

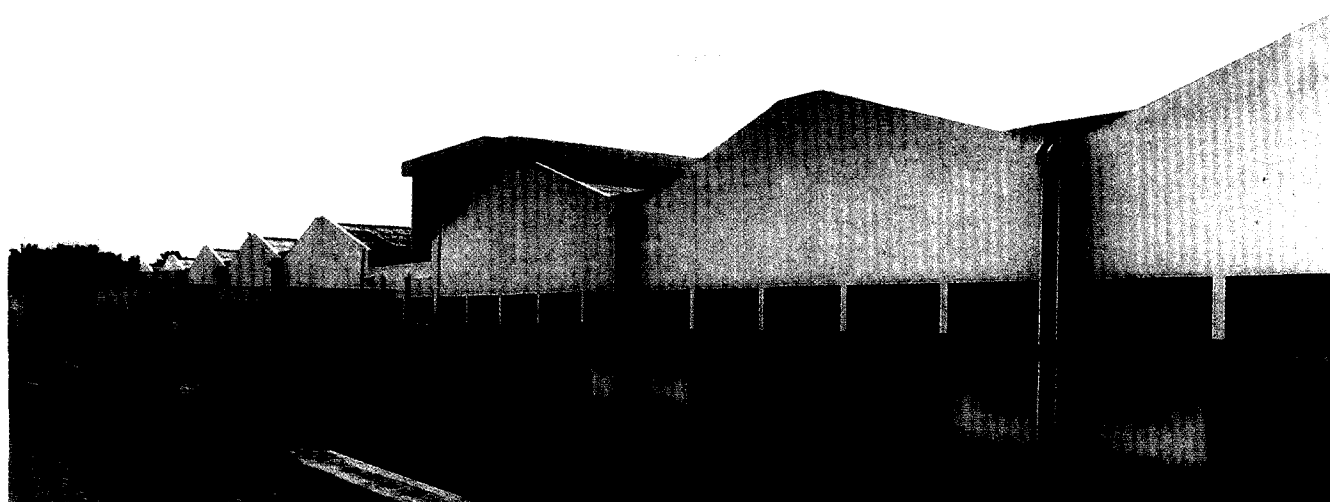
# SHIVA TEXYARN LIMITED



22<sup>nd</sup>

**ANNUAL REPORT**

Report  junction.com



## SHIVA TEXYARN LIMITED

### BOARD OF DIRECTORS

Sri S V Balasubramaniam  
Chairman

Sri S V Alagappan  
Vice-Chairman

Sri S V Arumugam  
Managing Director

Dr S V Kandasami

Sri S V Balakrishnan

Sri V Venkata Reddy

Sri C Sivasamy

Sri A Senthil

Sri P Manickavasagan

### REGISTERED OFFICE

252, Mettupalayam Road  
Coimbatore - 641 043, Tamilnadu  
Phone : 91-422 - 2435555  
E-mail : [atl@vsnl.com](mailto:atl@vsnl.com)

### TEXTILE MILL

Velvarkottai  
Dindigul District - 624 803  
Tamilnadu

### WIND FARMS

Mundu Velampatti Village  
Erode District  
Tamil Nadu

Gudimangalam  
Athukinathupatti & Uthukuli Villages  
Coimbatore District  
Tamilnadu

### COMPANY SECRETARY

Sri C Palaniswamy

### BANKERS

State Bank of India

Canara Bank

Indian Overseas Bank

The Karur Vysya Bank Ltd

Union Bank of India

UCO Bank

State Bank of Travancore

The Lakshmi Vilas Bank Ltd

Indian Bank

Bank of India

Punjab National Bank

ICICI Bank Ltd.

### AUDITORS

M/s V K S Aiyer and Coy.  
Chartered Accountants

### INTERNAL AUDITORS

#### *Finance & Wind Mill Divisions*

M/s C S K Prabhu & Co.  
Chartered Accountants

#### *Textile Division*

M/s Srivatsan & Gita  
Chartered Accountants

### SHARE TRANSFER AGENTS

M/s SKDC Consultants Ltd.  
11, Street No. 1,  
S.N. Lay-out, Tatabad,  
Coimbatore - 641 012.

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## NOTICE TO SHAREHOLDERS

**NOTICE** is hereby given that the 22<sup>nd</sup> Annual General Meeting of the Members of the Company will be held at Nani Kalai Arangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore-641 037 on Thursday the 25<sup>th</sup> day of September 2003 at 9.30 A.M. to transact the business set out in the agenda below:

You are requested to make it convenient to attend the meeting.

