

31st
ANNUAL
REPORT
2012



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, COIMBATORE.

BOARD OF DIRECTORS

Sri S V Alagappan	Chairman & 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	

AUDITORS

M/s. V K S Aiyer & Co.
Chartered Accountants
Coimbatore - 641 045

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 31st Annual General Meeting of the Members of the Company will be held at Nani Kalai Arangam, Mani High Secondary School, Pappanaickenpalaym, Coimbatore - 641 037 on the 24th day of September 2012 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, 2012 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 appoint a Director in the place of Sri S V Arumugam, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Sri S K Sundararaman, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Sri S Marusamy, 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 the following resolution as an Ordinary Resolution:

RESOLVED that pursuant to Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, the approval of the shareholders be and is hereby accorded for appointment of Sri S K Sundararaman, as Executive Director with effect from 13.8.2012 for a period of 5 years and for remuneration payable to him as detailed below:

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

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 as per the rules of the Company.

OTHER PERQUISITES:

As may be decided by the Board of Directors of a value not exceeding 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.

COMMISSION:

2% 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 clause 1 (A) of 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 18.9.2012 to 24.9.2012 (both days inclusive).
4. The Company has transferred unclaimed dividends upto the financial year ended 31.3.2004 to General Revenue Account/Investor Education and Protection Fund of the Central Government. The dividend declared for the financial year ended 31.3.2005 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.
5. The relevant explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the special business under item 6 is annexed.
6. Members are requested to bring their copy of the Annual Report along with them to the meeting.

Coimbatore
13th August, 2012

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



EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No.6

Sri S K Sundararaman, Director of the company is associated with the Textile Industry for about 12 years, and holding MBA from Cambridge University, United Kingdom. Considering his educational and technical background the Board of Directors have proposed to appoint Sri S K Sundararaman as Executive Director with the aforementioned remuneration payable to him, with effect from 13.8.2012 for a period of 5 years.

The aforesaid appointment and remuneration was approved by the Remuneration Committee at its meeting held on 6.8.2012.

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 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 K Sundararaman, Director is interested in this item of the Agenda.

Coimbatore
13th August, 2012

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 S V Arumugam
	2	Age	:	63 Years
	3	Qualification	:	B.Sc., ACA
	4	Date of Appointment	:	28.5.1980
	5	Experience	:	He has more than 38 years of experience in Industry/Business
	6	Other Directorships	:	Annamallai Infrastructures Limited Bannari Amman Flour Mill Limited Bannari Amman Spinning Mills Limited Bannari Amman Sugars Limited Madras Sugars Limited Sakthi Murugan Transports Limited SIMA Textile Processing Centre Limited Aptex Manpower Development Services Limited The Cotton Textiles Export Promotion Council Confederation of Indian Textile Industry Anamallais Agencies Private Limited Anamallais Automobiles Private Limited Anamallais Motors Private Limited Bannari Amman Apparel Private Limited Bannari Techno Park Private Limited Kwality Clothes Private Limited Murugan Enterprise Private Limited Senthil Infrastructure Private Limited Vedanayagam Enterprises Private Limited
	7	Member of Committee	:	Investor's Grievance Committee - Member
	8	Member of Committees in other Public Limited Companies	:	Bannari Amman Sugars Limited Audit Committee - Member Shareholders Committee - Chairman
	9	Number of Shares held in the Company:	:	NIL



II.	1	Name	:	Sri S K Sundararaman
	2	Age	:	39 years
	3	Qualification	:	M B A
	4	Date of Appointment	:	15.5.2006
	5	Experience	:	He has more than 13 years of experience in Industry/ Business
	6	Other Directorships	:	Bannari Amman Spinning Mills Limited S K S Agencies Limited Vedanayagam Hospital Limited Abirami Ecoplast Private Limited Sundar Ram Enterprise Private Limited
	7	Member of Committee	:	Audit Committee - Member
	8	Member of Committees in other Public Limited Companies	:	Bannari Amman Spinning Mills Limited Investors Grievance Committee - Member
	9	Number of Shares held in the Company :		900
III.	1	Name	:	Sri S Marusamy
	2	Age	:	67 Years
	3	Date of Appointment	:	22.8.2006
	4	Experience	:	He has more than 33 years of experience in agro processing and transport agency business.
	5	Other Directorships	:	M S S Realtors Private Limited
	6	Member of Committee	:	Nil
	7	Member of Committee in other Public Limited Companies	:	Nil
	8	Number of Shares held in the Company :		3283

Coimbatore
13th August, 2012

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

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Thirty first Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2012.

FINANCIAL RESULTS

		Rs. in lakhs	
		Financial Year	
		2011-2012	2010-2011
Profit before Depreciation		(992.85)	5567.24
Less: Depreciation		1870.32	1765.98
Profit before Tax		(2863.18)	3801.26
Less : Provision for Tax			
- Income Tax	- Current year	0.00	726.44
	Prior year	0.00	85.81
- Wealth Tax	- Current year	0.00	0.00
	Prior year	0.00	2.22
- Deferred Tax	- Current year	(920.83)	1046.01
- MAT Credit Entitlement	- Current year	0.00	(719.70)
Profit after Tax		(1942.35)	2660.48
Add : Surplus brought forward from last year		327.74	43.90
Amount available for appropriation		(1614.61)	2704.38
Appropriations :			
Provision for Equity Dividend		0.00	324.07
Provision for Tax on Dividend		0.00	52.57
Transfer to General Reserve		0.00	2000.00
Surplus carried over to Balance Sheet		0.00	327.74
T O T A L		(1614.61)	2704.38

DIVIDEND

Your Directors regret to inform that no dividend has been proposed for the current year (last year Rs.376.64 lakhs including Distribution Tax on Corporate Dividend) as the Company has incurred loss due to external factors .



REVIEW OF OPERATIONS

During the year under review, the textile mills produced 13280.94 tonnes (19066.18 tonnes) of yarn and sold 10194.43 tonnes (18516.40 tonnes) of yarn. The sales include 4317.22 tonnes (4031.09 tonnes) amounting to Rs.8530.92 lakhs (Rs.8111.76 lakhs) by way of export of yarn including Merchant Export. During the year, the Company exported Waste Cotton to an extent of 1038.70 tonnes (1088.81 tonnes) amounting to Rs.795.55 lakhs (Rs.487.70 Lakhs). The total sales of the Spinning Division aggregated to Rs.30116.59 lakhs (Rs.37729.60 lakhs) of which export sales including waste cotton export amounted to Rs.9326.47 lakhs (Rs.8599.46 lakhs) constituting 30.96% (22.84%) of the total revenue.

The Knitting Division with 41 knitting machines produced 1355.56 tonnes of fabric (2101.31 tonnes) and sold 967.99 tonnes (2054.87 tonnes) including 387.91 tonnes (269.36 tonnes) by way of export. The Garment Division produced 516288 pieces (423603 pieces) of Garments and contributed revenue of Rs.1665.44 Lakhs (Rs.1571.41 Lakhs)

The Wind Mills, with an installed capacity of 28.795 produced 419.03 lakh units of Wind Electricity as against 436.78 lakh units (28.345 MW) in the last year. Two Wind Mills with a capacity of 0.45 MW which were under sale to Tamil Nadu Electricity Board category, has been shifted to Captive use category during the course of the year, as a result of which the entire power generation by Wind Mills is utilized for captive consumption.

Your Directors report that the performance of the textile spinning units was impacted seriously due to various adverse factors which affected the textile industry. The prices of cotton (raw material) witnessed a wild fluctuation in the cotton season 2010-11. Frequent changes in the policies of the Central Government on yarn export and also export of cotton, had adverse effect on price realized by sale of yarn and also on the prices of raw materials. The severe economic crisis and recession in the overseas market had adverse impact on producers of garments, resulting in subdued demand for yarn in the domestic market. Consequently the yarn and the fabric produced by the textile units out of high priced cotton was sold at a loss during the first six months of the financial year 2011-12. Even though the prices of cotton decreased substantially, during the second half of the year, the Company could not recover the losses in full.

The restriction and control measures of Tamil Nadu Electricity Generation and Distribution Company (TANGEDCO) also caused disruption in production, affecting the utilization and efficiency of spinning production. The spinning units were to operate at a higher power cost by purchase of power at a higher price from third party.

Hence the Textile Units incurred cash loss on account of reasons described above. In spite of cash loss suffered, the Company honoured all financial commitments in time for servicing of term loans, by tight control on working capital.

PROSPECTS FOR THE CURRENT YEAR 2012 - 2013

The Spinning units with an aggregate capacity of 89472 spindles have reached optimum production level. The scope for increasing capacity utilization in Knitting division is being explored to maximise profits from the division. The Garmenting Division has stabilized the operations and the volume of business is likely to further increase during the current year.

Your Company started to make cash profits from the last quarter of the financial year 2011-12 and continues to improve upon its performance in the first quarter of 2012-13. With cotton prices expected to remain subdued due to lower offtake by spinning units all over the world, the Company will be able to make reasonable profits in the ensuing period.

However the prospects of the textile industry depends upon revival of the economy and demand from garment making units both in the domestic and export market, which will step up the demand for cotton yarn produced by spinning units. Steps have been taken by your Company to ensure that the spinning units are insulated from supply constraints of TANGEDCO to supply electricity. Further steps are being explored to produce value added yarn and fabrics.

PUBLIC DEPOSITS

As at the close of the year, there were 50 public deposits involving an amount of Rs.12.06 lakhs remained unclaimed pending receipt of instructions from the deposit holders. Subsequently 2 deposits involving an amount of Rs.0.37 lakhs have been repaid or renewed as per claims received from the deposit holders. As on date 48 deposits involving an amount of Rs.11.69 lakhs still remain unclaimed for which 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 S V Arumugam
- (ii) Sri S K Sundararaman
- (iii) Sri S Marusamy

The Directors recommend their re-appointment.

Dr. S V Balasubramaniam ceased to be a Director of the Company by resignation with effect from 28.12.2011. The Board wishes to place on record its appreciation for the valuable services rendered by Dr. S V Balasubramaniam during his long tenure of office as Director and Chairman and for his guidance in the development and growth of the Company.

PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Director's report is not furnished as none of the employees were drawing remuneration in excess of limits specified therein.

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 2011 -2012 and of the Loss incurred by 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, Chartered Accountants, Coimbatore, the present Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment.

COST AUDITOR

Sri M Nagarajan, Cost Accountant, Coimbatore has been appointed as Cost Auditor to conduct Cost Audit of the Company for the financial year 2012-2013, subject to approval of Central Government.

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
28th May, 2012

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

Annexure to Directors' Report

Annexure - I

Information Pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A) CONSERVATION OF ENERGY

(a) Energy Conservation Measures taken -

During the year energy saving measures were taken in all sections of the spinning units to optimize energy consumption.

(b) Additional Investments and Proposals, if any, being implemented for reduction of consumption of energy. Reduction in consumption of energy is planned and implemented on a continuous basis.

(c) Impact of the measures (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods.

The benefits will be realised over a period of time.

