



SHIVA TEXYARN LIMITED

Regd. Office : 252, Mettupalayam Road, Colmbatore - 641 043 Tamilnadu INDIA
Telephone : 0422-2435555 E-mail : shares@shivatex.co.in Website : www.shivatex.co.in
CIN : L65921TZ1980PLC000945

STYL/SEC/466/BSE/2016-2017

28.9.2016

BSE LIMITED ✓
FLOOR25
PHIROZE JEEJEEBHOY TOWERS
DALAL STREET
MUMBAI 400 001

Scrip Code: 511108 ✓

Sir,

Sub: Filling of Annual Report as adopted by the Shareholders at the
Annual General Meeting - Regulation 34(1) – reg.

Pursuant to the provisions of Regulation 34(1) of SEBI (Listing Obligations
and Disclosure Requirements) Regulation, 2015, we file herewith soft copy
of the Annual Report duly adopted by the Shareholders at the 35th Annual
General Meeting held on 28.9.2016.✓

Please take on the record of the above.

Thanking you,

Yours faithfully,

For SHIVA TEXYARN LIMITED ✓


M SHYAMALA
COMPANY SECRETARY

Encl : as above

JSM/L/E/STYL/LETTER TO NSE&BSE



SHIVA TEXYARN LIMITED



35th
Annual Report
2016



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**BOARD OF DIRECTORS**

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

AUDITORS

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

INTERNAL AUDITORS

M/s B M & Associates
Chartered Accountants
Coimbatore - 641 018

COST AUDITOR

Sri M Nagarajan
Cost Auditor
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
Website : www.shivatex.co.in
CIN : L65921TZ1980PLC000945

CHIEF FINANCIAL OFFICER

Sri S Seshadri

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
Karur Vysya Bank
Axis Bank Limited
Kotak Mahindra 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 35th Annual General Meeting of the Members of the Company will be held at Nani Kalaiarangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641037 on Wednesday the 28th day of September 2016 at 10.15 A.M. to transact the business set out in the agenda given below:

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

AGENDA

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company both Standalone and Consolidated for the financial year ended 31st March, 2016, the reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in the place of Sri S V Arumugam, (DIN 00002458) who retires by rotation and being eligible, offers himself for re-appointment.
4. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :**

RESOLVED that pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder and pursuant to the recommendations of the Audit Committee of the Board, and pursuant to the resolution passed by the members at the Annual General Meeting held on 25th August, 2014, the appointment of the auditors of the Company viz., M/s V K S Aiyer & Co., Chartered Accountants, Coimbatore (Firm Registration No.000066S), to hold office from the conclusion of this 35th Annual General Meeting and untill the conclusion of 36th Annual General Meeting and to audit the Accounts of the Company for the financial year ending 31.3.2017 be and is hereby ratified and that the Board of Directors be and are hereby authorised to fix their remuneration for the Financial Year 2016-17, as per recommendation of Audit Committee.

SPECIAL BUSINESS

5. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :**

RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendation of Audit Committee the remuneration of ₹ 1,00,000 (Rupees One Lakh only) (besides reimbursement of out of pocket expenses incurred by him for the purpose of Audit) payable to Sri M Nagarajan, Cost Auditor (Firm Registration No. 102133), as approved by the Board of Directors for conducting the Audit of the Cost Records of the Company for the Financial Year ending 31st March 2017, be and is hereby ratified and confirmed.

Coimbatore
25th May, 2016

By Order of the Board
S V ALAGAPPAN
CHAIRMAN AND MANAGING DIRECTOR
(DIN 00002450)

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. Corporate members intending to send their authorised representatives to attend the meeting, are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote at the meeting.
2. Proxies, in order to be effective, should be deposited with the Company, forty eight hours before the commencement of the meeting.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business in respect of item 5 of the Agenda is annexed hereto.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 22.9.2016 to 28.9.2016 (both the days are inclusive).
5. The dividend, if declared, will be paid to those members whose names appear on the Register of Members of the Company as on 21.9.2016. In respect of dematerialized shares, dividend will be paid on the basis of the beneficial ownership furnished by the National Security Depository Limited and Central Depository Services (India) Limited at the end of the business hours on 21.9.2016.
6. The dividend 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 be lie against the Company or the Central Government for such unclaimed dividend.
7. Members are requested to bring their copy of the Annual Report along with them to the meeting.
8. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the Listing Agreement, the Company is pleased to offer the facility of voting through electronic means, as an alternate, to all its Members to enable them to cast their votes electronically instead of casting their vote at a meeting. Please note that the voting through electronic means is optional for the members.
9. The voting through electronic means will commence on 25.9.2016 at 10.00 A.M. and will end on 27.9.2016 at 5.00 P.M. The Members will not be able to cast their vote electronically beyond the date and time mentioned above and the e-voting system shall be disabled for voting thereafter.
10. The Company has appointed Mr R Dhanasekaran, Practicing Company Secretary, to act as the Scrutinizer for conducting the voting process in a fair and transparent manner.
11. **The instructions for shareholders voting electronically are as under :**
 - i) The voting period begins on 25.9.2016 at 10.00 A.M. and ends on 27.9.2016 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 21.9.2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.



- ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- iii) Click on Shareholders.
- iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v) Next enter the Image Verification as displayed and Click on Login.
- vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vii) If you are a first time user follow the steps given below :

| For Members holding shares in Demat Form and Physical Form | |
|--|--|
| PAN | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| DOB | <p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p> |
| Dividend Bank Details | <p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv). |

- viii) After entering these details appropriately, click on "SUBMIT" tab.
- ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to

mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi) Click on the EVSN for the relevant SHIVA TEXTYARN LIMITED on which you choose to vote.
- xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xviii) Note for Non - Individual Shareholders and Custodians
 - ❖ Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - ❖ A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - ❖ After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - ❖ The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - ❖ A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.



12. Kindly note that members can opt for only one mode of voting i.e., either by voting at the venue or through remote e-voting. The Members attending the meeting, who have not already cast their vote thro remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote thro remote e-voting may attend the meeting but shall not be entitled to cast their votes again at the venue.
13. In support of the "Green Initiative" announced by the Government of India, electronic copy of the Annual Report and Notice inter alia indicating the process and manner of e-voting along with attendance slip and proxy form are being sent by e-mail to those shareholders whose e-mail addresses have been made available to the Company / Depository Participants unless member has requested for a hard copy of the same.
14. The Route Map to the Venue of the Annual General Meeting is attached to the Proxy Form / Attendance Slip.

Coimbatore
25th May, 2016

By Order of the Board
S V ALAGAPPAN
CHAIRMAN AND MANAGING DIRECTOR
(DIN 00002450)

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM 5

The Board of Directors of the Company on the recommendation of the Audit Committee, approved the appointment of and payment of remuneration to Sri M Nagarajan, Cost Auditor to conduct the audit of the Cost records of the Company for the financial year ending 31st March, 2017.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be ratified by the members of the Company. Accordingly, the members are requested to ratify the remuneration payable to the Cost Auditor for the financial year ending 31st March 2017, as set out in the resolution.

The Board of Directors recommend the Ordinary Resolution as set out in this item of the Notice for approval of members.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested.

Coimbatore
25th May, 2016

By Order of the Board
S V ALAGAPPAN
CHAIRMAN AND MANAGING DIRECTOR
(DIN 00002450)

ANNEXURE TO THE NOTICE

RE-APPOINTMENT OF DIRECTORS

A brief resume in respect of Director seeking reappointment is given below in terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 .

| | | | |
|----|-----|--|--|
| I. | 1. | Name | : Sri S V Arumugam (DIN 00002458) |
| | 2. | Age | : 67 years |
| | 3. | Qualification | : B.Sc., ACA |
| | 4. | Date of Appointment | : 28.5.1980 |
| | 5. | Experience | : He has more than 43 years of experience in Textile Industry |
| | 6. | Other Directorships | : Annamallai Infrastructures Limited Bannari Amman Flour Mill Limited Bannari Amman Food Products Limited Sakthi Murugan Transports Limited Bannari Amman Spinning Mills Limited STYL Textile Ventures Limited SIMA Textile Processing Center Limited Anamallais Agencies Private Limited Anamallais Automobiles Private Limited Anamallais Motors Private Limited Young Brand Apparel Private Limited Bannari Techno Park Private Limited Murugan Enterprise Private Limited Senthil Infrastructure Private Limited Vedanayagam Enterprises Private Limited Abirami Amman Mills Private Limited Accel Apparels Private Limited Bannari Amman Logistics Private Limited Bannari Amman Properties Private Limited |
| | 7. | Member of Committee | : Stakeholders Relationship Committee - Member |
| | 8. | Member of Committee in other Public Limited Companies | : Bannari Amman Spinning Mills Limited Stakeholders Relationship Committee - Member |
| | 9. | Number of Shares held in the Company | : Nil |
| | 10. | Relationship with other Directors | : Brother of Sri S V Alagappan, Chairman & Managing Director |
| | | None of the Directors or Key Managerial Personnel or their relatives excepting Sri S V Alagappan, Managing Director is related to Sri S V Arumugam, the appointee. | |

Coimbatore
25th May, 2016

By Order of the Board
S V ALAGAPPAN
CHAIRMAN AND MANAGING DIRECTOR
(DIN 00002450)



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Thirty fifth Annual Report together with Audited Financial Statements of the Company for the year ended 31st March, 2016.

FINANCIAL RESULTS

| | Financial Year (₹ in lakhs) | |
|--|--------------------------------|-----------|
| | 2015-2016 | 2014-2015 |
| Profit before Interest and Depreciation | 5512.90 | 5506.15 |
| Less: Interest | 2348.96 | 2546.92 |
| Profit before Depreciation | 3163.94 | 2959.23 |
| Less: Depreciation | 1709.40 | 1687.01 |
| Profit before Tax | 1454.54 | 1272.22 |
| Less : Provision for Income Tax | | |
| - Current Tax | 294.51 | 165.54 |
| - Deferred tax Liability (Net) | 75.43 | 217.32 |
| Profit after Tax | 1084.60 | 889.36 |
| Add : Surplus brought forward from last year | 322.34 | 444.24 |
| Amount available for appropriation | 1406.94 | 1333.60 |
| Appropriations : | | |
| Provision for Equity Dividend | 237.65 | 216.05 |
| Provision for Tax on Dividend | 50.95 | 45.21 |
| Transfer to General Reserve | 750.00 | 750.00 |
| Surplus carried over to Balance Sheet | 368.34 | 322.34 |
| Total | 1406.94 | 1333.60 |

Dividend

Your Directors are glad to recommend payment of Dividend @ ₹ 1.10/- per equity share of ₹ 10/- each (@ 11% of the paid up capital). (Last year ₹ 1.00/- per share of ₹ 10/- each). The Dividend on Equity Shares together with Distribution Tax on Corporate Dividend will absorb ₹ 288.60 lakhs (₹ 261.26 lakhs).

REVIEW OF OPERATIONS

During the year under review, the two spinning units together produced 19162.81 tonnes (18756.53 tonnes) of yarn, of which 3392.26 tonnes (2382.88 tonnes) was used to produce knitted fabrics. The spinning units, in aggregate sold 15954.95 tonnes (16123.67 tonnes) of yarn and 3200.54 tonnes (2369.50 tonnes) of knitted fabrics out of which exports accounted for 4194.37 tonnes (3223.09 tonnes). Further, during the year under review, the Company sold 5554.76 tonnes (5362.98 tonnes) of waste cotton, of which exports accounted for 982.51 tonnes (1005.15 tonnes).

The Wind Mills, with aggregate installed capacity of 28.795 MW generated 279.15 lakh units of Wind Electricity as against 364.21 lakh units in the last year. The entire power generated by Wind Mills was utilized for captive consumption at the textile mills. As in the previous years, generation from windmills was severely affected due to non-evacuation of Wind power by TANGEDCO during the current year also, resulting in loss of generation of about 71.70 lakh units (56.56 lakh units), having adverse effect on profits of the Company by about ₹ 455.27 lakhs (₹ 359.15 lakhs).

- a. Your Directors report that though the Spinning Units achieved higher level of production and sales, the profitability was affected due to fall in price of finished goods (Yarn and Fabric) on account of competition in both domestic and export markets which witnessed subdued demand. The reduced offtake of yarn and fabric by China, the World's largest importer was one of the primary reasons for the glut in cotton textile industry. Consequently the performance of the spinning units remained more or less unchanged during the year.
- b. Tamil Nadu Generation and Distribution Company Limited (TANGEDCO) continued their measures of restriction and control on evacuation of power generated by Wind Mills, by which the Company was forced to utilise power purchased from third parties incurring higher cost. In spite of these difficulties, the Company achieved optimum utilisation and productivity in the spinning units without resulting in any curtailment of production.
- c. The operations of the processing unit at SIPCOT, Perundurai, stabilized during the year under review and served as captive source to the Technical Textile Division. The initiatives taken by the Company on Technical Textile products started yielding results, with more and more orders being booked in the field of Defense, Medical and other industrial applications. The Company also started supplying home textile products to M/s. Ikiya Distribution Services, a world renowned Company in the field of home textiles and furnishing materials.

The overall sales turnover of the Company from all divisions aggregated to ₹ 44208.44 Lakhs (₹ 45745.71 Lakhs) of which exports including Merchant exports amounted to ₹ 9524.85 Lakhs (₹ 9248.26 Lakhs), the exports contributing 21.55% (20.22%) of the overall sales of the Company.

PROSPECTS FOR THE CURRENT YEAR

With domestic demand likely to pick up due to improvement in economic conditions and export demand likely to pick up upon resumption of import of yarn and fabric by China, the prospects for the spinning units appear to be stable. The contribution from Windmills on overall performance of the textile mills is dependent on availability of Wind of adequate velocity and during the current year TANGEDCO has committed to evacuate the wind power with minimum back out.

The contribution from Technical Textile products is likely to improve significantly in the coming years. The Processing, Bag and Garments divisions are also expected to contribute to the overall earnings and profits of the Company in the ensuing years.



EVENT SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

There are no material changes and commitments affecting the financial position of the Company, subsequent to the end of the Financial Year.

PUBLIC DEPOSITS

The Company has not accepted any public deposits within the meaning of Section 73 to 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year under review.

DEMERGER OF THE COMPANY

The Company has proposed to demerge the Textile Undertaking comprising of Spinning Unit I situate at Velvarkottai, Dindigul District along with the related windmills into a separate Company. The appointed date fixed for demerger is 1st April 2015. The scheme of arrangement (Demerger) is subject to approval of Stock Exchanges, Shareholders and the Hon'ble High Court of Madras.

The Stock Exchanges both BSE Limited and National Stock Exchange of India Limited have accorded their no objection for the Scheme of Arrangement (Demerger) vide their dt. 18.3.2016. The Hon'ble High Court of Madras by their Order dated 18.4.2016 has ordered for a meeting of Shareholders to approve the Scheme.

CORPORATE GOVERNANCE

In line with requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 your Company is committed to the principles of good Corporate Governance and continues to adhere good Corporate Governance practices consistently.

A separate section is given on Corporate Governance, Management Discussion and Analysis alongwith a certificate from the Auditors of the Company regarding Compliance with conditions of Corporate Governance, as stipulated under Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which forms part of this Annual Report.

EXTRACT OF ANNUAL RETURN

An extract of the Annual Return as on 31st March, 2016 pursuant to the sub-section (3) of Section 92 of the Companies Act, 2013 which forms part of the report in Form MGT - 9 is enclosed as **Annexure - I**.

DIRECTORS

During the period under review there was no change in the Board of Directors.

Sri S V Arumugam, Director (DIN 00002458) is required to retire by rotation at the ensuing Annual General Meeting, he is eligible and seeks re-appointment.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013.

KEY MANAGERIAL PERSONNEL

The Company has appointed the following persons as Key Managerial Personnel :

| | |
|-------------------|-------------------------|
| Sri S V Alagappan | Managing Director |
| Sri S Seshadri | Chief Financial Officer |
| Smt M Shyamala | Company Secretary |

AUDIT COMMITTEE

The Audit Committee comprises of :

1. Sri K N V Ramani - Chairman (Non- Executive Independent Director)
2. Sri C S K Prabhu - Member (Non- Executive Independent Director)
3. Sri S K Sundararaman - Member (Executive Director) and
4. Sri S Palaniswami - Member (Non- Executive Independent Director)

The Board has implemented the suggestions made by the Audit Committee from time to time.

EVALUATION OF BOARD OF DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 (10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Independent Directors at their meeting without participation of Non Independent Directors and Management considered and evaluated the Boards' performance, performance of the Chairman and Managing Director.

The Board has carried out an annual evaluation of its own performance and performance of the individual Directors as well as the Committees of Directors.

BOARD MEETINGS

During the year under review, five Board Meetings were conducted. The details of the same have been given in the Corporate Governance Report under Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, forming part of this Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not given any loans or guarantees governed under the provisions of Section 186 of the Companies Act, 2013. The details of the investments made by Company are given in the notes to the financial statements.

ESTABLISHMENT OF VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established a Vigil Mechanism for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics. The policy has been posted in the website of the Company viz., www.shivatex.co.in.

POLICY ON NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors have framed a policy setting out the framework for payment of Remuneration to Directors, Key Managerial Personnel and Senior Management Personnel of the Company. The policy is explained as part of the Corporate Governance Report. The Committee ensures that :

- a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully
- b. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- c. Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.



RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year in the ordinary course of business were on arm's length basis. Hence provisions of Section 188 of the Companies Act, 2013 are not attracted. Further no materially significant related party transactions were made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the Company at large. Hence reporting under AOC-2 is not required. Approval of Audit Committee was obtained for transactions of repetitive nature on annual basis. All related party transactions are placed before the Audit Committee and Board of Directors for their review. The policy on Related Party Transactions is available in the website www.shivatex.co.in.

SUBSIDIARY

The Company has one subsidiary viz., STYL Textile Ventures Limited. The statement pursuant to Section 129 (3) of the Companies Act, 2013 containing the salient features of the financial statements of Subsidiary Company, forms part of this Annual Report.

A separate statement containing the salient features of the Financial Statements of the Subsidiary in Form AOC-1 (Part A) is furnished:

AOC-1

Part "A" - Subsidiaries

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Subsidiary

| Name of the Subsidiary | STYL Textile Ventures Limited |
|---|-------------------------------|
| Reporting period for the subsidiary concerned, if different from the holding company's reporting period | - |
| Reporting currency and exchange rate as on the last date of the relevant Financial Year in the case of Foreign subsidiaries | - |
| Share capital | 5,00,000 |
| Reserves and surplus | - |
| Total assets | 17,64,120 |
| Total liabilities | 17,64,120 |
| Investments | - |
| Turnover | - |
| Profit before taxation | - |
| Provision for taxation | - |
| Profit after taxation | - |
| Proposed Dividend | - |
| % of shareholding | 100% |

- Names of subsidiaries which are yet to commence operations: STYL Textile Ventures Limited
- Names of subsidiaries which have been liquidated or sold during the year: Nil
- The Company does not have any Joint Venture and / or associate companies. Hence no reporting of the same in AOC - 1 (Part B) is made.

SIGNIFICANT/MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS

There are no significant and material orders passed by the Regulators/Courts that would impact the going concern status and the Company's operation in future.

DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated in Section 134 (5) of the Companies Act, 2013 your Directors confirm that:

- a) Your Directors have followed in the preparation of the annual accounts, the applicable accounting standards with proper explanation relating to material departures;
- b) 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 and of the profit and loss of the Company for that period;
- c) Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) Your Directors have prepared the annual accounts on a going concern basis;
- e) Your Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) Your Directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS

The present Auditors of the Company M/s V K S Aiyer & Co, Chartered Accountants, Coimbatore, were appointed for a term of 3 years, pursuant to the resolution passed by the members at the Annual General Meeting held on 25th August, 2014. A resolution ratifying their appointment in terms of Section 139 is also placed before the shareholders for their approval at the ensuing Annual General Meeting.

SECRETARIAL AUDIT

Pursuant to provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company appointed Mr R Dhanasekaran, Practicing Company Secretary to undertake the Secretarial Audit of the Company. The report is attached herewith as **Annexure - II**

No adverse qualifications/comments have been made in the said report by the Practicing Company Secretary.

COST AUDITOR

Pursuant to section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, the Board of Directors, on the recommendation of Audit Committee, have appointed Sri M Nagarajan, Cost Accountant, Coimbatore as Cost Auditor to conduct Cost Audit of the Company for the financial year 2016 - 2017 with remuneration. As required under the Companies Act, 2013, a resolution seeking members' approval for the remuneration payable to the Cost Auditor forms part of the Notice convening Annual General Meeting.



INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations.

The Company has an Internal Audit Department which monitors and evaluates the efficiency and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. The scope and authority of the Internal Audit function is defined in the Internal Audit Manual. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee and to the Chairman & Managing Director.

Based on the report of Internal Audit function, corrective actions are taken in the respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

STATEMENT ON RISK MANAGEMENT POLICY

Pursuant to Section 134(3) (n) of the Companies Act, 2013 and Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has constituted a Risk Management Committee. The Committee has developed a Risk Management Policy and implemented the same. The details of the Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Boards Report. At present the Company has not identified any element of risk which may threaten the existence of the Company.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has constituted Corporate Social Responsibility Committee (CSR), which shall recommend to the Board, the activities to be undertaken by the Company as specified in Schedule VII, recommend the amount of expenditure to be incurred on such activities and monitor the CSR policy of the Company. The Company has partially spent the amount stipulated under the requirements of the Act.

Corporate Social Responsibility Committee constituted by the Board with effect from 21.5.2014, comprised of the following Directors.

- | | | |
|-------------------------|---|----------------------|
| 1. Sri S V Alagappan | - | Managing Director |
| 2. Sri S K Sundararaman | - | Executive Director |
| 3. Dr K R Thillainathan | - | Independent Director |

The CSR activities and its related particulars is enclosed as **Annexure III**

STATUTORY DISCLOSURES

- I. **Conservation of Energy and others** - The particulars required to be included in terms of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended 31st March, 2016 relating to Conservation of Energy, etc., is enclosed as **Annexure IV**.
- II. **Remuneration of Directors and other details** - The information required under Section 197(12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules,

2014 and forming part of the Directors' Report for the year ended 31st March, 2016 is provided as **Annexure V** to this report.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

During the year under review the human relations continued to be very cordial. The Board of Directors wishes to acknowledge the contribution of the employees at all levels of the organisation.

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints for sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The Company has not received any complaints for disposal during the year.

ACKNOWLEDGEMENT

Your Directors acknowledge with gratitude the timely assistance and help extended by the Bankers for having provided the required bank facilities. Your Directors wish to place on record their appreciation of the contributions made by the employees at all levels for the continued good performance of your company.

