

32nd

**Annual Report
2013**



SHIVA TEXTYARN LIMITED

CONTENTS

Board of Directors	1
Notice to Shareholders	2
Directors' Report	5
Annexure to Directors' Report	9
Corporate Governance	11
Management Discussion and Analysis	18
Auditor's Certificate on Corporate Governance	20
Independent Auditor's Report	21
Balance Sheet	30
Profit and Loss Account	31
Cash Flow Statement	32
Notes to Financial Statement	34
Financial Performance - Year wise	65

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, COIMBATORE.

**BOARD OF DIRECTORS**

Sri S V Alagappan	Chairman & Managing Director
Sri S V Arumugam	
Sri S K Sundararaman	Executive Director
Sri K N V Ramani	
Sri C S K Prabhu	
Sri S Palaniswami	
Dr K R Thillainathan	
Sri S Marusamy	

AUDITORS

M/s. V K S Aiyer & Co.
Chartered Accountants
Coimbatore - 641 011

INTERNAL AUDITORS

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

COST AUDITOR

Sri M Nagarajan
Cost Accountant
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

COMPANY SECRETARY

Mrs M Shyamala

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
3rd Floor, 1391/A-1 Sathy Road
Ganapathy, Coimbatore - 641 006



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 32nd Annual General Meeting of the Members of the Company will be held at Nani Kalaarangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore – 641 037 on the Monday the 23rd day of September 2013 at 10.15 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 31st March, 2013 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 C S K Prabhu, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Sri S Palaniswami, who retires by rotation and being eligible, offers himself for re-appointment.
5. 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 17.9.2013 to 23.9.2013 (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 23.9.2013. 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 16.9.2013.
5. The Company has transferred unclaimed dividends upto the financial year ended 31.3.2005 to General Revenue Account/Investor Education and Protection Fund of the Central Government. The dividend declared for the financial year ended 31.3.2006 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
18th May, 2013

By Order of the Board
S V ALAGAPPAN
CHAIRMAN & MANAGING DIRECTOR

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	:	Sri C S K Prabhu
	2	Age	:	58 Years
	3	Qualification	:	B.Com., FCA
	4	Date of Appointment	:	26.5.2008
	5	Experience	:	He has more than 33 years of experience as Practicing Chartered Accountant
	6	Other Directorships	:	Bannari Amman Spinning Mills Limited Super Spinning Mills Limited Kakatiya Textile Limited Scientific Fertiliser Company Private Limited
	7	Member of Committee	:	Audit Committee - Member
	8	Member of Committee in other Public Limited Companies	:	Bannari Amman Spinning Mills Limited Audit Committee - Chairman Investor's Grievance Committee - Chairman Remuneration Committee - Member Super Spinning Mills Limited: Audit Committee - Chairman Remuneration Committee - Chairman Investor's Grievance Committee - Member Kakatiya Textiles Limited: Audit Committee - Member Remuneration Committee - Member Investor's Grievance Committee - Member
	9	Number of Shares held in the Company :		Nil
II.	1	Name	:	Sri S Palaniswami
	2	Age	:	69 years
	3	Qualification	:	B.E Electrical Engineering



4	Date of Appointment	:	28.12.2005
5	Experience	:	He has more than 33 years of experience in the field of Vertical Transportation Elevators, Escalators and allied products.
6	Other Directorships	:	Bannari Amman Spinning Mills Limited
7	Member of Committee	:	Audit Committee - Member Remuneration Committee - Member
8	Member of Committees in other Public Limited Companies	:	Bannari Amman Spinning Mills Limited: Audit Committee - Member
9	Number of Shares held in the Company :		Nil

Coimbatore
18th May, 2013

By Order of the Board
S V ALAGAPPAN
CHAIRMAN & MANAGING DIRECTOR

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Thirty Second Annual Report together with Audited Accounts of the Company for the year ended 31 st March, 2013.

