

Super Spinning Mills Limited



Report  junction.com

Annual Report
1999 - 2000



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 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

Contents

Notice to Members	2
Directors' Report	3
Balance Sheet	7
Profit and Loss Account	8
Schedules	9
Notes forming part of Accounts	13
Auditors' Report	18
Cash Flow Statement	20



Notice of Annual General Meeting

Notice is hereby given that the 38th Annual General Meeting of the Company scheduled to be held on **Friday, the 21st July, 2000** at **4.30 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, 2000
 - b) The audited Balance Sheet as at 31st March, 2000 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 Vidyaprakash D, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr B Vijayakumar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company and approve their remuneration.

Special Business :

6. To appoint Mr V Rajagopalan as a Director and to pass, with or without modification, the following resolution as an Ordinary Resolution.

Resolved that Mr V Rajagopalan be and is hereby appointed as a Director of the Company.

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

Resolved that in supersession and partial modification of the resolution No. 7 passed at the 36th Annual General Meeting held on 21st August, 1998 and pursuant to the provisions of Section 198, 268, 269, 309, 310 and other applicable provisions read with Schedule XIII of the Companies Act, 1956, the terms and conditions of the appointment of Mr L G Ramamurthi, Chairman be and is hereby amended with effect from 1.4.2000 as detailed below:

The following 'New Clause I - Salary' is substituted in the place of existing Clause I - Salary under the heading "Remuneration" of the terms and conditions of the appointment of Mr L G Ramamurthi, Chairman of the Company.

New Clause I

Remuneration

- I. **Salary** : Rs. 100000/- per month in the scale of Rs. 100000-100000/-.

Resolved Further that all other terms and conditions of the appointment of Mr L G Ramamurthi remains unchanged.

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

Resolved that in supersession and partial modification of the resolutions No. 7 and 8 passed at the Annual General Meeting held on 29th August, 1997 and 21st August, 1998 respectively and pursuant to the provisions of Section 198, 268, 269, 309, 310 and other applicable provisions read with Schedule XIII of the Companies Act, 1956, the terms and conditions of the appointment of Mr Sumanth Ramamurthi, Vice-Chairman and Managing Director be and is hereby amended with effect from 1.4.2000 as detailed below :

The following 'New Clause I - Salary' is substituted in the place of existing Clause I - Salary under the heading "Remuneration" of the terms and conditions of the appointment of Mr Sumanth Ramamurthi, Vice-Chairman and Managing Director of the Company.

New Clause I

Remuneration

- I. **Salary** : Rs. 125000/- per month in the scale of Rs. 125000-125000/-.

Resolved Further that all other terms and conditions of the appointment of Mr Sumanth Ramamurthi remains unchanged.

Coimbatore
25th May, 2000

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. 6

In order to comply the corporate governance of the Listing Agreement with stock exchanges, the Board needs to introduce independent Directors having professional qualification. Accordingly, Mr V Rajagopalan, from an International Audit firm KPMG Chennai, is being inducted into our Board as a Director of our Company. Hence this resolution.

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

Item No. 7 & 8

Considering the nature of the work involved in the management of affairs of the Company and in order to keep in phase with the present trend, it has been proposed to increase the remuneration of Mr L G Ramamurthi, Chairman from Rs. 45,000/- to Rs. 1,00,000/- per month and Mr Sumanth Ramamurthi, Vice-Chairman and Managing Director from Rs. 40,000/- to Rs. 1,25,000/- per month. The percentage of perquisites and other benefits remains the same. However, the Chairman and Vice-Chairman and Managing Director will be drawing the perquisites based on the new revised basic with effect from 1.4.2000. The Company needs the approval of the share holders for the above change and hence this resolution.

None of the Directors except Mr L G Ramamurthi, Mr Sumanth Ramamurthi and Mr Vidyaprakash D are interested in this resolution.

The terms of remuneration as set out in the resolution may be regarded as an abstract of the terms of contract and memoranda of interest for the purpose of Section 302 of the Companies Act, 1956.