### Agenda

1. To consider and adopt the Directors' Report and the audited Profit and Loss Account for the period ended 31<sup>st</sup> March, 2003 and the audited Balance Sheet as at that date and the Auditors' Report thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in the place of Dr S V Kandasami, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Sri S V Balakrishnan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

### Special Business

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

RESOLVED that Sri C Sivasamy, who was co-opted by the Board as an Additional Director with effect from 21.10.2002 and who holds office till the conclusion of the ensuing Annual General Meeting, be and is hereby appointed as a Director of the Company.

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

RESOLVED that Sri A Senthil who was co-opted by the Board as an Additional Director with effect from 21.10.2002 and who holds

office till the conclusion of the ensuing Annual General Meeting, be and is hereby appointed as a Director of the Company.

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

RESOLVED that Sri P Manickavasagan who was co-opted by the Board as an Additional Director with effect from 30.01.2003 and who holds office till the conclusion of the ensuing Annual General Meeting, be and is hereby appointed as a Director of the Company.

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

RESOLVED that the existing sub-clause (2) and (3) in Part III (A) of the Memorandum of Association be deleted from Part III (A) of the Memorandum of Association and be inserted as sub-clause (31) and (32) in Part III (C) of the Memorandum of Association.

**Note : The consent of the members for this resolution is being obtained through Postal Ballot.**

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

RESOLVED that approval under Section 149(2A) of the Companies Act, 1956 be and is hereby given for the commencement of business covered under sub-clause (31) and (32) of Part III (C) of the Memorandum of Association of the Company.

### Note :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to be effective, should be deposited with the Company, forty eight hours before the meeting.

## Shiva Texyarn Limited

3. The Register of Members and the Share Transfer Books of the Company will remain closed from 16.9.2003 to 25.9.2003 (both days inclusive).
4. The dividend, if declared, will be paid to those members whose names appear on the Register of Members of the Company as on 25.9.2003. In respect of dematerialized shares dividend will be paid on the basis of the beneficial ownership furnished by the National Security Depository Limited and Central Depository Services (India) Limited at the end of the business hours on 15.9.2003.
5. Pursuant to Section 205A of the Companies Act, 1956 the company has already transferred the unclaimed dividends declared upto the financial year ended 31<sup>st</sup> March, 1995 to the General Revenue Account of the Central Government. Members who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Stock Exchange Building, II Floor, Trichy Road, Singanallur, Coimbatore 641 005 in the prescribed form.
6. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 dividend for the financial year ended 31<sup>st</sup> March, 1996 and thereafter, which remain unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account will be transferred to Investor Education and Protection Fund established under Section 205C of the Companies Act, 1956; upon such transfer, no claim shall lie against the company or the Central Government for such unclaimed dividend.
7. Members are requested to bring their copy of the Annual Report along with them to the meeting.

By Order of the Board

Coimbatore  
9<sup>th</sup> July 2003

**C Palaniswamy**  
Company Secretary

### Explanatory Statement Under Section 173 (2) of the Companies Act, 1956

#### Item No. 6

Sri C Sivasamy was co-opted as an Additional Director of the Company with effect from 21.10.2002. As per Article 72 of the Company's Articles of Association, he holds office upto the date of ensuing Annual General Meeting. A notice proposing Sri C Sivasamy as a Director has been received from a member of the company alongwith requisite deposit. The Board recommend the resolution as set forth in Item No. 6 for the approval of members.

None of the Directors of the company otherthan Sri C Sivasamy is interested in this resolution.

#### Item No. 7

Sri A Senthil was co-opted as an Additional Director of the Company with effect from 21.10.2002. As per Article 72 of the Company's Articles of Association, he holds office upto the date of ensuing Annual General Meeting. A notice

proposing Sri A Senthil as a Director has been received from a member of the company alongwith requisite deposit. The Board recommend the resolution as set forth in Item No.7 for the approval of members.

Sri S V Balasubramaniam, Sri S V Alagappan, Sri S V Arumugam, Dr S V Kandasami and Sri S V Balakrishnan are deemed to be interested in this resolution.

#### Item No. 8

Sri P Manickavasagan was co-opted as an Additional Director of the Company with effect from 30.01.2003. As per Article 72 of the Company's Articles of Association, he holds office upto the date of ensuing Annual General Meeting. A notice proposing Sri P Manickavasagan as a Director has been received from a member of the company alongwith requisite deposit. The Board recommend the resolution as set forth in Item No. 8 for the approval of members.



