

# **SUPER SALES INDIA LIMITED**

**COIMBATORE**



**25TH ANNUAL REPORT 2006-2007**

# 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. J. Raghupathy

## **AUDITORS**

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

## **BANKERS**

Indian Overseas Bank  
Indian Bank  
HDFC Bank Limited

## **REGISTRARS & SHARE TRANSFER AGENTS**

## **COMPANY SECRETARY**

Sri. S.K. Radhakrishnan

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

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**NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the 25<sup>th</sup> Annual General Meeting of the shareholders of Super Sales India Limited, Coimbatore - 641 018 will be held at 11.00 A.M on Thursday, the 26<sup>th</sup> July, 2007 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 31<sup>st</sup> March, 2007, 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 the following Resolution with or without modification as an Ordinary Resolution:

RESOLVED that Sri J Raghupathy be and is hereby appointed as Director of the Company, liable to retire by rotation.

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

RESOLVED that in supersession of the resolution passed by the members of the Company in the Extra Ordinary General Meeting held on 29.03.2000, the consent of the Company be and is hereby accorded under the provisions of Section 293(1) (d) of the Companies Act, 1956, or any statutory modification or amendment or re-enactment thereof, to the Board of Directors of the Company to borrow from time to time all such sums of monies as they may deem requisite for the purpose of the business of the Company notwithstanding that the monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserve, that is to say reserves not set apart for any specific purpose provided that the total amount upto which monies may be borrowed by the Board of Directors shall not exceed a sum of Rs. 500 Crores (Rupees Five hundred Crores) at any one time (apart from temporary loans obtained from the Company's bankers in the ordinary course of business).

By Order of the Board

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

Coimbatore  
30<sup>th</sup> May, 2007

**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 Tuesday 17<sup>th</sup> July, 2007 to Thursday the 26<sup>th</sup> July, 2007 (both days inclusive). The dividend as recommended by the Board, if sanctioned at the general meeting will be paid to the shareholders whose names appear in the Register of Members as on 26<sup>th</sup> July, 2007 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 16<sup>th</sup> July, 2007.

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 Limited., 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 their change of address, if any, to their respective Depository Participants.
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, 2004-05 and 2005-06 are requested to write to our Registrars and Share Transfer Agents, M/s. SKDC Consultants Limited, No. 7 (Old No.11), Street No.1, S.N. Layout, (West Power House Road), Coimbatore - 641 012 for claiming the dividend. Once the 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 16<sup>th</sup> July, 2007 for payment of dividend for the year 2006-07 through ECS.

**Explanatory Statement pursuant to Section 173 of the Companies Act, 1956.**

**Item No. 6**

The Board of Directors at the meeting held on 31<sup>st</sup> January, 2007 appointed Sri. J. Raghupathy, as an Additional Director with effect from 31.01.2007. According to the Article 23 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956, he will hold office up to the ensuing Annual General Meeting. The Company has received a notice in writing from a Shareholder proposing the candidature of Sri. J. Raghupathy under Section 257 of the said Act along with the required deposit.

He is holding 1500 equity shares in our Company.

In view of his wide experience in textiles, it is desirable that the Company avails of his service as Member of the Board. He is liable to retirement by rotation.

Except Sri. J. Raghupathy, none of the Directors is concerned or interested in this resolution.

**Item No.7**

At the extraordinary general meeting held on 29.03.2000, the Company has accorded its consent under section 293(1)(d) of the Companies Act, 1956 authorising the Directors to borrow monies up to a limit of Rs. 100 Crores (Rupees one hundred Crores) (excluding temporary loans obtained from the Company's Bankers in the ordinary course of business). In view of the expansion/modernisation plans, it is felt necessary to enhance the borrowing powers of the Board of Directors not exceeding a sum of Rs. 500 Crores (Rupees Five hundred Crores) at any one time (excluding temporary loans obtained from the Company's Bankers in the ordinary course of business). Hence the resolution as set out in Item No. 7 is placed for your consent.

Interested Directors :

None of the Directors of the Company is concerned or interested in this resolution.

Disclosures:

Brief resume and the details of shareholding required to be given under clause 49 of the Listing Agreement in connection with the appointment, retirement and re-appointment of Non - Executive Directors are provided under Report on Corporate Governance.

Coimbatore  
30<sup>th</sup> May, 2007

By Order of the Board  
(Sd.) S. K. Radhakrishnan  
Company Secretary

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 25<sup>th</sup> Annual Report of the Company together with audited accounts of the Company for the year ended 31<sup>st</sup> March, 2007.

