



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

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

Telephone : 0422-2435555 Email : shares@shivamills.com Website : www.shivamills.com

CIN: L17111TZ2015PLC022007 GSTRN: 33AAXCS5170R1ZC

SML/SEC/333/NSE/2018-2019 ✓

25.8.2018 ✓

THE MANAGER ✓
LISTING DEPARTMENT
NATIONAL STOCK EXCHANGE OF INDIA LIMITED
"EXCHANGE PLAZA"
BANDRA-KURLA COMPLEX, BANDRA (EAST)
MUMBAI 400 051

Scrip Code: SHIVAMILLS ✓

Dear Sir,

Sub: Filling of Annual Report – reg. ✓

We hereby forward the notice of 3rd ✓ Annual General Meeting of the Company to be held on Monday, 24th September, 2018, and a soft copy of Annual Report *inter alia* containing notice to shareholders, Directors' Report and Financial Statements for the year ended 31.3.2018 ✓ is attached herewith.

Please take on record of the above.

Thanking you,

Yours faithfully,

For SHIVA MILLS LIMITED


M SHYAMALA ✓
COMPANY SECRETARY

GKS/1/E/SML/LETTER TO NSE&BSE



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 3rd 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 24th September, 2018 at 12.05 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, 2018, 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 SV Arumugam, (DIN 00002458) who retires by rotation and being eligible, offers himself for re-appointment.
4. **To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:**

In partial modification of the earlier resolution passed in this regard, **RESOLVED** that the term of office of present Auditors viz., M/s V K S Aiyer & Co., Chartered Accountants, Coimbatore (Firm Registration No: 000066S) be continued till the conclusion of 6th Annual General Meeting without requirement of ratification of their appointment every year in terms of Section 139 (1) of the Companies Act, 2013 as amended by the Companies (Amendment) Act, 2017.

SPECIAL BUSINESS

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

RESOLVED that in terms of Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval be and is hereby accorded for continuation of present term of Directorship of Sri K NV Ramani (DIN 00007931) as a Non-Executive Independent Director, who has attained the age of 75 years.

6. **To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:**

RESOLVED that in terms of Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval be and is hereby accorded for continuation of present term of Directorship of Sri S Palaniswami (DIN 00007901) as a Non-Executive Independent Director, who attains the age of 75 years during the tenure of his present appointment.

7. **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 2019 be and is hereby ratified and confirmed.

By Order of the Board

Coimbatore
28th May, 2018

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 5 to 7 of the Agenda are annexed hereto.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 18.9.2018 to 24.9.2018 (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 17.9.2018. 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 17.9.2018. 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 17.9.2018.
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 2018 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 2018 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 3rd Annual General Meeting and the Annual General Meeting and the Annual Report 2018 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 21.9.2018 at 10.00 a.m and will end on 23.9.2018 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 17.9.2018, 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	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders). 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	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.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio number. 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

- 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.
- 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
28th May, 2018

S V ALAGAPPAN
CHAIRMAN AND MANAGING DIRECTOR
DIN 00002450

**STATEMENT OF MATERIAL FACTS CONCERNING ITEMS OF SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013****ITEM 5**

Sri K N V Ramani is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 31.8.2017. Sri K N V Ramani is Chairman of Audit Committee and Stakeholders Relationship Committee of the Board of Directors of the Company.

Sri K N V Ramani is a Corporate Lawyer has more than 59 years of specialisation in Companies Act, Taxation, Labour law etc., He does not hold by himself or for any other person on a beneficial basis, any shares in the Company. Sri K N V Ramani, appointed as an Independent Director for five consecutive years for a term from 31.8.2017 to 30.8.2022.

Securities and Exchange Board of India in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in Regulation 17 (1A), has mandated vide its notification dt: 9th May, 2018, that no Director shall continue the directorship as non-Executive Director, who attains the age of 75 years unless a special resolution is passed by the members for this purpose.

Sri K N V Ramani has crossed the age of seventy five years. He is a Senior Corporate Lawyer with more than fifty years standing. He is the Founder and Senior Partner of leading the Law Firm 'RAMANI AND SHANKAR' which is a reputed and well recognized Consultant of many Corporates and other Institutions in the region. As a Corporate Lawyer, specializing in legislations concerning them and all types of commercial causes, his association in the Board has been of value to the Company. He continues on the Board and Committees including Audit Committees of several Listed Companies. The Company will benefit by his continued association and guidance as a Member of the Board.

Accordingly, the Board recommends the resolution in relation to continuation of Sri K N V Ramani, who has attained the age of 75 years as a non-Executive Independent Director, for the approval by the shareholders of the Company.

Except Sri K N V Ramani, 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. 5.

ITEM 6

Sri S Palaniswami is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 31.8.2017. Sri S Palaniswami is a member of the Audit Committee and Nomination and Remuneration Committee of the Board of Directors of the Company.

He has more than 39 years of experience in the field of vertical transportation elevators, escalators and allied products. He does not hold by himself or for any other person on a beneficial basis, any shares in the Company. Sri S Palaniswami, appointed as an Independent Director for five consecutive years for a term from 25.8.2014 to 24.8.2019.



Securities and Exchange Board of India in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in Regulation 17 (1A), has mandated vide its notification dt: 9th May, 2018, that no Director shall continue the directorship as non-Executive Director, who attains the age of 75 years unless a special resolution is passed by the members for this purpose.

Accordingly, the Board considers that his continued association would be of benefit to the Company and it is desirable to continue to avail services of Sri S Palaniswami as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Sri S Palaniswami, who attains the age of 75 years during the tenure of his present appointment, as a Independent Director, for the approval by the shareholders of the Company.

Except Sri S Palaniswami, 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. 6.

ITEM 7

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, 2019.

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 2019, 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.7.

By Order of the Board

Coimbatore
28th May, 2018

S V ALAGAPPAN
CHAIRMAN AND MANAGING DIRECTOR
DIN 00002450



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

ANNEXURE TO THE NOTICE

RE-APPOINTMENT OF DIRECTOR

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

- | | | | |
|----|--|---|---|
| 1 | Name | : | Sri S V Arumugam (DIN 00002458) |
| 2 | Age | : | 69 years |
| 3 | Qualification | : | B.Sc., ACA |
| 4 | Date of Appointment | : | 24.11.2015 |
| 5 | Experience | : | He has more than 33 years of experience in Textile Industry |
| 6 | Other Directorships | : | Annamalai Infrastructures Limited
Bannari Amman Flour Mill Limited
Bannari Amman Food Products Limited
Bannari Amman Spinning Mills Limited
Sakthi Murugan Transports Limited
Shiva Texyarn Limited
Abirami Amman Mills Private Limited
Accel Apparels Private Limited
Anamallais Agencies Private Limited
Anamallais Automobiles Private Limited
Anamallais Motors Private Limited
Bannari Amman Logistics Private Limited
Bannari Amman Properties Private Limited
Bannari Techno Park Private Limited
Murugan Enterprise Private Limited
Senthil Infrastructure Private Limited
Vedanayagam Enterprises Private Limited
Young Brand Apparel Private Limited |
| 7 | Member of Committee | : | Nil |
| 8 | Member of Committees in other Public Limited Companies | : | Bannari Amman Spinning Mills Limited and Shiva Texyarn Limited
Stakeholders Relationship Committee - Member |
| 9 | Number of Shares held in the Company | : | Nil |
| 10 | Relationship with other Directors | : | Brother of Sri S V Alagappan, Managing Director |

By Order of the Board

Coimbatore
28th May, 2018

S V ALAGAPPAN
CHAIRMAN AND MANAGING DIRECTOR
DIN 00002450



SHIVA MILLS LIMITED

(Formerly STYL Textile Ventures Limited)

3rd ANNUAL REPORT 2018



Contents

Board of Directors	1
Directors' Report	2
Annexure to Directors' Report	9
Independent Auditors' Report on Financial Statement	29
Balance Sheet	36
Statement of Profit and loss Account	37
Statement of changes in Equity	38
Statement of cash flow	39
Notes to Financial Statement	41

BOARD OF DIRECTORS

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

AUDITORS

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

CHIEF FINANCIAL OFFICER

Sri M Shanmugam

COMPANY SECRETARY

Smt M Shyamala

INTERNAL AUDITORS

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

BANKERS

Indian Overseas Bank
Bank of Baroda
Canara Bank
ICICI Bank Ltd
Bank of Maharashtra

COST AUDITOR

Sri M Nagarajan
Cost Auditor
Coimbatore - 641 018

REGISTERED OFFICE

252, Mettupalayam Road
Coimbatore - 641 043. Tamilnadu
Phone : 91-422-2435555
Fax : 91-422-2434446
E-mail : shares@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 3rd Annual Report together with Audited Financial Statements of the Company for the year ended 31st March, 2018.

(In lakhs)

Financial Results	2017-18	2016-17
Gross revenue and other income	17,146.49	17,008.06
Profit before Interest and Depreciation	1,683.19	2,162.92
Less: Interest	599.09	629.80
Profit before Depreciation	1,084.10	1,533.12
Less: Depreciation	489.30	486.12
Profit before Tax	594.80	1,047.00
Less: Provision for Income Tax		
- Current Tax	240.17	571.95
- Deferred Tax Liability (Net)	(-)31.95	27.54
Profit after Tax	386.58	447.51
Other Comprehensive income	18.40	2.66

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 @14% of the paid up capital. The dividend together with distribution tax will absorb Rs.145.85 lakhs.

IMPLEMENTATION OF INDIAN ACCOUNTING STANDARDS (IndAS)

Financial year 2017-18 is the first year of implementation of Indian Accounting Standard for the year compared. The Financial Statements for the year ended 31.3.2018 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. The Financial Statements for the year ended 31.3.2017 have been restated in accordance with Ind AS for compliance purposes. Detailed information on the impact of the transition from previous GAAP to Ind As is provided in the annexed Financial Statements.

REVIEW OF OPERATIONS

The performance of the Spinning unit was affected by the steep decline in prices of yarn in the second and third quarters of the financial year 2017-18 consequent to unwinding of inventory post introduction of Goods & Service Tax (GST) effective from 1st July 2017. The performance of Windmill units continued to be satisfactory during the year as TANGEDCO was able to evacuate the wind energy generated with minimum back out which helped the Company to reduce its dependence on outside power and also contributed to the Profits of the Company.