By Order of the Board
Coimbatore **L G Ramamurthi**
25th May, 2000 Chairman

Notes

1. Every member entitled to attend and vote at the meeting is entitled to appoint a proxy. Such a proxy need not be a member of the Company.
2. 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-641018.

Directors' Report

To the Members,

Your Directors have pleasure in presenting the 38th Annual Report together with the audited statement of accounts for the financial year ended 31st March, 2000.

Financial Results	31.3.2000 Rs. Lacs	31.3.1999 Rs. Lacs
Sales - Domestic	10416	10907
- Exports	7625	5540
	18041	16447
Other Income	188	236
Decrease in stock of Finished Goods	(105)	(47)
Total Income	18124	16636
Operating Profit	2454	2146
Less : Interest	804	669
Gross Profit	1650	1477
Less : Depreciation	1154	1110
Profit Before Tax	496	367
Less : Provision for Taxation	70	45
Profit After Tax	426	322
Less : Prior year Expenses	6	6
Net Profit	420	316
Add : Balance brought forward	45	103
Profit available for appropriation	465	419
Appropriations		
Debenture Redemption Reserve	52	52
Interim Dividend	138	—
Proposed Dividend	—	110
Tax on Dividend	15	12
General Reserve	—	200
Balance carried forward	260	45
	465	419

Dividend

Your Directors consider the 25% Interim Dividend declared and paid as the final dividend for the year. This absorbed a sum of **Rs. 153 lacs** including tax on dividend.

Review of Operations

Your Directors are pleased to inform the members that the industrial scenario in the year under report has shown symptoms of revival as compared to the general recessionary trend faced in the last two years.



Owing to the strategic decision of importing major portion of raw material, your Company could achieve reduction in the cost of production and better yarn realisation. Yarn prices also improved during the year and contributed reasonably for the better performance of the Company. However, the cost of power both in Andhra Pradesh and Tamilnadu went up during the year. The diesel price has also increased by about 20%. By sourcing the alternative non-conventional energy in the form of wind, hydel and gas power, your Management could minimise the impact of this increase in power cost.

During the year, as an ongoing process, the Company has invested substantial money in the modernization of Spinning Division of all the Units. On the labour front, the Company has also implemented a Voluntary Retirement Scheme. The benefit of these exercises in the form of better productivity and reduction in the input cost is expected to accrue in the coming years.

The cumulative benefits of the above have yielded higher operating profit and better net value addition to the shareholders as could be seen in the financial results indicated above.

Exports

The Company has identified new markets during the year and thrust has been given more on direct exports. The total exports during the year were Rs. 7625 lacs registering an increase of 38% over last year's Rs. 5540 lacs. The Company is striving to improve the exports for achieving better results in the coming years.

Direct Exports consisted of Rs. 5443 lacs as against Rs. 4045 lacs registering a growth of 35%. The foreign exchange outflow utilized during the year mainly for modernization was Rs. 943 lacs and the net foreign exchange earnings by the Company is Rs. 4500 lacs.

Future Prospects

The general improvement in the market conditions both in raw material and in the finished yarn is expected to continue in the current year. Given this background coupled with modernization to improve the productivity, installation of additional 8064 spindles at the Company's B-Unit at Kotnur and setting up an Open End Spinning Unit with an installed capacity of 480 rotors, we foresee yet another performing year.

Industrial Relations

The Company has entered into a new work load and wage agreement with the workers at the Company's A-Unit at Kirikera, Hindupur for a period of five years with effect from 1.3.2000.

The Industrial Relations at all the three units of the Company remains cordial.

Directors

Mr. B. Vijayakumar and Mr. Vidyaprakash. D 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

127 Fixed Deposits amounting to Rs. 12.85 lacs have remained unclaimed as on 31st March, 2000. Subsequently 45 deposits amounting to Rs. 4.49 lacs have been renewed or repaid.

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.

