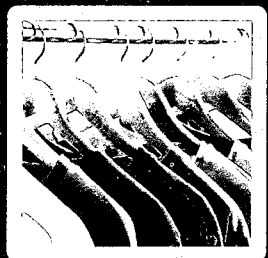
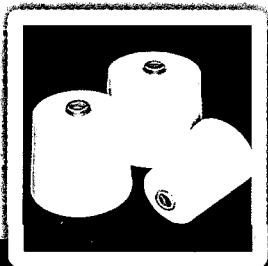


28th ANNUAL REPORT 2008-09



SHIVA TEXYARN LIMITED

SHIVA TEXTYARN 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

BANKERS

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

AUDITORS

M/s. V K S Aiyer & Co.
Chartered Accountants

SHARE TRANSFER AGENTS

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

REGISTERED OFFICE

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

TEXTILE DIVISION

Spinning Unit - I

Velvarkottai Village
Dindigul District - 624 803
Tamilnadu

Spinning Unit - II

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

Knitting Unit

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

Garments Unit

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

WIND MILL DIVISION

Munduvlampatti Village
Erode District
Tamilnadu

Gudimangalam, Athukinathupatti and
Uthukuli Villages
Coimbatore District
Tamilnadu

Sanganeri
Tirunelveli District
Tamilnadu



Shiva Texyarn Limited

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **28th** Annual General Meeting of the Members of the Company will be held at Nani Kalai Arangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore 641037 on the 23rd day of September 2009 at 9.00 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, 2009** 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 S V Arumugam**, 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 a Director in the place of **Sri S Marusamy**, who retires by rotation and being eligible, offers himself for re-appointment.
 6. To appoint Auditors and fix their remuneration
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 17.09.2009 to 23.09.2009 (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 23.09.2009. 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 16.09.2009.
 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. Members are requested to bring their copy of the Annual Report along with them to the meeting.

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.

Coimbatore
30th June 2009

By Order of the Board
S V Balasubramaniam
CHAIRMAN



Shiva Texyarn Limited

ANNEXURE

REAPPOINTMENT 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.

| | | | |
|----|---|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| I. | 1 | Name | : Sri S V Arumugam |
| | 2 | Age | : 60 Years |
| | 3 | Qualification | : B.Sc., ACA |
| | 4 | Date of Appointment | : 28.05.1980 |
| | 5 | Experience | : He has more than 35 years of experience in Industry/Business |
| | 6 | Other Directorships | : Annamallai Infrastructures Limited Bannari Amman Enterprises Limited Bannari Amman Exports Limited Bannari Amman Spinning Mills Limited Bannari Amman Sugars Ltd Bannariamman Finance Ltd Bannari Amman Flour Mill Limited Kerala Alcoholic Products Limited Shiva Cargo Movers Limited Shiva Distilleries Limited SIMA Textile Processing Centre Limited Anamallais Agencies Private Limited Anamallais Automobiles Private Limited Annamallai Enterprise Private Limited Annamallai Estates Private Limited Annamallai Retreading Company Private Limited AA Tyre Retreading Company Private Limited Bannari Amman Apparel Private Limited Bannari Amman Infrastructures Private Limited Bannari Techno Park Private Limited Kwality Clothes Private Limited Murugan Enterprise Private Limited Sakthi Murugan Transports Private Limited Senthil Infrastructure Private Limited Shiva Automobiles Private Limited Vedanayagam Hospital Private Limited |
| | 7 | Member of Committee | : Investors Grievance Committee - Member |
| | 8 | Member of Committees in other Public Limited Companies | : Bannari Amman Sugars Ltd: Audit Committee - Member Shareholders Committee - Chairman |
| | 9 | Number of Shares held in the Company | : 15,300 |