During the year under review, the spinning unit produced 7202.19 tonnes (7233.11 tonnes) of yarn, of which 461.80 tonnes (2270.67 tonnes) was used to produce knitted fabrics. The unit sold 6548.66 tonnes (5165.12 tonnes) of yarn and 580.30 tonnes (2327.79 tonnes) of knitted fabrics out of which exports accounted for 662.66 tonnes (1223.97 tonnes). Further, during the year under review, the Company sold 2073.44 tonnes (2275.08 tonnes) of waste cotton, of which exports accounted for 693.12 tonnes (245.16 tonnes).

The Wind Mills with aggregate installed capacity of 10.65 MW generated 192.30 lakh units (192.52 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.

The overall sales turnover of the Company aggregated to Rs. 17094.35 Lakhs (Rs.16899.84 Lakhs) of which exports including Merchant exports amounted to Rs.1477.41 Lakhs (Rs. 2592.75 Lakhs), the exports contributing 8.64% of the overall sales of the Company.

The performance of the Spinning Unit in terms of profitability was affected by steep decline in prices of yarn due to supply/demand mismatch in the second half of the year. However the significant improvement in Wind Electricity generated for captive use, helped the Company to achieve improved Profits during the year under review.

PROSPECTS FOR THE CURRENT YEAR

The demand for Cotton yarn in both domestic and export markets has started improving and is expected to remain stable in the current year. Though there has been an increase in prices of Cotton and other overheads, the yarn prices are also likely to stay firm due to the expected increase in demand for yarn. Hence the performance of the Spinning unit is set to improve in the current year as compared to the previous year 2017-18. 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 not accepted any public deposits within the meaning of Section 73 to 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year under review.

SCHEME OF ARRANGEMENT (DEMERGER) - ALLOTMENT OF SHARES

In consideration of Demerger including the transfer and vesting of Demerged Undertaking in the Resulting Company, members of Demerged Company viz., Shiva Texyarn Limited whose name is recorded in the Register of Members on the record date i.e., 6.11.2017, were allotted 86,41,808 equity shares of Rs.10/- each on 23.11.2017 in the ratio of 2 (two) fully paid-up equity share of Rs.10/- each in the Resulting Company viz., Shiva Mills Limited for every 5 (five) equity share of Rs.10/- each fully paid-up, held by such member in the Demerged Company.

Further equity share capital for an amount of Rs.5,00,000/- represented by 50,000 equity shares of Rs.10/- each held by Shiva Texyarn Limited, were cancelled and transferred to General Reserve, as per the Scheme of



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

Arrangement (Demerger). Consequently Shiva Texyarn Limited ceased to be the Holding Company of Shiva Mills Limited.

LISTING OF EQUITY SHARES

Stock Exchanges both BSE Limited and National Stock Exchange of India Limited were approved the listing of 86,41,808 Equity shares with effect from 21.2.2018 and the trading commenced w.e.f. 26.2.2018 in both the stock exchanges.

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

Annual Return as on Financial Year ended on 31st March, 2018, pursuant to the sub-section (3) of Section 92 of the Companies Act, 2013 is posted on the website of the Company viz., www.shivamills.com.

DIRECTORS

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

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

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

KEY MANAGERIAL PERSONNEL

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

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

* Resigned w.e.f 31.3.2018

** Appointed w.e.f 1.4.2018



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 its own performance of the individual Directors as well as the Committees of Directors.

BOARD MEETINGS

During the year under review, 13 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

- 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
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- 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.



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

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 of the Companies Act, 2013 are not attracted. Further no materially significant related party transactions were made 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.

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, 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 viz., M/s V K S Aiyer & Co., Chartered Accountants, Coimbatore (Firm Registration No: 000066S) will be continued without ratification. A resolution for this purpose is also placed before the shareholders for their approval at the ensuing Annual General Meeting.

There is no audit qualification for the year under review.



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 has appointed Mr R Dhanasekaran, Practicing Company Secretary to undertake the Secretarial Audit of the Company. The report is annexed herewith as **Annexure - I**

No adverse qualifications/comments have been made in the said report by the Practicing 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, have appointed Sri M Nagarajan, Cost Accountant, Coimbatore as Cost Auditor to conduct Cost Audit of the Company for the financial year 2018 - 2019 with remuneration. As required under the Companies Act, 2013, a resolution seeking members' approval for the remuneration payable to the Cost Auditor forms part of the Notice convening Annual General Meeting.

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 threaten the existence of the Company.

CORPORATE SOCIAL RESPONSIBILITY

According to Section 135(5) of the Companies Act, 2013, the Company has to discharge its obligation towards Corporate Social Responsibility during the Financial Year 2018-19.



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

The Company has constituted Corporate Social Responsibility Committee which shall recommend to the Board, the activities to be undertaken by the Company as specified in schedule VII, recommend the amount of expenditure to be incurred on such activities and monitor the CSR policy of the Company. Corporate Social Responsibility Committee constituted consisting of the following Directors:

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

The CSR policy of the Company is available in the weblink: www.shivamills.com

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 2018 relating to Conservation of Energy, etc., is enclosed as **Annexure II**.
- 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, 2018 is provided in **Annexure III**.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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

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

ACKNOWLEDGMENT

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

By Order of the Board

Coimbatore
28th May, 2018

S V ALAGAPPAN
CHAIRMAN AND MANAGING DIRECTOR
DIN 00002450



ANNEXURE - I
FORM NO.MR-3
SECRETARIAL AUDIT REPORT
(FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018)

[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, 2018, 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 2018 ('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;



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

- 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, 2009
- 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, 1998 (Not applicable to the Company during the Audit Period);
- vi. The following other laws specifically applicable to the company:
 - a. Additional Duties of Excise (Textiles and Textile Articles) Act, 1978 (applicable upto 30.06.2017)
 - b. Textile Committee Act, 1963
 - c. Textiles (Development and Regulation) order, 2001
 - d. Textiles (Consumer Protection) Regulation, 1985

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

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

Place: Coimbatore
Date: 28th May, 2018

R Dhanasekaran
Company Secretary in Practice
FCS 7070/ CP 7745

**ANNEXURE - II****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, 2018 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 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 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.

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

- ❖ The company utilizes Wind energy for its operations.

(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.



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

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

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

- ❖ Not applicable.

(iv) **the Company has incurred an expenditure of Rs.2.65 lakhs towards Research and Development.**

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review foreign exchange earnings were Rs.2105.75 lakhs (previous year Rs.2663.94 lakhs). Foreign exchange outgo was Rs. 1934.95 lakhs (previous year Rs.2822.66 lakhs)

By Order of the Board

S V ALAGAPPAN
CHAIRMAN AND MANAGING DIRECTOR
DIN 00002450

Coimbatore
28th May, 2018

**ANNEXURE III****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 2017-18

Director's Name	Ratio
Sri S V Alagappan, Managing Director	99.05 : 1
Smt A Lalitha, Joint Managing Director	57.78 : 1

- (ii) The Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager if any in the Financial year 2017-18 compared to 2016-17

Director's Name/CS/CFO	% increase in remuneration
Sri S V Alagappan, Managing Director	(-) 46.46
Smt M Shyamala, Company Secretary	14.49
Sri S Seshadri, Chief Financial Officer	21.55

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 2017-18 10.39%
- (iv) Number of permanent employees on the rolls of the Company 615
- (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 16.57%

The percentile increase granted to managerial personnel is (-) 25.84%

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:

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 S Seshadri (58)	CFO	15,50,000	B.Sc., ACA	3.2.1992 (26)	Shiva Texyarn Limited
Sri K Prabakaran (48)	General Manager	12,00,000	DTT	31.5.1989(29)	Shiva Texyarn Limited
Smt M Shyamala(36)	Company Secretary	7,90,000	M.Com., ACS	18.1.2010(9)	Shiva Texyarn Limited
Sri P Karpagaraman(42)	Factory Manager	7,62,000	DTT	1.12.2012(6)	Hindustan Spinners
Sri S Manikandan(49)	Assistant Factory Manager	5,94,000	DTT	20.5.2015(3)	Ayyanar Spg Mills
Sri J Sahayaraj(48)	SEE	5,84,664	DECE	22.3.1995 (22)	Madura Coats
Sri K Sivaraj(55)	Manager- Windmill	5,01,680	DTT	30.5.1989(29)	Shiva Texyarn Limited
Sri M Selvamuthukumar (41)	Marketing officer	4,52,000	B.Com	7.4.2008(10)	Shreenithi Apparels Pvt Ltd
Sri B Periyakaruppan(47)	Manager- IT	4,31,856	M.Com, M.C.A	1.12.1997(20)	Shreenithi Apparels Pvt Ltd
Sri M Thiruppathi(50)	Accountant	4,24,956	B.Com, CA- Article	1.8.2016(2)	Pioneer poultry Palladam

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

Name : S V Alagappan
 Designation : Managing Director
 Remuneration (₹ in Crores) : 0.68
 Nature of Duties : Manage the day to day affairs of the Company
 Qualification & Experience (years) : B. Com., B.L., More than 33 years in Textile/ Business
 Date of commencement of employment : 24.11.2015
 Age : 76
 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
28th May, 2018

S V ALAGAPPAN
CHAIRMAN AND MANAGING DIRECTOR
DIN 00002450



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

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 8 Directors viz., 2 Executive Directors including a Woman Director, 2 Non-Executive non Independent Directors and 4 Non-Executive Independent Directors.

Name of the Director	Category of Director	No. of Directorships held in other Companies*	Number of Board Committee Membership held in other Companies**	
			Chairman	Member
Sri S V Alagappan	Executive	2	-	-
Sri S V Arumugam	Non Executive Non Independent	9	-	2
Sri S K Sundararaman	Non-Executive Non Independent	4	-	3
Smt A Lalitha	Executive	1	-	1
Sri K N V Ramani	Non-Executive Independent	6	3	3
Sri S Palaniswami	Non-Executive Independent	2	1	3
Sri C Sivasamy	Non-Executive Independent	4	-	-
Sri S Marusamy	Non-Executive Independent	1	-	-

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

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

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

BOARD MEETINGS AND ANNUAL GENERAL MEETING

During the financial year, 13 Board Meetings were convened by giving advance notices to the Directors. The meetings were held on 30.5.2017, 14.8.2017, 25.8.2017, 28.8.2017, 31.8.2017, 31.8.2017, 9.10.2017,

1.11.2017, 16.11.2017, 23.11.2017, 18.12.2017, 12.2.2018 and 27.3.2018. 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 25.12.2017) are furnished here below:

Name of the Director	Number of Board Meetings 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)	13	13	Yes
Sri S V Arumugam (DIN 00002458)	13	12	Yes
Sri S K Sundararaman (DIN 00002691)	13	13	Yes
Smt A Lalitha (DIN 00003688)	8	8	Yes
Sri K N V Ramani (DIN 00007931)	8	7	No
Sri S Palaniswami (DIN 00007901)	8	8	Yes
Sri C Sivasamy (DIN 00002921)	8	8	Yes
Sri S Marusamy (DIN 00610091)	13	13	Yes

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.