Coimbatore
25th May, 2016

By Order of the Board
S V ALAGAPPAN
CHAIRMAN AND MANAGING DIRECTOR
(DIN 00002450)

**ANNEXURE I****Form No. MGT-9****EXTRACT OF ANNUAL RETURN****as on the financial year ended on 31st March, 2016**

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : L65921TZ1980PLC000945
- ii) Registration Date : 28.5.1980
- iii) Name of the Company : Shiva Texyarn Limited
- iv) Category / Sub-Category of the Company : Company Limited by Shares/Indian Non- Government Company
- v) Address of the Registered office and contact details : 252, Mettupalayam Road, Coimbatore, Tamilnadu - 641 043. Ph : 0422 2435555
e-mail : shares@shivatex.co.in
- vi) Whether listed company (Yes / No) : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : S K D C Consultants Limited
Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road
Ganapathy, Coimbatore, Tamilnadu - 641 006
Ph : 0422 - 6549995, 2539835 - 836
E-mail : info@skdc-consultants.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated :-

| Sl No | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the Company |
|-------|--|---------------------------------|------------------------------------|
| 1 | Cotton Yarn | 13111 | 69.23% |
| 2 | Grey Fabric | 13911 | 14.85% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl No | Name and address of the company | CIN/GLN | Holding/ Subsidiary / Associate | % of shares held | Applicable Section |
|-------|--|-----------------------|---------------------------------|------------------|--------------------|
| 1 | STYL Textile Ventures Limited 252, Mettupalayam Road, Coimbatore - 641 043 | U17111TZ2015PLC022007 | Subsidiary | 100% | 2 (87) |



IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

| S No | Category of shareholders | No. of shares held at the beginning of the year (As on 31-3-2015) | | | | No. of shares held at the end of the year (As on 31-3-2016) | | | | % of change during the year |
|------|--|---|----------|----------|-------------------|---|----------|----------|-------------------|-----------------------------|
| | | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| A. | Promoters | | | | | | | | | |
| 1) | Indian | | | | | | | | | |
| | a) Individual/ HUF | 597350 | 0 | 597350 | 2.77 | 597350 | 0 | 597350 | 2.77 | 0 |
| | b) Central Govt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | c) State Govt(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | d) Bodies Corp. | 15592444 | 0 | 15592444 | 72.17 | 15592444 | 0 | 15592444 | 72.17 | 0 |
| | e) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | f) Any other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Sub-total (A) (1) :- | 16189794 | 0 | 16189794 | 74.94 | 16189794 | 0 | 16189794 | 74.94 | 0 |
| 2) | Foreign | | | | | | | | | |
| | a) NRIs - Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | b) Other - Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | c) Bodies Corp | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | d) Banks/FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | e) Any other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Sub-total (A) (2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total shareholding of promoter (A) = (A)(1) + (A)(2) | 16189794 | 0 | 16189794 | 74.94 | 16189794 | 0 | 16189794 | 74.94 | 0 |
| B. | Public Shareholding | | | | | | | | | |
| 1. | Institutions | | | | | | | | | |
| | a) Mutual Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | b) Banks / FI | 100 | 1100 | 1200 | 0.01 | 100 | 1100 | 1200 | 0.01 | 0 |
| | c) Central Govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | d) State Govt(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | e) Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | f) Insurance Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | g) FIs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | i) Others (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Sub-total (B)(1):- | 100 | 1100 | 1200 | 0.01 | 100 | 1100 | 1200 | 0.01 | 0 |
| 2. | Non-Institutions | | | | | | | | | |
| a) | Bodies Corp. | | | | | | | | | |
| | i) Indian | 251849 | 8400 | 260249 | 1.20 | 394693 | 8400 | 403093 | 1.87 | 0.67 |
| | ii) Overseas | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) | Individuals | | | | | | | | | |
| | i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 1999715 | 1074218 | 3073933 | 14.23 | 2470988 | 1047018 | 3518006 | 16.28 | 2.06 |
| | ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 1831285 | 22150 | 1853435 | 8.58 | 1213222 | 11250 | 1224472 | 5.67 | (2.91) |
| | Non Resident Indians | 40449 | 300 | 40749 | 0.19 | 65915 | 300 | 66215 | 0.31 | 0.12 |
| | Director & Their relatives | 2783 | 1400 | 4183 | 0.02 | 3283 | 1400 | 4683 | 0.02 | 0 |
| | Clearing Members | 40413 | 0 | 40413 | 0.19 | 38152 | 0 | 38152 | 0.18 | (0.01) |
| | HUF | 140565 | 0 | 140565 | 0.65 | 158906 | 0 | 158906 | 0.74 | 0.09 |
| | Sub-total (B)(2):- | 4307059 | 1106468 | 5413527 | 25.06 | 4345159 | 1068368 | 5413527 | 25.06 | 0 |
| | Total Public Shareholding (B) = (B)(1) + (B)(2) | 4307159 | 1107568 | 5414727 | 25.06 | 4345259 | 1069468 | 5414727 | 25.06 | 0 |
| c) | Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Grand Total (A+B+C) | 20496953 | 1107568 | 21604521 | 100 | 20535053 | 1069468 | 21604521 | 100 | 0 |



ii) Shareholding of Promoter

| S No | Shareholder's name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|------|---|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of shares | % of total shares of the company | % of shares pledged/encumbered to total shares | No. of shares | % of total shares of the company | % of shares pledged/encumbered to total shares | |
| 1 | S V Alagappan | 54450 | 0.25 | - | 54450 | 0.25 | - | - |
| 2 | S V Kandasami | 508250 | 2.35 | - | 508250 | 2.35 | - | - |
| 3 | S K Sundararaman | 900 | 0.00 | - | 900 | 0.00 | - | - |
| 4 | A Shenbagam | 8700 | 0.04 | - | 8700 | 0.04 | - | - |
| 5 | K Leelavathi | 4500 | 0.02 | - | 4500 | 0.02 | - | - |
| 6 | A Lalitha | 1350 | 0.01 | - | 1350 | 0.01 | - | - |
| 7 | Annamallai Retreading Company Private Limited | 5083577 | 23.53 | - | 5083577 | 23.53 | - | - |
| 8 | S V Kandasami | 19200 | 0.09 | - | 19200 | 0.09 | - | - |
| 9 | Vedanayagam Hospital Limited | 10110667 | 46.80 | - | 10110667 | 46.80 | - | - |
| 10 | Anamallais Agencies Private Limited | 398200 | 1.84 | - | 398200 | 1.84 | - | - |
| | Total | 16189794 | 74.94 | - | 16189794 | 74.94 | - | - |

iii) Change in Promoters' Shareholding (please specify, if there is no change)

| S No | Particulars | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | At the beginning of the year | 16189794 | 74.94 | 16189794 | 74.94 |
| 2 | Date wise increase / decrease in promoters share-holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | No Change | | | |
| 3 | At the end of the year | 16189794 | 74.94 | 16189794 | 74.94 |

iv) Shareholding Pattern of Top Ten Shareholders: (other than Directors, Promoters and Holders of GDRs and ADRs):

| S No | For Each of the Top 10 shareholders | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|------|-------------------------------------|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | Anil Kumar Goel | 374285 | 1.73 | 0 | 0 |
| 2 | Sangeetha S | 229122 | 1.06 | 226690 | 1.05 |
| 3 | Ashok Kumar Jain | 187171 | 0.87 | 0 | 0.00 |
| 4 | Shetty. K.J.M | 170142 | 0.79 | 173042 | 0.80 |

| S No | For Each of the Top 10 shareholders | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 5 | Dhiraj Bhavanji Nisar | 123890 | 0.57 | 0 | 0 |
| 6 | Kalpriksh Capital Advisors Private Ltd (Formerly Known as Turnkey Dealers Private Ltd) | 53113 | 0.25 | 59613 | 0.28 |
| 7 | Alka Jain | 51777 | 0.24 | 0 | 0 |
| 8 | Selvam. K.A | 51015 | 0.24 | 51015 | 0.24 |
| 9 | Ajaykumar Bhaskar Patil | 50000 | 0.23 | 0 | 0 |
| 10 | Urjita J Master | 50000 | 0.23 | 0 | 0 |
| 11 | Sharekhan Limited | 1444 | 0.01 | 80933 | 0.37 |
| 12 | Tirumala Rao Nimmagadda | 0 | 0.00 | 55772 | 0.26 |
| 13 | Anant Jain | 0 | 0.00 | 53000 | 0.25 |
| 14 | Shirish Joshi | 47553 | 0.22 | 48000 | 0.22 |
| 15 | Navin Sood | 0 | 0.00 | 40000 | 0.19 |
| 16 | Sabita Shetty | 38000 | 0.18 | 38000 | 0.18 |

v) Shareholding of Directors and Key Managerial Personnel:

| S No | Shareholding of each Directors and each Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | Sri S V Alagappan, Managing Director | | | | |
| | At the beginning of the year | 54450 | 0.25 | 54450 | 0.25 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the end of the year | 54450 | 0.25 | 54450 | 0.25 |
| 2 | Sri S V Arumugam, Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the end of the year | - | - | - | - |


v) Shareholding of Directors and Key Managerial Personnel (Contd...)

| S No | Shareholding of each Directors and each Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|----------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 3 | Sri S K Sundararaman, Executive Director | | | | |
| | At the beginning of the year | 900 | 0.00 | 900 | 0.00 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the end of the year | 900 | 0.00 | 900 | 0.00 |
| 4 | Smt A Lalitha, Director | | | | |
| | At the beginning of the year | 1350 | 0.01 | 1350 | 0.01 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the end of the year | 1350 | 0.01 | 1350 | 0.01 |
| 5 | Sri K N V Ramani, Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 6 | Sri C S K Prabhu, Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the end of the year | - | - | - | - |

v) Shareholding of Directors and Key Managerial Personnel (Contd...)

| S No | Shareholding of each Directors and each Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|-----------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 7 | Dr K R Thillainathan, Director | | | | |
| | At the beginning of the year | 300 | 0.00 | 300 | 0.00 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the end of the year | 300 | 0.00 | 300 | 0.00 |
| 8 | Sri S Palaniswami, Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 9 | Sri S Marusamy, Director | | | | |
| | At the beginning of the year | 3883 | 0.02 | 4383 | 0.02 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | 500 | | | |
| | | 4383 | 0.02 | 4383 | 0.02 |
| | At the end of the year | | | | |
| 10 | Sri S Seshadri, Chief Financial Officer | | | | |
| | At the beginning of the year | 100 | 0.00 | 100 | 0.00 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the end of the year | 100 | 0.00 | 100 | 0.00 |



v) Shareholding of Directors and Key Managerial Personnel (Contd...)

| S No | Shareholding of each Directors and each Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 11 | Smt M Shyamala , Company Secretary | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the end of the year | - | - | - | - |

V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment ₹ in lakhs

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 22848.54 | 115.00 | - | 22963.54 |
| ii) Interest due but not paid | 93.28 | - | - | 93.28 |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i + ii + iii) | 22941.82 | 115.00 | - | 23056.82 |
| Change in Indebtedness during the financial year | | | | |
| * Addition | 5319.89 | - | - | 5319.89 |
| * Reduction | 3822.69 | - | - | 3822.69 |
| Net Change | 1497.20 | - | - | 1497.20 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 24343.02 | 115.00 | - | 24458.02 |
| ii) Interest due but not paid | 96.00 | - | - | 96.00 |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i + ii + iii) | 24439.02 | 115.00 | - | 24554.02 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager : (in ₹)

| S No | Particulars of remuneration | Name of MD / WTD / Manager | | Total Amount |
|------|--|------------------------------------|--|--------------|
| | | S V Alagappan Managing Director | S K Sundararaman Executive Director | |
| 1 | Gross salary | | | |
| | a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 36,00,000 | 34,00,000 | 70,00,000 |
| | b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 2,58,744 | - | 2,58,744 |
| | c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | | | |
| | - as % of profit | 33,85,806 | 38,68,550 | 72,54,356 |
| | - others, specify... | | | |
| 5 | Others, please specify | 4,32,000 | 4,08,000 | 8,40,000 |
| | Total (A) | 76,76,550 | 76,76,550 | 1,53,53,100 |
| | Ceiling as per the Act | 76,76,550 | 76,76,550 | 1,53,53,100 |

B. Remuneration to other directors : (in ₹)

| S No | Particulars of Remuneration | Name of Directors | | | | | Total Amount |
|------|--|-------------------|------------------|-------------------|----------------------|----------------|-----------------|
| 1 | Independent Directors | Sri K N V Ramani | Sri C S K Prabhu | Sri S Palaniswami | Dr K R Thillainathan | Sri S Marusamy | |
| | Fee for attending Board / Committee Meetings | 55,000 | 55,000 | 45,000 | 30,000 | 30,000 | 2,15,000 |
| | Commission | - | - | - | - | - | |
| | Others, please specify | - | - | - | - | - | |
| | Total (1) | 55,000 | 55,000 | 45,000 | 30,000 | 30,000 | 2,15,000 |
| 2 | Other Non-Executive Directors | Sri S V Arumugam | Smt A Lalitha | | | | |
| | Fee for attending Board committee meetings | 25,000 | - | - | - | - | 25,000 |
| | Commission | - | - | - | - | - | - |
| | Others, please specify | - | - | - | - | - | - |
| | Total (2) | 25,000 | - | - | - | - | 25,000 |
| | Total (B)=(1+2) | 80,000 | 55,000 | 45,000 | 30,000 | 30,000 | 2,40,000 |
| | Total Managerial Remuneration | - | - | - | - | - | - |
| | Overall Ceiling as per the Act | Not Applicable | | | | | |

**C. Remuneration to Key Managerial Personnel Other than MD/MANAGER/WTD**

(in ₹)

| S No | Particulars of Remuneration | Key Managerial Personnel | | |
|------|--|--------------------------|------------------|------------------|
| | | CS | CFO | Total |
| | | Mrs M Shyamala | Shri S Seshadri | |
| 1 | Gross salary | 5,96,391 | 11,17,221 | 17,13,612 |
| | a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | - | - |
| | b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - |
| | c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | - | - | - |
| | - as % of profit | - | - | - |
| | others, specify... | - | - | - |
| 5 | Others, please specify | - | - | - |
| | Total | 5,96,391 | 11,17,221 | 17,13,612 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give details) |
|-------------------------------------|------------------------------|-------------------|---|------------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| B. DIRECTORS | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |

Coimbatore
25th May, 2016

By Order of the Board
S V ALAGAPPAN
CHAIRMAN AND MANAGING DIRECTOR
(DIN 00002450)

ANNEXURE II
FORM NO. MR - 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members

Shiva Texyarn Limited

CIN : L65921TZ1980PLC000945

252 Mettupalayam Road, Coimbatore 641 043

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Shiva Texyarn Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Shiva Texyarn Limited ("The Company") for the financial year ended on 31st March 2016) ('Audit Period') according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company;
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit Period);
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;



- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period);
- vi The following other laws specifically applicable to the company :
 - a) Additional Duties of Excise (Textiles and Textile Articles) Act, 1978
 - b) Textile Committee Act, 1963
 - c) Textiles (Development and Regulation) order, 2001
 - d) Textiles (Consumer Protection) Regulation, 1985

I have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii) The Listing Agreements entered into by the Company with the BSE Limited, National Stock Exchange of India Limited.

I report that, during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreements etc mentioned above.

I further report that, based on the information provided by the Company, its officers and authorised representatives during the conduct of the audit, and also on the review of periodical compliance reports by respective department heads/company secretary/CFO taken on record by the Board of Directors of the Company, in my opinion, adequate systems and process and control mechanism exist in the Company to monitor and ensure compliance with applicable financial/general laws like, direct and indirect tax laws, labour laws, and environmental laws.

I further report that, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that, there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that, during the audit period :-

The company has not taken any events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

Coimbatore
25th May, 2016

R DHANASEKARAN
Company Secretary in Parctice
FCS 7070 / CP 7745

ANNEXURE III

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A Brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

CSR Policy - Approved by the Board of Directors and applicable from 14.8.2014

Present Activities:

- ❖ Shiva Texyarn Limited adopts Government Schools located at around factory and support construction of class rooms, water tanks, laboratory and other basic amenities to students. Provide teachers to the schools adopts by the Company.
- ❖ To provide Education facility to economically backward people.
- ❖ To provide Computer Training and organize Skill development Program to Students and Teachers.
- ❖ Weblink : www.shivatex.co.in

2. Composition of CSR Committee

| Name of the member | Designation |
|----------------------|------------------------|
| Sri S V Alagappan | - Managing Director |
| Sri S K Sundararaman | - Executive Director |
| Dr K R Thillainathan | - Independent Director |

3. Average net profit of the Company for last 3 financial years : ₹ 17,34,94,419/-

4. Prescribed CSR expenditure : ₹ 34,69,888/-
(2% of the amount as in item 3 above)

5. Details of CSR spend during the financial year

- a) Total amount to be spent for the financial year : ₹ 34,69,888/-

- b) Amount unspent, if any : ₹ 32,69,888/-

- c) Manner in which the amount spent during the financial year is detailed below : (in ₹)

| S No | Projects/ Activities | Sector | Project / program locations | Amount outlay (budget) project/ programwise | Amount spent on the project/ program | Cumulative expenditure upto the reporting period | Amount spent: Direct or through implementing agency |
|------|-----------------------|------------|-----------------------------|---|--------------------------------------|--|---|
| 1. | Kodangipalayam School | Government | Kodangi palayam | 50,000 | 50,000 | 50,000 | Direct |
| 2 | Wild Life Protection | Private | ACME Round Table Coimbatore | 1,50,000 | 1,50,000 | 2,00,000 | Direct |

Reason for not spending

Some of the projects which were to be executed with the participation of Government could not be initiated for want of required approvals.

Responsibility Statement of the CSR Committee

The CSR Committee hereby confirms that the implementation and monitoring of CSR activities are in compliance with CSR objectives and policy of the Company.

By Order of the Board

S V ALAGAPPAN

CHAIRMAN AND MANAGING DIRECTOR

(DIN 00002450)

Coimbatore

25th May, 2016



ANNEXURE - IV

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended 31st March 2016 is given here below and forms part of the Directors' Report.

A) CONSERVATION OF ENERGY

i) Steps taken or impact on conservation of energy;

- ❖ Energy Audit and conservation measure is being adopted periodically.
- ❖ Link coner machine suction motor pressure optimization through closed loop method.
- ❖ Blow room VXL CF fan suction level optimization through pipe line alteration.
- ❖ Provision of LED light in place of conventional tube lights.
- ❖ Blow room VXL centrifugal motor pulley reduction for 4 lines.
- ❖ Air leakage arresting in pipe lines and machines in all departments.
- ❖ Autoconer 338 suction fan retrofit funnel ring.
- ❖ Fan motor 2.5 HP removed in Simplex machines-Front roving stop motion provided.
- ❖ Provision of electronic ballast instead of copper ballast in light fittings.
- ❖ Automatic on/off control provided to stop Compressor unloading time.
- ❖ Humidification plant angle reduced to conserve energy.

ii) Steps taken by the company for utilizing alternate sources of energy;

- ❖ The company utilized solar energy for water heating.
- ❖ The Wind Electricity produced by the Wind Mills owned by the Company.

iii) Capital investment on energy conservation equipment;

- ❖ Investments for reduction of consumption of energy are being made after careful evaluation of each proposal.

B) TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption;

Provision of individual energy meter in spinning machines for measuring energy consumption.
Digital air pressure meter provision in receiver tank for on line pressure monitoring purpose.

- ii) **the benefits derived like product improvement, cost reduction, product development or import substitution;**

With the measures adopted by the company, there is substantial saving in energy consumption thereby reduction in cost of production.

- iii) **in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) :** Not applicable.

- iv) **the Company has incurred an expenditure of ₹ 1.40 lakhs towards Research and Development.**

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review foreign exchange earnings were ₹ 9202.56 lakhs (previous year ₹ 8953.07 lakhs). Foreign exchange outgo was ₹ 4057.03 lakhs (previous year ₹ 2450.33 lakhs)

Coimbatore
25th May, 2016

By Order of the Board
S V ALAGAPPAN
CHAIRMAN AND MANAGING DIRECTOR
(DIN 00002450)

**ANNEXURE V****Disclosure in the Board's Report**

Particulars of Remuneration of Directors and Employees pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014

- i) The Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial year 2015-16

| Director's Name | Ratio |
|--------------------------------------|-----------|
| Sri S V Alagappan, Managing Director | 94.63 : 1 |

- ii) The Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager if any in the Financial Year 2015-16 compared to 2014-15 means part of the year.

| Director's Name/CS/CFO | % increase in remuneration |
|--|----------------------------|
| Sri S V Alagappan, Managing Director | 38.27 |
| Sri S K Sundararaman, Executive Director | 7.17 |
| Smt M Shyamala (CS) | 49.85 |
| Sri S Seshadri (CFO) | 12.24 |

In respect of other Directors, the Company is paying only sitting fees. Hence, not considered for the above purposes.

- iii) Percentage increase in the median remuneration of employees in the Financial Year 2015-16 22%
- iv) Number of permanent employees on the rolls of the Company 2461
- v) Explanation on the relationship between average increase in remuneration and the Company performance The relationship between average increase in remuneration and the Company's performance are determined in the normal course of business and in line with the Standards & norms of the Industry.
- vi) Comparison of the remuneration of the Key Managerial Personnel (KMP) against the Performance of the Company

| KMP's remuneration 2015-16 (₹ in lakhs) | % increase / (Decrease) in KMPs remuneration (2015-16 against 2014-15) | Sales 2015-16 (₹ in lakhs) | % increase in sales (2015-16 against 2014-15) |
|---|--|----------------------------|---|
| 93.90 | 35.20% | 44992.42 | -3.30 |

- vii) Variation in Market Capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of Listed Companies and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year :

| Particulars | As on 31.3.2015 | As on 31.3.2016 | Variations | % |
|------------------------------------|--------------------|--------------------|------------|--------|
| Market Capitalization (₹ crores) | 83.39 | 220.58 | 137.19 | 164.52 |
| Price Earnings Ratio | 9.37 | 20.34 | 10.97 | 117.07 |

Market quotation of the shares as on 31.3.2016 (NSE) ₹ 102.10/- per share of face value ₹10/- per share

Market quotations of the shares when the Company came out with the last public offer Rights issue in 1995 at a price of ₹ 32/- per share of Face Value of ₹ 10/- each

Percentage increase/decrease over the market quotations of the Company
31.3.2015 - (+) 20.63%
31.3.2016 - (+) 219.06%

- viii) Average percentile increase already made in the salaries of Employees other than Managerial Personnel in the last financial year and its comparison with the percentile increase in managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

The average percentile increase granted to employees other than managerial personnel is 22%

The percentile increase granted to managerial personnel is Nil

- ix) Comparison of each remuneration of the Key Managerial Personal against performance of the Company.

(₹ in Lakhs)

| Particulars | MD | CS | CFO |
|--------------------------------|----------|----------|----------|
| Remuneration | 76.76 | 5.96 | 11.17 |
| Revenue | 44992.42 | 44992.42 | 44992.42 |
| Remuneration (as % of revenue) | 0.17 | 0.01 | 0.02 |
| Profit after tax (PAT) | 1084.60 | 1084.60 | 1084.60 |
| Remuneration (as % of PAT) | 7.08 | 0.55 | 1.03 |

- x) Key parameter for any variable component of remuneration availed by the Directors The Directors are not eligible for any variable compensation other than Commission payable to Managing Director



- xi) Ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess the highest paid director during the year
- Since the remuneration of the highest paid employee is not in excess of the highest paid Director it is not applicable
- xii) The Board of Directors of the Company affirm that the remuneration paid to Directors, Key Managerial Personnel and employees is as per the remuneration policy approved by the Board of Directors of the Company.