| | | | |
|------|---|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| II. | 1 | Name | : Sri S V Balakrishnan |
| | 2 | Age | : 56 years |
| | 3 | Qualification | : B.Com., B.L |
| | 4 | Date of Appointment | : 28.05.1980 |
| | 5 | Experience | : He has more than 31 years of experience in Industry/Business |
| | 6 | Other Directorships | : Annamallai Infrastructures Limited Bannariamman Finance Ltd Bannari Amman Flour Mill Limited Shiva Cargo Movers Limited Anamallais Automobiles Private Limited Annamallai Estates Private Limited Annamallai Retreading Company Private Limited AA Tyre Retreading Company Private Limited Bannari Amman Infrastructures Private Limited Bannari Techno Park Private Limited Kwality Clothes Private Limited Sakthi Murugan Transports Private Limited Vedanayagam Enterprises Private Limited Vedanayagam Hospital Private Limited |
| | 7 | Member of Committee | : Nil |
| | 8 | Member of Committees in other Public Limited Companies | : Nil |
| | 9 | Number of Shares held the Company in | : 26,700 |
| III. | 1 | Name | : Sri S Marusamy |
| | 2 | Age | : 64 Years |
| | 3 | Date of Appointment | : 22.08.2006 |
| | 4 | Experience | : He has more than 30 years of experience in agro processing and transport agency |
| | 5 | Other Directorships | : Nil |
| | 6 | Member of Committee | : Nil |
| | 7 | Member of Committee in other Public Limited Companies | : Nil |
| | 8 | Number of Shares held in the Company | : 2,858 |

Coimbatore
30th June 2009

By Order of the Board
S V BALASUBRAMANIAM
CHAIRMAN



Shiva Texyarn Limited

DIRECTORS' REPORT

Dear Members,

Your Directors have great pleasure in presenting the Twenty Eighth Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2009.

FINANCIAL RESULTS

| | (Rs. in Lakhs) | |
|-------------------------------------------------------------------------------------------|----------------|-----------|
| | Financial Year | |
| | 2008-2009 | 2007-2008 |
| Profit before Depreciation | 1431.79 | 1788.07 |
| Less: Depreciation | 832.46 | 743.42 |
| Profit before prior year / extraneous items | 599.33 | 1044.65 |
| Add / (deduct) : Net adjustment for excess provision withdrawn, Prior year Expenses etc., | 2.24 | 74.55 |
| Profit before Tax | 601.57 | 1119.20 |
| Less : Provision for Tax | | |
| Income Tax | | |
| - Current year | 65.30 | 330.38 |
| - Prior year | 101.64 | (3.01) |
| Wealth Tax | | |
| - Current year | 0.49 | 0.20 |
| - Prior year | 24.68 | 0.10 |
| Deferred Tax | | |
| - Current year | 18.74 | - |
| MAT Credit Entitlement | | |
| - Current year | (65.30) | - |
| Fringe Benefit Tax | | |
| - Current year | 6.00 | 6.00 |
| - Prior year | - | 0.81 |
| Profit after Tax | 450.02 | 620.19 |
| Add : Surplus brought forward from last year | 4.82 | 13.77 |
| Amount available for appropriation | 454.84 | 633.96 |
| Appropriations: | | |
| Provision for Equity Dividend | 194.44 | 324.07 |
| Provision for Tax on Dividend | 33.05 | 55.07 |
| Transfer to General Reserve | 200.00 | 250.00 |
| Surplus carried over to Balance Sheet | 27.36 | 4.82 |
| | 454.84 | 633.96 |

DIVIDEND

Your Directors are glad to recommend payment of Dividend at the rate of Re.0.90 per share (i.e) 9% (Last year 15%). The Dividend on Equity Shares together with Distribution Tax on Corporate Dividend will absorb Rs.227.49 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 were affected due to adverse developments faced by the textile Industry and the economy as a whole. As a result the net profit for the year decreased sharply due to lower earnings 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 mills produced 6143.78 tonnes (7210.63 tonnes) of yarn and sold 7064.92 tonnes (7273.07 tonnes) of yarn. The sales include 1845.87 tonnes (2728.63 tonnes) by way of export including Merchant Export. The total sales of this division amounted to Rs.9317.98 Lakhs (Rs. 8851.89 Lakhs) of which export sales amounted to Rs. 2085.70 Lakhs (Rs. 3226.22 Lakhs) constituting 22.38% of the total revenue.

During the year, the profits of the Textile Division was severely affected by restriction and control measures announced by Tamilnadu Electricity Board imposing a 40% power cut on sanctioned Demand and Energy consumption and intermittent power shut down, resulting in lower capacity utilization. Though the cotton season 2008-09 commenced with the expectation of favourable

cotton prices, during the later part of the year, the cotton prices showed an increasing trend, which also affected the performance of the division. The Rate of Interest charged by Banks on Working capital loans was on the higher side during the year compared to the previous year due to the monetary policy followed by Reserve Bank of India. Hence profitability from the textile division has been lower compared to last year.

