



29th
Annual
Report
2010



SHIVA TEXYARN LIMITED



SHIVA TEXYARN LIMITED

BOARD OF DIRECTORS

Dr S V Balasubramaniam
Chairman

Sri S V Alagappan
Managing Director

Sri A Senthil
Executive Director

Sri S V Arumugam

Sri S V Balakrishnan

Sri S K Sundararaman

Sri V Venkata Reddy

Sri K N V Ramani

Sri C S K Prabhu

Sri S Palaniswami

Dr K R Thillainathan

Sri S Marusamy

COMPANY SECRETARY

Ms M Shyamala

BANKERS

Canara Bank

Indian Overseas Bank

ICICI Bank Ltd

UCO Bank

State Bank of Hyderabad

Bank of Maharashtra

Bank of Boarda

AUDITORS

M/s. V K S Aiyer & Co.

Chartered Accountants

Coimbatore

SHARE TRANSFER AGENT

M/s. SKDC Consultants Ltd

Kanapathy Towers

3rd Floor, 1391/A-1 Sathy Road

Ganapathy, Coimbatore - 641 006

REGISTERED OFFICE

252, Mettupalayam Road

Coimbatore - 641 043. Tamilnadu

Phone : 91-422-2435555

Fax : 91-422-2434446

E-mail : afl@vsnl.com

TEXTILE DIVISION

Spinning Unit - I

Velvarkottai Village

Dindigul District - 624 803

Tamilnadu

Spinning Unit - II

Kodangipalayam Village

Karadivavi Road

Paruvai (P.O), Coimbatore District

Tamil Nadu.

Knitting Unit

Kodangipalayam Village

Karadivavi Road

Paruvai (P.O), Coimbatore District

Tamil Nadu.

Garment Unit

Kodangipalayam Village

Karadivavi Road

Paruvai (P.O), Coimbatore District

Tamil Nadu.

WIND MILL DIVISION

Munduelampatti Village

Erode District

Tamilnadu

Gudimangalam, Athukinathupatti and

Uthukuli Villages

Coimbatore District

Tamilnadu

Sanganeri

Tirunelveli District

Tamilnadu



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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **29th** Annual General Meeting of the Members of the Company will be held at Nani Kalaiarangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore – 641 037 on the 20th day of September 2010 at 9.15 AM to transact the business set out in the agenda given below:

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

AGENDA

ORDINARY BUSINESSES

1. To receive and adopt the Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date together with the reports of the Directors' and the Auditors thereon.
2. To declare dividend.
3. To appoint a Director in the place of Sri S K Sundararaman, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Sri S Palaniswami, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Sri C S K Prabhu, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESSES

7. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

RESOLVED that Under Section 314(1)(b) and other applicable provisions of the Companies Act, 1956, approval of shareholders be and is hereby accorded to the Board of Directors, for their appointment of Smt A Lalitha as Chief Executive of YESWE CREATIONS (Garments Division of the Company) with effect from 02.11.2009, and to carry on the day-to-day operation and administration of the Garments Division, subject to the superintendence, control and direction of the Managing Director of the Company and that Smt A Lalitha be paid Rs.45,000/- per mensem, with effect from 01.04.2010, as remuneration for the services rendered to the Company.

8. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

RESOLVED that pursuant to Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, the approval of the shareholders be and is hereby accorded to the Board of Directors for appointment and payment of remuneration to Sri S V Alagappan, Managing Director with effect from 27.06.2010 for a further period of 5 years, as detailed below:

SALARY : Rs.3,00,000/- per month (Rupees Three Lakhs only).

PERQUISITES:

- (A) Contribution to Provident Fund to the extent not taxable under the Income Tax Act, 1961.
- (B) Gratuity at the rate of half a month's salary for each completed year of service, payable from the tenure of his first appointment.
- (C) Encashment of leave at the end of the tenure as per the rules of the Company.

OTHER PERQUISITES:

As may be decided by the Board of Directors payable in cash or kind for aggregate value not exceeding annual salary.



If in any Financial Year, the perquisites stated above are not availed in full, the unavailed portion thereof may be encashed at the end of the year or carried over to be availed in any subsequent year or at the end of the term, either by encashment or by availing of the perquisite.

COMMISSION:

3% of the Net Profits of the Company, subject to the maximum ceiling specified in Section I of Part II of Schedule XIII to the Companies Act, 1956.

MINIMUM REMUNERATION:

Where in any financial year, during the tenure of appointment of the Managing Director, the Company has no profits or if profits are inadequate it may pay him remuneration by way of salary and perquisites up to the amounts listed above, subject to the limit as per scale of remuneration prescribed in Class 1(A) of Section II of Part II in Schedule XIII of the Companies Act, 1956.

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies, in order to be effective, should be deposited with the Company, forty eight hours before the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 15.09.2010 to 20.09.2010 (both days inclusive).
4. The dividend, if declared, will be paid to those members whose names appear on the Register of Members of the Company as on 20.09.2010. 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 14.09.2010.
5. The Company has transferred unclaimed dividends upto the financial year ended 31.12.2001 to General Revenue Account/Investor Education and Protection Fund of the Central Government. The dividend declared for the financial year ended 31.03.2003 and for subsequent years remaining unclaimed for a period of 7 years will be transferred to Investor Education and Protection Fund established under Section 205C of the Companies Act, 1956 on the respective due dates; upon such transfer, no claim shall lie against the Company or the Central Government for such unclaimed dividend.
6. The relevant explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the special business under items 7 and 8 of the Agenda is annexed.
7. Members are requested to bring their copy of the Annual Report along with them to the meeting.

Coimbatore
27th May, 2010

By Order of the Board
S V BALASUBRAMANIAM
CHAIRMAN

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

Item No.7:

Smt A Lalitha, was appointed, by the Board of Directors, as Chief Executive of Garments Division of the Company named as YESWE CREATIONS with effect from 02.11.2009 to carry on the day-to-day operation and administration of the Garments Division, subject to the superintendence, control and direction of the Managing Director of the Company on a monthly remuneration of Rs.45,000/- with effect from 01.04.2010 subject to the approval of shareholders. Smt A Lalitha looks after the day to day affairs of the Garments Division of the Company.

A suitable resolution for the approval of the aforesaid appointment and payment of remuneration is placed before the shareholders for their approval.

None of the Directors except Sri S V Alagappan, Managing Director is interested in the aforesaid resolution as a relative.

Item No.8:

The term of office of Sri S V Alagappan, Managing Director of the Company will expire on 26.06.2010. He is associated with the Textile Industry for about 25 years. Under his stewardship, the Company has grown from strength to strength and has achieved the status of one of the most reputed Companies in the textile industry. Considering the increase in the volume of business, duties and responsibilities on account of the implementation of the expansion and modernisation projects and the commendable performance achieved by the Company during his present tenure, the Board of Directors have proposed to re-appoint Sri S V Alagappan as Managing Director and to increase the remuneration payable to him, with effect from 27.06.2010, for further period of 5 years. The aforesaid re-appointment and increase in remuneration was approved by the Remuneration committee at its meeting held on 25.05.2010.

The terms and conditions of appointment are set out in the text of the resolution contained in the Notice of the Annual General Meeting, which may also be treated the Notice required under Section 302 of the Companies Act, 1956.

The remuneration proposed is within the limits prescribed in Schedule XIII of the Companies Act, 1956.

Necessary resolutions are placed before the Members for their approval.

None of the Directors except Sri S V Balasubramaniam, Sri S V Alagappan (the appointee), and Sri S V Arumugam is interested in this item of the Agenda.

Coimbatore
27th May, 2010

By Order of the Board
S V BALASUBRAMANIAM
CHAIRMAN



ANNEXURE

RE-APPOINTMENT OF DIRECTORS

A brief resume in respect of the proposed reappointment of Directors is given below in terms of Clause 49 of the Listing Agreement.

I.	1	Name	:	Sri S V Alagappan
	2	Age	:	69 Years
	3	Qualification	:	B.Com., B.L
	4	Date of Appointment	:	27.06.2005
	5	Experience	:	He has more than 25 years of experience in Textile Industry.
	6	Other Directorships	:	Annamallai Infrastructures Limited Bannari Amman Enterprises Limited Bannari Amman Exports Limited Bannari Amman Spinning Mills limited Bannari Amman Sugars Limited Bannariamman Finance Limited Bannari Amman Flour Mill Limited Kerala Alcoholic Products Limited Shiva Cargo Movers Limited Shiva Distilleries Limited Madras Sugars Limited Anamallais Agencies Private Limited Anamallais Automobiles Private Limited Annamallai Enterprise Private Limited Annamallai Estates Private Limited Annamallai Retreading Company Private Limited Bannari Amman Apparel Private Limited Bannari Amman Infrastructures Private Limited Bannari Techno Park Private Limited Kwality Clothes Private Limited Sakthi Murugan Transports Private Limited Shiva Automobiles Private Limited Vedanayagam Hospital Private Limited
	7	Member of Committee	:	Share Transfer Committee - Member
	8	Member of Committee in other Public Limited Companies	:	Bannari Amman Sugars Limited: Share Transfer Committee - Member
	9	Number of Shares held in the Company	:	19,200
II.	1	Name	:	Sri S K Sundararaman
	2	Age	:	36 Years
	3	Qualification	:	M B A
	4	Date of Appointment	:	15.05.2006
	5	Experience	:	He has more than 10 years of experience in Industry/Business
	6	Other Directorships	:	Bannari Amman Spinning Mills Limited Bannari Infotech Private Limited
	7	Member of Committee	:	Audit Committee - Member
	8	Member of Committees in other Public Limited Companies	:	Nil
	9	Number of Shares held in the Company	:	900

III.	1	Name	:	Sri S Palaniswami
	2	Age	:	66 years
	3	Qualification	:	B.E Electrical Engineering
	4	Date of Appointment	:	28.12.2005
	5	Experience	:	He has more than 30 years of experience in the field of Vertical Transportation Elevators, Escalators and allied products.
	6	Other Directorships	:	Bannari Amman Spinning Mills Limited
	7	Member of Committee	:	Audit Committee - Member Remuneration Committee - Member
	8	Member of Committees in other Public Limited Companies	:	Bannari Amman Spinning Mills Limited : Audit Committee - Member
	9	Number of Shares held in the Company	:	Nil
IV.	1	Name	:	Sri C S K Prabhu
	2	Age	:	55 Years
	3	Qualification	:	B.Com., FCA
	4	Date of Appointment	:	26.05.2008
	5	Experience	:	He has more than 30 years of experience in Audit Profession
	6	Other Directorships	:	Bannari Amman Spinning Mills Limited Super Spinning Mills Limited Kakatiya Textile Limited Scientific Fertilizer Company Private Limited
	7	Member of Committee	:	Audit Committee- Member
	8	Member of Committee in other Public Limited Companies	:	Super Spinning Mills Limited : Audit Committee - Chairman Remuneration Committee - Chairman Investor's Grievance Committee - Member Kakatiya Textiles Limited : Audit Committee - Member Remuneration Committee - Member Investor's Grievance Committee - Member Bannari Amman Spinning Mills Limited : Audit Committee - Chairman Remuneration Committee - Member Investor's Grievance Committee - Member
	9	Number of Shares held in the Company	:	Nil

Coimbatore
27th May, 2010

By Order of the Board
S V BALASUBRAMANIAM
CHAIRMAN



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty Ninth Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2010.

