



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 4th Annual General Meeting of the Members of the Company will be held at Nani Kalaiaragam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641037 on Monday the 19th August, 2019 at 12.15 p.m. to transact the business set out in the agenda given below:

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

AGENDA

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2019, the reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in the place of Sri S K Sundararaman, (DIN 00002691) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

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

RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendation of Audit Committee, the remuneration of Rs.1,00,000 (Rupees One Lakh only) (besides reimbursement of out of pocket expenses incurred by him for the purpose of Audit) payable to Sri M Nagarajan, Cost Auditor (Firm Registration No. 102133), as approved by the Board of Directors for conducting the audit of the Cost Records of the Company for the Financial Year ending 31st March, 2020 be and is hereby ratified and confirmed

Coimbatore
29th May, 2019

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



Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. Corporate members intending to send their authorised representatives to attend the meeting, are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote at the meeting.
2. Proxies, in order to be effective, should be deposited with the Company, forty eight hours before the commencement of the meeting.
3. A statement of material facts pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business in respect of item 4 of the Agenda are annexed hereto.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 13.8.2019 to 19.8.2019 (both the days are inclusive).
5. The dividend, if declared, will be paid to those members whose names appear on the Register of Members of the Company as on 12.8.2019. 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 12.8.2019. 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 12.8.2019.
6. Members are requested to note that all shares in respect of which dividend remains unpaid or unclaimed for seven consecutive years or more, are required to be transferred to the Investor Education and Protection Fund (IEPF) Suspense Account.
7. In terms of circulars issued by Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a copy of PAN Card to the Company or its RTA in the following cases viz. Transfer of shares, Deletion of name, Transmission of shares and Transposition of shares held in Physical form. Shareholders are requested to furnish copy of PAN card for all above mentioned transactions.
8. In terms of circulars issued by Securities and Exchange Board of India (SEBI), it is now mandatory for the listed companies, only Dematerialized securities will be allowed to be transferred except for transmission or transposition of securities.
9. Electronic copy of the Annual Report 2019 is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report 2019 is being sent in the permitted mode.

The members who have not yet registered their email address are requested to register/ update their email address in respect of equity shares held by them in demat form with their respective DP's and in the case of physical form with the RTA.
10. Members may also note that the Notice of the 4th Annual General Meeting and the Annual Report 2019 will also be available on the Company's website www.shivamills.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor E-mail ID: shares@shivamills.com.



11. Shareholders, intending to require information about the Financial Statements to be approved at the Meeting, are requested to inform the Company Secretary at least a week in advance of their intention to do so, so that the papers relating thereto may be made available, if the Chairman permits such information to be furnished.
12. All documents referred to in the accompanying Notice and the Statement of material facts shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company. The aforesaid documents are also available at the AGM venue on the date of AGM.
13. Members are requested to bring their copy of the Annual Report along with them to the meeting.
14. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the Listing Agreement, the Company is pleased to offer the facility of voting through electronic means, as an alternate, to all its Members to enable them to cast their votes electronically instead of casting their vote at a meeting. Please note that the voting through electronic means is optional for the members.
15. The voting through electronic means will commence on 16.8.2019 at 10.00 a.m and will end on 18.8.2019 at 5.00 p.m. The Members will not be able to cast their vote electronically beyond the date and time mentioned above and the e-voting system shall be disabled for voting thereafter. During the period shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (Record Date) i.e. On 12.8.2019 may cast their vote electronically.
16. The Company has appointed Mr R Dhanasekaran, Practicing Company Secretary, to act as the Scrutinizer for conducting the voting process in a fair and transparent manner.
17. The instructions for shareholders voting electronically are as under:
Log-in to e-Voting website of Link Intime India Private Limited (LIPL)
 - i. Visit the e-voting system of LIPL. Open web browser by typing the following URL:
<https://instavote.linkintime.co.in>.
 - ii. Click on "Login" tab, available under 'Shareholders' section.
 - iii. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".
 - iv. Your User ID details are given below:
 - a. Shareholders holding shares in demat account with NSDL: Your User ID is 8 Character DP ID followed by 8 Digit Client ID
 - b. Shareholders holding shares in demat account with CDSL: Your User ID is 16 Digit Beneficiary ID
 - c. Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company
 - v. Your Password details are given below:

If you are using e-Voting system of LIPL: <https://instavote.linkintime.co.in> for the first time or if you are holding shares in physical form, you need to follow the steps given below:

Click on "Sign Up" tab available under 'Shareholders' section register your details and set the password of your choice and confirm (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

	For Shareholders holding shares in Demat Form or Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders).</p> <ul style="list-style-type: none">Members who have not updated their PAN with depository Participant or in the company record are requested to use the sequence number which is printed on Ballot Form / Attendance Slip indicated in the PAN Field.
DOB/ DOI	<p>Enter the DOB (Date of Birth)/ DOI as recorded with depository participant or in the company record for the said demat account or folio number in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio number.</p> <ul style="list-style-type: none">Please enter the DOB/ DOI or Dividend Bank Details in order to register. If the above mentioned details are not recorded with the depository participants or company, please enter Folio number in the Dividend Bank Details field as mentioned in instruction (iv-c).

If you are holding shares in demat form and had registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier voting of any company then you can use your existing password to login.

If Shareholders holding shares in Demat Form or Physical Form have forgotten password:

Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

In case shareholder is having valid email address, Password will be sent to the shareholders registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter)

NOTE: The password is to be used by demat shareholders for voting on the resolutions placed by the company in which they are a shareholder and eligible to vote, provided that the company opts for e-voting platform of LIPL.

For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

❖ Cast your vote electronically

- vi. After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View "Event No" of the company, you choose to vote.
- vii. On the voting page, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.

Cast your vote by selecting appropriate option i.e. Favour/Against as desired.



Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'. You may also choose the option 'Abstain' and the shares held will not be counted under 'Favour/Against'.

- viii. If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.
- ix. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.
- x. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.
- xi. You can also take the printout of the votes cast by you by clicking on "Print" option on the Voting page.

❖ **General Guidelines for shareholders:**

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LIPL: <https://instavote.linkintime.co.in> and register themselves as 'Custodian / Mutual Fund / Corporate Body'.
- They are also required to upload a scanned certified true copy of the board resolution/authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.
- During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".
- Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.

In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or write an email to enotices@linkintime.co.in or Call us :- Tel: 022 - 49186000.

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

By Order of the Board

Coimbatore
29th May, 2019

S V ALAGAPPAN
CHAIRMAN AND MANAGING DIRECTOR
DIN 00002450



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

STATEMENT OF MATERIAL FACTS CONCERNING ITEMS OF SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM 4

The Board of Directors of the Company, approved the appointment and payment of remuneration to Sri M Nagarajan, Cost Auditor to conduct the audit of the Cost records of the Company for the financial year ending 31st March, 2020.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be ratified by the members of the Company. Accordingly, the members are requested to ratify the remuneration payable to the Cost Auditor for the financial year ending 31st March, 2020, as set out in the resolution.

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

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No.4.

Coimbatore
29th May, 2019

By Order of the Board

S V ALAGAPPAN
CHAIRMAN AND MANAGING DIRECTOR
DIN 00002450



ANNEXURE TO THE NOTICE

RE-APPOINTMENT OF DIRECTOR

Information pursuant to 1.2.5 of the Secretarial Standard on General Meetings (SS-2) and a brief resume in respect of Director seeking re-appointment is given below in terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

1	Name	:	Sri S K Sundararaman (DIN 00002691)
2	Age	:	46 years
3	Qualification	:	MBA
4	Experience	:	He has more than 20 years of experience in Industry/Business
5	Terms and conditions of appointment or re-appointment	:	Retires by rotation at the ensuing Annual General Meeting, he is eligible and seeks re-appointment.
6	Last drawn remuneration	:	Nil
7	Date of first Appointment on the Board	:	24.11.2015
8	Number of Shares held in the Company	:	360
9	Relationship with other Directors, Managers and KMP	:	Nil
10	No. of Board meetings attended during 2018-2019	:	4 out of 4 meetings held
11	Other Directorships	:	Shiva Texyarn Limited Shanthi Gears Limited Pricol Limited S K S Agencies Limited Vedanayagam Hospital Limited Abirami Ecoplast Private Limited Sundar Ram Enterprise Private Limited L K Distributors Private Limited



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		Abirami Distributors Private Limited
		Indian Technical Textile Association
12	Member of Committee	: Audit Committee
		Nomination and Remuneration Committee Stakeholders
		Relationship Committee
13	Member of Committees in other Public Limited Companies	: Audit Committee - Member
		Shiva Texyarn Limited
		Shanthi Gears Limited
		Pricol Limited
		Nomination & Remuneration Committee - Member
		Shanthi Gears Limited
		Stakeholders Relationship Committee - Member
		Shiva Texyarn Limited

Except Sri S K Sundararaman, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested

By Order of the Board

Coimbatore
29th May, 2019

S V ALAGAPPAN
CHAIRMAN AND MANAGING DIRECTOR
DIN 00002450



SHIVA MILLS LIMITED

(Formerly STYL Textile Ventures Limited)

**4th ANNUAL REPORT
2019**

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BOARD OF DIRECTORS

Sri S V Alagappan	Chairman and Managing Director
Smt A Lalitha	Joint Managing Director
Sri S K Sundararaman	Non Independent Director
Sri K N V Ramani	Independent Director
Sri S Palaniswami	Independent Director
Sri C Sivasamy	Independent Director
Sri S Marusamy	Independent Director

CHIEF FINANCIAL OFFICER

Sri M Shanmugam

COMPANY SECRETARY

Smt M Shyamala

AUDITORS

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

INTERNAL AUDITORS

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

COST AUDITOR

Sri M Nagarajan
Cost Auditor
Coimbatore - 641 018

BANKERS

Indian Overseas Bank
Bank of Baroda
Canara Bank
ICICI Bank Ltd

REGISTERED OFFICE

252, Mettupalayam Road
Coimbatore - 641 043. Tamilnadu
Phone : 91-422-2435555
Fax : 91-422-2434446
E-mail : shares@shivamills.com
Website: www.shivamills.com
CIN : L17111TZ2015PLC022007

SHARE TRANSFER AGENT

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



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 4th Annual Report together with Audited Financial Statements of the Company for the year ended 31st March, 2019.

(₹ In lakhs)

Financial Results	2018-19	2017-18
Gross revenue and other income	17,602.19	16,991.55
Profit before Interest and Depreciation	2,031.60	1,683.19
Less: Interest	751.54	599.09
Profit before Depreciation	1,280.06	1,084.10
Less: Depreciation	520.47	489.30
Profit before Tax	759.59	594.81
Less: Provision for Income Tax		
- Current Tax	267.00	240.17
- Deferred Tax Liability (Net) written back	(-)167.56	(-)31.95
Profit after Tax	660.15	386.59
Other Comprehensive income	(-)3.99	18.40
Total Comprehensive Income / (Loss) for the year	656.16	404.99

DIVIDEND

Your Directors are glad to recommend payment of dividend of Rs.1.40/- per equity share of Rs. 10/- each to the equity shareholders i.e., @14% of the paid up capital. The dividend together with distribution tax will absorb Rs.145.85 lakhs.

PRESENTATION OF FINANCIAL STATEMENTS

The Financial Statements for the year ended 31.3.2019 have been prepared in accordance with the Indian Accounting Standard (Ind AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 and other relevant provisions of the Act.

REVIEW OF OPERATIONS

During the year under review, the spinning unit produced 7329.93 tonnes (7202.19 tonnes) of cotton yarn. The unit sold 7064.69 tonnes (6548.66 tonnes) of cotton yarn out of which exports accounted for 511.71 tonnes (662.66 tonnes). Further, the Company sold 2170.46 tonnes (2073.44 tonnes) of waste cotton, of which exports accounted for 160.68 tonnes (693.12 tonnes). The performance of the Spinning Unit during the year under review is considered to be satisfactory.

The Wind Mills with aggregate installed capacity of 10.65 MW generated 168.37 lakh units (192.30 lakh units) of Wind Electricity during the year. The entire power generated by the wind mills were utilized for captive



consumption at the textile mill. There has been decrease in wind power generation by 12.50% as compared with previous year generation due to deficit monsoon.

The overall sales turnover of the Company aggregated to Rs. 17463.15 Lakhs (Rs.16889.19 Lakhs) of which exports including Merchant exports amounted to Rs.1205.13 Lakhs (Rs.1477.41 Lakhs), the exports contributing 6.90% of the overall sales of the Company.

PROSPECTS FOR THE CURRENT YEAR

The Company continues to produce yarn with focus on hoisery and weaving markets, besides export. The performance of the Spinning Unit is likely to be satisfactory. The contribution from Windmills is dependent on availability of Wind of adequate velocity and its evacuation by TANGEDCO.

EVENT SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

There were no material changes and commitments affecting the financial position of the Company subsequent to the end of the financial year.

PUBLIC DEPOSITS

The Company has no public deposits outstanding at the beginning of the year and the Company has not accepted any deposits within the meaning of Section 73 to 76 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review.

CORPORATE GOVERNANCE

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

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

ANNUAL RETURN

An extract of the Annual Return as on Financial Year Ended on 31st March, 2019, pursuant to the sub-section (3) of Section 92 of the Companies Act, 2013 and forming part of the report, in Form MGT - 9 is enclosed as **Annexure - I** and is posted on the website of the Company viz., www.shivamills.com

DIRECTORS

Sri S K Sundararaman, Director (DIN 00002691) will retire by rotation at the ensuing Annual General Meeting, he is eligible for re-appointment and seeks re-appointment.

Sri S V Arumugam, Director (DIN 00002458) ceased to be a Director by resignation with effect from 9.11.2018.



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The Board wishes to place on record its appreciation for the valuable services rendered by Sri S V Arumugam during the tenure of office as Director for the growth of the Company.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and Regulation 25(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The company has obtained a certificate from Sri R Dhanasekaran, Company Secretary in practice certifying that none of the Directors on the Board of the company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board/ Ministry of Corporate Affairs or any such Statutory Authority.

KEY MANAGERIAL PERSONNEL

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

Name of the persons	Designation
Sri S V Alagappan	Managing Director
Sri M Shanmugam	Chief Financial Officer
Smt M Shyamala	Company Secretary

AUDIT COMMITTEE

The Audit Committee comprises of

Sri K N V Ramani	-	Independent Director/Chairman
Sri S K Sundararaman	-	Non Executive Non Independent Director
Sri S Palaniswami	-	Independent Director

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

EVALUATION OF BOARD OF DIRECTORS

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

The Board has carried out an annual evaluation of performance of Board and of individual Directors as well as the Committees of Directors. The evaluation has been conducted internally in the manner prescribed by Nomination and Remuneration Committee.



BOARD MEETINGS

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

ESTABLISHMENT OF VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established a vigil mechanism for Directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics. The policy has been posted in the website of the Company: www.shivamills.com.

POLICY ON NOMINATION AND REMUNERATION COMMITTEE

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

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

RELATED PARTY TRANSACTIONS

All the related party transactions that were entered into during the financial year in the ordinary course of business and the prices were at arm's length basis. Hence, the provisions of Section 188(1) of the Companies Act, 2013 are not attracted. Further no materially significant related party transactions were entered by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the company at large. Hence reporting in AOC-2 is not made. Approval of Audit Committee was obtained for transactions of repetitive nature on annual basis. All related party transactions are placed before the Audit Committee and Board of Directors for their review. The policy on Related Party Transactions is available in the website www.shivamills.com.

There were no transactions made with any person or entity belonging to promoter/promoter group which holds 10% or more shareholding in the Company.



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SIGNIFICANT/MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) Your Directors have followed in the preparation of the annual accounts, the applicable accounting standards with proper explanation relating to material departures;
- b) Your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) Your Directors have prepared the annual accounts on a going concern basis;
- e) Your Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) Your Directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS

The present Auditors of the Company M/s V K S Aiyer & Co., Chartered Accountants, Coimbatore (Firm Registration No: 000066S), were appointed for a term of 5 years, pursuant to the resolution passed by the members at the Annual General Meeting held on 28th September, 2016. Pursuant to Section 40 of the Companies (Amendment) Act, 2017, the proviso to Section 139 (1) relating to ratification of appointment of Auditors every year has been omitted. Accordingly, the term of office of present Auditors will be continued without ratification.

There is no audit qualification for the year under review.