Wind Mill Division

The Wind Mills, with an installed capacity of 16.795 MW, produced 211.59 Lakh units of Wind Electricity as against 234.79 Lakh units in last year. Due to lower generation, the Profits of this division after providing for Interest and Depreciation is lower when compared with last year.

PROSPECTS FOR THE CURRENT YEAR 2009-2010

Textile Division

The production, productivity, sales and profitability of the existing mill with 39072 spindles has reached optimum level. The new unit near Palladam has commenced operations and is expected to contribute to the overall performance of the Company.

For the year 2009-10, the profitability of the textile division will depend upon availability of adequate and continued power supply and availability of cotton of good quality at remunerative price and also the Yarn prices remaining remunerative.

Windmill Division

The contribution of Windmills by way of revenue and profit will depend upon favourable Wind conditions during the season and availability of adequate Grid for transmission of Wind energy produced during peak season.

EXPANSION / NEW PROJECTS / JOINT VENTURE

Establishment of new Spinning Mill:

The new Spinning unit near Palladam commenced commercial operations in the last quarter. The project is expected to be completed in full by September'2009. The full benefits of the expansion will accrue to the Company in the coming years.

Knitting Division:

A project for manufacture of knitted fabric to produce about 1500 MT per annum of knitted fabric commenced operations near Palladam in Coimbatore since April, 2008.

This units is expected to contribute better margin for yarn produced by the company after conversion into knitted fabrics in the coming years.

Garmenting Division :

A project for manufacture of knitted Garments with about 200 sewing machines is being set up near Palladam in Coimbatore

Joint Venture for manufacture of branded Garments:

The Joint Venture Company namely, M/s. Bannari Amman Apparel Private Limited, in which your Company alongwith its associate is holding 50% interest in the Equity and representation in the Board has implemented a project for production of branded apparels near Chennai.

PUBLIC DEPOSITS

As at the close of the year, there were 103 public deposits involving an amount of Rs. 15.78 Lakhs remained unclaimed pending receipt of instructions from the deposit holders. Subsequently 21 deposits involving an amount of Rs. 5.92 Lakhs have been repaid or renewed as per claims received from the deposit holders. As on date 82 deposits involving an amount of Rs. 9.86 lakhs still remain unclaimed for which



Shiva Texyarn Limited

regular follow up is being made to obtain instructions from the deposit holders for repayment.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 the following Directors retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

- (i) Sri S V ARUMUGAM
- (ii) Sri S V BALAKRISHNAN
- (iii) Sri S MARUSAMY

The Directors recommend their re-appointment.

PARTICULARS OF EMPLOYEES

The information required as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is furnished in Annexure - I and forms part of this report.

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 is furnished in Annexure-II and forms part of this report.

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 2008-2009 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

A separate section on Corporate Governance, Management Discussion and Analysis and a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement form part of this Annual Report.

AUDITORS

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

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, Working Capital Loan and 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
30th June 2009

By Order of the Board
S V BALASUBRAMANIAM
CHAIRMAN

ANNEXURE TO DIRECTORS' REPORT

Annexure - I

Statement Pursuant to Section 217(2A) of the Companies Act 1956 and the Companies (Particulars of Employees) Rules, 1975.

| Name | Designation | Remuneration Received (Rs. in lakhs) | Qualification | Age in years as on 31.3.09 | Experience in years | Date of commencement of Employment | Particulars of Last Employment |
|-------------------|----------------------|-----------------------------------------|---------------|-------------------------------------|---------------------------|---------------------------------------------|-------------------------------------------------------------------|
| Sri S V Alagappan | Managing Director | 42.25 | B.Com., B.L. | 67 | 29 | 27.6.2005 | Managing Director Bannari Amman Spinning Mills Ltd |
| Sri A Senthil | Excutive Director | 24.71 | MBA | 33 | 7 | 25.1.2006 | - |

Note : 1. The nature of employment is contractual.

2. Sri S V Alagappan, Managing Director is related to Dr S V Balasubramaniam – Chairman, Sri S V Arumugam, and Sri S V Balakrishnan - Directors.
3. Sri A Senthil, Executive Director is related to Sri S V Arumugam, Director.
4. Remuneration comprises of salary, commission, allowances, contribution to provident fund and monetary value of perquisites, as evaluated under Income Tax Rules.

Coimbatore
30th June 2009

By Order of the Board
S V BALASUBRAMANIAM
CHAIRMAN