B) Form A-Particulars with respect of energy conservation

I. POWER AND FUEL CONSUMPTIONS

1 Electricity	Current Year	Previous Year
(a) Purchased :		
Units(in Lakhs)	148.10	145.21
Amount spent (Rs. in Lakhs)	982.90	779.32
Rate per unit (Rs)	6.64	5.37
b) Own Generation:-		
i) Through Diesel Generator:-		
Total Units produced (in Lakhs)	27.16	62.59
Units produced per litre of diesel (Units)	4.42	3.28
Amount spent (Rs. in Lakhs)	269.38	631.97
Cost per unit (Rs)	9.92	10.10
ii) Through steam turbine/generator	Nil	Nil
iii) Through Wind Turbine Generator :-		
Total Units produced (in Lakhs)	369.00	371.68
Cost of generation (Rs. in Lakhs)	1502.70	1131.20
Cost per unit (Rs)	4.07	3.04
iv) Through Furnace Oil Generator :-		
Total Units produced (in Lakhs)	Nil	0.90
Cost of generation (Rs. in Lakhs)	Nil	10.24
Cost per unit (Rs)	Nil	11.38



	Current Year	Previous Year
2 Coal	Nil	Nil
3 Furnace oil	Nil	Nil
4 Others /Internal Generation	Nil	Nil

II. CONSUMPTION PER UNIT OF PRODUCTION

Product: COTTON YARN

Production in MT	13280.94	19066.17
Production in MT converted into 40s count	9066.24	10026.52
Electricity consumed in units (in Lakhs)	544.25	580.38
Electricity consumed per Kg of yarn (Units)	6.00	5.78

C) TECHNOLOGY ABSORPTION

Form B-Particulars with respect to absorption of Research and Development (R&D)

1. Specific areas in which R&D carried out by the Company	Nil	Nil
2. Benefits derived as a result of above R & D	Nil	Nil
3. Future Plan of Action	Nil	Nil
4. Expenditure on R & D	Nil	Nil
5. Technology absorption, adaptation and innovation		
(i) Efforts in brief, made towards technology absorption, adaptation and innovation	Nil	Nil
(ii) Benefits derived as a result of above effects	Nil	Nil
(iii) Imported Technology	Nil	Nil

D) FOREIGN EXCHANGE EARNINGS AND OUTGO

	Current Year (Rs. in lakhs)	Previous Year (Rs. in lakhs)
i) Total Foreign Exchange used (CIF Value)	162.70	967.84
ii) Total Foreign Exchange earned (FOB Value)	10744.60	8479.96

Coimbatore
28th May, 2012

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

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on Corporate Governance envisages the attainment of high levels of transparency, accountability, fairness and equity in all facets of business practices, procedures and reporting systems.

Shiva Texyarn Limited has adopted a Code of Conduct which lays down standards of values, ethics and prudent business principles of management.

BOARD OF DIRECTORS

The Board comprises of 9 Directors viz., 1 Executive Director and 8 Non Executive Directors. 6 Directors are independent Directors and have no business relationship with the Company.

During the financial year, 5 Board Meetings were convened by giving advance notices to the Directors. The meetings were held on 19.5.2011, 13.8.2011, 14.11.2011, 13.2.2012 and 29.3.2012.

The Board is given all material information which are incorporated in the Agenda papers for facilitating meaningful and focused discussions at the meetings.

Details of attendance of each Director at the Board Meetings and at the last Annual General Meeting held on 29.9.2011 :

Name of the Director	Category	Number of Directorships held in other Companies*	Number of Board Committee Membership held in other Companies**		No. of Board Meetings Attended	Last AGM Attended Yes / No.
			Chairman	Member		
1. Dr S V Balasubramaniam [#]	Non-Executive	10	-	-	3	Yes
2. Sri S V Alagappan	Executive	4	-	-	5	Yes
3. Sri S V Arumugam	Non-Executive	6	1	1	5	Yes
4. Sri S K Sundararaman	Non-Executive	3	-	1	4	Yes
5. Sri V Venkata Reddy	Non-Executive	2	1	1	1	No
6. Sri K N V Ramani	Non-Executive	6	1	2	3	Yes
7. Sri C S K Prabhu	Non-Executive	3	3	1	4	Yes
8. Dr K R Thillainathan	Non-Executive	1	-	-	5	Yes
9. Sri S Palaniswami	Non-Executive	1	-	1	5	No
10. Sri S Marusamy	Non-Executive	-	-	-	5	Yes

[#] Resigned w.e.f 28.12.2011

Directors under Sl.No 1 to 3 are related to each other as brothers.

* Excluding private companies which are not subsidiary of public limited companies.

** Committees formed under Clause 49 are only considered.

**AUDIT COMMITTEE**

The Audit Committee consists of the following 4 Directors, of whom 3 are independent. During the financial year the Audit Committee met Five times and the attendance of each member is furnished below :

Name of the Member	Category	No of Meetings Attended
Sri K N V Ramani	- Chairman	5
Sri S K Sundararaman	- Non-Executive Director	4
Sri C S K Prabhu	- Independent Director	5
Sri S Palaniswami	- Independent Director	3

The terms of reference of the Audit Committee are as set out in Clause 49 of the Listing Agreement, which inter-alia includes the following:

- Review of financial reporting process and to ensure that the financial statements are correct and sufficient.
- Review with Management the quarterly, half yearly and annual financial statements before submission to the Board for approval.
- Review with Statutory and Internal Auditors the adequacy of internal control system, significant findings and follow-up thereon.
- Reviewing the Company's financial and risk management policies.

REMUNERATION COMMITTEE

The Remuneration Committee consists of Three Directors all of whom are independent

1. Sri V Venkata Reddy	- Chairman & Independent Director
2. Dr K R Thillainathan	- Independent Director
3. Sri S Palaniswami	- Independent Director

The terms of reference specified by Board of Directors to the Remuneration Committee are as under:

- Recommending remuneration payable to Managing Director, Executive Director and other Directors as and when necessity arises.
- Reviewing sitting fees payable to Directors for attending Board Meetings, Committee Meetings etc.

Details of remuneration paid to Managing Director is as follows :

Name	Managing Director	Remuneration Received (Rs. in Lakhs)
Sri S V Alagappan	Managing Director	24.00

The sitting fees paid to non-executive Directors has been revised from Rs.2000/- to Rs.5000/- as recommended by Remuneration committee and approved at the Board Meeting held on 14.11.2011 for Board Meeting and Audit committee meetings attended by them.

SHAREHOLDING OF NON EXECUTIVE DIRECTORS AS ON 31.3.2012

Name of the Director	No. of Shares held
Sri S V Arumugam	Nil
Sri S K Sundararaman	900
Sri V Venkata Reddy	Nil
Sri K N V Ramani	Nil
Sri C S K Prabhu	Nil
Dr K R Thillainathan	300
Sri S Palaniswami	Nil
Sri S Marusamy	3283

INVESTOR'S GRIEVANCE COMMITTEE

The Investor's Grievance committee was formed to specifically look into shareholders/investors complaints, if any, on transfer of shares, non-receipt of Annual Report, non-receipt of declared dividend, etc., and also the action taken by the Company on those matters. During the financial year the Committee met 4 times and the attendance of each member is furnished below:

The Investor's Grievance committee consists of :

Name of the Member	Category	No. of Meetings Attended
Sri V Venkata Reddy	Chairman	3
Sri S V Arumugam	Member	4

Mrs M Shyamala, Company Secretary is the Compliance Officer.

The Company received 9 complaints from the shareholders during the financial year 2011-2012. All the complaints have been resolved to the satisfaction of the shareholders. No share transfer was pending as on 31.3.2012.



In terms of Clause 5A II of the Listing Agreement, entered into with Stock Exchanges, the Company has opened Demat Suspense Account in the name of "Shiva Texyarn Limited - Unclaimed shares Demat Suspense Account" and the shares

Unclaimed Shares	No. of Shareholders	No. of shares
Outstanding at the beginning of the year	14	3400
Approached for transfer during the year	1	200
Transferred to the shareholder during the year	1	200
Balance at the end of the year	13	3200

CEO & CFO CERTIFICATION

The Managing Director and General Manager-Finance (Head of finance function) have furnished a certificate relating to financial statement and internal controls and systems to the Board of Directors as prescribed under Clause 49 of the listing agreement and Board took the same on record.

INSIDER TRADING

In compliance with SEBI Regulations for prevention of insider trading the Company has framed a comprehensive Code of Conduct for its management staff. The Code lays down guidelines and procedures to be followed and disclosures to be made by the management staff while dealing with the shares of the Company.

GENERAL BODY MEETING

Location and time where last three Annual General Meetings were held :

AGM	Date	Venue	Time
28 th	23.9.2009	Nani Kalaiaragam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 37	9.00 A.M
29 th	20.9.2010	Nani Kalaiaragam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 37	9.15 A.M
30 th	29.9.2011	Nani Kalaiaragam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 37	9.15 A.M

DISCLOSURES

- None of the transactions with related parties carried out during the year 2011-2012 were in conflict with the interest of the company.
- There was no instance of non-compliance of any matter related to the capital markets during the last 3 years.

MEANS OF COMMUNICATION

- i) The quarterly/half-yearly/annual financial results of the Company are announced within the stipulated period and are normally published in English and Tamil newspapers.
- ii) The Management Discussion and Analysis forms part of the Annual Report, which is posted to the shareholders of the Company.

SHAREHOLDERS' INFORMATION

Annual General Meeting

Day and Date : 24 th September, 2012	Financial Calendar
Time : 10.15 AM	Results Announced : 28.5.2012
Venue : Nani Kalaiaragam Mani Higher Secondary School Pappanaickenpalaym Coimbatore - 641 037	Posting of Annual Report : On or before 29.8.2012
	Last date of receipt of Proxy forms : 22.9.2012
	Announcement of quarterly Results : During First/Second week of August and November 2012; February and May 2013 or as stipulated by SEBI from time to time

Date of Book Closure for the purpose of Annual General Meeting

18.9.2012 to 24.9.2012 (both days inclusive)

Share Price Movement

The high and low quotations of the Company's shares on the National Stock Exchange of India Limited together with Nifty from April 2011 to March 2012 were :

MONTH	SHARE PRICE AT NSE		NIFTY - INDEX	
	High (Rs. Ps.)	Low (Rs. Ps.)	High	Low
April 2011	60.00	44.10	5944.45	5693.25
May	59.55	32.40	5775.25	5328.70
June	37.00	28.00	5657.90	5195.90
July	33.75	26.35	5740.40	5453.95
August	30.60	21.60	5551.90	4720.00
September	29.80	21.65	5169.25	4758.85
October	29.70	22.15	5399.70	4728.30
November	24.85	17.90	5326.45	4639.10
December	20.70	16.50	5099.25	4531.15
January 2012	23.00	17.05	5217.00	4588.05
February	25.40	18.10	5629.95	5159.00
March	20.30	16.25	5499.40	5135.95



Based on the closing quotation of Rs.17.55 as at 31.3.2012 at National Stock Exchange of India Limited, Mumbai, the market capitalization of the company was Rs.37.92 Crores.

SHARE DETAILS

The Company's Equity Shares are listed on the following Stock Exchanges :

Bombay Stock Exchange Limited, Mumbai

Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001

National Stock Exchange of India Limited

"Exchange Plaza" Bandra-Kurla Complex
Bandra (E) Mumbai 400 051

Stock Code : 511108

Stock Code : SHIVTEX

The Company has paid Annual listing fees for the year 2012 - 2013

DEMATERIALISATION OF SHARES

The shares of the Company are in compulsory demat segment. The Company's shares are available for trading in the depository systems of both the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL). Members have option to hold their shares in demat form (i.e electronic mode) either through the NSDL or CDSL. As on 31.3.2012, 94.46% of the shares of the Company have been dematerialized. ISIN allotted to our company is INE705C01012. The whole of the Promoters Shareholding has been Dematerialised.

SHARE TRANSFER AGENTS

SKDC Consultants Ltd

Kanapathy Towers, 3rd Floor

1391/A-1, Sathy Road

Ganapathy

Coimbatore - 641 006

Telephone : 0422 6549995, 2539835 - 836

Fax : 0422 2539837

E-Mail : info@skdc-consultants.com

Share Transfer documents, non Receipt of share certificates sent for transfer, nomination forms and change of address may directly be sent to the above address.

SHARE TRANSFER SYSTEM

The share transfers in physical form are registered and returned within 30 days from the date of receipt if the documents are in order. The share transfers are approved by the share transfer committee which usually meets twice in a month.