DETAILS OF FRAUDS REPORTED BY AUDITORS

There were no frauds reported by the Statutory Auditors under provisions of Section 143 (12) of the Companies Act, 2013 and rules made thereunder.

SECRETARIAL AUDIT

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

Annexure - II



Further the company has obtained an Annual Compliance Report from Sri R Dhanasekaran, Practising Company Secretary in terms of SEBI Circular No. CIR/CFD/CMD1/27/2019 dt:08.02.2019.

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

COMPLIANCE OF SECRETARIAL STANDARDS

The Company has complied with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India from time to time.

COST AUDITOR

Pursuant to section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules 2014 as amended from time to time, the Board of Directors, on the recommendation of Audit Committee, has appointed Sri M Nagarajan, Cost Accountant, Coimbatore as Cost Auditor to conduct Cost Audit of the Company for the financial year 2019 - 2020. The Company has maintained such accounts and cost records as required under Section 148(1) of the Companies Act, 2013.

JOINT VENTURE, ASSOCIATE AND SUBSIDIARIES

The Company does not have Joint Venture, Associate and Subsidiaries as per Rule 6 of the Companies (Accounts) Rules, 2014. Hence, no reporting of the same in Form AOC - 1 has been made.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

STATEMENT ON RISK MANAGEMENT POLICY

The Company has developed a Risk Management Policy and implemented the same. At present the Company has not identified any element of risk which may be of threat to the existence of the Company.

CORPORATE SOCIAL RESPONSIBILITY

The Company has constituted Corporate Social Responsibility Committee which shall recommend to the Board, the activities to be undertaken by the Company as specified in Schedule VII, recommend the amount of



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

expenditure to be incurred on such activities and monitor the CSR policy of the Company. The company has fully spent the amount stipulated under the requirements of the Act. The CSR activities and its related particulars are enclosed as **Annexure III**. The committee consists of the following Directors:

- | | | | |
|----|-------------------|---|-------------------------|
| 1. | Sri S V Alagappan | - | Managing Director |
| 2. | Smt A Lalitha | - | Joint Managing Director |
| 3. | Sri S Palaniswami | - | Independent Director |

STATUTORY DISCLOSURES

- I. Conservation of Energy and others - The particulars required to be included in terms of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended 31st March 2019 relating to Conservation of Energy, etc., is enclosed as **Annexure IV**.
- II. Remuneration of Directors and other details - The information required under Section 197(12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2019 is provided in **Annexure V**.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

During the year under review the human relations continued to be very cordial.

The Company has an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 and an Internal Complaints Committee (ICC) has been constituted to redress complaints of sexual harassment as provided therein. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

- | | | | |
|----|--|---|-----|
| a. | No. of complaints filed during the financial year 2018-19 | - | Nil |
| b. | No. of complaints disposed off during the financial year 2018-19 | - | Nil |
| c. | No. of complaints pending as on end of financial year 2018-19 | - | Nil |

ACKNOWLEDGMENT

Your Directors acknowledge with thanks the financial assistance extended by the Bankers providing the required bank facilities to the company. Your Directors wish to place on record their appreciation of the contributions made by the employees at all levels for the good performance of your company.

By Order of the Board

Coimbatore
29th May, 2019

S V ALAGAPPAN
CHAIRMAN AND MANAGING DIRECTOR
DIN 00002450



ANNEXURE - I
FORM NO. MGT - 9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2019

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

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : L17111TZ2015PLC022007
- ii) Registration Date : 24th November, 2015
- iii) Name of the Company : Shiva Mills Limited
(formerly known as STYL Textile Ventures Limited)
- iv) Category/Sub-Category of the : Company Limited by Shares/ Indian Non Government
Company
- v) Address of the Registered office and : 252, Mettupalayam Road, Coimbatore - 641 043
contact details : 0422 2435555, E-mail: shares@shivamills.com
- vi) Whether listed company Yes/ No : Yes
- vii) Name, Address and Contact details of : SKDC Consultants Limited, Kanapathy Towers, 3rd Floor
Registrar and Transfer Agent, if any : 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641006,
Ph: 0422 2539835, 6549995,
E-mail: info@skdc-consultants.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
Cotton Yarn	13111	93%



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III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl No	Name and address of the company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
-	-	-	-	-	-

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

i) Category-wise Share Holding

Sr No	Category of Shareholders	Shareholding at the beginning of the year (as on 1.4.2018)				Shareholding at the end of the year (as on 31.3.2019)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Promoters									
[1]	Indian									
(a)	Individuals / Hindu Undivided Family	238940	-	238940	2.765	238940	-	238940	2.765	-
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	6236976	-	6236976	72.172	6236976	-	6236976	72.172	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)									
	TRUSTS									
	Sub Total (A)(1)	6475916	-	6475916	74.937	6475916	-	6475916	74.937	-
[2]	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Any Others (Specify)									
	Sub Total (A) (2)	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	6475916	-	6475916	74.937	6475916	-	6475916	74.937	-
(B)	Public shareholding									
(1)	Institutions	-	-	-	-	-	-	-	-	-
(a)	Mutual Funds/UTI	-	-	-	-	-	-	-	-	-



Sr No	Category of Shareholders	Shareholding at the beginning of the year (as on 1.4.2018)				Shareholding at the end of the year (as on 31.3.2019)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(b)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(c)	Alternate Investment Funds	-	-	-	-	-	-	-	-	-
(d)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(e)	Foreign Portfolio Investors	852	-	852	0.010	-	-	-	-	(0.010)
(f)	Financial Institutions/Banks	40	440	480	0.006	40	440	480	0.006	-
(g)	Insurance Companies	-	-	-	-	-	-	-	-	-
(h)	Provident Funds/Pension funds	-	-	-	-	-	-	-	-	-
(i)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub Total (B)(1)	892	440	1332	0.016	40	440	480	0.006	(0.010)
[2]	Central Government/ State Government(s)/ President of India									
	Sub Total (B)(2)	-	-	-	-	-	-	-	-	-
[3]	Non-Institutions									
(a)	Bodies Corporate									
(i)	Indian	42460	3360	45820	0.530	45676	3360	49036	0.567	0.037
(ii)	Overseas	-	-	-	-	-	-	-	-	-
(b)	Individuals									
(i)	Individual shareholders holding nominal share capital up to Rs. 1 lakh	1179641	387430	1566891	18.131	1182603	312232	1494835	17.299	(0.832)
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	325697	-	325697	3.769	401329	-	401329	4.644	0.875
(c)	Others (Specify)									
	Directors & their relatives	1313	1160	2473	0.029	3233	-	3233	0.037	0.008
	Non Resident Indians	109165	120	109285	1.265	94454	120	94574	1.094	(0.171)
	Clearing Members	12569	-	12569	0.145	23367	-	23367	0.270	0.125
	Hindu Undivided Families	101825	-	101825	1.178	99038	-	99038	1.146	(0.032)
	Sub Total (B)(2)	1772490	392070	2164560	25.047	1849700	315712	2165412	25.057	0.010
	Total Public Share holding(B)=(B)(1)+(B)(2)+(B)(3)	1773382	392510	2165892	25.063	1849740	316152	2165892	25.063	-
(C)	Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	8249298	392510	8641808	100	8325656	316152	8641808	100	-



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ii) Shareholding of Promoter-

Sr No	Shareholder's Name	Shareholding at the beginning of the year (as on 1.4.2018)			Shareholding at the end of the year (as on 31.3.2019)			% Change in share holding during the year
		No. of Shares	% of total Share of/ the Company	% of Shares Pledged / encumbered to total shares	No of Shares	% of total Shares of the company	% of Shares Pledged encumbered to total shares	
1	Vedanayagam Hospital Limited	4203546	48.642	-	4203546	48.642	-	-
2	Annamallai Retreading Company Private Limited	2033430	23.530	-	2033430	23.530	-	-
3	Kandasami S.V	203300	2.353	-	203300	2.353	-	-
4	Alagappan S.V.	21780	0.252	-	21780	0.252	-	-
5	Kandasami S V	7680	0.089	-	7680	0.089	-	-
6	Shenbagam A	3480	0.040	-	3480	0.040	-	-
7	Leelavathi. K	1800	0.021	-	1800	0.021	-	-
8	Lalitha. A	540	0.006	-	540	0.006	-	-
9	Sundararaman. S.K	360	0.004	-	360	0.004	-	-
	Total	6475916	74.937	-	6475916	74.937	-	-

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

Sr. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	-	-	-	-
2.	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change			
3.	At the end of the year	-	-	-	-

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

Sr. No	For each of the Top 10 Share holders	Shareholding at the beginning of the year (as on 1.4.2018)		Cumulative Shareholding during the year (as on 31.3.2019)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Ashok Kumar Jain	-	-	100412	1.162
2	Sabita Shetty Mrs	15200	0.176	83696	0.969
3	Sangeetha S	75888	0.878	75888	0.878
4	M Lakshmi	37871	0.438	35000	0.405
5	Deepa Janak Parekh	24800	0.287	23100	0.268
6	Selvam. K.A	20406	0.236	20406	0.236
7	Hemchand Kuvarji Dedhia	16600	0.192	16600	0.192
8	Manoj Vrajilal Dalal	13160	0.152	13160	0.152
9	Rashmi Navinbhai Mehta	-	-	14760	0.171
10	Lona M Palia	10800	0.125	10800	0.125
11	Shaishav Jashvantlal Shah	12000	0.139	5445	0.063
12	Tirumala Rao Nimmagadda	29756	0.345	1	-
13	Shetty. K.J.M	69216	0.800	-	-

v) Shareholding of Directors and key Managerial personnel:

Sr. No	Shareholding of each Directors and each key Managerial Personnel	Shareholding at the beginning of the year (as on 1.4.2018)		Cumulative shareholding during the year (as on 31.3.2019)	
		No. of shares	% of total share of the company	No. of shares	% of total shares of the company
1	Sri S V Alagappan At the beginning of the year Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.,) At the end of the year	21780 - 21780	0.252 - 0.252	21780 - 21780	0.252 - 0.252
2.	Sri S K Sundararaman At the beginning of the year Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc) At the end of the year	360 - 360	0.004 - 0.004	360 - 360	0.004 - 0.004



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Sr. No	Shareholding of each Directors and each key Managerial Personnel	Shareholding at the beginning of the year (as on 1.4.2018)		Cumulative Shareholding during the year (as on 31.3.2019)	
		No. of shares	% of total share of the company	No. of shares	% of total shares of the company
3.	Smt A Lalitha At the beginning of the year Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.,) At the end of the year	540 540	0.006 0.006	540 540	0.006 0.006
4.	Sri K N V Ramani At the beginning of the year Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.,) At the end of the year	- -	- -	- -	- -
5.	Sri S Palaniswami At the beginning of the year Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.,) At the end of the year	- -	- -	- -	- -
6.	Sri S Marusamy At the beginning of the year Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.,) At the end of the year	2353 (Transfer 760 shares) 3113	0.027 0.009 0.036	3113 - 3113	0.036 - 0.036
7.	Sri C Sivasamy At the beginning of the year Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.,) At the end of the year	- -	- -	- -	- -
8.	Sri M Shanmugam At the beginning of the year Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.,) At the end of the year	- -	- -	- -	- -
9.	Smt M Shyamala At the beginning of the year Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.,) At the end of the year	- -	- -	- -	- -

V) INDEBTEDNESS

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

	Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
	Indebtedness at the beginning of the financial year				
i)	Principal Amount	5713.26	-	-	5713.26
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	1.90	-	-	1.90
	Total (i+ii+iii)	5715.16	-	-	5715.16
	Change in Indebtedness during the financial year				
	* Addition	-	-	-	-
	* Reduction	359.15	-	-	359.15
	Net Change	359.15	-	-	359.15
	Indebtedness at the end of the financial year				
i)	Principal Amount	5356.01	-	-	5356.01
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	-	-	-	-
	Total (i+ii+iii)	5356.01	-	-	5356.01

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Remuneration to Managing Director, Whole-time Directors and/or Manager:
(₹In lakhs)

S.No	Particulars of Remuneration	Name of MD Sri S V Alagappan	Name of JMD Smt A Lalitha	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	64.94	67.68	132.62
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2.74	-	2.74
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total (A)	67.68	67.68	135.36
	Ceiling as per the Act		10 % on Net Profit of the Company	



SHIVA MILLS LIMITED

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B. Remuneration to other Directors (in Rs.)

S.No	Particulars of Remuneration	Name of Directors						Total Amount
1	Independent Directors	*Sri S V Arumugam	Sri S K Sundara raman	Sri K N V Ramani	Sri S Palani swami	Sri S Marusamy	Sri C Sivasamy	
	Fee for attending board/ Committee meetings	10000	50000	65000	70000	40000	40000	275000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (1)	10000	50000	65000	70000	40000	40000	275000
2	Other Non-Executive Directors	-	-	-	-	-	-	-
	Fee for attending board / committee meetings	-	-	-	-	-	-	-
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-	-
	Total (B)=(1+2)	10000	50000	65000	70000	40000	40000	275000
	Total Managerial Remuneration							
	Overall Ceiling as per the Act	-----Not Applicable-----						

* Resigned as director w.e.f 9.11.2018

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(₹ In lakhs)

S.No	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	9.30	12.00	21.30
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total	9.30	12.00	21.30



VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

By Order of the Board

Coimbatore
29th May, 2019

S V ALAGAPPAN
CHAIRMAN AND MANAGING DIRECTOR
DIN 00002450



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

ANNEXURE - II
FORM NO.MR-3
SECRETARIAL AUDIT REPORT
(FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019)

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

To

The Members

SHIVA MILLS LIMITED

(CIN: L17111TZ2015PLC022007)

252, Mettupalayam Road

Coimbatore 641 043

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

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by SHIVA MILLS LIMITED ("the Company") for the financial year ended on 31st March 2019 ('Audit Period') according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Rules made thereunder and applicable provisions of the Companies Act 1956;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company;
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the company during the Audit Period)
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the company during the Audit Period)
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the company during the Audit Period)
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not applicable to the Company during the Audit Period);
- vi. The following other laws specifically applicable to the company:
 - a. Textile Committee Act, 1963
 - b. Textiles (Development and Regulation) order, 2001
 - c. Textiles (Consumer Protection) Regulation, 1985

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

- i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii) The Listing Agreements entered into by the Company with the BSE Limited, National Stock Exchange of India Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. (The company's equity shares have been listed at BSE Ltd and National Stock Exchange of India Ltd during the year under review)

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



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

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

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

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

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

I further report that, during the audit period:

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

Coimbatore
29th May, 2019

R Dhanasekaran
Company Secretary in Practice
FCS 7070/ CP 7745



ANNEXURE - III

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

CSR Policy - Approved by the Board of Directors on 9.10.2017

Present Activities:

- Actively involved in promotion of education particularly in rural areas where the facilities for students are inadequate. The company provides for construction of buildings and classrooms to deserving schools.
- Made contribution towards renovation of school classrooms, hostel, canteen, toilet etc., due to natural disaster in Nagapattinam District.

Future focus:

- Education along with health and sanitation will be the prime concern areas to be addressed
- Promote quality of services delivered by basic education, basic health, early childhood care and education by supplementing the effort of Government and suitably identifying the critical gaps and addressing it squarely
- Actively participating in integrated rural community development
- Focus on adopting villages with its holistic development
Weblink: www.shivamills.com

2. Composition of CSR Committee

Corporate Social Responsibility Committee consists of following three Directors:

Name of the persons	Designation
Sri S V Alagappan	Managing Director
Smt A Lalitha	Joint Managing Director
Sri S Palaniswami	Independent Director

3. Average profit before tax of the Company for last 3 financial years : Rs.5,49,20,326/-
4. Prescribed CSR expenditure : Rs.10,98,407/-
(2% of the amount as in item 3 above)



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

5. Details of CSR spent during the financial year

- (a) Total amount spent for the financial year : Rs.11,00,000/-
- (b) Amount unspent, if any : Nil
- (c) Manner in which the amount spent during the financial year is detailed below:

S.N	Projects/ Activities	Sector	Project / program locations	Amount outlay (budget)	Amount spent on the project/ program	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency
1	Constructing additional class rooms for accommodation of rural children	Private	Trichy Dt	10,00,000	10,00,000	10,00,000	Through Trust
2	Renovation of School class rooms, Hostel etc due to natural disasters	Private	Nagapattinam Dt	1,00,000	1,00,000	11,00,000	Through Trust

Reason for not spending:

The Company has spent entire prescribed amount of CSR expenditure during the year 2018-19.