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	4
3.	Sri S Palaniswami	Member - Independent	5

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 5 times on 31.8.2017, 30.10.2017, 16.11.2017, 9.2.2018 and 27.3.2018. 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:



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

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 & Remuneration Committee are as under:

- 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.
- Formulating the policy for determining qualification, positive attributes and independence of a Director.
- To formulate criteria for evaluation of Independent Directors and the Board.
- 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	39.48



Remuneration paid to Director:

All the non-executive Directors are paid a sitting fee of Rs. 5,000/- for each Board Meeting attended by them. The Members of Audit Committee are paid a sitting fee of Rs. 5,000/- for each Committee Meeting attended by them.

Meeting of Independent Directors

During the year under review the Independent Directors met on 27.3.2018 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.

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. Corporate Social Responsibility Committee constituted consisting of the following Directors with effect from 12.2.2018.

- | | | |
|----------------------|---|-------------------------|
| 1. Sri S V 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable to the Company.

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.



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

SHAREHOLDING OF NON-EXECUTIVE DIRECTORS AS ON 31.3.2018

Name of the Director	No. of Shares Held
Sri S V Arumugam	Nil
Sri S K Sundararaman	360
Sri K N V Ramani	Nil
Sri S Palaniswami	Nil
Sri C Sivasamy	Nil
Sri S Marusamy	2,353

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 prevention 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

Last two Annual General Meetings were held at on the following dates and details of Special Resolutions passed are as follows:

AGM	Date & Time	Location	Special Resolutions Passed	Voting Pattern
1 st	28.9.2016 11.45 A.M.	Registered Office 252, Mettupalayam Road, Coimbatore - 641043	Nil	Not applicable
2 nd	25.12.2017 10.15 A.M.	Nani Kalai Arangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641037	Nil	Not applicable

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 and
- ❖ The Company has complied with all the mandatory requirements of Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in respect of Non-mandatory requirements the company has complied all the conditions except the suggestion relating to appointment of separate persons to the post of Chairman and Managing Director/CEO.

MEANS OF COMMUNICATION

- i) The quarterly/half-yearly/annual financial results of the Company are announced within the stipulated period and are normally published in Business Standard (English) and Makkal Kural (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.



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

SHAREHOLDERS' INFORMATION

Annual General Meeting

Day and Date	:	Monday, 24 th September, 2018
Time	:	12.05 pm
Venue	:	Nani Kalai Arangam Mani Higher Secondary School Pappanaickenpalayam Coimbatore 641 037

Financial Year

Results Announced	:	28.05.2018
Posting of Annual Report	:	On or before 29 th August, 2018
Last date of receipt of Proxy forms	:	22 nd September, 2018
Dividend payment Date	:	on or before 15 th October, 2018
Announcement of quarterly Results	:	i) During first/second week of August and November 2018. February and May 2018 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 18.9.2018 to 24.9.2018 (both days inclusive)

Share Price Movement

Stock Exchanges both BSE Limited and National Stock Exchange of India Limited were approved the listing of 86,41,808 Equity shares with effect from 21.2.2018 and the trading commenced w.e.f 26.2.2018 in both the stock exchanges.

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 26th February 2018 to March 2018 were:

MONTH	SHARE PRICE				NSE - NIFTY		BSE - SENSEX	
	NSE (Rs. Ps.)		BSE (Rs. Ps.)		High	Low	High	Low
	High	Low	High	Low				
Feb 2018	100.35	86.10	100.80	86.50	10631.65	10461.55	34610.79	34076.45
March 2018	81.80	43.75	82.20	47.00	10525.50	9951.90	34278.63	32483.84

Based on the closing quotation of Rs.53.40 as at 28.3.2018 at NSE Mumbai, the market capitalization of the company was Rs.46.15 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 2018-2019.

Outstanding GDRs/ADRs/Warrants or any convertible instruments

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

DEMATERIALISATION OF SHARES

The shares of the company are in compulsory demat segment. The company's shares are available for trading in the depository systems of both the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL). Members have option to hold their shares in demat form (i.e electronic mode) either through the NSDL or CDSL. ISIN allotted to our company is INE644Y01017. As on 31.3.2018, 95.46% 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

Kanapathy Towers, 3rd Floor, 1391/A-1 Sathy Road, Ganapathy, Coimbatore - 641006

Fax: (0422) 2539837, E-mail :info@skdc-consultants.com

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

SHARE TRANSFER SYSTEM

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



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

DISTRIBUTION OF SHAREHOLDING AS ON 31.3.2018

CATEGORY	No. of Shares Held	Percentage of Shareholding
Promoter's Holding	6475916	74.94
Banks/FIs/Mutual Funds	480	0.01
Private Corporate Bodies	58389	0.68
Indian Public	1996886	23.11
NRI/OCBs	110137	1.27
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

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

By Order of the Board

Coimbatore
28th May, 2018

S V ALAGAPPAN
CHAIRMAN AND MANAGING DIRECTOR
DIN 00002450



MANAGEMENT DISCUSSION AND ANALYSIS COMPANY'S BUSINESS

The Company's principal line of business is manufacturing and marketing of Cotton Yarn. 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. The Indian textiles industry, currently estimated at around US\$ 120 billion, is expected to reach US\$ 230 billion by 2020. The Indian Textile Industry contributes approximately 4 per cent to India's Gross Domestic Product (GDP), 10 per cent of manufacturing production and 14 per cent to overall Index of Industrial Production (IIP). 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 has the second largest installed spindle capacity in the world. Indian spinning sector is highly advanced and competent globally in terms of price, quality and standards. Rising per capita income, higher disposable incomes, 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 remains optimistic, as demand is expected to pick up on account of improving economic sentiments in both domestic and export markets. The slowdown in domestic demand for textiles due to demonetisation and the Goods and Services Tax (GST) implementation has bottomed out and hence the outlook remains positive for the Industry.

RISKS AND CONCERNS

Availability of Cotton, the main raw material for manufacture of Cotton Yarn, is subject to the vagaries of nature and the prices also fluctuate wildly based on supply/demand in the World market and Government policy on export of Cotton. Availability of labour, competition from 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.

By Order of the Board

Coimbatore
28th May, 2018

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, 2018 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
28th May, 2018

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 31.3.2018

Coimbatore
28th May, 2018

S V ALAGAPPAN
MANAGING DIRECTOR



INDEPENDENT AUDITORS' REPORT

To the Members of Shiva Mills Limited

1. Report on the Financial Statements

We have audited the accompanying Ind AS financial statements of Shiva Mills Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for year then ended and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the 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 financial position and 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) prescribed 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 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, that were operating effectively for ensuring 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.

3. Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the



Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

4. Opinion

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, of the state of affairs of the Company as at 31st March, 2018, and its Profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure - A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. **As required by Section 143(3) of the Act, we report that:**
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure - B.



- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



for VKS Aiyer & Co
Chartered Accountants
ICAI Firm Regn No.000066S

Place : Coimbatore
Date : 28th May 2018

V S Srinivasan
Partner
M No.013729

**ANNEXURE - A TO INDEPENDENT AUDITORS' REPORT**

(Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)

1. In respect of Fixed Assets:

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- b) As explained to us, the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of Company.

2. In respect of inventories:

As explained to us, inventories have been physically verified by the management at reasonable intervals during the year. No material discrepancies were noticed on such physical verification.

3. In respect of Loans and Advances Granted:

The Company has not granted any loans, secured or unsecured, to companies, firms, LLP's or other parties covered in the register maintained under Section 189 of the Act.

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

The Company has not granted any loan nor provided any guarantee / security. Also the Company has not made any investment to which the provisions of Sections 185 and 186 of the Act apply.

5. In Respect of Deposits accepted:

According to the information and explanations given to us, the Company has not accepted any deposit. Therefore, paragraph 3 (v) of the Order is not applicable to the Company.

6. In respect of Cost Records:

The Central Government has prescribed maintenance of Cost Records under Section 148 (1) of the Companies Act, 2013. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not however, made a detailed examination of the same.

7. In respect of statutory dues:

- a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at the end of the year for a period of more than six months from the date of becoming payable.
- b) According to the records of the Company, there are no dues of Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and Cess which have not been deposited by the Company on account of any dispute.



8. Default in Repayment of Loans:

Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or banks; No borrowings were made from the Government or debenture holders.

9. In respect of Application of Funds:

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

10. Frauds:

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

11. Managerial Remuneration:

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

12. In respect of Nidhi Companies:

In our opinion, the Company is not a nidhi company. Therefore, paragraph 3 (xii) of the Order is not applicable to the Company.

13. In respect of Related Party Transactions:

According to the information and explanations given to us and based on our examination of the records of the Company, the related party transactions entered into by the Company during the year are in compliance with Section 188 of the Act and the details of such transactions have been disclosed in the financial statements as required by the accounting standards and the Act.

14. In respect of preferential allotment / private placement:

The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, paragraph 3 (xiv) of the Order is not applicable to the Company.

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

The Company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, paragraph 3 (xv) of the Order is not applicable to the Company.

