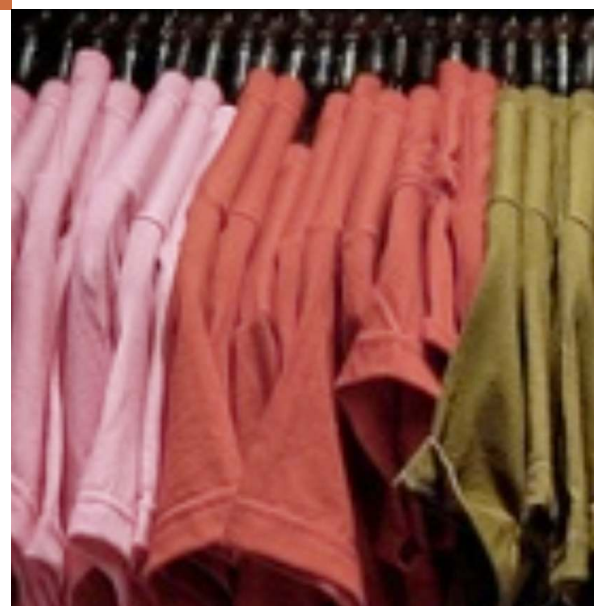




30<sup>th</sup>  
Annual  
Report  
2011



**SHIVA TEXYARN LIMITED**



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## IMPORTANT COMMUNICATION

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued a circular clarifying that the companies would be in compliance of Section 219(1) of Companies Act 1956 in case copy of notice calling Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc is sent by electronic mail to its members. Hence, members who have not registered their e-mail addresses so far are requested to register their e-mail addresses with the depository through their Depository Participants to enable the company to send the notice calling Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc. through e-mail. Members who hold shares in physical form are requested to register their e-mail address with the Registrar and Share Transfer Agent viz. SKDC CONSULTANTS LIMITED, COIMBTORE.

## BOARD OF DIRECTORS

Dr S V Balasubramaniam	Chairman
Sri S V Alagappan	Managing Director
Sri S V Arumugam	
Sri S K Sundararaman	
Sri V Venkata Reddy	
Sri K N V Ramani	
Sri C S K Prabhu	
Sri S Palaniswami	
Dr K R Thillainathan	
Sri S Marusamy	

### COMPANY SECRETARY

Mrs M Shyamala

### AUDITORS

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

### INTERNAL AUDITORS

M/s Srivatsan & Gita  
Chartered Accountants  
Coimbatore - 641 018

### REGISTERED OFFICE

252, Mettupalayam Road  
Coimbatore - 641 043. Tamilnadu  
Phone : 91-422-2435555  
Fax : 91-422-2434446  
E-mail : shares@shivatex.co.in

### BANKERS

Canara Bank  
Indian Overseas Bank  
ICICI Bank Ltd  
UCO Bank  
State Bank of Hyderabad  
Bank of Maharashtra  
Bank of Baroda  
Allahabad Bank

### SHARE TRANSFER AGENT

M/s. SKDC Consultants Ltd  
Kanapathy Towers  
3<sup>rd</sup> Floor,  
1391/A-1 Sathy Road  
Ganapathy, Coimbatore - 641 006



## **NOTICE TO SHAREHOLDERS**

**NOTICE** is hereby given that the **30<sup>th</sup>** Annual General Meeting of the Members of the Company will be held at Nani Kalaiarangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore – 641 037 on the 29<sup>th</sup> day of September 2011 at 9.15 AM to transact the business set out in the agenda given below:

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

## **AGENDA**

### **ORDINARY BUSINESSES**

1. To receive and adopt the Balance Sheet as at 31<sup>st</sup> March, 2011 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 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 Sri K N V Ramani, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Dr K R Thillainathan, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

### **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 23.09.2011 to 29.09.2011 (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 29.09.2011. 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 22.09.2011.
5. The Company has transferred unclaimed dividends upto the financial year ended 31.03.2003 to General Revenue Account/ Investor Education and Protection Fund of the Central Government. The dividend declared for the financial year ended 31.03.2004 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.