Responsibility Statement of the CSR Committee:

The CSR committee hereby confirms that the implementation and monitoring of CSR activities are in compliance with CSR objectives and policy of the company

Coimbatore
29th May, 2019

By Order of the Board

S V ALAGAPPAN
CHAIRMAN AND MANAGING DIRECTOR
DIN 00002450



ANNEXURE - IV

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

The information under Section 134(3)(m) of the Companies Act, 2013 read with rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2019 is given here below and forms part of the Directors' Report.

A) CONSERVATION OF ENERGY

(i) Steps taken or impact on conservation of energy;

- ❖ Energy Audit and conservation measures are adopted continuously.
- ❖ Suction fan retrofit-Funnel ring in Autoconer 338 machines.
- ❖ Electronic ballast instead of copper ballast in 1156 fittings.
- ❖ Provision of CFL 72W street light in place of sodium 250W lights.
- ❖ Automatic timer provided in bore well motors and compressor to reduce energy.
- ❖ Air leakage arresting in pipe lines and machines in all departments.
- ❖ Ring frames OHC energy fan provided 405 mm dia in 38 machines
- ❖ Modification of high capacity condenser in Blowroom.
- ❖ VXL continuous suction machine energy fan provided.
- ❖ KCP Compressor cooling tower Air drier Auto on provision.
- ❖ Humidification plant angle reduced in Ring frame by CFM optimisation
- ❖ Efforts are being taken to reduce energy consumption in all energy intensive equipment.
- ❖ Pnemafile fan motor provided inverter control with Ultimo breakage level.

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

- ❖ The entire wind energy produced by the company's wind mills are captively consumed

(iii) Capital investment on energy conservation equipment;

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

B) TECHNOLOGY ABSORPTION

(i) the efforts made towards technology absorption;

- ❖ The Company continuously monitors the technology evolving in energy conservation measures and adopts the one which suits the Company's requirements.



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

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

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

- ❖ Not applicable.

(iv) the expenditure incurred on Research and Development:- Nil

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

- During the year under review foreign exchange earnings were Rs. 1205.12 lakhs (previous year Rs.2105.75 lakhs). Foreign exchange outgo was Rs. 413.63 lakhs (previous year Rs.1934.95 lakhs)

Coimbatore
29th May, 2019

By Order of the Board

S V ALAGAPPAN
CHAIRMAN AND MANAGING DIRECTOR
DIN 00002450

ANNEXURE V

Disclosure in the Board's Report

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

- (i) The Ratio of the remuneration of each director to the median remuneration of the employees of the company for the Financial year 2018-19

Director's Name	Ratio
Sri S V Alagappan, Managing Director	74.54
Smt A Lalitha, Joint Managing Director	74.54

- (ii) The Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager if any in the Financial year 2018-19 compared to 2017-18

Director's Name/CS/CFO	% increase in remuneration
Sri S V Alagappan, Managing Director	-
Smt A Lalitha, Joint Managing Director	-
Smt M Shyamala, Company Secretary	17.72
Sri M Shanmugam, Chief Financial Officer*	-

* Appointed with effect from 1.4.2018

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

- (iii) Percentage increase in the median remuneration of employees in the Financial year 2018-19 31.90%
- (iv) Number of permanent employees on the rolls of the Company 707
- (v) Average percentile increase already made in the salaries of Employees other than Managerial Personnel in the last financial year and its comparison with the percentile increase in managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
- The average percentile increase granted to employees other than managerial personnel is 7.22%
- The percentile decrease to managerial personnel is (-) 1.32%
- The Board of Directors of the Company affirm that the remuneration paid to Directors, Key Managerial Personnel and employees is as per the remuneration policy approved by the Board of Directors of the Company.
- (vi) Particulars of Employees as per Rule 5(2) and Rule 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:



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Table 1: Particulars of Top Ten Employees in terms of remuneration drawn as required under Rule 5(2):

Name (Age in years)	Designation	Gross Remuneration paid (in ₹)	Qualification	Date of Commencement of employment (experience in years)	Previous Employment
Sri M Shanmugam(69)	Chief Financial Officer	12,00,000	B.Com., FCA	1.4.2018 (11 months)	Shiva Distilleries Limited
Smt M Shyamala(37)	Company Secretary	9,30,000	M.Com., ACS	18.1.2010 (9)	Shiva Texyarn Limited
Sri R Selvaraj (37)	Sr. Manager - Accounts	8,25,000	M.Com., ACA	18.5.2018 (10 months)	Indsil Energy and Electrochemicals Limited
Sri C Bose (56)	Senior Genset Engineer	7,00,200	DME	1.10.2017(1)	GHCL
Sri S Manikandan(51)	Factory Manager	6,32,500	DTT	20.5.2015(3)	Ayyanar Spg Mills
Sri J Sahayaraj(49)	Senior Electrical Engineer	6,29,664	DECE	1.5.2000 (18)	Madura Coats
Sri K Sivaraj(56)	Manager- Windmill	5,56,608	DTT	30.5.1989(29)	Shiva Texyarn Limited
Sri M Selvamuthukumar (42)	Marketing officer	4,85,100	B.Com	7.4.2008(10)	Shreenithi Apparels Pvt Ltd
Sri S Kalidoss (46)	Senior Store Officer	4,60,500	B.Com	1.7.2010(9)	TVS Group
Sri M Rajeswari (50)	Senior Accounts Officer	4,57,500	M.Com	1.11.2007(2)	Vijayakumar Spinning Mills

Table 2: The statement of employee(s) specified under Rule 5(2) (i), (ii), and (iii):

Name : S V Alagappan
 Designation : Managing Director
 Remuneration (Rs. in Lakhs) : 67.68
 Nature of Duties : Manage the day to day affairs of the Company
 Qualification & Experience (years) : B. Com., B.L., more than 34 years in Textile/ Business
 Date of commencement of employment : 24.11.2015
 Age : 77
 Last employment : Shiva Texyarn Limited

None of the employees, listed in the said Annexure is relative of Sri S V Alagappan, Managing Director (DIN 00002450) of the Company. None of the employees hold (by himself or along with his spouse and dependent children) more than two percent of the equity shares of the Company.

By Order of the Board

Coimbatore
29th May, 2019

S V ALAGAPPAN
CHAIRMAN AND MANAGING DIRECTOR
DIN 00002450

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on corporate governance envisages the attainment of high levels of transparency, accountability, fairness and equity in all facets of its operations, procedures, reporting system and in all the interactions with its stakeholders.

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

BOARD OF DIRECTORS

The Board comprises of 7 Directors viz., 2 Executive Directors including a Women Director, 1 Non-Executive non Independent Director and 4 Non-Executive Independent Directors.

Name and category of the Director	No. of Directorships held in other Companies*	Name of the other listed companies and category	Number of Board Committee Membership held in other Companies**	
			Chairman	Member
Sri S V Alagappan, Executive	1	Shiva Texyarn Limited	Chairman - Non Executive	-
Sri S V Arumugam, Non-Executive Non Independent ^{\$}	1	Bannari Amman Spinning Mills Limited	Chairman - Executive	-
		Shiva Texyarn Limited ^{\$}	Non Executive Non Independent	1
Sri S K Sundararaman, Non-Executive Non Independent	3	Shiva Texyarn Limited	Executive	-
		Shanthi Gears Limited	Non-Executive Independent	4
		Pricol Limited	Non-Executive Independent	
Smt A Lalitha, Executive	-	-	-	-
Sri K N V Ramani, Non-Executive Independent	5	Bannari Amman Spinning Mills Limited	Non-Executive Independent	1
		Shiva Texyarn Limited	Non-Executive Independent	2
		K G Denim Limited	Non-Executive Independent	



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Name of the Director	No. of Directorships held in other Companies*	Name of the listed company and category		Number of Board Committee Membership held in other Companies**	
				Chairman	Member
		K P R Mill Limited	Non-Executive Independent		
		LGB Forge Limited	Non-Executive Independent		
Sri S Palaniswami, Non-Executive Independent	2	Bannari Amman Spinning Mills Limited	Non-Executive Independent	1	3
		Shiva Texyarn Limited	Non-Executive Independent		
Sri C Sivasamy, Non-Executive Independent	-	-	-	-	-
Sri S Marusamy, Non-Executive Independent	1	Shiva Texyarn Limited	Non-Executive Independent	-	1

Sri S V Alagappan & Sri S V Arumugam are related to each other as brothers and Sri S V Alagappan & Smt A Lalitha are related as father and daughter respectively.

\$ Resigned w.e.f 9.11.2018

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

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

The non-Executive Independent Directors fulfill the conditions laid down for appointment/re-appointment as Independent Directors as specified in Section 149 of the Companies Act, 2013 and rules made thereunder and Regulation 25 (8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A formal letter of appointment/re-appointment has been issued and a copy of the same is posted on the website of the Company viz., www.shivamills.com.

BOARD MEETINGS AND ANNUAL GENERAL MEETING

During the financial year, 4 Board Meetings were convened by giving advance notices to the Directors. The meetings were held on 28.5.2018, 14.8.2018, 13.11.2018 and 14.2.2019. The interval between the two Meetings were well within the maximum period prescribed under the Companies Act, 2013 and Regulation 17(2) of the SEBI (LODR) Regulations, 2015.



The Board is given all the 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 24.9.2018) are furnished here below:

Name of the Director	Number of Board Meeting held during the year or after appointment as Director	Number of Board Meetings attended	Last AGM attended Yes/No
Sri S V Alagappan (DIN 00002450)	4	4	Yes
Sri S V Arumugam (DIN 00002458)\$	4	2	Yes
Sri S K Sundararaman (DIN 00002691)	4	4	Yes
Smt A Lalitha (DIN 00003688)	4	4	No
Sri K N V Ramani (DIN 00007931)	4	3	Yes
Sri S Palaniswami (DIN 00007901)	4	4	Yes
Sri C Sivasamy (DIN 00002921)	4	4	Yes
Sri S Marusamy (DIN 00610091)	4	4	Yes

\$ Resigned w.e.f 9.11.2018

FAMILIARISATION PROGRAMME

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

CHART SETTING OUT THE SKILLS OF THE BOARD OF DIRECTORS

Board of Directors	Age	Date of appointment	Qualification	Skills
Sri S V Alagappan	77	24.11.2015	B.Com., B.L	He has more than 35 years of experience in Textile Industry
Sri S V Arumugam\$	70	24.11.2015	B.Sc., ACA	He has more than 34 years of experience in Textile Industry



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Board of Directors	Age	Date of appointment	Qualification	Skills
Smt A Lalitha	49	31.8.2017	B.Com.,	She has more than 9 years of experience in Textile Industry
Sri S K Sundararaman	46	24.11.2015	MBA	He has more than 20 years of experience in Textile/Business
Sri K N V Ramani	87	31.8.2017	M.A., B.L	He has more than 60 years of specialization in Companies Act, Taxation, Labour Law etc.,
Sri S Palaniswami	75	26.5.2008	B.E Electrical Engineering	He has more than 40 years of experience in the field of Vertical Transportation Elevators, escalators and allied products.
Sri C Sivasamy	62	31.8.2017	Diploma in Mechanical Engineering.	He has more than 39 years of experience in the field of Automobiles.
Sri S Marusamy	73	24.11.2015	-	He has more than 38 years of experience in agro processing and transport agency business.

\$ Resigned w.e.f 9.11.2018

CODE OF CONDUCT

The Company has adopted the code of conduct for all Board Members and Senior Management as required under Regulation 17(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The code is posted on the company's website at www.shivamills.com. All Board Members and Senior Management personnel have affirmed compliance with the code on an annual basis and a declaration to this effect signed by the Chairman is attached to this report.

AUDIT COMMITTEE

The Audit Committee consists of following Directors:

Sl.No	Name	Position	No of Meetings Attended
1.	Sri K N V Ramani	Chairman - Independent	4
2.	Sri S K Sundararaman	Member - Non Executive Non Independent	3
3.	Sri S Palaniswami	Member - Independent	4

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



- a) Review of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- c) Approval of payment to statutory auditors for any other services rendered by the Statutory Auditors;
- d) Reviewing, with the management, the annual financial statements and Auditor's Report thereon before submission to the board for approval, with particular reference to:
 - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
 - ii. Changes, if any, in accounting policies and practices and reasons for the same.
 - iii. Major accounting entries involving estimates based on the exercise of judgment by management
 - iv. Significant adjustments made in the financial statements arising out of audit findings
 - v. Compliance with listing and other legal requirements relating to financial statements
 - vi. Disclosure of any related party transactions
 - vii. Modified opinions in the draft audit report
- e) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- g) Review and monitor the Auditor's independence and performance, and effectiveness of audit process;
- h) Approval or any subsequent modification of transactions of the company with related parties;
- i) Scrutiny of inter-corporate loans and investments;
- j) Valuation of undertakings or assets of the company, wherever it is necessary;
- k) Evaluation of internal financial controls and risk management systems;
- l) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- m) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;



- n) Discussion with Internal Auditors of any significant findings and follow up thereon;
- o) Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- p) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- r) To review the functioning of the Whistle Blower mechanism;
- s) Approval of appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate;
- t) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

During the financial year, the Audit Committee met 4 times on 26.5.2018, 10.8.2018, 10.11.2018 and 11.2.2019. The Audit Committee chairman was present at the last AGM.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee consists of 3 Directors, two of whom are independent:

Sl.No.	Name of the Director	Position
1.	Sri S Palaniswami	Chairman
2.	Sri S K Sundararaman	Member
3.	Sri C Sivasamy	Member

The Nomination and Remuneration Committee Chairman was present at the last Annual General Meeting.

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

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

Remuneration Policy

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

Evaluation Criteria

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

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

Remuneration to Managing Director is as follows:

Name	Designation	Remuneration (₹ in Lakhs)
Sri S V Alagappan	Managing Director	67.68
Smt A Lalitha	Joint Managing Director	67.68

Remuneration paid to Director

All the non-executive Directors' sitting fee are revised from Rs.5000/- to Rs.10,000/- as recommended by Nomination and Remuneration Committee and approved at the Board Meeting held on 14.8.2018 for Board Meeting and Audit Committee Meeting attended by them.

Meeting of Independent Directors

During the year under review the Independent Directors met on 14.2.2019 for the following purposes:

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

All the Independent Directors were present at the meeting.



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has constituted Corporate Social Responsibility Committee which shall recommend to the Board, the activities to be undertaken by the Company as specified in schedule VII, of the Companies Act, 2013 recommend the amount of expenditure to be incurred on such activities and monitor the CSR policy of the Company. The company has fully spent the amount stipulated under the requirements of the Act. Corporate Social Responsibility Committee consisting of the following Directors with effect from 12.2.2018.

1. SriSV Alagappan - Managing Director
2. Smt A Lalitha - Joint Managing Director
3. Sri S Palaniswami - Independent Director

SUBSIDIARIES

The Company has no material subsidiary within the meaning of Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The company has adopted a Policy for determining material subsidiary and is available on the weblink: www.shivamills.com

RELATED PARTY TRANSACTIONS

The company has adopted policy on dealing with Related parties. The same is disclosed in the website of the company and is available in the following weblink: www.shivamills.com

RISK MANAGEMENT COMMITTEE

Requirement of constitution of Risk Management Committee pursuant to Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements), 2015 is not applicable to the Company. Disclosures regarding commodity price risk and hedging activities pursuant to Regulation 34(3) read with clause 9(n) of Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted Policy on Foreign Exchange Risk Management on 28.5.2018.

Exposure to commodity risks faced by the company throughout the year

Total exposure of the Company to commodities in INR : Nil

Exposure of the company to various commodities : Nil

Commodity name	Exposure in INR towards the particular commodity	Exposure in quantity terms towards the particular commodity	% of such exposure hedged through commodity derivatives				
			Domestic Market		International Market		Total
			OTC	Exchange	OTC	Exchange	
-	-	-	-	-	-	-	-

WHISTLE BLOWER MECHANISM

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

SHAREHOLDING OF NON-EXECUTIVE DIRECTORS AS ON 31.3.2019

Name of the Director	No. of Shares Held
Sri S K Sundararaman	360
Sri K N V Ramani	Nil
Sri S Palaniswami	Nil
Sri C Sivasamy	Nil
Sri S Marusamy	3113

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee was formed to specifically look into shareholders/investors complaints if any, on transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividend, etc., and also the action taken by the Company on those matters.

The Stakeholders Relationship Committee consists of:

Sri K N V Ramani	Chairman
Sri S K Sundararaman	Member
Smt A Lalitha	Member

Smt M Shyamala, Company Secretary is the Compliance Officer.