FINANCIAL RESULTS

	Rs. in lakhs	
	Financial Year	
	2009-2010	2008-2009
Profit before Depreciation	2198.64	1431.79
Less: Depreciation	1350.33	832.46
Profit before prior year/extraneous items	848.31	599.33
Add/(less) : Net adjustment for excess provision withdrawn, Prior year expenses etc.,	-20.00	2.24
Profit before Tax	828.31	601.57
Less : Provision for Tax		
- Income Tax - Current year	142.32	65.30
- Prior year	50.51	101.64
- Wealth Tax - Current year	0.25	0.49
- Prior year	0.36	24.68
- Deferred Tax - Current year	256.48	18.74
- MAT Credit Entitlement		
- Current year	-140.08	-65.30
- Fringe Benefit Tax		
- Current year	-	6.00
Profit after Tax	518.47	450.02
Add : Surplus brought forward from last year	27.36	4.82
Amount available for appropriation	545.83	454.84
Appropriations:		
Provision for Equity Dividend	216.05	194.44
Provision for Tax on Dividend	35.88	33.05
Transfer to General Reserve	250.00	200.00
Surplus carried over to Balance Sheet	43.90	27.36
Total	545.83	454.84

DIVIDEND

Your Directors are glad to recommend payment of Dividend at the rate of Re.1 per share (i.e) 10% (Last year 9%). The Dividend on Equity Shares together with Distribution Tax on Corporate Dividend will absorb Rs.251.93 lakhs (Rs.227.49 lakhs). The Dividend will be free from Income Tax in the hands of Shareholders.

REVIEW OF OPERATIONS

Your Directors report that though the Company's performance in terms of production and sales of Cotton Yarn and Fabric has improved considerably, there is only a marginal increase in net profit for the year due to higher outlay for Power cost, Interest on loans and Depreciation charge on account of commissioning of new Spinning Unit.

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

Textile Division

The textile mills produced 12574.49 tonnes (6143.78 tonnes) of yarn and sold 12665.36 tonnes (7064.92 tonnes) of yarn. The sales include 2063.83 tonnes (1845.87 tonnes) by way of export including Merchant Export. During the year, the Company has exported Waste Cotton also to an extent of 822.38 tonnes (Nil) amounting to Rs.444.58 lakhs (Nil). The total sales of the Spinning division aggregated to Rs.17935.41 lakhs (Rs.9317.98 lakhs) of which export sales including waste cotton export amounted to Rs.3152.29 lakhs (Rs.2085.70 lakhs) constituting 17.58% of the total revenue.

The profits of the Textile units were affected for a major part of the year due to increase in cotton prices, increase in power cost and frequent shut down measures imposed by TNEB and increase in other operating costs. The adverse impact of the above increase in costs was to some extent offset by increase in Yarn prices witnessed in the last quarter of the financial year. Moreover the installation of expanded spinning capacity of 50,400 spindles at Unit-II was completed only in the last quarter. Hence profitability from the textile division did not improve significantly during the current year, in tune with increase in turnover.

The capacity of the knitting division was increased by the addition of 22 knitting machines which helped in value addition. During the year the knitting division produced 1668.42 tonnes of fabric (128.09 tonnes) and sold 1667.78 tonnes (128.09 tonnes) including 71.224 tonnes (Nil) by way of export. The newly started garment division under the name "YESWE CREATIONS" also contributed to the revenue with the value added products.

Wind Mill Division

The Wind Mills, with an installed capacity of 16.795 MW, produced 246.18 lakh units of Wind Electricity as against 211.59 lakh units in last year. At the beginning of the year, windmills with a capacity 3.15 MW were under captive use category out of the 16.795 MW capacity. During the course of the year windmills with an aggregate capacity of 13.195 MW were also shifted to captive use category in stages. Hence, Power sold to TNEB was lower at 110.25 lakh units (154.57 lakh units) which reduced the sales revenue to Rs.303.20 lakhs (Rs.425.07 lakhs).

PROSPECTS FOR THE CURRENT YEAR 2010-2011

Textile Division

The Spinning unit I with 39072 spindles capacity has reached optimum production level. The Unit II near Coimbatore has capacity of 50,400 spindles and is expected to reach optimum capacity utilisation from the first quarter of 2010-11 onwards. The Knitting division with capacity to produce about 12 MT of knitted fabric is expected to contribute to the overall improvement in performance of the Company. The Garmenting division has also stabilized its operations. Hence, the full benefit of the expanded capacity in spinning, knitting and garmenting will be derived in the ensuing year. The improvement in demand for Textile products in both domestic and export markets augurs well for the Company.

In order to control the spiraling Cotton & Yarn prices, the Government has suspended export of Cotton and Waste Cotton and also made registration of export contract with the Office of the Textile Commissioner mandatory in respect of cotton yarn. These measures are expected to stabilize the Cotton and Yarn prices in the coming months.

Four Wind turbines with an aggregate capacity of 5.75MW to augment windmill capacity further have been installed and will be operational in the first quarter. The generation from the new windmills will be captively consumed by the textile divisions improving the profitability.



Windmill Division

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

JOINT VENTURE

Joint Venture for manufacture of branded Garments:

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

PUBLIC DEPOSITS

As at the close of the year, there were 85 public deposits involving an amount of Rs.12.09 lakhs remained unclaimed pending receipt of instructions from the deposit holders. Subsequently 18 deposits involving an amount of Rs.5.42 lakhs have been repaid as per claims received from the deposit holders. As on date 67 deposits involving an amount of Rs.6.67 lakhs still remains unclaimed.

DIRECTORS

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

- (i) Sri S K Sundararaman
- (ii) Sri S Palaniswami
- (iii) Sri C S K Prabhu

The Directors recommend their re-appointment.

The term of office of Sri S V Alagappan expires on 26.06.2010. After considering the recommendations of the remuneration committee at its meeting held on 25.05.2010 the Board of Directors have reappointed Sri S V Alagappan as Managing Director for a further period of 5 years on enhanced remunerations. Such appointment and enhancement of remuneration are subject to approval of shareholders at the ensuing Annual General Meeting.

PARTICULARS OF EMPLOYEES

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

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

The particulars required to be included in terms of Section 217(1) (e) of the Companies Act, 1956 with regard to conservation of energy, technology absorption, foreign exchange earnings and outgo is furnished in Annexure-II and forms part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated in Section 217 (2AA) of the Companies Act, 1956 your Directors confirm that:

- (i) Your Directors have followed the applicable Accounting Standards in the preparation of Annual Accounts;
- (ii) Your Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2009-2010 and of the Profit of the Company for that period;
- (iii) Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) Your Directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

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

AUDITORS

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

INDUSTRIAL RELATIONS

The relationship with employees continued to remain cordial throughout the year under review.

ACKNOWLEDGEMENT

Your Directors place on record their sincere thanks to the Bankers who have granted financial assistance to the Company by way of Term Loans, Working Capital Loan and Cash Credits and for their continued support. Your Directors also thank the customers and depositors of the Company for their support and confidence reposed in the Company and to the employees at all levels for their co-operation and dedication.

Coimbatore
27th May, 2010

By Order of the Board
S V BALASUBRAMANIAM
CHAIRMAN

Annexure to Directors' report

Annexure - I

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

Name	Designation	Remuneration Received (Rs. in Lakhs)	Qualification	Age in Years as on 31.03.10	Experience in years	Date of commencement of employment	Particulars of last employment
Sri S V Alagappan	Managing Director	45.33	B.Com., B.L	69	30	27.06.2005	Managing Director Bannari Amman Spinning Mills Ltd
Sri A Senthil	Executive Director	27.22	MBA	34	8	25.01.2006	-

Note :

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

Coimbatore
27th May, 2010

By Order of the Board
S V BALASUBRAMANIAM
CHAIRMAN



Annexure - II

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

A) CONSERVATION OF ENERGY

(a) Energy Conservation Measures taken -

During the year energy saving measures were taken in Autoconer (suction fan retrofit, suction fan motor-Invertor devices provided), Simplex (2.5 HP Fan motor removed), Trumac Blowroom (modification of high capacity condensor) and other sections viz., Lighting, Compressor etc.,

(b) Additional Investments and Proposals, if any, being implemented for reduction of consumption of energy.

Efforts are being taken on a continuous basis to reduce energy consumption in various departments of the Factory.

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

The energy saving measures carried out during the year has resulted in savings in consumption of electricity to the extent of 11.18 lakh units.

B) Form A-Particulars with respect of energy conservation

I. POWER AND FUEL CONSUMPTIONS

	Current Year	Previous Year
1 Electricity:-		
(a) Purchased:-		
Units(in Lakhs)	133.63	39.14
Amount spent (Rs. in Lakhs)	1042.48	250.79
Rate per unit (Rs)	7.80	6.41
b) Own Generation:-		
i) Through Diesel Generator:-		
Total Units produced (in Lakhs)	44.38	10.05
Units produced per litre of diesel (Units)	4.15	3.36
Amount spent (Rs. in Lakhs)	443.08	90.04
Cost per unit (Rs)	9.98	8.96
ii) Through steam turbine/generator	Nil	Nil
iii) Through Wind Turbine Generator:-		
Total Units produced (in Lakhs)	242.14	165.99
Cost of generation (Rs. in Lakhs)	450.36	372.86
Cost per unit (Rs)	1.86	2.25
iv) Through Furnace Oil Generator:-		
Total Units produced (in Lakhs)	11.55	0.13
Cost of generation (Rs. in Lakhs)	117.40	2.11
Cost per unit (Rs)	10.16	16.09
2 Coal	Nil	Nil
3 Furnace oil	Nil	Nil
4 Others /Internal Generation	Nil	Nil

II. CONSUMPTION PER UNIT OF PRODUCTION

Product: COTTON YARN Production in MT	12574.49	6143.78
Production in MT converted into 40s count	7555.25	4191.13
Electricity consumed in units (in Lakhs)	431.70	215.31
Electricity consumed per Kg of yarn (Units)	5.71	5.14

C) TECHNOLOGY ABSORPTION

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

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

D) FOREIGN EXCHANGE EARNINGS AND OUTGO

	Current Year Rs. in lakhs	Previous Year Rs. in lakhs
i) Total Foreign Exchange used (CIF Value)	2177.38	4437.99
ii) Total Foreign Exchange earned (FOB Value)	3367.74	1814.02

Coimbatore
27th May, 2010

By Order of the Board
S V BALASUBRAMANIAM
CHAIRMAN



REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

Shiva Texyarn Limited has already 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 12 Directors viz., 1 Non Executive Chairman, 2 Executive Directors and 9 Non Executive Directors. 6 Directors are independent Directors and have no business relationship with the Company.

During the financial year, 5 Board Meetings were convened by giving advance notices to the Directors. The meetings were held on 27.05.2009, 30.06.2009, 29.07.2009, 28.10.2009 and 29.01.2010 at 1212, Trichy Road, Coimbatore - 641 018.