16. In respect of registration with RBI:

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 Regn No.000066S

V S Srinivasan
Partner
M No.013729

Place : Coimbatore
Date : 28th May 2018

**ANNEXURE - B TO INDEPENDENT AUDITORS' REPORT****Report on the Internal Financial Controls under Clause****(i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Shiva Mills Limited ("the Company") as of 31st March, 2018 in conjunction with our audit of the 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, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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



Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, 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.

for VKS Aiyer & Co
Chartered Accountants
ICAI Firm Regn No.000066S

Place : Coimbatore
Date : 28th May 2018

V S Srinivasan
Partner
M No.013729



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

Balance Sheet as at March 31, 2018

₹ in Lakhs

PARTICULARS	Note No.	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
ASSETS				
1 Non-current assets				
(a) Property, Plant and Equipment	3A	8,132.17	8,274.15	7,558.17
(b) Intangible assets	3B	2.44	2.58	2.04
(c) Capital work-in-progress	3A	0.69	6.05	460.13
(d) Investment property	4	4.94	4.94	4.94
(e) Financial Assets				
(i) Investments	4.1	2.56	2.08	3.04
(f) Other non-current assets	5	186.34	556.45	520.26
Total Non - Current Assets		8,329.14	8,846.25	8,548.58
2 Current assets				
(a) Inventories	6	4,608.04	4,693.13	4,196.32
(b) Financial Assets	7			
(i) Trade receivables	7.1	1,990.53	2,060.33	1,206.12
(ii) Cash and cash equivalents	7.2	208.63	541.10	221.84
(iii) Loans	7.3	111.73	2.94	1.15
(iv) Other financial assets	7.4	33.51	34.89	47.61
(c) Other assets	8	619.50	492.73	357.85
Total Current Assets		7,571.94	7,825.12	6,030.89
Total Assets (1+2)		15,901.08	16,671.37	14,579.47
EQUITY AND LIABILITIES				
1 Equity				
(a) Equity Share capital	9	864.18	5.00	5.00
(b) Other Equity	10	6,891.09	1,139.57	689.40
(c) Demerger adjustment	34		6,368.78	6,368.78
Total equity		7,755.27	7,513.35	7,063.18
Liabilities				
2 Non-current liabilities				
(a) Financial Liabilities	11			
(i) Borrowings	11.1	501.92	727.48	1,070.85
(ii) Other financial liabilities	11.2	6.00	6.00	6.00
(c) Deferred tax liabilities (net)	29C	584.01	615.96	588.42
(c) Other liabilities	12	0.85	0.85	0.86
Total Non - Current Liabilities		1,092.78	1,350.29	1,666.13
3 Current liabilities				
(a) Financial Liabilities	13			
(i) Borrowings	13.1	4,969.44	5,513.99	4,266.16
(ii) Trade payables	13.2	1,529.00	1,007.94	772.57
(iii) Other financial liabilities	13.3	264.09	724.48	621.18
(b) Provisions	14	117.97	411.67	26.98
(c) Other current liabilities	15	172.53	149.65	163.27
Total Current Liabilities		7,053.03	7,807.73	5,850.16
Total Equity and Liabilities (1+2+3)		15,901.08	16,671.37	14,579.47

Significant Accounting Policies

2

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.0000665

S V ALAGAPPAN

Managing Director

DIN: 00002450

A LALITHA

Joint Managing Director

DIN: 00003688

V S SRINIVASAN

Partner

Membership No. 013729

Place: Coimbatore

Date : 28th May, 2018

M SHANMUGAM

Chief Financial Officer

M SHYAMALA

Company Secretary

ACS No. 24464



Statement of Profit and Loss for the year ended March 31, 2018

₹ in Lakhs

PARTICULARS	Note No.	Year ended 31.03.2018	Year ended 31.03.2017
I Revenue from operations	16	17,094.35	16,983.83
II Other Income	17	52.14	24.23
III Total Revenue (I + II)		17,146.49	17,008.06
IV EXPENSES			
(a) Cost of materials consumed	18A	11,731.59	10,707.82
(b) Purchase of traded goods	18B	-	83.74
(c) Changes in stock of finished goods, work-in-progress and stock in trade	19	(62.54)	345.14
(d) Employee benefit expense	20	1,569.55	1,546.63
(e) Finance costs	21	599.09	629.80
(f) Depreciation and amortisation expense	3C	489.30	486.12
(g) Other expenses	22	2,224.70	2,161.81
Total Expenses		16,551.69	15,961.06
V Profit before tax (III - IV)		594.80	1,047.00
VI Tax Expense			
(1) Current tax	29A	240.17	571.95
(2) Deferred tax	29A	(31.95)	27.54
Total tax expense		208.22	599.49
VII Profit/(Loss) for the year (V - VI)		386.58	447.51
VIII Other comprehensive income/(loss)		18.40	2.66
A (i) Items that will not be recycled to profit or loss		-	-
(a) Remeasurements of the defined benefit liabilities / (asset)		18.40	2.66
(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)		404.98	450.17
X Earnings/(loss) per equity share:	28		
(1) Basic (Rs.)		4.47	5.18
(2) Diluted (Rs.)		4.47	5.18

Significant Accounting Policies

The accompanying notes are an integral part of the financial statements

2

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
Managing Director
DIN: 00002450

A LALITHA
Joint Managing Director
DIN: 00003688

V S SRINIVASAN
Partner
Membership No. 013729
Place: Coimbatore
Date: 28th May, 2018

M SHANMUGAM
Chief Financial Officer

M SHYAMALA
Company Secretary
ACS No. 24464



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

Statement of changes in equity for the year ended March 31, 2018

₹ in Lakhs

(a) Equity share capital

Balance as at April 1, 2016 5.00

Balance as at March 31, 2017 5.00

Balance as at April 1, 2017 5.00

Issue of shares (Refer note 34) 864.18

Cancellation of Shares (5.00)

Balance as at March 31, 2018 864.18

(b) Other Equity

₹ in Lakhs

PARTICULARS	Securities premium account	General Reserve	Retained earnings / (Defecit)		Total other equity
			Retained earnings (defecit)	Remeasurements of the defined benefit liabilities / (assets) net of tax	
Balance as at April 1, 2016	-	-	689.40	-	689.40
Profit/(loss) for the year	-	-	447.51	-	447.51
Other comprehensive income (net of taxes)	-	-	-	2.66	2.66
Balance as at March 31, 2017	-	-	1,136.91	2.66	1,139.57
Balance as at April 1, 2017	-	-	1,136.91	2.66	1,139.57
Profit/(loss) for the year	-	-	386.58	-	386.58
Transfer to General Reserve	-	-	-	-	-
Shares issued during the year (Refer note 34)	-	5,346.54	-	-	5,346.54
Other comprehensive income (net of taxes)	-	-	-	18.40	18.40
Balance as at March 31, 2018	-	5,346.54	1,523.49	21.06	6,891.09

Significant Accounting Policies

The accompanying notes are an integral part of the financial statements

2

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

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: 28th May, 2018



Statement of Cash Flow

₹ in Lakhs

PARTICULARS	Year ended March 31, 2018		Year ended March 31, 2017	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit for the year		594.80		1,047.00
Adjustments for:				
Depreciation and a mortisation expenses	489.30		486.12	
(Profit) / loss on sale of property plant and equipment	-		(1.28)	
Finance costs	599.09		629.80	
Interest income	(10.62)		(10.80)	
Allowance for/(reversal of) doubtful trade receivables and advances	-		39.30	
Rental income	(4.56)		(4.56)	
Net unrealised exchange (gain) / loss	3.48		-	
		1,076.69		1,138.58
Operating profit / (loss) before working capital changes		1,671.49		2,185.58
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Financial Assets				
Trade receivables		70.53		(893.51)
Loans		(108.79)		(1.79)
Other financial assets		(12.62)		(6.73)
Non-financial assets				
Inventories		85.09		(496.81)
Other assets		(120.99)		(134.24)
Adjustments for increase / (decrease) in operating liabilities:				
Financial liabilities				
Trade payables	516.85		235.37	
Other financial liabilities	(16.65)		(1.08)	
Non-financial liabilities				
Provisions	5.35		2.74	
Other liabilities	22.88		(13.63)	
		441.65		(1,309.68)
Cash generated from operations		2,113.14		875.90
Net income tax (paid) / refunded		(200.33)		(190.00)
Net cash flow from / (used in) operating activities (A)		1,912.81		685.90
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on property plant and equipment, including capital advances	(476.43)		(609.52)	
Sale/(Purchase) of other investments	(0.48)		5.96	
Proceeds from sale of fixed assets	-		1.52	
Interest received	10.62		10.80	
Rent received	4.56		4.56	
Net cash flow from / (used in) investing activities (B)		(461.73)		(586.68)



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

Statement of Cash Flow (Contd...)

₹ in Lakhs

PARTICULARS	Year ended March 31, 2018		Year ended March 31, 2017	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from non-current borrowings	16.00		-	
Repayment of non-current borrowings	(505.80)		(415.67)	
Increase / (decrease) in working capital borrowings	(544.55)		1,247.83	
Dividend paid	(163.06)		-	
Finance costs paid	(586.14)		(612.12)	
Net cash flow from / (used in) financing activities (C)		(1,783.55)		220.04
Net increase / (decrease) in cash and cash equivalents (A+B+C)		(332.47)		319.26
Add: Cash and cash equivalents at the beginning of the year		541.10		221.84
Add / (Less): Effect of exchange differences on restatement of foreign currency cash and cash equivalents		-		-
Cash and cash equivalents at the end of the year *		208.63		541.10
Reconciliation of Cash and Cash Equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 7.2)		208.63		541.10
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		-		-
Cash and cash equivalents as per Cash Flow Statement		208.63		541.10
* Comprises:				
(a) Cash on hand	66.43		17.82	
(b) Cheques/Drafts on Hand	0.25		0.25	
(c) Balances with banks:				
(i) In current accounts	141.95		523.03	
(ii) In deposit accounts	-		-	
Total		208.63		541.10

Significant Accounting Policies

2

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
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 : 28th May, 2018



Notes to the financial statements for the year ended March 31, 2018

1. Corporate 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 in Dindigul.

2. 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.

2.1 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. The financial statements up to year ended March 31 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act. These financial statements are the first financial statements of the company under Ind AS. Refer note 33 for an explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows.

(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

2.2 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.

2.2 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, 2018****2.3 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.

2.4 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 equivalent 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.

2.5 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.

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



Notes to the financial statements for the year ended March 31, 2018

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.

2.7 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.

2.8 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, 2018

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.

2.9 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.

2.10 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, 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).

2.11 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.



Notes to the financial statements for the year ended March 31, 2018

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

2.12 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, 2018****(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).

2.13 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.

2.14 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.

2.15 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.

2.16 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, 2018

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.

1) 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.

2) 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.

3) 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.

**Notes to the financial statements for the year ended March 31, 2018****4) 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 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.

5) 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, 2018

2.17 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, 2018

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").

2.18 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.

2.19 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.

