

SUPER SALES INDIA LIMITED

COIMBATORE



23rd Annual Report 2004 - 2005

SUPER SALES INDIA LIMITED

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

BOARD OF DIRECTORS

Sri. R. Venkatrangappan (Chairman)
Sri. C.B. Kariappa
Sri. Ravi Sam
Sri. Sanjay Jayavarthanavelu
Sri. R. Satagopan
Sri. R.V.M. Kesavachandra Rau (Director-Textiles)
(Wholetime)

AUDITORS

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

BANKERS

Indian Overseas Bank
ICICI Bank Limited
Indian Bank

REGISTRARS & SHARE TRANSFER AGENTS

COMPANY SECRETARY

Sri. R. Vijayakumar

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

CONTENTS

Page No.

SUPER SALES INDIA LIMITED

Notice	...	02
Directors' Report	...	07
Management Discussion & Analysis	...	12
Corporate Governance	...	14
Auditors' Report	...	22
Balance Sheet	...	25
Profit and Loss Account	...	26
Schedules	...	27
Notes to the Accounts	...	33
Cash Flow Statement	...	41

SUPER YARN PROCESSORS (INDIA) LIMITED

Directors' Report	...	44
Auditors' Report	...	45
Balance Sheet	...	47
Profit and Loss Account	...	48

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 23rd Annual General Meeting of the shareholders of Super Sales India Limited, Coimbatore 641 018 will be held at 11:30 A.M on Monday, the 25th July, 2005 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, 2005, 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. Sanjay Jayavarthanavelu, who retires by rotation and being eligible offers himself for re-appointment
4. To appoint a Director in the place of Sri. C. B. Kariappa, 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.

SPECIAL BUSINESS:

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

RESOLVED that Sri. R. Satagopan be and is hereby appointed as Director of the Company.

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

RESOLVED that pursuant to Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be necessary, Sri. R. V. M. Kesavachandra Rau be and is hereby re-appointed as Director - Textiles of the Company for a further period of one year from 01.04.2006 to 31.03.2007 under the following terms and conditions:

Salary	:	Rs.1,75,000/- pm
Provident Fund	:	As per Company Rules
Gratuity	:	As per Company Rules and shall not exceed half month salary for each completed year of service.

Company's contribution to PF, Gratuity to the extent these are not taxable under IT Act, 1961 shall not be included in the computation of perquisites.

Car with Driver	:	Shall be provided by the Company. Use for private purpose shall be billed by the Company.
-----------------	---	---

Telephone at residence	:	Shall be provided by the Company. Personal long distance calls shall be billed by the Company.
------------------------	---	--

SUPER SALES INDIA LIMITED

Leave	:	As per the rules of the Company (any unavailed leave can be encashed at the end of tenure which shall not be included in computation of the ceiling on remuneration or perquisites).
Entertainment Expenses	:	Reimbursement of an amount not exceeding Rs.30,000/- pa incurred for the business of the Company.

RESOLVED FURTHER that the aforesaid remuneration shall be treated as the minimum remuneration as per Schedule XIII of the Companies Act, 1956 in the event of loss or inadequacy of profit in the financial year during his tenure in office.

By Order of the Board

Coimbatore
01st June, 2005

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

Notes:

- 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.**
- THE INSTRUMENT APPOINTING THE PROXY SHOULD BE LODGED WITH THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED COMMENCEMENT OF THE MEETING.**
- The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 16th July, 2005 to Monday, the 25th July, 2005 (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 25th July, 2005 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, 2005.
- Members are requested to communicate their change of address, if any, quoting their folio numbers to our Registrars and Share Transfer Agents, SKDC Consultants Ltd., No.11, Street No.1, S.N.Layout, Tatabad, Coimbatore - 641 012. Similarly members holding shares in Demat form, shall intimate the change in address, if any, to their respective Depository Participants (DP).
- Pursuant to Section 205C 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 1997-98, 2002-03 and 2003-04 are requested to write to our Registrars and Share Transfer Agents, SKDC Consultants Limited, for claiming the dividend. Once the unpaid / unclaimed dividend is transferred to the above fund, no claim can be made by the shareholders thereafter.
- 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, SKDC Consultants Limited on or before 15th July, 2005 for payment of dividend for the year 2004-05.
- In compliance with the requirements of Section 302 of the Companies Act, 1956, terms contained in the notice for item No.7 may be taken as the abstract of terms of remuneration payable to Sri. R. V. M. Kesavachandra Rau, Director - Textiles.

