

SUPER SALES AGENCIES LIMITED

COIMBATORE



22nd Annual Report 2003 - 2004

SUPER SALES AGENCIES LIMITED

Registered Office :
34-A, Kamaraj Road, Coimbatore - 641 018.

BOARD OF DIRECTORS

Sri. R. Venkatrangappan (Chairman)
Sri. Ramesh Rudrappan
Sri. C.B. Kariappa
Sri. Ravi Sam
Sri. Sanjay Jayavarthanavelu
Sri. RVM Kesavachandra Rau (Director-Textiles)
(Wholetime)

AUDITORS

M/s. S. KRISHNAMOORTHY & Co.,
Chartered Accountants

BANKERS

Indian Overseas Bank
ICICI Bank Limited

REGISTRARS & SHARE TRANSFER AGENTS

COMPANY SECRETARY

Sri. R. Vijayakumar

S.K.D.C Consultants Ltd.,
11, Street No. 1
S.N. Layout, Tatabad,
Coimbatore - 641 012.

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SUPER YARN PROCESSORS (INDIA) LIMITED

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 22nd Annual General Meeting of the shareholders of Super Sales Agencies Limited, Coimbatore - 641 018 will be held at 10:30 A.M on Wednesday, the 28th July, 2004 at 'Nani Kalai Arangam', Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037 to transact the following business:

ORDINARY BUSINESS

1. To consider the Profit and Loss Account for the financial year ended 31st March, 2004, the Balance Sheet as at that date, the Report of the Board of Directors and the Report of the Auditors.
2. To declare a dividend.
3. To appoint a Director in the place of Sri Ramesh Rudrappan, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in the place of Sri R. Venkatrangappan, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office upto the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board

Coimbatore
9th June, 2004

(Sd.) **R Vijayakumar**
Company Secretary

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Notes:

1. **A MEMBER WHO IS ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. **THE INSTRUMENT APPOINTING THE PROXY SHOULD BE LODGED WITH THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED COMMENCEMENT OF THE MEETING.**
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 16th July, 2004 to Wednesday, the 28th July, 2004 (both days inclusive). The dividend as recommended by the Board, if sanctioned at the meeting will be paid to the shareholders whose names appear in the Register of Members as on 28th July, 2004 in respect of shares held in physical form and in respect of shares held in dematerialised form the dividend shall be paid on the basis of beneficial ownership as per the details furnished by the Depositories for this purpose at the end of business hours on 15th July, 2004.
4. Members are requested to communicate their change of address, if any, quoting their folio numbers to our Registrars and Share Transfer Agents, M/s SKDC Consultants Ltd., No.11, Street No.1, S.N.Layout, Tatabad, Coimbatore - 641 012.

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5. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends shall be transferred to the "Investor Education and Protection Fund" of the Central Government after a period of 7 years from the date of declaration. Shareholders, who have not encashed the dividend warrants for the years 1996-97, 1997-98 and 2002-03 are requested to write to our Registrars and Share Transfer Agents, M/s SKDC Consultants Limited, No.11, Street No.1, S.N.Layout, Tatabad, Coimbatore - 641 012 for claiming the dividend. Once the unpaid / unclaimed dividend is transferred to the above fund, no claim can be made by the shareholders thereafter.
6. At the ensuing Annual General Meeting, Sri Ramesh Rudrappan and Sri R. Venkatrangappan, retire by rotation and being eligible offer themselves for re-appointment. The information or details pertaining to these Directors are furnished in the statement on Corporate Governance.
7. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respects of shares held by them in physical form. Shareholders desirous of making nomination are requested to send the Nomination in Form 2B, which is attached to this Annual Report, to M/s SKDC Consultants Limited.
8. Shareholders holding shares in the physical form and wish to avail Electronic Clearing Services (ECS) facility may authorize the Company with ECS mandate in the prescribed form (enclosed) and the same should be lodged with the Registrars and Share Transfer Agents M/s SKDC Consultants Limited on or before 15th July, 2004 for payment of dividend for the year 2003-04.