Notes to the financial statements for the year ended March 31, 2018

3A Property, Plant and equipment and capital work-in-progress

₹ in Lakhs

Carrying amounts of	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Freehold Land	167.98	167.98	167.98
Building	1,662.11	1,589.37	1,551.94
Plant and Machinery	6,151.16	6,377.95	5,711.28
Office Equipment	3.74	6.15	8.71
Furniture & Fittings	4.76	5.73	8.06
Vehicles	69.37	61.73	63.71
Computers	2.26	2.62	3.03
Lab Equipments	38.38	41.66	42.85
Electrical Fittings	32.41	20.96	0.61
	8,132.17	8,274.15	7,558.17
Capital work-in-progress	0.69	6.05	460.13
	8,132.86	8,280.20	8,018.30

Description of Assets	Freehold Land	Building	Plant and Machinery	Office Equipment	Furniture & Fittings	Vehicles	Computers	Lab Equipments	Electrical Installations	Total
I. Cost/Deemed cost										
Balance as at April 1, 2016 (Deemed cost)	167.98	1,551.94	5,711.28	8.71	8.06	63.71	3.03	42.85	0.61	7,558.17
Additions	-	94.16	1,075.59	-	-	8.16	-	2.04	22.25	1,202.20
Disposals	-	-	-	-	-	(4.81)	-	-	-	(4.81)
Balance as at March 31, 2017	167.98	1,646.10	6,786.87	8.71	8.06	67.06	3.03	44.89	22.86	8,755.56
Additions	-	129.67	183.43	0.15	-	19.47	-	-	14.60	347.32
Disposals	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2018	167.98	1,775.77	6,970.30	8.86	8.06	86.53	3.03	44.89	37.46	9,102.88
II. Accumulated depreciation and impairment										
Depreciation / amortisation expense for the year	-	56.73	408.92	2.56	2.33	9.90	0.41	3.23	1.90	485.98
Eliminated on disposal of assets	-	-	-	-	-	(4.57)	-	-	-	(4.57)
Balance as at March 31, 2017	-	56.73	408.92	2.56	2.33	5.33	0.41	3.23	1.90	481.41
Depreciation / amortisation expense for the year	-	56.93	410.08	2.56	0.97	11.83	0.36	3.28	3.15	489.16
Eliminated on disposal of assets	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2018	-	113.66	819.14	5.12	3.30	17.16	0.77	6.51	5.05	970.71
Net block (I-II)										
Balance as at April 1, 2016	167.98	1,551.94	5,711.28	8.71	8.06	63.71	3.03	42.85	0.61	7,558.17
Balance as at March 31 2017	167.98	1,589.37	6,377.95	6.15	5.73	61.73	2.62	41.66	20.96	8,274.15
Balance as at March 31 2018	167.98	1,662.11	6,151.16	3.74	4.76	69.37	2.26	38.38	32.41	8,132.17



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

Notes to the financial statements for the year ended March 31, 2018 (Contd.)

3B. Intangible Assets

₹ in Lakhs

Description of Assets	Computer Software	Total
I. Cost/Deemed cost		
Balance as at April 1, 2016 (Deemed cost)	2.04	2.04
Additions	0.68	0.68
Disposals	-	-
Balance as at March 31, 2017	2.72	2.72
Additions	-	-
Disposals	-	-
Balance as at March 31, 2017	2.72	2.72
II. Accumulated depreciation and impairment		
Depreciation / amortisation expense for the year	0.14	0.14
Eliminated on disposal of assets	-	-
Balance as at March 31, 2017	0.14	0.14
Depreciation / amortisation expense for the year	0.14	0.14
Eliminated on disposal of assets	-	-
Balance as at March 31, 2018	0.28	0.28
Net block (I-II)		
Balance as at April 1, 2016	2.04	2.04
Balance as at March 31 2017	2.58	2.58
Balance as at March 31 2018	2.44	2.44

3C. Depreciation

Particulars	Note No.	For the year ended March 31 2018	For the year ended March 31 2017
Property plant and equipment	3A	489.16	485.98
Investment property	4.1	-	-
Amortisation - Intangibles	3B	0.14	0.14
		489.30	486.12

Non-current assets

4 Financial Assets

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Carrying amounts of :			
Land	4.94	4.94	4.94
	4.94	4.94	4.94

Notes to the financial statements for the year ended March 31, 2018 (Contd.)
Investment Property

₹ in Lakhs

Particulars	Land
Deemed cost as at 1 April 2016	4.94
Additions	-
Disposals	-
Gross block as at 31 March 2017	4.94
DEPRECIATION	
Depreciation / amortisation expense for the year	-
Eliminated on disposal of assets	-
Accumulated depreciation as at 31 March 2017	-
Net block as at 31 March 2017	4.94
Gross block as at 1 April 2017	4.94
Additions	-
Disposals	-
Gross block as at 31 March 2018	4.94
DEPRECIATION	
Opening accumulated depreciation	-
Depreciation / amortisation expense for the year	-
Eliminated on disposal of assets	-
Accumulated depreciation as at 31 March 2018	-
Net block as at 31 March 2018	4.94

Fair value of investment property

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Land (Investment property)	48.49	45.94	44.26

4.1 Investments

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
II. Unquoted Investments (fully paid)			
Investments in Equity Instruments - Others			
22,600 (As at March 31, 2017 13,600 and As at April 1, 2016:25,400)			
Equity shares of OPG Power Generation Private Limited of Rs.10 each	2.53	1.50	2.79
(As at March 31, 2017 200 and As at April 1, 2016: 80)			
Equity shares of ARS Energy Private Limited	-	0.55	0.22
Government securities	0.03	0.03	0.03
Total Unquoted Investments	2.56	2.08	3.04
Total Investments	2.56	2.08	3.04
Aggregate amount of unquoted investments	2.56	2.08	3.04
Aggregate market value of unquoted investments	2.56	2.08	3.04



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

Notes to the financial statements for the year ended March 31, 2018 (Contd.)

₹ in Lakhs

5 Other Non Current Assets

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Capital Advances	5.46	49.30	15.13
Security Deposits paid	180.73	168.11	166.09
Other advances	0.15	0.15	0.15
Advance tax and Tax deducted at Source (Net) / MAT	-	338.89	338.89
Total	186.34	556.45	520.26

Current Assets

6 Inventories

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Raw Materials	3,579.36	3,819.99	3,009.07
Work-in-progress	220.68	184.61	164.32
Finished Goods	590.32	544.07	879.21
By-Product	42.11	25.08	34.26
Stores and Spares	175.57	119.38	109.46
Total	4,608.04	4,693.13	4,196.32

7 Financial Assets

7.1 Trade receivables (Unsecured)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
(i) Other trade receivables:			
Unsecured, considered good	1,990.53	2,060.33	1,206.12
Unsecured, considered doubtful	-	60.70	21.40
	1,990.53	2,121.03	1,227.52
Less: Provision for doubtful trade receivables	-	(60.70)	(21.40)
Total	1,990.53	2,060.33	1,206.12

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 the above provision has been made.

Notes to the financial statements for the year ended March 31, 2018 (Contd.)

Movement in expected credit loss allowance

₹ in Lakhs

Particulars	For the year ended	
	31.03.2018	31.03.2017
Balance at the beginning of the year	60.70	21.40
Movement in expected credit loss on trade receivables		
Calculated at lifetime expected credit losses	-	39.30
Bad debts written off	(60.70)	
Balance at the end of the year	-	60.70

7.2 Cash and Cash Equivalents

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Cash on hand	66.43	17.82	71.36
Cheques/drafts on hand	0.25	0.25	0.15
(c) Balances with banks :			
(i) In current accounts	141.95	523.03	150.33
Total	208.63	541.10	221.84
Of the above, balances that meet the definition of cash and cash equivalents as per Ind AS 7 Cash Flow Statements is	208.63	541.10	221.84

7.3 Loans

(Unsecured and considered good, unless stated otherwise)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Employee Advance	2.62	2.94	1.10
Advance to related parties	109.11	-	0.05
Total	111.73	2.94	1.15

7.4 Other financial assets

(Unsecured and considered good, unless stated otherwise)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Accruals:			
Interest subsidy on TUF Loan receivable	-	14.00	33.45
Unbilled revenue	33.51	20.89	14.16
Total	33.51	34.89	47.61



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

Notes to the financial statements for the year ended March 31, 2018 (Contd.)

8 Other Assets

₹ in Lakhs

(Unsecured and considered good, unless stated otherwise)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Prepaid expenses	121.55	97.70	83.54
Balances with government authorities:			
- CENVAT credit receivable	40.12	119.74	69.46
- VAT credit receivable	55.49	5.57	16.14
- Export incentive receivable	9.24	5.72	7.45
Advance to Suppliers	350.25	89.27	125.78
Advance to group Companies	-	122.35	-
Other advances	0.15	0.15	0.15
Gratuity contribution	42.70	52.23	55.33
Total	619.50	492.73	357.85

9 Equity Share Capital

	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	Numbers of Shares	Amount	Numbers of Shares	Amount	Numbers of Shares	Amount
(a) Authorised:						
(i) Equity Share Capital						
Equity Shares of Rs.10/- each	1,50,00,000	1,500.00	50,000	5.00	50,000	5.00
Total	1,50,00,000	1,500.00	50,000	5.00	50,000	5.00
(b) Issued, Subscribed and Fully paid-up:						
(i) Equity Share Capital						
Equity shares of Rs. 10/- each	86,41,808	864.18	50,000	5.00	50,000	5.00
Total	86,41,808	864.18	50,000	5.00	50,000	5.00

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

	Numbers of Shares	As at 31.03.2018	Numbers of Shares	As at 31.03.2017	Numbers of Shares	As at 01.04.2016
Equity shares of Rs. 10/- each						
At the beginning of the year	50,000	5.00	50,000	5.00	50,000	5.00
Add: Issued during the year	86,41,808	864.18	-	-	-	-
Less: Cancellation of shares	(50,000)	(5.00)	-	-	-	-
Outstanding at the end of the year	86,41,808	864.18	50,000	5.00	50,000	5.00

(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.