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956**Item No.6**

Board of Directors at their Meeting held on 25.10.2004 has appointed Sri. R. Satagopan, as Additional Director. According to provisions of the article 23 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956, he will hold office upto the ensuing Annual General Meeting. As required under Section 257 of the said Act, notice has been received from a member signifying the intention to propose Sri. R. Satagopan as Director. He is subject to retirement by rotation.

In view of his wide experience, it is desirable that the Company avails of his service as Member of the Board.

Your Directors recommend his appointment as Director. Except Sri. R. Satagopan, none of the Directors is concerned or interested in this resolution.

Item No.7

Sri. R. V. M. Kesavachandra Rau, Director - Textiles was re-appointed for a period of 2½ years from 01.10.2003 to 31.03.2006, which was approved by the shareholders at their Meeting held on 30.07.2003.

At the Board Meeting held on 01.06.2005, it was resolved to re-appoint Sri. R. V. M. Kesavachandra Rau for a further period of 1 year from 01.04.2006 to 31.03.2007. The Remuneration Committee has recommended the payment of remuneration as disclosed in the resolution at their Meeting held on 01.06.2005.

Sri. R. V. M. Kesavachandra Rau has been associated with our group companies for a long time. He has been shouldering full responsibilities with regard to Textile Division of the Company. The contribution by the Textile Division towards the overall growth of the company cannot be understated. Further, in order to take advantage of the quota free regime, the Company has proposed to modernize its spinning units and also further expand the installed capacity. This phase of the development of the Textile Division of the Company is to be taken up and completed within the next one and half to two years. It is proposed to fix the responsibility of seeing this expansion and modernization through on Sri. R. V. M. Kesavachandra Rau in the capacity of Director -Textiles. Keeping in view all these facts, the Board of Directors have proposed to re-appoint Sri. R. V. M. Kesavachandra Rau as Director - Textiles for a further period from 01.04.2006 to 31.03.2007 and pay remuneration as mentioned in the resolution. Your Directors recommend the Special Resolution for your approval.

Except Sri. R. V. M. Kesavachandra Rau, no other Director is concerned or interested in the above resolution.

Statement of disclosures pursuant to Schedule XIII to the Companies Act, 1956, in relation to Item No.7 of the Notice.

The following disclosures are being made in relation to the re-appointment and remuneration of Sri. R. V. M. Kesavachandra Rau as Director - Textiles.

I. General Information

1. Nature of the Industry : The Company has two divisions viz., Agency and Textile. Agency Division is engaged in the business of selling the textile machines and machine tools manufactured by Lakshmi Machine Works Limited, Coimbatore and Textile Division is engaged in manufacturing yarn.
2. Date of commencement of commercial production : 17.12.1981

3. Incase of new companies expected date of commencement of activities as per project approved by the financial institutions appearing in the prospectus : Not applicable

4. Financial Performance based on given indicators.

Rupees in lakhs

Financial Performance	2005	2004	2003	2002	2001
Turnover / Total Income	7050.29	7866.21	5922.68	5568.19	3634.59
Profit / (Loss) as per P&L	467.40	452.97	335.61	(234.28)	(172.99)
Dividend Paid / Recommended	53.75	46.07	30.72	--	--
Rate of Dividend (in %)	17.5%	15%	10%	--	--