The company has not received any complaints from the Investors for redressal during the year and there were no complaint pending at the beginning of the year.

CEO & CFO CERTIFICATION

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

INSIDER TRADING

In compliance with SEBI Regulations in prohibition of insider trading the company has framed a comprehensive Code of Conduct. 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 MEETINGS**

Details of last three Annual General Meetings and Special Resolutions passed thereat are as follows:

AGM	Date & Time	Location	Special Resolutions Passed	Voting Pattern
1 st	28.9.2016 11.45 AM	Registered Office 252, Mettupalayam Road Coimbatore - 641043	Nil	Not Applicable
2 nd	25.12.2017 10.15 A.M.	Nani Kalaiarangam, Mani Higher Secondary School, Pappanaickenpalayam, i Coimbatore 641 037	Nil	Not applicable
3 rd	24.9.2018 12.05 P.M.	Nani Kalaiarangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore 641 037	1. Continuation of present term of Directorship of Sri KNV Ramani, who has attained the age of 75 years 2. Continuation of present term of Directorship of Sri S Palaniswami, who attains the age of 75 years	Total Votes polled : 65,02,249 Votes polled for: 65,02,249 Votes against : Nil Votes neutral : Nil

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

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

DISCLOSURES

- The Company has not entered into any transaction of a material nature with the related parties having potential conflict with the interest of the Company.
- There was no instance of non-compliance of any matter related to the capital markets.
- The company has a Whistle Blower Policy in place and No personnel has been denied access to the Audit Committee.
- The Company has complied with all the mandatory requirements of Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in respect of Non-mandatory requirements the company has complied all the conditions except the suggestion relating to appointment of separate persons to the post of Chairman and Managing Director/CEO.
- There were no utilization of funds raised through preferential allotment or qualified institutions placements as specified under Regulation 32 (7A)
- There were no instances of Board for non acceptance of any recommendation of any Committee of the Board which is mandatorily required during the Financial Year.



- The company has obtained a Certificate from Sri R Dhanasekaran, Company Secretary in Practice under clause (i) of clause 10 of Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, certifying that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. The certificate is annexed to this report as Annexure.

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 Business Standard (English) and MakkalKural (Tamil) newspapers. The results and news items relating to the company are displayed in company's website www.shivamills.com
- ii) The Management Discussion and Analysis forms part of this Annual Report.

SHAREHOLDERS' INFORMATION

Annual General Meeting

Day and Date	:	Monday, 19 th August, 2019
Time	:	12.15 p.m.
Venue	:	Nani Kalaiarangam Mani Higher Secondary School Pappanaickenpalayam Coimbatore 641 037

Financial Year

Results Announced	:	29.5.2019
Posting of Annual Report	:	On or before 19 th July, 2019
Last date of receipt of Proxy forms	:	17 th August 2019
Dividend payment Date	:	on or before 17 th September, 2019
Announcement of quarterly Results	:	i) During first/second week of August and November 2019, February and May 2020 or as stipulated by SEBI from time to time. ii) the financial results are displayed on the website of the Company www.shivamills.com

Date of Book Closure for the purpose of Dividend and Annual General Meeting 13.8.2019 to 19.8.2019
(both days inclusive)



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

Share Price Movement

The high and low quotations of the company's shares on the National Stock Exchange of India Limited and BSE Limited together with Nifty and SENSEX from April 2018 to March 2019 were:

MONTH	SHARE PRICE				NSE - NIFTY		BSE - SENSEX	
	NSE (Rs. Ps.) High	BSE (Rs. Ps.) Low	High	Low	High	Low	High	Low
April 2018	74.90	50.00	73.80	48.30	10759.00	10111.30	35213.30	32972.56
May	54.50	39.40	55.45	38.45	10929.20	10417.80	35993.53	34302.89
June	74.00	36.50	72.75	38.00	10893.25	10550.90	35877.41	34784.68
July	54.90	45.50	54.70	47.45	11366.00	10604.65	37644.59	35106.57
August	64.30	49.75	64.10	49.00	11760.20	11234.95	38989.65	37128.99
September	64.85	50.00	64.95	54.25	11751.80	10850.30	38934.35	35985.63
October	58.70	43.70	55.90	46.00	11035.65	10004.55	36616.64	33219.58
November	71.40	45.65	70.00	47.00	10922.45	10341.90	36389.22	34303.38
December	60.00	49.05	58.85	50.00	10985.15	10333.85	36554.99	34426.29
January 2019	67.35	48.00	67.25	48.00	10987.45	10583.65	36701.03	35375.51
February	54.40	44.10	56.70	45.00	11118.10	10585.65	37172.18	35287.16
March	53.40	47.40	55.90	47.55	11630.35	10817.00	38748.54	35926.94

Based on the closing quotation of Rs.49.60 as at 29.3.2019 at NSE Mumbai, the market capitalization of the company was Rs.42.86 Crores.

SHARE DETAILS

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

BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001	Stock Code: 540961	National Stock Exchange of India Limited "Exchange Plaza" Bandra-Kurla Complex Bandra (E) Mumbai 400 051	Stock Code: SHIVAMILLS
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The company has paid Annual Listing Fees for the year 2019-2020.

Outstanding GDRs/ADRs/Warrants or any convertible instruments

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



DEMATERIALISATION OF SHARES

The shares of the company are in compulsory demat segment. The company's shares are available for trading in the depository systems of both National Securities Depository Limited (NSDL) and 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. ISIN allotted to our company is INE644Y01017. As on 31.3.2019 96.342 % of the shares of the Company have been dematerialised. The whole of the Promoters Shareholding have been dematerialised.

SHARE TRANSFER AGENT

S.K.D.C Consultants Limited Phone : (0422) 4958995, 2539835, 2539836
Kanamthy Towers, 3rd Floor Fax : (0422) 2539837
1391/A-1Sathy Road, Ganapathy E-mail : info@skdc-consultants.com
Coimbatore - 641006

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 the documents are in order. The share transfers are approved by the Share Transfer Committee who usually meet twice in a month, if needed.

DISTRIBUTION OF SHAREHOLDING AS ON 31.3.2019

CATEGORY	No. of Shares Held	Percentage of Shareholding
Promoter's Holding	6475916	74.94
Banks/FIs/Mutual Funds	480	0.01
Private Corporate Bodies	72403	0.84
Indian Public	1998435	23.12
NRI/OCBs	94574	1.09
Total	8641808	100.00

PLANT LOCATIONS:

Spinning Unit	
Velvarkottai village Dindigul District, Tamilnadu	
Windmill Units	
Irukkandurai Tirunelveli Tamilnadu Gathalrev- Udumalpet Tamilnadu Varapatti - Tiruppur Tamilnadu	Dhanakarkulam - Tirunelveli - Tamilnadu Vadavalli, Coimbatore South Tamilnadu



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

ADDRESS FOR CORRESPONDENCE

All investor related queries and complaints may be sent to the following address:

The Company Secretary,
Shiva Mills Limited,
Regd. Office: 252, Mettupalayam Road,
Coimbatore-641 043
E-mail: shares@shivamills.com

CREDIT RATINGS

Credit ratings obtained by the Company and revisions thereto during the financial year 2018-19 for credit facilities availed by the Company from Banks are as follows:

Rating Agency	Communication No	Nature of facility	Rating	Rating action
CARE Ratings Limited	CARE/CRO/RL/2018-19/1508 dt: 24.12.2018	Long-term Bank facilities	CARE BBB Positive; (Triple B; Outlook: Positive)	Revised from CARE BBB; Stable (Triple B; Outlook: Stable)
		Short term Bank facilities	CARE A3+ (A Three Plus)	Reaffirmed
		Long-term/Short term Bank facilities	CARE BBB; Positive/CARE A3+ (Triple B; Outlook: Positive / A Three Plus)	Revised from CARE BBB; Stable/CARE A3+ (Triple B; Outlook: Stable/A three plus)

AUDITORS FEES

The total fees for all services paid by the Company to the Statutory Auditors during the year 2018-19 is as follows:

(₹ In lakhs)

Particulars	For the year ended March 31 2019	For the year ended March 31 2018
Payments to auditors comprises (net of GST/service tax input credit, where applicable):		
For Statutory audit fees	3.00	4.14
For taxation matters	2.55	2.69
For Other Services	-	-
Limited Review Report	1.35	1.25
Certification Services	0.34	0.42
VAT Audit	-	0.42
Others	0.60	0.55
Total	7.84	9.47

By Order of the Board

Coimbatore
29th May, 2019

S V ALAGAPPAN
CHAIRMAN AND MANAGING DIRECTOR
DIN 00002450



CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members of

SHIVA MILLS LIMITED

CIN: L17111TZ2015PLC022007

**Registered office: 252, Mettupalayam Road,
Coimbatore-641043.**

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of SHIVA MILLS LIMITED having CIN:L17111TZ2015PLC022007 and having registered office at 252, Mettupalayam Road, Coimbatore-641043 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that

none of the Directors on the Board of the Company for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification.

Place : Coimbatore
Date : 29th May, 2019

R Dhanasekaran
FCS No.: 7070
C P No.: 7745



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY'S BUSINESS

The Company's principal line of business is manufacturing and marketing of Cotton Yarn. The Company has a spinning unit near Dindigul, Tamilnadu with an installed capacity of 39072 spindles and 22 Windmills with an installed capacity of 10.65 MW.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Textile Industry is one of India's oldest industry with a formidable presence in the national economy and has made major contribution to the economy in terms of direct and indirect employment generation, contribution to GDP and net foreign exchange earnings. Textile and Apparel sector is the second largest employment provider in the Country next to Agriculture. Keeping in view the importance of the Industry, the Central Government, have announced several measures including incentives to give fillip to the Textile Industry. Thus the growth and all round development of this Industry has a direct bearing on the improvement of the economy of the Country.

OPPORTUNITIES

India is the largest cotton producer and has the second largest installed spindle capacity in the world. Inspite of having a strong manufacturing base, India's share in global textile trade is only about 5%. Hence the scope for increasing the share of India's textile exports is tremendous. Rising per capital income, favorable demographics and shift in preference for branded products offer excellent opportunity for the Industry to drive growth.

OUTLOOK

The outlook for Indian textile industry looks promising buoyed by strong domestic demand and improved market sentiments for exports. Various fiscal incentives offered by the Union Government, Sharing of EPF burden, emphasis on skill development etc offer excellent opportunity for the Industry to perform better.

RISKS AND CONCERNS

Availability of Cotton, the main raw material for manufacture of Cotton Yarn, is subject to the vagaries of nature and the prices also fluctuate wildly based on supply/demand in the World market. Availability of skilled labour, competition from low cost producing Countries having preferential trade agreement with developed economies, fluctuations in foreign exchange markets are some of the risks faced by the textile industry.

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.

SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS FOR THE FINANCIAL YEAR 2017-18 AND 2018-19

All the key financial ratios for the Financial Year 2018-19 have improved as compared with previous year ratios.

	Type of Ratio	Parameter	2018-19	2017-18
1	Debtors Turnover Ratio	Times	6.54	8.48
2	Inventory Turnover	Times	4.11	3.63
3	Interest Coverage Ratio	Times	2.01	1.99
4	Current Ratio	Times	1.13	1.07
5	Debt Equity Ratio	Times	0.06	0.06
6	Operating Profit Margin (%)	%	8.65	7.07
7	Net Profit Margin (%)	%	3.78	2.29

DETAILS OF ANY CHANGE IN RETURN ON NETWORTH AS COMPARED TO IMMEDIATELY PREVIOUS FINANCIAL YEAR ALONG WITH A DETAILED EXPLANATION THEREOF

Return on net worth has increased from 4.98 % to 7.99% due to increase in profit after tax.

MEDIUM TERM AND LONG TERM STRATEGIES

Striving to improve quality continuously keeping in pace with technological developments.

Giving priority to the requirement of customers, creating new business opportunities and to focus on value maximisation.

By Order of the Board

Coimbatore
29th May, 2019

S V ALAGAPPAN
CHAIRMAN AND MANAGING DIRECTOR
DIN 00002450



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Shiva Mills Limited
(CIN: L17111TZ2015PLC022007)

I have examined the compliance of conditions of Corporate Governance by Shiva Mills Limited ('the company'), for the year ended on 31st March, 2019 as referred in Regulation 15(2) of the Securities Exchange Board of India (SEBI) Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to a review of the procedures and implementation thereof adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said Listing Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me and based on the representations made by the Directors and the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Securities Exchange Board of India (SEBI) Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015.

I further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Coimbatore
29th May, 2019

R. Dhanasekaran
Company Secretary in Practice
FCS 7070
CP 7745

DECLARATION ON CODE OF CONDUCT

The Members of
Shiva Mills Limited

In compliance with the requirements of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges, I declare that the Board of Directors and members of senior management have affirmed the compliance with the code of conduct during the financial year ended 31.3.2019

Coimbatore
29th May, 2019

S V ALAGAPPAN
MANAGING DIRECTOR
DIN 00002450



INDEPENDENT AUDITORS' REPORT

To the Members of Shiva Mills Limited

Report on the Audit of Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Shiva Mills Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information, (hereinafter referred to as "Ind AS Financial Statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2019, its profit (financial performance including other comprehensive income), its cash flows and changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Ind AS financial statements section of our report. We are independent of the company in accordance with the code of Ethics issued by the Institute of Chartered accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of Ethics. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.



Key Audit Matter	How our audit addressed the Key Audit Matter
Carrying Value of Property Plant and Equipment- The carrying value of Property, Plant and Equipment as at 31.03.2019 was Rs.7,984.60 lakhs and the related depreciation charge for the year was Rs.519.82 lakhs. The carrying value and depreciation rates are reviewed annually by management with reference to usage, obsolescence and relevant technical factors. This involves a significant degree of management judgement.	Assessing the reasonableness of the management's assertions and estimates regarding estimated useful lives and residual values based on historical experience Discussing indicators of possible impairment with the management Analysing the assumptions and critical judgements based on historical data.

Information other than the Financial statements and Auditor's report thereon

The company's Board of Directors is responsible for the other information. The other information comprises the information to be included in the annual report such as Director's Report including annexures, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the (state of affairs) financial position, profit or loss (financial performance including other comprehensive income) cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of



the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility for the audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies(Auditors' Report) Order, 2016("the Order") issued by the Central Government of India in terms of sub-section(11) of Section143 of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143(3) of the Act, we report that:
- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss, Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;
 - e. On the basis of written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2".
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended;

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

- (i) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 23 on Contingent Liabilities to the Ind AS financial statements;
- (ii) The Company did not have any long contracts including derivative contracts for which there were any material foreseeable losses;
- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For VKS Aiyer & Co.,
Chartered Accountants
ICAI Firm Registration No. 000066S

V S Srinivasan
Partner
Membership No. 013729

Coimbatore
29th May, 2019



ANNEXURE 1 TO THE INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Shiva Mills Limited on the standalone financial statements for the year ended 31st March 2019]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) During the year, fixed assets have been physically verified by the management as per the regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties recorded as fixed assets in the books of account of the Company are held in the name of the Company except for the details given below:

Land/ Building	No. of cases	Leasehold/ Freehold	(₹ in Lakhs)		Remarks
			Deemed Cost as on March 31, 2019	Carrying Value as on March 31, 2019	
Land & Building of Spinning division	1	Freehold	2357.88	1660.26	The title deeds are in the name of Shiva Texyarn Limited, erstwhile Company from which the business undertaking was demerged under Section 230 to 232 of the Companies Act, 2013 vide order dt. 23.08.2017.

- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. As informed, no material discrepancies were noticed on physical verification carried out during the year.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.
- (iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186 of the Act.



- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it.

AND

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us, the dues outstanding with respect to, income tax, sales tax, service tax, value added tax, customs duty, excise duty on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	233.63	AY 2016-17	Order pending with Assessing Officer, Coimbatore for granting tax credits in accordance with the Scheme of Demerger.
Income Tax Act, 1961	Income Tax	249.81	AY 2017-18	Order pending with Assessing Officer, Coimbatore for granting tax credits in accordance with the Scheme of Demerger.

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution(s), bank(s), government(s) or dues to debenture holder(s).
- (ix) In our opinion and according to the information and explanations given to us, the Company has utilized



the money raised by way of term loans during the year for the purposes for which they were raised. The Company did not raise any money by way of Initial Public Offer or further public offer (including debt instruments) during the year.

- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.
- (xi) According to the information and explanations given to us, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.
- (xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For VKS Aiyer & Co.,
Chartered Accountants
ICAI Firm Registration No. 000066S

V S Srinivasan
Partner
Membership No. 013729

Coimbatore
29th May, 2019



ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Shiva Mills Limited on the Ind AS financial statements for the year ended 31-03-2019]

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

We have audited the internal financial controls over financial reporting of Shiva Mills Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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



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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For VKS Aiyer & Co.,
Chartered Accountants
ICAI Firm Registration No. 000066S

V S Srinivasan
Partner
Membership No. 013729

Coimbatore
29th May, 2019



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

Balance Sheet as at March 31, 2019

₹ in Lakhs

PARTICULARS		Note No.	As at 31.03.2019	As at 31.03.2018
ASSETS				
1	Non-current assets			
	(a) Property, Plant and Equipment	2A	7,984.60	8,132.29
	(b) Intangible assets	2B	1.80	2.45
	(c) Capital work-in-progress	2A	-	0.69
	(d) Investment property	3	4.94	4.94
	(e) Financial Assets	-	-	-
	(i) Investments	4	3.13	2.56
	(f) Other non-current assets	5	136.79	192.26
	Total Non - Current Assets		8,131.26	8,335.19
2	Current assets			
	(a) Inventories	6	3,893.86	4,608.05
	(b) Financial Assets		-	-
	(i) Trade receivables	7.1	2,670.65	1,990.53
	(ii) Cash and cash equivalents	7.2	481.13	208.63
	(iii) Loans	7.3	2.19	111.74
	(iv) Other financial assets	7.4	21.58	37.65
	(c) Other assets	8	264.51	615.37
	Total Current Assets		7,333.92	7,571.97
	Total Assets (1+2)		15,465.18	15,907.16
EQUITY AND LIABILITIES				
1	Equity			
	(a) Equity Share capital	9	864.18	864.18
	(b) Other Equity	10	7,395.19	6,891.16
	Total equity		8,259.37	7,755.34
2	Liabilities			
	Non-current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	11	321.97	501.92
	(b) Deferred tax liabilities (net)		416.44	584.00
	(c) Other liabilities	12	0.84	0.85
	Total Non - Current Liabilities		739.25	1,086.77
3	Current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	13.1	4,870.10	4,969.44
	(ii) Trade payables	13.2		
	(a) Trade outstanding due of Micro and Small Enterprises		7.73	-
	(b) Trade outstanding due of creditors other than Micro and Small Enterprises		1,135.82	1,529.07
	(iii) Other financial liabilities	13.3	250.68	270.10
	(b) Provisions	14	66.45	123.91
	(c) Other current liabilities	15	135.78	172.53
	Total Current Liabilities		6,466.56	7,065.05
	Total Equity and Liabilities (1+2+3)		15,465.18	15,907.16

Significant Accounting Policies

The accompanying notes are an integral part of the financial statements

Subject to our report of even date attached

For and on behalf of the Board of Directors

For VKS AIYER & Co

Chartered Accountants

Firm Registration No.000066S

S V ALAGAPPAN

Chairman & Managing Director

DIN: 00002450

A LALITHA

Joint Managing Director

DIN: 00003688

V S SRINIVASAN

Partner

Membership No. 013729

Place: Coimbatore

Date: 29th May, 2019

M SHANMUGAM

Chief Financial Officer

M SHYAMALA

Company Secretary

ACS No. 24464



Statement of Profit and Loss for the year ended March 31, 2019

₹ in Lakhs

PARTICULARS	Note No.	Year ended 31.03.2019	Year ended 31.03.2018
I Revenue from operations	16	17,534.31	16,939.42
II Other Income	17	67.88	52.13
III Total Revenue (I + II)		17,602.19	16,991.55
IV EXPENSES			
(a) Cost of materials consumed	18A	12,172.80	11,731.60
(b) Purchase of traded goods	18B	151.36	-
(c) Changes in stock of finished goods, work-in-progress and stock in trade	19	(730.36)	(62.55)
(d) Employee benefit expense	20	1,669.24	1,569.54
(e) Finance costs	21	751.54	599.09
(f) Depreciation and amortisation expense	2C	520.47	489.30
(g) Other expenses	22	2,307.55	2,069.75
Total Expenses (IV)		16,842.60	16,396.74
V Profit before tax (III - IV)		759.59	594.81
VI Tax Expense			
(1) Current tax		267.00	240.17
(2) MAT credit		-	-
(3) Deferred tax (written back)		(167.56)	(31.95)
Total tax expense		99.44	208.22
VII Profit/(Loss) for the year (V - VI)		660.15	386.59
VIII Other comprehensive income/(loss)		(3.99)	18.40
A (i) Items that will not be recycled to profit or loss		-	-
(a) Remeasurements of the defined benefit liabilities / (asset)		(3.99)	18.40
(b) Equity instruments through other comprehensive income		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that may be reclassified to profit or loss		-	-
IX Total comprehensive income/(Loss) for the year (VII + VIII)		656.16	404.99
X Earnings/(loss) per equity share:(Face Value of Rs.10 Each)	28		
(1) Basic		7.64	4.47
(2) Diluted		7.64	4.47

Significant Accounting Policies

The accompanying notes are an integral part of the financial statements

1

Subject to our report of even date attached

For and on behalf of the Board of Directors

For VKS AIYER & Co
Chartered Accountants
Firm Registration No.000066S

S V ALAGAPPAN
Chairman & Managing Director
DIN: 00002450

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Membership No. 013729

M SHANMUGAM
Chief Financial Officer

M SHYAMALA
Company Secretary
ACS No. 24464

Place: Coimbatore
Date: 29th May, 2019



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

Statement of changes in equity for the year ended March 31, 2019

₹ in Lakhs

(a) Equity share capital

Balance as at April 1, 2018 864.18

Balance as at March 31, 2019 864.18

(b) Other Equity

₹ in Lakhs

PARTICULARS	General Reserve	Retained earnings / (Defecit)		Total other equity
		Retained earnings (defecit)	Remeasurements of the defined benefit liabilities / (assets) net of tax	
Balance at the April 01, 2017		1115.10	24.53	1139.64
Add :Profit/(loss) for the year		386.59	0.00	386.59
Shares issued during the year	5346.54		0.00	5346.54
Add/Less:Other comprehensive income (net of taxes)			18.40	18.40
Balance at the March 31, 2018	5346.54	1501.69	42.93	6891.16
Balance at the April 01, 2018	5346.54	1501.69	42.93	6891.16
Add :Profit/(loss) for the year		660.15		660.15
Less : Dividend on equity shares for the year		(124.35)		(124.35)
Less :Dividend distribution tax		(24.87)		(24.87)
Add/ (Less) Other adjustments		(2.92)		(2.92)
Add/(Less):Other comprehensive income (net of taxes)			(3.99)	(3.99)
Balance at the March 31, 2019	5346.54	2009.71	38.94	7395.19

Significant Accounting Policies

The accompanying notes are an integral part of the financial statements

1

Subject to our report of even date attached

For and on behalf of the Board of Directors

For VKS AIYER & Co

Chartered Accountants
Firm Registration No.000066S

S V ALAGAPPAN

Chairman & Managing Director
DIN: 00002450

A LALITHA

Joint Managing Director
DIN: 00003688

V S SRINIVASAN

Partner
Membership No. 013729

M SHANMUGAM

Chief Financial Officer

M SHYAMALA

Company Secretary
ACS No. 24464

Place: Coimbatore
Date : 29th May, 2019



Statement of Cash Flow

₹ in Lakhs

PARTICULARS	Year ended March 31, 2019		Year ended March 31, 2018	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit for the year		759.59		594.81
Adjustments for:				
Depreciation and amortisation expenses	520.47		489.30	
Finance costs	751.54		599.09	
Interest income	(6.76)		(10.62)	
Rental income	(4.20)		(4.56)	
Net unrealised exchange (gain) / loss	(37.06)		3.48	
		1,223.99		1,076.70
Operating profit / (loss) before working capital changes		1,983.59		1,671.51
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Financial Assets				
Trade receivables	(680.12)		70.53	
Loans	109.55		(108.79)	
Other financial assets	16.08		(12.63)	
Non-financial assets				
Inventories	714.18		85.08	
Other assets	416.09		(120.99)	
Adjustments for increase / (decrease) in operating liabilities:				
Financial liabilities				
Trade payables	(385.53)		516.86	
Other financial liabilities	(19.42)		(16.65)	
Non-financial liabilities				
Provisions	(2.40)		5.34	
Other liabilities	(36.76)		22.88	
		131.67		441.64
Cash generated from operations		2,115.25		2,113.15
Net income tax (paid) / refunded		(338.72)		(200.33)
Net cash flow from / (used in) operating activities (A)		1,776.53		1,912.82
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on property plant and equipment, including capital advances	(371.44)		(476.44)	
Purchase of other investments	(0.57)		(0.49)	
Interest received	6.76		10.62	
Rent received	4.20		4.56	
Net cash flow from / (used in) investing activities (B)		(361.05)		(461.75)



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

Statement of Cash Flow (Contd...)

₹ in Lakhs

PARTICULARS	Year ended March 31, 2019		Year ended March 31, 2018	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from non-current borrowings			16.00	
Repayment of non-current borrowings	(179.95)		(505.80)	
Increase / (decrease) in working capital borrowings	(99.34)		(544.55)	
Dividend and Distribution Tax Paid	(149.21)		(163.06)	
Finance costs paid	(751.54)		(586.14)	
Net cash flow from / (used in) financing activities (C)		(1,180.05)		(1,783.55)
Net increase / (decrease) in cash and cash equivalents (A+B+C)		235.44		(332.47)
Add: Cash and cash equivalents at the beginning of the year		208.63		541.10
Add / (Less): Effect of exchange differences on restatement of foreign currency cash and cash equivalents		37.06		
Cash and cash equivalents at the end of the year *		481.13		208.63
Reconciliation of Cash and Cash Equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 7.2)		481.13		208.63
Less: Bank balances not considered as cash and cash equivalents, as defined in Ind AS 7 Cash Flow Statements:				
(i) In earmarked accounts				
- Margin money deposits				
- Unpaid dividends account		(6.11)		(3.36)
Cash and cash equivalents as per Cash Flow Statement		475.02		205.27
* Comprises:				
(a) Cash on hand	42.04		66.43	
(b) Cheques/Drafts on Hand			0.25	
(c) Balances with banks:				
(i) In current accounts	307.69		138.59	
(ii) In deposit accounts	125.30			
Total		475.02		205.27

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements

Subject to our report of even date attached

For and on behalf of the Board of Directors

For VKS AIYER & Co
Chartered Accountants
Firm Registration No.000066S

S V ALAGAPPAN
Chairman & Managing Director
DIN: 00002450

A LALITHA
Joint Managing Director
DIN: 00003688

V S SRINIVASAN
Partner
Membership No. 013729

M SHANMUGAM
Chief Financial Officer

M SHYAMALA
Company Secretary
ACS No. 24464

Place: Coimbatore
Date : 29th May, 2019



Notes to the financial statements for the year ended March 31, 2019

General Information

Shiva Mills Limited ("the Company") is engaged in the manufacturing of cotton yarn products. The Company has its registered office at Coimbatore and factory at Dindigul.

The Companies financial statements were authorised for issue in accordance with the resolution of the Board of Directors on 29th May, 2019 in accordance with the provisions of Companies Act, 2013 and are subject to the approval of shareholders at the Annual General Meeting.

1.1 Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.2 Basis of accounting and preparation of financial statements

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- (a) certain financial assets and liabilities that are measured at fair value and
- (b) defined benefit plans – plan assets measured at fair value

1.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors of the Company assesses the financial performance and position of the Company, and makes strategic decisions. The board of directors has been identified as being the chief operating decision maker.

1.4 Use of estimates

In the application of the Company's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a. Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This assessment may result in change in the depreciation expense in future periods.

b. Employee Benefits

The cost of defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

**Notes to the financial statements for the year ended March 31, 2019****1.5 Inventories**

Inventories are valued at lower of cost and net realisable value. Cost of raw materials, Packing materials, Stores and Spares and consumables are valued at Cost on weighted average cost basis. Value of finished goods and work-in-progress are determined on weighted average cost basis and include appropriate share of overheads.

1.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with banks other than deposits pledged with government authorities and margin money deposits.

Cash and cash equivalents in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value. Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents. A characteristic of such banking arrangements is that the bank balance often fluctuates from being positive to overdrawn.

1.7 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

1.8 Taxes on income**a) Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted and are applicable as at the end of the reporting period. In the absence of adequate taxable profits, the Company is required to pay Minimum Alternate Tax (MAT) on the book profits, as adjusted for certain provisions.

b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

MAT paid in accordance with the tax laws, if any, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax. Accordingly, MAT is recognised as a deferred tax asset in the Balance sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in



Notes to the financial statements for the year ended March 31, 2019

which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c) Current and deferred tax for the year

Current and deferred tax are recognised in the Statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

1.9 Property plant and equipment

The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred. Major shut-down and overhaul expenditure is capitalised as the activities undertaken improves the economic benefits expected to arise from the asset.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.

Property, plant and equipment except freehold land held for use in the production, supply or administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land and leasehold land where the lease is convertible to freehold land under lease agreements at future dates at no additional cost, are not depreciated.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses.

Depreciation commences when the assets are ready for their intended use. Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

1.10 Leases

a. Where the company is Lessee:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals for non-cancellable leases are recognised in the Statement of Profit and Loss on a straight-line basis over the period of lease where the lease payments are structured to increase in line with expected general inflation.



Notes to the financial statements for the year ended March 31, 2019

b. Where the company is Lessor:

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

1.11 Revenue recognition

a Sale of goods

Revenue from the sale of goods is recognised when the goods are dispatched/delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree associated with ownership nor effective control over goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

b Sale of services

The Company recognises revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured.

c Other operating revenue

- Income incidental to exports such as income from import entitlement and premium on sale of such entitlement are recognised when there is a reasonability of collection
- Income from windmills denotes income earned by sale or transfer of electricity to Tamil Nadu Electricity Board and the income accrued for which billing is pending.

1.12 Other income

Interest

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend

Dividend Income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that economic benefits will flow to the Company and the amount of income can be measured reliably).

1.13 Employee benefits

Employee benefits include provident fund, employee state insurance, gratuity fund and compensated absences.

a. Retirement benefit costs and termination benefits

Payments to defined contribution Retirement Benefit Plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit Retirement Benefit Plans, the cost of providing benefits is determined using the projected unit credit



Notes to the financial statements for the year ended March 31, 2019

method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

b. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

For defined benefit plan, in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme. The gratuity fund is maintained with Life Insurance Corporation of India.

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expenses'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

1.14 Foreign currency transactions and translations

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

**Notes to the financial statements for the year ended March 31, 2019****(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

1.15 Borrowings and Borrowing cost

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred.

1.16 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

1.17 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

1.18 Financial Instruments

All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date. While, financial liabilities like loans and borrowings and payables are recognised net of directly attributable transaction costs.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets comprising amortised cost, debt instruments at fair value through other comprehensive income (FVTOCI), equity instruments at FVTOCI or fair value through profit and loss account (FVTPL) and financial liabilities at amortised cost or FVTPL.



Notes to the financial statements for the year ended March 31, 2019

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

a) **Non-derivative financial assets**

(i) Financial assets at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or where appropriate, a shorter period, to the gross carrying amount on initial recognition.

Financial assets at amortised cost are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other Income" line item.

ii) Equity instruments at FVTOCI

All equity instruments are measured at fair value. Equity instruments held for trading is classified as FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividend are recognised in OCI which is not subsequently recycled to statement of profit and loss.

iii) Financial assets at FVTPL

FVTPL is a residual category for financial assets. Any financial asset which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as FVTPL.

In addition the Company may elect to designate the financial asset, which otherwise meets amortised cost or FVOCI criteria, as FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

iv) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it

**Notes to the financial statements for the year ended March 31, 2019**

transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

b) Non-derivative financial liabilities**i) Financial liabilities at amortised cost**

Financial liabilities at amortised cost represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method.

ii) Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Finance costs' line item. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the statement of profit and loss. The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

iii) Derecognition of non-derivative financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.