SHAREHOLDING PATTERN AS ON 31.03.2012

CATEGORY	No of Shares Held	Percentage of Shareholding
Promoter's Holding	16189794	74.94
Banks/FIs/Mutual Funds	1400	0.01
Private Corporate Bodies	855478	3.96
Indian Public	4530711	20.96
NRI/OCBs	27138	0.13
TOTAL	21604521	100.00

PLANT LOCATION

Spinning Unit - I	Spinning Unit - II	Knitting Unit & Garment Unit
Velvarkottai Village Dindigul District Tamilnadu	Kodangipalayam Village Karadivavi Road Paruvai Post Coimbatore District, Tamilnadu	Kodangipalayam Village Karadivavi Road Paruvai Post Coimbatore District, Tamilnadu

Windmills		
Munduvlampatti Village Erode District Tamilnadu	Gudimangalam Athukinathupatti & Uthukuli Villages Coimbatore District Tamilnadu	Sanganeri Tirunelveli District Tamilnadu

ADDRESS FOR CORRESPONDENCE

Non-receipt of dividend, Registration of Power of Attorney, status change, transmission, consolidation, split and other queries may directly be sent to the following address:

The Company Secretary

Shiva Texyarn Limited, Regd Office: 252 Mettupalayam Road, Coimbatore 641 043

Coimbatore
28th May, 2012

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



MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY'S BUSINESS

The Company's principal line of business is manufacturing and marketing of Cotton Yarn and other textile products viz. Knitted Fabrics and Knitted Garments. The Company has two spinning units viz. Unit I near Dindigul with an installed capacity of 39072 spindles and unit II near Coimbatore with an installed capacity of 50400 spindles aggregating to 89472 spindles, Knitting unit near Coimbatore with capacity to produce about 12 MT of knitted fabric, Garment unit near Coimbatore to produce knitted garments and 80 Windmills with an installed capacity of 28.795 MW.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian Textiles and Clothing Industry accounts for 4% of Country's GDP, contributes 14% to total Industrial Production and nearly 12% of the total export earnings are contributed by Textile sector. The Industry had invested Rs.2 lakh crore to upgrade and modernize under Technology Upgradation Fund Scheme (TUFS).

The FY 2010-11 saw the textile industry revive after passing through severe recession till the third quarter of FY 2009-10. The revival was supported both by recovery in domestic demand and pickup in export demand for textile products. However FY 2011-12 witnessed reversal of the fortunes of the Textile Industry due to variety of factors viz. Volatility in Cotton prices which moved from about Rs.35,000/- per candy in the beginning of cotton season 2010-11 to about Rs.65,000/- per candy and again falling to about Rs.40,000/- per candy; Government policies of first restricting cotton and yarn exports and subsequently allowing the exports; sudden glut in demand for Textiles in domestic and international markets resulting in accumulation of Inventories; Steep fall in prices of finished goods which were produced from high priced cotton resulting in huge loss; etc. Moreover the closure of dyeing units at Tirupur on account of pollution problems also aggravated the problems for the Spinning units especially in South India.

OPPORTUNITIES

The Industry fulfills one of the basic necessities of life. The Textile industry is undergoing a major reorientation towards non clothing applications of textiles known as Technical Textiles which are growing at twice the rate of textiles for clothing applications and now account for more than half of total textile production. The Indian Textile industry has been undergoing a rapid transformation and is in the process of integrating with world trade and textile industry. Tremendous opportunities exist for India in this field.

OUTLOOK

The outlook for the Textile industry remains fluid at this point of time given the challenging operating environment led by uncertainty over demand growth, volatility in raw material prices, persistent increase in other operating costs coupled with stress on liquidity. However if falling cotton prices translate into a revival of demand and capacity utilization, the outlook for Textile Industry could turn stable in the ensuing quarters.

RISKS AND CONCERNS

Availability of Cotton, the main raw material for manufacture of Cotton Yarn is subject to the vagaries of nature and the prices also fluctuate wildly based on supply/demand in the World market and Government policy on export of Cotton. Government policy on export of cotton yarn is also a matter of concern for the Industry coupled with frequent changes in policy decision. Availability of skilled Labour is also one of the concerns which the Industry has to tackle on a priority basis. The other risks include availability of Quality Power at affordable cost, wild movements in Foreign Exchange affecting the business.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has adequate internal control procedures and systems commensurate with its size and nature of its business for purchase of raw materials, plant and machinery, components and other items and sale of goods. The checks and controls are reviewed by the Audit Committee for improvement in each of these areas on a periodical basis. The internal control systems are improved and modified continuously to meet with changes in business conditions, statutory and accounting requirements.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial performance of the Company has been discussed at length in Director's Report to the Members.

Coimbatore
28th May, 2012

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



DECLARATION ON CODE OF CONDUCT

To the Members of Shiva Texyarn Limited

In compliance with the requirements of clause 49 of the listing agreement with the stock exchanges, I declare that the Board of Directors and members of senior management have affirmed the compliance with the code of conduct during the financial year ended 31.03.2012.

Place : COIMBATORE

Date : 28th May, 2012

For **SHIVA TEXTYARN LIMITED**

S V ALAGAPPAN

MANAGING DIRECTOR

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

(Under Clause 49 of the Listing Agreement)

To the Members of Shiva Texyarn Limited

We have examined the compliance of conditions of Corporate Governance by SHIVA TEXTYARN LIMITED for the year ended on 31st March, 2012 as stipulated in Clause 49 of the listing agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us:

1. We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.
2. We state that based on representations made by the management and confirmation given by the Registrar and Share Transfer Agent of the Company, no investor grievances were remaining unattended as on 31st March 2012 for a period exceeding one month.
3. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : COIMBATORE

Date : 28th May, 2012

for **V K S AIYER & CO**

Chartered Accountants

ICAI Firm Regn. No.000066S

V S SRINIVASAN

Partner

Membership No.F-13729

AUDITORS' REPORT

To the Members of Shiva Texyarn Limited

We have audited the attached Balance Sheet of SHIVA TEXTYARN LIMITED as at 31st March 2012 and the Statement of Profit and Loss for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 we enclose in the annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow statement dealt with by this report comply with the mandatory Accounting Standards referred in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) In our opinion, and based on information and explanations given to us, none of the Directors are disqualified as on 31st March 2012, from being appointed as Directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India:
 - i. In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
 - ii. In so far as it relates to the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date; and
 - iii. In so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Place : COIMBATORE

Date : 28th May, 2012

for **V K S AIYER & CO**
Chartered Accountants
ICAI Firm Regn. No.000066S
V S SRINIVASAN
Partner
Membership No.F-13729



Annexure to Auditors' Report

Referred to in Paragraph 2 of our report of even date

1. In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c) In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern, status of the Company is not affected.
2. In respect of its inventories:
 - a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. The Company has not granted loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956; the Company has taken interest free unsecured loan from directors/their relatives for an aggregate amount of Rs.500.00 lakhs, which remains outstanding as at the close of the year; the terms and conditions of these loans are not otherwise prejudicial to the interest of the company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal control system.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956 :
 - a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section; and
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained u/s.301 of the Companies Act

1956, which exceeded Rs. 5 (Five) lakhs in respect of any party, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of Section 58A and 58AA of the Companies Act 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public in the past; no fresh public deposits were accepted or renewed during the year. As informed to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
7. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
8. The Central Government has prescribed maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956 for Textile and Wind Electricity. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not however, made a detailed examination of the same.
9. In respect of statutory dues:
 - a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other Statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2012 for a period of more than six months from the date of becoming payable.
 - b) The disputed statutory dues aggregating to Rs.5.32 lakhs, that have not been deposited on account of matters pending before appropriate authorities are as under:-

Sl. No.	Name of the Statute	Nature of the dues	Forum where dispute is pending	Amount (Rs. in lakhs)
1.	ESI Act	ESI	ESI Corporation	5.32

10. The Company has no accumulated losses but has incurred cash loss during the financial year covered by our audit. The company has not incurred any cash loss in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.



13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
14. According to the records of the Company, there are no transactions and contracts in respect of trading in securities, debentures and other investments; all shares, debentures and other investments have been held by the Company in its own name.
15. The Company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
16. The Term Loans raised by the Company have been applied for the purpose for which they were raised.
17. In our opinion and according to the information and explanations given to us and on over all examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the period under audit.
20. The Company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, that caused the financial statements to be materially misstated.

Place : COIMBATORE

Date : 28th May, 2012

for **V K S AIYER & CO**
Chartered Accountants
ICAI Firm Regn. No.000066S
V S SRINIVASAN
Partner
Membership No.F-13729

BALANCE SHEET AS AT 31st MARCH 2012
(Rupees in lakhs)

Particulars	Note No.	As at 31.3.2012	As at 31.3.2011
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	BS - 1	2,160.45	2,160.45
(b) Reserves and surplus	BS - 2	8,595.89	10,538.23
(c) Money received against share warrants	-	-	-
Sub total [1]		<u>10,756.34</u>	<u>12,698.68</u>
2. Share application money pending allotment		-	-
3. Non-current liabilities			
(a) Long-term borrowings	BS - 3	17,854.90	20,282.62
(b) Deferred tax liabilities (net)	BS - 4	2,228.70	3,149.53
(c) Other long-term liabilities	BS - 5	31.45	25.34
(d) Long-term provisions	-	-	-
Sub total [3]		<u>20,115.05</u>	<u>23,457.49</u>
4. Current liabilities			
(a) Short-term borrowings	BS - 6	7,112.17	11,761.45
(b) Trade payables	BS - 7	2,317.13	1,766.01
(c) Other current liabilities	BS - 8	4,475.56	4,435.63
(d) Short-term provisions	BS - 9	58.54	421.61
Sub total [4]		<u>13,963.40</u>	<u>18,384.70</u>
Total [1+2+3+4]		<u>44,834.79</u>	<u>54,540.87</u>
II. ASSETS			
1. Non-current assets			
(a) Fixed assets	BS - 10		
(i) Tangible assets		29,802.38	30,702.90
(ii) Intangible assets		23.26	27.88
(iii) Capital work-in-progress		1,005.91	662.34
(iv) Intangible assets under development		-	-
		<u>30,831.55</u>	<u>31,393.12</u>
(b) Non-current investments	BS - 11	146.21	149.78
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances	BS - 12	1,626.35	1,627.68
(e) Other non-current assets		-	-
Sub total [1]		<u>32,604.11</u>	<u>33,170.58</u>
2. Current assets			
(a) Current investments		-	-
(b) Inventories	BS - 13	6,971.65	13,047.56
(c) Trade receivables	BS - 14	2,727.84	4,149.31
(d) Cash and cash equivalents	BS - 15	1,035.53	2,408.57
(e) Short-term loans and advances	BS - 16	570.42	577.20
(f) Other current assets	BS - 17	925.24	1,187.65
Sub total [2]		<u>12,230.68</u>	<u>21,370.29</u>
Total [1+2]		<u>44,834.79</u>	<u>54,540.87</u>

Notes referred to above and additional notes form an integral part of Balance Sheet

Subject to our report of even date attached

For and on behalf of the Board

For VKS AIYER & CO

Chartered Accountants

ICAI Firm Regn. No.000066S

V S SRINIVASAN

Partner

Membership No.F-13729

Coimbatore

28th May 2012

S V ALAGAPPAN

Chairman & Managing Director

S V ARUMUGAM

Director

S K SUNDARARAMAN

Director

M SHYAMALA

Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2012****(Rupees in lakhs)**

Particulars	Note No.	Year ended 31.3.2012	Year ended 31.3.2011
A. CONTINUING OPERATIONS			
I. Revenue from operations	PL - 1	33,194.77	39,727.14
II. Other Income	PL - 2	161.64	231.27
III. Total revenue (I+II)		<u>33,356.41</u>	<u>39,958.41</u>
IV. Expenses:			
(a) Cost of materials consumed	PL - 3	23,556.84	26,677.39
(b) Purchase of stock-in-trade	PL - 4	1,088.83	1,965.39
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	PL - 5	1,575.53	(2,623.09)
(d) Employee benefits expense	PL - 6	947.38	1,165.70
(e) Finance costs	PL - 7	2,798.75	2,313.28
(f) Depreciation and amortisation expense	PL - 8	1,870.32	1,765.98
(g) Other expenses	PL - 9	4,357.90	4,501.39
Total Expenses		<u>36,195.55</u>	<u>35,766.04</u>
V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)		(2,839.16)	4,192.37
VI. Exceptional items	PL - 10	(24.02)	(391.12)
VII. Profit/(Loss) before extraordinary items and tax (V + VI)		(2,863.18)	3,801.25
VIII. Extraordinary items		-	-
IX. Net Profit/(loss) before tax (VII + VIII)		(2,863.18)	3,801.25
X. Tax expense :			
(a) Current tax	PL - 11	-	94.77
(b) Deferred tax	PL - 12	(920.83)	1,046.01
XI. Profit/(loss) for the period from continuing operations (IX-X)		<u>(1,942.35)</u>	<u>2,660.47</u>
B. DISCONTINUING OPERATIONS			
XII. Profit/(Loss) from discontinuing Operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(Loss) from discontinuing operations (XII-XIII)		-	-
XV. Profit/(loss) for the period (XI+XIV)		<u>(1,942.35)</u>	<u>2,660.47</u>
XVI. Earnings per Share - Basic & Diluted (Rs.)		(8.99)	12.31

