

SUPER SALES INDIA LIMITED

COIMBATORE



24th Annual Report 2005 - 06

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
Indian Bank

REGISTRARS & SHARE TRANSFER AGENTS

S.K.D.C Consultants Limited
No. 7, (Old No. 11), Street No. 1
S.N. Layout, West Power House Road
Coimbatore - 641 012

COMPANY SECRETARY

Sri. S.K. Radhakrishnan

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SUPER YARN PROCESSORS (INDIA) LIMITED

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 24th Annual General Meeting of the shareholders of Super Sales India Limited, Coimbatore - 641 018 will be held at 12.05 P.M on Friday, the 21st July, 2006 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, 2006, 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. R. Venkatrangappan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Sri. Ravi Sam, 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 the following Resolution with or without modification, as a Special Resolution:

RESOLVED that pursuant to the provisions of Section 149 (2A) and other applicable provisions of the Companies Act, 1956, the alteration of object clause of the Memorandum of Association in terms of the resolution passed through postal ballot, the consent be and is hereby accorded to the Company, to commence all or any of the business viz., generating electricity by hydel or thermal or gas or wind or other means and distributing or selling the same as specified in the sub clause III (a) (1) (k) of the object clause of the Memorandum of Association as altered.

By Order of the Board

Coimbatore
19th May, 2006

(Sd.) **S.K. RADHAKRISHNAN**
Company Secretary

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 Saturday the 1st July, 2006 to Friday the 21st July, 2006 (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 21st July, 2006 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 30th June, 2006.

SUPER SALES INDIA LIMITED

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. 7 (old No.11), Street No.1, S. N. Layout, West Power House Road, Coimbatore 641 012. Similarly members holding shares in Demat form, shall intimate the change of address, if any, to their respective Depository Participants (DP).
5. 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 2002-03, 2003-04 and 2004-05 are requested to write to our Registrars and Share Transfer Agents, M/s. SKDC Consultants Limited for claiming the dividend. Once the unpaid / unclaimed dividend is transferred to the Investor Education and Protection fund, no claim can be made by the shareholders thereafter.
6. 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 10th July, 2006 for payment of dividend for the year 2005-06 through ECS.

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

The alteration of the object clause of the Memorandum of Association of the Company to commence the new business, viz., Generating electricity by hydel or thermal or gas or wind or other means and distributing or selling the same has been placed before the shareholders for their approval by a Special Resolution.

Commencement of the new business requires approval from the shareholders by a Special Resolution under Section 149 (2A) of the Companies Act, 1956. Accordingly the resolution is submitted for your approval.

Interest of Directors:

None of the Directors is concerned or interested in the above resolution.

Inspection of Documents:

A Copy of the existing Memorandum of Association together the proposed alteration is available for inspection at the Registered office of the Company during business hours.

By Order of the Board

Coimbatore
19th May. 2006

(Sd.) **S.K. RADHAKRISHNAN**
Company Secretary

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 24th Annual Report together with audited accounts of the Company for the year ended 31st March, 2006.

FINANCIAL RESULTS

Financial results for the year under review are summarized below:

	2005-06	2004-05
	(Rs. in Millions)	
Turnover	718.74	589.80
Commission Receipts	123.93	94.67
Other Income	28.31	20.56
Profit before Interest and Depreciation	210.42	107.99
Less: Interest	29.59	24.14
Profit before Depreciation	180.83	83.85
Less: Depreciation	48.71	37.11
Profit before Tax	132.12	46.74
Less: Provision for Current Taxes	(12.50)	(11.00)
Add/ (Less): Provision for Deferred Taxes	(36.36)	3.64
Less: Provision for Fringe Benefit Taxes	(0.57)	---
Profit after Tax	82.69	39.38
Add: Balance in Profit and Loss Account	33.78	21.92
Less: Prior year expenses	(0.05)	(1.68)
Add: Excess provision for Tax Reversed	3.10	0.29
Balance Available for Appropriation	119.52	59.91
Appropriation:		
Proposed Dividend	15.36	5.38
Tax on Dividend	2.15	0.75
Transferred to General Reserve	20.00	20.00
Balance in Profit and Loss Account Carried over to		
Balance Sheet	82.01	33.78

DIVIDEND

Your Directors recommend, payment of dividend of Rs. 5 per equity share of Rs.10 each for the year ended 31st March, 2006, which if approved at the forthcoming Annual General Meeting, will be paid to those equity shareholders whose names appear in the Register of Members as on 21st July, 2006 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 30th June, 2006.