The statement of employees receiving remuneration not less than five lakh rupees per month :

Name : S V Alagappan
 Age : 74
 Designation : Managing Director
 Nature of Duties : Manage the day to day affairs of the Company
 Remuneration (₹ in lakhs) : 76.76
 Qualification & Experience (years) : B.Com., B.L., and more than 31 years of experience in Textiles / Business
 Date of commencement of employment : 27.6.2005
 Last employment : Bannari Amman Spinning Mills Limited

Name : S K Sundararaman
 Age : 43
 Designation : Executive Director
 Nature of Duties : Manage the day to day affairs of the Company subject to the superintendence and control of Managing Director
 Remuneration (₹ in lakhs) : 76.76
 Qualification & Experience (years) : MBA and more than 16 years of experience in Textiles / Business
 Date of commencement of employment : 15.5.2006
 Last employment : Bannari Amman Spinning Mills Limited

None of the employees listed in the said Annexure is relative of any Director of the Company. None of the employees hold (by himself or along with his spouse and dependent children) more than two percent of the equity shares of the Company.

During Financial year 2016, the Company has 2461 employees.

By Order of the Board

S V ALAGAPPAN

CHAIRMAN AND MANAGING DIRECTOR

(DIN 00002450)

Coimbatore

25th May, 2016

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 its operations, procedures and reporting systems. Management aims to achieve greater efficiency and remain competitive in comparison with the peers in the Industry.

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 Nine Directors viz., One Managing Director, One Executive Director, One Woman Director and Seven Non-Executive Directors. Five 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 30.5.2015, 12.8.2015, 12.11.2015, 30.11.2015 and 13.2.2016.

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 28.9.2015:

| Name of the Director | Category of Director | 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. Sri S V Alagappan | Executive | 2 | - | - | 5 | Yes |
| 2. Sri S V Arumugam | Non - Executive | 7 | - | 1 | 5 | Yes |
| 3. Sri S K Sundararaman | Executive | 3 | - | - | 5 | Yes |
| 4. Smt A Lalitha | Non - Executive | 1 | - | - | 5 | Yes |
| 5. Sri K N V Ramani | Non - Executive | 5 | - | 3 | 5 | Yes |
| 6. Sri C S K Prabhu | Non - Executive | 2 | 4 | - | 5 | Yes |
| 7. Dr K R Thillainathan | Non - Executive | 1 | - | - | 5 | Yes |
| 8. Sri S Palaniswami | Non - Executive | 1 | - | 1 | 4 | Yes |
| 9. Sri S Marusamy | Non - Executive | 1 | - | - | 5 | Yes |

Directors under Sl.No 1 and 2 are related to each other as brothers.

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

** Only Committees formed under Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are considered.



The non-Executive Independent Directors fulfill the conditions laid down for appointment as Independent Directors as specified in Section 149 of the Companies Act, 2013 and rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A formal letter of appointment has been issued and a copy of the same is posted on the website of the Company viz., www.shivatex.co.in.

FAMILIARISATION PROGRAMME

At the time of appointment of Directors a formal letter of appointment is issued, which sets out roles, functions, duties and responsibilities expected from them. The Directors have also been explained the relevant regulations. The appointments are also provided with necessary information for him to understand the Company's operations, products and events relating to the Company.

CODE OF CONDUCT

The Company has adopted the Code of conduct for all Board Members and Senior Management as required under Clause 49 of the Listing Agreement. The Code is posted on the Company's website at www.shivatex.co.in. All Board Members and Senior Management Personnel have affirmed compliance with the code on an annual basis and a declaration to this effect signed by the Chairman is attached to this report.

AUDIT COMMITTEE

The Audit Committee consists of the following 4 Directors, of whom 3 are independent. During the financial year the Audit Committee met 5 times on 27.5.2015, 8.8.2015, 7.11.2015, 30.11.2015 and 10.2.2016 and the attendance of each member is furnished below :

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

The Audit Committee Chairman was present at the last Annual General Meeting.

The terms of reference of the Audit Committee are as set out in Regulation 18 (3) read with Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which inter-alia includes the following :

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible ;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

- d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to :
 - i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
 - ii) Changes, if any, in accounting policies and practices and reasons for the same.
 - iii) Major accounting entries involving estimates based on the exercise of judgment by management
 - iv) Significant adjustments made in the financial statements arising out of audit findings
 - v) Compliance with listing and other legal requirements relating to financial statements
 - vi) Disclosure of any related party transactions
 - vii) Qualifications in the draft audit report
- e) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- g) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- h) Approval or any subsequent modification of transactions of the company with related parties;
- i) Scrutiny of inter-corporate loans and investments;
- j) Valuation of undertakings or assets of the company, wherever it is necessary;
- k) Evaluation of internal financial controls and risk management systems;
- l) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- m) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit ;
- n) Discussion with internal auditors of any significant findings and follow up there on;
- o) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- p) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;



- q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- r) To review the functioning of the Whistle Blower mechanism;
- s) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate;
- t) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee consists of following 3 Directors all of whom are independent :

| Name of the Directors | Position |
|-----------------------|---------------------------------|
| Sri C S K Prabhu | Chairman & Independent Director |
| Sri S Palaniswami | Independent Director |
| Dr K R Thillainathan | Independent Director |

The terms of reference specified by Board of Directors to the Nomination and Remuneration Committee are as under.

- a) Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and also recommend to the Board a Policy relating to the Remuneration of Directors, Key Managerial Personnels and other employees.
- b) Formulating the policy for determining qualification, positive attributes and independence of a Director.
- c) To formulate criteria for evaluation of Independent Directors and the Board.
- d) To devise a policy on Board diversity.

Remuneration Policy

The Nomination and Remuneration Committee has adopted a charter which, inter alia, deals with the manner of selection of Board of Directors/Key Managerial Personnels/Senior Managerial Personnels. The policy is accordingly derived from the said Charter. The policy on remuneration is available in the following Weblink : www.shivatex.co.in

Evaluation criteria

The Nomination and Remuneration Committee has formulated the methodology and criteria to evaluate the performance of the Board and each Director. The evaluation of the performance of the Board and its committees are evaluated through a questionnaire circulated to all directors and based upon the response to the questionnaire, the directors do a self evaluation of their performance. Accordingly Board reviewed the performance of each of the directors and expressed their satisfaction.

The performance evaluation of the Chairman and the Managing Director was carried out separately by the Independent Directors. The Independent Directors expressed their satisfaction on the performance of the Chairman and the Managing Director.

The details of remuneration paid to Managing Director and Executive Director are as follows :

| Name | Managing Director / Executive Director | Remuneration Received (in ₹) |
|----------------------|--|------------------------------|
| Sri S V Alagappan | Managing Director | 76,76,550/- |
| Sri S K Sundararaman | Executive Director | 76,76,550/- |

Remuneration paid to Directors:

All the Non-Executive Directors are paid a sitting fee of ₹ 5,000/- for each Board Meeting attended by them. The members of Audit Committee are also paid a sitting fee of ₹ 5,000/- for each committee meeting attended by them.

Meeting of Independent Directors

During the year under review, the Independent Directors met on 10.2.2016 for the following purposes :

- ❖ Evaluation of performance of non- Independent Directors and the Board as a whole
- ❖ Evaluation of performance of the Chairman, Executive Director of the Company
- ❖ Evaluation of quality and flow information to the Board

All the Independent Directors were present at the meeting.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has constituted Corporate Social Responsibility Committee which shall recommend to the Board, the activities to be undertaken by the Company as specified in Schedule VII, recommend the amount of expenditure to be incurred on such activities and monitor the CSR policy of the Company. The Company has partially spent the amount stipulated under the requirements of the Act. Corporate Social Responsibility Committee constituted consisting of the following Directors with effect from 21.5.2014.

1. Sri S V Alagappan - Managing Director
2. Sri S K Sundararaman - Executive Director
3. Dr K R Thillainathan - Independent Director

RELATED PARTY TRANSACTIONS

The Company has adopted policy on dealing with Related Parties. The same is disclosed in the website of the Company and is available in the Weblink : www.shivatex.co.in



RISK MANAGEMENT COMMITTEE

Risk Management Committee constituted with effect from 14.11.2014, consists of following members they are specifically engaged with implementing, monitoring the risk management plan of the Company and other related functions.

1. Sri S K Sundararaman - Executive Director
2. Sri S Palaniswami - Independent Director
3. Sri S Seshadri - Chief Financial Officer

WHISTLE BLOWER MECHANISM

The Company has established a whistle blower policy/vigil mechanism for Directors and Employees to report concerns about unethical behavior, actual or suspected incidents of fraud or violation of the code of conduct or ethics policy. This mechanism provides adequate safeguards against victimization of directors/employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee. The whistle blower policy is posted on the company's website at www.shivatex.co.in

SHAREHOLDING OF NON EXECUTIVE DIRECTORS AS ON 31.3.2016

| Name of the Director | No. of Shares held |
|----------------------|--------------------|
| Sri S V Arumugam | Nil |
| Smt A Lalitha | 1350 |
| Sri K N V Ramani | Nil |
| Sri C S K Prabhu | Nil |
| Dr K R Thillainathan | 300 |
| Sri S Palaniswami | Nil |
| Sri S Marusamy | 4383 |

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship 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 Stakeholders Relationship Committee consists of :

| Name of the Member | Category | No. of Meetings Attended |
|--------------------|----------|--------------------------|
| Sri S Palaniswami | Chairman | 4 |
| Sri S V Arumugam | Member | 4 |

Smt M Shyamala, Company Secretary is the Compliance Officer.

The Company has received one complaint from the Investors for redressal and that was duly resolved to the satisfaction of the shareholder during the year and there was no complaint pending at the beginning of the year for redressal. No share transfer was pending as on 31.3.2016.

In terms of Regulation 34(3) read with Part F of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into with Stock Exchange, the Company has opened Demat Suspense Account in the name of **"Shiva Texyarn Limited - Unclaimed Shares Demat Suspense Account"** and has transferred the shares which remains unclaimed and are lying in the escrow account out of the Initial Public Offer made by the Company.

| Unclaimed Shares | No. of Shareholders | No. of shares |
|--|---------------------|---------------|
| Outstanding at the beginning of the year | 13 | 3200 |
| Approached for transfer during the year | Nil | Nil |
| Transferred to the shareholder during the year | Nil | Nil |
| Balance at the end of the year | 13 | 3200 |

The voting rights on these shares shall remain frozen till the rightful owners of such shares claims the shares.

CEO & CFO CERTIFICATION

The Managing Director and Chief Financial Officer have furnished a certificate relating to financial statements and internal controls and systems to the Board of Directors as prescribed under Regulation 17 (8) read with Part B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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

Last three Annual General Meetings were held at Nani Kalaiarangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore 641037 on the following dates and details of Special Resolutions passed are as follows:

| AGM | Date & Time | Special Resolutions passed | Voting Pattern |
|------------------|-------------------------|--|---|
| 32 nd | 23.9.2013 10.15 A.M. | Nil | Not Applicable |
| 33 rd | 25.8.2014 10.15 A.M. | Limits of Borrowing u/s 180(1)(c) of the Companies Act, 2013* | Total Votes polled: 1,62,00,628 Votes polled for: 1,62,00,228 Votes against: 400 Neutral: Nil |
| | | Providing security u/s 180(1)(a) of the Companies Act, 2013 in connection with the borrowings of the Company* | Total Votes polled: 1,62,00,628 Votes polled for: 1,62,00,628 Votes against: Nil Neutral: Nil |
| | | Section 188 (1) (f) of the Companies Act, 2013, for increase in Remuneration payable to Smt A Lalitha* | Total Votes polled: 1,10,52,551 Votes polled for: 1,10,52,151 Votes against: 400 Neutral: Nil |
| 34 th | 28.9.2015 10.15 A.M. | Appointment of Sri S V Alagappan as Managing Director for a period of 5 years w.e.f 27.6.2016 and payment of Remuneration u/s 196, 197, 198, 199 and 203 | Total Votes polled: 1,64,25,365 Votes polled for: 1,64,25,265 Votes against: 100 Neutral: Nil |
| | | Increase in remuneration payable to Sri S K Sundararaman, Executive Director w.e.f 1.6.2015 u/s 196, 197, 198, 199 and 203 | Total Votes polled: 1,64,25,365 Votes polled for: 1,64,25,125 Votes against: 240 Neutral: Nil |
| | | Amendment to Article 99.a) and Deletion of Article 104 of the Articles of Association of the Company. | Total Votes polled: 1,64,25,365 Votes polled for: 1,64,25,265 Votes against: 100 Neutral: Nil |

As per the procedure laid down under Section 108 of the Companies Act, 2013 the Company conducted Postal Ballot, apart from e-voting facility and voting at the venue of the meeting, in respect of the * items mentioned above.

Sri R Dhanasekaran, Practicing Company Secretary, Coimbatore was appointed as Scrutinizer to conduct the voting process.

There is no Special Resolution is proposed for approval of shareholders through postal ballot in the forthcoming Annual General Meeting.

DISCLOSURES

- ❖ The Company has not entered into any transaction of a material nature with the related parties having potential 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.
- ❖ The Company has a Whistle Blower Policy in place and no personnel has been denied access to the Audit Committee relating to Whistle Blower Policy and
- ❖ The Company has complied with all the mandatory requirements of Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in respect of Non-mandatory requirements the company has complied all the conditions except the suggestion relating to appointment of separate persons to the post of Chairman and Managing Director/CEO.

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. The results were also displayed in company's website www.shivatex.co.in
- ii) The Management Discussion and Analysis forms part of the Annual Report.

SHAREHOLDERS' INFORMATION

| Annual General Meeting | | Financial Calendar | |
|------------------------|---|-------------------------------------|--|
| Day and Date | : Wednesday & 28.9.2016 | Results Announced | : 25.5.2016 |
| Time | : 10.15 A.M. | Posting of Annual Report | : On or before 30.8.2016 |
| Venue | : Nani Kalaiaragam Mani Higher Secondary School Pappanaickenpalaym Coimbatore - 641 037 | Last date of receipt of Proxy forms | : 26.9.2016 |
| | | Dividend payment date | : On or before 10.10.2016 |
| | | Announcement of Quarterly Results | : i) During First/Second week of August and November 2016; February and May 2017 or as stipulated by SEBI from time to time. ii) The financial results are displayed on the website of the Company www.shivatex.co.in |

Date of Book Closure for the purpose of Dividend and Annual General Meeting

22.9.2016 to 28.9.2016 (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 2015 to March 2016 were :

| MONTH | SHARE PRICE AT NSE | | NIFTY - INDEX | |
|--------------|--------------------|---------------|---------------|---------|
| | High (Rs. Ps.) | Low (Rs. Ps.) | High | Low |
| April 2015 | 47.40 | 37.10 | 8844.80 | 8144.75 |
| May | 44.55 | 39.65 | 8489.55 | 7997.15 |
| June | 42.30 | 35.15 | 8467.15 | 7940.30 |
| July | 56.90 | 41.00 | 8654.75 | 8315.40 |
| August | 61.70 | 40.00 | 8621.55 | 7667.25 |
| September | 56.30 | 44.55 | 8055.00 | 7539.50 |
| October | 62.50 | 45.00 | 8336.30 | 7930.65 |
| November | 101.95 | 50.50 | 8116.10 | 7714.15 |
| December | 113.20 | 80.65 | 7979.30 | 7551.05 |
| January 2016 | 144.00 | 100.15 | 7972.55 | 7241.50 |
| February | 130.60 | 78.65 | 7600.45 | 6825.80 |
| March | 113.90 | 82.75 | 7777.60 | 7035.10 |

Based on the closing quotation of ₹ 102.10/- as at 31.3.2016 at National Stock Exchange of India Limited, Mumbai, the market capitalization of the Company was ₹ 220.58 Crores.

SHARE DETAILS

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

Exchanges

Stock Code

BSE Limited, Mumbai

511108

Phiroze Jeejeebhoy Towers

Dalal Street, Mumbai 400 001

National Stock Exchange of India Limited

SHIVTEX

"Exchange Plaza" Bandra-Kurla Complex

Bandra (E) Mumbai 400 051

The Company has paid Annual listing fees for the year 2016 - 2017.

Outstanding GDRs/ADRs/Warrants or any convertible instruments

The Company has not issued GDRs/ADRs/Warrants or any convertible instruments

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 31-3-2016, 95.05% 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 who usually meets twice in a month.

SHAREHOLDING PATTERN AS ON 31.3.2016

| Category | No of Shares Held | Percentage of Shareholding |
|--------------------------|-------------------|----------------------------|
| Promoter's Holding | 16189794 | 74.94 |
| Banks/FIs/Mutual Funds | 1200 | 0.01 |
| Private Corporate Bodies | 441245 | 2.04 |
| Indian Public | 4906067 | 22.71 |
| NRI/OCBs | 66215 | 0.31 |
| TOTAL | 21604521 | 100.00 |



PLANT LOCATION

| Spinning Unit - I | Spinning Unit - II | Processing Unit |
|--|---|---|
| Velvarkottai Village Dindigul District Tamilnadu | Kodangipalayam Village Karadivavi Road, Paruvai Post Coimbatore District, Tamilnadu | Factory E-16, P-11 SIPCOT Industrial Growth Estate Perundurai, Erode 638 052 TN |

| Lamination Unit | Knitting Unit | Bag Unit |
|---|---|---|
| S.F. No. 371/5, Karadivavi Road Paruvai Post, Karanampet Palladam - 641 658 | Kodangipalayam Village Karadivavi Road, Paruvai Post Coimbatore District, Tamilnadu | S.F No. 371/5, Karadivavi Road Paruvai Post, Karanampet, Palladam 641 658 |

| 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 Tamilnadu

Coimbatore
25th May, 2016

By Order of the Board
S V ALAGAPPAN
CHAIRMAN AND MANAGING DIRECTOR
(DIN 00002450)

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY'S BUSINESS

The Company's principal line of business is manufacturing and marketing of Cotton Yarn and other value added textiles products viz. Coated and Laminated fabrics, Home Textiles and Back bags. 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 52416 spindles aggregating to 91488 spindles, Lamination, Coating, Bag and Garment units near Coimbatore, Processing unit at SIPCOT, Perundurai for dyeing/printing activities and 80 Windmills with an installed capacity of 28.795 MW.

INDUSTRY STRUCTURE AND DEVELOPMENTS

India is the World's second largest producer and exporter of textiles and garments. The Indian textile Industry accounts for about 24% of World's spindle capacity and 8% of global rotor capacity. The Textiles Industry has made a major contribution to the national economy in terms of direct and indirect employment generation and net foreign exchange earnings. The Indian Textiles Industry currently estimated at around USD 108 billion is expected to reach USD 226 billion by 2023. Thus the growth and all round development of this Industry has a direct bearing on the improvement of the economy of the Country.

In spite of immense factors fuelling the growth of the Indian textile industry, there are certain challenges faced by the country in terms of scarcity of trained man power, escalating energy costs, increase in other input costs, obsolete labour laws, low level of technology and lack of economies of scale.

OPPORTUNITIES

Though India has become the second largest exporter of textiles and garments, its share in the global trade is approximately 5% only as compared to China with 39% share of the trade. Hence there is tremendous scope for increasing the share of exports. Rising per capita income, favourable demographics, shift in consumer preference, favourable government policies are expected to give the Industry a fillip.

Various Government initiatives like TUF scheme, Scheme for Integrated Textile parks, Integrated processing development scheme for sanctioning processing parks and Integrated skill development scheme which aims to provide training to about 3 million people in all sub sectors of textiles such as Textile and Apparel, Handicrafts, Handlooms, jute and sericulture have helped in modernizing the Industry and also adopting improved labour practices.

OUTLOOK

The outlook for Indian textile industry remains optimistic, as demand is expected to pick up on account of improving economic sentiments in both domestic and export markets. Further, increasing labour cost in China, which is likely to witness slow down, also offers an opportunity for Indian mills to increase their market share.

Moreover, Central Government initiatives to revive manufacturing industry with textile as key segment in its Make in India program also adds to the positive for the sector.

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.



Labour laws are obsolete and not very flexible. The textile industry is highly disintegrated and hence there is lack of economies of scale, thereby increasing transaction costs.

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
25th May, 2016

By Order of the Board
S V ALAGAPPAN
MANAGING DIRECTOR
(DIN 00002450)



DECLARATION ON CODE OF CONDUCT

To

The Members
Shiva Texyarn Limited

In compliance with the requirements of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 31.03.2016.

By Order of the Board

S V ALAGAPPAN

CHAIRMAN AND MANAGING DIRECTOR

(DIN 00002450)

Coimbatore
25th May, 2016

AUDITORS' CERTIFICATE ON COMPLIANCE OF THE PROVISIONS OF THE CODE OF CORPORATE GOVERNANCE

To

The Shareholders of
Shiva Texyarn Limited

We have examined the compliance of conditions of Corporate Governance by M/s. Shiva Texyarn Limited, ("the Company") for the year ended 31st March 2016 as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations].

The compliance of conditions of Corporate Governance is the responsibility of Company's 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement / SEBI (LODR) Regulations, as applicable.

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.

For VKS AIYER & Co

Chartered Accountants

ICAI Firm Regn. No. 000066S

R UMAMAHESWARI

Partner

Membership No. 221962

Place : Coimbatore

Date : 25th May, 2016



INDEPENDENT AUDITORS' REPORT

To

The Members of
Shiva Texyarn Limited
Coimbatore

1. Report on the Standalone Financial Statements

We have audited the accompanying Standalone Financial Statements of SHIVA TEXTYARN LIMITED ("The Company") which comprise of the Balance Sheet as at 31st March 2016, the Statement of profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified u/s 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for the safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditors' Responsibility

Our responsibility is to express an opinion on these Standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified u/s 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2016 and its profit and its cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the '**Annexure - A**' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the 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 aforesaid standalone financial statements comply with the Accounting Standards specified u/s 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the Directors as on March 31, 2016, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2016, from being appointed as a Director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in '**Annexure - B**'
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts. However the company has not entered into any derivative contracts.
 - iii. The company has no amounts required to be transferred to Investor Education and Protection Fund.

For VKS AIYER & Co

Chartered Accountants

ICAI Firm Regn. No. 000066S

R UMAMAHESWARI

Partner

Membership No. 221962

Place : Coimbatore

Date : 25th May, 2016



Annexure - A referred to in Paragraph 5(1) of our report of even date

The Annexure referred to in our Independent Auditors' Report to the Members of the Company on the Financial Statements for the year ended 31st March 2016, We report that:

1. In respect of 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) The title deeds of all the immovable properties of the Company shown under the Fixed Assets schedule are held in the name of Company

2. In respect of Inventories:

As explained to us, inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable and no discrepancies were noticed at the time of verification.