Notes to the financial statements for the year ended March 31, 2018

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

₹ in Lakhs

Equity Shares

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	Numbers of Shares held	% of holding	Numbers of Shares held	% of holding	Numbers of Shares held	% of holding
Vedanayagam Hospital Limited	42,03,546	48.64%			-	
Annamallai Retreading Company P Ltd	20,33,430	23.53%			-	
Shiva Texyarn Limited	-	-	50,000	100%	50,000	100%

10 Other Equity

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
General reserve This represents appropriation of profit by the Company.	5,346.54	-	-
Retained earnings/(deficit) Retained earnings/(deficit) comprise of the Company's current and prior years' undistributed earnings after taxes or accumulated losses.	1,523.49	1,136.91	689.40
Other items of other comprehensive income Other items of other comprehensive income consist of fair value changes on FVTOCI financial assets and re-measurement of net defined benefit liability/asset.	21.06	2.66	-
	6,891.09	1,139.57	689.40

Non-current Liabilities

11 Financial Liabilities

11.1 Borrowings

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
(a) Term Loans - Secured(Refer Note (i) below) -From banks	501.92	727.48	1,070.85
Total	501.92	727.48	1,070.85

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

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
ICICI Bank Limited	513.00	540.00	735.00
Less: Current Maturities of long term debt	(108.00)	(27.00)	(360.00)
	405.00	513.00	375.00

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



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

Notes to the financial statements for the year ended March 31, 2018

₹ in Lakhs

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Bank of Baroda	70.00	430.00	479.92
Less: Current Maturities of long term debt	(70.00)	(360.00)	(49.92)
	-	70.00	430.00

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 31.03.2018	As at 31.03.2017	As at 01.04.2016
Indian Overseas Bank	134.00	178.00	179.46
Less: Current Maturities of long term debt	(48.00)	(48.00)	-
	86.00	130.00	179.46

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 31.03.2018	As at 31.03.2017	As at 01.04.2016
Kotak Mahindra Bank Limited	26.82	24.19	33.00
Less: Current Maturities of long term debt	(15.90)	(9.71)	(8.81)
	10.92	14.48	24.19

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

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Bank of Maharashtra	-	61.43	221.91
Less: Current Maturities of long term debt	-	(61.43)	(159.71)
	-	-	62.20

Security: Pari-pasu first charge on the immovables and hypothecation of movables of spinning unit of the company.

Non-Current borrowings - Total	743.82	1,233.62	1,649.29
Current Maturities of long term borrowings - Total	(241.90)	(506.14)	(578.44)
	501.92	727.48	1,070.85

11.2 Other financial liabilities

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Security deposits received	6.00	6.00	6.00
Total	6.00	6.00	6.00



Notes to the financial statements for the year ended March 31, 2018

12 Other liabilities

₹ in Lakhs

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Income received in advance	0.85	0.85	0.86
Total	0.85	0.85	0.86

Current Liabilities

13. Financial Liabilities

13.1 Borrowings

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Working capital loan from banks (Secured) (Refer Note below)	4,969.44	5,513.99	4,266.16
Total	4,969.44	5,513.99	4,266.16

Notes

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
ICICI Bank Limited	400.00	600.00	250.00

Hypothecation of inventories and trade receivables ranking pari-pasu with other working capitals lenders.

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Indian Overseas Bank - Cash Credit	1,930.05	1,650.36	1,746.64

Hypothecation of inventories and trade receivables ranking pari-pasu with other working capitals lenders.

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Indian Overseas Bank - PCFC	57.37	416.34	310.71

Hypothecation of inventories and trade receivables ranking pari-pasu with other working capitals lenders.

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Bank of Baroda - Cash Credit	911.84	770.43	974.45

Hypothecation of inventories and trade receivables ranking pari-pasu with other working capitals lenders.

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Canara Bank - Cash Credit	979.83	1,239.34	984.36

Hypothecation of inventories and trade receivables ranking pari-pasu with other working capitals lenders.

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
ICICI Bank- LLC	690.35	837.52	-

Hypothecation of inventories and trade receivables ranking pari-pasu with other working capitals lenders.



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

Notes to the financial statements for the year ended March 31, 2018

₹ in Lakhs

13.2 Trade payables

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Trade payables			
Acceptances	-	-	-
Other than acceptances: (Refer Note 24)	1,529.00	1,007.94	772.57
Total	1,529.00	1,007.94	772.57

13.3 Other financial liabilities

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Current Maturities of Long-term Debt [Refer note 11.1 (i) for details of security and repayment terms]	241.90	506.14	578.44
Interest accrued but not due on borrowings	1.90	2.95	4.72
Dues to group companies	-	-	3.34
Other liabilities	20.29	36.94	34.68
Payables on purchase of fixed assets	-	178.45	-
Total	264.09	724.48	621.18

14 Provisions

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
(a) Provision for employee benefits			
Provision for bonus	35.07	29.72	26.98
(b) Provision for income tax (Net)	82.90	381.95	-
Total	117.97	411.67	26.98

15 Other Current Liabilities

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Statutory remittances	17.78	68.94	46.99
Advances from customers	154.75	80.71	116.28
Total	172.53	149.65	163.27

Notes to the financial statements for the year ended March 31, 2018

16 Revenue from operations

₹ in Lakhs

Note No.	Particulars	For the year ended March 31 2018	For the year ended March 31 2017
(a)	Sale of goods		
	a. Manufactured goods		
	Yarn	14,937.43	10,751.45
	Fabrics	1,349.26	5,073.48
	Waste Cotton	768.35	1,074.90
		17,055.04	16,899.83
(b)	Other operating revenues (Refer Note 1 below)	39.31	84.00
	Total	17,094.35	16,983.83

Note No.	Particulars	For the year ended March 31 2018	For the year ended March 31 2017
1	Other operating revenues comprises:		
	Duty drawback and other export incentives	21.24	77.27
	Wind Energy broken period unbilled & Banking Units	12.63	6.73
	Conversion Charges Received	5.44	-
	Total	39.31	84.00

17 Other income

Note No.	Particulars	For the year ended March 31 2018	For the year ended March 31 2017
(a)	Interest income (Refer Note 1 below)	10.62	10.80
(b)	Other non-operating income (Refer Note 2 below)	41.52	13.43
	Total	52.14	24.23

Note No.	Particulars	For the year ended March 31 2018	For the year ended March 31 2017
1	Interest income comprises:		
	Interest from financial assets at amortised cost	10.62	10.80
	Total - Interest income	10.62	10.80
2	Other non-operating income comprises:		
	Rental income	4.56	4.56
	Profit on sale of property plant and equipment (Net)	-	1.28
	Sundry balances written back	0.43	0.02
	Other Miscellaneous income	36.53	7.57
	Total - Other non-operating income	41.52	13.43



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

Notes to the financial statements for the year ended March 31, 2018

₹ in Lakhs

18 A Cost of materials consumed

Note No.	Particulars	For the year ended March 31 2018	For the year ended March 31 2017
	Opening stock	3,986.98	3,154.95
	Add: Purchases	11,527.77	11,539.85
		15,514.75	14,694.80
	Less: Closing stock	(3,783.16)	(3,986.98)
	Cost of material consumed	11,731.59	10,707.82
	Material consumed comprises:		
	-Cotton	11,731.59	10,707.82
	-Others	-	-
	Total	11,731.59	10,707.82

18 B Purchase of traded goods

Particulars	For the year ended March 31 2018	For the year ended March 31 2017
Purchases of traded goods	-	83.74
Total	-	83.74

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

	For the year ended March 31 2018	For the year ended March 31 2017
Inventories at the end of the year:		
Finished goods	590.32	544.07
Work-in-progress	16.88	17.62
Waste cotton	42.11	25.08
	649.31	586.77
Inventories at the beginning of the year:		
Finished goods	544.07	879.21
Work-in-progress	17.62	18.44
Waste-cotton opening stock	25.08	34.26
	586.77	931.91
Net (increase) / decrease	(62.54)	345.14



Notes to the financial statements for the year ended March 31, 2018

20 Employee benefit expenses

₹ in Lakhs

Particulars	For the year ended March 31 2018	For the year ended March 31 2017
Salaries, wages and bonus	1,364.04	1,363.19
Contributions to provident and other funds (Refer Note 25.1.a & 25.1.b)	85.28	58.66
Staff welfare expenses	120.23	124.78
Total	1,569.55	1,546.63

21 Finance costs

Particulars	For the year ended March 31 2018	For the year ended March 31 2017
(a) Interest expense on financial liabilities at amortised cost:		
(i) Borrowings	521.61	560.27
(b) Other borrowing costs	77.48	61.26
(c) Net Loss on Foreign Currency Transactions and Translation (considered as finance cost)	-	8.27
Total	599.09	629.80

22 Other expenses

Particulars	For the year ended March 31 2018	For the year ended March 31 2017
Consumption of stores and spare parts	219.53	209.66
Processing charges	46.38	242.38
Power, fuel and water charges	799.61	733.43
Rent including lease rentals	2.30	2.10
Repairs and Maintenance - Building	36.93	39.47
Repairs and Maintenance - Machinery	471.63	480.41
Repairs and Maintenance - Others	20.19	21.17
Insurance	83.55	57.06
Rates and Taxes	22.21	27.59
Communication expenses	12.08	11.01
Travelling and Conveyance	102.43	31.46
Printing & Stationery	6.98	10.20
Freight and Forwarding Charges	38.29	60.18
Sales Commission	257.39	137.68
Director's sitting fee	3.00	1.05
Business Promotion Expenses	0.69	1.94
Donation	3.35	10.90
Legal and Professional charges	27.33	20.26
Payments to Auditors	11.96	7.51
Provision for bad and doubtful debts	-	39.30
Miscellaneous Expenses	58.87	17.05
Total	2,224.70	2,161.81



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

Notes to the financial statements for the year ended March 31, 2018

Note 1 - Payments to auditors:

₹ in Lakhs

Particulars	For the year ended March 31 2018	For the year ended March 31 2017
Payments to auditors comprises (net of service tax input credit, where applicable):		
Statutory audit fees	5.44	2.25
For taxation matters	6.45	2.39
For other services	0.07	2.87
Total	11.96	7.51

Additional information to the financial statements

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

Note No.	Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
(i)	Contingent liabilities:			
	Disputed demands from ESI Authorities	-	-	-
	Disputed claims of TANGEDCO as part of energy supply	52.18	52.18	-
(ii)	Commitments:			
	(a) Estimated amount of contracts remaining to be executed on capital account and not provided for:			
	Tangible assets	-	232.01	-
(iii)	(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	152.85	152.85	-
(b)	Value of export obligation to be fulfilled	23,216.49	27,114.01	-

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

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-	-
(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 collected by the Management. This has been relied upon by the auditors.

Notes to the financial statements for the year ended March 31, 2018 (Contd.)