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 23.09.2009:

Name of the Director	Category	Number of Directorships held in other Companies*	Number of Board Committee Membership held in other Companies**		No of Board Meetings Attended	Last AGM Attended Yes/No
			Chairman	Member		
Dr S V Balasubramaniam	Non-Executive	12	-	-	4	Yes
Sri S V Alagappan	Executive	11	-	-	5	Yes
Sri S V Arumugam	Non-Executive	12	1	1	5	Yes
Sri S V Balakrishnan	Non-Executive	4	-	-	4	Yes
Sri S K Sundararaman	Non-Executive	1	-	1	5	Yes
Sri A Senthil	Executive	1	-	1	2	No
Sri V Venkata Reddy	Non-Executive	3	2	2	4	Yes
Sri K N V Ramani	Non-Executive	6	5	3	4	Yes
Sri C S K Prabhu	Non-Executive	3	4	5	4	Yes
Dr K R Thillainathan	Non-Executive	1	-	-	5	Yes
Sri S Palaniswami	Non-Executive	1	-	1	4	Yes
Sri S Marusamy	Non-Executive	-	-	-	5	Yes

Directors under Sl.No 1 to 4 are related to each other as brothers and Sl.No 3 and 6 are related as father and son respectively.

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

** Committees formed under Clause 49 are only considered.

AUDIT COMMITTEE

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

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

*Appointed as member w.e.f 10.05.2010.

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

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

REMUNERATION COMMITTEE

The Remuneration Committee consists of 3 Directors all of whom are independent.

Sri V Venkata Reddy	-	Chairman & Independent Director
Dr K R Thillainathan	-	Independent Director
Sri S Palaniswami	-	Independent Director

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

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

Details of remuneration paid to Managing Director and Executive Director are given in Schedule No: 23

All the non-executive Directors are paid a sitting fee of Rs.2000/- for each Board Meeting attended by them. The members of Audit Committee are also paid a sitting fee of Rs.2000/- for each committee meeting attended by them.

DETAILS OF SHAREHOLDING OF NON EXECUTIVE DIRECTORS AS ON 31.03.2010

Name of the Director	No. of Shares held
Dr S V Balasubramaniam	9,600
Sri S V Arumugam	15,300
Sri S V Balakrishnan	26,700
Sri S K Sundararaman	900
Sri V Venkata Reddy	Nil
Sri K N V Ramani	Nil
Sri C S K Prabhu	Nil
Dr K R Thillainathan	300
Sri S Palaniswami	Nil
Sri S Marusamy	1,958



INVESTOR’S GRIEVANCE COMMITTEE

The Investor’s Grievance Committee was formed to specifically look into shareholders/investors complaints, if any, on transfer of shares, non-receipt of Annual Report, non-receipt of declared dividend, etc., and also the action taken by the Company on those matters. During the financial year the Committee met 5 times and the attendance of each member is furnished below:

The Investor’s Grievance Committee consists of:

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

Ms M Shyamala, Company Secretary is the Compliance Officer.

The Company received **17** complaints from the shareholders during the financial year 2009-2010. All the complaints have been resolved to the satisfaction of the shareholders. No share transfer was pending as on 31.03.2010.

In terms of Clause 5A of the Listing Agreement, the Company has no unclaimed shares in its possession.

CEO & CFO CERTIFICATION

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

INSIDER TRADING

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

GENERAL BODY MEETING

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

AGM	Date	Venue	Time
26 th	24.09.2007	Nani Kalaiarangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore – 37	9.30 A.M
27 th	29.09.2008	Nani Kalaiarangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore – 37	9.15 A.M
28 th	23.09.2009	Nani Kalaiarangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore – 37	9.00 A.M

DISCLOSURES

- i) None of the transactions with related parties during the year 2009-2010 were in conflict with the interest of the Company.
- ii) There was no instance of non-compliance of any matter related to the capital markets during the last 3 years.

MEANS OF COMMUNICATION

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

SHAREHOLDERS' INFORMATION

<p>Annual General Meeting</p> <p>Day and Date : Monday and 20.09.2010</p> <p>Time : 9.15 A.M</p> <p>Venue : Nani Kalaiarangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore 641 037</p>	<p>Financial Calendar</p> <p>Results Announced : 27.05.2010</p> <p>Posting of Annual Report : On or before 20.08.2010</p> <p>Last date of receipt of Proxy forms : 18.09.2010</p> <p>Dividend payment date : On or before 19.10.2010</p> <p>Announcement of quarterly Results : During First /Second week of August and November 2010; February and May 2011 or as stipulated by SEBI from time to time.</p>
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Date of Book Closure for the purpose of Dividend and Annual General Meeting 15.09.2010 to 20.09.2010 (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 2009 to March 2010 were:

Month	Share Price at NSE		Nifty-Index	
	High (Rs. Ps.)	Low (Rs. Ps.)	High	Low
April 2009	15.00	12.00	3517.25	2965.70
May	19.85	14.15	4509.40	3478.70
June	22.50	18.75	4693.20	4143.25
July	21.80	17.25	4669.75	3918.75
August	21.90	19.10	4743.75	4353.45
September	28.75	20.10	5087.60	4576.60
October	25.45	20.50	5181.95	4687.50
November	29.90	20.50	5138.00	4538.50
December	37.25	25.60	5221.85	4943.95
January 2010	39.20	24.00	5310.85	4766.00
February	34.00	24.15	4992.00	4675.40
March	34.90	23.50	5329.55	4935.35

Based on the closing quotation of Rs.33.35 as at 31.03.2010 at National Stock Exchange of India Limited, Mumbai, the market capitalization of the company was Rs.72.05 Crores.

SHARE DETAILS

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

Bombay Stock Exchange Limited, Mumbai

Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai 400 001

Stock Code: 511108

National Stock Exchange of India Limited

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

Stock Code : SHIVTEX

The Company has paid Annual listing fees for the year 2010 - 2011

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 31-03-2010, 93.89% of the shares of the Company have been dematerialized. ISIN allotted to our Company is INE705C01012.

**SHARE TRANSFER AGENT**

S K D C Consultants Ltd
 Kanapathy Towers, 3rd Floor
 1391/A-1, Sathy Road
 Ganapathy, Coimbatore - 641 006
 Telephone : 0422 6549995, 2539835 – 836
 Fax : 0422 2539837
 E-Mail : info@skdc-consultants.com

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

SHARE TRANSFER SYSTEM

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

SHAREHOLDING PATTERN AS ON 31.03.2010

Category	No of Shares Held	Percentage of Shareholding
Promoter's Holding	1,61,85,144	74.92
Banks/FIs/Mutual Funds	1,400	0.01
Private Corporate Bodies	8,69,276	4.02
Indian Public	45,17,580	20.91
NRI/OCBs	31,121	0.14
TOTAL	2,16,04,521	100.00

PLANT LOCATION

Spinning Unit - I	Spinning Unit - II	Knitting Unit & Garment Unit
Velvarkottai Village Dindigul District Tamilnadu	Kodangipalayam Village Karadivavi Road Paruvai Post, Coimbatore District, Tamilnadu	Kodangipalayam Village Karadivavi Road Paruvai Post, Coimbatore District, Tamilnadu
Windmill Division		
Munduelampatti Village Erode District Tamilnadu	Gudimangalam Athukinathupatti & Uthukuli Villages Coimbatore District Tamilnadu	Sanganeri Tirunelveli District Tamilnadu

ADDRESS FOR CORRESPONDENCE

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

The Company Secretary
 Shiva Texyarn Limited,
 Regd Office: 252, Mettupalayam Road, Coimbatore - 641 043.

Coimbatore
 27th May, 2010

By Order of the Board
S V BALASUBRAMANIAM
 CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY'S BUSINESS

The Company's main business is manufacturing and marketing of Cotton Yarn and other textile products. The Company's businesses also include Wind power and other activities. The Company has two spinning units, one near Dindigul with an installed capacity of 39072 spindles and the other near Coimbatore with an installed capacity of 50400 spindles aggregating to 89472 spindles, Knitting unit near Coimbatore with capacity to produce about 12 MT of knitted fabric, Garment unit near Coimbatore to produce knitted garments and 76 Windmills with an installed capacity of 23.045 MW.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian Textiles and Clothing Industry have an overwhelming presence in the national economy by virtue of being the second most employment generating industry next only to Agriculture. The Industry also earns significant foreign exchange for the Country.

The textile industry is presently passing through a challenging phase caused by variety of factors viz., Unprecedented increase in cotton prices due to shortage of the natural fibre across the globe, steep increase in input costs etc. In spite of the steep increase in cost of production, the demand for Cotton Yarn continues to be encouraging which is a positive sign for the Industry.

OPPORTUNITIES

The Industry fulfills one of the basic necessities of life. With revival of the global economy, there is tremendous opportunity to tap new products and markets so as to increase the market share.

SEGMENT-WISE AND PRODUCT WISE PERFORMANCE

Segment wise and product wise results are given separately under segment reporting.

OUTLOOK

The outlook for the Textile industry remains positive. As far the outlook for the Company is concerned, with the increase in spindlage and production of value added product viz., Fabric and Garments will enable to improve the overall performance.

RISKS AND CONCERNS

Availability of Cotton, the main raw material for manufacture of Cotton Yarn is subject to the vagaries of nature. The Government policies may also play a role in determining the future of the Industry. The Government has recently withdrawn export benefits available for Cotton Yarn exports, suspended export of waste cotton and cotton.

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
27th May, 2010

By Order of the Board
S V BALASUBRAMANIAM
CHAIRMAN



DECLARATION ON CODE OF CONDUCT

The Members of Shiva Texyarn Limited

In compliance with the requirements of clause 49 of the listing agreement with the stock exchanges, I declare that the Board of Directors and members of senior management have affirmed the compliance with the code of conduct during the financial year ended 31.03.2010.

Place : Coimbatore
Date : 27th May, 2010

For **SHIVA TEXYARN LIMITED**
S V ALAGAPPAN
MANAGING DIRECTOR

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

(Under Clause 49 of the Listing Agreement)

To the Members of Shiva Texyarn Limited

We have examined the compliance of conditions of Corporate Governance by SHIVA TEXYARN LIMITED for the year ended on 31st March, 2010 as stipulated in Clause 49 of the listing agreement of the said company with Stock Exchanges.