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DIRECTORS' REPORT

Your Directors have pleasure in presenting the 22nd Annual Report of the company together with audited accounts of the Company for the year ended 31st March 2004.

FINANCIAL RESULTS

Financial results for the year are summarised below for your consideration.

	2003-2004	2002-2003
	(Rs. in Million)	
Turnover	697.96	505.52
Commission Receipts	62.38	47.27
Other Income	26.28	39.49
Profit before Interest & Depreciation	118.98	112.14
Less: Interest	36.43	40.80
Profit before Depreciation	82.55	71.34
Less: Depreciation	37.26	37.78
Profit before Tax	45.30	33.56
Less: Provision for Current Taxes	(3.60)	(2.46)
Provision for Deferred Taxes	(2.08)	(11.89)
Profit after Tax	39.62	19.21
Add: Balance in Profit & Loss Account	12.16	---
Less: Prior Year Taxes	(0.16)	5.84
Less: Prior year Expenses	(4.50)	(0.30)
Investment Fluctuation Reserve Reversed	---	10.86
Balance Available for Appropriation	47.12	35.61
<u>Appropriation:</u>		
Proposed Dividend	4.61	3.07
Tax on Dividend	0.59	0.38
Transferred to General Reserve	20.00	20.00
Surplus in Profit & Loss Account Carried over to Balance Sheet	21.92	12.16

DIVIDEND

Your Directors recommend payment of dividend of 15% on the equity share capital for the year ended 31st March, 2004, which if approved at the forthcoming Annual General Meeting, will be paid to all those equity shareholders whose names appear in the Register of Members as on 28th July, 2004 in respect of shares held in physical form and in respect of shares held in dematerialized form, the dividend shall be paid on the basis of beneficial ownership as per the details furnished by the Depositories for this purpose at the end of business hours on 15th July, 2004.

PERFORMANCE**Agency Division**

Anticipating the implementation of Free Trade WTO regime, the modernization of spinning mills has received a major boost and hence the sales of machinery and spares have picked-up and the Agency Division has achieved 32% growth in its Commission earnings compared with last year.

Textile Division

As a result of higher cotton cost prevailing during the year and also the sluggish yarn market conditions in the first half of the year, the spinning units could earn a profit of Rs.26.45 million only (Last year was Rs.38.81 million). In order to partially offset the adverse impact that the cotton prices would have had on the working results, the Company took a spinning unit with 19,584 spindles purely for conversion operation, which operation has contributed Rs.13.14 million. But for this move, the profit in the textile division would have been lower.

SUPER SALES AGENCIES LIMITED

Due to lack of demand for the dyed yarn in domestic and export markets, the Yarn Processing Unit has not achieved the desired results. Hence the Company has suspended its activities in the yarn processing unit, w.e.f., 31.03.2004.

During the year under report, the Company has extended its textile business to fabric also by converting our yarn into fabrics on job work basis. During the current year, more emphasis will be given for this business and also for further value addition.

EXPORTS

The company's exports both direct and indirect of Grey and Processed yarn during the year under review was Rs.124.57 million compared to Rs.191.85 million in the previous year.

PROSPECTS

In view of the emerging of WTO Regime from January, 2005, the Textile Industries are gearing up to meet the challenges of the world market, by way of modernization. Since our Principal has been acknowledged by the spinning industry as the best in the country for their Machines, we are expecting the continuous growth of the Agency Division.

MODERNIZATION PROGRAMME AT SPINNING MILLS

Modernization of spinning frames, addition / replacement of Autoconers and Two for One Twisters are also planned for implementation during the year. Term Loan applications to meet the financial requirement of these schemes under TUF have been made to the Company's Bankers and the same have been sanctioned.

SUBSIDIARY

M/s Super Yarn Processors (India) Limited, a wholly owned subsidiary of your company has not commenced operations during the year under report. The Accounts of the subsidiary form part of the Annual Report.

DIRECTORS

The following Directors retire by rotation at the ensuing Annual General Meeting who being eligible, offer themselves for re-appointment.

1. Sri. Ramesh Rudrappan
2. Sri. R. Venkatrangappan

INDUSTRIAL RELATIONS

Industrial relations are cordial in all the units and your Directors appreciate the co-operation extended by the employees.

