SUPER SALES INDIA LIMITED

COIMBATORE

26TH ANNUAL REPORT 2007-08

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

COMPANY SECRETARY

Sri. S.K. Radhakrishnan

AUDITORS

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

BANKERS

Indian Overseas Bank
Indian Bank
IDBI Bank Limited

REGISTRARS & SHARE TRANSFER AGENTS

S.K.D.C Consultants Limited
No. 7, 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 26th Annual General Meeting of the shareholders of Super Sales India Limited, Coimbatore - 641 018 will be held at 11.00 A.M on Wednesday, the 23rd July, 2008 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, 2008, 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. Satagopan, 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
19th May, 2008

(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 Wednesday 16th July, 2008 to Wednesday the 23rd July, 2008 (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 23rd July, 2008 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, 2008.

4. Members are requested to communicate the change of address, if any, quoting their folio numbers to our Registrars and Share Transfer Agents, M/s. SKDC Consultants Limited, No. 7, Street No.1, S. N. Layout, West Power House Road, Coimbatore - 641 012. Similarly members holding shares in Demat form shall intimate the change in 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 their dividend warrants for the years 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07 are requested to write to our Registrars and Share Transfer Agents, M/s. SKDC Consultants Limited, No. 7, 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 15th July, 2008 for payment of dividend for the year 2007-08 through ECS.

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 and Directors inter-se relationships are provided under Report on Corporate Governance.

By Order of the Board

Coimbatore
19th May, 2008

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

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 26th Annual Report of the Company together with audited accounts of the Company for the financial year ended 31st March, 2008.

FINANCIAL RESULTS

Financial results for the year under review are summarized below:

	2007-08	2006-07
	(Rs. in Millions)	
Turnover	760.19	857.09
Commission Receipts	182.73	157.62
Other Income	38.35	40.85
Profit before Interest and Depreciation	303.80	316.58
Less: Interest	58.10	47.82
Profit before Depreciation	245.70	268.76
Less: Depreciation	110.39	87.33
Profit before Tax	135.31	181.43
Less: Provision for Current Taxes	27.50	24.50
Less: Provision for Deferred Taxes	18.82	36.94
Less: Provision for Fringe Benefit Taxes	0.51	0.43
Profit after Tax	88.48	119.56
Add: Balance in Profit & Loss Account	127.29	82.00
Add: Prior year income / Depreciation	1.20	Nil
Less: Prior year expenses	0.18	0.15
Add: Excess provision for Tax Reversed/ Refund	2.40	1.03
Less: Prior year taxes	0.03	Nil
Balance Available for Appropriation	219.16	202.44
Appropriation:		
Proposed Dividend	15.36	21.50
Tax on Dividend	2.61	3.65
Transferred to General Reserve	50.00	50.00
Surplus in Profit & Loss Account carried over to Balance Sheet	151.19	127.29

DIVIDEND

Your Directors recommend, payment of dividend of Rs. 5/- per equity share of Rs.10 each for the financial year ended 31st March, 2008, 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 23rd July, 2008 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, 2008.

PERFORMANCE

Agency Division

Due to setting up of the new mills and continuation of the expansion and modernisation of the existing textile mills, machinery off take was better during the year compared to the previous year. Continuing growth in auto, auto ancillary and engineering industries increased the demand for CNC Machine tools. During the year this division has shown a PBT of Rs. 172.86 Millions and this works out to 7.57% increase compared to the previous year.

Textile Division

Beginning the financial year, the rupee started appreciating against US Dollar which resulted in considerable decline in exports of textiles from the country. The supply-demand mismatch in yarn as well as textile products in the domestic market forced the spinning mills to operate with thin margins. On the other hand, the prices of raw material i.e cotton, in spite of the record output, have gone up due to huge exports. There was no parity between the cotton and yarn prices resulting in losses in the spinning mills. This division earned a PBIDT of Rs. 63.55 Millions during the year.

Wind Mill Division

Your Company has installed one 1650 KW wind mill at a total cost of Rs. 110.50 Millions in March, 2008 and the entire benefit out of this wind mill will be derived during the current year i.e 2008-09. The present total installed Capacity of this division is 24.50 MW and this division has generated 22.11 Million units and earned a PBT of Rs. 28.96 Millions.

