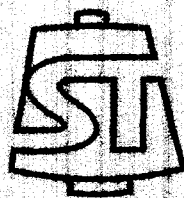


Growing Globally...



SHIVA TEXTYARN LIMITED

SHIVA TEXYARN LIMITED

BOARD OF DIRECTORS

Dr S V Balasubramaniam
Chairman

Sri S V Alagappan
Managing Director

Sri A Senthil
Executive Director

Sri S V Arumugam
Sri S V Balakrishnan
Sri S K Sundararaman
Sri V Venkata Reddy
Sri K N V Ramani
Sri C S K Prabhu
Sri S Palanisami
Dr K R Thillainathan
Sri S Marusamy

TEXTILE MILL

Unit - I

Velvarkottai Village
Dindigul District - 624 803
Tamilnadu

Unit - II

Kodangipalayam Village
Karadivavi Road
Paruvai (P.O), Coimbatore District
Tamil Nadu.

WIND FARMS

Munduvlampatti Village
Erode District
Tamilnadu

Gudimangalam, Athukinathupatti and
Uthukuli Villages
Coimbatore District
Tamilnadu

Sanganeri,
Tirunelveli District
Tamilnadu

BANKERS

Canara Bank
Indian Overseas Bank
UCO Bank
ICICI Bank Ltd.
State Bank of Hyderabad

AUDITORS

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

REGISTERED OFFICE

252, Mettupalayam Road
Coimbatore - 641 043. Tamilnadu
Phone : 91-422-2435555
Fax : 91-422-2434446
E-mail : afl@vsnl.com

SHARE TRANSFER AGENTS

M/s. SKDC Consultants Ltd.
Post Box No. 2979
11, S.N. Layout,
Street No. 1, Tatabad,
Coimbatore - 641 012.



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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 27th Annual General Meeting of the Members of the Shiva Texyarn Limited will be held at Nani Kalai Arangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore 641037 on Monday the 29th day of September 2008 at 9.15 AM to transact the business set out in the agenda given below:

Agenda

ORDINARY BUSINESS

1. To receive and adopt the Balance Sheet as at **31st March, 2008** and the Profit and Loss Account for the year ended on that date together with the reports of the Directors' and the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in the place of **Sri V Venkata Reddy**, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of **Dr K R Thillainathan**, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration

SPECIAL BUSINESSES

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

RESOLVED THAT Sri K N V Ramani, who was co-opted as an additional Director of the Company on 26.05.2008 and who holds office upto to the date of the ensuing 27th 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 the following resolution as an Ordinary Resolution:

RESOLVED THAT Sri C S K Prabhu, who was co-opted as an additional Director of the Company on 26.05.2008 and who holds office upto to the date of the ensuing 27th 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 the following resolution as an Ordinary Resolution:

RESOLVED that pursuant to Sections 198, 269, 309 and read with Schedule XIII and other applicable provisions of the Companies Act, 1956, if any and subject to approval of the shareholders, Sri S.V. Alagappan, Managing Director be paid the following remuneration with effect from 1.4.2008 for the remaining tenure of his appointment (i.e, upto 26.6.2010):

SALARY :

Rs 2,00,000/- (Rupees Two Lakhs only) per month.

PERQUISITES:

- (A) Contribution to Provident Fund to the extent not taxable under the Income Tax Act, 1961.
- (B) Gratuity at the rate of half a month's salary for each completed year of service.
- (C) Encashment of leave at the end of the tenure of employment as per the rules of the Company.

OTHER PERQUISITES:

As may be decided by the Board of Directors of a value not exceeding in aggregate the annual salary.

If in any Financial Year, the perquisites stated above are not availed in full, the



unavailed portion thereof may be encashed at the end of the year or carried over to be availed in any subsequent year or at the end of the term, either by encashment or by availing of the perquisite in kind.