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

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

1. We certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.
2. We state that based on representations made by the management and confirmation given by the Registrar and Share Transfer Agent of the company, no investor grievances were remaining unattended as on 31st March 2010 for a period exceeding one month.
3. We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place : COIMBATORE
Date : 27th May, 2010

for **V K S AIYER & CO**
Chartered Accountants
V S SRINIVASAN
Partner
Membership No.F-13729
ICAI Firm Regn. No.S-00066

AUDITORS' REPORT

To the Members of Shiva Texyarn Limited

We have audited the attached Balance Sheet of SHIVA TEXYARN LIMITED as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account, as required by law, have been kept by the company, so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on 31st March, 2010, from being appointed as Directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India:
 - i. In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - ii. In so far as it relates to the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - iii. In so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

for **V K S AIYER & CO**
Chartered Accountants
V S SRINIVASAN
Partner

Place : COIMBATORE
Date : 27th May, 2010

Membership No.F-13729
ICAI Firm Regn. No.S-00066



Annexure to Auditors' Report

Referred to in Paragraph 3 of our report of even date

1. In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c) In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern, status of the Company is not affected.
2. In respect of its inventories:
 - a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. The Company has neither granted nor taken loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956;
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the Course of our audit, we have not observed any major weaknesses in internal control system.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956 :
 - a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section; and
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained u/s.301 of the Companies Act, 1956, which exceeded Rs.5 (Five) lakhs in respect of any party, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. As informed to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
7. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
8. The Central Government has prescribed maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956 for Textile and Wind Electricity. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not however, made a detailed examination of the same.
9. In respect of statutory dues:

- a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other Statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2010 for a period of more than six months from the date of becoming payable.
- b) The disputed statutory dues aggregating to Rs.5.32 lakhs, that have not been deposited on account of matters pending before appropriate authorities are as under:-

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

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

for **V K S AIYER & CO**
Chartered Accountants
V S SRINIVASAN
Partner

Place : COIMBATORE
Date : 27th May, 2010

Membership No.F-13729
ICAI Firm Regn. No.S-00066



BALANCE SHEET AS AT 31ST MARCH 2010

	Sch No.	Year Ended 31.03.2010	Year Ended 31.03.2009
[Rs in Lakhs]			
I. SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
a) Share Capital	1	2160.45	2160.45
b) Reserves and Surplus	2	8254.40	7976.09
2. LOAN FUNDS			
a) Secured Loans	3	31493.87	19090.02
b) Unsecured Loans	4	254.68	520.95
3. DEFERRED TAX LIABILITY		2103.52	1847.04
TOTAL		44266.92	31594.55
II. APPLICATION OF FUNDS			
1. FIXED ASSETS			
a) Gross Block	5	35603.71	28079.99
b) Less: Depreciation and Other Charges		8241.21	6898.63
c) Net Block		27362.50	21181.36
d) Capital work-in-progress		236.67	911.38
Sub-Total		27599.16	22092.74
2. INVESTMENTS	6	1415.16	952.35
3. CURRENT ASSETS, LOANS AND ADVANCES			
a) Inventories	7	6123.37	2565.12
b) Sundry Debtors	8	2297.39	1509.05
c) Cash and Bank Balances	9	2722.37	2991.95
d) Other Current assets	10	976.46	557.09
e) Loans and Advances	11	5778.67	4035.86
		17898.28	11659.06
Less: CURRENT LIABILITIES AND PROVISIONS	12		
a) Current Liabilities	A	1745.91	2371.01
b) Provisions	B	899.76	738.59
		2645.68	3109.60
NET CURRENT ASSETS		15252.60	8549.46
4. MISCELLANEOUS EXPENDITURE	13	-	-
TOTAL		44266.92	31594.55

To be read with Schedules 1 to 13 and notes in Schedule 23

Subject to our report of even date attached

For **V K S AIYER & CO**

Chartered Accountants

V S SRINIVASAN

Partner

For and on behalf of the Board

S V BALASUBRAMANIAM

Chairman

S V ALAGAPPAN

Managing Director

S V ARUMUGAM

Director

M SHYAMALA

Company Secretary

Coimbatore

27th May, 2010

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2010

	Sch No.	Year Ended 31.03.2010	Year Ended 31.03.2009
[Rs in Lakhs]			
I. INCOME			
a) Sales and Incidental Receipts	14	18956.27	9305.68
b) Income from Wind Mills		391.83	433.22
c) Income from Other Operations	15	104.69	148.39
d) Other Income	16	128.50	82.99
	[A]	19581.29	9970.28
II. EXPENDITURE			
a) Raw Materials consumed		12300.54	5380.02
b) Purchase of Yarn		138.70	1112.56
c) Knitting and Processing Charges		221.45	-
d) Power and Fuel		1395.01	345.67
e) Salaries, Wages and Other Benefits	17	699.13	393.38
f) Stores, Spares and Packing materials consumed		264.81	126.20
g) Repairs and Maintainance expenditure	18	638.01	382.80
h) Interest and Financial Costs	19	1271.12	465.82
i) Administrative and Other Expenditure	20	388.17	334.70
j) Selling and Distribution Expenses	21	409.57	246.07
	Sub-Total	17726.51	8787.22
Stock Adjustment	22	-343.86	-248.73
	[B]	17382.65	8538.49
III. PROFIT BEFORE PROVISION FOR DEPRECIATION AND EXTRANEIOUS ITEMS	[A - B]	2198.64	1431.79
Less: Depreciation		1350.33	832.46
IV. PROFIT BEFORE PRIOR YEAR / EXTRANEIOUS ITEMS		848.31	599.33
Add/(Less):			
a) Prior year Income/(Expenses) - Net		-20.00	2.24
V. NET PROFIT BEFORE TAX		828.31	601.57
Less: Provision for Taxation:-			
- Income Tax		142.32	65.30
- Fringe Benefit Tax		-	6.00
- Wealth Tax		0.25	0.49
- Deferred Tax		256.48	18.74
- MAT Credit entitlement		-140.08	-65.30
- Prior Year Income Tax		50.51	101.64
- Prior Year Wealth Tax		0.36	24.68



	Sch No.	Year Ended 31.03.2010	Year Ended 31.03.2009
[Rs in Lakhs]			
VI. NET PROFIT AFTER TAX		518.47	450.02
Add : Balance brought forward from last year		27.36	4.82
		545.83	454.84
VII. APPROPRIATIONS			
a) Provision for proposed Equity Dividend		216.05	194.44
b) Provision for Tax on Dividend		35.88	33.05
c) Transfer to General Reserve		250.00	200.00
d) Surplus carried over		43.90	27.36
		545.83	454.84
Earnings per Share - Basic & Diluted (Rs.)		2.40	2.08

To be read with Schedules 14 to 22 and notes in Schedule 23

Subject to our report of even date attached
 For **V K S AIYER & CO**
 Chartered Accountants
V S SRINIVASAN
 Partner

Coimbatore
 27th May, 2010

For and on behalf of the Board
S V BALASUBRAMANIAM
 Chairman

S V ALAGAPPAN
 Managing Director

S V ARUMUGAM
 Director

M SHYAMALA
 Company Secretary

CASH FLOW STATEMENT

	Period Ended 31.03.2010	Period Ended 31.03.2009
	[Rs in Lakhs]	
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Tax	828.31	601.57
Adjustments for:		
Interest and Finance Charges	1271.12	465.82
Income from Investments	-14.54	-24.46
Loss on Sale of Fixed Assets	0.20	11.31
Profit on Sale of Investments	-4.89	-
Provision for Investment / (Written back)	1.39	1.17
Depreciation	1350.33	832.46
Deferred Expenses Written off	-	16.67
Direct Taxes	-53.36	-132.81
	<u>2550.25</u>	<u>1170.15</u>
Operating Profit before working capital changes	<u>3378.56</u>	<u>1771.72</u>
Adjustments for:		
(Increase)/Decrease in Current Assets	-6508.79	-1137.28
Increase/(Decrease) in Current Liabilities	-488.36	1926.92
	<u>-3618.59</u>	<u>2561.36</u>
Net cash flow from Operating Activities	-3618.59	2561.36
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Sale of Investments	7.16	-
Purchase of Investments	-466.47	-200.90
Income from Investments	14.54	24.46
Purchase of other fixed assets (incl. Capital WIP)	-6857.16	-11460.40
Sale of other fixed assets	0.21	44.05
Capital subsidy received	11.77	-
	<u>-7289.95</u>	<u>-11592.79</u>
Net cash flow from Investing Activities	-7289.95	-11592.79
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/(Decrease) in Bank borrowings	2583.79	1764.57
Term Loans borrowed/(repaid) - Net	9820.05	9970.81
Fixed Deposits received/(repaid) - Net	-266.26	-293.46
Dividend on Equity Share Capital	-194.44	-324.07
Tax on Dividend	-33.05	-55.08
Interest and Finance charges	-1271.12	-465.82
Net cash flow from Financing Activities	<u>10638.97</u>	<u>10596.96</u>
Net increase in cash and cash equivalents	-269.57	1565.53
Cash and cash equivalents at the beginning of the year	2991.94	1426.42
Cash and cash equivalents at the end of the year	<u>2722.37</u>	<u>2991.95</u>

Subject to our report of even date attached

For **V K S AIYER & CO**
Chartered Accountants
V S SRINIVASAN
Partner

Coimbatore
27th May, 2010

For and on behalf of the Board
S V BALASUBRAMANIAM
Chairman

S V ALAGAPPAN
Managing Director

S V ARUMUGAM
Director

M SHYAMALA
Company Secretary



SCHEDULES

	Year Ended 31.03.2010	Year Ended 31.03.2009
	[Rs in Lakhs]	
1 SHARE CAPITAL		
AUTHORISED		
2,20,00,000 Equity Shares of Rs.10/- each	<u>2200.00</u>	<u>2200.00</u>
ISSUED, SUBSCRIBED & PAID UP:		
2,16,04,521 (2,16,04,521) Equity shares of Rs.10/- each fully paid up	<u>2160.45</u>	<u>2160.45</u>
	<u>2160.45</u>	<u>2160.45</u>
2 RESERVES AND SURPLUS		
General Reserve		
As per last Balance Sheet	<u>5705.72</u>	<u>5505.72</u>
Add: Transfer from Profit and Loss Account	<u>250.00</u>	<u>200.00</u>
	<u>5955.72</u>	<u>5705.72</u>
Capital Reserve		
As per last Balance Sheet	-	-
Add: Capital subsidy received	<u>11.77</u>	-
	<u>11.77</u>	-
Equity Share Premium		
As per Last Balance Sheet	<u>2243.01</u>	<u>2243.01</u>
Balance of Surplus in Profit and Loss Account	<u>43.90</u>	<u>27.36</u>
TOTAL	<u>8254.40</u>	<u>7976.09</u>
3 SECURED LOANS		
A) TERM LOAN FROM BANKS		
i) ICICI Bank Ltd	<u>336.46</u>	465.62
ii) Indian Overseas Bank	<u>6318.44</u>	6645.00
iii) Indian Overseas Bank (Windmill-Vestas)	<u>802.70</u>	-
iv) Canara Bank	<u>6808.69</u>	3879.19
v) State Bank of Hyderabad	<u>5157.81</u>	3073.33
vi) Uco Bank	<u>529.02</u>	529.59
vii) Bank of Maharashtra	<u>38.26</u>	38.57
viii) Bank of Baroda	<u>2500.00</u>	-
B) SHORT TERM LOAN FROM BANKS		
i) ICICI Bank Ltd	<u>2000.00</u>	1540.00
ii) IDBI Ltd	<u>1500.00</u>	-
C) WORKING CAPITAL LOAN FROM BANKS		
Against Stocks/Receivables of Textile Assets		
Indian Overseas Bank - Cash Credit	<u>3674.60</u>	<u>1888.54</u>
Indian Overseas Bank - FCNR (B)	<u>680.95</u>	<u>251.58</u>
Indian Overseas Bank - PCFC	<u>57.16</u>	-
Canara Bank - Cash Credit	<u>402.59</u>	<u>778.60</u>
Canara Bank - FCNR (B)	<u>687.20</u>	-
TOTAL	<u>31493.87</u>	<u>19090.02</u>
Instalments of Loans due within one year	<u>6506.56</u>	<u>2469.23</u>
4 UNSECURED LOANS		
Fixed Deposits	<u>254.68</u>	<u>520.95</u>
	<u>254.68</u>	<u>520.95</u>
Fixed deposits due for repayment within one year	<u>223.93</u>	<u>209.13</u>

5. FIXED ASSETS AND DEPRECIATION SCHEDULE

[Rs in Lakhs]