Coimbatore  
13<sup>th</sup> August, 2011

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

I.	1	Name	:	<b>Sri V Venkata Reddy</b>
	2	Age	:	72 Years
	3	Qualification	:	M B A
	4	Date of Appointment	:	28.03.2001
	5	Experience	:	He has more than 43 years of experience in Industry/Business
	6	Other Directorships	:	Bannari Amman Spinning Mills Limited Bannari Amman Sugars Limited Sri Kollapuramma Enterprises Private Limited Sri Kollapuramma Agro Industries Private Limited
	7	Member of Committee	:	Remuneration Committee - Chairman Shareholders Committee - Chairman
	8	Member of Committees in other Public Limited Companies	:	Bannari Amman Spinning Mills Limited: Remuneration Committee - Member Bannari Amman Sugars Limited: Audit Committee - Chairman Remuneration Committee - Chairman Shareholders Committee - Member
	9	Number of Shares held in the Company	:	NIL
II.	1	Name	:	<b>Sri K N V Ramani</b>
	2	Age	:	79 years
	3	Qualification	:	M.A.. B.L.,
	4	Date of Appointment	:	26.05.2008
	5	Experience	:	He is a Corporate Lawyer with more than 47 years of active practice specializing in legislations like Companies Act, Taxation and Labour Laws. He is the Legal Advisor for many Financial Institutions etc., He is presently the senior partner of the law firm M/s Ramani & Sankar, Advocates, Coimbatore.
	6	Other Directorships	:	Bannari Amman Spinning Mills Limited Sri Kannapiran Mills Limited Sri Chamundeswari Sugars Limited K G Denim Limited LGB Forge Limited KPR Mill Limited



	7	Member of Committee	:	Audit Committee - Chairman
	8	Member of Committees in other Public Limited Companies	:	Bannari Amman Spinning Mills Limited: Audit Committee - Member Remuneration Committee - Chairman Sri Kannapiran Mills Limited: Audit Committee - Chairman Remuneration Committee - Chairman LGB Forge Limited: Remuneration Committee - Chairman
	9	Number of Shares held in the Company	:	Nil
III.	1	Name	:	<b>Dr K R Thillainathan</b>
	2	Age	:	57 Years
	3	Qualification	:	MBBS
	4	Date of Appointment	:	28.12.2005
	5	Experience	:	He has more than 33 years of experience in Medical Profession
	6	Other Directorships	:	Nil
	7	Member of Committee	:	Remuneration Committee - Member
	8	Member of Committee in other Public Limited Companies	:	Nil
	9	Number of Shares held in the Company	:	300

Coimbatore  
13<sup>th</sup> August, 2011

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

Dear Members,

Your Directors have pleasure in presenting the Thirtieth Annual Report together with Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2011.

Rs. in lakhs	
Financial Year	
2010-2011	2009-2010
5575.98	2198.64
1765.98	1350.33
<u>3810.00</u>	<u>848.31</u>
(8.74)	(20.00)
<u>3801.26</u>	<u>828.31</u>
726.44	142.32
85.81	50.51
0.00	0.25
2.22	0.36
1046.01	256.48
(719.70)	(140.08)
<u>2660.48</u>	<u>518.47</u>
43.90	27.36
<u>2704.38</u>	<u>545.83</u>
324.07	216.05
52.57	35.88
2000.00	250.00
327.74	43.90
<u>2704.38</u>	<u>545.83</u>

Your Directors are glad to recommend payment of Dividend at the higher rate of Rs.1.50 per share (i.e) 15% (Last year 10%). The Dividend on Equity Shares together with Distribution Tax on Corporate Dividend will absorb Rs.376.64 Lakhs (Rs.251.93 lakhs). The Dividend will be free from Income Tax in the hands of Shareholders.

**REVIEW OF OPERATIONS**

Your Directors report that the Company's performance in terms of production and sales of Cotton Yarn and Fabric has improved considerably during the year under review. In view of very good demand for Yarn both in domestic and export market and consequent improved realization for sale of the products, the net Profit has improved substantially for the year.