COMMISSION:

2% (two percent) of the Net Profits of the Company, subject to the maximum ceiling specified in Section I of Part II of Schedule XIII to the Companies Act, 1956.

MINIMUM REMUNERATION:

Where in any financial year, during the tenure of appointment of the Managing Director, the Company has no profits or if profits are inadequate it may pay him remuneration by way of salary and perquisites up to the amounts listed above, subject to the limit as per scale of remuneration prescribed in Section II of Part II in Schedule XIII of the Companies Act, 1956.

9. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to Sections 198, 269, 309 and read with Schedule XIII and other applicable provisions of the Companies Act, 1956, if any and subject to approval of the shareholders, Sri A.Senthil, Executive Director be paid the following increased remuneration with effect from 1.4.2008 for the remaining tenure of his appointment (i.e, upto 24.1.2011):

SALARY :

Rs 1,25,000/- (Rupees One Lakh twenty five thousand only) per month.

PERQUISITES:

- (A) Contribution to Provident Fund to the extent not taxable under the Income Tax Act, 1961.
- (B) Gratuity at the rate of half a month's salary for each completed year of service.
- (C) Encashment of leave at the end of the tenure of employment as per the rules of the Company.

OTHER PERQUISITES:

As may be decided by the Board of Directors of a value not exceeding in aggregate the annual salary.

If in any Financial Year, the perquisites stated above are not availed in full, the unavailed portion thereof may be encashed at the end of the year or carried over to be availed in any subsequent year or at the end of the term, either by encashment or by availing of the perquisite in kind.

COMMISSION:

1% (one percent) of the Net Profits of the Company, subject to the maximum ceiling specified in Section I of Part II of Schedule XIII to the Companies Act, 1956.

MINIMUM REMUNERATION

Where in any financial year, during the tenure of appointment of the Executive Director, the Company has no profits or if profits are inadequate it may pay him remuneration by way of salary and perquisites up to the amounts listed above, subject to the limit as per scale of remuneration prescribed in Section II of Part II in Schedule XIII of the Companies Act, 1956.

**Notes:**

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.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 24.9.2008 to 29.9.2008 (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 29.9.2008. 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 23.9.2008.
5. The Company has transferred unclaimed

dividends upto the financial year ended 30th June 2000 to General Revenue Account/ Investor Education and Protection Fund of the Central Government. **The dividend declared for the financial year ended 31.12.2001 and for subsequent years remaining unclaimed for a period of 7 years will be transferred to Investor Education and Protection Fund established under Section 205C of the Companies Act, 1956 on the respective due dates; upon such transfer, no claim shall lie against the company or the Central Government for such unclaimed dividend.**

6. The relevant explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the special businesses under Items 6 to 9 is annexed
7. Members are requested to bring their copy of the Annual Report along with them to the meeting.

Coimbatore
26th May 2008

By Order of the Board
S V Balasubramaniam
CHAIRMAN

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956:**Item No.6:**

Sri K N V Ramani was appointed as an Additional Director of the company with effect from 26.05.2008, to hold office upto the date of the ensuing Annual General Meeting. He is eligible for appointment as a Director. The company has received a notice in terms of Section 257 of the Companies Act, 1956 alongwith the required deposit amount proposing his candidature. Further information about the appointee as required to be furnished under Clause 49 of the Listing Agreement with the Stock Exchanges is also annexed.

None of the Directors except K N V Ramani, the appointee is interested in the above resolution.

Item No.7:

Sri C S K Prabhu was appointed as an Additional Director of the company with effect from 26.05.2008, to hold office upto the date of the ensuing Annual General Meeting. He is eligible for appointment as a Director. The company has received a notice in terms of Section 257 of the Companies Act, 1956 alongwith the required deposit amount proposing his candidature. Further information



about the appointee as required to be furnished under Clause 49 of the Listing Agreement with the Stock Exchanges is also annexed.

None of the Directors except Sri C S K Prabhu, the appointee, is interested in the above resolution.