Coimbatore
25th May, 2000

By Order of the Board
L G Ramamurthi
Chairman



Annexure to the Directors' Report

A. Conservation of Energy

Energy saving measures were implemented in different areas exclusively by conducting result oriented energy auditing assignment in coordination with M/s. Prayag Energy Consultants. Suggestions offered by the team viz., Provision of one touch fittings in all the pneumatic lines of machines, Modification of Plant House Design, Provision of PLC based panels, etc., were already implemented and other suggestions are at different stage of progress which is expected to save the energy consumption considerably. In addition, two second hand wind mills have also been acquired during the year, which is expected to lower the power cost further.

Thrust is being given to explore further possibility in these vital areas of energy consumption.

B. Research and Development

The R & D efforts of the Company are directed towards improvement of manufacturing process, yarn quality and productivity. Significant measures taken viz., Modification of Ring Frame Lift and Ring Dia combination which is expected to yield 10% higher production, Provision of XBZ attachments in Carding to improve the yarn realization by about 0.5 to 1% trials with bottom roller clearers in Ring Frames and Speed Frame to improve the quality, etc. 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. 1,27,019/-.

Technology Absorption, Adaptation and Innovation

During the year, State of art hi-tech machinery namely Rieter Uniflock A-11 and Uniclean B-11, RSB D30 Draw frames, contamination clearers etc., were included in our manufacturing process to produce yarns meeting Uster 5 to 25% standards. In addition, hightech gassing machine, Micro 2000 yarn clearers were also added in our post spinning process to offer value added yarns meant for export purpose.

CONSERVATION OF ENERGY

(Consolidated for all units)

AS PRESCRIBED IN FORM A

a. Power and Fuel Consumption	31.3.2000	31.3.1999
1. Electricity		
a) Purchased		
Units in lacs	157.2	130.3
Total Amount in Rs.lacs	664.9	539.9
Rate per Unit in Rs.	4.2	4.1
b) Own Generation		
i) Through Diesel Generator		
Units in lacs	448.0	471.4
Units per Litre of Diesel oil	3.7	3.5
Total amount in Rs. lacs	1520.8	1462.3
Cost per Unit in Rs.	3.4	3.1
ii) Through Windmill generation		
Units in lacs	17.7	14.6
Total amount in Rs. lacs	56.6	44.7
Rate per Unit in Rs.	3.2	3.1
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.	4.8	5.3

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	70	DAE (39)	Chairman	Duties pertaining to the office of the Chairman	16,27,000	01.04.1993	Elgi Equipments Limited, Coimbatore
2	Mr Sumanth Ramamurthi	42	BSELECL ENGG (11)	Vice-Chairman and Managing Director	Management of the Company	15,95,699	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.



5 Year Highlights

	Rs. Lacs				
	1996	1997	1998	1999	2000
Operating Results					
Sales and Other Income	14170	15347	15967	16683	18229
Operating Profit	1651	2309	2530	2146	2454
Interest	391	479	540	669	804
Gross Profit	1261	1830	1990	1477	1650
Depreciation	610	764	901	1110	1154
Taxes	10	115	80	45	70
Net Profit	609	966	1007	316	420
Dividend (Including dividend tax)	149	176	182	122	153
Retained Profit	460	790	825	194	267
Performance Parameters					
Net Fixed Assets	4456	5769	7578	7761	8273
Share Capital	550	550	550	550	550
Reserves	4947	5785	6603	6812	7085
Net Worth	5497	6335	7153	7362	7635
Return on Net Worth (%)	11	15	14	4	6
Borrowings	3928	4764	6051	6236	7672
Debt Equity Ratio	0.2 : 1	0.1 : 1	0.2 : 1	0.3 : 1	0.3 : 1
Dividend (%)	27	32	30	20	25
Earnings per share (Rs.)	11.1	17.6	18.3	5.7	7.6