FIXED DEPOSITS

As at the close of the year under report, one deposit amounting to Rs.120,000/- remained unclaimed and the same has been subsequently renewed. The Company has complied with all the provisions of Section 58A of the Companies Act, 1956 with regard to acceptance of Deposit.

CORPORATE GOVERNANCE

As required in the Listing Agreement, a separate report on Corporate Governance is enclosed as part of this Annual Report. A certificate from the Auditors of the Company regarding compliance of Corporate Governance is also annexed to the report on Corporate Governance.

LISTING

Your company's shares are listed in Madras and Mumbai stock exchanges and the listing fees have been duly paid.

SUPER SALES AGENCIES LIMITED**AUDITORS**

M/s. S. Krishnamoorthy & Co., Chartered Accountants, the retiring auditors have given the certificate pursuant to Section 224(1-B) of the Companies Act, 1956 and are eligible for re-appointment.

STATEMENT UNDER SECTION 217(2A)

In terms of sub-section (2A) of Section 217 of the Companies Act, 1956, the company has no employee drawing salary exceeding Rs.2.4 million per annum or Rs.0.20 million per month during the year under review.

CONSERVATION OF ENERGY

Various electrical equipments are being constantly overhauled and maintained in order to ensure that the consumption of energy is always at peak efficiency levels. The Generators are being overhauled periodically and maintained in good order to ensure optimum output. Energy consumption particulars as required by Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are given in the Annexure attached.

TECHNOLOGY ABSORPTION

The Company is taking all steps to absorb and adopt the latest technology and innovation in the field of Textile Spinning. The improvement in the performance is expected in the coming years.

FOREIGN EXCHANGE EARNINGS AND OUT GO

The Foreign Exchange earnings and outgo during the year under review were as follows:

Foreign Exchange Earned	Rs. 122.15 Million
Foreign Exchange Outgo	Rs. 73.60 Million

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of Section 217(2AA) of the Companies Act, 1956, the Directors of your company confirm that:

- all applicable Accounting Standards have been followed in the preparation of annual accounts and that there are no material departure;
- such accounting policies have been selected and applied consistently and such judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2004 and of the profit of the Company for the year ended on that date;
- proper and sufficient care has been taken for the 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 fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis.

GENERAL

The Directors acknowledge the support given by the Principal M/s. Lakshmi Machine Works Limited and also the assistance given by the financial institutions and bankers of the Company. Directors also wish to place on record, the co-operation extended by the employees at various levels.

Coimbatore
9th June, 2004

By Order of the Board
(Sd.) **R. VENKATRANGAPPAN**
Chairman

SUPER SALES AGENCIES LIMITED

Statement appended to the Directors' Report pursuant to Rule 2(A) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2004.

	31.03.2004	31.03.2003
A. POWER AND FUEL CONSUMPTION		
1. Electricity		
a. Purchased :		
Units	21,878,119	17,608,730
Total Amount	Rs. 94,230,663	70,590,289
Rate / Unit Rs.	4.31	4.01
b. Own Generation :		
i) through Diesel Generator	1,321,193	2,276,989
Units per litre of diesel oil	3.37	3.32
Cost / Unit	Rs. 6.71	5.75
ii) Through steam turbine / Generator	Nil	Nil
2. Coal (Specify quality and where used)	Nil	Nil
3. Furnace Oil	Nil	Nil
4. Other / Internal generation (Please give details)	Nil	Nil

B. CONSUMPTION PER UNIT OF PRODUCTION

Product name	Yarn	Yarn
	(in metric tons)	
Grey Yarn	3060.23	2398.25
Processed Yarn	255.99	41242
Consumption per tonne		
Electricity		
- Grey Yarn	7342	7694
- Processed Yarn	2859	3474
Furnace Oil	Nil	Nil
Coal	Nil	Nil
Others (Specify)	Nil	Nil

MANAGEMENT DISCUSSION AND ANALYSIS**INDUSTRY STRUCTURE AND DEVELOPMENTS:**

The overall export of the Country was on an upward swing. But the Textile Export was on a declining trend due to appreciation of the value of Indian Currency against the Dollar. However the volume has recorded a growth of 10% to 11% compared to last year.

