultimate Beneficiaries) or provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

The Holding 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 Holding Company 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 Holding Company has not traded or invested in crypto currency or virtual currency during the Financial Year.

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

The Holding Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the Financial Year.

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

The Company did not have any transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the year ended March 31, 2026.

## 52 Segmental Information

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

## 53 Operational Note

The Holding Company continues its efforts towards realignment and rationalisation of its manufacturing operations with the objective of improving capacity utilisation, enhancing operational efficiencies and optimising costs to achieve sustainable profitability at the operational level.

During the year, the Holding Company has made considerable progress in monetisation of underutilised and non-core assets and has further identified certain assets for monetisation, including assets classified as “Held for Sale”, with the objective of reduction of debt, strengthening liquidity and improving overall cost efficiencies.

Considering the progress achieved so far in operational improvement and liquidity enhancement, the management is confident of achieving sustainable operational profitability in the near future.

The Auditors have drawn an Emphasis of Matter in this regard in their audit report.

## 54 Regrouping

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

## 55 Approval of Financial Statements

The Consolidated Financial statements of Loyal Textile Mills Limited were reviewed by Audit Committee and approved by the Board of Directors at its meeting held on 27th May 2026.

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In terms of our Report of Even Date

For **Brahmayya & Co.,**
Chartered Accountants
(ICAI Firm Reg. No: 000511S)

Sd/-
**N.Sri Krishna**
Partner
M. No: 026575

Place : Chennai
Date : 27th May 2026

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

Sd/-
**M E Manivannan**
Whole Time Director
(DIN: 02229808)

Sd/-
**N Srinivasan**
Chief Executive Officer

Sd/-
**U Thenappan**
Chief Financial Officer

Sd/-
**Dr V Rajesh**
Company Secretary

## Form AOC - 1

(Amounts are in INR Lakhs unless specified)

[Pursuant to first provision to Sub section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014]

**Statement containing salient features of the financial statement of subsidiaries / Associate Companies / Joint Ventures**

**Part "B": Associates and Joint Ventures**

| | | | |
|---|---|---|---|
| | **Name of associates / Joint Ventures** | | **Gruppo P&P Loyal spa Italy** |
| 1 | Latest audited Balance Sheet Date | | 31/12/2025 |
| 2 | Shares of Associate / Joint Ventures held by the company of the year | | 3325 Shares |
| | Amount of Investment in Associates / Joint Venture | | 1,49,30,077 |
| | Extend of Holding % | | 47.50% |
| 3 | Description of how there is significant influence | | % of Share holding |
| 4 | Reason why the associate / joint Venture is not consolidated | | Consolidated |
| 5 | Net worth attributable to Shareholding as per latest audited Balance Sheet (Rs.) | | 35,44,75,346 |
| 6 | Profit / Loss for the year (Rs.) | | |
| | • | Considered in Consolidation (Rs.) | 7,21,48,016 |
| | • | Not Considered in Consolidation (Rs.) | 7,97,42,544 |

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.

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In terms of our Report of Even Date

For **Brahmayya & Co.,**
Chartered Accountants
(ICAI Firm Reg. No: 000511S)

Sd/-
**N.Sri Krishna**
Partner
M. No: 026575

Place : Chennai
Date : 27th May 2026

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

Sd/-
**M E Manivannan**
Whole Time Director
(DIN: 02229808)

Sd/-
**N Srinivasan**
Chief Executive Officer

Sd/-
**U Thenappan**
Chief Financial Officer

Sd/-
**Dr V Rajesh**
Company Secretary

BSE : 514036
NSE : LOYALTEX



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PHONE: 04632-220001