None of the Directors of the company other than Sri P Manickavasagan is interested in this resolution.

#### Item No. 9

The existing sub-clause (2) and (3) of Part III(A) of the Memorandum of Association of the Company reads as follows :

"(2) To carry on the business of financing or lending of money on hire purchase terms against automobile vehicle of all kinds, machinery, land and building, furniture and fittings, household appliances or articles and generally against industrial or commercial equipments of all kinds."

"(3) To carry on the business of financing or lending of money to such persons, firms or companies, local bodies or Government, with or without security and on such terms as to rate of interest and repayment, as may be deemed fit and generally to finance industrial enterprises".

As the Company's principal business is manufacture of cotton yarn, the company has surrendered its NBFC Registration obtained from Reserve Bank of India. The principle business of the company being textiles, the Board of Directors recommend the proposed amendment of object clause by deleting the above finance business from main object clause and insert the same in the other object clause.

As per Section 192A read with rules made thereunder consent of the members for amending

the Object Clause of the Memorandum of Association is required to be obtained by means of voting by Postal Ballot. The results of the Postal Ballot will be announced by the Chairman at the Annual General Meeting of the Company.

None of the Directors is interested in this resolution.

#### Item No. 10

Pursuant to Clause (2) and (3) of Part III(A) of the Memorandum of Association, the company has already been doing business as permitted under said objects.

In so far as the above clauses are being shifted from main objects to other objects as per the resolution proposed to be passed under item No. 9, it is advisable by way of abundant caution to have a resolution passed under Section 149 (2A) so that the said business can be carried on pursuant to sub-clause (31) and (32) of Part III(C) of the Memorandum of Association of the Company. Accordingly the resolution as set out in Item No. 10 is placed before the members for their approval.

None of the Directors is interested in this resolution

By Order of the Board

Coimbatore  
9<sup>th</sup> July 2003

**C Palaniswamy**  
Company Secretary

### RE-APPOINTMENT / APPOINTMENT OF DIRECTORS

A brief resume in respect of the proposed reappointment / appointment of Directors is given below in terms of clause 49 of the Listing Agreement.

Name : **Dr S V Kandasami**  
Age : 60 years  
Qualification : M.S. Mch.  
Date of appointment : 28.5.1980  
Experience : Doctor in Medical practice having business relationship over 30 years.

Other

Directorships: Annamallai Properties Ltd  
Annamallai Retreading Co., Ltd  
Bannariamman Finance Ltd  
Bannari Amman Spinning Mills Ltd  
Coimbatore Agro Industries Ltd  
Cascade Garments Ltd  
Shiva Cargo Movers Ltd  
Kerela Alcoholic Products Ltd  
Anamallais Agencies Pvt Ltd  
Annamallai Estates Pvt Ltd  
Bannari Amman Automobiles  
Pvt Ltd

**Shiva Taxyarn Limited**

Bannari Infotech Pvt Ltd  
Sangameswarar Agencies Pvt Ltd  
Shiva Automobiles Pvt Ltd  
Vedanayagam Hospital Pvt Ltd  
Sundararaman Enterprise Pvt Ltd

Member of  
Committees : Nil

Name : **Sri S V Balakrishnan**

Age : 50 years

Qualification : B.Com., BL.

Date of  
appointment : 28.5.1980

Experience : He has more than 25 years  
experience in business.

Other

Directorships: Annamallai Industries Ltd  
- Joint Managing Director  
Annamallai Properties Ltd  
Annamallai Retreading Co., Ltd  
Bannariamman Finance Ltd  
Bannari Amman Spinning  
Mills Ltd  
Coimbatore Agro Industries Ltd  
Cascade Garments Ltd  
Shiva Cargo Movers Ltd  
Anamallais Agencies Pvt Ltd  
Annamallai Estates Pvt Ltd  
Bannari Amman Automobiles  
Pvt Ltd  
Sakthi Murugan Transports Pvt Ltd  
Sangameswarar Agencies Pvt Ltd  
Vedanayagam Hospital Pvt Ltd  
Vedanayagam Enterprises Pvt Ltd

Member of  
Committees : Nil

Name : **Sri C Sivasamy**

Age : 46 years

Qualification : DME

Date of  
appointment : 21.10.2002

Experience : 23 years

Other

Directorships: Annamallai Industries Ltd  
Bannari Amman Spinning Mills Ltd  
Bannari Amman Enterprise Ltd  
Kerala Alcoholic Products Ltd  
Shiva Distilleries Ltd  
Sakthi Murugan Transports Pvt Ltd  
Shiva Automobiles Pvt Ltd

Member of  
Committees : Nil

Name : **Sri A Senthil**

Age : 27 years

Qualification : B.Com., MBA.