Item No.8:

Considering increase in the volume of business, duties and responsibilities on account of the implementation of the ongoing expansion and modernisation projects, the Board of Directors have proposed to increase the remuneration payable to Sri S.V.Alagappan, Managing Director, with effect from 1.4.2008 for the remaining tenure of his appointment (i.e, upto 26.6.2010). The aforesaid increase in remuneration was also approved by the Remuneration committee.

The terms and conditions of appointment are set out in the text of the resolution contained in the Notice of the Annual General Meeting, which may also be treated as the Notice required under Section 302 of the Companies Act, 1956.

The remuneration proposed is within the limits prescribed in Schedule XIII of the Companies Act, 1956.

Necessary resolutions are placed before the Members for their approval.

None of the Directors except Sri S V Balasubramaniam, Sri S V Alagappan, Sri S

V Arumugam and Sri S V Balakrishnan is interested in this item of the Agenda.

Item No.9:

Considering increase in the volume of business, duties and responsibilities on account of the implementation of the ongoing expansion and modernisation projects, the Board of Directors have proposed to increase the remuneration payable to Sri A.Senthil, Executive Director, with effect from 1.4.2008 for the remaining tenure of his appointment (i. e, upto 24.1.2011). The aforesaid increase in remuneration was also approved by the Remuneration committee.

The terms and conditions of appointment are set out in the text of the resolution contained in the Notice of the Annual General Meeting, which may also be treated as the Notice required under Section 302 of the Companies Act, 1956.

The remuneration proposed is within the limits prescribed in Schedule XIII of the Companies Act, 1956.

Necessary resolutions are placed before the Members for their approval.

None of the Directors except Sri S V Arumugam and Sri A.Senthil is interested in this item of the Agenda.

By Order of the Board
Coimbatore **S V BALASUBRAMANIAM**
26th May 2008 **CHAIRMAN**

**ANNEXURE****RE-APPOINTMENT OF DIRECTORS**

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

Name of the Director	Sri V Venkata Reddy	Dr K R Thillainathan
Age	69 Years	57 years
Date of Appointment	28.03.2001	28.12.2005
Qualification	M.B.A	MBBS
Expertise in specific functional area	He has more than 40 years of experience in Industry/Business	He has more than 30 Years Experience in Medical profession.
Directorships in other Companies	Shiva Hi-Tech Infrastructure Limited Bannari Amman Sugar Ltd Bannari Amman Spinning Mills Ltd. Sri Balaji Pilgrim Comforts (P) Ltd. Sri Kollapuri Amma Enterprises (P) Ltd Sri Kollapuri Amma Agro Industries (P) Ltd.	Nil
Chairmanships / Committee membership of other Companies	Bannari Amman Sugar Ltd : Audit Committee - Chairman Remuneration Committee - Chairman	Nil
Number of shares held	Nil	Nil
Relationship with other Directors	Nil	Nil

Name of the Director	Sri K N V Ramani	Sri C S K Prabhu
Age	75 Years	52 years
Date of Appointment	26.5.2008	26.5.2008
Qualification	M.A., B.L.,	B.Com, F.C.A.,
Expertise in specific functional area	Sri K N V Ramani is a Corporate Lawyer with more than 47 years of active practice specializing in	Sri C S K Prabhu is a Qualified Chartered Accountant