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.

₹ in Lakhs

Particulars	For the year ended March 31 2018	For the year ended March 31 2017
Provident fund	56.77	52.41
Employee state insurance	18.56	16.31

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/cashequivalent to meet the liabilities or holding of illiquid assets not being sold in time.
- F 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, 2018 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.



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

Notes to the financial statements for the year ended March 31, 2018

₹ in Lakhs

Particulars	For the year ended March 31 2018	For the year ended March 31 2017
<u>Components of employer expense</u>		
Current service cost	10.46	10.43
Past service cost	22.10	
Interest cost	11.43	10.17
Expected return on plan asset	(15.49)	(14.36)
Recognised in statement of profit and loss	28.50	6.24
Re-measurement - actuarial (gain)/loss recognised in OCI	(18.40)	(2.66)
Total expense recognised in the Statement of total comprehensive income	10.10	3.58
<u>Other Comprehensive Income (OCI)</u>		
Actuarial (gain)/loss due to DBO experience	(2.35)	(7.92)
Actuarial (gain)/loss due to DBO assumption changes	(17.21)	4.84
Actuarial (gain)/loss arising during period	(19.56)	(3.08)
Actual return on plan assets (greater)/less interest on plan assets	1.16	0.42
Actuarial (gains)/ losses recognized in OCI	(18.40)	(2.66)
<u>Defined Benefit Cost</u>		
Service cost	10.46	10.43
Net interest on net defined benefit liability / (asset)	(4.06)	(4.19)
Actuarial (gains)/ losses recognized in OCI	(18.40)	(2.66)
Defined Benefit Cost	(12.00)	3.58
<u>Change in defined benefit obligation (DBO) during the year</u>		
Present value of DBO at beginning of the year	149.53	137.88
Current service cost	10.46	10.43
Past service cost	22.10	
Interest cost	11.43	10.17
Actuarial (gains) / losses	(19.56)	(3.08)
Benefits paid	(3.43)	(5.87)
Present value of DBO at the end of the year	170.53	149.53
<u>Actual contribution and benefit payments for year</u>		
Actual benefit payments	3.43	5.87
Actual contributions	0.58	0.50
<u>Change in fair value of assets during the year</u>		
Plan assets at beginning of the year	201.77	193.20
Expected return on plan assets	15.49	14.36
Actual company contributions	0.58	0.50
Actuarial gain / (loss)	(1.16)	(0.42)
Benefits paid	(3.43)	(5.87)
Plan assets at the end of the year	213.25	201.77
Actual return on plan assets	14.33	13.94

Notes to the financial statements for the year ended March 31, 2018

₹ in Lakhs

Particulars	For the year ended March 31 2018	For the year ended March 31 2017
Current and Non Current Liability portion		
Particulars		
Current Asset/ (Liability)	42.72	52.24
Non Current Asset/ (Liability)	-	-
Net Asset/(Liability)	42.72	52.24
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	170.53	149.53
Fair value of plan assets	213.25	201.77
Funded status [Surplus / (Deficit)]	42.72	52.24
Net asset / (liability) recognised in the Balance Sheet	42.72	52.24
Composition of the plan assets is as follows:		
Insurer managed funds	100%	100%
Total		
*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	7.73%	7.54%
Expected return on plan assets	7.73%	7.54%
Salary escalation	6.50%	7.50%

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 31,2018
Estimate value of obligation if discount rate is taken 1% higher	157.27
Estimated value of obligation if discount rate is taken 1% lower	186.12
Estimate value of obligation if salary growth rate is taken 1% higher	184.54
Estimate value of obligation if salary growth rate is taken 1% lower	158.45
Estimate value of obligation if attrition rate is taken 1% higher	171.64
Estimate value of obligation if attrition rate is taken 1% lower	169.32

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.



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

Notes to the financial statements for the year ended March 31, 2018

Maturity profile of defined benefit obligation:

₹ in Lakhs

Maturity profile, if it ensues	As at 31.03.2018
1	7.34
2	20.14
3	5.66
4	11.91
5	11.24
Above 5	361.55

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

₹ in Lakhs

Geographic Segment		Revenues	Segment assets	Capital expenditure incurred during the year ended March 31 2018
Outside India	March 31, 2018	2,058.18	116.42	-
	March 31, 2017	2,787.12	101.52	-
	April 1, 2016	-	-	-
India	March 31, 2018	15,036.17	15,784.67	347.32
	March 31, 2017	14,196.71	16,230.96	1,202.20
	April 1, 2016	-	14,240.58	-
Unallocated	March 31, 2018	-	-	-
	March 31, 2017	-	338.89	-
	April 1, 2016	-	338.89	-
Total	March 31, 2018	17,094.35	15,901.09	347.32
	March 31, 2017	16,983.83	16,671.37	1,202.20
	April 1, 2016	-	14,579.47	-



Notes to the financial statements for the year ended March 31, 2018 (Contd.)

27 Related party transactions

A. Details of related parties:

Description of relationship	Name of related parties
Investing party	Annamallai Retreading Company Private Limited Vedanayagam Hospital Limited
Enterprises in which the Key management Personnel or relatives have significant influence.	Anamallais Agencies Madurai Private Limited Anamallais Automobiles Private Limited Anamallais Motors Private Limited Bannari Amman Spinning Mills Limited Shiva Automobiles Private Limited Shiva Texyarn Limited Sakthi Murugan Transports Limited
Key Management Personnel (KMP)	Sri S V Alagappan, Managing Director Smt A Lalitha, Joint Managing Director Sri S Seshadri, Chief Financial Officer * Smt M Shyamala, Company Secretary
Relatives of key management personnel :	Sri S V Arumugam- Brother of Managing Director * Resigned on 31.03.2018

Details of transactions during the year and balance outstanding as at the balance sheet date:

₹ in Lakhs

Particulars	Related Party	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Transactions during the year:			
Sale of goods and services	Bannari Amman Spinning Mills Ltd Shiva Texyarn Limited	236.76 23.39	598.86 1.06
Purchase of goods and services	Anamallais Agencies Madurai Private Limited Anamallais Automobiles Private Limited Anamallais Motors Private Limited Bannari Amman Spinning Mills Limited Shiva Automobiles Private Limited Sakthi Murugan Transports Limited	- 23.50 2.00 0.51 7.91 1.33 -	- 0.04 2.68 0.40 118.86 - 1.32
Remuneration	Sri S V Alagappan, Managing Director Smt A Lalitha, Joint Managing Director	67.68 39.48	126.41 -
Salary	Smt. A Lalitha, Chief Executive Sri. S Seshadri, Chief Financial Officer Smt M Shyamala, Company Secretary	12.50 15.50 7.90	30.00 12.75 6.90



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

Notes to the financial statements for the year ended March 31, 2018

₹ in Lakhs

Particulars	Related Party	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
(i) Receivables	Shiva Texyarn Limited	109.11	122.35	-
(ii) Payables	Shiva Automobiles Private Limited	0.10	-	-
(iii) Write off /Write back		Nil	Nil	Nil

28 Earnings per equity share

Particulars	For the year ended March 31 2018	For the year ended March 31 2017
Profit /(Loss) attributable to equity shareholders (Rs.)	386.58	447.51
Weighted average number of equity shares (Nos.)	8,641,800	8,641,800
Par value per equity share (Rs.)	10.00	10.00
Earning per share - Basic & Diluted (Rs.)	4.47	5.18

29A Income Tax recognised:

Particulars	For the year ended 31 March, 2018		For the year ended 31 March, 2017	
	Statement of profit and loss	Other comprehensive income	Statement of profit and loss	Other comprehensive income
Current Tax:				
In respect of current year	240.17	-	571.95	-
Deferred Tax:				
In respect of current year	(31.95)	-	27.54	-
Income tax expense	208.22	-	599.49	-

Notes to the financial statements for the year ended March 31, 2018

29 B Movement in deferred tax balances

₹ in Lakhs

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in Other comprehensive income	Recognised directly in equity	Closing Balance
For the year ended 31 March, 2018					
<u>Tax effect of items constituting deferred tax asset</u>					
Provision for doubtful debts	21.00	(21.00)	-	-	-
Provision for compensated absences and gratuity	32.45	18.27	-	-	50.72
Tax effect of items constituting deferred tax asset	53.45	(2.73)	-	-	50.72
<u>Tax effect of items constituting deferred tax (liability)</u>					
On difference between book balance and tax balance of fixed assets	(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)	(615.96)	31.95	-	-	(584.01)
For the year ended 31 March, 2017					
Tax effect of items constituting deferred tax asset					
Provision for doubtful debts	-	21.00	-	-	21.00
Provision for compensated absences and gratuity	-	32.45	-	-	32.45
Tax effect of items constituting deferred tax asset	-	53.45	-	-	53.45
<u>Tax effect of items constituting deferred tax (liability)</u>					
On difference between book base and tax base of property plant and equipment	(588.42)	(80.99)	-	-	(669.41)
Tax effect of items constituting deferred tax (liability)	(588.42)	(80.99)	-	-	(669.41)
Net Deferred tax asset/(liability)	(588.42)	(27.54)	-	-	(615.96)



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

Notes to the financial statements for the year ended March 31, 2018

₹ in Lakhs

29C Deferred tax (liability) / asset

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Tax effect of items constituting deferred tax Assets			
Provision for doubtful debts	-	21.00	-
Disallowances under section 43B of Income Tax Act, 1961	50.72	32.45	-
Tax effect of items constituting deferred tax Asset	50.72	53.45	-
Tax effect of items constituting deferred tax (liability)			
On difference between book balance and tax balance of fixed assets	(634.73)	(669.41)	(588.42)
Tax effect of items constituting deferred tax (liability)	(634.73)	(669.41)	(588.42)
Net deferred tax (liability) / asset	(584.01)	(615.96)	(588.42)

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

Particulars	For the year ended March 31 2018	For the year ended March 31 2017
Profit before tax	594.80	1,047.00
Enacted income tax rate in India	33.06%	33.06%
Computed expected tax expense	200.00	400.00
Taxes relating to earlier years	-	204.40
Others	8.22	(4.91)
Income tax expense recognised in the statement of profit and loss	208.22	599.49

30 Financial instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2018, March 31, 2017 and April 1, 2016 is as follows:

Financial assets

Particulars	Carrying Value			Fair Value		
	March 31, 2018	March 31, 2017	April 01, 2016	March 31, 2018	March 31, 2017	April 01, 2016
Amortised cost						
Loans	111.73	2.94	1.15	111.73	2.94	1.15
Trade receivable	1,990.53	2,060.33	1,206.12	1,990.53	2,060.33	1,206.12
Cash and cash equivalents	208.63	541.10	221.84	208.63	541.10	221.84
Other financial assets	33.51	34.89	47.61	33.51	34.89	47.61
FVTOCI						
Investment in equity instruments (Quoted)	-	-	-	-	-	-
FVTPL						
Investment in equity instruments (unquoted)	2.56	2.08	8.04	2.56	2.08	8.04
Total assets	2,346.96	2,641.34	1,484.76	2,346.96	2,641.34	1,484.76



Notes to the financial statements for the year ended March 31, 2018

₹ in Lakhs

Financial liabilities

Particulars	Carrying Value			Fair Value		
	March 31, 2018	March 31, 2017	April 01, 2016	March 31, 2018	March 31, 2017	April 01, 2016
Amortised cost						
Borrowings	5,713.26	6,747.61	5,915.45	5,713.26	6,747.61	5,915.45
Trade payables	1,529.00	1,007.94	772.57	1,529.00	1,007.94	772.57
Other financial liabilities	28.19	224.34	48.74	28.19	224.34	48.74
Total liabilities	7,270.45	7,979.89	6,736.76	7,270.45	7,979.89	6,736.76

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, 2018 was assessed to be insignificant.
- The fair values of the unquoted equity shares have been estimated using a discounted cash flow model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility, the probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.