3. In respect of Loans and Advances granted:

The Company has not granted loans, secured or unsecured to Companies, Firms, LLP's or other parties covered in the register maintained U/s. 189 of the Act.

4. In respect of Loans, Investments, Guarantees & Security:

The Company has not granted any Loan nor provided any Guarantee / Security and hence compliance with the provisions of Section 185 and 186 of the Act in respect of the same does not arise. However, during the year, the Company has made investment in its wholly owned subsidiary and has complied with the provisions 186 of the Act with respect to Investment.

5. In respect of Deposits accepted:

The company has accepted loans not being deposits from its Directors. These loans are not covered by the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 read with the rules made there under. Hence the comment on compliance of provisions or rules or other directives does not arise.

6. In respect of Cost Records:

We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records U/s. 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

7. In respect of Statutory dues:

- a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other Statutory dues have generally been 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 the end of the year for a period of more than six months from the date of becoming payable.

- b) There are no dues of Sales Tax, Service Tax, Customs Duty, Excise Duty and VAT which have not been deposited on account of any dispute.

8. Default in Repayment of Loans:

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.

9. In respect of Application of Funds:

The Company has not raised any moneys by way of Initial Public Offer / Further Public Offer during the Year. In our opinion, the moneys raised by way of Term Loans during the year were applied for the purposes for which those are raised.

10. Frauds:

In our opinion and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers / employees has been noticed or reported during the year.

11. In respect of Managerial Remuneration:

The Managerial Remuneration has been paid / provided in accordance with the requisite approvals mandated by S. 197 r/w. Schedule V to the Act.

12. In respect of Nidhi Companies:

The Company is not a Nidhi Co. and therefore clause 3(12) of the Order is not applicable to the Company.

13. In respect of Related party transactions :

In our opinion, all the Related Party Transactions entered into by the Company during the year are in compliance with the provisions of Section 177 & 188 of the Act and the details thereof have been disclosed in the Financial Statements as required by the Accounting standards.

14. In respect of preferential allotment / private placement :

The Company has not made any preferential allotment / private placement of shares during the year and therefore clause 3(14) of the Order is not applicable to the Company.

15. In respect of non-cash transactions with directors :

The Company has not entered into any non-cash transactions with directors / persons connected with him as stipulated u/s. 192 of the Act. Clause 3(15) of the Order is therefore not applicable to the Company.

16. In respect of registration with RBI :

In our opinion, the Company is not required to be registered u/s 45-IA of the Reserve Bank of India Act, 1934.

Place : Coimbatore
Date : 25th May, 2016

For VKS AIYER & Co
Chartered Accountants
ICAI Firm Regn. No. 000066S
R UMAMAHESWARI
Partner
Membership No. 221962

'Annexure - B' to the Independent Auditors' Report Of Even Date On The Standalone Financial Statements Of Shiva Texyarn Limited**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Shiva Texyarn Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed u/s 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in

accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that -

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : Coimbatore
Date : 25th May, 2016

For VKS AIYER & Co
Chartered Accountants
ICAI Firm Regn. No. 000066S
R UMAMAHESWARI
Partner
Membership No. 221962

**BALANCE SHEET AS AT 31st MARCH 2016**

(₹ in lakhs)

| Particulars | Note No. | As at 31.3.2016 | As at 31.3.2015 |
|--|----------|-----------------|-----------------|
| I. EQUITY AND LIABILITIES | | | |
| 1. Shareholders' funds | | | |
| a) Share capital | 2 | 2,160.45 | 2,160.45 |
| b) Reserves and surplus | 3 | 13,730.06 | 12,932.84 |
| c) Money received against share warrants | | - | - |
| Sub total [1] | | 15,890.51 | 15,093.29 |
| 2. Share application money pending allotment | | - | - |
| Sub total [2] | | - | - |
| 3. Non-current liabilities | | | |
| a) Long-term borrowings | 4 | 8,740.11 | 9,489.77 |
| b) Deferred tax liabilities (net) | 5 | 4,333.81 | 4,258.38 |
| c) Other long-term liabilities | 6 | 17.42 | 30.46 |
| d) Long-term provisions | | - | - |
| Sub total [3] | | 13,091.34 | 13,778.61 |
| 4. Current liabilities | | | |
| a) Short-term borrowings | 7 | 11,585.69 | 9,657.76 |
| b) Trade payables | 8 | 2,278.43 | 3,127.57 |
| c) Other current liabilities | 9 | 4,801.01 | 4,366.09 |
| d) Short-term provisions | 10 | 419.03 | 368.32 |
| Sub total [4] | | 19,084.16 | 17,519.74 |
| Total [1+2+3+4] | | 48,066.01 | 46,391.64 |
| II. ASSETS | | | |
| 1. Non-current assets | | | |
| a) Fixed assets | 11 | | |
| i) Tangible assets | | 28,896.88 | 29,303.84 |
| ii) Intangible assets | | 31.74 | 36.60 |
| iii) Capital work-in-progress | | 706.28 | 537.15 |
| (iv) Intangible assets under development | | - | - |
| | | 29,634.90 | 29,877.59 |
| b) Non-current investments | 12 | 108.61 | 111.23 |
| c) Deferred tax assets (net) | | - | - |
| d) Long-term loans and advances | 13 | 2,910.12 | 3,136.07 |
| e) Other non-current assets | | - | - |
| Sub total [1] | | 32,653.63 | 33,124.89 |
| 2. Current assets | | | |
| a) Current investments | | - | - |
| b) Inventories | 14 | 9,174.24 | 7,890.32 |
| c) Trade receivables | 15 | 3,922.33 | 3,486.13 |
| d) Cash and cash equivalents | 16 | 788.78 | 664.07 |
| e) Short-term loans and advances | 17 | 811.30 | 653.69 |
| f) Other current assets | 18 | 715.73 | 572.54 |
| Sub total [2] | | 15,412.38 | 13,266.75 |
| Total [1+2] | | 48,066.01 | 46,391.64 |

To be read with accompanying notes forming part of the Financial Statements.

Subject to our report of even date attached

For VKS AIYER & Co

Chartered Accountants

R UMAMAHESWARI

Partner

Membership No. 221962

Coimbatore

25th May 2016**S V ALAGAPPAN**

Chairman and

Managing Director

DIN 00002450

For and on behalf of the Board

S V ARUMUGAM

Director

DIN 00002458

S SESHADRI

Chief Financial Officer

S K SUNDARARAMAN

Executive Director

DIN 00002691

M SHYAMALA

Company Secretary

ACS No. 24464

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2016

(₹ in lakhs)

| Particulars | Note No. | Year ended 31.3.2016 | Year ended 31.3.2015 |
|---|----------|----------------------|----------------------|
| A. CONTINUING OPERATIONS | | | |
| I. Revenue from operations | 19 | 44,992.42 | 46,528.88 |
| II. Other Income | 20 | 86.39 | 83.46 |
| III. Total revenue (I+II) | | 45,078.81 | 46,612.34 |
| IV. Expenses: | | | |
| (a) Cost of materials consumed | 21 | 27,699.34 | 31,041.38 |
| (b) Purchase of stock-in-trade | 22 | 140.90 | 12.15 |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 23 | (266.27) | (813.53) |
| (d) Employee benefits expense | 24 | 3,067.36 | 2,518.20 |
| (e) Finance costs | 25 | 2,348.96 | 2,546.92 |
| (f) Depreciation and amortisation expense | 26 | 1,709.40 | 1,687.00 |
| (g) Other expenses | 27 | 8,924.58 | 8,333.00 |
| Total Expenses | | 43,624.27 | 45,325.12 |
| V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV) | | 1,454.54 | 1,287.22 |
| VI. Exceptional items | 28 | - | (15.00) |
| VII. Profit/(Loss) before extraordinary items and tax (V + VI) | | 1,454.54 | 1,272.22 |
| VIII. Extraordinary items | | - | - |
| IX. Net Profit/(loss) before tax (VII + VIII) | | 1,454.54 | 1,272.22 |
| X. Tax expense : | | | |
| (a) Current tax | 29 | 294.51 | 165.53 |
| (b) Deferred tax | 30 | 75.43 | 217.32 |
| XI. Profit/(loss) for the period from continuing operations (IX-X) | | 1,084.60 | 889.35 |
| 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) | | 1,084.60 | 889.35 |
| XVI. Earnings per Share - Basic & Diluted (₹) | | 5.02 | 4.12 |
| To be read with accompanying notes forming part of the financial statements. | | | |

Subject to our report of even date attached

For VKS AIYER & Co

Chartered Accountants

R UMAMAHESWARI

Partner

Membership No. 221962

Coimbatore

25th May 2016

S V ALAGAPPAN

Chairman and

Managing Director

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For and on behalf of the Board

S V ARUMUGAM

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Chief Financial Officer

S K SUNDARARAMAN

Executive Director

DIN 00002691

M SHYAMALA

Company Secretary

ACS No. 24464



NOTE : 1. 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 goods purchased during the year on Central Excise duty, Service Tax and State Value Added Tax do not form part of the cost of the relevant asset.

4. INVESTMENTS

Investments other than in subsidiaries and associates have been accounted as per Accounting Standard (AS) 13 on "Accounting for 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.

Investments in lands and buildings that are not intended to be occupied substantially for use by, or in the operations of the Company, have been classified as investment property. Investment properties are carried at cost less accumulated depreciation.

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- at weighted average cost method
- ii) Packing materials, stores and spares- at weighted average cost method
- iii) Stock in Process- at weighted average cost method including appropriate production overhead
- iv) Finished goods- at weighted average method including appropriate production overhead
- v) By Product - at since realised / realisable value

6. REVENUE RECOGNITION

- i) Sales are accounted for on transfer of property in goods to the buyers for a definite consideration; Sales exclude exchange fluctuation gain/loss realized or incurred during the year in respect of export sales for subsequent change in exchange rates after negotiation of documents.
- ii) Revenue from operations 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 or transfer of electricity to Tamil Nadu 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 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 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 for on clearance basis.

9. DEPRECIATION

Depreciation has been charged on cost of fixed assets, adopting the following methods / rates :

- i) On straight line method over the remaining useful life of the assets as prescribed under Schedule II to the Companies Act, 2013.
- ii) If the cost of a part of the asset is significant to the total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately for depreciation.
- iii) For other assets acquired during the year pro-rata charge has been made from the date of first use; No depreciation is charged in the year of disposal of assets, as per consistent practice followed by the company.

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. EMPLOYEE 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 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 Statement of Profit and Loss.

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 Statement of Profit and Loss.

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 (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) 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.
- ii) 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 Statement of Profit and Loss.

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.

**CASH FLOW STATEMENT**

(₹ in lakhs)

| Particulars | Year ended 31.3.2016 | | Year ended 31.3.2015 | |
|---|-------------------------|-------------------|-------------------------|-----------------|
| A. Cash flow from operating activities: | | | | |
| Net profit/(loss) before extraordinary items and tax | | 1,454.54 | | 1,272.22 |
| Adjustments for: | | | | |
| Depreciation and amortisation | 1,709.40 | | 1,687.01 | |
| Profit on sale of fixed assets | (4.26) | | (-) | |
| Loss on sale of fixed assets | 8.40 | | 11.21 | |
| Finance costs | | 2,348.96 | | 2,546.92 |
| Interest income | (35.89) | | (31.35) | |
| Dividend Income | (1.15) | | (1.14) | |
| Rental income from investment properties | (10.23) | | (13.56) | |
| Rental income from operating leases | (0.00) | | (1.12) | |
| Adjustments to carrying amount of investments (net) | 12.99 | | (2.35) | |
| | | <u>4,028.21</u> | | <u>4,195.61</u> |
| Operating profit/(loss) before working capital changes | | 5,482.75 | | 5,467.83 |
| Changes in working capital: | | | | |
| Adjustments for (increase)/decrease in operating assets: | | | | |
| Inventories | (1,283.91) | | 5,078.82 | |
| Trade receivables | (436.20) | | 792.80 | |
| Short-term loans and advances | (157.62) | | 12.83 | |
| Long-term loans and advances | (13.99) | | (367.34) | |
| Other current assets | (143.19) | | 177.72 | |
| Adjustments for increase/(decrease) in operating liabilities: | | | | |
| Trade payables | (849.14) | | (1,665.80) | |
| Other current liabilities | 434.91 | | (72.80) | |
| Other long-term liabilities | (13.04) | | 0.12 | |
| Short-term provisions | 23.36 | | 19.78 | |
| | | <u>(2,438.81)</u> | | <u>3,976.11</u> |
| Cash generated from operations | | 3,043.94 | | 9,443.94 |
| Cash flow from extraordinary items | | - | | - |
| | | <u>3,043.94</u> | | <u>9,443.94</u> |
| Direct Taxes | | (294.51) | | (165.54) |
| Net cash flow from Operating Activities | | <u>2,749.43</u> | | <u>9,278.40</u> |

CASH FLOW STATEMENT (Contd...)

(₹ in lakhs)

| Particulars | Year ended 31.3.2016 | Year ended 31.3.2015 |
|--|-------------------------|-------------------------|
| B. Cash flow from investing activities: | | |
| Capital expenditure on fixed assets | (1,480.82) | (1,776.68) |
| Capital advances for fixed assets | 239.94 | (20.28) |
| Sale of fixed assets | 11.63 | 44.15 |
| Purchase of investment | (12.01) | 85.51 |
| Interest received | 35.89 | 31.35 |
| Dividend received | 1.15 | 1.14 |
| Rental income from investment properties | 10.23 | 13.56 |
| Rental income from operating leases | - | 1.12 |
| Net cash flow from investing activities | (1,193.99) | (1,620.13) |
| C. Cash flow from financing activities : | | |
| Increase/(decrease) in long-term borrowings | (749.66) | (3,466.28) |
| Increase/(Decrease) in working capital borrowings | 1,927.93 | (2,611.01) |
| Finance costs | (2,348.96) | (2,546.92) |
| Dividend paid | (216.05) | (259.25) |
| Tax on dividend paid | (43.98) | (44.06) |
| Net cash flow from financing activities | (1,430.72) | (8,927.54) |
| Net increase in cash and cash equivalents | 124.71 | (1,269.27) |
| Cash and cash equivalents at the beginning of the year | 664.08 | 1,933.35 |
| Cash and cash equivalents at the end of the year | 788.79 | 664.07 |

Subject to our report of even date attached

For VKS AIYER & Co

Chartered Accountants

R UMAMAHESWARI

Partner

Membership No. 221962

Coimbatore

25th May 2016

S V ALAGAPPAN

Chairman and

Managing Director

DIN 00002450

For and on behalf of the Board

S V ARUMUGAM

Director

DIN 00002458

S SESHADRI

Chief Financial Officer

S K SUNDARARAMAN

Executive Director

DIN 00002691

M SHYAMALA

Company Secretary

ACS No. 24464



NOTES FORMING PART OF THE BALANCE SHEET

(₹ in lakhs)

| Particulars | As at 31.3.2016 | As at 31.3.2015 |
|---|--------------------|--------------------|
| NOTE 2 : SHARE CAPITAL | | |
| Particulars of each class of Share Capitals : | | |
| Authorised: | | |
| 2,20,00,000 Equity shares of ₹10/- each | 2,200.00 | 2,200.00 |
| Issued, subscribed and paid up : | | |
| 2,16,04,521 Equity shares of ₹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 @ ₹10/- each) | | |
| - Number of shares | 2,16,04,521 | 2,16,04,521 |
| Closing balance | | |
| (Equity shares @ ₹10/- each) | | |
| - Number of shares | 2,16,04,521 | 2,16,04,521 |
| 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 | 1,01,10,667 | 1,01,10,667 |
| - % of holding | 46.80% | 46.80% |
| b) Annamallai Retreading Company Private Limited | | |
| - Number of shares | 50,83,577 | 50,83,577 |
| - % of holding | 23.53% | 23.53% |

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

(₹ in lakhs)

| Particulars | As at 31.3.2016 | As at 31.3.2015 |
|--|--------------------|--------------------|
| <p>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; Each equity share carries one vote; the shares carry equal right with respect to payment of dividend and repayment of capital in any event.</p> <p>vi) Terms of any securities convertible into Equity/Preference Shares issued along with earliest date of conversion in descending order starting from earliest such date : Not applicable</p> <p>vii) Shares reserved for issue under option and Contract / Commitments for the sale of shares / disinvestment including terms and amounts : Not applicable</p> | | |
| NOTE 3 : RESERVES AND SURPLUS | | |
| a) Capital reserve : Opening balance | 11.77 | 11.77 |
| Add: Additions during the year | - | - |
| | 11.77 | 11.77 |
| Less: Utilised during the year | - | - |
| 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 | 10,355.72 | 9,605.72 |
| Add: Transferred from surplus in Statement of Profit and Loss | 750.00 | 750.00 |
| Closing balance | 11,105.72 | 10,355.72 |
| d) Surplus in Statement of Profit and Loss: Opening balance | 322.34 | 444.24 |
| Add : Profit/(loss) after tax for the year | 1,084.60 | 889.36 |
| | 1,406.94 | 1,333.60 |
| Less : i) Dividend proposed to be distributed to equity shareholders | 237.65 | 216.05 |
| ii) Tax on proposed dividend | 49.73 | 45.21 |
| iii) Transfer to General reserve | 750.00 | 750.00 |
| Closing balance | 369.56 | 322.34 |
| Total (a+b+c+d) | 13,730.06 | 12,932.84 |
| NOTE 4 : LONG-TERM BORROWINGS | | |
| a) Term loans from Banks (Refer note (i) below) Secured | 8,594.75 | 9,341.77 |
| b) Loans and advances from related parties (Refer note (ii) below) Unsecured | 115.00 | 115.00 |
| c) Hire purchase finance from Banks (Refer note (iii) below) Secured | 30.36 | 33.00 |
| | 8,740.11 | 9,489.77 |



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

(₹ in lakhs)

| Particulars | | | As at 31.3.2016 | As at 31.3.2015 |
|--|---|---|--------------------|--------------------|
| Notes : | | | | |
| i) Details of terms of repayment, security provided and loans guaranteed by the Directors or others - Term loans from banks (Secured) :- | | | | |
| Name of the bank | Terms of repayment | Nature of security | | |
| a) Indian Overseas Bank | Repayable in 96 monthly instalments varying from ₹15.00 to ₹49.00 lakhs each, commencing from April, 2012 | Hypothecation of windmills and equitable mortgage of related lands in Tirupur district, Tamilnadu | 1,512.00 | 1,932.00 |
| b) Indian Overseas Bank | Repayable in 32 quarterly instalments of ₹250.00 lakhs each, commencing from September, 2010 | First charge on the immovables and hypothecation of movables of spinning unit-II of the Company | 1,249.49 | 1,749.49 |
| c) Canara Bank | Repayable in 32 quarterly instalments of ₹186.00 lakhs each, commencing from March, 2011 | First charge on the immovables and hypothecation of movables of spinning unit-II of the Company | 1,294.58 | 2,038.58 |
| d) State Bank of Hyderabad | Repayable in 32 quarterly instalments of ₹154.00 lakhs each, commencing from March, 2010 | First charge on the immovables and hypothecation of movables of spinning unit-II of the Company | 443.39 | 1,059.39 |
| e) Uco Bank | Repayable in 32 quarterly instalments of ₹16.41 lakhs each, commencing from September, 2010 | First charge on the immovables and hypothecation of movables of spinning unit-II of the Company | 103.09 | 168.72 |
| f) Bank of Maharashtra | Repayable in 30 quarterly instalments of ₹40.00 lakhs each, commencing from December, 2009 | First charge on the immovables and hypothecation of movables of spinning unit-I of the Company | 62.20 | 228.59 |

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

(₹ in lakhs)

| Particulars | | | As at 31.3.2016 | As at 31.3.2015 |
|---|--|---|--------------------|--------------------|
| Name of the bank | Terms of repayment | Nature of security | | |
| g) Bank of Baroda | Repayable in 27 quarterly instalments of ₹90.00 lakhs each & ₹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 | 430.00 | 790.00 |
| h) Axis Bank | Repayable in 25 quarterly instalments commencing from March 2016 under step up method | First charge on the Windmills of the Company having a capacity of 13.195 MW in Coimbatore and Tirupur Districts | 2,250.00 | - |
| i) ICICI Bank Ltd | Repayable in 16 equal quarterly instalments commencing from February 2015 | First charge on the immovables and hypothecation of movables of spinning unit-I of the Company | 875.00 | 1,375.00 |
| j) ICICI Bank Ltd | Repayable in 20 quarterly instalments of ₹ 27 lakhs each commencing from February 2018 | First charge on the immovables and hypothecation of movables of spinning unit-I of the Company | 375.00 | - |
| | | | 8,594.75 | 9,341.77 |
| [The above loans in Sl. Nos.(a) to (j) rank pari passu wherever applicable as per agreement executed between the lending banks and the Company] | | | | |
| ii) Loans and advances from related parties | | | | |
| Unsecured : | | | | |
| Loans from Directors | | | 115.00 | 115.00 |
| | | | 115.00 | 115.00 |

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

(₹ in lakhs)

| Particulars | | | As at 31.3.2016 | As at 31.3.2015 |
|---|---|----------------------------|--------------------|--------------------|
| iii) Details of terms of repayment and security provided Hire purchase finance from banks (Secured): | | | | |
| Name of the bank | Terms of repayment | Nature of security | | |
| a) Karur Vysya Bank | Repayable in 24 monthly instalments commencing from December, 2015 | Hypothecation of motor car | 6.17 | - |
| b) Kotak Mahindra Prime Ltd | Repayable in 60 monthly instalments of varying amounts commencing from August, 2014 | Hypothecation of motor car | 24.19 | 33.00 |
| | | | 30.36 | 33.00 |
| iv) Continuous defaults in repayment of loans and interest | | | Nil | Nil |
| NOTE - 5 : DEFERRED TAX LIABILITIES (NET) | | | | |
| a) Deferred tax liability : | | | | |
| Opening balance | | | 4,328.08 | 4,096.21 |
| Add : Additions during the year | | | 114.41 | 231.87 |
| | | | 4442.49 | 4328.08 |
| Less : Reversed during the year | | | - | - |
| Closing balance | | | 4442.49 | 4328.08 |
| b) Deferred tax asset : | | | | |
| Opening balance | | | 69.70 | 55.15 |
| Add : Additions during the year | | | 38.98 | 14.55 |
| | | | 108.68 | 69.70 |
| Less : Reversed during the year | | | - | - |
| Closing balance | | | 108.68 | 69.70 |
| Deferred tax liability (Net) (a)-(b) | | | 4333.81 | 4258.38 |
| NOTE - 6 : OTHER LONG - TERM LIABILITIES | | | | |
| i) Trade / Security deposits received | | | 11.00 | 24.02 |
| ii) Income received in advance | | | 3.12 | 3.14 |
| iii) Rent deposit received | | | 3.30 | 3.30 |
| | | | 17.42 | 30.46 |
| NOTE - 7 : SHORT - TERM BORROWINGS | | | | |
| Loans repayable on demand : | | | | |
| From banks (Refer note below) | | | | |
| Secured and unsecured | | | 11,585.69 | 9,657.76 |
| | | | 11,585.69 | 9,657.76 |