**Balance Sheet as at 31st March, 2000**

	Schedule	31.3.2000 Rs. Lacs	31.3.1999 Rs. Lacs
Sources of Funds			
Shareholders' Funds			
Share Capital	1	550.00	550.00
Reserves & Surplus	2	7085.00	6811.87
		<u>7635.00</u>	<u>7361.87</u>
Loan Funds			
Secured Loans	3	5755.72	4881.23
Deferred Credits	4	5.00	10.00
Unsecured Loans	5	1911.17	1344.70
		<u>7671.89</u>	<u>6235.93</u>
Total		<u>15306.89</u>	<u>13597.80</u>
Application of Funds			
Fixed Assets			
Gross Block	6	15301.84	13863.57
Less : Depreciation		7111.49	6163.76
Net Block		<u>8190.35</u>	<u>7699.81</u>
Capital Work-in-progress		82.98	60.89
		<u>8273.33</u>	<u>7760.70</u>
Investments	7	446.19	424.21
Current Assets, Loans & Advances			
Inventories	8	4157.73	3927.30
Sundry Debtors		440.06	470.99
Cash & Bank Balances		120.06	134.88
Other Current Assets		25.25	99.38
Loans & Advances		<u>3246.28</u>	<u>2204.37</u>
		<u>7989.38</u>	<u>6836.92</u>
Less : Current Liabilities and Provisions	9	<u>1630.40</u>	<u>1427.48</u>
Net Current Assets		<u>6358.98</u>	<u>5409.44</u>
Miscellaneous Expenditure	10	<u>228.39</u>	<u>3.45</u>
Total		<u>15306.89</u>	<u>13597.80</u>

Schedules 1 to 10 and Notes on Accounts form part of this Balance Sheet

As per our report of date attached
For **Reddy, Goud & Janardhan**
Chartered Accountants
Balakrishna S Bhat
Partner
Coimbatore, 25th May, 2000

L G Ramamurthi
Chairman
Sumanth Ramamurthi
Vice-Chairman and Managing Director
N Mohanram
Company Secretary


Profit and Loss Account for the year ended 31st March, 2000

	Schedule	31.3.2000 Rs. Lacs	31.3.1999 Rs. Lacs
Income			
Sales - Domestic		10416.01	10906.68
- Direct Exports		5442.57	4044.58
- Merchant Exports		301.48	1052.06
- Deemed Exports (E.O.U.)		1880.74	443.05
		18040.80	16446.37
Other Income	11	188.18	236.15
Decrease in Stock of Finished Goods	12	(105.30)	(47.21)
		18123.68	16635.31
Expenditure			
Raw Materials	13	9416.17	9076.02
Salaries & Wages	14	1418.04	1357.69
Power & Fuel		2037.13	1793.47
Stores		576.19	503.90
Lease Rental		22.26	26.92
Repairs & Maintenance	15	883.97	497.43
Processing Charges		352.18	444.97
Selling Expenses	16	586.97	474.26
Administrative Expenses	17	356.16	290.35
Donations		20.20	25.00
Interest	18	804.04	668.60
		16473.31	15158.61
Gross Profit		1650.37	1476.70
Less : Depreciation		1154.16	1110.05
Profit before tax		496.21	366.65
Less : Provision for Taxation		70.00	45.00
Profit after tax		426.21	321.65
Less : Prior year Expenses		6.04	5.42
Net Profit		420.17	316.23
Add : Balance brought forward		44.57	102.94
Profit available for Appropriation		464.74	419.17
Appropriations			
Debenture Redemption Reserve		52.50	52.50
Interim Dividend		137.50	—
Proposed Dividend		—	110.00
Tax on Dividend		15.12	12.10
General Reserve		200.00	200.00
Balance carried forward		59.62	44.57
		464.74	419.17

Schedules 11 to 18 and Notes on Accounts form part of this Profit and Loss Account

As per our report of date attached
For **Reddy, Goud & Janardhan**
Chartered Accountants
Balakrishna S Bhat
Partner
Coimbatore, 25th May, 2000

L G Ramamurthi
Chairman
Sumanth Ramamurthi
Vice-Chairman and Managing Director
N Mohanram
Company Secretary