Sl. No.	Particulars	GROSS BLOCK			DEPRECAIION & OTHER CHARGESE @			NET BLOCK			
		As at 01.04.2009	Additions/ Transfers	Deletions/ Transfers	As at 31.03.2010	Upto 31.03.2009	For the Year	Withdrawn/ Deletions	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
1	Land & Site Development	452.49	3.83	-	456.32	-	-	-	-	456.32	452.49
2	Building (Incl Temp Shed)	5117.60	598.72	-	5716.32	311.77	53.21	-	364.99	5351.33	4805.82
3	Plant & Machinery	20980.95	6881.29	-	27862.24	5300.07	1279.09	-	6579.16	21283.09	15680.89
4	Vehicles & Equipments on Lease	1297.48	-	-	1297.48	1186.30	-	-	1186.30	1111.18	1111.18
5	Office & Miscellaneous Equipments	108.08	26.90	8.16	126.83	63.88	5.32	7.75	61.45	65.38	44.21
6	Vehicles	84.26	4.73	-	88.99	22.31	8.28	-	30.59	58.40	61.95
7	Furniture & Fittings	39.12	16.40	-	55.53	14.29	4.43	-	18.72	36.80	24.83
	TOTAL (A)	28079.98	7531.87	8.16	35603.71	6898.62	1350.33	7.75	8241.21	27362.50	21181.36
	Capital-in-Progress :										
	Building	89.35	85.90	-	175.25	-	-	-	-	175.25	89.35
	Machinery	822.03	160.60	921.21	61.41	-	-	-	-	61.41	822.03
	TOTAL (B)	911.38	246.50	921.21	236.67	-	-	-	-	236.67	911.38
	TOTAL (A+B)	28991.38	7778.37	929.37	35840.38	6898.62	1350.33	7.75	8241.21	27599.16	22092.74
	Total for the Previous Year	17648.64	21763.30	10420.57	28991.38	6128.48	832.46	62.31	6898.63	22092.74	11520.16

@ Includes Provision for accumulated Depreciation Rs.7751.82 lakhs (Rs.6409.24 lakhs) and Provision for Impairment Loss against Vehicles & Equipments on Lease Rs.489.39 Lakhs (Rs.489.39 Lakhs)



6. INVESTMENTS

Sl.No.	Name of the Company	No of Shares	Face Value (Rs.)	As at 31.03.2010	Cost As at 31.03.2009
(Rs. in Lakhs)					
EQUITY SHARES (NON-TRADE QUOTED)					
1	Arvind Liquid Gases Ltd	1000	10000	0.41	0.40
2	Bannari Amman Spinning Mills Ltd @	25000	250000	1.81	1.81
3	Bannari Amman Sugars Ltd	4250	42500	16.41	16.41
4	Dyna Lamps & Glass Works Ltd	20000	200000	2.00	2.00
5	Eastern Sugars & Industries Ltd	17500	175000	1.75	1.75
6	Hindalco Industries Ltd	20	200	0.02	0.02
7	ICICI Bank	1465	14650	8.89	8.89
8	IDBI Ltd	640	6400	0.37	-
9	IFCI Ltd	16000	160000	11.29	11.29
10	KG Denim Ltd	5000	50000	0.85	0.85
11	NEPC India Ltd	13000	130000	6.66	6.66
12	Ponni Sugars & Chemicals Ltd	3030	30300	0.40	0.40
13	Shree Karthik Papers Ltd	30000	300000	3.00	3.00
14	State Bank of India	50	5000	0.58	-
15	Steel Authority of India Ltd	1000	10000	0.62	0.62
16	Super Sales Agencies Ltd	2300	23000	3.38	3.38
17	Telephone Cables Ltd	1000	10000	1.34	1.34
18	Velan Hotels Ltd	-	-	-	2.27
19	VGP Finance Ltd	500	5000	0.05	0.05
TOTAL				59.81	61.14
EQUITY SHARES (UN QUOTED)					
1	Arun Fuels Ltd	100	1000	0.10	0.10
2	Bannari Amman Enterprises Ltd @	130500	1305000	13.05	13.05
3	Bannari Amman Exports Ltd @	90000	900000	9.00	9.00
4	The Catholic Syrian Bank Ltd	10000	100000	3.20	3.20
5	Bannari Amman Flour Mill Ltd @	73133	731330	176.48	176.48
6	Sakthi Beverages Ltd	20000	200000	2.00	2.00
7	Shiva Distilleries Ltd @	45000	450000	4.50	4.50
8	Tulya Alloy Castings Ltd	1200	12000	0.12	0.12
9	Annamallai Infrastructures Ltd @	1000000	10000000	100.00	100.00
10	Bannari Amman Apparel Private Ltd @	8155335	81553350	815.53	500.00
TOTAL				1123.98	808.45
PREFERENCE SHARES (UN QUOTED)					
1	Anamallais Agencies Private Ltd @	247943	24794300	252.19	102.19
1	Aggregate cost of all investments			1435.98	971.78
	Less: Provision for fall in value of investments			20.82	19.43
				1415.16	952.35
2	Aggregate cost of quoted investments			59.81	61.13
	Market value of quoted investments			91.96	49.15

@ Denotes companies under the same management within the meaning of Section 370(IB) of the Companies Act, 1956

	Period ended 31.03.2010	Period ended 31.03.2009
	[Rs in Lakhs]	
7 INVENTORIES		
Raw Materials	4695.49	1717.86
Process	519.31	197.87
Finished Goods	604.58	479.01
Waste and scrap	145.70	22.56
Stores, Spares, Packing and Other Materials	132.24	122.05
Standing Crop-Jetropha	26.05	25.77
TOTAL	<u>6123.37</u>	<u>2565.12</u>
8 SUNDRY DEBTORS (Unsecured & Considered Good)		
- Debts outstanding for a period exceeding 6 Months		
Considered good	690.95	658.50
Considered doubtful	284.35	287.82
	<u>975.30</u>	<u>946.32</u>
Less: Provision for Doubtful Debts	284.35	287.82
	<u>690.95</u>	<u>658.50</u>
- Others-Considered good	1606.44	850.55
TOTAL	<u>2297.39</u>	<u>1509.05</u>
9 CASH AND BANK BALANCES		
a) Cash and Cheques on hand	15.85	13.91
b) Cash with Scheduled Banks		
In Deposit Accounts	663.72	1760.01
In Current Accounts	2016.89	1192.81
In Unpaid Dividend Accounts	25.92	25.22
TOTAL	<u>2722.37</u>	<u>2991.95</u>
10 OTHER CURRENT ASSETS		
Income accrued and other receivables	885.47	488.24
Stock of stamp paper	0.15	0.15
Prepaid Expenses	82.12	68.70
Pre-operative Expenses to be capitalised	8.73	-
TOTAL	<u>976.46</u>	<u>557.09</u>
11 LOANS AND ADVANCES		
(Recoverable in cash or Kind)		
a) Advances by way of Loans/Intercompany Deposits		
- Considered good	35.41	50.04
- Considered doubtful	33.38	20.62
	<u>68.79</u>	<u>70.66</u>
Less: Provision for Doubtful Loans	33.38	20.62
Sub-Total	<u>35.41</u>	<u>50.04</u>



	Period ended 31.03.2010	Period ended 31.03.2009
	[Rs in Lakhs]	
b) Other Advances/Receivables (Recoverable in cash or kind) - Considered good	479.29	598.41
c) Direct Taxes paid in Advance/Refunds due	1029.23	815.74
d) Advances for Purchases / Expenses	408.76	252.23
e) Advances for Capital Expenditure	3473.01	1532.69
f) Security and Trade Deposit	136.48	26.88
g) Advances to Staff / Operatives	6.40	6.72
h) Deposits with Govt Dept. and Others	210.10	753.15
Sub-Total	<u>5743.26</u>	<u>3985.82</u>
TOTAL	<u>5778.67</u>	<u>4035.86</u>
12 CURRENT LIABILITIES AND PROVISIONS		
A. CURRENT LIABILITIES		
a) Liability for capital expenditure :		
Due to small and Medium Enterprises	-	-
Due to others	86.75	1314.01
b) Liability for Purchases and expenses :		
Due to Small and Medium Enterprises	-	-
Due to others	1282.51	700.71
c) Interest accrued but not due on loan/deposits	76.29	75.32
d) Liability for Other finances	274.45	255.75
e) Unclaimed Dividends	25.92	25.22
TOTAL	<u>1745.91</u>	<u>2371.01</u>
B. PROVISIONS		
a) Provision for Taxation :		
Income Tax	626.12	497.32
Fringe Benefit tax	12.00	12.00
Wealth tax	0.25	0.49
b) Provision for Gratuity	9.47	1.29
c) Provision for proposed Dividend	216.05	194.44
d) Provision for tax on Dividend	35.88	33.05
TOTAL	<u>899.76</u>	<u>738.59</u>
13 MISCELLANEOUS EXPENDITURE		
To the extent not written off or adjusted		
DEFERRED REVENUE EXPENDITURE		
Loan Prepayment Premium		
As per last Balance sheet	-	16.67
Less: Amount written off	-	16.67
TOTAL	<u>-</u>	<u>-</u>

	Period ended 31.03.2010	Period ended 31.03.2009
	[Rs in Lakhs]	
14 SALES AND INCIDENTAL RECEIPTS		
Finished Goods:		
- Yarn	14408.38	8390.69
- Fabric	2525.19	151.78
- Garment	459.61	-
Waste Sales	1272.07	651.55
Knitting Charges (TDS Rs.14060/-)	6.48	22.11
Cutting, Machining and Trimming Charges (TDS Rs.100457/-)	46.95	-
Export Incentive/DEPB/Duty Drawback Entitlement	237.58	89.62
	<u>18956.27</u>	<u>9305.75</u>
Less: Central Excise Duty Collected	-	0.07
TOTAL	<u>18956.27</u>	<u>9305.68</u>
15 INCOME FROM OTHER OPERATIONS		
Interest from Loans and Deposits	0.56	9.00
Interest on Bank Deposits (TDS Rs.926272/-)	73.16	96.21
Commission Receipts (TDS Rs.106018/-)	30.97	43.18
	<u>104.69</u>	<u>148.39</u>
TOTAL	<u>104.69</u>	<u>148.39</u>
16 OTHER INCOME		
Income from Investments	14.54	24.46
Profit on sale of Investments	4.89	-
Gain on Exchange Rate Fluctuation	26.85	-
Interest Receipts (TDS Rs.213209/-)	20.09	11.82
Bad Debts Recovered	1.11	11.18
Other Miscellaneous Income (TDS Rs.117250/-)	61.02	35.53
	<u>128.50</u>	<u>82.99</u>
TOTAL	<u>128.50</u>	<u>82.99</u>
17 SALARIES, WAGES AND OTHER BENEFITS		
Salaries, Wages and Bonus	524.21	294.43
Workmen and Staff Welfare Expenses	88.05	47.02
Contribution to Provident Fund and other Funds	23.77	16.32
Contribution to Gratuity Fund	33.17	35.62
Staff Recruitment and Training Expenses	29.92	-
	<u>699.13</u>	<u>393.38</u>
TOTAL	<u>699.13</u>	<u>393.38</u>
18 REPAIRS AND MAINTENANCE EXPENDITURE		
Building	58.66	19.99
Machinery and Equipments	380.89	201.65
Electrical	49.96	40.18
Vehicle	23.23	16.69
Windmill	76.60	64.91
Other Assets	48.68	39.38
	<u>638.01</u>	<u>382.80</u>
TOTAL	<u>638.01</u>	<u>382.80</u>