In order to make an effective utilization of the Technology Upgradation Fund (TUF) scheme, the Government of India has announced extension of TUF upto March, 2007 and has simplified the procedures for availing the interest subsidy.

The industry is gearing itself to face the challenges of the free trade WTO regime with modernization and export orientation.

OPPORTUNITIES AND THREATS:***Opportunities***

1. Union Government is negotiating for an additional quota of Euro 1.2 billion with European Union, by which quota problems will be resolved in the terminal year of the quota system.
2. World cotton production for 2004-05 is expected to be 21.90 million tones, which would provide some relief from the current cotton prices.
3. Wide production range of 2's to 120's count of yarn to meet various needs of the processing industry.
4. Availability of all types of cotton to spin various types of yarn.
5. Huge domestic market to absorb a major portion of the production.
6. The expectation of a favourable export market under the WTO quota free regime.
7. A favourable monsoon, which will improve the purchasing power of Rural India.

Threats

1. Heavy competition among the Asian countries for a major share of the export market.
2. Low level of modernization of the Indian Textile Sector.
3. Unhealthy competition from the unorganized sector.
4. Higher cotton prices inspite of record production in our Country.
5. Exchange fluctuation against foreign currencies .

SEGMENTWISE PERFORMANCE:***Agency Division***

Compared to last year the division performed well with an increase of 32% in its commission earnings and 14% on the Erection Charges receipt.

Textile Division

The combined performance of two spinning units were moderately matching with the Industry trend and earned a profit of Rs.26.45 million. The Division has achieved an export turnover of Rs.124.57 million.

OUTLOOK:

During the first two months of the year 2004-05, the performance of the textile division is not very encouraging with the sluggish yarn market condition. However the performance of the Textile Industry would be better in remaining part of the year. The Agency Division is expected to perform well during the current year.

RISKS AND CONCERNS:

The area of Risk and Concern are:

1. Non-availability of Quality cotton at reasonable price.
2. Appreciation of Rupee Value Vs. Export Market.
3. Opening up of Indian Market from 2005 to Global players, because of which the competition is likely to be stiff.

INTERNAL CONTROL SYSTEMS AND ADEQUACY:

The Company has an adequate internal control system commensurate with its size and nature of its business. Management has overall responsibility for the Company's internal control system to safeguard the assets and to ensure reliability of financial records.

The Company has a detailed budgetary control system and periodically the actual performance is reviewed and decision taken accordingly.

Internal audit programme covers all areas of activities and periodical reports are submitted to the Management. Audit Committee reviews all financial statements and ensures adequacy of internal control systems.

The Company has a well-defined organization structure, authority levels and internal rules and guidelines for conducting business transactions.

FINANCIAL PERFORMANCE AND ANALYSIS:

(Rs. in Million)

Particulars	2003-04	2002-03	Percentage	Change
Turnover	697.96	505.52	38%	192
Commission Receipts	62.38	47.27	32%	15
Other Income	26.28	39.49	(33%)	(13)
Profit before Interest & Depreciation	118.98	112.14	6%	7
Less: Interest	36.43	40.80	(11%)	(4)
Profit before Depreciation	82.55	71.34	16%	11
Less: Depreciation	37.26	37.78	(1%)	(1)
Profit before Tax	45.30	33.56	35%	12
Less: Provision for Current Taxes	(3.60)	(2.46)	46%	(1)
Provision for Deferred Taxes	(2.08)	(11.89)	(83%)	10
Profit after Tax	39.62	19.21	106%	20
Add: Balance in Profit & Loss Account	12.16	0.00	100%	12
Less: Prior Year Taxes	(0.16)	5.84	(103%)	(6)
Less: Prior year Expenses	(4.50)	(0.30)	1400%	(4)
Investment Fluctuation Reserve Reversed	0.00	10.86	(100%)	(11)
Balance Available for Appropriation	47.12	35.61	32%	12