Notes to the financial statements for the year ended March 31, 2019

1.19 Impairment

a) Financial Assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12-months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- i) All contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. As practical expedient, the Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historically observed default rates are updated and changes in forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognised during the year is recognised as income/expense in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below: Financial assets measured at amortised cost, contractual revenue receivable: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

(b) Non-financial assets

The Company assesses at each reporting date whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss. An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the

**Notes to the financial statements for the year ended March 31, 2019**

purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

1.20 Government grants

Grants from the government are recognised when there is reasonable assurance that:

- i) the Company will comply with the conditions attached to them; and
- ii) the grant will be received.

Government grants related to revenue are recognised on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense. When the grant relates to an asset, it is recognized as income over the expected useful life of the asset.

Where the Company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost it is recognised at a fair value. When loan or similar assistance are provided by government or related institutions, with an interest rate below the current applicable market

rate, the effect of this favourable interest is recognized as government rate. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received.

1.21 Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Recent accounting pronouncements on Standards Issued or modified but not yet effective:

1.22 Standards issued but not effective**Ind AS 116-Leases:**

IND AS 116 will replace the existing standard on IND AS 17-Leases and its related interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of lease contracts for the lessor as well as the lessee. IND AS 116 introduces a single lease accounting model that requires a lessee to recognise assets and liabilities for all lease contracts with a lease term of more than 12 months, unless the underlying value of asset is of low value. The Standard also contains enhanced disclosure requirements for the lessees. Currently, operating leases are charged to Statement of Profit and Loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application under which the lessee records the lease liability at the present value of the remaining lease payments discounted at the increment borrowing rate and the right to use the asset either at its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or an amount equal to the lease liability as adjusted by any prepaid or accrued lease payments.



Notes to the financial statements for the year ended March 31, 2019

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives. The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives. The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.



₹ in Lakhs

Notes to the financial statements for the year ended March 31, 2019

2A Property, Plant and equipment and capital work-in-progress

Carrying amounts of		As at 31.03.2019	As at 31.03.2018
Freehold Land		167.98	167.98
Building		1,608.58	1,662.26
Plant and Machinery		6,011.21	6,151.29
Office Equipment		27.53	3.74
Furniture & Fittings		7.05	4.60
Vehicles		56.90	69.37
Computers		9.94	2.27
Lab Equipments		35.26	38.38
Electrical Fittings		60.13	32.41
Capital work-in-progress		7,984.60	8,132.29
		-	0.69
		7,984.60	8,132.29

Description of Assets	Freehold Land	Building	Plant and Machinery	Office Equipment	Furniture & Fittings	Vehicles	Computers	Lab Equipments	Electrical Installations	Total
I. Gross Carrying Value										
Balance as at April 1, 2017	167.98	1,646.25	6,786.99	8.71	7.90	67.06	3.03	44.89	22.86	8,755.68
Additions	-	129.67	183.43	0.15	-	19.47	-	-	14.60	347.32
Disposals	-	-	-	-	-	-	-	-	-	-
Balance as at April 1, 2018	167.98	1,775.92	6,970.42	8.86	7.90	86.53	3.03	44.89	37.46	9,103.00
Additions	-	6.05	297.85	24.99	3.49	-	8.18	0.17	31.40	372.12
Disposals	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2019	167.98	1,781.98	7,268.27	33.84	11.39	86.53	11.21	45.06	68.86	9,475.13
II. Accumulated depreciation and impairment										
Balance as at April 1, 2017	-	56.73	409.05	2.56	2.33	5.33	0.41	3.23	1.90	481.54
Additions	-	56.93	410.09	2.56	0.97	11.83	0.36	3.28	3.15	489.17
Disposals	-	-	-	-	-	-	-	-	-	-
Balance as at April 1, 2018	-	113.66	819.14	5.11	3.30	17.16	0.77	6.52	5.05	970.71
Depreciation expense for the year	-	59.73	437.92	1.20	1.03	12.46	0.51	3.29	3.68	519.82
Eliminated on disposal of assets	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2019	-	173.40	1,257.06	6.31	4.34	29.62	1.27	9.80	8.73	1,490.53
Net block (I-II)										
Net Carrying Value as at March 31, 2017	167.98	1,589.52	6,377.94	6.15	5.57	61.73	2.63	41.66	20.96	8,274.14
Net Carrying Value as at March 31, 2018	167.98	1,662.26	6,151.29	3.74	4.60	69.37	2.27	38.38	32.41	8,132.29
Net Carrying Value as at March 31, 2019	167.98	1,608.58	6,011.21	27.53	7.05	56.90	9.94	35.26	60.13	7,984.60

Certain property, plant and equipments have been given as security against borrowings availed by the Company. (Refer Note No. 11 & 13.1)

Notes to the financial statements for the year ended March 31, 2019

₹ in Lakhs

2B. Intangible Assets

Description of Assets	Computer Software	Total
<u>I. Gross Carrying Value</u>		
Balance as at April 1, 2017	2.73	2.73
Additions	-	-
Disposals	-	-
Balance as at April 1, 2018	2.73	2.73
Additions	-	-
Disposals	-	-
Balance as at March 31, 2019	2.73	2.73
<u>II. Accumulated amortisation and impairment</u>		
Balance as at April 1, 2017	0.15	0.15
Amortisation expense for the year	0.13	0.13
Eliminated on disposal of assets	-	-
Balance as at April 1, 2018	0.28	0.28
Amortisation expense for the year	0.65	0.65
Eliminated on disposal of assets	-	-
Balance as at March 31, 2019	0.93	0.93
Net block (I-II)		
Net Carrying Value as at March 31, 2017	2.58	2.58
Net Carrying Value as at March 31, 2018	2.45	2.45
Net Carrying Value as at March 31, 2019	1.80	1.80

2C. Depreciation and Amortisation

Particulars	Note No.	For the year ended March 31 2019	For the year ended March 31 2018
Property plant and equipment	2A	519.82	489.16
Amortisation - Intangibles	2B	0.65	0.14
Total		520.47	489.30



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

Notes to the financial statements for the year ended March 31, 2019

₹ in Lakhs

Non-current assets

3 Investment Property

	As at 31.03.2019	As at 31.03.2018
Carrying amounts of : Land	4.94	4.94
	4.94	4.94

Investment Property

Particulars	Land
Cost as at 1 April 2018	4.94
Additions	-
Disposals	-
Gross block as at 31 March 2019	4.94
DEPRECIATION	-
Depreciation / amortisation expense for the year	-
Eliminated on disposal of assets	-
Accumulated depreciation as at 31 March 2019	-
Carrying Value as at 31 March 2019	4.94

Fair value of investment property

Particulars	As at 31.03.2019	As at 31.03.2018
Land (Investment property)	47.9	47.96

The fair value of the investment property is based on the guideline value of the property based on Tamilnadu Registry. The Management believes that the fair value of the investment property as at the balance sheet date would not be significantly different from guide value.

4 Investments

Particulars	As at 31.03.2019	As at 31.03.2018
I. Quoted Investments (fully paid)	-	-
II. Unquoted Investments (fully paid) - At FVTPL		
Investments in Equity Instruments - Others		
27,500 (As at March 31, 2018 : 21,100) Equity shares of OPG Power Generation Private Limited of Rs.10 each	3.10	2.53
Government Securities	0.03	0.03
Total Unquoted Investments	3.13	2.56
Total Investments	3.13	2.56
Aggregate amount of unquoted investments	3.13	2.56
Aggregate market value of unquoted investments	3.13	2.56

Notes to the financial statements for the year ended March 31, 2019

₹ in Lakhs

Current Assets

5 Other Non Current Assets

Particulars	As at 31.03.2019	As at 31.03.2018
Unsecured, considered good		
Capital Advances	5.46	5.46
Security Deposits	115.49	180.71
Other advances	0.15	0.15
Income Tax (Net)	15.70	5.94
Total	136.79	192.26

6 Inventories

Particulars	As at 31.03.2019	As at 31.03.2018
Raw Materials	2,167.04	3,579.36
Work-in-progress (Refer note below)	231.72	220.68
Finished Goods	1,331.62	590.32
Waste Cotton	29.52	42.11
Stores and Spares	133.96	175.57
Total	3,893.86	4,608.05

Note

Particulars	As at 31.03.2019	As at 31.03.2018
Work in Progress		
Cotton	213.18	203.80
Yarn	18.54	16.88
Total	231.72	220.68

- (i) Inventories with the above mentioned carrying amount have been pledged as security against certain bank borrowings of the Company (Refer note 13)
- (ii) Cost of inventory recognised as expenses:

Particulars	As at 31.03.2019	As at 31.03.2018
Cost of materials consumed	12,172.80	11,731.60
Consumption of Stores & Spare parts	202.36	219.53



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

Notes to the financial statements for the year ended March 31, 2019

₹ in Lakhs

7 Financial Assets

7.1 Trade receivables (Unsecured)

Particulars	As at 31.03.2019	As at 31.03.2018
(i) Trade receivables outstanding for a period exceeding six months from the date they were due for payment:	-	-
(ii) Other trade receivables:		
Unsecured, considered good	2,670.65	1,990.53
With significant increase in credit risk	-	-
Credit impaired	-	-
Unsecured, considered doubtful		
	2,670.65	1,990.53
Less: Provision for doubtful trade receivables	-	-
Total	2,670.65	1,990.53

The Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward- looking estimates. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed. Based on such estimates, no provision for credit risk has been made.

7.2 (i) Cash and Cash Equivalents

Particulars	As at 31.03.2019	As at 31.03.2018
Cash on hand	42.03	66.43
Cheques/drafts on hand	-	0.25
Balances with banks :	-	-
(i) In current accounts	307.69	138.59
(ii) Investments in term deposits	125.30	-
Total (A)	475.02	205.27

(ii) Bank Balance other than cash and Cash Equivalents

Particulars	As at 31.03.2019	As at 31.03.2018
Earmarked balances		
In Unclaimed dividend accounts	6.11	3.36
Total (B)	6.11	3.36
Total of (A + B)	481.13	208.63

Notes to the financial statements for the year ended March 31, 2019

₹ in Lakhs

7.3 Loans

Particulars	As at 31.03.2019	As at 31.03.2018
Unsecured, considered good		
Employee Advance	2.19	2.62
Advance to Demerged Company	-	109.12
Total	2.19	111.74

7.4 Other financial assets

Particulars	As at 31.03.2019	As at 31.03.2018
Unsecured, considered good		
Accruals:		
-Unbilled revenue	-	33.51
-TUFF Subsidy/Other Receivable	5.18	4.14
-Insurance Claim Receivable	16.40	-
Total	21.58	37.65

8 Other Assets

Particulars	As at 31.03.2019	As at 31.03.2018
Balances with government authorities:		
- CENVAT credit receivable	-	40.12
- VAT /GSTcredit receivable	116.91	55.49
- Export incentive receivable/Interest/Rent Receivables	3.44	5.10
Advance to Suppliers	18.06	350.25
Other advances	0.37	0.15
Gratuity Fund	27.74	42.70
Prepaid expenses	97.99	121.56
Total	264.51	615.37

9 Equity Share Capital

	As at 31.03.2019		As at 31.03.2018	
	Numbers of Shares	₹ in Lakhs	Numbers of Shares	₹ in Lakhs
(a) Authorised:				
(i) Equity Share Capital				
Equity Shares of Rs.10/- each	1,50,00,000	1,500.00	1,50,00,000	1,500.00
Total	1,50,00,000	1,500.00	1,50,00,000	1,500.00
(b) Issued, Subscribed and Fully paid-up:				
(i) Equity Share Capital				
Equity shares of Rs. 10/- each	86,41,808	864.18	86,41,808	864.18
Total	86,41,808	864.18	86,41,808	864.18



SHIVA MILLS LIMITED

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Notes to the financial statements for the year ended March 31, 2019

₹ in Lakhs

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

	As at 31.03.2019		As at 31.03.2018	
	Numbers of Shares	₹ in Lakhs	Numbers of Shares	₹ in Lakhs
Equity shares of Rs. 10/- each				
At the beginning of the year	86,41,808	864.18	50,000	5.00
Add: Issued during the year	-	-	86,41,808	864.18
Less: Cancellation of during the year			(50,000)	(5.00)
Outstanding at the end of the year	86,41,808	864.18	86,41,808	864.18

(ii) Terms / rights attached to the Equity Shares:

The Company has issued only one class of equity share having a face value of Rs. 10/- per share. The holder of each equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution to all preferential creditors and other creditors, in the order of priority. The distribution will be in proportion to the number of equity shares held by shareholders. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to the approval of Shareholders in the ensuing Annual General Meeting.

(iii) Details of shareholders holding more than 5% of the share capital:

Equity Shares

Particulars	As at 31.03.2019		As at 31.03.2018	
	Numbers of Shares held	% of holding	Numbers of Shares held	% of holding
Vedanayagam Hospital Limited	42,03,546	48.64%	42,03,546	48.64%
Annamallai Retreading Company P Ltd	20,33,430	23.53%	20,33,430	23.53%

(iv) 86,41,808 shares were allotted consequent to a scheme of demerger approved by NCLT vide order dated 23.08.2017

(v) There are no shares which are held by the holding company/ultimate holding company.

10 Other Equity

Particulars	As at 31.03.2019	As at 31.03.2018
General Reserve		
This represents appropriation of profit by the company (Consequent to demerger)	5,346.54	5,346.54
Retained earnings/(deficit)	2,009.71	1,501.69
Retained earnings/(defecit) comprise of the Company's current and prior years' undistributed earnings after taxes or accumulated losses.		
Other items of other comprehensive income	38.94	42.93
Total	7,395.19	6,891.16

Notes to the financial statements for the year ended March 31, 2019

₹ in Lakhs

Non-current Liabilities

11 Financial Liabilities

11 Borrowings

Particulars	As at 31.03.2019	As at 31.03.2018
Term Loans - Secured(Refer Note below) -From banks	321.97	501.92
Total	321.97	501.92

Details of terms of repayment and security provided in respect of secured term loans:

Particulars	As at 31.03.2019	As at 31.03.2018
ICICI Bank Limited	405.00	513.00
Less: Current Maturities of long term debt	(108.00)	(108.00)
	297.00	405.00

Security: Pari-pasu first charge on the immovables and hypothecation of movables of spinning of the company. Repayable in 20 equal quarterly instalments of Rs.27 Lakhs each, commencing from February 2018

Particulars	As at 31.03.2019	As at 31.03.2018
Bank of Baroda	-	70.00
Less: Current Maturities of long term debt		(70.00)
	-	-

Security: Pari-pasu first charge on the immovables and hypothecation of movables of spinning unit of the company. Repayable in 27 quarterly instalments of Rs.90.00 lakhs (except for last instalment) & Rs.70.00 lakhs (for the last instalment) each, commencing from August, 2011

Particulars	As at 31.03.2019	As at 31.03.2018
Indian Overseas Bank	70.00	134.00
Less: Current Maturities of long term debt	(48.00)	(48.00)
	22.00	86.00

Security: Hypothecation of windmills and equitable mortgage of related lands in Tirupur district, Tamilnadu. Repayable in 96 monthly instalments varying from Rs.2.00 to Rs.6.00 lakhs each, commencing from April, 2012

Particulars	As at 31.03.2019	As at 31.03.2018
Kotak Mahindra Bank Limited	10.92	26.82
Less: Current Maturities of long term debt	(7.95)	(15.90)
	2.97	10.92

Hypothecation of Motor Car. Repayable in 60 monthly installment of varying amounts commencing from August 2014.