19 INTEREST AND FINANCIAL COSTS

Interest on - Fixed Deposits	35.16	59.32
- Bank Cash Credit Loans	292.91	58.40
- Bank Fixed Loans	833.34	321.74
Bank charges and Commitment charges	55.04	25.70
Financial charges	54.66	0.65
TOTAL	<u>1271.12</u>	<u>465.82</u>

20 ADMINISTRATIVE AND OTHER EXPENDITURE

Director's Sitting Fee	1.18	1.04
Travelling and Conveyance Expenses	39.83	33.54
Printing and Stationery	18.05	8.82
Managerial Remunerations	72.55	66.96
Postage, Telephone and Mailing charges	15.91	13.35
General Expenses	31.59	14.61
Security Service charges	2.65	0.92
Knitting job work/conversion charges	-	0.30
Rent Payments	18.07	14.47
Electricity and Lighting Expenses	0.99	1.07
Filing and Registration Fees	1.46	1.22
Legal and Professional fees	44.48	8.40
Insurance Premium	61.43	51.40
Subscription and Periodicals	0.66	0.67
Auditors' Remuneration	5.73	5.19
Listing Fee	2.56	1.80
Rates and Taxes	39.39	25.60
Sundry balances written off	10.31	3.86
Bad debts/Advances written off (Net of write back)	8.30	66.92
Loss on sale of Fixed assets	0.20	11.31
Provision for doubtful debts	9.29	-
Provision for diminution in value of investments	1.39	1.17
Donation	0.45	1.37
Freight and Cartage	1.71	0.71
TOTAL	<u>388.17</u>	<u>334.70</u>

21 SELLING AND DISTRIBUTION EXPENDITURE

Advertisement Expenses	2.13	2.27
Business Promotion Expenses	31.00	30.65
Freight and Transport on Sales	125.24	90.42
Trade Discount	111.20	82.16
Commission and Brokerage	139.99	40.57
TOTAL	<u>409.57</u>	<u>246.07</u>

22 STOCK ADJUSTMENT

a) Opening Stock		
Process	19.65	7.61
Finished Goods	479.01	229.84
Waste	22.03	34.50
(a)	<u>520.69</u>	<u>271.95</u>
b) Closing Stock		
Process	114.81	19.64
Finished Goods	604.58	479.01
waste	145.17	22.03
(b)	<u>864.55</u>	<u>520.68</u>
(INCREASE)/DECREASE IN STOCK (a-b)	<u>-343.86</u>	<u>-248.73</u>

Schedule 23

NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

I. SIGNIFICANT ACCOUNTING POLICIES

1. METHOD OF ACCOUNTING

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

2. USE OF ESTIMATES

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

3. FIXED ASSETS

- i) Fixed assets have been maintained in the books at historical cost. Fixed assets acquired on amalgamation of Shiva Texyarn Limited have been accounted for based on the gross purchase consideration adopted for acquisition as per the Scheme of Amalgamation which was effective from 1.1.2001.
- ii) Cenvat credit eligible against capital equipments purchased during the year for central excise duty paid and for State Value Added Tax paid have been adjusted and reduced from the cost of the relevant asset.

4. INVESTMENTS

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

5. INVENTORIES

Inventories have been valued as stated below:

- i) Raw materials - cotton - at moving average cost
- ii) Packing materials, stores and spares - at weighted average cost
- iii) Process - at estimated standard cost
- iv) Finished goods - at estimated standard cost or Market value, whichever is lower
- v) Waste - at since realized / realizable value
- vi) Scrapped machines - at depreciated value or market value, whichever is lower
- vii) Stationery, stamps etc., - at actual item wise cost

6. REVENUE RECOGNITION

- i) Sales are accounted on transfer of property in goods to the buyers for a definite consideration; Sales include exchange fluctuation gain/loss realized or incurred during the year in respect of export sales.
- ii) Sales include receipts incidental to export such as income from import entitlement and premium on sale of such entitlement etc.
- iii) Income from windmills denotes income earned by sale of electricity to Tamilnadu Electricity Board and the income accrued for which billing is pending.
- iv) Revenue from others:
 - a) Income from advances by way of loans is accounted for to the extent of period accrued under respective loans.



- b) Income from investments in shares is accounted for in the year in which the right to receive the yield are definite.
- c) Income from erstwhile financing business against overdue hire purchase instalments, lease rentals, bills discounted and advances classified as doubtful debts/loans are accounted for to the extent collected upon final settlement of account with the parties.

7. FOREIGN CURRENCY TRANSACTIONS

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

8. EXCISE DUTY

Excise duty if any is consistently accounted on clearance basis.

9. DEPRECIATION

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

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

10. ACCOUNTING FOR TAXES ON INCOME

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

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

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

11. IMPAIRMENT OF ASSETS

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

12. BORROWING COSTS

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

13. EARNINGS PER SHARE

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

14. DEFINED RETIREMENT BENEFITS

Gratuity, which is a defined benefit, is accrued based on independent actuarial valuations as at the balance sheet date (or) the gratuity 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; for subsequent periods provision is made in the accounts for accrued gratuity on accrual basis; difference in payment of gratuity to employees is being accounted for in the year of settlement of such liability.

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

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

15. RELATED PARTY TRANSACTIONS

Irrespective of the materiality, all the transactions between related parties during the existence of related party relationship has been disclosed as required by the Accounting Standard 18 prescribed under the Companies (Accounting Standards) Rules, 2006. Items of the similar nature has been disclosed in aggregate by type of related party except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the reporting enterprise.

16. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

17. CASH FLOW STATEMENTS

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

18. CENVAT AND STATE VAT FOR INPUTS

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

19. OPERATING LEASES

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

20. RESEARCH AND DEVELOPMENT

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



II. OTHER INFORMATION

1. SECURED LOANS

i) Term Loan granted by Canara Bank :

	Current Year	Previous Year
	(Rs. in lakhs)	
a. Amount Sanctioned	2220.00	2220.00
b. Amount Outstanding	540.11	648.13

The loan is secured by hypothecation of windmills installed by the Company and by equitable mortgage of the land on which the wind mills are installed. The loan is further secured by personal guarantees of Chairman, Managing Director and a Director of the Company.

ii) Term Loans granted by ICICI Bank:

	Current Year	Previous Year
	(Rs. in lakhs)	
a. Amount Sanctioned	875.00	875.00
b. Amount Outstanding	336.46	465.62

- The loans are secured by the immovable properties as first mortgage and also by hypothecation of the movables, both belonging to the Company's Spinning Unit I, subject to the charges created/to be created in favour of the banks on current assets for working capital finance.
- A loan with an outstanding amount of Rs.98.96 lakhs (Rs.178.12 lakhs) is secured by a Corporate Guarantee executed by Shiva Distilleries Ltd.
- A loan with an outstanding amount of Rs.237.50 lakhs (Rs.287.50 lakhs) is also secured by personal guarantee of a Director of the Company.

iii) Short Term Loan granted by ICICI Bank & IDBI Bank:

	Current Year	Previous Year
	(Rs. in lakhs)	
a. Amount Sanctioned by ICICI Bank	2000.00	2000.00
Amount Outstanding	2000.00	1540.00
b. Amount Sanctioned by IDBI Bank	1500.00	Nil
Amount Outstanding	1500.00	Nil

The loans are secured by a subservient charge on the current assets of the spinning unit(s) subject to the charges created/to be created in favour of the banks on current assets for working capital finance.

iv) Term Loan granted by Indian Overseas Bank:

	Current Year	Previous Year
	(Rs. in lakhs)	
a. Amount Sanctioned	2220.00	2220.00
b. Amount Outstanding	1296.00	1645.00

The loan is secured by hypothecation of windmills acquired by the Company and dedicated for consumption of power at the Spinning Unit-I; the loan is further secured by equitable mortgage of the land on which the windmills are installed.

v) Term Loan granted by Bank of Maharashtra:

	Current Year	Previous Year
	(Rs. in lakhs)	
a. Amount Sanctioned	1 200.00	1 200.00
b. Amount Outstanding	38.26	38.56

The loan is secured by hypothecation of the movables belonging to the Company's Spinning Unit-I, subject to the charges created/to be created in favour of the banks on current assets for working capital finance and First charge on the immovables of the said unit on pari passu basis, which is pending for creation.

vi) Term Loan granted by Indian Overseas Bank, UCO Bank, State Bank of Hyderabad & Canara Bank:

	Current Year	Previous Year
	(Rs. in lakhs)	
a. Amount Sanctioned by Indian Overseas Bank	8000.00	8000.00
Amount Outstanding	5022.44	5000.00
b. Amount Sanctioned by UCO Bank	525.00	525.00
Amount Outstanding	529.02	529.59
c. Amount Sanctioned by State Bank of Hyderabad	6000.00	6000.00
Amount Outstanding	5157.81	3073.33
d. Amount Sanctioned by Canara Bank	8000.00	8000.00
Amount Outstanding	6268.58	3231.07

The loans availed for the new spinning, knitting, garment units and processing facilities are secured by hypothecation of movables and also by a first charge on the immovables of the new spinning and knitting units.

vii) Term Loan granted by Bank of Baroda:

	Current Year	Previous Year
	(Rs. in lakhs)	
a. Amount Sanctioned	2500.00	Nil
b. Amount Outstanding	2500.00	Nil

The loan availed for meeting long term working capital requirements is secured by hypothecation of movables subject to charges created/to be created in favour of bank for working capital requirements and also by a first charge on the immovables of the Spinning Unit-I at Dindigul on pari passu basis.

viii) Term Loan granted by Indian Overseas Bank:

	Current Year	Previous Year
	(Rs. in lakhs)	
a. Amount Sanctioned	3012.00	Nil
b. Amount Outstanding	802.70	Nil

The loan availed for augmenting wind power capacity by an additional 5.75 MW is secured by hypothecation of new windmills installed by the Company and by Equitable Mortgage of the land on which the wind mills are installed.



ix) Working Capital facilities from Canara Bank, Indian Overseas Bank & ICICI Bank:

	Current Year	Previous Year
	(Rs. in lakhs)	
a. Working Capital Limit from Canara Bank	3005.00	3005.00
Amount Outstanding in OCC	402.60	778.61
b. Working Capital Limit Capital from IOB	2255.00	2255.00
Amount Outstanding in OCC	1109.86	1361.11
c. Working Capital Limit ICICI Bank	3000.00	3000.00
Amount Outstanding	-	-

The Working Capital facilities are secured by hypothecation of company's current assets of the textile Spinning Unit-I at Dindigul viz. stock of raw materials, stock in process, finished goods, stores and spares, bills receivables, book debts and other movables wherever situated. The charges are ranking pari passu. These working capital limits are further secured by second mortgage of the immovable properties of the textile Spinning Unit-I.

x) Working Capital facilities from Indian Overseas Bank & Canara Bank:

	Current Year	Previous Year
	(Rs. in lakhs)	
a. Working Capital Limit from IOB	4000.00	4000.00
Amount Outstanding	3302.84	779.00
b. Working Capital Limit from Canara Bank	2700.00	Nil
Amount Outstanding	687.20	Nil

The Working Capital Limit facilities for the new spinning unit are secured by hypothecation of current assets of the new Spinning unit viz. stock of raw materials, stock in process, finished goods, stores and spares, bills receivables, book debts and other movables wherever situated. The charges are ranking pari passu. These working capital limits are further secured/to be secured by second mortgage of the immovable properties of the new Spinning unit-II.