### FINANCIAL RESULTS

Financial results for the year under review are summarized below:

	2006-07	2005-06
	(Rs. in Millions)	
Turnover	857.09	718.74
Commission Receipts	157.62	123.93
Other Income	40.85	28.31
Profit before Interest and Depreciation	316.58	210.42
Less: Interest	47.82	29.59
Profit before Depreciation	268.76	180.83
Less: Depreciation	87.33	48.71
Profit before Tax	181.43	132.12
Less: Provision for Current Taxes	24.50	12.50
Add/ (Less): Provision for Deferred Taxes	36.94	(36.36)
Less: Provision for Fringe Benefit Taxes	0.43	(0.57)
Profit after Tax	119.56	82.69
Add: Balance in Profit & Loss Account	82.00	33.78
Less: Prior year expenses	0.15	0.05
Add: Excess provision for Tax Reversed/ Refund	1.03	3.10
Balance Available for Appropriation	202.44	119.52
<b>Appropriation:</b>		
Proposed Dividend	21.50	15.36
Tax on Dividend	3.65	2.15
Transferred to General Reserve	50.00	20.00
Surplus in Profit & Loss Account carried over to Balance Sheet	127.29	82.01

### DIVIDEND

Your Directors recommend, payment of dividend of Rs. 7 per equity share of Rs.10 each (**including a Silver Jubilee year dividend of Rs. 2 per share**) for the year ended 31<sup>st</sup> March, 2007, 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 26<sup>th</sup> July, 2007 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 16<sup>th</sup> July, 2007.

### PERFORMANCE

#### Agency Division

Due to increased demand for the textile products both in India and abroad, more number of new textile mills were set up during the year and existing mills have also undertaken modernisation/expansion programmes. The better off-take of textile machineries by the new and existing mills and effective sales and service provided resulted in increased commission receipts and profits. Growth of auto, auto ancillary and engineering industries boosted the demand for CNC Machine tools. During the year this division has earned a profit of Rs. 160.70 Millions and this works out to 36 % increase in profit compared to the previous year.

#### Textile Division

During the first half of the year the cotton and yarn prices were stable but in the second half of the year, cotton prices have gone up whereas yarn market was not supportive. Despite of dislocation of machinery due to modernisation work in progress, Textile division has earned a PBIDT of Rs. 88.70 Millions.

#### Wind Mill Division:

Your Company has purchased 75 numbers of wind mills during the previous year, which have generated 26,378,940 units and earned a profit of Rs.31.35 Millions during the year under review.

**EXPORTS**

This year Company's exports both direct and indirect were Rs. 18.29 Millions only compared to Rs. 48.39 Millions in the previous year. Due to appreciation of rupee against US dollar and reduction in export incentives, the Company has concentrated on the domestic market in spite of the stiff competition from unorganized sector.

**PROSPECTS**

Increasing demand for the textile products, extension of the Technology up-gradation fund scheme by Central Government for five more years shall help the entire textile industry to continue the expansion/modernisation programmes and setting up of new units and this will boost the demand for the textile machineries. The new five variants of turning centers and one variant of vertical machining center commercialized by the Principal during the year under review and well accepted in the market shall also boost the demand for machine tools, which will help the Agency Division to improve its earnings during the current year.

After completion of the modernisation and expansion programmes at the spinning mills which are in the final stage, production in the textile division will increase. Increased production, operation of the yarn processing division and other cost cutting measures taken by the Company will help to achieve better results in the Textile Division.

**SUBSIDIARY**

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

**DIRECTORS**

Sri. R. V. M. Kesavachandra Rau, a member of the Board, for personal reasons resigned from the directorship with effect from 01.04.2007. Board of Directors records its appreciation of his valuable contribution for the development and growth of the Company during his tenure.

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

Sri. J. Raghupathy appointed as an Additional Director of the company with effect from 31.01.2007 will hold office up to the ensuing Annual General Meeting. A notice proposing his candidature for the Directorship is received from a shareholder. Necessary resolution will be placed at the ensuing Annual General Meeting.

**FIXED DEPOSITS**

There is no deposit remaining unclaimed or unpaid at the end of the financial year 2006-07. 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.

**LISTING**

Your Company's shares are listed in Madras Stock Exchange Limited and 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.

**COST AUDITORS**

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, Sri. R. Krishnan, Cost Auditor has been appointed to conduct Cost Audit relating to Textile Division.

**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 which resulted in conservation of 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 all steps to absorb and adopt the latest technology by installing contamination clearers at all stages of the process. Rocos compact spinning systems have also been installed in 16,320 spindles.

