



Sri L G BALAKRISHNAN
Founder
(1924 - 1998)

Annual Report **1998 - 99**

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Super Spinning Mills Limited

SUPER



Super Spinning Mills Limited

Chairman

Mr L G Ramamurthi

Vice-Chairman and Managing Director

Mr Sumanth Ramamurthi

Board of Directors

**Mr C R Ramamurthy
Mr S Ramaswamy Naidu
Mr D Sarath Chandran
Mr G Somasekhar
Mr M V Subaraman (IDBI Nominee)
Mr Sudarsan Varadaraj
Mr Vidyaprakash D
Mr B Vijayakumar**

Company Secretary

Mr N Mohanram

Auditors

M/s Reddy, Goud & Janardhan

Bankers

**Union Bank of India
State Bank of India
Standard Chartered Bank
Citibank
Deutsche Bank
ANZ Grindlays Bank
ABN Amro Bank**

Registered & Central Office

**"ELGITOWERS"
P B 7113, Green Fields
737-D, Puliakulam Road
Coimbatore - 641 045
Tamil Nadu**

**Phone : (0422) 311711
Fax : (0422) 311611
E-mail : super@el.jet.co.in
Internet : www.superspinning.com**

Mills

**A Unit : Kirikera, Andhra Pradesh
B Unit : Kotnur, Andhra Pradesh
C Unit : D-Gudalur, Tamil Nadu**

Subsidiary Companies

**Standard General Finance Limited
SGF Investment Company Limited**

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Notice of Annual General Meeting

Notice is hereby given that the 37th Annual General Meeting of the Company will be held on **Wednesday, the 18th August, 1999 at 3.30 p.m.** at Chamber Hall, Chamber of Commerce Building, Avanashi Road, Coimbatore - 641 018 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the following :
 - a) The Profit and Loss Account for the year ended 31st March, 1999
 - b) The audited Balance Sheet as at 31st March, 1999 and
 - c) The reports of the Directors and the Auditors.
2. To declare a dividend.
3. To appoint a Director in the place of Mr S Ramaswamy Naidu, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr Sudarsan Varadaraj, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Mr G Somasekhar, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors of the Company and approve their remuneration.

Special Business

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

Resolved that pursuant to Section 31 and other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner.

After Article No. 26, the new Article No. 27, 28 and 29 be inserted.

Article No. 27

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996 or any other enactments in this regard and a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of securities on behalf of the beneficial owner.

Article No. 28

Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

Article No. 29

Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer or securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

Coimbatore
26th May, 1999

By Order of the Board
L G Ramamurthi
Chairman

Explanatory statement pursuant to the provisions of Section 173 (2) of the Companies Act, 1956.

Item No. 7

The Articles of Association of the Company now does not permit the conversion of our shares from physical form to electronic form. In order to comply the rules and regulations of Central Government, SEBI and Stock Exchanges it has been proposed to amend the Articles of Association of the Company to incorporate the dematerialisation of shares.

A copy of the Articles of Association of the Company together with all the proposed amendments is available for inspection at the Registered Office of the Company during the office hours on all working days.

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

Coimbatore
26th May, 1999

By Order of the Board
L G Ramamurthi
Chairman

Notes

1. **Every member entitled to attend and vote at the meeting is entitled to appoint a proxy. Such proxy need not be a member of the Company.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from **3rd August, 1999 to 18th August, 1999** (both days inclusive).
3. The Company has transferred the unclaimed dividend to the General Revenue Account of the Central Government for and upto the Financial Year 1994-95. The concerned members may, therefore, submit their claims to the Registrar of Companies (Tamil Nadu), State Bank Road, Coimbatore-641 018.

Directors' Report

To the Members,

Your Directors have pleasure in presenting the 37th Annual Report together with the audited statement of accounts for the financial year ended 31st March, 1999.

Financial Results	31.3.99	31.3.98
	Rs. Lacs	Rs. Lacs
Sales - Domestic	11350	10712
- Merchant Exports	1052	70
- Direct Exports	4045	5025
	16447	15807
Other Income	236	160
Increase / (Decrease) in stock of Finished Goods	(47)	302
Total Income	16636	16269
Operating Profit	2146	2530
Less : Interest	669	540
Gross Profit	1477	1990
Less : Depreciation	1110	901
Profit Before Tax	367	1089
Less : Provision for Taxation	45	80
Profit After Tax	322	1009
Less : Prior year Expenses	6	2
Net Profit	316	1007
Add : Balance brought forward	103	48
Profit available for appropriation	419	1055
Appropriations		
Debenture Redemption Reserve	52	52
Tax on Dividend Payment	—	18
Proposed Dividend	110	165
Provision for Dividend Tax	12	17
General Reserve	200	700
Balance carried forward	45	103
	419	1055

Dividend

Your Directors recommend a dividend of **20%**, absorbing a sum of **Rs. 122 lacs**, including tax on dividend.