	legislations like Companies Act, Taxation and Labour Laws. He is the Legal Advisor for many Companies, PSUs, Banks and Financial Institutions etc., He is presently the senior partner of the law firm M/s. Ramani & Shankar, Advocates, Coimbatore.	having 28 years of Independent Practice and is the senior partner of M/s. CSK Prabhu & Co., Chartered Accountants. He is a member of the Committee on Taxes and Budget of Indian Chamber of Commerce and Industry Coimbatore
Directorships in other Companies	Bannari Amman Spinning Mills Limited Sri Kannapiran Mills Limited Sri Chamundeswari Sugars Limited K G Denim Limited LGB forge Limite KPR Mill Limited	Bannari Amman Spinning Mills Limited Super Spinning Mills Limited The Scientific Fertiliser Company (P) Ltd Kakathia Textiles Limited
Chairmanships / Committee memberships of other Companies	Bannari Amman Spinning Mills Ltd : Audit Committee - Member Remuneration Committee - Member Sri Kannapiran Mills Limited ; Audit committee - Member Remuneration Committee - Chairman K G Denim Limited ; Audit committee - Member Remuneration Committee - Chairman Shareholders Investors Grievances Committee-Member	Bannari Amman Spinning Mills Limited Audit Committee - Chairman Investor's Grievances Committee - Chairman Super Spinning Mills Limited : Audit Committee - Chairman Remuneration Committee - Member Shareholder Committee - Member Kakathia Textiles Limited : Audit Committee - Member Remuneration Committee - Member Shareholders Committee - Member
Number of shares held	Nil	Nil
Relationship with other Directors	Nil	Nil

Coimbatore
26th May 2008

By Order of the Board
S V BALASUBRAMANIAM
CHAIRMAN



DIRECTORS' REPORT

Dear Members,

Your Directors have great pleasure in presenting the Twenty Seventh Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2008.

FINANCIAL RESULTS

	(Rs. in Lakhs)	
	Financial Year	
	2007-2008	2006-2007
Profit before Depreciation	1788.07	2300.70
Less: Depreciation	743.42	720.79
Profit before prior year / extraneous items	1044.65	1579.91
Add / (deduct) : Net adjustment for excess provision withdrawn, Prior year Expenses etc.,	74.55	(26.68)
Profit before Tax	1119.20	1553.23
Less : Provision for Tax		
Income Tax – Current year	330.38	0.00
– Prior year	(3.01)	1.85
Wealth Tax – Current year	0.20	0.31
– Prior year	0.10	–
Deferred Tax - Current year	164.53	–
Fringe Benefit Tax -Current year	6.00	4.27
- Prior year	0.81	3.63
Profit after Tax	620.19	1543.18
Add : Surplus brought forward from last year	13.77	49.74
Amount available for appropriation	633.96	1592.92
Appropriations:		
Provision for Equity Dividend	324.07	324.07
Provision for Tax on Dividend	55.07	55.07
Transfer to General Reserve	250.00	1200.00
Surplus carried over to Balance Sheet	4.82	13.77
	633.96	1592.92

DIVIDEND

Your Directors are glad to recommend payment of Dividend at the rate of 15% (Last year 15%). The Dividend on Equity Shares together with distribution tax on corporate dividend will absorb Rs.379.14 lakhs (Rs.379.14 Lakhs). The Dividend, will be free from Income Tax in the hands of shareholders.

REVIEW OF OPERATIONS

Your Directors report that the Company's overall performance in terms of production, sales and other operations has been satisfactory; But in view of the adverse developments faced by the textile Industry as a whole, the net profit for the year decreased sharply in the textile division in comparison with the previous year.

Division wise review of performance of the Company is furnished below:

Textile Division

The textile mill produced 7210.63 tonnes (7322.08 tonnes) of yarn and sold 7273.07 tonnes (7103.24 tonnes) of yarn. The sales include 2728.63 tonnes (2373.13 tonnes) by way of export including 230.533 tonnes by way of Merchant Export. The total sales of this division amounted to Rs.8850.37 Lakhs (Rs. 8993.95 Lakhs) of which export sales amounted to Rs. 3225.13 Lakhs (Rs. 3033.04 Lakhs) constituting 36.45% of the total revenue.

During the year, the profits of the Textile Division was severely affected by the appreciation of Indian Rupee against US Dollar by more than 8% in the beginning of the financial year, which led to decline in sales realisation of yarn for both export and domestic sales. During the later part of the year, the