5. Export Performance and net foreign exchange collaborations : The Company has not incurred any foreign exchange on account of collaborations, as the Company has not entered into any foreign collaboration agreement. However export performance for the last 5 financial years are given below :

Year	2005	2004	2003	2002	2001
Amt (Rs. in lakhs)	527.92	1245.67	1918.51	2456.79	2073.69

6. Foreign Investments or Collaborators, if any: Nil

II. Information about the appointee (Sri. R. V. M. Kesavachandra Rau, Director - Textiles)

1. Background details : Sri. R. V. M. Kesavachandra Rau is a Master degree holder in Economics from the Madras University, with 44 years experience as a business executive in India and abroad. He has wide experience in Marketing, Human Resource Development and Industrial Relations as well as General Management. His experience covers petroleum, electrical equipments, capital goods and textiles.

2. Past Remuneration:

Particulars	01.04.00 to 30.09.01	01.10.01 to 30.09.03	01.10.03 to 31.03.06
Salary per month (Rs.)	85,000*	75,000*	1,50,000

* Consolidated Salary

3. Recognition or awards : Nil
4. Job Profile and his suitability : Given in the explanatory statement to item No.7 of the notice to the shareholders
5. Remuneration Proposed : Rs.1,75,000 per month

SUPER SALES INDIA LIMITED

6. Comparative Remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details with reference to the country of his origin): : The proposed remuneration to Sri. R. V. M. Kesavachandra Rau matches with the Industry standard.
7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any: : Nil

III. Other Information

1. Reason for loss or inadequate profit : Not applicable
2. Steps taken or proposed to be taken for improvement : Modernization a continuous process
3. Expected increase in productivity and profits in measurable terms : Both productivity and profitability are expected to increase by a minimum of 10%

IV. DISCLOSURES

1. Shareholders of the Company shall be informed of the remuneration package of the managerial person: : Yes. This information is given in the Notice to Shareholders and also an abstract of terms of Remuneration is sent as per Section 302 of the Companies Act, 1956
2. The following disclosures shall be mentioned in the Board of Directors' report under the heading Corporate Governance, if any, attached to the Annual Report:
- i). All elements of remuneration package such as salary, benefits, bonus, stock options, pension, etc., of all the directors: : Yes. Disclosed in the report of Corporate Governance
- ii) Details of fixed components and performance linked incentives along with performance criteria: : The proposed remuneration is as per the provisions of the Companies Act, 1956 and there is no performance linked incentive.
- iii) Service Contracts, notice period, severance fees : This is given in the Resolution and explanatory statement of item No.7 of the Notice to the Shareholders
- iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable : Nil

Coimbatore
01st June, 2005

By Order of the Board

(Sd.) R. Vijayakumar
Company Secretary

SUPER SALES INDIA LIMITED**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the 23rd Annual Report of the company together with audited accounts of the Company for the year ended 31st March 2005.

NAME CHANGE

The name of our Company "**Super Sales Agencies Limited**" has been changed as "**SUPER SALES INDIA LIMITED**" by passing special resolution by the members of the Company at their Extraordinary General Meeting held on 28.01.2005. The Registrar of Companies, Tamilnadu, Coimbatore registered the name change on 31.01.2005 and issued a fresh certificate of incorporation in the new name.

FINANCIAL RESULTS

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

	2004-2005	2003-2004
	(Rs. In million)	
Turnover	589.80	697.96
Commission Receipts	94.67	62.38
Other Income	20.56	26.28
Profit before Interest & Depreciation	107.99	118.98
Less: Interest	24.14	36.43
Profit before Depreciation	83.85	82.55
Less: Depreciation	37.11	37.26
Profit before Tax	46.74	45.30
(Less): Provision for Current Taxes	(11.00)	(3.60)
Add/ (Less): Provision for Deferred Taxes	3.64	(2.08)
Profit after Tax	39.38	39.62
Add: Balance in Profit & Loss Account	21.92	12.16
(Less): Prior Year Taxes	---	(0.16)
(Less): Prior year Expenses	(1.68)	(4.50)
Add: Excess provision for Tax Reversed	0.29	--
Balance Available for Appropriation	59.91	47.12
Appropriation:		
Proposed Dividend	5.38	4.61
Tax on Dividend	0.75	0.59
Transferred to General Reserve	20.00	20.00
Surplus in Profit & Loss Account Carried over to Balance Sheet	33.78	21.92