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

(₹ in lakhs)

| Particulars | | | As at 31.3.2016 | As at 31.3.2015 |
|--|-----------------------------|--|--------------------|--------------------|
| Notes : | | | | |
| 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 loan | | | | |
| ICICI Bank Ltd | Repayable in full on demand | Hypothecation of inventories and trade receivables | 250.00 | - |
| b) Working capital loans | | | | |
| i) Indian Overseas Bank - Cash Credit | Repayable on demand | Hypothecation of inventories and trade receivables | 2,710.56 | 966.39 |
| ii) Indian Overseas Bank - PCFC | Repayable on demand | Hypothecation of inventories and trade receivables | 1,018.62 | 1,573.82 |
| iii) Bank of Baroda Cash Credit | Repayable on demand | Hypothecation of inventories and trade receivables | 1,966.58 | 1,436.49 |
| iv) Canara Bank Cash Credit | Repayable on demand | Hypothecation of inventories and trade receivables | 1,510.22 | 1,262.59 |
| v) KVB- PCFC | Repayable on demand | Hypothecation of inventories and trade receivables | 134.57 | 457.98 |
| vi) KVB- Cash Credit | Repayable on demand | Hypothecation of inventories and trade receivables | 1,905.12 | 1,457.72 |
| vii) Allahabad Bank Cash Credit / PCFC | Repayable on demand | Hypothecation of inventories and trade receivables | - | 0.11 |



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

(₹ in lakhs)

| Particulars | | | As at 31.3.2016 | As at 31.3.2015 |
|---|---------------------|--|--------------------|--------------------|
| Name of the bank | Terms of repayment | Nature of security | | |
| viii) IOB ILC | Repayable on demand | Hypothecation of inventories and trade receivables | 200.59 | - |
| ix) ICICI Bank - PCFC | Repayable on demand | Hypothecation of inventories and trade receivables | - | 426.92 |
| x) Canara Bank - ILC | Repayable on demand | Hypothecation of inventories and trade receivables | 139.68 | 365.07 |
| xi) ICICI Bank - ILC | Repayable on demand | Hypothecation of inventories and trade receivables | 249.75 | 210.67 |
| xii) Kotak Mahindra Bank Short Term Loan | Repayable on demand | --- | 1,500.00 | 1,500.00 |
| | | | 11,585.69 | 9,657.76 |
| [The above loans in Sl. Nos.(a) and (b)(i) to (b)(xi) rank pari pasu as per agreement executed between the lending banks and the company] | | | | |
| NOTE 8 : TRADE PAYABLES | | | | |
| a) Micro, Small and Medium Enterprises | | | - | - |
| b) Others | | | 2,278.43 | 3,127.57 |
| | | | 2,278.43 | 3,127.57 |
| NOTE 9 : OTHER CURRENT LIABILITIES | | | | |
| a) Current maturities of long-term debt (Refer note (i) below) | | | 4,132.23 | 3,816.01 |
| b) Interest accrued and due on loans (Refer note (ii) below) | | | 96.00 | 93.27 |
| c) Income received in advance | | | 0.03 | 0.03 |
| d) Unclaimed dividends | | | 26.74 | 21.96 |
| e) Unclaimed matured deposits and interest accrued thereon | | | 9.18 | 9.63 |
| f) Other payables | | | 536.83 | 425.19 |
| | | | 4,801.01 | 4,366.09 |

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

(₹ in lakhs)

| Particulars | As at 31.3.2016 | As at 31.3.2015 |
|---|--------------------|--------------------|
| Notes : | | |
| i) Current maturities of long-term debt | | |
| a) Term loans from Banks (Secured) : | | |
| Axis Bank | 250.00 | - |
| Indian Overseas Bank | 1,420.00 | 1,360.00 |
| Canara Bank | 744.00 | 744.00 |
| 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 |
| ICICI Bank Ltd | 500.00 | 500.00 |
| b) Hire purchase finance from Banks (Secured) : | | |
| Karur Vysya Bank - Car Loan | 8.07 | - |
| HDFC Bank - Car Loan | - | 2.67 |
| Kotak Mahindra Prime Limited | 8.81 | 7.99 |
| c) Deposits : | | |
| Public deposits (Unsecured) | - | - |
| | <u>4,132.23</u> | <u>3,816.01</u> |
| ii) Interest accrued and due on loans | | |
| Term loans from Banks: | | |
| Indian Overseas Bank | 40.85 | 51.73 |
| State Bank of Hyderabad | 12.88 | 19.85 |
| Uco Bank | 2.23 | 3.05 |
| Bank of Maharashtra | 2.73 | 4.63 |
| Axis Bank Limited | 23.89 | - |
| Kotak Mahindra Bank Limited | 13.42 | 14.01 |
| | <u>96.00</u> | <u>93.27</u> |
| [Terms of securities and guarantees disclosed in Note No.4 also apply to current maturities and interest accrued and due on long term borrowings] | | |
| NOTE - 10 : SHORT-TERM PROVISIONS | | |
| Employee benefits : | | |
| a) Provision for bonus | 109.04 | 91.23 |
| b) Provision for gratuity | 17.11 | 15.84 |
| Others : | | |
| a) Provision for tax (Net of advance tax) | 4.28 | - |
| b) Provision for proposed dividend | 237.65 | 216.05 |
| c) Provision for tax on dividend | 50.95 | 45.21 |
| | <u>419.03</u> | <u>368.32</u> |



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

NOTE 11 : FIXED ASSETS

(₹ in lakhs)

| Sl. No. | | Particulars | GROSS BLOCK | | | ACCUMULATED DEPRECIATION | | | NET BLOCK | | |
|--|--|-------------|----------------|-----------------------|-----------------------|--------------------------|-----------------|--------------|----------------------|-----------------|-----------------|
| | | | As at 1.4.2015 | Additions / Transfers | Deletions / Transfers | As at 31.3.2016 | As at 01.4.2015 | For the Year | Withdrawn/ Deletions | As at 31.3.2016 | As at 31.3.2015 |
| A Tangible assets - | | | | | | | | | | | |
| 1 | Land: | | | | | | | | | | |
| | Own | 392.82 | - | 0.40 | 392.42 | - | - | - | 392.42 | 392.82 | |
| | Lease Hold | 33.11 | - | - | 33.11 | 1.14 | 0.33 | - | 31.63 | 31.97 | |
| 2 Buildings: | | | | | | | | | | | |
| | Non-Factory Buildings (RCC) | 1,043.58 | 18.68 | - | 1,062.26 | 82.94 | 16.74 | - | 962.58 | 960.65 | |
| | Non-Factory Buildings (Other than RCC) | 235.17 | - | - | 235.17 | 56.36 | 9.89 | - | 168.91 | 178.80 | |
| | Factory Buildings (RCC & Non-RCC) | 6,769.69 | 114.62 | - | 6,884.31 | 1,163.43 | 231.26 | - | 5,489.62 | 5,606.25 | |
| | Fences, Wells, Tube wells | 44.80 | - | - | 44.80 | 8.32 | 3.68 | - | 32.80 | 36.48 | |
| | Temporary Structure, etc | 35.64 | - | - | 35.64 | 8.53 | 1.54 | - | 25.58 | 27.12 | |
| 3 Plant and equipments | | | | | | | | | | | |
| | Plant and Machineries (General) | 23,520.30 | 994.07 | 18.63 | 24,495.74 | 7,827.60 | 884.24 | 6.57 | 15,790.46 | 15,692.69 | |
| | Plant and Machineries (Special) | 12,102.48 | - | - | 12,102.48 | 6,213.83 | 456.66 | - | 5,431.99 | 5,888.65 | |
| | -Windmills | - | - | - | - | - | - | - | - | - | |
| 4 | Furnitures and fixtures | 157.63 | 11.43 | - | 169.06 | 54.35 | 15.04 | - | 99.67 | 103.29 | |
| 5 Vehicles | | | | | | | | | | | |
| | Two Wheelers | 6.86 | - | - | 6.86 | 4.18 | 0.32 | - | 2.35 | 2.67 | |
| | Lorries (Running on hire) | - | - | - | - | - | - | - | - | - | |
| | Lorries (Other than running on hire) | 85.36 | - | 9.25 | 76.11 | 31.59 | 10.67 | 6.16 | 40.00 | 53.77 | |
| | Motor Cars (Own use) | 207.24 | 38.18 | 4.37 | 241.05 | 69.47 | 20.66 | 4.16 | 155.08 | 137.77 | |
| 6 | Office Equipments | 203.68 | 40.62 | - | 244.31 | 141.07 | 20.15 | - | 83.08 | 62.61 | |
| 7 Computers and Data Processing Units: | | | | | | | | | | | |
| | Servers and Networks | - | - | - | - | - | - | - | - | - | |
| | Computers, Printers, UPS, etc. | 57.07 | 7.07 | - | 64.14 | 42.17 | 8.56 | - | 13.41 | 14.90 | |
| 8 | Lab Equipments | 143.20 | 39.03 | - | 182.24 | 91.62 | 6.34 | - | 84.28 | 51.58 | |
| 9 | Electrical Installations | 82.72 | 39.97 | - | 122.69 | 20.90 | 8.77 | - | 93.03 | 61.83 | |
| TOTAL (A) | | | 45,121.35 | 1,303.67 | 32.65 | 46,392.38 | 15,817.52 | 1,694.86 | 16.88 | 28,896.88 | 29,303.84 |
| B Intangible assets | | | | | | | | | | | |
| | Computer software | 84.42 | 8.03 | - | 92.45 | 47.82 | 12.90 | - | 31.74 | 36.61 | |
| Total (B) | | | 84.42 | 8.03 | - | 92.45 | 47.82 | 12.90 | - | 31.74 | 36.61 |
| C Capital work-in-progress | | | | | | | | | | | |
| | Buildings | 63.49 | 286.59 | 90.71 | 259.37 | - | - | - | 259.37 | 63.49 | |
| | Machinery | 473.66 | 688.40 | 715.16 | 446.91 | - | - | - | 446.91 | 473.66 | |
| TOTAL (C) | | | 537.15 | 975.00 | 805.87 | 706.28 | - | - | - | 706.28 | 537.15 |
| D Intangible assets under construction | | | | | | | | | | | |
| Total (D) | | | - | - | - | - | - | - | - | - | - |
| Total (A+B+C+D) | | | 45,742.93 | 2,286.70 | 838.52 | 47,191.11 | 15,865.34 | 1,707.76 | 16.88 | 29,634.90 | 29,877.59 |
| Total for the Previous Year | | | 44,073.62 | 2,064.02 | 394.71 | 45,742.93 | 14,231.98 | 1,685.37 | 52.02 | 29,877.59 | 29,841.64 |

Depreciation on Lease hold land denotes the amount of cost amortised and written off over the tenure of 99 years for which the company has entered into a registered lease for industrial plot acquired from SPCOT

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

(₹ in lakhs)

| Particulars | | | | As at 31.3.2016 | As at 31.3.2015 | | | |
|---|--|--|--|--------------------|--------------------|-----------------|----------------------|-----------------------|
| NOTE 12 : NON-CURRENT INVESTMENTS | | | | | | | | |
| a) Investment property (Refer note (i) below) | | | | 64.37 | 66.01 | | | |
| b) Investment in equity instruments (Refer note (ii) below) | | | | 44.24 | 45.22 | | | |
| Total | | | | 108.61 | 111.23 | | | |
| i) Investment property | | | | | | | | |
| Nature of property | | | | | | | | |
| Lands | | | | 5.71 | 5.71 | | | |
| Buildings (Refer notes (a) to (c) below) | | | | 58.66 | 60.30 | | | |
| | | | | 64.37 | 66.01 | | | |
| Notes: | | | | | | | | |
| (a) Original cost - Buildings | | | | 84.61 | 84.61 | | | |
| | | | | 84.61 | 84.61 | | | |
| (b) Accumulated depreciation - Buildings | | | | 25.95 | 24.31 | | | |
| | | | | 25.95 | 24.31 | | | |
| (c) Written down value - Buildings | | | | 58.66 | 60.30 | | | |
| | | | | 58.66 | 60.30 | | | |
| (ii) Investment in equity instruments | | | | | | | | |
| Name of the Company | | | | No. of shares | Face value | Market value | Current year Cost | Previous year Cost |
| (A) QUOTED | | | | | | | | |
| Arvind Liquid Gases Ltd | | | | 1000 | 10 | 0.01 | 0.41 | 0.41 |
| Dyna Lamps & Glass Works Ltd | | | | 20000 | 10 | 0.20 | 2.00 | 2.00 |
| Eastern Sugars & Industries Ltd | | | | 17500 | 10 | 0.18 | 1.75 | 1.75 |
| Hindalco Industries Ltd | | | | 20 | 1 | 0.02 | 0.02 | 0.02 |
| ICICI Bank | | | | 7325 | 2 | 17.33 | 8.89 | 8.89 |
| IDBI Bank Ltd | | | | 640 | 10 | 0.44 | 0.37 | 0.37 |
| IFCI Ltd | | | | 16000 | 10 | 3.94 | 11.29 | 11.29 |
| KG Denim Ltd | | | | 5000 | 10 | 3.75 | 0.85 | 0.85 |

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

(₹ in lakhs)

| Name of the Company | No. of shares | Face value | Market value | Current year Cost | Previous year Cost |
|--|---------------|------------|--------------|-------------------|--------------------|
| NEPC India Ltd | 13000 | 10 | 0.19 | 6.66 | 6.66 |
| Ponni Sugars (Orissa) Ltd | 3030 | 10 | 0.03 | 0.40 | 0.40 |
| Shree Karthik Papers Ltd | 30000 | 5 | 0.71 | 3.00 | 3.00 |
| State Bank of India | 500 | 1 | 0.97 | 0.58 | 0.58 |
| Steel Authority of India Ltd | 1000 | 10 | 0.43 | 0.62 | 0.62 |
| Vedanta Ltd | 9050 | 1 | 8.14 | 15.22 | 15.22 |
| Super Sales Agencies Ltd | 2300 | 10 | 8.53 | 3.38 | 3.38 |
| Telephone Cables Ltd | 1000 | 10 | 0.01 | 1.34 | 1.34 |
| VGP Finance Ltd | 500 | 10 | 0.01 | 0.05 | 0.05 |
| Sterlite Technologies Ltd | 700 | 2 | 0.63 | 0.73 | 0.73 |
| Total | | | 45.50 | 57.54 | 57.54 |
| (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 |
| OPG Power Generation Pvt Ltd | 63000 | 10 | | 8.70 | 1.50 |
| STYL Textile Ventures Ltd | 50000 | 10 | | 5.00 | - |
| Tulya Alloy Castings Ltd | 1200 | 10 | | 0.12 | 0.12 |
| ARS Energy Private Ltd | 200 | 10 | | 0.30 | 0.50 |
| Total | | | | 19.42 | 7.42 |
| C) Abstract : | | | | | |
| Aggregate amount of quoted investments | | | | 57.54 | 57.54 |
| Market value of quoted investments | | | | 45.50 | 57.65 |
| Aggregate amount of unquoted investments | | | | 19.42 | 7.42 |
| Aggregate amount of equity investments | | | | 76.96 | 64.95 |
| Less: Provision for diminution in value of investments | | | | 32.72 | 19.73 |
| Net carrying amount of equity investments | | | | 44.24 | 45.22 |

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

(₹ in lakhs)

| Particulars | As at 31.3.2016 | As at 31.3.2015 |
|--|--------------------|--------------------|
| NOTE 13 : LONG-TERM LOANS AND ADVANCES | | |
| (Unsecured, considered good) | | |
| a) Capital advances | 137.11 | 377.05 |
| b) Security deposit | 379.34 | 320.36 |
| c) Prepaid expenses | 15.60 | 15.76 |
| d) Advance income tax (Net of provision) | - | 65.32 |
| e) MAT credit entitlement | 2,321.43 | 2,293.28 |
| f) Other loans and advances | 56.64 | 64.30 |
| | 2,910.12 | 3,136.07 |
| Long terms loans and advances due by Directors/Officers, due by Firm or Private Limited Companies in which any Director is a Partner or Director | - | - |
| NOTE - 14 : INVENTORIES | | |
| a) Raw materials | 5,477.70 | 4,435.36 |
| b) Work-in-progress (Refer note below) | 571.40 | 424.06 |
| c) Finished goods | 2,525.44 | 2,454.16 |
| d) Stores and Spares | 514.36 | 510.47 |
| e) By-products | 85.34 | 66.27 |
| | 9,174.24 | 7,890.32 |
| Note : | | |
| Work - in - progress | | |
| Cotton | 364.51 | 393.09 |
| Yarn | 26.20 | 30.97 |
| Fabric | 180.69 | - |
| Total | 571.40 | 424.06 |



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

(₹ in lakhs)

| Particulars | As at 31.3.2016 | As at 31.3.2015 |
|---|--------------------|--------------------|
| NOTE 15 : TRADE RECEIVABLES | | |
| a) Trade receivables outstanding for a period exceeding six months | | |
| - Unsecured, considered good | 62.04 | 46.49 |
| - Doubtful | 123.06 | 103.13 |
| | <u>185.10</u> | <u>149.62</u> |
| Less : Provision for bad and doubtful debts | 123.06 | 103.13 |
| | <u>62.04</u> | <u>46.49</u> |
| b) Other trade receivables | | |
| - Unsecured, considered good | 3,860.29 | 3,439.64 |
| | <u>3,922.33</u> | <u>3,486.13</u> |
| [Trade receivables due by Directors/Officers, due by Firms or Private Limited Companies in which any Director is a Partner or Director] | - | - |
| NOTE 16 : CASH AND CASH EQUIVALENTS | | |
| a) Cash on hand | 12.99 | 27.63 |
| b) Cheques, drafts on hand | 69.12 | 67.00 |
| c) Balances with banks: | | |
| i) In current/cash credit accounts | 531.72 | 436.50 |
| ii) In deposit/margin money accounts (Refer note below) | 148.21 | 110.98 |
| iii) In unpaid dividend accounts | 26.74 | 21.96 |
| | <u>788.78</u> | <u>664.07</u> |
| Note : | | |
| Out of the above, bank deposit and margin money which have maturity of more than 12 months | - | - |
| NOTE 17 : SHORT-TERM LOANS AND ADVANCES | | |
| (Unsecured, considered good) | | |
| a) Loans and advances to related parties | 15.93 | - |
| b) Security deposit | 0.05 | 0.05 |
| c) Prepaid expenses | 212.65 | 175.76 |
| d) Balances with government authorities : | | |
| i) CENVAT credit receivable | 140.25 | 193.00 |
| ii) VAT credit receivable | 38.03 | 36.51 |
| iii) VAT advance tax paid | 25.00 | 25.00 |
| e) Others | 379.39 | 223.37 |
| | <u>811.30</u> | <u>653.69</u> |
| [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] | - | - |

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

(₹ in lakhs)

| Particulars | As at 31.3.2016 | As at 31.3.2015 |
|--|--------------------|--------------------|
| NOTE 18 : OTHER CURRENT ASSETS | | |
| a) Unbilled revenue | 23.01 | 0.26 |
| b) Unamortised expenses (Refer note below) | 14.56 | - |
| c) Accruals : | | |
| Interest accrued on deposits | 2.35 | 2.50 |
| Windmill generation - unadjusted | 31.73 | 33.75 |
| Rent Receivables | 1.44 | - |
| d) Others : | | |
| i) Insurance claims receivables | 3.10 | 3.81 |
| ii) Interest subsidy on TUF loan | 578.52 | 390.44 |
| iii) Export/other incentive receivables | 60.87 | 141.63 |
| iv) Other Miscellaneous assets | 0.15 | 0.15 |
| | <u>715.73</u> | <u>572.54</u> |
| Note : | | |
| Unamortised expenses | | |
| To the extent not written off or adjusted) | | |
| a) Pre Operative Expenses | | |
| Opening balance | - | - |
| Add : Amount paid during the year | 18.21 | - |
| | <u>18.21</u> | - |
| Less : Amount written off during the year | 3.64 | - |
| Closing balance | <u>14.56</u> | - |



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

(₹ in lakhs)

| Particulars | Year ended 31.3.2016 | Year ended 31.3.2015 |
|--|-------------------------|-------------------------|
| NOTE 19 : REVENUE FROM OPERATIONS | | |
| a) Sale of products | 44,235.60 | 45,769.57 |
| b) Other operating revenues (Refer note below) | 783.98 | 783.17 |
| | <u>45,019.58</u> | <u>46,552.74</u> |
| Less : Excise duty | 27.16 | 23.86 |
| | <u>44,992.42</u> | <u>46,528.88</u> |
| Note: Other operating revenues | | |
| Duty drawback and other export incentives | 397.43 | 344.72 |
| Processing charges receipts | 326.55 | 378.45 |
| Rental income (BASML Knitting) | 60.00 | 60.00 |
| | <u>783.98</u> | <u>783.17</u> |
| NOTE 20 : OTHER INCOME | | |
| a) Interest income (Refer note (i) below) | 34.52 | 30.39 |
| b) Dividend income (Refer note (ii) below) | 1.15 | 1.14 |
| c) Adjustments to carrying amount of investments (net) [Refer Note (iii) below] | - | 2.35 |
| d) Net gain on foreign currency transactions | (0.34) | 1.23 |
| e) Other non-operating income (Refer note (iv) below) | 51.06 | 48.35 |
| | <u>86.39</u> | <u>83.46</u> |
| Notes : | | |
| i) Interest income | | |
| Interest from bank on deposit | 6.54 | 6.39 |
| Interest on other deposits and advances | 27.98 | 23.19 |
| Interest on income tax refund | - | 0.81 |
| | <u>34.52</u> | <u>30.39</u> |
| ii) Dividend income | | |
| Others | 1.15 | 1.14 |
| | <u>1.15</u> | <u>1.14</u> |
| iii) Adjustments to carrying amount of investments (net) | | |
| From long-term investments | - | 2.35 |
| iv) Other non-operating income | | |
| Rental income from investment properties | 10.23 | 13.56 |
| Rental income from operating leases | - | 1.12 |
| Profit on sale of fixed assets | 4.26 | - |
| Bad debts recovery | 7.81 | 11.81 |
| Sundry Balances written back | 10.61 | 1.45 |
| Prior period items (net) | 1.38 | 0.96 |
| Other miscellaneous income | 16.77 | 19.45 |
| | <u>51.06</u> | <u>48.35</u> |