Notes to the financial statements for the year ended March 31, 2018

₹ in Lakhs

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).

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at March 31, 2018, March 31, 2017 and April 1, 2016.

Financial assets measured at fair value:

Particulars	As at	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
FVTOCI financial assets designated at fair value:						
Investment in equity instruments (quoted)	March 31, 2018 March 31, 2017 April 1, 2016	March 31, 2018 March 31, 2017 April 1, 2016	-	-	-	-
FVTPL financial assets designated at fair value:						
Investment in equity instruments (unquoted)	March 31, 2018 March 31, 2017 April 1, 2016	March 31, 2018 March 31, 2017 April 1, 2016	2.56 2.08 8.04	- - -	- - -	2.56 2.08 8.04

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



Notes to the financial statements for the year ended March 31, 2018

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: ₹ in Lakhs

Particulars	For the year ended March 31 2018	For the year ended March 31 2017
Revenue from top customer	2,000.68	1,055.82
Revenue from top 5 customers	3,419.31	2,351.95

One customer accounted for more than 10% of the revenue for the year ended March 31, 2018, however two of the customers accounted for more than 10% of the receivables for the year ended March 31, 2018. Three customers accounted for more than 10% of the revenue for the year March 31, 2017, however one of the customers accounted for more than 10% of the receivables for the year ended March 31, 2017.

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.

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.



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

Notes to the financial statements for the year ended March 31, 2018

The working capital position of the Company is given below:

₹ in Lakhs

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Cash and cash equivalents	208.63	541.10	221.84
Total	208.63	541.10	221.84

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2018, March 31, 2017 and April 1, 2016

₹ in Lakhs

Particulars	As at	Less than 1 year	1-2 year	2 years and above
Borrowings	March 31, 2018	5,211.34	204.92	297.00
	March 31, 2017	6,020.13	241.90	485.58
	April 1, 2016	4,844.60	506.14	564.71
Trade payables	March 31, 2018	1,529.00	-	-
	March 31, 2017	1,007.94	-	-
	April 1, 2016	772.57	-	-
Other financial liabilities	March 31, 2018	22.19	6.00	-
	March 31, 2017	218.34	6.00	-
	April 1, 2016	42.74	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

Notes to the financial statements for the year ended March 31, 2018

The following table presents foreign currency risk from non-derivative financial instruments as of March 31, 2018, March 31, 2017 and April 1, 2016.

₹ in Lakhs

Particulars	As at	US \$	Total
Assets			
Trade receivables	March 31, 2018	116.42	116.42
	March 31, 2017	101.52	101.52
	April 1, 2016	15.42	15.42
Liabilities			
Trade payable	March 31, 2018	506.85	506.85
	March 31, 2017	67.80	67.80
	April 1, 2016	-	-
Borrowings	March 31, 2018	57.37	57.37
	March 31, 2017	416.34	416.34
	April 1, 2016	-	-
Net assets/(liabilities)	March 31, 2018	(447.80)	(447.80)
	March 31, 2017	(382.62)	(382.62)
	April 1, 2016	15.42	15.42

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.

₹ in Lakhs

Particulars	For the year ended March 31 2018	For the year ended March 31 2017
Impact on profit or (loss) for the year	22.39	19.13

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:



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

Notes to the financial statements for the year ended March 31, 2018

₹ in Lakhs

Particulars	For the year ended March 31 2018	For the year ended March 31 2017
Increase / (decrease) in the Profit for the year	(86.31)	(92.50)

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 policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The capital structure is as follows:

₹ in Lakhs

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Total equity attributable to the equity share holders of the company	7,755.27	7,513.35	7,063.18
As percentage of total capital	57.58%	52.68%	54.42%
Current borrowings	4,969.44	5,513.99	4,266.16
Non-current borrowings	743.82	1,233.62	1,649.29
Total borrowings	5,713.26	6,747.61	5,915.45
As a percentage of total capital	42.42%	47.32%	45.58%
Total capital (borrowings and equity)	13,468.53	14,260.96	12,978.63

The Company's capital structure is a combination of both debt and equity.

33 Transition to Ind AS

The Company's financial statements for the year ended March 31, 2018 are prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. The adoption of Ind AS was carried out in accordance with Ind AS 101, using April 1, 2016 as the transition date. Ind AS 101 requires that all Ind AS standards and interpretations that are effective for the interim Ind AS financial statements for the year ended March 31, 2017 be applied consistently and retrospectively for all fiscal years presented. All applicable Ind AS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the financial statements under both Ind AS and Indian GAAP as at the transition date have been recognized directly in equity at the transition date.

In preparing these financial statements, the Company has availed itself of certain exemptions and exceptions in accordance with Ind AS 101 as explained below:

(a) Exceptions from full retrospective application:

Estimates exception: Upon an assessment of the estimates made under Indian GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS, except where estimates were required by Ind AS and not required by Indian GAAP.

(b) Exemptions from retrospective application:

The Company has not elected to restate the carrying value of the property, plant and equipment and capital work in progress in accordance with Ind AS as of April 01, 2016 (transition date) as its deemed cost as of the transition date.

Notes to the financial statements for the year ended March 31, 2018

(c) Reconciliations:

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from Indian GAAP to Ind AS in accordance with Ind AS 101:

- equity as at April 1, 2016;
- equity as at March 31, 2017;
- total comprehensive income for the year ended March 31, 2017;
- explanation of material adjustments to cash flow statements.

(i) Equity reconciliation:-

₹ in Lakhs

Particulars	Explanation Note	As at 31.03.2017	As at 01.04.2016
Equity under previous GAAP		1,092.40	5.00
Change in of defined benefit obligations	(i)	52.17	55.31
Demerger adjustment done as at April 1, 2016	(ii)	-	634.09
Equity as per Ind AS		1,144.57	694.40

(ii) Total comprehensive income reconciliation

₹ in Lakhs

Particulars	Explanation Note	As at 31.03.2017
Net income/(loss) under previous GAAP		453.31
Change in of defined benefit obligations	(i)	(5.80)
Others		
Profit for the year under Ind AS		447.51
Remeasurement of defined benefit obligations (Net of taxes)	(i)	2.66
Total comprehensive income under Ind AS		450.17

- (iii) There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

Explanation notes for Ind AS transition:

Under the previous GAAP, actuarial gains or losses were recognised in the statement of profit and loss. Under Ind AS, the actuarial gains or losses from part of remeasurement of the net defined benefit liability / asset is recognised in other comprehensive income. Change in the defined benefit obligation on account of Ind AS is recognised in the statement of profit and loss.

Under Ind AS the adjustment for business combination (Demerger) is recognised with effect from the appointed date as per the scheme of demerger governed by the court of law i.e April 1, 2015. Under previous GAAP demerger effect was given during the year ended March 31, 2017. Therefore adjustment of the net profit earned by the resulting Company during the year ended March 31, 2017 in the financials as per the previous GAAP is not required.



SHIVA MILLS LIMITED

(Formerly STYL TEXTILE VENTURES LIMITED)

Notes to the financial statements for the year ended March 31, 2018

34 Scheme of demerger

The National Company Law Tribunal (NCLT) vide their proceedings dated 23rd August 2017 in Company Petition No.3598360 of 2016, renumbered as TCP/22&23/CAA/2017, approved the scheme for demerger of the business of Spinning Unit - 1 along with connected wind mills ("approved scheme", in favour of Shiva Mills Limited (formerly known as STYL Textile Ventures Limited) ("SML"). The demerger comes in to effect from April 1, 2015, the appointed day fixed under the Scheme.

The net assets to be transferred to SML as on the appointed day, as per the approved scheme is recognised and disclosed as "Demerger Adjustment Account" to be adjusted against the equity of the Company when shares are allotted by SML to the share holders of Demerged Company.

During the year shares of SML were allotted on accordance with the scheme. Accordingly the demerger adjustment account is adjusted with the equity.

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

The notes and additional notes which form part of financial statements.

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

V S SRINIVASAN

Partner
Membership No. 013729

Place: Coimbatore
Date : 28th May, 2018

S V ALAGAPPAN

Managing Director
DIN: 00002450

M SHANMUGAM

Chief Financial Officer

A LALITHA

Joint Managing Director
DIN: 00003688

M SHYAMALA

Company Secretary
ACS No. 24464





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 : L17111TZ2015PLC022007



SHIVA MILLS LIMITED

(Formerly STYL Textile Ventures Limited)
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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 3rd Annual General Meeting of the company to be held on Monday the 24th September, 2018 at 12.05 P.M. at "Nani Kalaiarangam", Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037, Tamil Nadu 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.
180098		

* 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

Please ✓ the appropriate box

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

No. of
Shares held :

I hereby record my presence at the 3rd Annual General Meeting of the Company being held on Monday the 24th September, 2018 at "Nani Kalaiarangam", Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037, Tamil Nadu.

* Strike out whichever is not applicable.

Signature of Member / Proxy*