PERFORMANCE

Agency Division

This division has performed well due to the continued efforts of the marketing team with able support from the service personnel. The demand for the textile machinery is on the increase in view of the expansion and modernisation activities in the textile industry in the quota free regime. The machine tools sales have considerably improved and resulted in higher commission earnings. This division has achieved 31% growth in commission receipts and 20% growth in erection charges receipts compared to the previous year.

SUPER SALES INDIA LIMITED**Textile Division**

The spinning mills have improved their workings and achieved increased turnover and profits. The conversion operations have also contributed to the higher sales and profits of the Company. This division has achieved 22% increase in turn over compared to the previous year.

EXPORTS

The Company's exports both direct and indirect during the year under review was Rs. 48.39 Millions compared to Rs. 52.79 Millions in the previous year. As the realization in the domestic market was better than the export market and there was reduction in export incentives, the Company concentrated much on the domestic market and hence the exports were lower.

PROSPECTS

The demand for the textile machinery and machine tools continue to increase and this will help us to achieve better earnings and profits in the Agency Division.

As informed last year, the modernisation and expansion programmes at our spinning mills are in progress, which will be completed by March, 2007. After completion of the above programmes, production in the textile division will go up substantially and the turnover and profits will also improve considerably.

Your Company has acquired 75 numbers of windmills which are expected to produce 27.50 Million units of power. This can be adjusted against the power consumption of our textile mills which in turn will reduce the power cost and increase the profit margin.

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. R. Venkatragappan and Sri. Ravi Sam, Directors of the Company, retire by rotation at the ensuing Annual General Meeting, who being eligible offer themselves for re-appointment.

FIXED DEPOSITS

As at the close of the year under report, there were 4 deposits amounting to Rs. 400,000 remaining unclaimed and the same were renewed subsequently. The Company has complied with all the provisions of Section 58A of the Companies Act, 1956 and Rules made there under with regard to acceptance of deposits.

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 Stock Exchange Limited and The Bombay Stock Exchange Limited 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.

CONSERVATION OF ENERGY

All the Machinery and equipments are being continuously serviced and overhauled in order to maintain them in good condition and this resulted in consumption of lesser energy. 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 steps to absorb and adopt the latest technology and innovation in the field of Textile Spinning. On completion, the same may enable the Company to supply quality products and improve profits.

FOREIGN EXCHANGE EARNINGS AND OUT GO

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

Foreign Exchange Earned	Rs. 11.24 Millions
Foreign Exchange Outgo	Rs. 55.55 Millions

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 is 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, 2006 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 Principals M/s. Lakshmi Machine Works Limited and also the assistance given by the bankers of the Company. Directors also wish to place on record, the co-operation extended by the employees at various levels.

By Order of the Board

Coimbatore
19th May, 2006

(Sd.) **R. VENKATRANGAPPAN**
Chairman

ANNEXURE

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 31st March, 2006.

	31.03.2006	31.03.2005
A. POWER AND FUEL CONSUMPTION		
1. Electricity		
a. Purchased :		
Units	19,932,250	18,671,248
Total Amount	Rs. 85,101,357	79,352,863
Rate / Unit	Rs. 4.27	4.25
b. Own Generation :		
i) through Diesel Generators	904,505	1,321,193
Units per litre of diesel oil	3.44	3.44
Cost / Unit	Rs. 8.99	7.46
ii) through Wind Energy Generators	66,107	Nil
Cost / Unit	Rs. 8.95	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 kgs)	
Grey Yarn	2,700,005	2,498,840
Consumption per kg.		
Electricity (Units) :	7.74	7.87
Furnace Oil	Nil	Nil
Coal	Nil	Nil
Others (Specify)	Nil	Nil