Notes referred to above and additional notes form an integral part of Statement of Profit and Loss

Subject to our report of even date attached

For VKS AIYER & CO

Chartered Accountants

ICAI Firm Regn. No.000066S

V S SRINIVASAN

Partner

Membership No.F-13729

Coimbatore

28th May 2012

For and on behalf of the Board

S V ALAGAPPAN

Chairman & Managing Director

S V ARUMUGAM

Director

S K SUNDARARAMAN

Director

M SHYAMALA

Company Secretary

CASH FLOW STATEMENT

Particulars	As at 31.3.2012 (Rupees in lakhs)	As at 31.3.2011
A. Cash flow from operating activities:		
Net profit/(loss) before extraordinary items and tax	(2,863.18)	3,801.25
Adjustments for:		
Depreciation and amortisation	1,870.32	1,765.98
Profit on sale of fixed assets	(53.20)	(61.94)
Finance costs	2,798.75	2,313.28
Interest income	(52.06)	(62.81)
Dividend Income	(10.06)	(14.47)
Gain on sale of investments	-	(421.49)
Rental income from investment properties	(10.65)	(9.83)
Adjustments to carrying amount of investments (net)	2.19	(1.37)
Security deposit on lease written back	-	(122.28)
Impairment loss on assets leased written off	-	110.70
	4,545.29	3,495.79
Operating profit/(loss) before working capital changes	1,682.10	7,297.04
Changes in working capital:		
Adjustments for (increase)/decrease in operating assets:		
Inventories	6,075.91	(6,924.19)
Trade receivables	1,421.47	(1,851.92)
Short-term loans and advances	6.77	581.32
Long-term loans and advances	110.86	(727.38)
Other current assets	262.44	(293.31)
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables	551.11	512.41
Other current liabilities	39.94	3,970.89
Other long-term liabilities	6.12	22.04
Short-term provisions	13.57	11.20
	8,488.18	(4,698.94)
Cash generated from operations	10,170.28	2,598.11
Direct Taxes	-	(94.77)
Net cash flow from Operating Activities	10,170.28	2,503.34

**CASH FLOW STATEMENT (Contd...)**

Particulars	As at 31.3.2012	As at 31.3.2011
	(Rupees in lakhs)	
B. Cash flow from investing activities:		
Capital expenditure on fixed assets	(1,390.71)	(6,304.94)
Capital advances for fixed assets	(109.54)	3,163.60
Sale of fixed assets	136.55	624.00
Purchase of investments	-	(198.09)
Sale of investments	-	1,958.12
Interest received	52.06	62.81
Dividend received	10.06	14.47
Rental income from investment properties	10.65	9.83
Sale of /write back of security deposit on assets leased	-	122.76
Net cash flow from investing activities	(1,290.93)	(547.45)
C. Cash flow from financing activities :		
Increase/(decrease) in long-term borrowings	(2,427.72)	(2,463.42)
Increase/(Decrease) in working capital borrowings	(4,649.28)	4,258.95
Increase/(decrease) in short-term borrowings	-	(1,500.00)
Finance costs	(2,798.75)	(2,313.28)
Dividend paid	(324.07)	(216.05)
Tax on dividend paid	(52.57)	(35.88)
Net cash flow from financing activities	(10,252.40)	(2,269.68)
Net increase in cash and cash equivalents	(1,373.04)	(313.80)
Cash and cash equivalents at the beginning of the year	2,408.57	2,722.37
Cash and cash equivalents at the end of the year	1,035.54	2,408.57

Subject to our report of even date attached

For VKS AIYER & CO

Chartered Accountants

ICAI Firm Regn. No.000066S

V S SRINIVASAN

Partner

Membership No.F-13729

Coimbatore

28th May 2012

For and on behalf of the Board

S V ALAGAPPAN

Chairman & Managing Director

S V ARUMUGAM

Director

S K SUNDARARAMAN

Director

M SHYAMALA

Company Secretary

NOTES FORMING PART OF THE BALANCE SHEET

Particulars	As at 31.03.2012 (Rupees in lakhs)	As at 31.03.2011
NOTE BS - 1 : SHARE CAPITAL		
Authorised:		
2,20,00,000 Equity shares of Rs.10/- each	2,200.00	2,200.00
Issued, subscribed and paid up :		
2,16,04,521 Equity shares of Rs.10/- each fully paid up	2,160.45	2,160.45
(Refer notes (i) to (vii) below)	2,160.45	2,160.45
Notes:		
(i) Reconciliation in number and amount of Shares :		
Opening balance (Equity shares @ Rs.10/- each)		
- Number of shares	21,604,521	21,604,521
- Amount of shares	2,160.45	2,160.45
Closing balance (Equity shares @ Rs.10/- each)		
- Number of shares	21,604,521	21,604,521
- Amount of shares	2,160.45	2,160.45
(ii) Shares held by the Holding Company or subsidiary or their associates:	Nil	Nil
(iii) Specified details on each class of shares for a period of five years immediately preceding the date as at which Balance Sheet is prepared :-		
(a) Aggregate Number and class of Shares allotted for contract without payment being received in cash	Nil	Nil
(b) Aggregate number and Class of shares allotted as fully paid by way of bonus shares (Fully paidup)	Nil	Nil
(c) Aggregate number and Class of shares bought back	Nil	Nil
(iv) Details of shareholders holding more than 5% of shares:		
Name of the shareholders :		
Equity shares :		
(a) Vedanayagam Hospital Limited		
- Number of shares	10,110,667	10,110,667
- % of holding	46.80%	46.80%
(b) Annamallai Retreading Company Private Limited		
- Number of shares	5,083,577	5,083,577
- % of holding	23.53%	23.53%

**NOTES FORMING PART OF THE BALANCE SHEET (Contd.,)**

Particulars	As at 31.03.2012 (Rupees in lakhs)	As at 31.03.2011
(v) Rights, Preferences and restrictions attaching to each class of shares including restrictions on distribution of dividends and repayments of Capital :		
The Company has only one class of equity shares having par value of Rs.10/- each; the equity shares rank pari passu in respect of payment of dividend and repayment of Capital		
(vi) Terms of any securities convertible into Equity/Preference Shares issued alongwith earliest date of conversion in descending order starting from earliest such date : Not applicable		
(vii) Shares reserved for issue under option and Contract/Commitments for the sale of shares/disinvestment including terms and amounts : Not applicable		

NOTE BS - 2 : RESERVES AND SURPLUS

(a) Capital reserve : Opening balance	11.77	11.77
Closing balance	11.77	11.77
(b) Securities premium : Opening balance	2,243.01	2,243.01
Closing balance	2,243.01	2,243.01
(c) General reserve : Opening balance	7,955.72	5,955.72
Add: Transferred from surplus in Statement of Profit and Loss	-	2,000.00
Closing balance	7,955.72	7,955.72
(d) Surplus in Statement of Profit and Loss: Opening balance	327.74	43.90
Add : Profit/(loss) after tax for the year	(1,942.34)	2,660.48
	(1,614.61)	2,704.37
Less : (i) Dividend proposed to be distributed to equity shareholders	-	324.07
(ii) Tax on proposed dividend	-	52.57
(iii) Transfer to General reserve	-	2,000.00
Closing balance	(1,614.61)	327.74
Total (a+b+c+d)	8,595.89	10,538.23

NOTE BS - 3 : LONG-TERM BORROWINGS

(a) Term loans from Banks (Refer note (i) below)		
Secured	17,354.90	20,282.62
(b) Loans and advances from related parties (Refer note (ii) below)		
Unsecured	500.00	-
	17,854.90	20,282.62

NOTES FORMING PART OF THE BALANCE SHEET (Contd.,)

Particulars	As at		As at	
	31.03.2012		31.03.2011	
(Rupees in lakhs)				
Notes :				
(I) Details of terms of repayment, security provided and loans guaranteed by the Directors or others - Term loan from banks (Secured) :-				
Name of the bank	Terms of repayment	Nature of security		
(a) ICICI Bank Ltd	Repayable in 32 quarterly instalments of Rs.12.50 lakhs each, commencing from January, 2006.	First charge on the immovables and hypothecation of movables of spinning unit-I of the company and also guaranteed by a Director of the Company	87.50	137.50
(b) Indian Overseas Bank	Repayable in 96 monthly instalments varying from Rs.15.00 to Rs.49.00 lakhs each, commencing from April, 2012.	Hypothecation of windmills and equitable mortgage of related lands in Tirupur district, Tamilnadu	2,832.00	3,012.00
(c) Indian Overseas Bank	Repayable in 32 quarterly instalments of Rs.250.00 lakhs each, commencing from September, 2010.	First charge on the immovables and hypothecation of movables of spinning unit-II of the Company	3,559.98	3,687.59
(d) Indian Overseas Bank	Repayable in 96 monthly instalments of varying from Rs.10.00 lakhs to Rs.27.00 lakhs commencing from April, 2006.	Hypothecation of windmills and equitable mortgage of related lands in Tirunelveli district, Tamilnadu	351.00	675.00
(e) Canara Bank	Repayable in 16 half yearly instalments of Rs.54.01	Hypothecation of windmills and	216.04	324.06



NOTES FORMING PART OF THE BALANCE SHEET (Contd.,)

			As at 31.03.2012	As at 31.03.2011
Particulars			(Rupees in lakhs)	
	lakhs each, commencing from December, 2006.	equitable mortgage of related lands in Coimbatore district, Tamilnadu and also guaranteed by Managing Director, a Director and an erstwhile Director of the Company		
(f) Canara Bank	Repayable in 32 quarterly instalments of Rs.250.00 lakhs each, commencing from March, 2011.	First charge on the immovables and hypothecation of movables of spinning unit-II of the Company	4,456.59	5,584.03
(g) State Bank of Hyderabad	Repayable in 32 quarterly instalments of Rs.154.00 lakhs each, commencing from March, 2010.	First charge on the immovables and hypothecation of movables of spinning unit-II of the Company	3,060.91	3,791.77
(h) Uco Bank	Repayable in 32 quarterly instalments of Rs.16.41 lakhs each, commencing from September, 2010.	First charge on the immovables and hypothecation of movables of spinning unit-II of the Company	383.42	448.36
(i) Bank of Maharashtra	Repayable in 30 quarterly instalments of Rs.40.00 lakhs each, commencing from December, 2009.	First charge on the immovables and hypothecation of movables of spinning unit-I of the Company	537.46	457.13

NOTES FORMING PART OF THE BALANCE SHEET (Contd.,)

			As at 31.03.2012	As at 31.03.2011
			(Rupees in lakhs)	
Particulars				
Name of the bank	Terms of repayment	Nature of security		
(i) Bank of Baroda	Repayable in 28 quarterly instalments of Rs.90.00 lakhs each (except for the last instalment) and Rs.70.00 lakhs for the last instalment commencing from August 2011.	First charge on the immovables and hypothecation of movables of spinning unit-I of the Company	1,870.00	2,165.18
			<u>17,354.90</u>	<u>20,282.62</u>

[The above loans in Sl. Nos.(a) to (i) rank pari pasu whenever applicable as per agreement executed between the lending banks and the Company]

(ii) Loans and advances from related parties

Loan from Directors/their relatives :

Unsecured :

500.00

-

500.00

-

(iii) Continuous defaults in repayment of loans and interest

Nil

Nil

NOTE BS - 4 : DEFERRED TAX LIABILITIES (NET)

(a) Deferred tax liability :

Opening balance

4,100.71

2,738.35

Add : Additions during the year

41.83

1,362.36

4142.54

4100.71

Less : Reversed during the year

-

-

Closing balance

4142.54

4100.71

(b) Deferred tax asset :

Opening balance

951.18

634.83

Add: Additions during the year

962.66

316.35

1913.84

951.18

Less : Reversed during the year

-

-

Closing balance

1913.84

951.18

Deferred tax liability (Net) (a)-(b)

2228.70

3149.53

**NOTES FORMING PART OF THE BALANCE SHEET (Contd.,)**

Particulars	As at 31.03.2012 (Rupees in lakhs)	As at 31.03.2011
NOTE BS - 5 : OTHER LONG-TERM LIABILITIES		
(i) Trade / Security deposits received	23.90	20.54
(ii) Income received in advance	2.75	-
(iii) Rent deposit received	4.80	4.80
	31.45	25.34