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Notes to the financial statements for the year ended March 31, 2019

₹ in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Non-Current borrowings - Total	485.92	743.82
Current Maturities of long term borrowings - Total	(163.95)	(241.90)
	321.97	501.92

12 Other liabilities

Particulars	As at 31.03.2019	As at 31.03.2018
Income received in advance	0.84	0.85
Total	0.84	0.85

Current Liabilities

13. Financial Liabilities

13.1 Borrowings

Particulars	As at 31.03.2019	As at 31.03.2018
(a) Working capital loan from banks (Secured)	4,870.10	4,569.44
(b) Short Term loan from ICICI bank (Secured)	-	400.00
Total	4,870.10	4,969.44

Details of outstanding and security provides;

Particulars	As at 31.03.2019	As at 31.03.2018
ICICI Bank Limited	743.43	-
Hypothecation of inventories and trade receivables ranking pari-pasu with other working capital lenders		
Particulars	As at 31.03.2019	As at 31.03.2018
Indian Overseas Bank - Cash Credit	788.12	1,930.05
Hypothecation of inventories and trade receivables ranking pari-pasu with other working capital lenders		
Particulars	As at 31.03.2019	As at 31.03.2018
Indian Overseas Bank - PCFC	789.12	57.37
Hypothecation of inventories and trade receivables ranking pari-pasu with other working capital lenders		
Particulars	As at 31.03.2019	As at 31.03.2018
Bank of Baroda - Cash Credit	977.31	911.84
Hypothecation of inventories and trade receivables ranking pari-pasu with other working capital lenders		

Notes to the financial statements for the year ended March 31, 2019

₹ in Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Canara Bank - Cash Credit	1,158.31	979.83
Hypothecation of inventories and trade receivables ranking pari-pasu with other working capital lenders		
Particulars	As at 31.03.2019	As at 31.03.2018
ICICI Bank- ILC	313.32	690.35
Hypothecation of inventories and trade receivables ranking pari-pasu with other working capital lenders		
Particulars	As at 31.03.2019	As at 31.03.2018
IOB- ILC	100.49	-
Hypothecation of inventories and trade receivables ranking pari-pasu with other working capitals lenders.		
Particulars	As at 31.03.2019	As at 31.03.2018
ICICI Bank- Short Term Loan	-	400.00
Hypothecation of inventories and trade receivables ,Repayable in 7 Monthly Installments of Rs.71.43 lakhs each, commencing from August 2018		

13.2 Trade payables

Particulars	As at 31.03.2019	As at 01.04.2018
(a) Trade outstanding due of Micro and Small Enterprises	7.73	-
(b) Trade outstanding due of creditors other than of Micro and Small Enterprises	1,135.82	1,529.07
Total	1,143.55	1,529.07

13.3 Other financial liabilities

Particulars	As at 31.03.2019	As at 31.03.2018
Current Maturities of Long-term Debt [Refer note 11.1(i) for details of security and repayment terms]	163.95	241.91
Interest accrued but not due on borrowings	-	1.90
Unpaid Dividend/Unclaimed Dividend	6.11	-
Dues to related Parties (Refer Note No. 27)	53.03	-
Security Deposits Received	27.59	26.29
Total	250.68	270.10



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Notes to the financial statements for the year ended March 31, 2019

₹ in Lakhs

14 Provisions

Particulars	As at 31.03.2019	As at 31.03.2018
(a) Provision for employee benefits		
Provision for bonus	39.57	35.07
(b) Provision for income tax (Net)	26.88	88.84
Total	66.45	123.91

Note

Particulars	As at 31.03.2019	As at 31.03.2018
Movement of Income Tax Provisions		
Opening	88.84	87.67
Additions	267.00	240.17
Reversal/Payments	328.96	239.00
Closing	26.88	88.84

15 Other Current Liabilities

Particulars	As at 31.03.2019	As at 31.03.2018
Statutory remittances	18.96	17.78
Expenses Payable	116.82	154.75
Total	135.78	172.53

Notes to the financial statements for the year ended March 31, 2019

₹ in Lakhs

16 Revenue from operations

Note No.	Particulars	For the year ended March 31 2019	For the year ended March 31 2018
(a)	Sale of goods		
	a. Manufactured goods		
	Yarn	16,253.65	14,262.52
	Fabrics	-	1,349.26
	Waste Cotton	1,209.50	1,277.41
		17,463.15	16,889.19
(b)	Other operating revenues (Refer Note 1 below)	71.16	50.23
	Total	17,534.31	16,939.42

The Company has implemented Ind AS 115 "Revenue from contract with customers" effective from 1st April, 2018. The adoption of this standard did not have a material impact on revenue from operations and statement of profit and loss for the year of 31st March, 2019.

Note No.	Particulars	For the year ended March 31 2019	For the year ended March 31 2018
1	Other operating revenues comprises:		
	Conversion Charges Received	3.99	5.44
	Freight and Forwarding Charges Collection	50.86	10.92
	Duty drawback and other export incentives	16.31	21.24
	Wind Energy broken period unbilled & Banking Units	-	12.63
	Total	71.16	50.23

17 Other income

Note No.	Particulars	For the year ended March 31 2019	For the year ended March 31 2018
(a)	Interest income (Refer Note 1 below)	6.76	10.62
(b)	Other non-operating income (Refer Note 2 below)	61.12	41.51
	Total	67.88	52.13



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Notes to the financial statements for the year ended March 31, 2019

₹ in Lakhs

Note No.	Particulars	For the year ended March 31 2019	For the year ended March 31 2018
1	Interest income comprises: Interest from financial assets at amortised cost	6.76	10.62
	Total - Interest income	6.76	10.62
2	Other non-operating income comprises: Rental income	4.20	4.56
	Sundry balances written back	-	0.43
	Net Gain on Foreign currency transaction and translation (Other than considered as finance cost)	30.94	28.01
	Other Miscellaneous income	25.98	8.51
	Total - Other non-operating income	61.12	41.51
		67.88	52.13

18 A Cost of materials consumed

Note No.	Particulars	For the year ended March 31 2019	For the year ended March 31 2018
	Opening stock		
	Raw Materials	3,579.36	3,820.00
	Work in Process -Cotton	203.80	166.98
	Add: Purchases	10,769.87	11,527.77
		14,553.02	15,514.75
	Less: Closing stock		
	Raw Materials	2,167.04	3,579.36
	Work in Process -Cotton	213.18	203.80
	Cost of material consumed	12,172.80	11,731.60
	Material consumed comprises:		
	-Cotton	12,172.80	11,731.60
	Total	12,172.80	11,731.60

18 B Purchase of traded goods

Particulars	For the year ended March 31 2019	For the year ended March 31 2018
Purchases of traded goods	151.36	-
Total	151.36	-

Notes to the financial statements for the year ended March 31, 2019

₹ in Lakhs

19 Changes in inventories of finished goods, work-in-progress and stock in trade

	For the year ended March 31 2019	For the year ended March 31 2018
Inventories at the end of the year:		
Finished goods	1,331.62	590.32
Work-in-progress	18.54	16.88
Waste cotton	29.52	42.11
	1,379.68	649.32
Inventories at the beginning of the year:		
Finished goods	590.32	544.07
Work-in-progress- Yarn	16.88	17.62
Waste-cotton	42.11	25.08
	649.32	586.77
Net (increase) / decrease	(730.36)	(62.55)

20 Employee benefit expenses

Particulars	For the year ended March 31 2019	For the year ended March 31 2018
Salaries, wages and bonus	1,463.75	1,363.87
Contributions to provident and other funds	88.05	107.72
Staff welfare expenses	117.44	97.95
Total	1,669.24	1,569.54

21 Finance costs

Particulars	For the year ended March 31 2019	For the year ended March 31 2018
(a) Interest expense on financial liabilities at amortised cost:		
(i) Borrowings	490.91	521.61
(b) Other borrowing costs	260.63	77.48
Total	751.54	599.09



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Notes to the financial statements for the year ended March 31, 2019

₹ in Lakhs

22 Other expenses

Particulars	For the year ended March 31 2019	For the year ended March 31 2018
Consumption of stores and spare parts	202.36	219.53
Processing charges	-	46.38
Power, fuel and water charges	1,000.34	799.61
Rent including lease rentals	5.36	2.30
Repairs and Maintenance - Building	34.03	36.93
Repairs and Maintenance - Machinery	499.98	471.62
Repairs and Maintenance - Others	26.75	20.19
Insurance	73.08	83.55
Rates and Taxes	35.02	22.21
Communication expenses	6.96	12.08
Travelling and Conveyance	118.62	102.43
Printing & Stationery	6.24	6.99
Freight and Forwarding Charges	84.38	38.29
Selling Expenses	112.92	102.46
Director's sitting fee	2.75	3.00
Business Promotion Expenses	3.66	0.69
Corporate Social Responsibility(CSR)	11.00	-
Donation	0.82	3.35
Legal and Professional charges	34.92	29.83
Payments to Auditors (Refer note below)	7.84	9.47
Miscellaneous Expenses	40.53	58.86
Total	2,307.55	2,069.75

Note 1 - Payments to auditors:

Particulars	For the year ended March 31 2019	For the year ended March 31 2018
Payments to auditors comprises (net of GST/service tax input credit, where applicable):		
For Statutory audit fees	3.00	4.14
For taxation matters	2.55	2.69
For Other Services	-	-
Limited Review Report	1.35	1.25
Certification Services	0.34	0.42
VAT Audit	-	0.42
Others	0.60	0.55
Total	7.84	9.47

Notes to the financial statements for the year ended March 31, 2019

₹ in Lakhs

Additional information to the financial statements

23. Contingent liabilities and commitments (to the extent not provided for)

Note No.	Particulars	As at 31.03.2019	As at 31.03.2018
(i)	Contingent liabilities:		
	Disputed claims of TANGEDCO as part of energy supply	52.18	52.18
(ii)	(a) 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	Nil	152.85
	(b) Value of export obligation to be fulfilled	Nil	23,216.49

24 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at 31.03.2019	As at 31.03.2018
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	7.73	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	-	-

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information available with the Management.

25 Employee benefit plans

25.1.a Defined contribution plans - provident fund and employee state insurance

The Company makes Provident Fund and Employee state insurance scheme contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised the following contributions in the Statement of profit and loss.

Particulars	For the year ended March 31 2019	For the year ended March 31 2018
Provident fund	50.67	56.77
Employee state insurance	24.02	18.55



Notes to the financial statements for the year ended March 31, 2019

25.1.b Defined benefit plan - gratuity

In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity plan). The Gratuity plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn eligible salary and the years of employment with the Company. The Company provides the gratuity benefit through annual contributions to a fund managed by the Insurer included as part of 'Contribution to provident and other funds' in Note 20 Employee benefit expense. Under this plan, the settlement obligation remains with the Company.

Description of Risk Exposures

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above gratuity benefit which are as follows:

- a **Interest Rate Risk:** The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).
- b **Investment Risk:** The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.
- c **Salary Escalation Risk:** The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.
- d **Demographic Risk:** The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.
- e **Liquidity Risk:** This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non-availability of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

In respect of the plan in India, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2019 by Mr. N Srinivasan, Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Notes to the financial statements for the year ended March 31, 2019

₹ in Lakhs

Particulars	For the year ended March 31 2019	For the year ended March 31 2018
Components of employer expense		
Current service cost	10.21	10.46
Past service cost	-	22.10
Interest cost	12.78	11.43
Admin Expenses/Taxes Paid from plan assets	1.79	-
Expected return on plan assets	(16.11)	(15.49)
Recognised in statement of profit and loss	8.65	28.50
Re-measurement - actuarial (gain)/loss recognised in OCI	3.99	(18.40)
Total expense recognised in the Statement of total comprehensive income	12.64	10.11
Other Comprehensive Income (OCI)		
Actuarial (gain)/loss due to DBO experience	(3.11)	(2.35)
Actuarial (gain)/loss due to Demographic assumptions changes in DBO	0.91	-
Actuarial (gain)/loss due to DBO assumption changes	6.39	(17.21)
Actuarial (gain)/loss arising during period	4.19	(19.56)
Actual return on plan assets (greater)/less interest on plan assets	(0.20)	1.17
Actuarial (gains)/ losses recognized in OCI	3.99	(18.40)
Defined Benefit Cost		
Service cost	10.21	10.46
Net interest on net defined benefit liability / (asset)	(3.34)	(4.06)
Actuarial (gains)/ losses recognized in OCI	3.99	(18.40)
Defined Benefit Cost	10.86	(11.99)
Change in defined benefit obligation (DBO) during the year		
Present value of DBO at beginning of the year	170.53	149.54
Current service cost	10.21	10.46
Past service cost	-	22.10
Interest cost	12.78	11.43
Actuarial (gains) / losses	4.19	(19.56)
Acquisitions/Divestures/Transfer	(21.77)	-
Benefits paid	(11.75)	(3.43)
Present value of DBO at the end of the year	164.20	170.53
Actual contribution and benefit payments for year		
Actual benefit payments	11.75	3.43
Actual contributions	0.60	0.58
Change in fair value of assets during the year		
Plan assets at beginning of the year	213.24	201.77
Expected return on plan assets	16.11	15.49
Actual company contributions	0.60	0.58
Transfer Out/Divestures	(24.69)	-
Admin Expenses/Taxes Paid from plan assets	(1.79)	-
Actuarial gain / (loss)	0.20	(1.17)
Benefits paid	(11.75)	(3.43)
Plan assets at the end of the year	191.94	213.24
Actual return on plan assets	16.32	14.32



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Particulars	For the year ended March 31 2019	For the year ended March 31 2018
Current and Non Current Liability portion		
Current Asset/ (Liability)	27.74	42.70
Non Current Asset/ (Liability)	-	-
Net Asset/(Liability)	27.74	42.70
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	164.20	170.53
Fair value of plan assets	191.94	213.24
Funded status [Surplus / (Deficit)]	27.74	42.70
Net asset / (liability) recognised in the Balance Sheet	27.74	42.70
Composition of the plan assets is as follows:		
Insurer managed funds		
Total	100%	100%
*Funds are managed by Life Insurance Corporation of India and composition of the fund as at the balance sheet date was not provided by the insurer.		
Actuarial assumptions		
Discount rate	7.76%	7.73%
Expected return on plan assets	7.76%	7.73%
Salary escalation	7.00%	6.50%

Disclosures under Accounting Standards (contd...)

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Gratuity Plan	March 31,2019	March 31,2018
Estimate value of obligation if discount rate is taken 1% higher	150.81	157.27
Estimated value of obligation if discount rate is taken 1% lower	178.89	186.12
Estimate value of obligation if salary growth rate is taken 1% higher	177.92	184.54
Estimate value of obligation if salary growth rate is taken 1% lower	151.49	158.45
Estimate value of obligation if attrition rate is taken 1% higher	164.12	171.64
Estimate value of obligation if attrition rate is taken 1% lower	163.40	170.58

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

Notes to the financial statements for the year ended March 31, 2019

₹ in Lakhs

Maturity profile of defined benefit obligation:

Maturity profile, if it ensues	As at 31.03.2019
1	9.05
2	5.77
3	13.09
4	11.38
5	8.10
Above 5	350.75

Asset Liability Matching Strategies

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity liability occurring during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

26 Segment Reporting

(a) Primary Business Segment Information

The company's business relates to single segment only i.e., Textiles. Accordingly, this is the only reportable business segment.

(b) Secondary Geographic Segment Information

The information relating to geographical revenue and non-current asset has been disclosed below :

i) Revenue from Operations - based on location of the customer

Particulars	For the year ended March 31 2019	For the year ended March 31 2018
Within India	16,312.88	14,881.24
Outside India	1,221.43	2,058.18
Total	17,534.31	16,939.42

ii) Non current assets

Non-current assets other than financial instruments, deferred tax asset, post-employment benefit asset and rights arising under insurance contracts based on location of the assets.