2. CURRENT ASSETS

- i) Balances with scheduled banks in deposit accounts subject to lien/pledge in favour of Government authorities in the ordinary course of the business of the Company, is Rs. 240.00 Lakhs (Previous year Rs.280.00 Lakhs).
- ii) 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 netprofits.
- iii) In the opinion of the Board of Directors, all the current assets, loans and advances would realize value stated in the normal course of business of the Company.

3. LOANS AND ADVANCES

A. Advances by way of loans and inter-corporate deposit consist of:	Current Year	Previous Year
	(Rs. in lakhs)	
i) Loans/inter-corporate deposit considered good in respect of which the company is fully secured	35.41	37.28
ii) Loans/inter-corporate deposit considered good in respect of which the company holds no security other than debtors personal security	Nil	12.76
iii) Loans/inter-corporate deposit unsecured and considered doubtful or substandard for which provision has been made	33.38	20.62
B. Other advances:		
Includes Share Application Advance to M/s Bannari Amman Apparel Private Limited, a joint venture company, in which the Company together with its associate hold 50% of the controlling interest	163.26	243.50

4. RETIREMENT BENEFITS DISCLOSURE AS REQUIRED BY ACCOUNTING STANDARD 15

a. Defined Contribution Plan:

Particulars	Current Year	Previous Year
	(Rs. in lakhs)	
i) Contribution to Provident Fund	13.06	5.71
ii) Contribution to Pension Fund/Family Pension	10.71	10.61
iii) Contribution to Employees State Insurance Scheme	7.00	11.15

b. Defined Benefit Plan:

Gratuity

A. Changes in present value of obligation		
PV of obligation as at beginning of the year	84.14	80.90
Current Service Cost	7.18	5.05
Interest Cost	6.64	3.57
Actuarial (gain)/loss on obligation	0.84	(5.37)
PV of obligation as at end of the year	98.80	84.14
B. Change in Assets during the year ended 31st March		
FV of Plan Asset as at the beginning of the year	72.41	41.75
Expected Return of Plan Assets	6.65	3.57
Settlement Claims - Credit	(5.11)	(8.04)
Contributions by the Employer	29.98	35.13
FV of Plan Asset as at end of the year	103.93	72.41
C. Net Asset/(Liability) recognized in the Balance Sheet		
PV of obligation as at end of the year	98.80	84.14
FV of Plan Asset as at end of the year	103.93	72.41
Funded Status [Surplus/(Deficit)]	5.12	(11.73)
D. Expenses recognized during period ended 31st March		
Current Cost	7.18	5.05
Interest Cost	6.65	3.57
Expected return on Plan Asset	(9.51)	(6.62)
Actuarial (gain)/loss	28.86	33.54
Net amount recognized in Profit and Loss Account	33.17	35.53
E. Categories of plan assets as a percentage of total plan assets		
Equity instruments	-	-
Debt instruments	-	-
Property	-	-
Insurer managed asset	100%	100%
F. Assumptions used in accounting for gratuity plan		
Discount Rate (per annum)	8.00%	8.00%
Rate of increase in compensation levels (per annum)	8.00%	6.50%
Rate of return on plan assets (per annum)	9.15%	9.15%
Expected average remaining working lives of employees (years)	32.39	31.51

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.



5. CONTINGENT LIABILITIES

The Company is contingently liable for:

	Current Year	Previous Year
	(Rs. in lakhs)	
i) Disputed Income Tax demand remanded by the second Appellate Authority, pending revision for the assessment year 1998-99	30.13	30.13
ii) Disputed Interest Tax demands remanded by the second Appellate Authority, pending revision of assessments.	61.98	61.77
iii) 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)	2991.15	2319.34
iv) Disputed demands from ESI Authorities pertaining to Corporate Office	5.32	5.32

6. OTHER INFORMATION

i) Estimated amount of contracts on capital account: Estimated amount of contracts executed on capital accounts and to be provided for (Net of advance)	3997.00	7137.39
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7. RELATED PARTIES DISCLOSURE AS REQUIRED BY ACCOUNTING STANDARD 18

A. Related parties:

i) Holding and Subsidiary Companies: Nil

ii) Associates:

- Anamallais Agencies Private Ltd
- Anamallais Automobiles Private Ltd
- AA Tyre Retreading Company Private Ltd
- Annamallai Infrastructures Ltd
- Bannari Amman Flour Mill Ltd
- Bannari Amman Spinning Mills Ltd
- Bannari Amman Sugars Ltd
- Sakthi Murugan Transports Private Ltd
- Shiva Cargo Movers Ltd
- Shiva Distilleries Ltd

iii) Joint venture:

- Bannari Amman Apparel Private Ltd

iv) (1) Key management personnel:

- Sri S V Alagappan - Managing Director
- Sri A Senthil - Executive Director

(2) Relatives of key management personnel:

- Dr S V Balasubramaniam - Brother of Managing Director
- Sri S V Arumugam - Brother of Managing Director and Father of Executive Director
- Sri S V Balakrishnan - Brother of Managing Director
- Smt A Lalitha - Daughter of Managing Director

B. Nature and Amount of Related Party Transactions and balances outstanding as at the close of the year 31.03.2010. (Rs. in Lakhs)

Nature of Transaction	Associates		Joint Venture		Key Mgt Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Rent paid	5.22	4.95	-	-	-	-
Land lease rental paid	-	0.33	-	-	-	-
Purchase of yarn	138.70	1112.56	-	-	-	-
Purchase of cotton	-	244.38	-	-	-	-
Sale of fabrics	30.62	-	249.39	-	-	-
Conversion charges	6.47	22.00	-	-	-	-
Sale of yarn	77.57	289.70	-	-	-	-
Remuneration to Key Mgt Personnel	-	-	-	-	72.55	66.96
Advance for investment in joint venture	-	-	163.26	243.50	-	-
Amount outstanding at the year end:						
Receivables	79.55	33.34	391.62	243.50	-	-
Payables	-	-	-	-	-	-
Amount written off during the year	-	-	-	-	-	-

Note: Details for Remuneration to key management personnel are disclosed in item No.15 of Schedule No.23.

8. SEGMENT WISE REVENUE RESULTS AND CAPITAL EMPLOYED

	Current Year	Previous Year
	(Rs. in lakhs)	
A. Product wise - Primary segment		
1. Segment Revenue (Net Sales/Income)		
a. Textile Division	19046.49	9492.80
b. Wind Mill Division	760.98	615.01
c. Others	185.43	222.49
Total	19992.90	10330.30
Less: Inter Segment Revenue	411.61	360.02
Net sales/income from operations	19581.29	9970.28
2. Segment Results Profit/Loss before Tax & interest from each segment		
a. Textile Division	1728.78	819.90
b. Wind Mill Division	426.07	291.60
c. Others	94.30	52.39
	2249.15	1163.89
Add : Extraneous and Prior period items (net)	-	2.24
Less : 1. Interest	1318.36	494.40
2. Other unallocable expenditure	102.47	70.16
Total profit before tax	828.31	601.57



	Current Year	Previous Year
	(Rs. in lakhs)	
3. Capital Employed (segment assets- segment liabilities)		
a. Textile Division	7974.43	7240.71
b. Wind Mill Division	2262.00	2494.41
c. Others	178.44	401.40
Total	<u>10414.87</u>	<u>10136.52</u>
 B. Geographical Distribution - Secondary segment		
i. SEGMENT REVENUE		
Exports	3569.23	2085.70
Domestic Sales/Income from operations	16012.06	7884.58
Total	<u>19581.29</u>	<u>9970.28</u>
ii. SEGMENT ASSETS		
Exports receivables	494.69	71.22
Domestic Assets	43772.23	31523.33
Total	<u>44266.92</u>	<u>31594.55</u>
 9. EARNINGS PER SHARE		
Net Profit after tax for basic and Diluted EPS	518.47	450.02
No of Shares	216.05	216.05
Basic and diluted Earnings per share (Rs.)	2.40	2.08
 10. DEFERRED TAX		
Computed as per Accounting Standard 22 for timing difference in tax treatment of allowances and expenses :		
a. Deferred Tax Liability:		
Related to Fixed Assets	2738.34	2059.86
Others	-	-
	<u>2738.34</u>	<u>2059.86</u>
b. Deferred Tax Assets:		
Provision for Doubtful Debts	98.18	95.31
Carry forward unabsorbed depreciation	520.11	96.53
Other Provisions	16.53	20.98
	<u>634.82</u>	<u>212.82</u>
Net Deferred Tax Liability as at close of the year	2103.52	1847.04
Net Deferred Tax Liability as at beginning of the year	1847.04	1828.30
Net Increase in deffered tax Liability	256.48	18.74

11. JOINT VENTURE

The Company has invested Rs.815.53 lakhs (Rs.500.00 lakhs) in the shares of Bannari Amman Apparel Private Limited, a joint venture entity, as on 31.03.2010.

Name of the Company	Country of incorporation	% of voting power held as on 31.03.2010	% of voting power held as on 31.03.2009
Bannari Amman Apparel Private Limited	India	25	25

The proportionate interest of the Company in the Joint Venture entity as on 31.03.2010 is given under :

Financial Year Ended	Rs. in Lakhs				
	Assets	Liabilities	Contingent Liabilities	Income	Expenditure
31.3.2010*	1954.11	1686.18	205.00	1043.53	1421.94
31.3.2009	1707.50	1159.25	292.00	727.25	1061.25

* based on the un-audited accounts for the year ended 31.03.2010

12. DISCLOSURE FOR IMPAIRMENT LOSS AS PRESCRIBED UNDER ACCOUNTING STANDARD 28

No impairment loss was incurred during the year 2009-10 as per assessment made by the Company with reference to fixed assets owned by the Company as at the close of the year.