NOTE BS - 6 : SHORT-TERM BORROWINGS

Loans repayable on demand :

From banks (Refer note below)

Secured	7,112.17	11,761.45
	7,112.17	11,761.45

Note :

Details of security provided and loans guaranteed by the Directors or others :-

Name of the bank	Terms of repayment	Nature of security		
(a) Short-term loans :				
ICICI Bank Ltd	Repayable in full in January' 2013	Subservient charge on inventories and trade receivables	2,000.00	2,000.00
(b) Working capital loans :				
(i) Indian Overseas Bank - Cash Credit	Repayable on demand	Hypothecation of inventories and trade receivables	1,990.80	2,635.49
(ii) Indian Overseas Bank - FCNR (B)	Repayable on demand	Hypothecation of inventories and trade receivables	251.89	1,129.99
(iii) Indian Overseas Bank - PCFC	Repayable on demand	Hypothecation of inventories and trade receivables	381.55	80.21

NOTES FORMING PART OF THE BALANCE SHEET (Contd.,)

Particulars			As at 31.03.2012	As at 31.03.2011
			(Rupees in lakhs)	
Name of the bank	Terms of repayment	Nature of security		
(iv) Bank of Baroda - Cash Credit	Repayable on demand	Hypothecation of inventories and trade receivables	602.59	2,258.12
(v) Canara Bank - Cash Credit	Repayable on demand	Hypothecation of inventories and trade receivables	587.03	1,631.77
(vi) Canara Bank - PCFC	Repayable on demand	Hypothecation of inventories and trade receivables	-	304.88
(vii) Allahabad Bank - PCFC	Repayable on demand	Hypothecation of inventories and trade receivables	-	721.46
(viii) Allahabad Bank - Cash Credit	Repayable on demand	Hypothecation of inventories and trade receivables	1,298.31	699.54
(ix) ICICI Bank - PCFC	Repayable on demand	Hypothecation of inventories and trade receivables	-	300.00
			7,112.17	11,761.45

[The above loans is Sl.Nos. (a) and (b) (i) to (b) (ix) rank pari pasu wherever applicable as per agreement executed between the lending banks and the Company].

NOTE BS - 7 : TRADE PAYABLES

(a) Trade payables - Micro, Small and Medium Enterprises	1.37	-
(b) Trade payables - Others	2,315.76	1,766.01
	2,317.13	1,766.01

NOTE BS - 8 : OTHER CURRENT LIABILITIES

(a) Current maturities of long-term debt (Refer note (i) below)	3,863.37	3,717.96
(b) Interest accrued and due on loans (Refer note (ii) below)	213.10	195.69

**NOTES FORMING PART OF THE BALANCE SHEET (Contd.,)**

Particulars	As at 31.03.2012 (Rupees in lakhs)	As at 31.03.2011
(c) Income received in advance	0.03	-
(d) Unclaimed dividends	30.22	27.23
(e) Unclaimed matured deposits and interest accrued thereon	13.50	21.74
(f) Unclaimed matured debentures and interest accrued thereon	0.22	0.22
(g) Other payables	355.12	472.78
	4,475.56	4,435.63
Notes :		
(i) Current maturities of long-term debt		
(a) Term loans from Banks (Secured):		
ICICI Bank Ltd	50.00	69.79
Indian Overseas Bank	1,504.00	1,324.00
Canara Bank	1,108.02	1,108.02
State Bank of Hyderabad	616.00	616.00
UCo Bank	65.64	65.64
Bank of Maharashtra	159.71	159.71
Bank of Baroda	360.00	360.00
(b) Deposits:		
Public deposits (Unsecured)	-	14.80
	3,863.37	3,717.96
(ii) Interest accrued and due on loans		
Term loans from Banks :		
ICICI Bank Ltd	-	1.40
Indian Overseas Bank	79.32	76.48
Canara Bank	50.72	65.02
State Bank of Hyderabad	41.69	46.79
Uco Bank	5.72	6.00
Bank of Maharashtra	9.95	-
Bank of Baroda	25.70	-
	213.10	195.69

[Terms of securities and guarantees disclosed in Note No.BS - 3 also apply to current maturities and interest accrued and due on long term borrowings]

NOTE BS - 9 : SHORT-TERM PROVISIONS

(a) Provision for bonus	58.54	44.97
(b) Provision for proposed dividend	-	324.07
(c) Provision for tax on dividend	-	52.57
	58.54	421.61



NOTES FORMING PART OF THE BALANCE SHEET (Contd.,)

NOTE BS - 10 : FIXED ASSETS

(Rupees in lakhs)

Sl. No.	Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK		
		As at 01.04.2011	Additions / Transfers	Deletions / Transfers	As at 31.03.2012	As at 01.04.2011	For the Year	Withdrawn / Deletions	As at 31.03.2012	As at 31.03.2011
A Tangible assets -										
1	Land : Free hold land	-	-	-	-	-	-	-	-	-
	- Agricultural land	-	-	-	-	-	-	-	-	-
	- Other land	385.54	5.26	-	390.80	-	-	-	390.80	385.54
	Lease hold land	-	-	-	-	-	-	-	-	-
2	Buildings :									
	- Own use	6,091.74	218.45	-	6,310.18	501.10	171.49	-	672.59	5,637.60
	- Given under operating lease	-	-	-	-	-	-	-	-	-
3	Plant and equipments	32,484.34	816.36	179.35	33,121.35	7,925.69	1,672.03	96.27	9,501.44	23,619.91
4	Furnitures and fixtures	68.85	4.16	-	73.00	22.21	4.84	-	27.05	45.95
5	Vehicles	85.87	-	0.07	85.80	35.68	8.09	0.07	43.70	42.10
6	Office Equipments	139.42	2.93	5.07	137.28	68.19	7.87	4.80	71.26	66.02
TOTAL (A)		39,255.76	1,047.15	184.49	40,118.42	8,552.86	1,864.32	101.14	10,316.04	29,802.38
B Intangible assets										
1	Computer software	28.51	-	-	28.51	0.62	4.62	-	5.24	23.26
Total (B)		28.51	-	-	28.51	0.62	4.62	-	5.24	23.26
C Capital work-in-progress										
	Buildings	349.87	739.07	218.45	870.49	-	-	-	-	870.49
	Machinery	312.48	129.03	306.09	135.41	-	-	-	-	135.41
TOTAL (C)		662.34	868.10	524.54	1,005.91	-	-	-	-	1,005.91
D Intangible assets under construction										
Total (D)		-	-	-	-	-	-	-	-	-
Total (A+B+C+D)		39,946.61	1,915.25	709.02	41,152.83	8,553.49	1,868.94	101.14	10,321.29	30,831.55
Total for the Previous Year		35,750.05	10,436.65	6,240.10	39,946.61	8,222.67	1,765.98	1,435.17	8,553.49	31,393.12

**NOTES FORMING PART OF THE BALANCE SHEET (Contd.,)**

Particulars	As at 31.03.2012 (Rupees in lakhs)	As at 31.03.2011
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NOTE BS - 11 : NON-CURRENT INVESTMENTS

(a) Investment property (Refer note (i) below)	70.40	71.78
(b) Investment in equity instruments (Refer note (ii) below)	75.81	78.00
Total	146.21	149.78
(i) Investment property		

Nature of property	Current year carrying amount	Previous year carrying amount
Lands	5.71	5.71
Buildings (Refer notes (a) to (c) below)	64.69	66.07
	70.40	71.78
Notes:		
(a) Original cost - Buildings	84.61	84.61
	84.61	84.61
(b) Accumulated depreciation - Buildings	19.92	18.54
	19.92	18.54
(c) Written down value - Buildings	64.69	66.07
	64.69	66.07

(ii) Investment in equity instruments

Name of the Company	No. of shares	Face value	Cost of acquisition	Market value	Provision for fall in value	Current year Carrying amount	No. of shares
(A) QUOTED							
Arvind Liquid Gases Ltd	1000	10	0.41	0.01	0.40	0.01	0.01
Dyna Lamps & Glass Works Ltd	20000	10	2.00	0.20	1.80	0.20	0.20
Eastern Sugars & Industries Ltd	17500	10	1.75	1.19	0.56	1.19	1.58
Hindalco Industries Ltd	20	10	0.02	0.03	-	0.02	0.02

NOTES FORMING PART OF THE BALANCE SHEET (Contd.,)

Name of the Company	No. of shares	Face value	Cost of acquisition	Market value	Provision for fall in value	Current year Carrying amount	No. of shares
ICICI Bank	1465	10	8.89	13.00	-	8.89	8.89
IDBI Ltd	640	10	0.37	0.67	-	0.37	0.37
IFCI Ltd	16000	10	11.29	6.70	4.59	6.70	8.42
KG Denim Ltd	5000	10	0.85	0.45	0.40	0.45	0.55
NEPC India Ltd	13000	10	6.66	0.39	6.27	0.39	0.53
Ponni Sugars & Chemicals Ltd	3030	10	0.40	0.15	0.25	0.15	0.03
Shree Karthik Papers Ltd	30000	10	3.00	2.86	0.14	2.86	0.30
State Bank of India	50	100	0.58	1.05	-	0.58	0.58
Steel Authority of India Ltd	1000	10	0.62	0.94	-	0.62	0.62
Sterlite Industries (India) Ltd	9050	10	15.22	10.05	5.16	10.05	15.22
Super Sales Agencies Ltd	2300	10	3.38	3.12	0.26	3.12	0.02
Telephone Cables Ltd	1000	10	1.34	0.02	1.32	0.02	0.01
VGP Finance Ltd	500	10	0.05	0.01	0.05	0.01	0.01
Sterlite Technologies Ltd	700	2	0.73	0.28	0.45	0.28	0.73
Total			57.53	41.10	21.64	35.89	38.08

Particulars	As at 31.03.2012 (Rupees in lakhs)		As at 31.03.2011 (Rupees in lakhs)	
B UNQUOTED				
Arun Fuels Ltd	100	10	0.10	0.10
The Catholic Syrian Bank Ltd	10000	10	3.20	3.20
Sakthi Beverages Ltd	20000	10	2.00	2.00
Shiva Distilleries Ltd	45000	10	4.50	4.50
Tulya Alloy Castings Ltd	1200	10	0.12	0.12
Abirami Ecoplast Private Ltd	300000	10	30.00	30.00
Total			39.92	39.92

**NOTES FORMING PART OF THE BALANCE SHEET (Contd.,)**

Particulars	As at 31.03.2012 (Rupees in lakhs)	As at 31.03.2011
C ABSTRACT		
Aggregate amount of quoted investments	35.89	38.08
Market value of quoted investments	41.10	58.89
Aggregate amount of unquoted investments	39.92	39.92
Aggregate amount of equity investments	97.45	97.45
Less: Adjustment to carrying amount of investments	21.64	19.45
Net carrying amount of equity investments	75.81	78.00

NOTE BS - 12 : LONG-TERM LOANS AND ADVANCES

(Unsecured, considered good)

(a) Capital advances	418.95	309.41
(b) Security deposit	231.42	310.01
(c) Loans and advances to related parties		-
-		
(d) Prepaid expenses	12.65	-
(e) Advance income tax [Net of provision Rs.880.76 lakhs (Last year Rs.932.54 lakhs)]	27.33	70.30
(f) MAT credit entitlement	911.54	911.56
(g) Other loans and advances	24.46	26.40
	1,626.35	1,627.68
Long term loans and advances due by Directors/ officers, due by Firms or Private Limited Companies in which any Director is a Partner or Director	-	-

NOTE BS - 13 : INVENTORIES

(a) Raw materials	4,424.54	8,855.51
(b) Work-in-progress (Refer note below)	714.31	486.03
(c) Finished goods	1,356.27	3,169.13
(d) Stores, spares, packing and other materials	173.60	285.97
(e) Waste	302.93	250.93
	6,971.65	13,047.56

NOTES FORMING PART OF THE BALANCE SHEET (Contd.,)

Particulars	As at 31.03.2012 (Rupees in lakhs)	As at 31.03.2011
Note :		
Work - in - progress		
Cotton	461.39	418.43
Yarn	27.36	51.78
Fabric	225.56	15.82
Total	714.31	486.03