Date of  
appointment : 21.10.2002

Experience : 2 years in business

Other

Directorships: Anamallais Agencies Pvt Ltd  
Bannari Amman Automobiles  
Pvt Ltd  
Murugan Enterprise Pvt Ltd  
Sakthi Murugan Transports Pvt Ltd

Member of  
Committees : Nil

Name : **Sri P Manickavasagan**

Age : 40 years

Qualification : B.Com.,

Date of  
appointment : 30.01.2003

Experience : He has 10 years experience in  
business.

Other

Directorships: Nil

Member of  
Committees : Audit Committee





## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty Second Annual Report together with audited accounts of the Company for the period ended 31<sup>st</sup> March 2003. The financial year of the company covers a period of 15 months from 1.1.2002 to 31.3.2003.

The name of the company has been changed from "ANNAMALLAI FINANCE LIMITED" to "SHIVA TEXYARN LIMITED" with effect from 28.10.2002 with the approval of the Registrar of Companies, Coimbatore, Tamilnadu.

### FINANCIAL RESULTS

	(Rs. in lakhs) 2002-2003 (15 months)
Profit before Depreciation & Lease Equalisation charges	1313.28
Less : Depreciation & Lease Equalisation Charges	1040.98
Net Profit before Tax	272.30
Provision for Tax	14.44
	<u>257.86</u>
Add : Surplus brought forward from previous year	13.77
Amount available for appropriation	<u>271.63</u>
<b>Appropriations :</b>	
Provision for equity Dividend	129.63
Provision for tax on Dividend	16.61
Transfer to General Reserve	100.00
Surplus carried over to Balance Sheet	25.39
	<u>271.63</u>

### DIVIDEND

Your Directors are glad to recommend payment of dividend of 6% on the equity capital, which is tax free in the hands of the shareholders.

### REVIEW OF OPERATIONS

#### Textile Division

During the period under review, the textile mill has produced 6870.87 tonnes of yarn (5458.54 tonnes)

and sold 7075.57 tonnes of yarn (5252.69 tonnes). The sales include 4222.21 tonnes (3613.11 tonnes) by way of export. The total sales of this division amounted to Rs. 8647.47 lakhs (Rs.6982.83 lakhs) in 15 months period of which export sales amounted to Rs.4917.69 lakhs (4423.63 Lakhs) constituting 56.87% to the total revenue.

The timely purchase of quality cotton, both at international and domestic markets, supported by more favourable prices at which the cotton was available, helped the textile mill to contribute higher profits to the earnings of the Company.

#### Finance Division

During the period under review, your Company focused its attention on collection of overdue instalments of hire purchase, lease and other finance portfolios. Your Company continued deployment of funds under hire purchase, which amounted to Rs. 916.61 lakhs (2761.34 lakhs). Besides, the Company also deployed funds by way of secured and other loans aggregating to Rs. 875.94 lakhs during the period under review. As the Company consciously reduced its business of deployment of funds against financial assets, the revenue from this division declined sharply.

The Company has surrendered the Certificate of Registration obtained from RBI under Section 45IA of the Companies Act as the company has ceased to be an NBFC in terms of Assets and Income proportion. The Reserve Bank of India has accepted the surrender and cancelled the Certificate of Registration as surrendered.

#### Wind Mill Division

The wind mills produced 207.61 lakh units (322.14 lakh units) of wind electricity. Due to longer period of off-season comprised in the accounting period, the revenue generated by this division amounted to Rs. 660.04 lakhs (Rs.1057.20 lakhs). Of this, electricity for a value of Rs. 421.03 lakhs (Rs.564.36 lakhs) was consumed by the Textile Division.



## Shiva Texyarn Limited

### PROSPECTS FOR THE CURRENT YEAR 2003-2004

#### **Textile Division**

The middle-east war and the outbreak of SARS epidemic have significant impact on export of all kinds of goods. Nevertheless, the textile mill of your Company continues to perform well. Plans are under consideration to further augment the capacity of the mill and improve the revenue generation from this division. As the availability of domestic cotton may be affected due to acute drought prevailing in the country, the profitability of this division again depends upon timely purchase of quality cotton both at international and domestic markets.