Review of Operations

The performance of the company during 1998-99 was adversely affected due to the continued high raw material prices during most of the year. On the other hand, yarn prices was more or less maintained at last year levels. An average increase of 15% in the power cost both in Andhra Pradesh and Tamil Nadu and withdrawal of

Modvat on Diesel with effect from March, 1998 resulted in a steep increase in the overall power cost. Taking into account the above unfavourable factors during the year, besides the increased interest cost and depreciation on account of major investment on modernisation of machineries, the profitability was much lower as compared to the previous year.

Exports

In spite of the continued South East Asian currency crisis, the company could maintain the total exports at previous year levels. As against the previous year exports of Rs. 5095 lacs, your Company recorded an export turn over during the current year amounting to Rs. 5097 lacs consisting of Rs. 4045 lacs direct exports and Rs. 1052 lacs merchant exports. The company generated foreign exchange earning of Rs. 3962 lacs. The foreign exchange utilised during the year amounted to Rs. 379 lacs towards purchase of machinery and spares. Hence, positive inflow of foreign exchange amounted to Rs. 3583 lacs.

Awards

Your Directors are glad to inform that during the year 1998, the **Board of Trustees of ICMF's Birla Economic and Textile Research Foundation** has conferred an award for excellence for **Quality Management** to our Company achieved during 1997-98.

Your Directors are also glad to inform that **Andhra Pradesh Government** has presented the "**Best Management Award for 1998-99**" to the B-Unit of the Company in recognition of the outstanding contribution towards harmonious industrial relations and labour welfare.

Outlook for the current year

Raw material prices during the current year started showing a declining trend. The demand for export yarn is better as compared to the previous year. Despite the recession in the industry, the Union Budget 1999 did not give any tax incentives to textiles. On the contrary, excise duty on cotton yarn has increased from 5.75% to 9.20% which worsened the situation further. The Company geared its resources to control its expenses and concentrate in improving and maintaining its product quality to retain its position in the market. In view of the above situation, your Company will aim in improving its profitability during the current year.

Sri L.G. Balakrishnan

We deeply regret to inform the members about the sad demise of our promoter director Sri L.G. Balakrishnan on 29th August, 1998. Sri L.G. Balakrishnan's association with the Company dates back to 1962 when he



Directors' Report

was actively associated with Sri N. Damotharan and Sri V.N. Ramachandran, renowned textile industrialists for the promotion of the company. During his tenure, he held the position of Chairman and Managing Director of the Company for more than a decade and brought the Company into the present status by his inspiring and dynamic leadership.

He played a major role in shaping the growth and development of the Company. He was the main source in modernising the plant and the upgradation of technology on a continuous basis which in turn improved the production and quality of our products. Under his able guidance, the Company has made rapid strides and was able to establish itself as a market leader in all the products manufactured by it.

He was a founder promoter of L G B Group Companies such as L G Balakrishnan & Bros Ltd., Elgi Equipments Ltd., Elgi Tread India Ltd., Elgi Steel Rolling Mills Ltd., Ellargi & Co Pvt Ltd., Rayalaseema Technologies Ltd., etc. He was also a founder promoter of Precot Mills Ltd. and Premier Instruments and Controls Ltd. His able guidance and matured counseling in several capacities enriched these organisations. He has founded the L R G Naidu Educational Trust and L R G Renganayaki Ammal Charities to serve the poor and needy public. He is instrumental in promoting Ramaswamy Naidu Vidyalayam in Lakshmi Naicken Palayam Village, Coimbatore and L R G Vidyalayam in Kirikera Village, Hindupur.

His social commitments, welfare activities and service to the society make every one to remember the founder **Sri L G Balakrishnan** as "LGB" for ever.

The Board places on record its highest appreciation of the contribution and invaluable services rendered by Sri L.G. Balakrishnan in the growth of your Company.

Directors

Mr. S. Ramaswamy Naidu, Mr. Sudarsan Varadaraj and Mr. G. Somasekhar retire by rotation at the ensuing

Annual General Meeting. The retiring Directors are eligible for re-appointment.

Auditors

M/s. Reddy, Goud & Janardhan, the auditors of the Company, retire at the ensuing Annual General Meeting and have given their consent for re-appointment.

Statutory Information

A statement showing the details of employees under Section 217(2A) of the Companies Act, 1956 is enclosed.

Fixed Deposits

104 Fixed Deposits amounting to Rs. 14.15 lacs have remained unclaimed as on 31st March, 1999. Subsequently 35 deposits amounting to Rs. 4.84 lacs have been renewed or repaid.

