

SARA ELGI

SUPER



Super Spinning Mills Limited

**51st Annual Report
2012-13**

SUPER



Super Spinning Mills Limited

Board of Directors

Mr. Vidyaprakash D, Executive Chairman
Mr. Sumanth Ramamurthi, Managing Director
Mr. C S K Prabhu
Mr. D Sarath Chandran
Mr. Sudarsan Varadaraj
Mr. B Vijayakumar
Mr. Vijay Venkataswamy

Chief Operating Officer

Mr. A S Thirumoorthy

Company Secretary

Mr. R Srikanth

Auditors

M/s. Reddy, Goud & Janardhan

Bankers

Union Bank of India
State Bank of India
IDBI Bank
Andhra Bank
ICICI Bank
Axis Bank
State Bank Of Hyderabad

Registrar and Share Transfer Agent

Link Intime India Pvt. Ltd
"SURYA", 35, Mayflower Avenue
Behind Senthil Nagar
Sowripalayam Road
Coimbatore – 641 028
Tel : (0422) 2314792
Fax : (0422) 2314792
E-mail : coimbatore@linkintime.co.in

Registered Office

"ELGI TOWERS", PB 7113
Green Fields, 737-D
Puliakulam Road
Coimbatore – 641 045
Tamil Nadu
Tel : (0422) 2311711, 4351711
Fax : (0422) 2311611, 2315111
E-mail : investor@ssh.saraelgi.com
Internet : www.superspining.com

Mills	Location
A Unit	: Kirikera, Andhra Pradesh
B Unit	: Kotnur, Andhra Pradesh
C Unit	: D-Gudalur, Tamil Nadu
Super Sara	: Beerapalli, Andhra Pradesh

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Notice to the Members

Notice is hereby given that the 51st Annual General Meeting of the Company will be held on **Friday, the 6th September 2013 at 3.30 PM** at Ardra Convention Centre, "Kaanchan", No.9, North Huzur Road, Coimbatore - 641 018, to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Statement of Profit and Loss for the year ended 31st March 2013 and the Balance Sheet as at that date together with the report of Board of Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. Vijay Venkataswamy, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr. D Sarath Chandran, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors and to fix their remuneration.

Coimbatore
27th May, 2013

By order of the Board
Vidyaprakash D
Executive Chairman

Notes:

1. **EVERY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. **Instrument appointing a proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
3. Members / Proxies should bring the attendance slips duly filled in and signed for attending the meeting.
4. The register of members and share transfer books of the company will remain closed from Saturday, 31st August 2013 to Friday, 6th September 2013 (both days inclusive) for the purpose of Annual General Meeting.
5. The brief profile and other information in respect of Directors seeking appointment / re-appointment are furnished in the notice.

6. Members holding shares in physical form are requested to notify immediately any change in their address along with respective address proof and Bank particulars to the Company or its Registrar & Share Transfer Agent and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository Participants and not to the Company/RTA without any delay.
7. Members desirous of receiving any information on the accounts or operations of the Company are requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
8. It may be noted that the unclaimed dividend, declared by the company on, 7th July 2006 for the financial year 2005-06, is due for transfer to IEPF on 6th July 2013. The Company has transferred the amount of unclaimed dividends paid from 1995-96 to 2005-06 to the Investors Education and Protection Fund established by the Central Government as required under Sections 205A and 205C of the Companies Act, 1956. Any claim relating to the unclaimed dividend for the financial years from 2006-07 to 2007-08 shall be made at the earliest to the company. Once the unclaimed dividends are transferred to the Investors Education and Protection Fund, the shareholders cannot claim the dividend thereafter from the Company.
9. To promote green initiative as per circular issued by Ministry of Corporate Affairs in 2011, members are requested to register/ update their e-mail addresses through their Depository Participants where they are holding their Demat accounts for sending the future communications by e-mail. Members holding the shares in physical form may register/update their e-mail addresses through the RTA, giving reference of their Folio Number.
10. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Registrar and Share Transfer Agent, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such members after making requisite changes thereon.