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

(₹ in lakhs)

| Particulars | Year ended 31.3.2016 | Year ended 31.3.2015 |
|--|-------------------------|-------------------------|
| NOTE 21 : COST OF MATERIALS CONSUMED | | |
| Consumption of Raw materials : | | |
| Opening stock - Raw materials | 4,421.81 | 10,272.41 |
| - Work-in-process | 393.09 | 507.50 |
| Add : Purchases | 28,726.65 | 25,076.37 |
| | 33,541.55 | 35,856.28 |
| Less : Closing stock - Raw materials | 5,477.70 | 4,421.81 |
| - Work-in-process | 364.51 | 393.09 |
| Cost of materials consumed | 27,699.34 | 31,041.38 |
| NOTE 22 : PURCHASE OF STOCK-IN-TRADE | | |
| Yarn | 94.27 | - |
| Fabrics | 46.63 | 12.15 |
| | 140.90 | 12.15 |
| NOTE 23 : CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS | | |
| a) Inventories at the end of the year: | | |
| Finished goods | 2,525.44 | 2,454.16 |
| Stock-in-progress | 206.89 | 30.97 |
| Waste | 85.34 | 66.27 |
| | 2,817.67 | 2,551.40 |
| b) Inventories at the beginning of the year: | | |
| Finished goods | 2,454.16 | 1,627.23 |
| Stock-in-progress | 30.97 | 45.98 |
| Waste | 66.27 | 64.66 |
| | 2,551.40 | 1,737.87 |
| Net (increase)/decrease in stock (b) - (a) | (266.27) | (813.53) |

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

(₹ in lakhs)

| Particulars | Year ended 31.3.2016 | Year ended 31.3.2015 |
|--|-------------------------|-------------------------|
| NOTE 24 : EMPLOYEE BENEFITS EXPENSE | | |
| a) Salaries and wages (Refer note (i) below) | 2,701.81 | 2,163.72 |
| b) Contribution to provident and other funds (Refer note (ii) below) | 174.82 | 125.59 |
| c) Staff welfare expenses (Refer note (iii) below) | 190.73 | 228.89 |
| | 3,067.36 | 2,518.20 |
| Notes : | | |
| i) Salaries and Wages | | |
| Remuneration to Directors | 145.13 | 133.95 |
| Salaries, wages and allowances | 2,432.20 | 1,899.12 |
| Bonus and ex-gratia | 124.48 | 130.65 |
| | 2,701.81 | 2,163.72 |
| ii) Contribution to provident and other funds | | |
| Contribution to provident fund | 66.57 | 40.38 |
| EDLI & PF administration charges | 12.14 | 9.39 |
| Contribution to family pension fund | 70.79 | 55.92 |
| Contribution to gratuity | 25.32 | 19.90 |
| | 174.82 | 125.59 |
| iii) Staff welfare expenses | | |
| Employees state insurance contribution | 21.56 | 16.43 |
| Staff recruitment and training expenses | 10.43 | 22.28 |
| Welfare expenses | 158.74 | 190.18 |
| | 190.73 | 228.89 |
| NOTE 25 : FINANCE COSTS | | |
| a) Interest expenses (Refer note (i) below) | 2,131.43 | 2,423.56 |
| b) Other borrowing costs (Refer note (ii) below) | 175.57 | 165.85 |
| c) Net (gain)/Loss on foreign currency transactions (FCNRB loans) | 41.96 | (42.49) |
| | 2,348.96 | 2,546.92 |

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

(₹ in lakhs)

| Particulars | Year ended 31.3.2016 | Year ended 31.3.2015 |
|--|-------------------------|-------------------------|
| Notes : | | |
| i) Interest expenses on : | | |
| Cash credit from banks | 619.05 | 864.81 |
| Term loan from banks | 1,508.02 | 1,552.44 |
| Finance Charges on finance lease | 0.53 | 0.71 |
| Other interest | 3.83 | 5.60 |
| | <u>2,131.43</u> | <u>2,423.56</u> |
| ii) Other borrowing costs : | | |
| Commitment charges | 57.96 | 42.98 |
| Loan processing fee | - | 5.06 |
| Bank charges | 117.61 | 117.81 |
| | <u>175.57</u> | <u>165.85</u> |
| NOTE 26 : DEPRECIATION AND AMORTISATION EXPENSES | | |
| a) Depreciation and amortisation on tangible assets | 1,696.50 | 1,670.85 |
| b) Depreciation and amortisation on intangible assets | 12.90 | 16.15 |
| | <u>1,709.40</u> | <u>1,687.00</u> |
| NOTE 27 : OTHER EXPENSES | | |
| a) Manufacturing expenses (Refer note (i) below) | 5,138.25 | 4,591.24 |
| b) Administrative expenses (Refer note (ii) below) | 951.09 | 826.27 |
| c) Repairs and maintenance (Refer note (iii) below) | 1,238.18 | 1,437.09 |
| d) Selling and distribution expenses (Refer note (iv) below) | 1,362.20 | 1,290.29 |
| e) Miscellaneous expenses (Refer note (v) below) | 234.86 | 188.11 |
| | <u>8,924.58</u> | <u>8,333.00</u> |
| Notes: i) Manufacturing expenses: | | |
| Power and fuel | 4,473.86 | 4,208.66 |
| Less: Captive consumption | 1,776.15 | 2,127.48 |
| | <u>2,697.71</u> | <u>2,081.18</u> |
| Consumption of chemicals, stores and packing materials | 1,514.12 | 1,648.11 |
| TANGEDCO Charges | 319.26 | 367.18 |
| Processing charges paid | 607.16 | 494.77 |
| | <u>5,138.25</u> | <u>4,591.24</u> |



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

(₹ in lakhs)

| Particulars | Year ended 31.3.2016 | Year ended 31.3.2015 |
|--|-------------------------|-------------------------|
| ii) Administrative expenses : | | |
| Rent | 207.82 | 189.96 |
| Insurance | 155.48 | 137.99 |
| Rates and taxes | 59.81 | 69.80 |
| Directors' sitting fee | 2.40 | 2.00 |
| Donations | 14.47 | 23.60 |
| Payments to auditors | 9.78 | 13.91 |
| Legal and professional charges | 74.94 | 54.45 |
| Postage and telephone | 127.22 | 96.74 |
| Travelling and conveyance | 257.11 | 199.71 |
| Printing and stationery | 32.77 | 29.09 |
| Bad trade receivables and advances written off | - | 1.96 |
| Sundry balances written off | 9.29 | 7.06 |
| | 951.09 | 826.27 |
| iii) Repairs and maintenance : | | |
| Buildings | 120.14 | 125.40 |
| Machinery | 727.60 | 797.00 |
| Electrical | 74.59 | 88.32 |
| Vehicles | 27.67 | 50.20 |
| Windmills | 216.21 | 287.55 |
| Others | 71.97 | 88.62 |
| | 1,238.18 | 1,437.09 |
| iv) Selling and distribution expenses : | | |
| Advertisement expenses | 12.46 | 16.79 |
| Freight and Transport on Sales | 296.08 | 285.83 |
| Commission and brokerage | 312.20 | 360.56 |
| Discount on sales | 736.54 | 610.84 |
| Business promotion expenses | 4.92 | 16.27 |
| | 1,362.20 | 1,290.29 |

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

(₹ in lakhs)

| Particulars | Year ended 31.3.2016 | Year ended 31.3.2015 |
|--|-------------------------|-------------------------|
| v) Miscellaneous expenses: | | |
| Loss on fixed assets sold / scrapped / written off | 8.40 | 11.21 |
| Loss on Sale of Certificates | - | 1.18 |
| Provision for doubtful debts / advances | 19.93 | 40.00 |
| Adjustments to carrying amount of investments (net) | 12.99 | - |
| Security Service Charges | 0.36 | - |
| Electricity and lighting expenses | 117.55 | 74.17 |
| Subscription, membership and periodicals | 12.58 | 5.58 |
| Listing fee | 4.56 | 3.10 |
| Filing and registration fees | 5.49 | 2.03 |
| General expenses | 51.00 | 43.84 |
| Corporate Social Responsibility Expenses | 2.00 | 7.00 |
| | 234.86 | 188.11 |
| NOTE 28 : EXCEPTIONAL ITEMS | | |
| a) Income | - | - |
| b) Expenses : | | |
| Loss on Sale of investments | - | 15.00 |
| Net Income / [(Expenses) a - b] | - | (15.00) |
| NOTE 29 : CURRENT TAX | | |
| a) Current tax expense for current year : | | |
| i) Regular tax | 289.05 | 162.12 |
| ii) Book Profit tax | 317.20 | 274.32 |
| Less : MAT credit entitlement | 28.15 | 112.20 |
| | 289.05 | 162.12 |
| Current tax expense for the year (Higher of i or ii) | 289.05 | 162.12 |
| b) Current tax expense relating to prior years | 5.46 | 3.41 |
| | 294.51 | 165.53 |
| NOTE - 30 : DEFERRED TAX | | |
| a) Provision for Deferred Tax Liability (Dr) | 114.41 | 231.87 |
| b) Provision for Deferred Tax Asset (Cr) | (38.98) | (14.55) |
| | 75.43 | 217.32 |

**ADDITIONAL NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016****NOTE - 31 : OTHER NOTES TO FINANCIAL STATEMENTS**

(₹ in lakhs)

| Particulars | As at 31.3.2016 | As at 31.3.2015 |
|---|--------------------|--------------------|
| I ADDITIONAL NOTES TO BALANCE SHEET | | |
| A Contingent liabilities | | |
| a) Claims against the Company not acknowledged as debt | - | - |
| b) Guarantees | - | - |
| c) Other money for which the Company is contingently liable: | | |
| i) Disputed demands from ESI Authorities pertaining to Corporate office | 11.28 | 11.28 |
| ii) Disputed TNVAT demand in respect of which interim stay granted by Hon'ble High Court of Madras | - | 127.17 |
| iii) Disputed claims of TANGEDCO as part of energy supply Bill | 143.62 | - |
| B Commitments | | |
| a) Estimated amount of contracts remaining to be executed on capital account and not provided for | 618.79 | 105.09 |
| b) Uncalled liability on shares and other investments partly paid | - | - |
| c) Other Commitments: | | |
| i) The amount of duty concession availed against the pending obligation for import of capital goods under concessional customs duty linked to fulfillment of export obligations | 298.61 | 298.61 |
| ii) Value of export obligations to be fulfilled | 33,547.24 | 42,750.41 |
| C Proposed dividends | | |
| a) On Preference Shares: | | |
| b) On Equity Shares: | | |
| Total amount of proposed dividend | 237.65 | 216.05 |
| Number of shares | 21,604,521 | 21,604,521 |
| Amount of dividend per share | 1.10 | 1.00 |
| D Unutilised amount of proceeds of securities issued for specific purpose | - | - |
| E Diminution in value of assets other than fixed assets & non-current investments | - | - |

| (₹ in lakhs) | | |
|--|-------------------------|-------------------------|
| Particulars | Year ended 31.3.2016 | Year ended 31.3.2015 |
| II ADDITIONAL NOTES TO STATEMENT OF PROFIT AND LOSS | | |
| 1 Payments to auditors | | |
| Independent audit : | | |
| a) As auditors - Statutory audit | 5.07 | 6.00 |
| b) For Taxation matters | 2.43 | 3.95 |
| c) For other services | 2.28 | 3.96 |
| | <u>9.78</u> | <u>13.91</u> |
| 2 Prior period items: | | |
| a) Income | 1.38 | 0.96 |
| b) Expenses | - | - |
| Net of prior period itmes (a) - (b) | <u>1.38</u> | <u>0.96</u> |
| 3 Disclosure for raw materials, purchased goods and finished goods under broad heads | | |
| Sale of products | | |
| a) Manufactured goods: | | |
| Yarn | 30,524.28 | 33,963.84 |
| Fabric | 6,569.01 | 5,288.70 |
| Garments | 461.79 | 295.47 |
| Coated fabrics (Canvas) | 917.82 | 1,650.82 |
| Laminated fabrics | 3,643.84 | 2,376.93 |
| Waste | 2,020.96 | 2,229.76 |
| Wind energy | - | (35.94) |
| Total | <u>44,137.69</u> | <u>45,769.57</u> |
| b) Traded goods: | | |
| Yarn | 97.91 | - |
| Total | <u>97.91</u> | <u>-</u> |
| Total sale of products (a)+(b) | <u>44,235.60</u> | <u>45,769.57</u> |
| Raw materials consumption | | |
| a) Cotton | 25,898.31 | 29,088.77 |
| b) Others | 1,801.03 | 1,952.60 |
| Total | <u>27,699.34</u> | <u>31,041.38</u> |



| (₹ in lakhs) | | |
|--|-------------------------|-------------------------|
| Particulars | Year ended 31.3.2016 | Year ended 31.3.2015 |
| Purchase of traded goods | | |
| a) Yarn | 94.27 | - |
| b) Fabrics | 46.63 | 12.16 |
| Total | 140.90 | 12.16 |
| 4. 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 | | |
| Indigenous (₹) | 23,866.09 | 29,832.14 |
| (%) | 86.16 | 91.03 |
| Imported (₹) | 3,833.25 | 1,209.24 |
| (%) | 13.84 | 8.97 |
| Total | 27,699.34 | 31,041.38 |
| Stores and spares | | |
| Indigenous (₹) | 2,820.21 | 2,183.71 |
| (%) | 96.54 | 94.26 |
| Imported (₹) | 100.97 | 218.43 |
| (%) | 3.46 | 5.74 |
| Total | 2,921.19 | 2,402.14 |
| 5. Value of imports calculated on CIF basis by the company during the financial year in respect of | | |
| i) Raw materials | 3,746.65 | 1,619.31 |
| ii) Components and spare parts | 100.97 | 211.99 |
| iii) Capital goods | 138.05 | 512.17 |
| 6. Expenditure in foreign currency incurred during the financial year on account of : | | |
| Traveling, training and others | 71.36 | 106.87 |
| 7. 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 ; | | |
| Not applicable as no dividend is paid in Foreign Currency | | |

(₹ in lakhs)

| Particulars | Year ended 31.3.2016 | Year ended 31.3.2015 |
|--|-------------------------|-------------------------|
| 8. Earnings in foreign exchange classified under the following heads, namely:- | | |
| i) Export of goods calculated on FOB basis | 9,202.56 | 8,953.07 |
| ii) Royalty, know-how, professional and consultation fees | - | - |
| iii) Interest and dividend | - | - |
| iv) Other income, indicating the nature thereof | - | - |
| 9. The Company, has paid to trade related research institutions by way of recurring / non recurring contribution | 1.40 | 0.43 |
| 10. Rates and taxes include wealth tax | - | 0.65 |

III 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.

| | |
|---|---|
| i. Raw materials | At weighted average cost method |
| ii. Process | At weighted average cost method (incl. appropriate production overhead) |
| iii. Finished goods | At weighted average cost method (incl. appropriate production overhead) or Market Value whichever is less |
| iv. By Products | At since realised / realisable value |
| v. Stock of packing materials and stores and spares | At weighted average method |

2) AS 15 - Employee benefits

| | | |
|---|--------------|-------|
| a) Defined Contribution Plan | | |
| i) Contribution to provident fund & EPS | 66.57 | 64.68 |
| ii) Contribution to family pension fund | 70.79 | 55.92 |
| iii) Contribution to employees state insurance scheme | 21.56 | 16.43 |
| b) Defined benefit plan : Gratuity | | |



(₹ in lakhs)

| Particulars | Year ended 31.3.2016 | Year ended 31.3.2015 |
|---|-------------------------|-------------------------|
| A. Changes in Present Value of Obligation | | |
| PV of Obligation as at the beginning of the year | 240.54 | 195.33 |
| Current Service Cost | 18.56 | 14.77 |
| Interest cost | 23.02 | 21.14 |
| Acturial (gain)/Loss on Obligation | (17.67) | 9.29 |
| PV of Obligation as at the end the year | 264.45 | 240.54 |
| B. Change in Assets during the year ended 31st March | | |
| FV of Plan Assets as at the beginning of the year | 244.86 | 231.96 |
| Expected return on Plan Assets | 23.02 | 21.14 |
| Settlement Claims-Credit | (13.19) | (6.94) |
| Contributions by the employer | 17.32 | 0.81 |
| Charges deducted | (2.41) | (2.11) |
| FV of Plan Assets as at the end of the year | 269.59 | 244.86 |
| C. Net Asset/(Liability) Recognized in the Balance Sheet | | |
| PV of Obligation as at the end the year | 264.45 | 240.54 |
| FV of Plan Assets Obligation as at the end the year | 269.59 | 244.86 |
| Funded Status [Surplus/(Deficit)] | 5.14 | 4.33 |
| D. Expenses recognized during the period ended 31st March | | |
| Current Service Cost | 18.56 | 14.77 |
| Interest Cost | 23.02 | 21.14 |
| Expected return on Plan Assets | (24.75) | (22.65) |
| Actuarial (gains)/Losses | 11.19 | 3.38 |
| Net Amount recognised in Statement of profit and loss | 28.03 | 16.64 |
| E. Categories of Plan assets as a percentage of Total Plan assets | | |
| Equity Instruments | - | - |
| Debt Instruments | - | - |
| 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% | 8.00% |
| Rate of Increase in compensation levels (Per Annum) | | |
| - Unit-I | 8.00% | 6.50% |
| - Unit-II | 6.50% | 6.50% |

(₹ in lakhs)

| Particulars | Year ended 31.3.2016 | Year ended 31.3.2015 |
|---|-------------------------|-------------------------|
| Rate of return on plan assets (Per Annum) | | |
| - Unit-I | 9.25% | 9.25% |
| - Unit-II | 9.00% | 9.25% |
| Expected average remaining working lives of employees (Years) | | |
| - Unit-I | 33.40 | 33.40 |
| - Unit-II | 35.45 | 35.45 |

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 :

Subsidiary Company : STYL Textile Ventures Limited

ii) Associates (Investing Party) :

Annamallai Retreading Company Private Ltd

Vedanayagam Hospital Limited

iii) Key management personnel :

Sri S V Alagappan - Chairman and Managing Director

Sri S K Sundararaman - Executive Director

iv) Relatives of key management personnel :

Dr S V Kandasami - Brother of Chairman and Managing Director and
Father of Executive Director

Sri S V Arumugam - Brother of Chairman and Managing Director

Smt A Lalitha - Daughter of Chairman and Managing Director

v) Companies in which Key Managerial Personnel or their relatives having Significant Influence:

Anamallais Agencies Private Ltd

Anamallais Automobiles Private Ltd

Bannari Amman Spinning Mills Ltd

Sakthi Murugan Transports Ltd

Sundar Ram Enterprise Private Ltd

Young Brand Apparel Private Limited



(₹ in lakhs)

| Particulars | Year ended 31.3.2016 | Year ended 31.3.2015 |
|---|-------------------------|-------------------------|
| B. Nature and amount of related party transactions and balances outstanding : | | |
| i) Investments : | | |
| Subsidiary | 5.00 | - |
| ii) Loans & Advances given : | | |
| Subsidiary | 15.93 | - |
| iii) Sale of goods & Services | | |
| Companies in which KMP or their relatives having Significant Influence | 1,016.10 | 1,310.56 |
| iv) Purchases of goods & services | | |
| Companies in which KMP or their relatives having Significant Influence | 358.76 | 933.00 |
| v) Sales of Fixed Assets | | |
| Companies in which KMP or their relatives having Significant Influence | - | 45.68 |
| vi) Services availed | | |
| a) Associates | 0.27 | - |
| b) Companies in which KMP or their relatives having Significant Influence | 289.27 | 340.54 |
| vii) Services Rendered | | |
| Companies in which KMP or their relatives having Significant Influence | 31.55 | 81.65 |
| viii) Remuneration | | |
| Key management personnel | 153.53 | 127.15 |
| Relatives of key management personnel | 30.00 | 28.60 |
| ix) Amount outstanding at the year end: | | |
| Receivables | | |
| a) Subsidiary | 15.93 | - |
| b) Companies in which KMP or their relatives having Significant Influence | 5.60 | 50.66 |
| Payables | | |
| a) Companies in which KMP or their relatives having Significant Influence | 310.93 | 282.75 |
| b) Relatives of key management personnel | 115.00 | 115.00 |

(₹ in lakhs)

| Particulars | Year ended 31.3.2016 | Year ended 31.3.2015 |
|---|-------------------------|-------------------------|
| x) Amount written off during the year | | |
| a) Subsidiary | - | - |
| b) Associates | - | - |
| c) Companies in which KMP or their relatives having Significant Influence | - | - |
| d) Key management personnel | - | - |
| e) 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 | 1,084.60 | 889.35 |
| Weighted average number of shares | 21,604,521 | 21,604,521 |
| Basic and Diluted earnings per share (₹) | 5.02 | 4.12 |
| 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 | 4,442.49 | 4,328.08 |
| Related to others | - | - |
| | 4,442.49 | 4,328.08 |
| B. Deferred tax asset : | | |
| Related to provisions | 51.51 | 39.86 |
| Related to disallowance | 57.17 | 29.84 |
| Related to unabsorbed business loss/depreciation allowance | - | - |
| | 108.68 | 69.70 |
| Net deferred tax liability as at close of the year | 4,333.81 | 4,258.38 |
| Net deferred tax liability as at beginning of the year | 4,258.38 | 4,041.06 |
| Net increase/(decrease) in deferred tax liability | 75.43 | 217.32 |



(₹ in lakhs)

| Particulars | Year ended 31.3.2016 | Year ended 31.3.2015 |
|---|-------------------------|-------------------------|
| 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 | | |
| a) Provisions : Nil | | |
| b) Contingent liabilities | | |
| Contingent liabilities are not provided for, but disclosed in the notes on accounts. | | |
| c) Contingent assets | | |
| i) In the opinion of the management there are no contingent assets. | | |
| ii) Contingent assets as a policy are not recognized. | | |

IV DISCLOSURES PURSUANT TO MICRO, SMALL & MEDIUM ENTERPRISES (DEVELOPMENT) ACT, 2006

The management has initiated the process of identifying enterprises which have provided goods and services to the company and which qualify under the definition of micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31st March, 2016 has been made in the financial statements based on information received and available with the company. The company has not received any claim for interest from any supplier under the said Act.

| | | |
|--|-----|-----|
| The Principal amount and the interest due thereon (remaining unpaid to any supplier as at the end of each accounting year) | | |
| Principal | Nil | Nil |
| Interest | Nil | Nil |
| The amount of interest paid by the company along with the amount of the payments made to the supplier beyond the appointed day during the period | Nil | Nil |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act. | Nil | Nil |
| The amount of interest accrued and remaining unpaid at the end of the period | Nil | Nil |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises. | 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 2013-14 ;
 - b) The wealth tax assessments have been completed upto the assessment year 2013-14 ;
 - c) No further liability likely to arise as against the completed or pending assessments.
- 2 In the opinion of Board of Directors :
 - a) Assets Other than Fixed Assets and Non Current Assets would realize the value stated in the normal course of Business
 - b) There are no overdue payments to Micro, Small and Medium Enterprises attracting interest in terms of Micro, Small & Medium Enterprises (Development) Act, 2006.
 - c) There are no amounts required to be transferred to Central Government under the Investor Education and Protection Fund.
- 3 The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year presentation.