[Mode of valuation stated in Sl. No.5 of significant Accounting Policies]

NOTE BS - 14 : TRADE RECEIVABLES

(a) Trade receivables outstanding for a period exceeding six months

- Unsecured, considered good	319.82	594.05
- Doubtful	10.88	10.88
	330.70	604.93
Less : Provision for bad and doubtful debts	10.88	10.88
	319.82	594.05

(b) Other trade receivables

- Unsecured, considered good	2,408.02	3,555.26
	2,727.84	4,149.31

[Trade receivables due by Directors/Officers, due by Firms or Private Limited Companies in which any Director is a Partner or Director]

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NOTE BS - 15 : CASH AND CASH EQUIVALENTS

(a) Cash on hand	25.90	11.42
(b) Cheques, drafts on hand	38.00	39.50
(c) Balances with banks:		
(i) In current accounts	820.28	1,899.35
(ii) In deposit/margin money accounts (Refer note below)	121.13	431.01
(iii) In unpaid dividend accounts	30.22	27.29
	1,035.53	2,408.57

Note : Out of the above, bank deposit and margin money which have maturity of more than 12 months

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**NOTES FORMING PART OF THE BALANCE SHEET (Contd.,)**

Particulars	As at 31.03.2012 (Rupees in lakhs)	As at 31.03.2011
NOTE BS - 16 : SHORT-TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
(a) Loans and advances to related parties	-	-
(b) Prepaid expenses	129.76	102.60
(c) Balances with government authorities :		
(i) CENVAT credit receivable	33.09	66.51
(ii) VAT credit receivable	13.08	12.89
(d) Others	394.49	395.19
	570.42	577.20

[Short-term loans and advances due by Directors/Officers, due by Firms or Private Limited Companies in which any Director is a Partner or Director]

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NOTE BS - 17 : OTHER CURRENT ASSETS

(a) Accruals :

Interest accrued on deposits

0.38

2.21

Windmill generation - unadjusted

192.08

224.99

(b) Others :

(i) Insurance claims receivable

2.15

0.25

(ii) Interest on TUF loan receivable

550.06

826.75

(iii) Export incentive receivables

179.97

133.30

(iv) Other miscellaneous assets

0.60

0.16

925.24**1,187.65**

NOTES FORMING PART OF THE STATEMENT OF PROFIT AND LOSS

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
	(Rupees in lakhs)	
NOTE PL - 1 : REVENUE FROM OPERATIONS		
(a) Sale of products	32,506.34	39,458.83
(b) Other operating revenues (Refer note below)	688.43	268.31
	33,194.77	39,727.14
Less: Excise duty	-	-
	33,194.77	39,727.14
Note: Other operating revenues		
Duty drawback and other export incentives	662.95	180.13
Yarn processing charges	3.70	-
Knitting Charges	19.18	64.15
Cutting, Machining & Trimming Charges	1.06	10.29
Commission receipts	1.54	13.74
	688.43	268.31
NOTE PL - 2 : OTHER INCOME		
(a) Interest income (Refer note (i) below)	52.06	62.81
(b) Dividend income (Refer note (ii) below)	10.06	14.47
(c) Adjustments to carrying amount of investments (net) (Refer note (iii) below)	-	1.37
(d) Other non-operating income (Refer note (iv) below)	99.52	152.62
	161.64	231.27
Notes :		
(i) Interest income		
Interest from bank on deposit	31.10	27.80
Interest on other deposits	14.85	16.98
Interest on loans and advances	0.67	0.10
Interest on income tax refund	5.44	17.93
	52.06	62.81
(ii) Dividend income		
From long-term investments :		
Subsidiaries	-	-
Associates	-	-
Others	10.06	14.47
	10.06	14.47

**NOTES FORMING PART OF THE STATEMENT OF PROFIT AND LOSS (Contd..)**

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
	(Rupees in lakhs)	
(iii) Adjustments to carrying amount of investments (net)		
From current investments	-	-
From long-term investments	-	1.37
	-	1.37
(iv) Other non-operating income		
Rental income from investment properties	10.65	9.83
Profit on sale of fixed assets	53.20	61.94
Performance compensation	-	24.64
Bad debts recovery	10.94	1.75
Other miscellaneous income	24.73	54.47
	99.52	152.62
NOTE PL - 3 : COST OF MATERIALS CONSUMED		
Consumption of Raw materials :		
Opening stock - Raw materials	8,855.51	4,695.49
- Work-in-process	418.43	404.50
Add : Purchases	19,168.84	30,851.33
	28,442.78	35,951.33
Less : Closing stock - Raw materials	4,424.55	8,855.51
- Work-in-process	461.39	418.43
Cost of materials consumed	23,556.84	26,677.39
NOTE PL - 4 : PURCHASE OF STOCK-IN-TRADE		
Cotton	891.00	-
Cotton waste	19.59	-
Yarn	125.78	1,682.24
Fabrics	-	53.10
Garments	52.46	230.04
	1,088.83	1,965.39
NOTE PL - 5 : CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
(a) Inventories at the end of the year:		
Finished goods	1,356.27	3,169.13
Stock-in-progress	252.92	67.59
Waste	302.93	250.93
	1,912.12	3,487.65

NOTES FORMING PART OF THE STATEMENT OF PROFIT AND LOSS (Contd..)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
	(Rupees in lakhs)	
(b) Inventories at the beginning of the year :		
Finished goods	3,169.13	604.58
Stock-in-progress	67.59	114.81
Waste	250.93	145.17
	3,487.65	864.55
Net (increase)/decrease in stock (b)-(a)	1,575.53	(2,623.09)
NOTE PL - 6 : EMPLOYEE BENEFITS EXPENSE		
(a) Salaries and wages (Refer note (i) below)	782.61	976.34
(b) Contribution to provident and other funds (Refer note (ii) below)	51.79	81.30
(c) Staff welfare expenses (Refer note (iii) below)	112.98	108.06
	947.38	1,165.70
Notes :		
(i) Salaries and wages		
Salaries, wages and allowances	711.50	903.60
Bonus and ex-gratia	71.11	72.74
	782.61	976.34
(ii) Contribution to provident and other funds		
Contribution to provident fund	17.25	20.12
EDLI & PF administration charges	5.30	5.15
Contribution to family pension fund	27.82	25.05
Contribution to gratuity	1.42	30.97
	51.79	81.30
(iii) Staff welfare expenses		
Employees state insurance contribution	9.98	9.66
Staff recruitment and training expenses	21.60	20.42
Welfare expenses	81.40	77.97
	112.98	108.06
NOTE PL - 7 : FINANCE COSTS		
(a) Interest expenses (Refer note (i) below)	2,564.98	2,191.81
(b) Other borrowing costs (Refer note (ii) below)	162.44	94.99
(c) Loss on foreign currency transactions (FCNRB loans)	71.33	26.48
	2,798.75	2,313.28

**NOTES FORMING PART OF THE STATEMENT OF PROFIT AND LOSS (Contd..)**

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
	(Rupees in lakhs)	
Notes :		
(i) Interest expenses on :		
Cash credit from banks	621.04	348.40
Term loan from banks	1,941.52	1,832.79
Public deposits	0.50	10.62
Other interest	1.92	-
	2,564.98	2,191.81
(ii) Other borrowing costs :		
Commitment charges	13.31	3.48
Loan processing fee	8.38	23.83
Bank charges	140.75	67.67
	162.44	94.99
NOTE PL - 8 : DEPRECIATION AND AMORTISATION EXPENSES		
(a) Depreciation	1,865.70	1,765.36
(b) Amortisation expenses	4.62	0.62
(c) Impairment loss of fixed assets	-	-
	1,870.32	1,765.98
NOTE PL - 9 : OTHER EXPENSES		
Consumption of stores and packing materials	377.30	415.67
Power and fuel	1,006.24	1,420.01
Knitting and processing charges	700.63	509.31
Repairs and maintenance :		
- Buildings	99.27	108.99
- Machinery	553.69	562.88
- Electrical	61.45	87.37
- Vehicles	22.25	24.64
- Windmills	132.29	126.34
- Others	65.61	57.81
Insurance	94.76	100.44
Rates and taxes	77.90	56.71

NOTES FORMING PART OF THE STATEMENT OF PROFIT AND LOSS (Contd..)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
	(Rupees in lakhs)	
Freight and Transport on Sales	273.27	249.61
Commission and brokerage	325.68	308.88
Discount on sales	290.65	145.64
Payments to auditors	15.99	12.57
Bad trade receivables and advances written off	2.80	0.14
Sundry balances written off	12.47	6.97
Provision for doubtful debts / advances	-	10.88
Adjustments to carrying amount of investments (net) (Refer note below)	2.19	-
Prior period items (net)	38.78	8.74
Other miscellaneous expenses	204.68	287.78
	4,357.90	4,501.39
Notes :		
Adjustments to carrying amount of investments (net)		
From current investments	-	-
From long-term investments	2.19	-
	2.19	-
NOTE PL - 10 : EXCEPTIONAL ITEMS		
(a) Income :		
Profit on sale of Investments	-	421.49
Security Deposit on Lease written back	-	122.28
	-	543.77
(b) Expenses :		
HP/Lease/Other receivables written off (Net of Provision)	-	669.33
Impairment loss on assets leased written off	-	110.70
Interest on TUF loan scheme foregone	24.02	-
Expenses on TNEB Infrastructure	-	154.87
	24.02	934.90
Net income/(expenses) (a) - (b)	(24.02)	(391.12)

**NOTE PL - 11 : CURRENT TAX**

(a) Current tax expense for current year:

(A) Regular tax	-	-
(B) Book Profit tax	-	726.44
Less : MAT credit entitlement	-	719.70
	-	6.74
Current tax expense for the year (higher of A or B)	-	6.74

(b) Current tax expense relating to prior years

-	88.03
-	94.77

NOTE PL - 12 : DEFERRED TAX

(a) Provision for Deferred Tax Liability (Dr)	41.83	1,362.36
(b) Reversal of Deferred Tax Liability (Cr)	-	-
(c) Provision for Deferred Tax Asset (Cr)	(962.66)	(316.35)
(d) Reversal of Deferred Tax Asset (Dr)	-	-
	(920.83)	1,046.01

ADDITIONAL NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

I. SIGNIFICANT ACCOUNTING POLICIES

1. METHOD OF ACCOUNTING

The accounts are prepared under the historical cost convention applying accrual method of accounting and as a going concern, complying with the applicable Accounting Standards and the generally accepted accounting principles prevailing in the country

2. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known / materialized

3. FIXED ASSETS

- i) Fixed assets have been maintained in the books at historical cost. Fixed assets acquired on amalgamation of Shiva Texyarn Limited have been accounted for based on the gross purchase consideration adopted for acquisition as per the Scheme of Amalgamation which was effective from 1.1.2001
- ii) Cenvat credit eligible against capital equipments purchased during the year for central excise duty paid, service tax paid and for State Value Added Tax paid have been adjusted and reduced from the cost of the relevant asset.
- iii) Land and Buildings which are not occupied for use by or in the operations of the Company, have been treated as Investment Property.

4. INVESTMENTS

Investments are treated as non-current investments and are maintained at cost; provision for diminution in value, other than temporary, has been made wherever required.

5. INVENTORIES

Inventories are valued at the lower of cost and net realizable value. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The methods of determining cost of various categories of inventories are as follows:

- i) Raw materials - cotton - weighted average methods
- ii) Packing materials, stores and spares - at weighted average method
- iii) Process - at weighted average method including appropriate production overhead
- iv) Finished goods - at weighted average method including appropriate production overhead



SIGNIFICANT ACCOUNTING POLICIES (Contd...)

- | | |
|-------------------------------|--|
| v) Waste | - at since realised/realisable value |
| vi) Scrapped machines | - at depreciated value or net realisable value, whichever is lower |
| vii) Stationery, stamps etc., | - at actual item wise cost |

6. REVENUE RECOGNITION

- i) Sales are accounted on transfer of property in goods to the buyers for a definite consideration; Sales include exchange fluctuation gain/loss realized or incurred during the year in respect of export sales.
- ii) Sales include receipts incidental to export such as income from import entitlement and premium on sale of such entitlement etc.
- iii) Income from windmills denotes income earned by sale of electricity to Tamilnadu Electricity Board and the income accrued for which billing is pending.
- iv) Revenue from others:
 - a) Income from investments in shares is accounted for in the year in which the right to receive the yield are definite.
 - b) Income from erstwhile financing business against overdue hire purchase instalments, lease rentals, bills discounted and loans written off are accounted for to the extent collected upon final settlement of account with the parties.