#### **Finance Division**

Your Directors continue to focus all their efforts on collection of overdue instalments of hire purchase and lease against business done in the past. Vigorous recovery steps taken by the Company is likely to help the Company in reducing outstanding financial assets, besides contributing to the revenue by collection of overdue charges on final settlement with the customers.

#### **Wind Mill Division**

The Wind Mill Division is expected to make significant contribution.

#### **PUBLIC DEPOSITS**

Public Deposits aggregating to Rs.44.19 lakhs which became due for repayment during the year were not claimed by 355 deposit holders as on 31.3.2003. Subsequently, 84 deposit holders have claimed and collected the deposits. As on date deposits amounting to Rs. 31.40 lakhs have not been claimed by 271 deposit holders.

#### **DIRECTORS**

The following Directors retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

- (i) Dr S V Kandasami and
- (ii) Sri S V Balakrishnan

Sri C Sivasamy and Sri A Senthil were co-opted as Additional Directors with effect from 21.10.2002. Sri P Manickavasagan was co-opted as an Additional Director with effect from 30.1.2003. They vacate the office at the ensuing Annual General Meeting. Notices have been received from members proposing them as Directors of the company.

Sri MA Nataraj has resigned from the Board effective from 30.1.2003. Your Directors wish to place on record their appreciation for the valuable services rendered by Sri MA Nataraj during his tenure as Director of the Company.

#### **PARTICULARS OF EMPLOYEES**

During the year no employee was in receipt of remuneration exceeding the sum prescribed under Section 217 (2A) of the Companies Act, 1956. Hence, furnishing particulars under the Companies (Particulars of Employees) Rules, 1975 does not arise.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars required to be included in terms of Section 217(1)(e) of the Companies Act, 1956 with regard to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure-I.

#### **AUDIT COMMITTEE**

The Audit Committee of the company comprises 3 Directors Viz. Sri V Venkata Reddy, Sri S V Balasubramaniam, and Sri P Manickavasagan. Sri V Venkata Reddy, Chairman of the Committee and Sri P Manickavasagan, member are independent Directors.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

As stipulated in Section 217 (2AA) of the Companies Act, 1956 your Directors confirm that:

- (i) Your directors have followed the applicable accounting standards in the preparation of annual accounts;
- (ii) Your Directors have selected such accounting policies and applied them consistently and



made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31.3.2003 and of the profit of the company for that period;

- (iii) Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- (iv) Your Directors have prepared the annual accounts on a going concern basis.

#### **CORPORATE GOVERNANCE**

Report on corporate governance is furnished in the section on Corporate Governance in the Annual Report.

#### **COMPLIANCE CERTIFICATE**

A Certificate from the Auditors of the Company regarding compliance of conditions of corporate governance as stipulated under clause 49 of the Listing Agreement is furnished in the section on Corporate Governance.

#### **MANAGEMENT'S ANALYTICAL REPORT**

Management's Analytical Report as required by listing agreement is furnished in the section on Corporate Governance.

#### **AUDITORS**

M/s V K S Aiyer and Coy., the present auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment.

#### **SUBSIDIARY COMPANY**

The Audited accounts of the subsidiary company viz. Annamallai Properties Limited is attached along with the accounts of your company. Particulars under Section 212 of the Companies Act, 1956 in respect of the subsidiary is furnished in Annexure-II.

#### **CONSOLIDATED FINANCIAL STATEMENTS**

Apart from separate financial statements of your company and its subsidiary viz., Annamallai Properties Limited, Consolidated Financial Statements of the holding and subsidiary company have been furnished, as required by Clause 32 of the listing agreement, duly certified by the statutory auditors of the Company.

#### **INDUSTRIAL RELATIONS**

The relationship with employees continued to remain cordial throughout the year under review.

#### **ACKNOWLEDGEMENT**

Your Directors place on record their sincere thanks to the Bankers who have granted financial assistance to the Company by way of Term Loans and Working Capital, Cash Credits and for their continued support. Your Directors also thank the customers and depositors of the Company for their support and confidence reposed in the Company and to the employees at all levels for their co-operation and dedication.

Coimbatore  
9<sup>th</sup> July 2003

By Order of the Board  
**S V BALASUBRAMANIAM**  
Chairman