Y2K Compliant

The important software and hardware installations of the Company are Y2K Compliant. The remaining IT system will be made Y2K Compliant by November 1999. The estimated cost of Y2K Compliant is not expected to be significant.

Acknowledgement

Your Directors wish to thank the Company's Bankers, Financial Institutions, Customers and Suppliers for their unstinted support and co-operation.

Your Directors wish to place on record their deep sense of appreciation for the tremendous confidence reposed by the shareholders and deposit holders in the Company.

The Board of Directors also wish to thank the employees at all levels for their excellent support and contribution made by them towards achieving the objectives of the Company.

By Order of the Board
L G Ramamurthi
Chairman

Coimbatore
26th May, 1999

Annexure to the Directors' Report

A. Conservation of Energy

Energy saving measures implemented in different areas, such as use of Aluminium Fans with less diameter in Ring Frame Pneumafil, Inverter Control Systems for Autoconer Suction Motor, realignment of capacitors in Ring Frames, etc yielded considerable savings during the year under review. Replacement of 4 Nos 1250 KVA DG Sets in the place of old 860 KVA and 750 KVA Gensets for improving the efficiency in fuel consumption and reduction in power cost. Thrust is being given to explore further possibility in

these vital areas of energy conservation. The energy generated by our wind mills has lowered our power cost by Rs. 45 lacs during the year under review.

The details of energy consumption is given at the end of this annexure in Form-A.

B. Research and Development

The R & D efforts of the Company are directed towards improvement of manufacturing process, yarn quality and productivity. Efforts are continuing to enlarge the scope of R & D facility to as many areas



as possible. Revenue expenditure incurred on R & D amounted to Rs. 5.70 lacs. No capital expenditure was incurred on R & D during the year.

Technology Absorption, Adaptation and Innovation

During the year, State of Art Testing instruments viz, PT-7000 Evenness Tester, Tensomax 7000 etc., are added to test the critical yarn parameters accurately to improve the yarn quality. In order to spin knitting yarn free from waiveness and shade variation, hi-tech machineries such as RSBD 30 draw frame and LC 300 cards are included in our process line. Our spinning plant humidification system is automated to reduce the end breakages rate which in turn improves the productivity.

CONSERVATION OF ENERGY

(Consolidated for all units)

AS PRESCRIBED IN FORM A

a. Power and Fuel Consumption 31.3.99 31.3.98

1. Electricity

a) Purchased

Units in lacs	130.3	154.2
Total Amount in Rs.lacs	539.9	574.4
Rate per Unit in Rs.	4.1	3.7

b) Own Generation

i) Through Diesel Generator

Units in lacs	471.4	410.1
Units per Litre of Diesel oil	3.5	3.4
Total amount in Rs. lacs	1462.3	1155.2
Cost per Unit in Rs.	3.1	2.8

ii) Through Windmill generation

Units in lacs	14.6	14.3
Total amount in Rs. lacs	44.7	40.0
Rate per Unit in Rs.	3.1	2.8

Other fuels are not used.

b. Consumption per unit of production

(Production of various counts has been converted to the standard count of 40s)

Electricity (in units) per kg.	5.3	4.6
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Annexure to the Directors' Report showing the Particulars of Employees pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956.

Sl No	Name	Age	Qualification & Experience (years)	Designation	Nature of duties	Gross remuneration/Rs.	Date of Commencement of Employment	Previous Employment
1	Mr L G Ramamurthi	69	DAE (39)	Chairman	Duties pertaining to the office of the Chairman	10,50,000	01.04.1993	Elgi Equipments Limited, Coimbatore
2	Mr Sumanth Ramamurthi	41	BSELECL ENGG (11)	Vice-Chairman and Managing Director	Management of the Company	10,50,000	01.04.1992	Festo Elgi Private Limited, Coimbatore

- Note:**
1. Chairman and Vice-Chairman and Managing Director are appointed for a period of five years at a time.
 2. Gross remuneration includes salary, allowances, Company's contribution to Provident and Superannuation Funds and expenditure incurred by the Company for other facilities.
 3. Mr L G Ramamurthi and Mr Sumanth Ramamurthi are related to Mr Vidyaprakash D.

Information to Investors

- Payment of dividend** : Open a Bank Account in your name to realise 'Account Payee' Dividend Warrant. Inform the Company the Name and Address of the Bank, A/c. No., for incorporating the same in the Dividend Warrant.
- Multiple accounts** : Approach the Company for consolidation of various Ledger folios into one.
- Change of address** : Intimate change in address immediately.
- Unclaimed dividend** : Claim your past dividends. If Dividend Warrants are lost, apply for duplicate. Quote your ledger folio No. in your correspondence with the Company.