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

R UMAMAHESWARI

Partner

Membership No. 221962

Coimbatore

25th May 2016

S V ALAGAPPAN

Chairman and

Managing Director

DIN 00002450

For and on behalf of the Board

S V ARUMUGAM

Director

DIN 00002458

S SESHADRI

Chief Financial Officer

S K SUNDARARAMAN

Executive Director

DIN 00002691

M SHYAMALA

Company Secretary

ACS No. 24464



INDEPENDENT AUDITORS' REPORT

To

The Members of
Shiva Texyarn Limited
Coimbatore

1. Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of SHIVA TEXYARN LIMITED ("The Holding Company") which comprise of the Consolidated Balance Sheet as at 31st March 2016 and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give true and fair view of the financial position and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified u/s 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for the safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditors' Responsibility

Our responsibility is to express an opinion on these Consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified u/s 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion in the financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2016 and its cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report that :

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the financial statements comply with the Accounting Standards specified u/s 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) On the basis of the written representations received from the Directors as on March 31, 2016, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2016, from being appointed as a Director in terms of Section 164 (2) of the Act;
- f) With respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls refer to our separate report in '**Annexure - A**'
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us :
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statement.
 - ii. The company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts. However the company has not entered into any derivative contracts.
 - iii. The company has no amounts required to be transferred to Investor Education and Protection Fund.

Place : Coimbatore
Date : 25th May, 2016

For VKS AIYER & Co
Chartered Accountants
ICAI Firm Regn. No. 000066S
R UMAMAHESWARI
Partner
Membership No. 221962



'Annexure - A' to the Independent Auditors' Report Of Even Date On The Consolidated Financial Statements Of Shiva Texyarn Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Shiva Texyarn Limited ("the Holding Company") and its Subsidiary Company being STYL Textile Ventures Limited as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its Subsidiary Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed u/s 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in

accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that -

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its Subsidiary Company have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : Coimbatore
Date : 25th May, 2016

For VKS AIYER & Co
Chartered Accountants
ICAI Firm Regn. No. 000066S
R UMAMAHESWARI
Partner
Membership No. 221962

**CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2016**

(₹ in lakhs)

| Particulars | Note No. | As at 31.3.2016 |
|--|----------|-----------------|
| I. EQUITY AND LIABILITIES | | |
| 1. Shareholders' funds | | |
| a) Share capital | 2 | 2,160.45 |
| b) Reserves and surplus | 3 | 13,730.06 |
| c) Money received against share warrants | | - |
| Sub total [1] | | 15,890.51 |
| 2. Minority Interest | | - |
| 3. Share application money pending allotment | | - |
| 4. Non-current liabilities | | |
| a) Long-term borrowings | 4 | 8,740.11 |
| b) Deferred tax liabilities (net) | 5 | 4,333.81 |
| c) Other long-term liabilities | 6 | 17.41 |
| d) Long-term provisions | | - |
| Sub total [3] | | 13,091.33 |
| 5. Current liabilities | | |
| a) Short-term borrowings | 7 | 11,585.69 |
| b) Trade payables | 8 | 2,278.43 |
| c) Other current liabilities | 9 | 4,801.01 |
| d) Short-term provisions | 10 | 419.03 |
| Sub total [5] | | 19,084.16 |
| Total [1+2+3+4+5] | | 48,066.00 |
| II. ASSETS | | |
| 1. Non-current assets | | |
| a) Fixed assets | 11 | |
| i) Tangible assets | | 28,896.88 |
| ii) Intangible assets | | 31.74 |
| iii) Capital work-in-progress | | 706.28 |
| (iv) Intangible assets under development | | - |
| Sub total [a] | | 29,634.90 |
| b) Non-current investments | 12 | 103.61 |
| c) Deferred tax assets (net) | | - |
| d) Long-term loans and advances | 13 | 2,910.12 |
| e) Other non-current assets | | - |
| Sub total [1] | | 32,648.63 |
| 2. Current assets | | |
| a) Current investments | | - |
| b) Inventories | 14 | 9,174.24 |
| c) Trade receivables | 15 | 3,922.32 |
| d) Cash and cash equivalents | 16 | 793.82 |
| e) Short-term loans and advances | 17 | 795.37 |
| f) Other current assets | 18 | 731.62 |
| Sub total [2] | | 15,417.37 |
| Total [1+2] | | 48,066.00 |

To be read with accompanying notes forming part of the Financial Statements.

Subject to our report of even date attached

For VKS AIYER & Co

Chartered Accountants

R UMAMAHESWARI

Partner

Membership No. 221962

Coimbatore

25th May 2016

For and on behalf of the Board

S V ALAGAPPAN

Chairman and

Managing Director

DIN 00002450

S V ARUMUGAM

Director

DIN 00002458

S SESHADRI

Chief Financial Officer

S K SUNDARARAMAN

Executive Director

DIN 00002691

M SHYAMALA

Company Secretary

ACS No. 24464

NOTE : 1 - SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Consolidated Financial Statements

These consolidated financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013.

2. Principles of Consolidation

The consolidated financial statements relate to Shiva Texyarn Limited ('the Company') and its subsidiary company. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary company are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements"
- b) The difference between the cost of investment in the subsidiary, over the net assets at the time of acquisition of shares in the subsidiary is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be.
- c) Minority Interest's share of net profit of consolidated subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- d) Minority Interest's share of net assets of consolidated subsidiary is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- e) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

3. 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.

4. 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 goods purchased during the year on Central Excise duty, Service Tax and State Value Added Tax do not form part of the cost of the relevant asset.

5. Investments

Investments other than in subsidiaries and associates have been accounted as per Accounting Standard (AS) 13 on "Accounting for 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.

Investments in lands and buildings that are not intended to be occupied substantially for use by, or in the operations of the Company, have been classified as investment property. Investment properties are carried at cost less accumulated depreciation.

6. 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 | - | at weighted average cost method |
| ii. Packing materials, stores and spares | - | at weighted average cost method |
| iii. Stock in Process | - | at weighted average cost method including appropriate production overhead |
| iv. Finished goods | - | at weighted average method including appropriate production overhead |
| v. By Product | - | at since realised/realisable value |

7. Revenue Recognition :

- i) Sales are accounted for on transfer of property in goods to the buyers for a definite consideration; Sales exclude exchange fluctuation gain/loss realized or incurred during the year in respect of export sales for subsequent change in exchange rates after negotiation of documents.
- ii) Revenue from operations 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 or transfer of electricity to Tamil Nadu 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 to the extent collected upon final settlement of account with the parties.

8. 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 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.

9. Excise Duty

Excise duty if any is consistently accounted for on clearance basis.

10. Depreciation

Depreciation has been charged on cost of fixed assets, adopting the following methods / rates:

- i) On straight line method over the remaining useful life of the assets as prescribed under Schedule II to the Companies Act, 2013.
- ii) If the cost of a part of the asset is significant to the total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately for depreciation.
- iii) For other assets acquired during the year pro-rata charge has been made from the date of first use; No depreciation is charged in the year of disposal of assets, as per consistent practice followed by the company.

11. 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.

12. 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.

13. 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.

14. 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.

15. Employee 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 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 Statement of Profit and Loss.



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 Statement of Profit and Loss.

16. 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 (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.

17. Provisions, Contingent Liabilities & 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.

18. 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.

19. CENVAT and State VAT for Inputs

- i) 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.
- ii) 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.

20. 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 Statement of Profit and Loss.

21. 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.

CONSOLIDATED CASH FLOW STATEMENT

(₹ in lakhs)

| Particulars | Year ended 31.3.2016 | |
|--|-------------------------|-------------------|
| A. Cash flow from operating activities: | | |
| Net profit/(loss) before extraordinary items and tax | | 1,454.54 |
| Adjustments for: | | |
| Depreciation and amortisation | 1,709.40 | |
| Profit on sale of fixed assets | (4.26) | |
| Loss on sale of fixed assets | 8.40 | |
| Finance costs | 2,348.96 | |
| Interest income | (35.89) | |
| Dividend Income | (1.15) | |
| Gain on sale of investments | - | |
| Loss on sale of investments | - | |
| Rental income from investment properties | (10.23) | |
| Rental income from operating leases | - | |
| Adjustments to carrying amount of investments (net) | 12.99 | |
| Security deposit on lease written back | - | |
| Deferred expenses written off | - | |
| Impairment loss on assets leased written off | - | |
| | | <u>4,028.21</u> |
| Operating profit/(loss) before working capital changes | | 5,482.75 |
| Changes in working capital: | | |
| Adjustments for (increase)/decrease in operating assets: | | |
| Inventories | (1,283.91) | |
| Trade receivables | (436.20) | |
| Short-term loans and advances | (141.69) | |
| Long-term loans and advances | (14.10) | |
| Other current assets | (158.96) | |
| Adjustments for increase/(decrease) in operating liabilities : | | |
| Trade payables | (849.14) | |
| Other current liabilities | 434.91 | |
| Other long-term liabilities | (13.05) | |
| Short-term provisions | 23.36 | |
| | | <u>(2,438.77)</u> |
| Cash generated from operations | | 3,043.98 |
| Cash flow from extraordinary items | | - |
| | | <u>3,043.98</u> |
| Direct Taxes | | (294.51) |
| Net cash flow from Operating Activities | | <u>2,749.47</u> |



CONSOLIDATED CASH FLOW STATEMENT (Contd...)

(₹ in lakhs)

| Particulars | Year ended 31.3.2016 |
|---|-------------------------|
| B. Cash flow from investing activities: | |
| Capital expenditure on fixed assets | (1,480.83) |
| Capital advances for fixed assets | 239.94 |
| Sale of fixed assets | 11.63 |
| Purchase of investment property | - |
| Sale of investments | - |
| Purchase of investment | (7.01) |
| Interest received | 35.89 |
| Dividend received | 1.15 |
| Rental income from investment properties | 10.23 |
| Rental income from operating leases | - |
| Sale of / write back of security deposit on assets leased | - |
| Capital subsidy received | - |
| Net cash flow from investing activities | <u>(1,189.00)</u> |
| C. Cash flow from financing activities : | |
| Increase/(decrease) in long-term borrowings | (749.66) |
| Increase/(Decrease) in working capital borrowings | 1,927.93 |
| Finance costs | (2,348.96) |
| Dividend paid | (216.05) |
| Tax on dividend paid | (43.98) |
| Net cash flow from financing activities | <u>(1,430.72)</u> |
| Net increase in cash and cash equivalents | 129.75 |
| Cash and cash equivalents at the beginning of the year | 664.08 |
| Cash and cash equivalents at the end of the year | 793.83 |

Subject to our report of even date attached

For VKS AIYER & Co

Chartered Accountants

R UMAMAHESWARI

Partner

Membership No. 221962

Coimbatore

25th May 2016**S V ALAGAPPAN**

Chairman and

Managing Director

DIN 00002450

For and on behalf of the Board

S V ARUMUGAM

Director

DIN 00002458

S SESHADRI

Chief Financial Officer

S K SUNDARARAMAN

Executive Director

DIN 00002691

M SHYAMALA

Company Secretary

ACS No. 24464

CONSOLIDATED NOTES FORMING PART OF THE BALANCE SHEET

(₹ in lakhs)

| Particulars | As at 31.3.2016 |
|---|--------------------|
| NOTE 2 : SHARE CAPITAL | |
| Particulars of each class of Share Capitals : | |
| Authorised: | |
| 2,20,00,000 Equity shares of ₹10/- each | 2,200.00 |
| Issued, subscribed and paid up : | |
| 2,16,04,521 Equity shares of ₹10/- each fully paid up | 2,160.45 |
| 50,000 Equity shares of Rs. 10/- each fully paid up | - |
| (Refer notes (i) to (vii) below) | <u>2,160.45</u> |
| Notes: | |
| i) Reconciliation in number and amount of Shares : | |
| Opening balance | |
| (Equity shares @ ₹10/- each) | |
| - Number of shares | 2,16,04,521 |
| - Amount of shares | 2,160.45 |
| Closing balance | |
| (Equity shares @ ₹10/- each) | |
| - Number of shares | 2,16,04,521 |
| - Amount of shares | 2,160.45 |
| ii) Shares held by the Holding Company or subsidiary or their associates: | 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 |
| b) Aggregate number and Class of shares allotted as fully paid by way of bonus shares (Fully paidup) | Nil |
| c) Aggregate number and Class of shares bought back | Nil |

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

(₹ in lakhs)

| Particulars | As at 31.3.2016 |
|--|--------------------|
| iv) Details of shareholders holding more than 5% of shares: Name of the shareholders : Equity shares : | |
| a) Vedanayagam Hospital Limited | |
| - Number of shares | 1,01,10,667 |
| - % of holding | 46.80% |
| b) Annamallai Retreading Company Private Limited | |
| - Number of shares | 50,83,577 |
| - % of holding | 23.53% |
| 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; Each equity share carries one vote; the shares carry equal right with respect to payment of dividend and repayment of capital in any event. | |
| vi) Terms of any securities convertible into Equity/Preference Shares issued along with 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 3 : RESERVES AND SURPLUS | |
| a) Capital reserve : Opening balance | 11.77 |
| Add: Additions during the year | - |
| | 11.77 |
| Less: Utilised during the year | - |
| Closing balance | 11.77 |
| b) Securities premium : Opening balance | 2,243.01 |
| Closing balance | 2,243.01 |
| c) General reserve : Opening balance | 10,355.72 |
| Add: Transferred from surplus in Statement of Profit and Loss | 750.00 |
| Closing balance | 11,105.72 |

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

(₹ in lakhs)

| Particulars | As at 31.3.2016 |
|---|--------------------|
| d) Surplus in Statement of Profit and Loss: | |
| Opening balance | 322.34 |
| Add : Profit/(loss) after tax for the year | 1,084.60 |
| | 1,406.94 |
| Less : i) Dividend proposed to be distributed to equity shareholders | 237.65 |
| ii) Tax on proposed dividend | 49.73 |
| iii) Transfer to General reserve | 750.00 |
| Closing balance | 369.56 |
| Total (a+b+c+d) | 13,730.06 |
| NOTE : MONEY RECEIVED AGAINST SHARE WARRANTS | - |
| NOTE : SHARE APPLICATION MONEY PENDING ALLOTMENT | - |
| NOTE 4 : LONG-TERM BORROWINGS | |
| a) Term loans from Banks (Refer note (i) below) Secured | 8,594.75 |
| b) Loans and advances from related parties (Refer note (ii) below) Unsecured | 115.00 |
| c) Hire purchase finance from Banks (Refer note (iii) below) Secured | 30.36 |
| | 8,740.11 |



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

(₹ in lakhs)

| Particulars | | | As at 31.3.2016 |
|---|---|--|--------------------|
| Notes : i) Details of terms of repayment, security provided and loans guaranteed by the Directors or others - Term loans from banks (Secured) :- | | | |
| Name of the bank | Terms of repayment | Nature of security | |
| a) Indian Overseas Bank | Repayable in 96 monthly instalments varying from ₹15.00 to ₹ 49.00 lakhs each, commencing from April, 2012 | Hypothecation of windmills and equitable mortgage of related lands in Tirupur district, Tamilnadu | 1,512.00 |
| b) Indian Overseas Bank | Repayable in 32 quarterly instalments of ₹ 250.00 lakhs each, commencing from September, 2010 | First charge on the immovables and hypothecation of movables of spinning unit-II of the company | 1,249.49 |
| c) Canara Bank | Repayable in 32 quarterly instalments of ₹ 186.00 lakhs each, commencing from March, 2011 | First charge on the immovables and hypothecation of movables of spinning unit-II of the company | 1,294.58 |
| d) State Bank of Hyderabad | Repayable in 32 quarterly instalments of ₹ 154.00 lakhs each, commencing from March, 2010 | First charge on the immovables and hypothecation of movables of spinning unit-II of the company | 443.39 |
| e) Uco Bank | Repayable in 32 quarterly instalments of ₹ 16.41 lakhs each, commencing from September, 2010 | First charge on the immovables and hypothecation of movables of spinning unit-II of the company | 103.09 |
| f) Bank of Maharashtra | Repayable in 30 quarterly instalments of ₹ 40.00 lakhs each, commencing from December, 2009 | First charge on the immovables and hypothecation of movables of spinning unit-I of the company | 62.20 |
| g) Bank of Baroda | Repayable in 27 quarterly instalments of ₹ 90.00 lakhs each (except for last instalments) & ₹ 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 | 430.00 |
| h) Axis Bank | Repayable in 25 quarterly instalments commencing from March 2016 under stepup method. | First charge on the Windmills of the company having a capacity of 13.195 MW in Coimbatore and Tirupur Districts. | 2,250.00 |
| i) ICICI Bank Limited | Repayable in 16 equal quarterly instalments commencing from February 2015. | First charge on the immovables and hypothecation of movables of spinning unit-I of the company | 875.00 |
| j) ICICI Bank Limited | Repayable in 20 quarterly instalments of ₹ 27 lakhs each commencing from February 2018. | First charge on the immovables and hypothecation of movables of spinning unit-I of the company | 375.00 |
| | | | 8,594.75 |
| [The above loans in Sl. Nos.(a) to (j) rank pari passu wherever applicable as per agreement executed between the lending banks and the Company] | | | |

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

(₹ in lakhs)

| Particulars | | | As at 31.3.2016 |
|--|---|----------------------------|--------------------|
| ii) Loans and advances from related parties | | | |
| Unsecured : | | | |
| Loans from Directors | | | 115.00 |
| | | | 115.00 |
| iii) Details of terms of repayment and security provided Hire purchase finance from banks (Secured) : | | | |
| Name of the bank | Terms of repayment | Nature of security | |
| a) Karur Vysya Bank | Repayable in 24 monthly instalments commencing from December, 2015 | Hypothecation of motor car | 6.17 |
| b) Kotak Mahindra Prime Ltd | Repayable in 60 monthly instalments of varying amounts commencing from August, 2014 | Hypothecation of motor car | 24.19 |
| | | | 30.36 |
| iv) Continuous defaults in repayment of loans and interest | | | Nil |
| NOTE - 5 : DEFERRED TAX LIABILITIES (NET) | | | |
| a) Deferred tax liability : | | | |
| Opening balance | | | 4,328.08 |
| Add : Additions during the year | | | 114.41 |
| | | | 4442.49 |
| Less : Reversed during the year | | | - |
| Closing balance | | | 4442.49 |
| b) Deferred tax asset : | | | |
| Opening balance | | | 69.70 |
| Add : Additions during the year | | | 38.98 |
| | | | 108.68 |
| Less : Reversed during the year | | | - |
| Closing balance | | | 108.68 |
| Deferred tax liability (Net) (a)-(b) | | | 4,333.81 |
| NOTE - 6 : OTHER LONG - TERM LIABILITIES | | | |
| i) Trade / Security deposits received | | | 11.00 |
| ii) Income received in advance | | | 3.11 |
| iii) Rent deposit received | | | 3.30 |
| | | | 17.41 |



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

(₹ in lakhs)

| Particulars | | | As at 31.3.2016 |
|--|-----------------------------|--|--------------------|
| NOTE - 7 : SHORT - TERM BORROWINGS | | | |
| Loans repayable on demand : | | | |
| From banks (Refer note below) | | | |
| Secured and Unsecured | | | 11,585.69 |
| | | | 11,585.69 |
| Notes : | | | |
| Details of security provided and loans guaranteed by the Directors or others | | | |
| Name of the bank | Terms of repayment | Nature of security | |
| a) ICICI Bank Ltd | Repayable in full on demand | Hypothecation of inventories and trade receivables | 250.00 |
| b) Working capital loans: | | | |
| i) Indian Overseas Bank - Cash Credit | Repayable on demand | Hypothecation of inventories and trade receivables | 2,710.56 |
| ii) Indian Overseas Bank - PCFC | Repayable on demand | Hypothecation of inventories and trade receivables | 1,018.62 |
| iii) Bank of Baroda - Cash Credit | Repayable on demand | Hypothecation of inventories and trade receivables | 1,966.58 |
| iv) Canara Bank - Cash Credit | Repayable on demand | Hypothecation of inventories and trade receivables | 1,510.22 |
| v) KVB- PCFC | Repayable on demand | Hypothecation of inventories and trade receivables | 134.57 |
| vi) KVB- Cash Credit | Repayable on demand | Hypothecation of inventories and trade receivables | 1,905.12 |
| vii) IOB ILC | Repayable on demand | Hypothecation of Raw materials | 200.59 |
| viii) Canara Bank - ILC | Repayable on demand | Hypothecation of Raw materials | 139.68 |
| ix) ICICI Bank ILC | Repayable on demand | Hypothecation of Raw materials | 249.75 |
| x) Kotak Mahindra Bank Short Term Loan | Repayable on demand | - | 1,500.00 |
| [The above loans in Sl. Nos.(a) and (b)(i) to (b)(ix) rank pari passu as per agreement executed between the lending banks and the company] | | | 11,585.69 |

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

(₹ in lakhs)

| Particulars | As at 31.3.2016 |
|--|--------------------|
| NOTE 8 : TRADE PAYABLES | |
| a) Micro, Small and Medium Enterprises | - |
| b) Others | 2,278.43 |
| | 2,278.43 |
| NOTE 9 : OTHER CURRENT LIABILITIES | |
| a) Current maturities of long-term debt (Refer note (i) below) | 4,132.23 |
| b) Interest accrued and due on loans (Refer note (ii) below) | 96.00 |
| c) Income received in advance | 0.03 |
| d) Unclaimed dividends | 26.74 |
| e) Unclaimed matured deposits and interest accrued thereon | 9.18 |
| f) Other payables | 536.83 |
| | 4,801.01 |
| Notes : | |
| i) Current maturities of long-term debt | |
| a) Term loans from Banks (Secured) : | |
| Axis Bank | 250.00 |
| Indian Overseas Bank | 1,420.00 |
| Canara Bank | 744.00 |
| State Bank of Hyderabad | 616.00 |
| Uco Bank | 65.64 |
| Bank of Maharashtra | 159.71 |
| Bank of Baroda | 360.00 |
| ICICI Bank Ltd | 500.00 |
| b) Hire purchase finance from Banks (Secured) : | |
| HDFC Bank - Car Loan | 8.07 |
| Kotak Mahindra Prime Limited | 8.81 |
| c) Deposits : | |
| Public deposits (Unsecured) | - |
| | 4,132.23 |



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

(₹ in lakhs)

| Particulars | As at 31.3.2016 |
|---|--------------------|
| ii) Interest accrued and due on loans | |
| Term loans from Banks: | |
| Indian Overseas Bank | 40.85 |
| State Bank of Hyderabad | 12.88 |
| Uco Bank | 2.23 |
| Bank of Maharashtra | 2.73 |
| Axis Bank | 23.89 |
| Kotak Mahindra | 13.42 |
| | <u>96.00</u> |
| [Terms of securities and guarantees disclosed in Note No.4 also apply to current maturities and interest accrued and due on long term borrowings] | |
| NOTE - 10 : SHORT-TERM PROVISIONS | |
| Employee benefits : | |
| a) Provision for bonus | 109.04 |
| b) Provision for gratuity | 17.11 |
| Others : | |
| a) Provision for tax (Net of advance tax) | 4.28 |
| b) Provision for proposed dividend | 237.65 |
| c) Provision for tax on dividend | 50.95 |
| | <u>419.03</u> |