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

**Textile Division**

The textile mills produced 19066.18 tonnes (12574.49 tonnes) of yarn and sold 18516.40 tonnes (12665.36 tonnes) of yarn. The sales include 4031.09 tonnes (2063.83 tonnes) amounting to Rs.8111.76 lakhs (Rs.2707.71 lakhs) by way of export of Yarn including Merchant Export. During the year, the Company has exported Waste Cotton also to an extent of 1088.81 tonnes (822.38 tonnes) amounting to Rs.487.70 lakhs (Rs.444.58 lakhs). The total sales of the Spinning division aggregated to Rs.37729.60 lakhs (Rs.17935.41 lakhs) of which export sales including waste cotton export amounted to Rs. 8599.46 lakhs (Rs. 3152.29 lakhs) constituting 22.84% (17.58%) of the total revenue.

The profits of the Textile units increased significantly on account of improved capacity utilization, savings in power cost due to installation of new Windmills with an aggregate capacity of 5.75 MW, improved off take of Yarn both in domestic and export markets, better sales realization etc. Though there has been an increase in Interest and other operating costs, the same has been offset by the positive factors mentioned above. The problem of frequent power cuts imposed by TNEB still persists. However this has been mitigated by your Company to some extent by way of purchase of power from third party sources at competitive rates.

The knitting division with installed capacity of 41 knitting machines produced 2101.31 tonnes of fabric (1668.42 tonnes) and sold 2054.87 tonnes (1667.78 tonnes) including 269.36 tonnes (71.22 tonnes) by way of export. The garment division produced 423603 pieces (279044 pieces) of Garments and contributed revenue of Rs.1571.41 Lakhs (Rs.459.61 Lakhs) under the Brand Name of "YESWE CREATIONS".

**Wind Mills Performance**

The Wind Mills, with an installed capacity of 22.545 MW, produced 323.35 lakh units of Wind Electricity as against 246.18 lakh units (16.795 MW) in the last year. During the course of the year windmills with an aggregate capacity of 5.75 MW have been installed for meeting captive use requirement which will result in reduction in power cost. Only 2 Windmills with a capacity of 0.45 MW is under sale to Tamilnadu Electricity Board category in respect of which Power sold to TNEB during the year is 7.86 lakh units (110.25 lakh units).

**PROSPECTS FOR THE CURRENT YEAR 2011 - 2012****Textile Division**

The Spinning units with an aggregate capacity of 89472 spindles have reached optimum production level. The scope for increasing capacity utilization in Knitting division which in turn will increase production of knitted fabric is dependent on favourable market conditions. The Garmenting division has also stabilized the operations and the volume of business is likely to increase during the current year.

In order to control the spiraling Cotton & Yarn prices, the Government has brought in quota restrictions on exports



by restricting cotton exports to 55 lakh bales and Yarn exports to 720 million kgs for the year 2010-11. During the current year also, the Yarn exports are regulated through licenses issued by Director General of Foreign Trade. However due to shortage of cotton supply in the world market, cotton prices sky rocketed since August 2010. In October 2010 when the new cotton season began, the prices of Shankar-6 variety of cotton ruled at Rs.37,000/- per candy which increased to Rs.62,000/- per candy in March'2011. Though the prices have come down to about Rs.46,000/- per candy now, there has been a lot of uncertainty about the future prospects. The closure of dyeing units in Tiruppur District in Tamilnadu for non compliance of pollution control norms may also have a bearing on the prospects for the Industry.

## **JOINT VENTURE**

During the year, the Company totally exited from the Joint Venture Company viz., Bannari Amman Apparel Private Limited by liquidating its investments in the Company.

## **PUBLIC DEPOSITS**

As at the close of the year, there were 68 public deposits involving an amount of Rs.15.28 lakhs remained unclaimed pending receipt of instructions from the deposit holders. Subsequently 3 deposits involving an amount of Rs.1.16 lakhs have been repaid or renewed as per claims received from the deposit holders. As on date 65 deposits involving an amount of Rs.14.12 lakhs still remain unclaimed for which 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 V Venkata Reddy
- (ii) Sri K N V Ramani
- (iii) Dr K R Thillainathan

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 judgments' 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 2010 -2011 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  
19<sup>th</sup> May, 2011

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