**FOREIGN EXCHANGE EARNINGS AND OUT GO**

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

Foreign Exchange Earned (Exports)	<u>Rs. 11.17 Millions</u>
<u>Foreign Exchange Outgo</u>	
1. Import of Capital goods	Rs. 130.17 millions
2. Import of Raw Materials	Rs. 18.23 millions
3. Import of Stores & Spares	Rs. 1.45 millions
4. Travelling & Other Expenses	Rs. 0.96 millions
	<u>Rs. 150.81 millions</u>

**ADDITIONAL DISCLOSURES**

In line with the requirement of Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report, Corporate Governance Report, A certificate from the Auditors of the Company regarding compliance of Corporate Governance, Related Party disclosures are made part of the Annual Report.

**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 31<sup>st</sup> March, 2007 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 place on record their sincere thanks to the Principals M/s Lakshmi Machine Works Limited and to the bankers of the Company for their financial assistance. Directors also wish to thank the customers for their support and confidence reposed in the Company and to the employees at all levels for their continued co-operation and dedication.

By Order of the Board

Coimbatore  
30<sup>th</sup> May, 2007

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

**ANNEXURE - I**  
**FORM - A**  
**(See Rule 2)**

**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 31<sup>st</sup> March, 2007.**

	31.03.2007	31.03.2006
<b>A. POWER AND FUEL CONSUMPTION</b>		
1. Electricity		
a. Purchased :		
Units	4,731,078	19,932,250
Total Amount	Rs. 20,343,635	85,101,357
Rate / Unit	Rs. 4.30	4.27
b. Own Generation :		
i) through Diesel Generators	1,215,374	904,505
Units per litre of diesel oil	3.57	3.44
Cost / Unit	Rs. 9.99	8.99
ii) through Wind Energy Generators	18,999,679	66,107
Cost / Unit	Rs. 4.07	8.95
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	3,194,267	2,700,005
Consumption per kg.		
Electricity (Units) :	7.81	7.74
Furnace Oil	Nil	Nil
Coal	Nil	Nil
Others (Specify)	Nil	Nil

**ANNEXURE - II**  
**FORM - B**  
**(See Rule 2)**

**Form for disclosure of particulars with respect to absorption.**

*Research and development (R & D)*

1. Specific areas in which R & D carried out by the company. : --
2. Benefits derived as a result of the above R&D : --
3. Future plan of action : --
4. Expenditure on R & D : --
  - (a) Capital
  - (b) Recurring
  - (c) Total
  - (d) Total R & D expenditure as a percentage of total turnover

*Technology, absorption, adaptation and innovation*

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.
  - i) Installation of contamination clearers in blow room and Auto coners
  - ii) Installation of Rocos compact spinning system
2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc. : Improvement in quality of Yarn
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished : --
  - (a) Technology imported.
  - (b) Year of import.
  - (c) Has technology been fully absorbed?
  - (d) If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY STRUCTURE AND DEVELOPMENTS:

Indian economy has grown at 9.2% during the year under review and Government aimed a growth rate of 10% for the eleventh plan period. During the year under review, over all industrial growth was at the rate of 11.3% and growth in the capital goods industry, machinery and equipment sector and cotton textile sector were higher as compared to the previous year.

We expect that demand for the textile machinery and spares shall continue to go up in the current year also due to modernisation/expansion of the existing mills and new projects. Free trade, availability of quality cotton in India, demand for the Indian textile products, both in domestic and international market, government's initiatives to strengthen the textile sector etc. will help the Indian textile industry to achieve a leading position in the international market.

### OPPORTUNITIES AND THREATS:

#### Opportunities:

1. Extension of technology up-gradation fund by the Central Government for the eleventh five year plan period will help to continue the modernisation of the textile industry.
2. International brands are sourcing more and more fabrics and garments from India which will improve our exports
3. Cotton prices are at reasonably low levels due to record crop this year.

#### Threats:

1. The Continuing appreciation of rupee against U S Dollar affects our exports.
2. Competition from China is considered as one of the major threat to India's export markets.
3. Inadequate infrastructure facilities
4. Volatile interest rates will affect our competitiveness in the international market.

### SEGMENT WISE PERFORMANCE:

#### Agency Division

Due to increased demand for the textile products both in India and abroad, more number of new textile mills were set up during the year and existing mills have also undertaken modernisation/expansion programmes. The better off-take of textile machineries by the new and existing mills and effective sales and service provided resulted in increased commission receipts and profits. Growth of auto, auto ancillary and engineering industries boosted the demand for CNC Machine tools. During the year this division has earned a profit of Rs. 160.70 Millions and this works out to 36 % increase in profit compared to the previous year.

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