7. FOREIGN CURRENCY TRANSACTIONS

- i) Receivables on account of exports, backed by irrevocable letter of credit of customer's bankers are accounted for at the exchange rate as negotiated by the bankers at the time of discounting of export bills.
- ii) All other foreign currency transactions have been accounted for at the rates negotiated by the bankers or at the forward contract rates wherever applicable; exchange fluctuation on revenue account has been charged to revenue.

8. EXCISE DUTY

Excise duty if any is consistently accounted on clearance basis.

9. DEPRECIATION

Provision for depreciation has been made on cost of fixed assets, as reduced by the cenvat credit, adopting the following methods/rates:

- i) On straight line method and at the rates prescribed in schedule XIV to the Companies Act 1956; for plant and machinery in the spinning units of textile division, the rates applicable to continuous process plant have been applied.
- ii) For assets costing Rs 5000/- or less, full depreciation has been charged in the year of purchase of such assets; for other assets acquired during the year pro-rata charge has been made from the date of first use; no

SIGNIFICANT ACCOUNTING POLICIES (Contd...)

depreciation is charged in the year of disposal of assets, as per consistent practice followed by the company, which has no revenue impact.

10. ACCOUNTING FOR TAXES ON INCOME

Income tax expense is accounted for in accordance with AS 22 - "Accounting for taxes on income" prescribed under the Companies (Accounting Standards) Rules, 2006 which includes current taxes and deferred taxes

Current taxes reflect the impact of tax on income of the previous year as defined under the Income Tax Act, 1961 as per applicable rates.

Deferred taxes reflect the impact of Current Year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available.

11. IMPAIRMENT OF ASSETS

Impairment loss from fixed assets is assessed as at the close of each financial year and appropriate provision, if required, is considered in the accounts.

12. BORROWING COSTS

Interest on borrowings, if any attributed to acquisition of qualifying assets are capitalized and included in the cost of the assets, as appropriate.

13. EARNINGS PER SHARE

Basic Earnings per share is calculated by dividing the Net Profit after tax attributable to the shareholders by the weighted average number of Equity Shares outstanding during the year.

14. DEFINED RETIREMENT BENEFITS

Gratuity, which is a defined benefit, has been accounted for an actuarial valuation by contribution to an approved gratuity fund established under Life Insurance Corporation of India (LIC) group gratuity scheme; difference in payment of gratuity to employees is being accounted for in the year of settlement of such liability.

Contributions payable to Recognized Provident Funds, which is a defined contribution are determined based on the statutory rates in force and remitted to the competent authority, and is charged to the profit and loss account.

Contributions payable to Employees State Insurance Scheme, which is a defined contribution are determined based on the statutory rates in force and remitted to the competent authority, and is charged to the profit and loss account.

15. RELATED PARTY TRANSACTIONS

Irrespective of the materiality, all the transactions between related parties during the existence of related party relationship has been disclosed as required by the Accounting Standard 18 prescribed under the Companies



SIGNIFICANT ACCOUNTING POLICIES (Contd...)

(Accounting Standards) Rules, 2006. Items of the similar nature has been disclosed in aggregate by type of related party except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the reporting enterprise.

16. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

17. CASH FLOW STATEMENTS

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. Cash and cash equivalents include cash on hand and balance with banks in current and deposit accounts with necessary disclosure of cash and cash equivalent balances that are not available for use by the company.

18. CENVAT AND STATE VAT FOR INPUTS

- i) The value of eligible CENVAT Credit against Central Excise duty paid on purchase of capital goods and service tax on capital expenditure have been deducted from the cost of relevant plant and machinery capitalized.
- ii) The value of eligible CENVAT Credit against Central Excise duty paid has been adjusted against the relevant materials purchased and inventory of materials has been valued at rates net of CENVAT Credit; Service Tax paid against input services has been reduced from the relevant expenses for input credit taken.
- iii) CENVAT Credit availed has been adjusted against Central Excise duty incurred on finished goods dispatched and unutilised deferred CENVAT Credit are carried over as advance.
- iv) STATE VAT – Input Credit against Capital goods are adjusted against relevant asset and net amount capitalized; Input credit against remaining goods are accounted for by adjustments against cost of relevant goods; Unadjusted State VAT is carried over as advance.

19. OPERATING LEASES

Leases, where significant portion of risk and reward of ownership are retained by the Lessor, are classified as Operating Leases and lease rentals thereon charged to the Profit and Loss Account.

20. RESEARCH AND DEVELOPMENT

Revenue expenditure incurred on research and development is expensed as incurred. Capital expenditure incurred on research and development is depreciated over the estimated useful lives of the related assets.

II. ADDITIONAL NOTES TO BALANCE SHEET

	As at 31.03.2012 (Rupees in lakhs)	As at 31.03.2011
A Contingent liabilities		
(a) Claims against the Company not acknowledged as debt	-	-
(b) Guarantees	-	-
(c) Other money for which the Company is contingently liable:		
Disputed demands from ESI Authorities pertaining to Corporate office	5.32	5.32
B Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	333.81	332.04
(b) Uncalled liability on shares and other investments partly paid	-	-
(c) Other Commitments :		
The amount of duty concession availed against the pending obligation for import of capital goods under confessional customs duty linked to fulfillment of export obligations	3,365.10	3,298.81
C Proposed dividends		
(a) On Preference Shares :		
Total amount of proposed dividend	-	-
Number of Shares	-	-
Amount of dividend per share	-	-
Arrears of cumulative dividend	-	-
(b) On Equity Shares :		
Total amount of proposed dividend	-	324.07
Number of shares	21,604,521	21,604,521
Amount of dividend per share	-	1.50
D Unutilised amount of proceeds of securities issued for specific purpose	Nil	Nil
E Diminution in value of assets other than fixed assets & non-current investments	Nil	Nil

**III. ADDITIONAL NOTES TO STATEMENT OF PROFIT AND LOSS**

	Year ended 31.03.2012	Year ended 31.03.2011
	(Rupees in lakhs)	
1 Adjustments to the carrying amount of investments	(2.19)	1.37
2 Net gain/ (loss) on foreign currency transaction (other than considered as finance cost) normally arising from settlement / restatement of monetary items.	-	-
3 Payments to auditors		
(a) As auditors - Statutory audit	4.16	4.16
(b) For Taxation matters,	1.12	1.12
(c) For company law matters,	7.72	3.86
(d) For management services,	1.85	1.85
(e) For other services,	1.14	1.58
(f) For reimbursement of expenses;	-	-
	15.99	12.57
4 Prior period items :		
(a) Income	-	8.27
(b) Expenses	38.78	17.01
Net of prior period itmes (a) - (b)	(38.78)	(8.74)
5 Disclosure for raw materials, purchased goods and finished goods under broad heads		
Sale of products		
(a) Manufactured goods:		
Yarn	24,607.46	30,103.14
Fabric	2,682.26	4,096.68
Garments	1,593.73	1,052.31
Cotton waste	2,309.55	2,271.44
Wind energy	161.47	208.58
Total	31,354.47	37,732.16
(b) Traded goods:		
Cotton	938.97	-
Cotton waste	16.83	-
Yarn	124.36	1,445.07

III. ADDITIONAL NOTES TO STATEMENT OF PROFIT AND LOSS (Contd...)

	Year ended 31.03.2012	Year ended 31.03.2011
	(Rupees in lakhs)	
Fabric	-	-
Garments	71.71	281.60
Total	1,151.87	1,726.67
Total sale of products (a)+(b)	32,506.34	39,458.83
Raw materials consumption		
(a) Cotton	22,742.00	26,162.09
(b) Yarn	650.41	422.99
(c) Fabrics	37.18	3.07
(d) Trims and accessories	127.25	89.24
Total	23,556.84	26,677.39
Purchase of traded goods		
(a) Cotton	891.00	-
(b) Cotton waste	19.59	-
(c) Yarn	125.78	1,682.24
(d) Fabrics	-	53.10
(e) Garments	52.46	230.04
Total	1,088.83	1,965.39
6 Total value of all imported raw materials, spare parts and components consumed during the financial year and the total value of all indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption;		
Raw materials (Cotton)		
Indigenous (Rs.)	22,742.00	25,614.53
(%)	100.00%	97.91%
Imported (Rs.)	-	547.56
(%)	-	2.09%
Total	22,742.00	26,162.09

**III. ADDITIONAL NOTES TO STATEMENT OF PROFIT AND LOSS (Contd...)**

	Year ended 31.03.2012	Year ended 31.03.2011
	(Rupees in lakhs)	
Stores and spares		
Indigenous (Rs.)	447.84	473.08
(%)	78.58	81.17%
Imported (Rs.)	122.10	109.72
(%)	21.42	18.83%
Total	569.94	582.80
Other components consumed		
Indigenous (Rs.)	-	-
(%)	-	-
Imported (Rs.)	-	-
(%)	-	-
Total	-	-
7 Provision for meeting specific liabilities, contingencies or commitments	-	-
8 Provision no longer required for meeting specific liabilities, contingencies or commitments (income).	-	-
9 Provision for losses of subsidiary companies other than temporary diminution in the value of investments in the subsidiary.	-	-
10 Value of imports calculated on CIF basis by the company during the financial year in respect of		
(i) Raw materials	60.97	547.56
(ii) Components and spare parts	98.60	112.22
(iii) Capital goods	-	294.26
11 Expenditure in foreign currency during the financial year on account of :		
Royalty, know-how, professional and consultation fees	-	-
Interest and dividend	-	-
Travelling, training and others	3.13	13.80

DISCLOSURES PURSUANT TO ACCOUNTING STANDARDS (Contd...)

	Year ended 31.03.2012	Year ended 31.03.2011
	(Rupees in lakhs)	
12 The amount remitted during the year in foreign currencies on account of dividends with a specific mention of the total number of non-resident shareholders, the total number of shares held by them on which the dividends were due and the year to which the dividends related;		
(i) Total number of Non-resident shareholders	-	-
(ii) Total number of shares held	-	-
(iii) Total amount of dividend due/paid	-	-
(iv) Year to which the dividend related	-	-
13 Earnings in foreign exchange classified under the following heads, namely:-		
(i) Export of goods calculated on FOB basis	10,744.60	8,528.78
(ii) Royalty, know-how, professional and consultation fees	-	-
(iii) Interest and dividend	-	-
(iv) Other income, indicating the nature thereof	-	-

IV DISCLOSURES PURSUANT TO ACCOUNTING STANDARDS
1 AS 2 - Valuation of inventories

Closing stock of finished goods in textile division is valued excluding excise duty as the company opted for clearance at "Nil" duty and hence no provision for excise duty is made as expense. The method of valuation has no impact on the net profits.

2 AS 15 - Employee benefits
(a) Defined Contribution Plan

(i) Contribution to provident fund & EPS	17.25	20.12
(ii) Contribution to family pension fund	27.81	25.05
(iii) Contribution to employees state insurance scheme	9.98	9.66

(b) Defined Benefit Plan

Gratuity

**DISCLOSURES PURSUANT TO ACCOUNTING STANDARDS (Contd...)**

	Year ended 31.03.2012	Year ended 31.03.2011
	(Rupees in lakhs)	
A. Changes in Present Value of Obligation		
PV of Obligation as at the beginning of the year	128.06	98.80
Current Service Cost	8.78	7.74
Interest cost	13.38	9.93
Acturial (gain)/Loss on Obligation	8.20	11.59
PV of Obligation as at the end the year	158.42	128.06
B. Change in Assets during the year ended 31st March		
FV of Plan Assets as at the beginning of the year	150.60	103.93
Expected return on Plan Assets	13.38	9.93
Settlement Claims-Credit	(12.44)	(1.69)
Contributions by the employer	0.97	38.43
FV of Plan Assets as at the end of the year	152.51	150.60
C. Net Asset/(Liability) Recognized in the Balance Sheet		
PV of Obligation as at the end the year	158.42	128.06
FV of Plan Assets Obligation as at the end the year	152.51	150.60
Funded Status [Surplus/(Deficit)]	(5.91)	22.54
D. Expenses recognized during the period ended 31st March		
Current Service Cost	8.78	7.74
Interest Cost	13.38	9.93
Expected return on Plan Assets	(14.09)	(13.93)
Actuarial (gains)/Losses	(6.74)	27.00
Net Amount recognised in Statement of profit and loss	1.33	30.74
E. Categories of Plan assets as a percdentage of Total Plan assets		
Equity Instruments	-	-
Debt Instruments	-	-

DISCLOSURES PURSUANT TO ACCOUNTING STANDARDS (Contd...)