13. INCOME TAX, INTEREST TAX, WEALTH TAX AND FBT ASSESSMENTS

i) Status of Assessments:

- The income tax assessments have been completed up to the assessment year 2007-08. Against completed assessments, wherever revision of assessments are pending for giving effect to Appellate Orders, provision if any required, which may not be significant, will be made on completion of revision proceedings.
- Differential provision, if any required, for tax on book profit U/s 115JA or U/s 115JB, based on retrospective amendments made by Finance (No.2) Act, 2009, will be considered on cumulative basis (net of refund) upon revision of all tax assessments with effect from Asst. Year 1998-99; the amount of net provision, may not be significant.
- Levy of interest tax was withdrawn with effect from Asst. Year 2000-01; for past assessments, where revision orders are pending as against Appellate orders, provision, if any required, will be made on completion of revision proceedings.
- The wealth tax assessment is pending for completion for the assessment year 2007-08; provision if any will be made based on outcome of the assessment.

ii) Income tax for current year:

	Current Year	Previous Year
	(Rs. in lakhs)	
a) Provision for Income tax on the taxable Book Profit computed U/s 115JB of the Income Tax Act	142.32	65.30
b) Tax Credit available U/s 115JAA of the Income Tax Act as against tax paid on Book Profit	140.08	65.30

iii) Wealth tax for current year:

Provision made towards Wealth tax	0.25	0.49
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14. INFORMATION PURSUANT TO PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956

A. CAPACITY, PRODUCTION, STOCKS AND TURNOVER

	Product	Units	Current Year	Previous Year	
Licenced# Capacity	Yarn	Spindles	99000	99000	
	Fabrics	Kgs	-	-	
	Garments	Pieces	-	-	
	Wind electricity	KW	16795*	16795*	
#As technically assessed by the Management					
Installed capacity	Yarn	Spindles	89472	61198	
	Wind electricity	KW	16795	16795	
Actual production	Yarn	MT	12574.49	6143.79	
	Purchase of Yarn	MT	117.03	1030.61	
	Cotton waste	MT	3728.46	1704.61	
	Fabric	MT	1668.42	128.09	
	Garments	Nos.	279044	-	
	Wind electricity	Units in lakhs	246.18	211.59	
	Opening stock	Yarn	MT	397.18	221.40
Yarn		Rs. in lakhs	470.81	229.84	
WIP		Rs. in lakhs	19.64	7.61	
Cotton waste		MT	73.75	101.25	
Cotton waste		Rs. in lakhs	22.03	34.50	
Fabric		MT	4.87	-	
Fabric		Rs. in lakhs	8.20	-	
Closing stock	Yarn	MT	421.02	397.18	
	Yarn	Rs. in lakhs	591.52	470.81	
	WIP	Rs. in lakhs	114.81	19.65	
	Cotton waste	MT	489.91	73.75	
	Cotton waste	Rs. in lakhs	145.17	22.03	
	Fabric	MT	5.50	4.87	
	Fabric	Rs. in lakhs	8.33	8.20	
	Garments	Nos.	14762	-	
	Garments	Rs. in lakhs	4.73	-	
	Sales and other revenue	Yarn	MT	12665.36	7064.92
		Yarn	Rs. in lakhs	16663.35**	8480.31
Cotton waste		MT	3230.08	1751.96	
Cotton waste		Rs. in lakhs	1272.07	651.55	
Fabric		MT	1667.78	128.09	
Fabric		Rs. in lakhs	2408.15**	151.78	
Garments		Nos.	264282	-	
Garments		Rs. in lakhs	459.61	-	
Wind electricity		Units in lakhs	246.18	211.59	
Wind electricity (including inter division transfer)		Rs. in lakhs	756.19	615.01	

* Exclusive of 6250 kw of wind mill capacity dedicated for captive use of Textile Mill.

** Includes inter unit transfers

B. RAW MATERIALS CONSUMED

Raw materials	Cotton	MT	16557.94	7925.66
Consumed	Cotton value	Rs. in lakhs	11867.76	5380.02

C. VALUE OF IMPORTED / INDIGENOUS MATERIALS CONSUMED

	Current Year		Previous Year	
	Rs. in lakhs	%	Rs. in lakhs	%
1. Cotton :				
Imported	314.82	2.65	411.75	7.55
Indigenous	11552.94	97.35	4968.27	92.45
Total	11867.76	100.00	5380.02	100.00
2. Stores & Spares :				
Imported	46.15	12.88	36.25	15.82
Indigenous	312.05	87.12	192.82	84.18
Total	358.20	100.00	229.10	100.00

	Current Year	Previous Year
	(Rs. in lakhs)	
D. IMPORTS-CIF VALUE		
Components & Spare Parts	46.68	36.25
Capital Goods	1806.21	3975.53
Raw Materials	314.82	411.75
E. EXPENDITURE IN FOREIGN CURRENCY		
Travelling, Training & Others	9.67	14.47
F. EARNINGS IN FOREIGN CURRENCY		
FOB value of Exports	3367.74	1814.02

15. MANAGERIAL REMUNERATION

A. Details of remuneration paid/payable to Managing Director/Executive Director of the Company are as follows:

(i) Managing Director		
a. Salary	24.00	24.00
b. Commission to Managing Director	18.04	12.75
c. Provident Fund	2.88	3.25
d. Perquisites	0.41	2.25
Total	45.33	42.25
(ii) Executive Director		
a. Salary	15.00	15.00
b. Commission to Executive Director	9.02	6.38
c. Provident Fund	1.80	1.43
d. Perquisites	1.40	1.90
Total	27.22	24.71



Current Year **Previous Year**
(Rs in lakhs)

B. Calculation of commission to Managing Director/ Executive Director under Section 198 of the Companies Act, 1956.

Net profit as per profit and loss account	828.31	601.57
Less: Capital profit on sale of immovable property	-	-
	<u>828.31</u>	<u>601.57</u>
Add: Managerial Remunerations	72.55	66.96
Add: Director's Sitting Fees	1.18	1.04
	<u>902.04</u>	<u>669.57</u>
Net profit as per Section 309(5) read with Sec 198 of the Companies Act, 1956	902.04	669.57
Managing Director Commission at 2%	18.04	12.75
Executive Director Commission at 1%	9.02	6.38

16. PROFIT AND LOSS ACCOUNT

i) Remuneration to statutory auditors consist of:

Audit Fees	2.60	1.80
Tax Audit & Taxation Services	1.75	1.40
Certification & Management Services	0.70	0.48
Other Services	0.23	0.48
Service Tax Reimbursed	0.45	0.42
Fees for earlier year tax matters	Nil	0.61
Total	<u>5.73</u>	<u>5.19</u>

ii) Break up for Bad debts/sundry balance written off/provision for doubtful debts written off/back.

Bad debts written off	8.30	183.74
Less : Provision for doubtful debts written back	-	116.82
Net amount debited/(credited) to Profit and Loss Account	<u>8.30</u>	<u>66.92</u>

17. DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as micro, small or medium enterprises. Consequently, the amount paid/payable to these parties during the year is NIL.

In the opinion of the Board of Directors, there were no overdue sundry creditors requiring payment of any interest on overdue liability.

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

19. Previous year's figures are regrouped wherever required to conform to current year groupings and figures in brackets denote previous year's figures.

Signatories for Schedules 1 to 23 above

Subject to our report of even date attached

For **V K S AIYER & CO**

Chartered Accountants

V S SRINIVASAN

Partner

For and on behalf of the Board

S V BALASUBRAMANIAM

Chairman

S V ALAGAPPAN

Managing Director

S V ARUMUGAM

Director

M SHYAMALA

Company Secretary

Coimbatore

27th May, 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(a) Registration Details

Registration No.	: 181-00945	State Code	: 18
Balance Sheet Date	: 31 st March 2010		

(b) Capital Raised during the year (Rs. in lakhs)

Public Issue	: NIL	Right Issue	: NIL
Bonus Issue	: NIL	Private Placement	: NIL

(c) Position of Mobilisation and Deployment of Funds (Rs. in lakhs)

Total Liabilities	: 44266.92	Total Assets	: 44266.92
Sources of Funds			
Paid-up Capital	: 2160.45	Reserves & Surplus	: 8254.40
Secured Loans	: 31493.87	Unsecured Loans	: 254.68
		Defferred Tax Liability	: 2103.52
Application of Funds			
Net Fixed Assets	: 27599.16	Investments	: 1415.16
Net Current Assets	: 15252.60	Miscellaneous Expenditure	: Nil
Accumulated Losses	: Nil		

(d) Performance of the Company (Rs. in lakhs)

Total Income (Including other income)	: 19581.29	Total Expenditure	: 18752.98
Profit Before Tax	: 828.31	Profit after Tax	: 518.47
Earnings Per Share	: 2.40	Dividend rate percentage	: 10%

(e) Generic Names of Three Principal Products/Services of the Company (As per monetary terms)

Product Description	Item Code
i) Cotton Yarn	520511.01
ii) Financing & Fiancial Services	Not Applicable

For and on behalf of the Board

S V BALASUBRAMANIAM
Chairman

S V ALAGAPPAN
Managing Director

S V ARUMUGAM
Director

Coimbatore
27th May, 2010

M SHYAMALA
Company Secretary



KEY FINANCIAL DATA

Rs. in Lakhs

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-2010
Total Income	9532.68	9397.58	9211.23	10099.32	9912.32	9970.28	19581.29
Profit Before Interest, Depreciation & Tax (PBIDT)	2086.82	2115.38	2699.06	2939.35	2257.45	1897.61	3449.76
Interest	997.73	734.42	691.24	620.76	469.38	465.82	1271.12
Depreciation	749.24	771.84	697.04	720.79	743.42	832.46	1350.33
Provisions, Prior period & Extraneous items (net)	-	-	(210.96)	44.57	(74.55)	(2.24)	-
Profit Before Tax (PBT)	339.85	609.12	1521.74	1553.23	1119.20	601.57	828.31
Tax and other provisions	103.89	100.61	(7.23)	10.06	499.01	151.55	309.84
Profit After Tax (PAT)	235.96	508.51	1528.97	1543.17	620.19	450.02	518.47
Dividend (%)	7.50%	10%	15%	15%	15%	9%	10%
Dividend amount	162.03	216.05	324.07	324.07	324.07	194.44	216.05
Share Capital	2160.45	2160.45	2160.45	2160.45	2160.45	2160.45	2160.45
Reserves & Surplus	6097.48	5827.91	6987.36	8151.39	7753.55	7976.09	8254.40
Loan funds	8308.17	10799.72	10405.33	8389.13	8169.06	19610.97	31748.55
Other Term liability	971.63	1024.88	1024.88	1024.88	1828.30	1847.04	2103.52
Net Fixed Assets	8523.82	11653.34	12207.57	11841.96	11520.15	22092.74	27599.16
Investment	454.24	452.41	458.64	453.79	752.62	952.35	1415.16
Net Current assets	8558.27	7539.84	7795.14	7363.43	7621.91	8549.46	15252.60

KEY FINANCIAL RATIOS

Financial Ratios :

Interest/Total Income (%)	10.47	7.81	7.50	6.15	4.74	4.67	6.49
PBDIT/Total Income (%)	21.89	22.51	29.30	29.10	22.77	19.03	17.62
PBT/Total Income (%)	3.57	6.48	16.52	15.38	11.29	6.03	4.23
PAT/Total Income (%)	2.48	5.41	16.60	15.28	6.26	4.51	2.65
ROCE (PBIT/Average Capital employed) (%)	8.62	17.16	13.32	13.14	8.23	7.93	9.59
RONW (PAT/Net Worth) (%)	2.86	6.37	16.71	14.97	6.26	4.44	4.98
Debt Equity Ratio (Long Term Debt/Net Worth) (exclusive of DTL)	0.53	0.85	0.58	0.45	0.52	1.44	2.16
Per Share Data							
EPS (Rs.)	1.09	2.35	7.08	7.14	2.87	2.08	2.40
CEPS (Rs.)	4.56	5.93	10.30	10.48	7.07	6.02	9.84
Dividend (Rs.)	0.75	1.00	1.50	1.50	1.50	0.90	1.00
Book value (Rs.)	38.22	36.97	42.34	47.73	45.89	46.92	48.21

SHIVA TEXYARN LIMITED

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

ATTENDANCE SLIP

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

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

I hereby record my presence at the Twenty Ninenth Annual General Meeting held on the 20th September 2010 at 9.15 a.m. at Nani Kalai Arangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037.

Member's / Proxy's Signature

SHIVA TEXYARN LIMITED

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

PROXY FORM

I/Weof
.....being a Member / Members of Shiva Texyarn Ltd,
hereby appointof.....or
failing himof.....or
failing himof.....as
my/our Proxy to attend and vote for me / us on my / our behalf at the Twenty Ninenth Annual General Meeting
of the Company to be held on the 20th September 2010 and at any adjournment thereof.

Signed this day of2010

Affix
1 Rupee
Revenue
Stamp

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

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

NO GIFTS WILL BE DISTRIBUTED AT THE MEETING