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS:

Indian economy is expected to perform well during the current year compared to the previous year due to increase in exports and capacity expansions undertaken by the Indian companies. Free trade and end of quota regime coupled with operational efficiency helped to register a 26% growth in textile industry, textiles and clothing exports. Due to good monsoon, the domestic market too is expected to grow by 10% per annum in the coming years. The cotton crop is also expected to be good and the price of cotton is expected to be reasonably stable. The softening of raw material prices will result in better margins for textile manufacturers. The restrictions on Chinese manufacturers by US and Europe will help the Indian textile sector. India has been successful in carving a niche for itself as a strong player in the middle and high value segments of the textile market. We are positive about the textile sector's sustained growth in the global market.

OPPORTUNITIES AND THREATS:

Opportunities:

1. Due to a reasonably good crop, international cotton price is likely to remain stable.
2. India's cotton textile industry has high export potential. Cost competitiveness is driving the penetration of Indian textile goods in international markets.
3. As domestic fabric consumption is low, there is potential for increasing the domestic consumption.

Threats:

1. Competition from low labour cost countries like Bangladesh etc and high end fabrics from for east countries, China etc due to large scale modernisation.
2. The high cost of power and lack of infrastructure facilities, which pose a major problem for the Industry.
3. The export market is quality oriented. Whereas the Indian textile industry is not fully modernised to meet the quality standards.
4. The hardening of interest rate will reduce our competitiveness.

SEGMENT WISE PERFORMANCE:

Agency Division:

This division has performed well due to the continued efforts of the marketing team with able support from the service personnel. The demand for the textile machinery is on the increase in view of the expansion and modernisation activities in the textile industry in the quota free regime. The machine tools sales have considerably improved and resulted in higher commission earnings. This division has achieved 31% growth in commission receipts and 20% growth in erection charges receipts compared to the previous year.

Textile Division:

The spinning mills have improved their workings and achieved increased turnover and profits. The conversion operations have also contributed to the higher sales and profits of the Company.

OUTLOOK:

The textile industry is expected to grow at 15 to 20% per annum. The textile mills are aggressively pursuing their expansion/modernisation programmes. This will help the Agency Division to increase its commission earnings considerably.

Expansion of our spinning mills will be completed by March, 2007. This will double the production capacity of the units, which in turn will increase the turnover substantially. The wind power generated from the recently acquired wind farms will also help the Company to achieve better profits.

RISK AND CONCERN:

The area of risk and concern are:

1. Volatility in Rupee - Dollar exchange rates.
2. Increase in manufacturing cost due to hardening of interest rates and lack of infrastructure
3. Stiff competition in emerging economy in far east countries and China

INTERNAL CONTROL SYSTEM 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 the actual performance is reviewed periodically 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 Millions)

Particulars	2005-06	2004-05	Change	Percentage
Turnover	718.74	589.80	128.94	21.86
Commission Receipts	123.93	94.67	29.26	30.91
Other Income	28.31	20.56	7.75	37.69
Profit before Interest & Depreciation	210.42	107.99	102.43	94.85
Interest	29.59	24.14	5.45	22.58
Profit before Depreciation	180.83	83.85	96.98	115.66
Less: Depreciation	48.71	37.11	11.60	31.26
Profit before Tax	132.12	46.74	85.38	182.67
Profit after Tax	82.69	39.38	43.31	109.98

HUMAN RESOURCES:

The Company's HR objective aims to a high performing organization, where each individual is motivated to perform to fullest capacity, contribute to developing and achieving individual excellence and departmental objectives and continuously improve performance to realize the full potential.

CAUTION:

Statements in the management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be considered as "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. The factors that might influence the operations of the Company are economic conditions, government regulations, WTO and natural calamities over which the Company has no control.

For and on behalf of the Board

Coimbatore
19th May, 2006

(Sd.) **R. VENKATRANGAPPAN**
Chairman.