Particulars	For the year ended March 31 2019	For the year ended March 31 2018
Within India	8,131.26	8,335.19
Outside India	-	-
Total	8,131.26	8,335.19



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27 Related party Disclosures :

(i) List of related parties with whom transactions have taken place during the year 2018-19 and relationship:

- (a) Holding Company : Nil
(b) Subsidiary Company : Nil

(c) Key Management Personnel	(d) Others: (Enterprise over which key management personnel are able to exercise significant influence)
<p>Sri S V Alagappan, Managing Director</p> <p>Smt A Lalitha, Joint Managing Director</p> <p>Sri M Shanmugam, Chief Financial Officer</p> <p>Smt M Shyamala, Company Secretary</p> <p>Sri S V Arumugam, Director-Till (9-11-2018)</p>	<p>Anamallais Agencies Madurai Private Limited</p> <p>Anamallais Automobiles Private Limited</p> <p>Anamallais Motors Private Limited</p> <p>Bannari Amman Spinning Mills Limited</p> <p>Shiva Automobiles Private Limited</p> <p>Shiva Texyarn Limited</p> <p>Sakthi Murugan Transports Limited</p> <p>Young Brand Apparel Private Limited</p>

Name of Transactions	FY 2018-19		FY 2017-18	
	KMP	Others	KMP	Others
Sale of goods and services	-	216.99	260.15	-
Purchase of goods and services	-	158.20	35.25	-
Remuneration	135.36	-	107.16	-
Salary	21.30	-	20.40	-
Amount Outstanding as at year end	-	-	-	-
(i) Receivables /(Payables)	-	(28.57)	-	109.01
(ii) Write off /Write back	-	-	-	-

28 Earnings per equity share

Particulars	For the year ended March 31 2019	For the year ended March 31 2018
Profit attributable to equity shareholders	660.15	386.59
Weighted average number of equity shares (Nos)	8,641,808	8,641,808
Par value per equity share (Rs.)	10.00	10.00
Earning per share - Basic & Diluted (Rs.)	7.64	4.47

29A Income Tax recognised:

Particulars	For the year ended 31 March, 2019		For the year ended 31 March, 2018	
	Statement of profit and loss	Other comprehensive income	Statement of profit and loss	Other comprehensive income
Current Tax:				
In respect of current year	267.00	-	240.17	-
Deferred Tax:				
In respect of current year	(167.56)	-	(31.95)	-
Income tax expense	99.44	-	208.22	-

Notes to the financial statements for the year ended March 31, 2019

₹ in Lakhs

29 B Movement in deferred tax balances

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in Other comprehensive income	Closing Balance
For the year ended 31 March, 2019				
<u>Tax effect of items constituting deferred tax asset</u>				
Provision for investments				
Provision for doubtful debts			-	-
Provision for compensated absences and gratuity	50.73	46.52	-	97.25
On difference between book balance and tax balance of fixed assets	-	121.04	-	121.04
Tax effect of items constituting deferred tax asset	50.73	167.56	-	218.29
<u>Tax effect of items constituting deferred tax (liability)</u>				
On difference between book balance and tax balance of fixed assets	(634.73)	-	-	(634.73)
Tax effect of items constituting deferred tax (liability)	(634.73)	-	-	(634.73)
Net Deferred tax asset/(liability)	(584.00)	167.56	-	(416.44)
For the year ended 31 March, 2018				
Tax effect of items constituting deferred tax asset				
Fair value/Provision for investments				
Provision for doubtful debts	21.00	(21.00)	-	-
Provision for compensated absences and gratuity	32.47	18.27	-	50.74
Tax effect of items constituting deferred tax asset	53.47	(2.73)	-	50.74
<u>Tax effect of items constituting deferred tax (liability)</u>				
On difference between book base and tax base of property plant and equipment	(669.41)	34.68	-	(634.73)
Tax effect of items constituting deferred tax (liability)	(669.41)	34.68	-	(634.73)
Net Deferred tax asset/(liability)	(615.95)	31.95	-	(584.00)



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

Notes to the financial statements for the year ended March 31, 2019

₹ in Lakhs

29 C. Tax expense

Particulars	As at 31.03.2019	As at 31.03.2018
A. Current Tax		
Current tax on profit for the year	267.00	240.17
Change/ (Credit) in respect of current tax for earlier years	-	-
TOTAL (A)	267.00	240.17
B. Deferred Tax		
Origination and reversal of temporary differences	(167.56)	(31.95)
Charge in respect of deferred tax for earlier years	-	-
TOTAL (B)	(167.56)	(31.95)
Tax expense recognized in Statement of Profit and Loss - (A)+(B)	99.44	208.22
Tax expense recognized in Other Comprehensive Income (c)	-	-
Total Tax Expense /(benefit)	99.44	208.22

Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	For the year ended March 31 2019	For the year ended March 31 2018
Profit/(loss) before tax	759.59	594.81
Enacted tax rate	27.82%	33.06%
Expected income tax expense/(benefit) at statutory tax rate	211.32	196.64
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Expenses not deductible in determining taxable profits	24.56	23.99
Others	(136.44)	(12.41)
Tax expense for the year	99.44	208.22
Effective income tax rate	13%	35%

30 Financial instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2019, March 31, 2018 is as follows:

Financial assets

₹ in Lakhs

Particulars	Note	Carrying Value		Fair Value	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Amortised cost					
Loans	7.30	2.19	111.73	2.19	111.73
Trade receivable	7.10	2,670.65	1,990.53	2,670.65	1,990.53
Cash and cash equivalents	7.20	481.13	208.63	481.13	208.63
Other financial assets	7.40	21.58	37.65	21.58	37.65
FVTPL					
Investment in equity instruments (unquoted)	4	3.13	2.56	3.13	2.56
Total assets		3,178.67	2,351.10	3,178.67	2,351.10

Notes to the financial statements for the year ended March 31, 2019

₹ in Lakhs

Financial liabilities

Particulars	Note	Carrying Value		Fair Value	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Amortised cost					
Borrowings	11 & 13.10	5,356.02	5,713.26	5,356.02	5,713.26
Trade payables	13.20	1,143.55	1,529.07	1,143.55	1,529.07
Other financial liabilities excluding Current Maturities of long term debt	13.30	86.73	28.19	86.73	28.19
Total liabilities		6,586.29	7,270.53	6,586.29	7,270.53

The management assessed that fair value of cash and short-term deposits, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Long-term fixed-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.
- Fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at March 31, 2019 was assessed to be insignificant.

31 Fair value hierarchy

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Fair value hierarchy of financial assets and liabilities measured at fair value as at March 31, 2019



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

Notes to the financial statements for the year ended March 31, 2019

₹ in Lakhs

Fair value hierarchy of financial assets and liabilities measured at fair value as at March 31, 2019

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial Asset				
Amortised cost				
Loans	-	2.19	-	2.19
Trade receivable	-	2,670.65	-	2,670.65
Cash and cash equivalents	-	481.13	-	481.13
Other financial assets	-	21.58	-	21.58
Investments - Non - current - Unquoted	-	-	3.13	3.13
Financial liabilities				
Amortised cost				
Borrowings	-	5,356.02	-	5,356.02
Trade payables	-	1,143.55	-	1,143.55
Other financial liabilities excluding Current Maturities of long term debt	-	86.73	-	86.73

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

Fair value hierarchy of financial assets and liabilities measured at fair value as at March 31, 2018

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial Asset				
Amortised cost				
Loans	-	111.73	-	111.73
Trade receivable	-	1,990.53	-	1,990.53
Cash and cash equivalents	-	208.63	-	208.63
Other financial assets	-	37.65	-	37.65
Investments - Non - current - Unquoted	-	-	2.56	2.56
Financial liabilities				
Amortised cost				
Borrowings	-	5,713.26	-	5,713.26
Trade payables	-	1,529.07	-	1,529.07
Other financial liabilities excluding Current Maturities of long term debt	-	28.19	-	28.19

The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, loans, other financial assets, current borrowings and other current financial liabilities are a reasonable approximation of their fair values.

Valuation technique used to determine fair value

The fair value of the financial assets and liabilities are at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amounts of trade receivables, cash and



Notes to the financial statements for the year ended March 31, 2019

₹ in Lakhs

cash equivalents, other bank balances, loans, other financial assets, current borrowings and other current financial liabilities are a reasonable approximation of their fair values.

The estimated fair value amounts as at March 31, 2019 have been measured as at that date. As such, the fair values of these financial instruments subsequent to reporting date may be different than the amounts reported at each year-end.

The investments in Level-3 hierarchy has been valued at cost approach to arrive at the fair value as there is wide range of possible fair value measurement and the cost represents the estimate of fair value within that range considering the purpose and restriction on the transferability of the instruments.

There were no transfers between Level 1, Level 2 and Level 3 during the year.

32 Financial risk management

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, foreign currency risk and interest rate risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the company is foreign exchange risk. The Company uses foreign currency borrowings to mitigate foreign exchange related risk exposures.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

The following table gives details in respect of percentage of revenues generated from top customer and top 5 customers:

Particulars	For the year ended March 31 2019	For the year ended March 31 2018
Revenue from top customer	2,096.43	2,000.68
Revenue from top 5 customers	5,294.27	3,419.31

One customer accounted for more than 10% of the revenue for the year ended March 31, 2019, however two of the customers accounted for more than 10% of the receivables for the year ended March 31, 2019. One customer accounted for more than 10% of the revenue for the year March 31, 2018, however two of the customers accounted for more than 10% of the receivables for the year ended March 31, 2018.

Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors.



SHIVA MILLS LIMITED

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Notes to the financial statements for the year ended March 31, 2019

₹ in Lakhs

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk through credit limits with banks. The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The working capital position of the Company is given below:

Particulars	Note	As at 31.03.2019	As at 31.03.2018
Cash and cash equivalents	7.20	481.13	208.63
Total		481.13	208.63

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2019, March 31, 2018

Particulars	As at	On demand	Less than 1 year	Between 1-5 years	More than 5 years
Borrowings					
(i) Short term Borrowings					
March 31, 2019	4,870.10	-	-	-	-
March 31, 2018	4,969.44	-	-	-	-
(ii) Long term Borrowings					
March 31, 2019	-	133.43	352.49	-	-
March 31, 2018	-	241.90	501.92	-	-
Trade payables					
March 31, 2019	-	1,143.55	-	-	-
March 31, 2018	-	1,529.07	-	-	-
Other financial liabilities					
March 31, 2019	-	24.59	3.00	-	-
March 31, 2018	-	22.19	6.00	-	-

Foreign Currency risk

The Company's exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in U.S. dollars, British pound sterling and euros) and foreign currency borrowings (primarily in U.S. dollars, British pound sterling and euros). A significant portion of the Company's revenues are in these foreign currencies, while a significant portion of its costs are in Indian rupees. As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Company's revenues measured in rupees may decrease. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. The Company's management meets on a periodic basis to formulate the strategy for foreign currency risk management.

Consequently, the Company management believes that the borrowings in foreign currency and its assets in foreign currency shall mitigate the foreign currency risk mutually to some extent

The following table presents foreign currency risk from non-derivative financial instruments as of March 31, 2019 and March 31, 2018

Notes to the financial statements for the year ended March 31, 2019

₹ in Lakhs

The following table presents foreign currency risk from non-derivative financial instruments as of March 31, 2019 and March 31, 2018

Particulars	As at	₹ in Lakhs
Assets		
Trade receivables	March 31, 2019	178.37
	March 31, 2018	116.42
Liabilities		
Trade payable	March 31, 2019	-
	March 31, 2018	506.85
Borrowings	March 31, 2019	789.12
	March 31, 2018	57.37
Net assets/(liabilities)	March 31, 2019	(610.75)
	March 31, 2018	(447.80)

Foreign currency sensitivity analysis

The Company is mainly exposed to the currency USD on account of outstanding trade receivables and trade payables in USD.

The following table details the Company's sensitivity to a 5% increase and decrease in INR against the USD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the INR strengthens 5% against the relevant currency. For a 5% weakening of the INR against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

Particulars	For the year ended March 31 2019	For the year ended March 31 2018
Impact on profit or (loss) for the year	30.54	22.39

For a 5% weakening of the INR against the relevant currency, there would be equivalent amount of impact on the profit as mentioned in the above table.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates and investments.

Interest rate sensitivity analysis

If interest rates had been 1% higher and all other variables were held constant, the company's profit for the year ended would have impacted in the following manner:

Particulars	For the year ended March 31 2019	For the year ended March 31 2018
Increase / (decrease) in the Profit for the year	(42.69)	(45.35)

If interest rates were 1% lower, the company's profit would have increased by the equivalent amount as shown in the above table.

6 Capital Management

The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or preference and/or convertible and/or combination of short



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

Notes to the financial statements for the year ended March 31, 2019

₹ in Lakhs

term /long term debt as may be appropriate. The Company determines the amount of capital required on the basis of its product, capital expenditure, operations and strategic investment plans. The same is funded through a combination of capital sources be it either equity and/or preference and/or convertible and/or combination of short term/long term debt as may be appropriate. The Company regularly considers other financing and refinancing opportunities to diversify its debt profile, reduce interest cost and elongate the maturity of its debt portfolio, and closely monitors its judicious allocation amongst competing capital expansion projects and strategic acquisitions, to capture market opportunities at minimum risk. The Company monitors its capital using gearing ratio, which is net debt divided to total equity. Net debt includes, interest bearing loans and borrowings less cash and cash equivalents, Bank balances other than cash and cash equivalents and current investments.

The following table summarizes the capital of the Company:

Particulars	As at 31.03.2019	As at 31.03.2018
Cash and cash equivalents	481.13	208.63
Total cash (a)		
Non-current borrowings	321.97	501.92
Current borrowings	4,870.10	4,969.44
Current maturities of non-current borrowings	163.95	241.90
Total borrowings (b)	5,356.02	5,713.26
Net debt c=(b-a)	4,874.89	5,504.64
Share capital	864.18	864.18
Other Equity	7,395.19	6,891.16
Total equity (d)	8,259.37	7,755.34
Gearing ratio (c/d)	0.59	0.71

33 CSR Expenditure:

Particulars	As at 31.03.2019	As at 31.03.2018
a. Gross Amount required to be spent by the Company during the year	11.00	-
b. Amount spent during the year	11.00	-

Particulars	As at 31.03.2019	As at 31.03.2018
i) Construction / Acquisition of any asset	-	-
ii) On purposes other than (i) above	11.00	-

34 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure

The accompanying notes are an integral part of the financial statements

Subject to our report of even date attached

For and on behalf of the Board of Directors

For VKS AIYER & Co

Chartered Accountants
Firm Registration No.000066S

S V ALAGAPPAN

Chairman & Managing Director
DIN: 00002450

A LALITHA

Joint Managing Director
DIN: 00003688

V S SRINIVASAN

Partner
Membership No. 013729

M SHANMUGAM

Chief Financial Officer

M SHYAMALA

Company Secretary
ACS No. 24464

Place: Coimbatore
Date : 29th May, 2019





SHIVA MILLS LIMITED

(Formerly STYL Textile Ventures Limited)

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

Phone : 91-422-2435555

E-mail : shares@shivamills.com | www.shivamills.com

CIN : L 17111TZ2015PLC022007



SHIVA MILLS LIMITED

(Formerly STYL Textile Ventures Limited)
Regd. Office. 252, Mettupalayam Road, Coimbatore 641043
Phone: 0422- 2435555, E-mail : shares@shivamills.com website : www.shivamills.com
CIN : L17111TZ2015PLC022007

FORM NO. MGT -11
PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s),
Registered address,
E-mail ID, Folio No. :
Client ID : & DP ID :

I/We, being the member(s) holding shares of the above named company, hereby appoint:

1. Name :
Address :
E-mail ID : Signature or failing him /her
2. Name :
Address :
E-mail ID : Signature or failing him /her
3. Name :
Address :
E-mail ID : Signature

as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 4th Annual General Meeting of the Company, to be held on Monday, the 19th day of August, 2019 at 12.15 P.M at Nani Kalaiarangam, Mani Higher Secondary School,Pappanaickenpalayam, Coimbatore- 641037, Tamilnadu and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

P.T.O.

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Electronic Voting Particulars

If desirous of E-voting, please read the instructions given in the AGM Notice before exercising

Event Number	User ID	* Default PAN / Sequence No.
190107		

* Those who have not registered their PAN may use Default PAN.

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SHIVA MILLS LIMITED

(Formerly STYL Textile Ventures Limited)
Regd. Office. 252, Mettupalayam Road, Coimbatore 641043
Phone : 0422- 2435555, E-mail : shares@shivamills.com
website : www.shivamills.com
CIN : L17111TZ2015PLC022007

ATTENDANCE SLIP

Attendance by

- ☐ Member
- ☐ Proxy
- ☐ Authorised Representative

Folio No. / Demat ID :
Name of Member :
Name of Proxy :

No. of
Shares held :

Please ✓ the appropriate box

I hereby record my presence at the 4th Annual General Meeting at Nani Kalaiarangam, Mani Higher Secondary School,Pappanaickenpalayam, Coimbatore- 641037, Tamilnadu at 12.15 PM on Monday, the 19th day of August, 2019.

* Strike out whichever is not applicable.

Signature of Member / Proxy*

Resolution Number	Resolutions	Vote (Optional see Note 2) (Please mention No. of shares)		
		For	Against	Abstain
Ordinary Business				
1.	Approval of Financial Statements for the year ended 31 st March, 2019, the Report of the Board of Directors and Report of the Auditors thereon.			
2.	Declaration of Dividend on Equity Shares.			
3.	Appointment of Director in the place of Sri S K Sundararaman (DIN 00002691) who retires by rotation and being eligible, offers himself for re-appointment.			
Special Business				
4.	Ratification of remuneration payable to Sri M Nagarajan, Cost Auditor, (Firm Reg No.102133).			

Signed this day of2019

Signature of Shareholder

Signature of Proxy holder(s)

Affix 1 Re
Revenue
Stamp

Note:

- 1. This form of proxy in order to be effective, should be duly stamped, completed signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- 2. It is optional to indicate your preference If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem applicable.