EXPORTS

This year Company's direct and indirect exports were Rs. 5.6 Millions compared to Rs. 18.29 Millions in the previous year. Due to appreciation of rupee against US Dollar and competition from China, Pakistan, Bangladesh, Vietnam etc., the exports were not remunerative and hence the Company has concentrated on the domestic market.

PROSPECTS

Increase in the cost of the inputs, lesser price realization, appreciation of rupee against US Dollar, power cuts etc., put more pressure on the margins of the textile mills which may force many textile mills to defer their expansion and modernisation programmes. This will result in lower off take of the textile machinery in the current year and may affect the performance of the Agency division. However in the engineering and automobile sector many new units are coming up and hence the machine tools sales may be higher which will bring in more revenue to the Agency division.

Appropriate steps taken up by the Government coupled with the extended TUF Scheme can reduce the burden and improve the working of the Textile Industry.

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. Satagopan and Sri. R. Venkatrangappan, Directors, retire by rotation at the ensuing Annual General Meeting, being eligible, offer themselves for re-appointment.

FIXED DEPOSITS

There is no deposit remaining unclaimed at the end of the financial year 2007-08. 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 the Textile Division for the financial year 2008-09.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956

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.

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 I attached.

Technology absorption particulars as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are given in the Annexure II attached.

FOREIGN EXCHANGE EARNINGS AND OUT GO

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

Foreign Exchange Earned	Rs. 5.6 Millions
Foreign Exchange Outgo	Rs. 16.3 Millions

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 and Related Party disclosures are made part of the Annual Report.

A certificate from CEO/CFO, interalia, confirming the correctness of the financial statements is also 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 March 31, 2008 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 on the Company and to the employees at all levels for their co-operation and dedication.

By Order of the Board

Coimbatore
19th May, 2008

(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 31st March, 2008.

			31.03.2008	31.03.2007
A.	**POWER AND FUEL CONSUMPTION**			
1.	Electricity			
	a. Purchased :	Units	**10,140,452**	4,731,078
	Total Amount	Rs.	**44,873,365**	20,343,635
	Rate / Unit	Rs.	**4.43**	4.30
	b. Through Own Generation :			
	i) through Diesel Generators		**2,693,173**	1,215,374
	Units per litre of diesel oil		**3.63**	3.57
	Cost / Unit	Rs.	**8.67**	9.99
	ii) through Wind Energy Generators		**19,516,474**	18,999,679
	Cost / Unit	Rs.	**4.12**	4.07
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		
	Grey Yarn (Kg)	**3,759,642**	3,194,267
	Consumption per kg.		
	Electricity (Units) :	**8.45**	7.81
	Furnace Oil	**Nil**	Nil
	Coal	**Nil**	Nil
	Others (Specify)	**Nil**	Nil
	Processed Yarn (Kg)	**98,795**	Nil
	Consumption per kg.		
	Electricity (Units) :	**5.84**	Nil
	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.	:	--
2.	Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.,	:	--
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

INDIAN ECONOMY:

Indian Economy continues its march by registering 9% growth in the past three years and shows some sign of slowdown due to global recession. Government has aimed to grow at the rate of 9%. During the year under review, over all Manufacturing sector has grown at the rate of 9.1% which is lower from 12.2% in 2006-07. Industries like non-metallic, mineral products, cotton textiles and textile products, paper products and metal products have suffered from a significant slackening in growth.

In view of the slow down in the textile industry, demand for the textile machinery and spares may come down until the textile market shows improvement. The demand for the CNC Machine Tools may continue to grow in the coming year. As for the Textile Division unless the market situation improves the marketing problem may continue, which may have an impact on the performance.

OPPORTUNITIES AND THREATS:

Opportunities:

1. Extension of technology up-gradation fund scheme by the Central Government for the eleventh five year plan period and increasing the fund allocation for the year 2008-09 to Rs. 1090 Crores from Rs. 911 Crores in 2007-08 will help to continue the modernisation of the textile industry.
2. Record Cotton Production.
3. Continued demand for CNC machine tools.

Threats:

1. Lower realization from sale of yarn due to supply-demand mismatch.
2. Decline in exports on account of volatility of foreign exchange.
3. Competition in CNC machine tools market and entry of foreign companies and imports.
4. Inadequate infrastructure facilities especially unscheduled power cuts and uncertainity of quality power supply.

SEGMENT WISE PERFORMANCE:

Agency Division

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