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

NOTE 11 : FIXED ASSETS

(₹ in lakhs)

| Sl. No. | Particulars | GROSS BLOCK | | | ACCUMULATED DEPRECIATION | | | NET BLOCK | | |
|---------|--|----------------|-----------------------|-----------------------|--------------------------|-----------------|--------------|----------------------|-----------------|-----------------|
| | | As at 1.4.2015 | Additions / Transfers | Deletions / Transfers | As at 31.3.2016 | As at 01.4.2015 | For the Year | Withdrawn/ Deletions | As at 31.3.2016 | As at 31.3.2016 |
| | | | | | | | | | | |
| A | Tangible assets - | | | | | | | | | |
| 1 | Land: | | | | | | | | | |
| | Own | 392.82 | - | 0.40 | 392.42 | - | - | - | - | 392.42 |
| | Lease Hold | 33.11 | - | - | 33.11 | 1.14 | 0.33 | - | 1.48 | 31.63 |
| 2 | Buildings: | | | | | | | | | |
| | Non-Factory Buildings (RCC) | 1,045.56 | 18.68 | - | 1,064.24 | 82.94 | 16.74 | - | 99.68 | 964.54 |
| | Non-Factory Buildings (Other than RCC) | 235.17 | - | - | 235.17 | 56.36 | 9.89 | - | 66.25 | 168.92 |
| | Factory Buildings (RCC & Non-RCC) | 6,769.68 | 114.62 | - | 6,884.30 | 1,163.44 | 231.26 | - | 1,394.70 | 5,489.60 |
| | Fences, Wells, Tube wells | 44.81 | - | - | 44.81 | 8.33 | 3.68 | - | 12.01 | 32.80 |
| | Temporary Structure, etc | 35.64 | - | - | 35.64 | 8.53 | 1.54 | - | 10.07 | 25.58 |
| 3 | Plant and equipments | | | | | | | | | |
| | Plant and Machineries (General) | 23,520.30 | 994.07 | 18.63 | 24,495.74 | 7,827.60 | 884.25 | 6.57 | 8,705.28 | 15,790.46 |
| | Plant and Machineries (Special) | 12,102.48 | - | - | 12,102.48 | 6,213.82 | 456.68 | - | 6,670.48 | 5,432.00 |
| | -Windmills | | | | | | | | | |
| 4 | Furnitures and fixtures | 155.66 | 11.43 | - | 167.09 | 54.35 | 15.04 | - | 69.39 | 97.72 |
| 5 | Vehicles | | | | | | | | | |
| | Two Wheelers | 6.85 | - | - | 6.85 | 4.18 | 0.32 | - | 4.50 | 2.35 |
| | Lorries (Running on hire) | - | - | - | - | - | - | - | - | - |
| | Lorries (Other than running on hire) | 85.36 | - | 9.25 | 76.11 | 31.59 | 10.66 | 6.16 | 36.11 | 40.99 |
| | Motor Cars (Own use) | 207.24 | 38.18 | 4.37 | 241.05 | 69.47 | 20.66 | 4.16 | 85.97 | 155.08 |
| 6 | Office Equipments | 203.68 | 40.62 | - | 244.30 | 141.07 | 20.15 | - | 161.22 | 83.07 |
| 7 | Computers and Data Processing Units: | | | | | | | | | |
| | Servers and Networks | - | - | - | - | - | - | - | - | - |
| | Computers, Printers, UPS, etc. | 57.07 | 7.07 | - | 64.14 | 42.17 | 8.56 | - | 50.73 | 13.41 |
| 8 | Lab Equipments | 143.20 | 39.03 | - | 182.23 | 91.62 | 6.34 | - | 97.96 | 84.27 |
| 9 | Electrical Installations | 82.72 | 39.97 | - | 122.69 | 20.90 | 8.77 | - | 29.67 | 93.03 |
| | TOTAL (A) | 45,121.35 | 1,303.67 | 32.65 | 46,392.37 | 15,817.52 | 1,694.87 | 16.89 | 17,495.50 | 28,896.88 |
| B | Intangible assets | | | | | | | | | |
| | Computer software | 84.42 | 8.03 | - | 92.45 | 47.82 | 12.89 | - | 60.71 | 31.74 |
| | Total (B) | 84.42 | 8.03 | - | 92.45 | 47.82 | 12.89 | - | 60.71 | 31.74 |
| C | Capital work-in-progress | | | | | | | | | |
| | Buildings | 63.49 | 286.59 | 90.71 | 259.37 | - | - | - | - | 259.37 |
| | Machinery | 473.66 | 688.40 | 715.16 | 446.91 | - | - | - | - | 446.91 |
| | TOTAL (C) | 537.15 | 974.99 | 805.87 | 706.28 | - | - | - | - | 706.28 |
| D | Intangible assets under construction | | | | | | | | | |
| | Total (D) | - | - | - | - | - | - | - | - | - |
| | Total (A+B+C+D) | 45,742.93 | 2,286.70 | 838.52 | 47,191.11 | 15,865.34 | 1,707.76 | 16.89 | 17,556.23 | 29,634.90 |
| | Total for the Previous Year | 44,073.62 | 2,064.02 | 394.71 | 45,742.93 | 14,231.98 | 1,685.37 | 52.02 | 15,865.34 | 29,877.59 |

Depreciation on Lease hold land denotes the amount of cost amortised and written off over the tenure of 99 years for which the company has entered into a registered lease for industrial plot acquired from SIPCOT



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

(₹ in lakhs)

| Particulars | As at 31.3.2016 |
|--|--------------------|
| NOTE 12 : NON-CURRENT INVESTMENTS | |
| a) Investment property | 64.37 |
| b) Investment in equity instruments (Refer note below) | 39.24 |
| Total | 103.61 |
| Note : | |
| Quoted Investments | 57.53 |
| Unquoted Investments | 19.43 |
| | 76.96 |
| Less : Provision for diminution in value of investments | 32.72 |
| | 44.24 |
| Less : Investment in Subsidiary | 5.00 |
| | 39.24 |
| NOTE 13 : LONG-TERM LOANS AND ADVANCES | |
| (Unsecured, considered good) | |
| a) Capital advances | 137.11 |
| b) Security deposit | 379.34 |
| c) Prepaid expenses | 15.60 |
| d) Advance income tax (Net of provision) | - |
| e) MAT credit entitlement | 2,321.43 |
| f) Other loans and advances | 56.64 |
| | 2,910.12 |
| Long terms loans and advances due by Directors/Officers, due by Firm or Private Limited Companies in which any Director is a Partner or Director | - |
| NOTE - 14 : INVENTORIES | |
| a) Raw materials | 5,477.70 |
| b) Work-in-progress (Refer note below) | 571.40 |
| c) Finished goods | 2,525.44 |
| d) Stores and Spares | 514.36 |
| e) By-products | 85.34 |
| | 9,174.24 |

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

(₹ in lakhs)

| Particulars | As at 31.3.2016 |
|---|--------------------|
| Note : | |
| Work - in - progress | |
| Cotton | 372.28 |
| Yarn | 18.44 |
| Fabric | 180.68 |
| Total | <u>571.40</u> |
| NOTE 15 : TRADE RECEIVABLES | |
| a) Trade receivables outstanding for a period exceeding six months | |
| - Unsecured, considered good | 62.04 |
| - Doubtful | 123.06 |
| | <u>185.10</u> |
| Less : Provision for bad and doubtful debts | 123.06 |
| | <u>62.04</u> |
| b) Other trade receivables | |
| - Unsecured, considered good | 3,860.28 |
| | <u>3,922.32</u> |
| [Trade receivables due by Directors/Officers, due by Firms or Private Limited Companies in which any Director is a Partner or Director] | - |
| NOTE 16 : CASH AND CASH EQUIVALENTS | |
| a) Cash on hand | 12.99 |
| b) Cheques, drafts on hand | 69.12 |
| c) Balances with banks: | |
| i) In current/cash credit accounts | 536.77 |
| ii) In deposit/margin money accounts (Refer note below) | 148.20 |
| iii) In unpaid dividend accounts | 26.74 |
| | <u>793.82</u> |
| Note : | |
| Out of the above, bank deposit and margin money which have maturity of more than 12 months | - |



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

(₹ in lakhs)

| Particulars | As at 31.3.2016 |
|---|--------------------|
| NOTE 17 : SHORT-TERM LOANS AND ADVANCES | |
| (Unsecured, considered good) | |
| a) Loans and advances to related parties | - |
| Less : Inter Company Owings | - |
| b) Security deposit | 0.05 |
| c) Prepaid expenses | 212.65 |
| d) Balances with government authorities : | |
| i) CENVAT credit receivable | 140.25 |
| ii) VAT credit receivable | 38.03 |
| iii) VAT advance tax paid | 25.00 |
| iv) Service Tax credit receivable | - |
| e) Others | 379.39 |
| | <u>795.37</u> |
| [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] | - |
| NOTE 18 : OTHER CURRENT ASSETS | |
| a) Unbilled revenue | 23.02 |
| b) Unamortised expenses (Refer note below) | 30.44 |
| c) Accruals : | |
| Interest accrued on deposits | 2.35 |
| Windmill generation - unadjusted | 31.73 |
| Rent Receivables | 1.44 |
| d) Others : | |
| i) Insurance claims receivable | 3.10 |
| ii) Interest subsidy on TUF loan | 578.52 |
| iii) Export/other incentive receivables | 60.87 |
| iv) Other Miscellaneous assets | 0.15 |
| | <u>731.62</u> |
| Unamortised expenses | |
| To the extent not written off or adjusted) | |
| a) Pre Operative Expenses | |
| Opening balance | - |
| Add : Amount paid during the year | 34.08 |
| | <u>34.08</u> |
| Less : Amount written off during the year | 3.64 |
| Closing balance | <u>30.44</u> |

CONSOLIDATED ADDITIONAL NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE - 31 : OTHER NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lakhs)

| Particulars | | | | As at 31.3.2016 | |
|--|---------------------------------|---------------------------------|----------|-------------------------------------|--------------------|
| I Additional Information, as required under Schedule III to Companies Act, 2013 of Entities consolidated as Subsidiary | | | | | |
| Sl. No. | Name of the Entity | Net Assets | | Share in Profit / Loss | |
| | | As % of Consolidated Net Assets | Amount | As % of Consolidated Profit of Loss | Amount |
| 1 | Parent Company | | | | |
| | Shiva Texyarn Limited | 100.00% | 15890.51 | 100.00% | 1,084.60 |
| 2 | Subsidiary | | | | |
| | STYL Textile Ventures Limited | - | - | - | - |
| 3 | Minority Interest in Subsidiary | - | - | - | - |
| II ADDITIONAL NOTES TO CONSOLIDATED BALANCE SHEET | | | | | |
| A Contingent liabilities | | | | | As at 31.3.2016 |
| a) Claims against the Company not acknowledged as debt | | | | | - |
| b) Guarantees | | | | | - |
| c) Other money for which the Company is contingently liable: | | | | | |
| i) Disputed demands from ESI Authorities pertaining to Corporate office | | | | | 11.28 |
| ii) Disputed TNVAT demand in respect of which interim stay granted by Hon'ble High Court of Madras | | | | | - |
| iii) Disputed claims of TANGEDCO as part of energy supply Bill | | | | | 143.62 |
| B Commitments | | | | | |
| a) Estimated amount of contracts remaining to be executed on capital account and not provided for | | | | | 618.79 |
| b) Uncalled liability on shares and other investments partly paid | | | | | - |



| (₹ in lakhs) | |
|---|--------------------|
| Particulars | As at 31.3.2016 |
| c) Other Commitments: | |
| i) The amount of duty concession availed against the pending obligation for import of capital goods under concessional customs duty linked to fulfillment of export obligations | 298.61 |
| ii) Value of export obligation to be fulfilled | 33,547.24 |
| 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 (Rs. In Lakhs) | 237.65 |
| Number of shares (Nos) | 21,604,521 |
| Amount of dividend per share (Rs.) | 1.10 |
| D Unutilised amount of proceeds of securities issued for specific purpose | Nil |
| E Diminution in value of assets other than fixed assets & non-current investments | Nil |

(₹ in lakhs)

Particulars

Year ended
31.3.2016

III DISCLOSURES PURSUANT TO ACCOUNTING STANDARDS OF CONSOLIDATED FINANCIAL STATEMENTS

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.

| | |
|---|---|
| i. Raw materials | At weighted average cost method |
| ii. Process | At weighted average cost method (incl. appropriate production overhead) |
| iii. Finished goods | At weighted average cost method (incl. appropriate production overhead) or Market Value whichever is less |
| iv. By Products | At since realised / realisable value |
| v. Stock of packing materials and stores and spares | At weighted average method |

2) AS 15 - Employee benefits

a) Defined Contribution Plan

| | |
|---|-------|
| i) Contribution to provident fund & EPS | 66.57 |
| ii) Contribution to family pension fund | 70.79 |
| iii) Contribution to employees state insurance scheme | 21.56 |

b) Defined Benefit Plan

Gratuity

A. Changes in Present Value of Obligation

| | |
|--|---------|
| PV of Obligation as at the beginning of the year | 240.54 |
| Current Service Cost | 18.56 |
| Interest cost | 23.02 |
| Actuarial (gain)/Loss on Obligation | (17.67) |
| PV of Obligation as at the end the year | 264.45 |

B. Change in Assets during the year ended 31st March

| | |
|---|---------|
| FV of Plan Assets as at the beginning of the year | 244.86 |
| Expected return on Plan Assets | 23.02 |
| Settlement Claims-Credit | (13.19) |
| Contributions by the employer | 17.32 |
| Charges deducted | (2.41) |
| FV of Plan Assets as at the end of the year | 269.59 |



| (₹ in lakhs) | |
|---|-------------------------|
| Particulars | Year ended 31.3.2016 |
| C. Net Asset/(Liability) Recognized in the Balance Sheet | |
| PV of Obligation as at the end the year | 264.45 |
| FV of Plan Assets Obligation as at the end the year | 269.59 |
| Funded Status [Surplus/(Deficit)] | 5.14 |
| D. Expenses recognized during the period ended 31st March | |
| Current Service Cost | 18.56 |
| Interest Cost | 23.02 |
| Expected return on Plan Assets | (24.75) |
| Actuarial (gains)/Losses | 11.19 |
| Net Amount recognised in Statement of profit and loss | 28.03 |
| E. Categories of Plan assets as a percdentage of Total Plan assets | |
| Equity Instruments | - |
| Debt Instruments | - |
| Property | - |
| Insurer Managed Asset | 100.00% |
| F. Assumptions used in accounting for the gratuity Plan | |
| Discount Rate (Per Annum) | |
| - Unit-I | 8.00% |
| - Unit-II | 8.00% |
| Rate of Increase in compensation levels (Per Annum) | |
| - Unit-I | 8.00% |
| - Unit-II | 6.50% |
| Rate of return on plan assets (Per Annum) | |
| - Unit-I | 9.25% |
| - Unit-II | 9.00% |
| Expected average remaininnng working lives of employees (Years) | |
| - Unit-I | 33.40 |
| - Unit-II | 35.45 |

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.

(₹ in lakhs)

Particulars
**Year ended
31.3.2016**
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) Associates (Investing Party) :

Annamallai Retreading Company Private Ltd
Vedanayagam Oil Company

ii) Key management personnel :

Sri S V Alagappan - Chairman and Managing Director
Sri S K Sundararaman - Executive Director

iii) Relatives of key management personnel :

Sri S V Kandasami - Brother of Chairman, Managing Director and
Father of Executive Director
Sri S V Arumugam - Brother of Chairman and Managing Director
Smt A Lalitha - Daughter of Chairman and Managing Director

iv) Companies in which Key Managerial Personnel or their relatives having Significant Influence :

Anamallais Agencies Private Ltd
Anamallais Automobiles Private Ltd
Bannari Amman Spinning Mills Ltd
Sakthi Murugan Transports Ltd
Sundarram Enterprise Private Ltd
Young Brand Apparel Private Limited

B. Nature and amount of related party transactions and balances outstanding :
i) Sale of goods & Services

Companies in which KMP or their relatives having Significant Influence

1,016.10
ii) Purchases of goods & services

Companies in which KMP or their relatives having Significant Influence

358.76
iii) Sales of Fixed Assets

Companies in which KMP or their relatives having Significant Influence

-
iv) Services availed
a) Associates
0.27
b) Companies in which KMP or their relatives having Significant Influence
289.27



| | | (₹ in lakhs) |
|---|--|-------------------------|
| Particulars | | Year ended 31.3.2016 |
| v) Services Rendered | | |
| Companies in which KMP or their relatives having Significant Influence | | 31.55 |
| vi) Remuneration | | |
| Key management personnel | | - |
| Relatives of key management personnel | | 30.00 |
| vii) Amount outstanding at the year end: | | |
| Receivables | | |
| Companies in which KMP or their relatives having Significant Influence | | 5.60 |
| Payables | | |
| a) Companies in which KMP or their relatives having Significant Influence | | 310.93 |
| b) Relatives of key management personnel | | 115.00 |
| viii) Amount written off during the year | | |
| a) Associates | | - |
| b) Companies in which KMP or their relatives having Significant Influence | | - |
| c) Key management personnel | | - |
| d) 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 | | 1,084.60 |
| Weighted average number of shares | | 21,604,521 |
| Basic and Diluted earnings per share (₹) | | 5.02 |
| 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 | | 4,442.49 |
| Related to others | | - |
| | | <u>4,442.49</u> |

| (₹ in lakhs) | |
|--|-------------------------|
| Particulars | Year ended 31.3.2016 |
| B. Deferred tax asset : | |
| Related to provisions | 51.51 |
| Related to disallowance | 57.17 |
| | <u>108.68</u> |
| Net deferred tax liability as at close of the year | 4,333.81 |
| Net deferred tax liability as at beginning of the year | 4,258.38 |
| Net increase/(decrease) in deferred tax liability | <u>75.43</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

- a) Provisions : Nil
- b) Contingent liabilities
Contingent liabilities are not provided for, but disclosed in the notes on accounts.
- c) Contingent assets
 - i) In the opinion of the management there are no contingent assets.
 - ii) Contingent assets as a policy are not recognized.

IV DISCLOSURES PURSUANT TO MICRO, SMALL & MEDIUM ENTERPRISES (DEVELOPMENT) ACT, 2006

The management has initiated the process of identifying enterprises which have provided goods and services to the company and which qualify under the definition of micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31st March, 2016 has been made in the financial statements based on information received and available with the company. The company has not received any claim for interest from any supplier under the said Act.



(₹ in lakhs)

Particulars**As at
31.3.2016**

The Principal amount and the interest due thereon (remaining unpaid to any supplier as at the end of each accounting year)

Principal Nil

Interest Nil

The amount of interest paid by the company along with the amount of the payments made to the supplier beyond the appointed day during the period Nil

The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act. Nil

The amount of interest accrued and remaining unpaid at the end of the period Nil

The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises. 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 2013-14 ;

b) The wealth tax assessments have been completed upto the assessment year 2013-14 ;

c) No further liability likely to arise as against the completed or pending assessments.

2 In the opinion of Board of Directors :

a) Assets Other than Fixed Assets and Non Current Assets would realize the value stated in the normal course of Business

b) There are no overdue payments to Micro, Small and Medium Enterprises attracting interest in terms of Micro, Small & Medium Enterprises (Development) Act, 2006.

c) There are no amounts required to be transferred to Central Government under the Investor Education and Protection Fund.

3 Consolidation is not required / applicable for previous year. Hence no previous year figures are given.

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

R UMAMAHESWARI

Partner

Membership No. 221962

Coimbatore

25th May 2016

S V ALAGAPPAN

Chairman and

Managing Director

DIN 00002450

For and on behalf of the Board

S V ARUMUGAM

Director

DIN 00002458

S SESHADRI

Chief Financial Officer

S K SUNDARARAMAN

Executive Director

DIN 00002691

M SHYAMALA

Company Secretary

ACS No. 24464

Financial Performance - Year Wise

(₹ in lakhs)

| Financial Year | Equity Share Capital | Reserves & Surplus | Turnover* | Profit before Depreciation | Depreciation | Profit before Tax | Dividend on Equity Shares (%) |
|--------------------------|----------------------|--------------------|-----------|----------------------------|--------------|-------------------|-------------------------------|
| 2000-2001 (18 months) | 2160.45 | 6869.35 | 10932.18 | 1917.95 | 1526.88 | 391.07 | 9 |
| 2001-2003 (15 months) | 2160.45 | 6044.31 | 10594.30 | 1313.28 | 1040.98 | 272.30 | 6 |
| 2003-2004 | 2160.45 | 6097.48 | 9441.91 | 1089.09 | 749.24 | 339.85 | 7.5 |
| 2004-2005 | 2160.45 | 5827.91 | 9469.61 | 1380.96 | 771.84 | 609.12 | 10 |
| 2005-2006 | 2160.45 | 6987.36 | 8972.52 | 2007.82 | 697.04 | 1521.74 | 15 |
| 2006-2007 | 2160.45 | 8151.39 | 10136.23 | 2318.59 | 720.79 | 1553.23 | 15 |
| 2007-2008 | 2160.45 | 7753.55 | 9582.46 | 1788.07 | 743.42 | 1119.20 | 15 |
| 2008-2009 | 2160.45 | 7976.09 | 10136.02 | 1431.79 | 832.46 | 601.57 | 9 |
| 2009-2010 | 2160.45 | 8254.40 | 19796.65 | 2178.64 | 1350.33 | 828.31 | 10 |
| 2010-2011 | 2160.45 | 10538.23 | 42336.50 | 5567.24 | 1765.98 | 3801.25 | 15 |
| 2011-2012 | 2160.45 | 8595.89 | 33194.77 | (992.86) | 1870.32 | (2863.18) | - |
| 2012-2013 | 2160.45 | 10521.78 | 41051.00 | 5072.42 | 1916.97 | 3155.45 | 12 |
| 2013-2014 | 2160.45 | 12304.74 | 49244.10 | 5004.16 | 2008.74 | 2995.42 | 12 |
| 2014-2015 | 2160.45 | 12932.84 | 45769.57 | 2959.23 | 1687.01 | 1272.22 | 10 |
| 2015-2016 | 2160.45 | 13730.06 | 44235.60 | 3163.94 | 1709.40 | 1454.54 | 11 |

* Turnover = Net Sales + Closing Stock – Opening Stock



PLANT LOCATION

| Spinning Unit - I | Spinning Unit - II | Processing Unit |
|---|---|--|
| Velvarkottai Village Dindigul District Tamilnadu | Kodangipalayam Village Karadivavi Road, Paruvai Post Coimbatore District, Tamilnadu | Factory E-16, P-11 SIPCOT Industrial Growth Estate Perundurai, Erode 638 052 |
| Lamination Unit | Knitting Unit | Bag Unit |
| S.F. No. 371/5, Karadivavi Road Paruvai Post, Karanampet Palladam - 641 658 | Kodangipalayam Village Karadivavi Road, Paruvai Post Coimbatore District, Tamilnadu | S.F No. 371/5, Karadivavi Road Paruvai Post, Karanampet, Palladam 641 658 |
| Windmills | | |
| Munduvlampatti Village Erode District Tamilnadu | Gudimangalam Athukinathupatti & Uthukuli Villages Coimbatore District, Tamilnadu | Sanganeri Tirunelveli District Tamilnadu |



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