DIVIDEND

Your Directors recommend a dividend of Rs.1.75 per equity share of Rs.10 each for the year ended 31st March, 2005, 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 25th July, 2005 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, 2005.

PERFORMANCE**Agency Division**

As the quota system came to an end on 31.12.2004, the modernization of spinning mills received a major boost and hence the sales of machinery and spares have registered a quantum leap during the year under report. The Agency Division has achieved 51.76% growth in its Commission earnings compared with last year.

Textile Division

During the first half of the year, the yarn market was dull and the cotton prices were also high. Only after October, 2004, the cotton prices came down and the performance of the spinning mills improved. After absorbing the modernization expenses, the spinning mills contributed Rs.14.34 million only to the profits (Last year was Rs.26.45 million) before charging the entire Voluntary Retirement Scheme amount of Rs.18.84 million. The operations at the yarn processing unit were suspended w.e.f., 31.03.2004 and hence the losses were lower during the year under report. The fabric business of the Company started contributing to the turnover and it is expected to strengthen the bottomline also in the coming years.

EXPORTS

The company's exports both direct and indirect of Grey Yarn during the year under review was Rs.52.79 million compared to Rs. 124.57 million in the previous year.

PROSPECTS

On opening up of the Free Trade - WTO Regime from January, 2005, the Textile Industry has given thrust to the modernization programme. Since our Principals have 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

The Company has implemented a Voluntary Retirement Scheme to its employees at Jay Textiles Unit I. Four Autoconers have also been installed during the year under Technology Upgradation Fund (TUF) Scheme. It is also proposed to expand the capacity of the unit by adding 21,400 spindles to make it 36,000 spindles during the current year. At Jay Textiles Unit II, two numbers of TFO Twisters have been added and 12 Ring Frames have been modernized under the modernization programme. Another 8 ring frames will be modernized during 2005-06.

In order to augment the production, a unit having 21,696 spindles has been taken on conversion / lease and the increased turnover and profits on this account will be reflected in the Accounts for the financial year 2005-06.

With the above modernization / expansion, your Directors are confident that the spinning units will perform better during the current year.

SUBSIDIARY

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

Sri. Ramesh Rudrappan, resigned from the Board w.e.f., 18.11.2004. The Board wishes to place on record its sincere appreciation of the valuable services rendered by Sri. Ramesh Rudrappan during his tenure as the Director of the Company.

Sri. Sanjay Jayavarthanavelu and Sri. C. B. Kariappa Directors of the Company, retire by rotation at the ensuing Annual General Meeting, who being eligible offer themselves for re-appointment.

Sri. R. Satagopan, who has been appointed as Additional Director on 25.10.2004, will hold office upto the date of Annual General Meeting. As required under Section 257 of the Companies Act, 1956, notice has been received from a Member, signifying the intention to propose Sri. R. Satagopan as Director. His appointment is placed as item No.6 of the Annual General Meeting Notice.

The Board of Directors at their meeting held on 01.06.2005 approved the re-appointment of Sri. R. V. M. Kesavachandra Rau as Director - Textiles of the Company for a further period of 1 year from 01.04.2006 to 31.03.2007, subject to the approval of the shareholders.

FIXED DEPOSITS

As at the close of the year under report, there was no deposit remaining unclaimed. The Company has complied with all the provisions of Section 58A of the Companies Act, 1956 with regard to acceptance of Deposit.

INDUSTRIAL RELATIONS

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

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.

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.24.00 lakhs per annum or Rs.2.00 lakhs per month during the year under review.