FINANCIAL RESULTS

	Rs. in lakhs	
	Financial Year	
	(Rs. in lakhs)	
	2012-2013	2011-2012
Profit before Interest and Depreciation	7749.77	1805.89
Less: Interest	2677.35	2798.74
Profit before Depreciation	5072.42	(992.85)
Less: Depreciation	1916.97	1870.33
Profit before Tax	3155.45	(2863.18)
Less : Provision for Tax		
- Current tax	17.27	-
- Deferred tax	908.97	(920.83)
Profit after Tax	2229.21	(1942.35)
Add : Surplus/(Deficit) brought forward from last year	(1614.61)	327.74
Amount available for appropriation	614.60	(1614.61)
Appropriations :		
Provision for Equity Dividend	259.25	-
Provision for Tax on Dividend	44.06	-
Transfer to General Reserve	150.00	-
Surplus carried over to Balance Sheet	161.29	(1614.61)
Total	614.60	(1614.61)

DIVIDEND

Your Directors are glad to recommend payment of dividend at the rate of 12% (Last year Rs.Nil). The Dividend on Equity Shares together with Distribution Tax on Corporate Dividend will absorb Rs.303.31 lakhs (Last year Rs.Nil). The Dividend will be free from Income Tax in the hands of Shareholders.



REVIEW OF OPERATIONS

During the year under review, the textile mills produced in aggregate 17068.66 tonnes (13280.94 tonnes) of yarn and sold 13923.87 tonnes (10194.43 tonnes) of yarn. The sales include 3830.83 tonnes (4317.22 tonnes) of yarn fetching Rs.7762.94 lakhs (Rs.8530.92 lakhs) by export, including merchant export. During the year, the Company also exported waste cotton to an extent of 1118.37 tonnes (1038.70 tonnes) fetching Rs.857.61 lakhs (Rs.795.55 lakhs).

The knitting division with 41 knitting machines produced 3433.19 tonnes of fabric (1355.56 tonnes) and sold 3456.94 tonnes (967.99 tonnes) which included export of 324.74 tonnes (387.91 tonnes). The sales of knitted fabrics amounted to Rs.7132.63 lakhs (Rs.2775.53 lakhs) which included export sales of Rs.698.19 lakhs (Rs.824.98 lakhs). With lower production and sales, the garment division yielded a turnover of Rs.957.47 lakhs (Rs.1665.44 lakhs)

During the year, the Company also ventured into production and sales of technical textile products, which yielded an aggregate revenue of Rs.1557.68 (Rs.Nil) by sales from coated fabrics and laminated fabrics. The Company also established a processing unit at SIPCOT, Perundurai, to create captive source of dyeing and printing activities.

The overall sales of textile products amounted to Rs.41139.32 lakhs (Rs.32506.34 lakhs).

Your Directors report that the performance of the textile spinning units improved considerably as compared to the previous financial year. The prices of cotton (raw material) remained stable during most part of the year as a result of which there was stability in Yarn prices also. The strategy of penetrating alternative markets viz. Corporate buyers, new overseas buyers, woven segment etc in addition to our core market for hosiery yarn helped the Company in improving the working results.

The Wind Mills, with an installed capacity of 28.795 produced 476.80 lakh units of Wind Electricity as against 419.03 lakh units generated in the last year. The entire power generated by Wind Mills is utilized for captive consumption.

The restriction and control measures of Tamil Nadu Electricity Generation and Distribution Company (TANGEDCO) still continues. However the Company has been able to achieve maximum utilization and productivity by making alternate arrangements of procuring private power although at higher cost resulting in increase in power cost during the year.

Your Directors are glad to report that a Processing unit has been commissioned at SIPCOT Perundurai for carrying out Dyeing/Printing operations which is expected to contribute to the overall performance of the Company in the coming years.

PROSPECTS FOR THE CURRENT YEAR 2013-14

The prospect of spinning units is expected to be satisfactory with moderation in cotton prices and stable demand for yarn in both domestic and export markets. The performance of Windmills is dependent on availability of Wind and infrastructure for evacuation of wind power by TANGEDCO.

PUBLIC DEPOSITS

As at the close of the year, there were 42 public deposits involving an amount of Rs.9.84 lakhs remained unclaimed pending receipt of instructions from the deposit holders. Subsequently no claims were received from deposit holders for repayment. Regular follow up is being made to obtain instructions from the deposit holders for repayment. As a policy no fresh Public deposits are accepted and no renewals are made.

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 C S K Prabhu
- (ii) Sri S Palanisamy

The Directors recommend their re-appointment.

PARTICULARS OF EMPLOYEES

None of the employees of the Company is in receipt of remuneration exceeding Rs.5,00,000/- per month or Rs.60,00,000/- per annum. Therefore, the particulars required as per Section 217 (2A) of the Companies Act, 1956 are not furnished.

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-I 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 2012-13 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 has been furnished, as stipulated under Clause 49 of the Listing Agreement which 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 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
18th May, 2013

By Order of the Board
S V ALAGAPPAN
CHAIRMAN & MANAGING DIRECTOR