	Year ended 31.03.2012	Year ended 31.03.2011
	(Rupees in lakhs)	
Property	-	-
Insurer Managed Asset	100.00%	100.00%
F. Assumptions used in accounting for the gratuity Plan		
Discount Rate (Per Annum)		
- Unit-I	8.00%	8.00%
- Unit-II	8.00%	-
Rate of Increase in compensation levels (Per Annum)		
- Unit-I	8.00%	8.00%
- Unit-II	6.50%	-
Rate of return on plan assets (Per Annum)		
- Unit-I	9.25%	9.25%
- Unit-II	9.00%	-
Expected average remaining working lives of employees (Years)		
- Unit-I	33.50	31.53
- Unit-II	37.00	-

In the absence of detailed information regarding plan assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed. The details of experience adjustments arising on account of plan assets and liabilities as required by paragraph 120(n)(ii) of AS 15 (Revised) on "Employees Benefits" are not readily available in the valuation report furnished by LIC of India and hence, are not furnished.

3 AS 17 - Segment Reporting

The company's business relates to single segment only i.e, Textiles and hence no segment reporting is given.

4 AS 18 - Related party disclosures
A. Related parties
(i) Holding and Subsidiary Companies :

Nil

(ii) Associates :

Anamallais Agencies Private Ltd

Anamallais Automobiles Private Ltd

Annamallai Infrastructures Ltd

Annamallai Retreading Company Private Ltd

**DISCLOSURES PURSUANT TO ACCOUNTING STANDARDS (Contd...)**

Year ended 31.03.2012	Year ended 31.03.2011
--------------------------	--------------------------

(Rupees in lakhs)

Bannari Amman Flour Mill Ltd

Bannari Amman Spinning Mills Ltd

Bannari Amman Sugars Ltd

Sakthi Murugan Transports Ltd

Shiva Cargo Movers Ltd

Shiva Distilleries Ltd

Vedanayagam Hospital Ltd

(iii) Joint venture:

Bannari Amman Apparel Private Ltd

(iv) Key management personnel:

Sri S V Alagappan - Chairman & Managing Director

Sri S K Sundararaman - Director

(v) Relatives of key management personnel:

Dr S V Balasubramaniam - Brother of Chairman & Managing Director

Sri S V Kandasami - Brother of Chairman & Managing Director

Sri S V Arumugam - Brother of Chairman & Managing Director

Smt A Lalitha - Daughter of Chairman & Managing Director

Sri B Murali - Son of Dr S V Balasubramaniam

Sri B Saravanan - Son of Dr S V Balasubramaniam

B. Nature and amount of related party transactions and balances outstanding**Associates**

Rent paid	7.46	5.82
Lorry freight	-	5.96
Purchase of yarn	136.06	1,682.24
Purchase of fabrics	4.74	53.52
Purchase of machinery	-	32.04

DISCLOSURES PURSUANT TO ACCOUNTING STANDARDS (Contd...)

	Year ended 31.03.2012	Year ended 31.03.2011
	(Rupees in lakhs)	
Purchase of waste cotton	19.59	-
Sale of fabrics	0.26	-
Sale of waste cotton	-	41.19
Sale of investments and fixed assets	-	1,577.88
Conversion charges received	23.21	58.51
Sale of yarn	110.38	563.38
Sale of cotton	27.79	-
Sale of stores materials	20.87	-
Service charges paid	2.33	-
Joint venture		
Sale of fabrics	-	3.04
Sale of yarn	-	55.97
Key management personnel		
Remuneration	28.32	199.21
Relatives of key management personnel		
Remuneration	5.40	-
Amount outstanding at the year end:		
Associates		
Receivables	140.62	1,504.86
Payables	29.56	2.56
Joint venture		
Receivables	-	-
Payables	-	-
Key management personnel		
Receivables	-	-
Payables	44.42	-
Relatives of key management personnel		
Receivables	-	-



Payables	500.00	-
Amount written off during the year		
Associates	-	-
Joint venture	-	-
Key management personnel	-	-
Relatives of key management personnel	-	-
5 AS 19 - Accounting for leases		
Accounting for lease rentals paid under contract for operating lease and rental on time schedule, charged to revenue as and when incurred. The company has not entered into any contract for finance lease.		
6 AS 20 - Earnings per share		
Net profit/(loss) after tax for basic and diluted EPS	(1,942.35)	2,660.47
Number of shares	21,604,521	21,604,521
Basic and diluted earnings per share (Rs.)	(8.99)	12.31
7 AS 22 - Accounting for taxes on income		
Computed for timing difference in tax treatment of allowances and expenses:		
A. Deferred tax liability:		
Related to fixed assets	4,142.40	4,100.70
Related to others	0.14	-
	<u>4,142.54</u>	<u>4,100.70</u>
B. Deferred tax asset:		
Related to provisions	10.05	9.37
Related to disallowances	19.46	13.88
Related to unabsorbed business loss/depreciation allowance	1,884.33	927.92
	<u>1,913.84</u>	<u>951.17</u>
Net deferred tax liability as at close of the year	2,228.70	3,149.53
Net deferred tax liability as at beginning of the year	3,149.53	2,103.52
Net increase/(decrease) in deferred tax liability	<u>(920.83)</u>	<u>1,046.01</u>
8 AS 28 - Impairment of assets		
The assets of the Company have not suffered any impairment as assessed by the Management.		
9 AS 29 - Provision, contingent liabilities and contingent assets	Nil	Nil

V OTHER DISCLOSURES

- 1 Status of income tax, interest tax, wealth tax and fringe benefit tax assessments :
 - (a) The income tax assessments have been completed upto the assessment year 2009-10; No further liability likely to arise as against completed or pending assessments
 - (b) The wealth tax assessments have been completed upto the assessment year 2009-10; No further liability likely to arise as against completed or pending assessments
- 2 In the opinion of the Board of Directors, all the current assets, loans and advances would realise value stated in the normal course of business of the company
- 3 There are no amounts required to be transferred to Central Government under the Investor Education and Protection Fund
- 4 These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act 1956. Previous period figures have been recasted/restated to confirm to the classification of the current period.

Signatories for notes and additional notes which form part of Balance Sheet and Statement of Profit and Loss

Subject to our report of even date attached

For VKS AIYER & CO

Chartered Accountants

ICAI Firm Regn. No.000066S

V S SRINIVASAN

Partner

Membership No.F-13729

Coimbatore

28th May 2012

For and on behalf of the Board

S V ALAGAPPAN

Chairman & Managing Director

S V ARUMUGAM

Director

S K SUNDARARAMAN

Director

M SHYAMALA

Company Secretary

**KEY FINANCIAL DATA**

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Total Income	9211.23	10099.32	9912.32	9970.28	19581.29	39958.41	33356.41
Profit Before Interest, Depreciation & Tax (PBITD)	2699.06	2939.35	2257.45	1897.61	3449.76	8271.63	1829.91
Interest	691.24	620.76	469.38	465.82	1271.12	2313.28	2798.75
Depreciation	697.04	720.79	743.42	832.46	1350.33	1765.98	1870.32
Provisions, Prior period & Extraneous items (net)	(210.96)	44.57	(74.55)	(2.24)	0.00	391.12	24.02
Profit Before Tax (PBT)	1521.74	1553.23	1119.20	601.57	828.31	3801.25	-2863.18
Tax and other provisions	(7.23)	10.06	499.01	151.55	309.84	1140.78	-920.83
Profit After Tax (PAT)	1528.97	1543.17	620.19	450.02	518.47	2660.47	-1942.35
Dividend (%)	15%	15%	15%	9%	10%	15%	-
Dividend amount	324.07	324.07	324.07	194.44	216.05	324.07	-
Share Capital	2160.45	2160.45	2160.45	2160.45	2160.45	2160.45	2160.45
Reserves & Surplus	6987.36	8151.39	7753.55	7976.09	8254.40	10538.23	8595.89
Loan funds	10405.33	8389.13	8169.06	19610.97	31748.55	32044.07	24967.07
Other Term liability	1024.88	1024.88	1828.30	1847.04	2103.52	3174.87	2260.15
Net Fixed Assets	12207.57	11841.96	11520.15	22092.74	27599.16	31393.12	30831.55
Investment	458.64	453.79	752.62	952.35	1415.16	149.78	146.21
Net Current assets	7795.14	7363.43	7621.91	8549.46	15252.60	14747.04	5379.45

KEY RATIOS

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Financial Ratios :							
Interest/Total Income (%)	7.50	6.15	4.74	4.67	6.49	5.79	8.39
PBDIT/Total Income (%)	29.30	29.10	22.77	19.03	17.62	20.70	5.49
PBT/Total Income (%)	16.52	15.38	11.29	6.03	4.23	9.51	-8.58
PAT/Total Income (%)	16.60	15.28	6.26	4.51	2.65	6.66	-5.82
ROCE (PBIT/Average Capital employed) (%)	13.32	13.14	8.23	7.93	9.59	19.09	4.55
RONW (PAT/Net Worth) (%)	16.71	14.97	6.26	4.44	4.98	20.95	-18.06
Debt Equity Ratio	0.58	0.45	0.52	1.44	2.16	1.60	1.61
(Long Term Debt/Net Worth) (exclusive of DTL)							
Per Share Data :							
EPS (Rs.)	7.08	7.14	2.87	2.08	2.40	12.31	-
CEPS (Rs.)	10.30	10.48	7.07	6.02	9.84	25.33	-
Dividend (Rs.)	1.50	1.50	1.50	0.90	1.00	1.50	-
Book value (Rs.)	42.34	47.73	45.89	46.92	48.21	58.78	49.79
Cost Data :							
Average yarn selling price/kg (Rs.)	116.72	118.74	113.16	120.03	131.57	191.55	189.81
Average cotton cost/kg (Rs.)	53.25	57.07	59.63	67.88	71.67	105.59	128.08

SHIVA TEXYARN LIMITED

Regd. Office : 252, Mettupalayam Road, Coimbatore - 641 043

ATTENDANCE SLIP

(Please hand over this at the entrance of the Meeting Hall)

Name of the Member			
DP ID Number		Client ID Number	
Member's Folio Number		No. of Shares held	
Name of the Proxy (in BLOCK LETTERS) to be filled if the proxy attends instead of the member			

I hereby record my presence at the Thirty First Annual General Meeting held on the 24th September, 2012 at 10.15 AM at Nani Kalai Arangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037.

Member's / Proxy's Signature



SHIVA TEXYARN LIMITED

Regd. Office: 252, Mettupalayam Road, Coimbatore - 641 043

PROXY FORM

I/We.....of
..... being a Member / Members of Shiva Texyarn Ltd,
hereby appointof.....or
failing him of.....or
failing him of.....as
my/our Proxy to attend and vote for me / us on my / our behalf at the Thirty First Annual General Meeting of the
Company to be held on the 24th September, 2012 and at any adjournment thereof.

Signed this day of2012

Affix
1 Rupee
Revenue
Stamp

DP ID Number		Client ID Number	
Member's Folio Number		No. of Shares held	

NOTE : The Proxy form must be deposited at the Registered Office of the Company at 252, Mettupalayam Road, Coimbatore - 641 043, not less than forty-eight hours before the time for holding the aforesaid meeting.

NO GIFTS WILL BE DISTRIBUTED AT THE MEETING

PLANT LOCATIONS

SPINNING UNITS

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 & Garment Unit

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

WIND MILLS

Mundavelampatti Village
Erode District
Tamilnadu

Gudimangalam
Athukinathupatti and
Uthukuli Villages
Coimbatore District
Tamilnadu

Sanganeri
Tirunelveli District
Tamilnadu



SHIVA TEXTYARN LIMITED

Regd. Office : 252, Mettupalayam Road,
Coimbatore - 641 043, Tamil Nadu, India.

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