Details of Directors seeking Appointment / Re-appointment (Pursuant of Clause 49 of the Listing Agreement)

Name	Mr. Vijay Venkataswamy
Date of Birth	12.08.1947
Year of induction to the Board	2004
Qualification	MBA
Expertise in functional areas	More than four decades of expertise in the Textile Industry
Shareholding	5000 shares
Other Directorships held	Name of the Company
	Vantex Limited
	Coimbatore Pioneer Fertilizers Limited
	Precot Meridian Limited
	Super Sara Textiles Limited
Other Committee Membership	Name of the Company
Remuneration Committee Member	Precot Meridian Limited
Audit Committee Chairman	

Name	Mr. D Sarath Chandran
Date of Birth	12.05.1946
Year of induction to the Board	1975
Qualification	B.Sc (Hons), MBA
Expertise in functional areas	More than four decades of expertise in the Textile Industry
Shareholding	11710 shares
Other Directorships held	Name of the Company
	Precot Meridian Limited
	Pricol Limited
	Vantex Limited
	Suprem Textile Processing Limited
	Multifora Processing (Coimbatore) Limited
	Precot Meridian Energy Limited
Other Committee Membership	Name of the Company
Shareholders / Investors Relations Committee Member	Pricol Limited
	Precot Meridian Limited



Directors' Report and Management Discussion and Analysis

To the Members,

Your Directors have pleasure in presenting the 51st Annual Report together with the audited statement of accounts for the financial year ended 31st March 2013.

Financial Results	(₹ lakhs)	
Particulars	31.03.2013	31.03.2012
Revenue from operations	43544	38078
Total Revenue	44212	39526
Earnings before Finance cost, Depreciation & Tax	4842	(1264)
Less: Finance cost	2311	3023
Earnings before Depreciation & Tax	2531	(4287)
Less: Depreciation & Amortisation	1697	1900
Profit before Tax	834	(6187)
Less: Current & Deferred Tax	86	(2251)
Less: Adjustment for earlier years	(2)	355
Profit after tax	751	(4292)
Add: Balance brought forward	(4452)	(160)
Profit / (loss) carried to Balance sheet	(3701)	(4452)

MANAGEMENT DISCUSSION AND ANALYSIS

Dividend

Your Directors have not recommended any dividend for the financial year 2012-13 due to carry forward losses.

Industry Conditions and Review of Operations

The Indian textile industry witnessed noticeable improvement during the course of the year. During the year under review your company was able to effect a turnaround in performance due to stable cotton prices, remunerative yarn price, upward trend in export of cotton yarn and through dedicated efforts aimed at improving operational efficiency, focus on optimal product mix and effective cost saving practices, all of which resulted in improved sales and return to profitability.

The inadequacy of power had a major impediment for the year. Company has incurred additional cost on power and fuel in the states of Andhra Pradesh and Tamil Nadu, where the Company's units are located. This has reduced the profit considerably.

Company outlook

The demand for export yarn for the first quarter is subdued. The Company expects the trend will change and the demand of yarn will improve in rest of the year both in domestic and export markets. However, the significant matter of concern is continuing power

shortage in the states of Andhra Pradesh and Tamil Nadu, where the Company's units are located.

Opportunities, Risks and Concerns

The forecast of good monsoon gives hope for better cotton crop, which hopefully will result in lower cotton prices. However, the cotton price is subject to climatic variations and market volatility.

Frequent changes in Government policies will have a serious impact on cotton and yarn prices. Exports may partly get affected since European markets are still in downward trend. Power and Labour shortage are major concerns, which could have impact on operations of the Company. Inflation against major currencies could impact exports. Higher inflation and substantial increase in interest rates would have adverse impact on profit margins of the company.

Consolidated Financial Statements

The Consolidated Financial Statements of the Company and its subsidiary companies, prepared in accordance with the Accounting Standard 21 (AS – 21) prescribed by the Institute of Chartered Accountants of India are attached and forms part of the Annual Report.

Subsidiary Companies

The Company has two subsidiaries namely M/s Sara Elgi Arteriors Limited, a wholly owned subsidiary and M/s Elgi Building Products Limited, a step down subsidiary. The statement pursuant to Section 212 of the Companies Act, 1956 containing details of subsidiaries of the Company forms part of this Annual report.

The Ministry of Corporate Affairs vide General Circular No. 2/2011 dated 8th February 2011 has granted a general exemption from attaching a copy of the Balance Sheet, Statement of Profit & Loss, Report of the Board of Directors and the Report of the Auditors of the subsidiary companies along with holding company and hence the same have not been attached herein.

However, as per the conditions of the above referred circular the brief financial statement of subsidiaries is included in the Annual report. The Annual Accounts of the subsidiary companies will be made available to the shareholders seeking such information at any point of time. The annual accounts of the Subsidiary Companies will also be kept open for inspection by any shareholder at its Registered / Corporate Office.



Directors

Mr. Vijay Venkataswamy, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. D Sarath Chandran, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The particulars of the Directors proposed to be appointed or re-appointed are given in the Notice of this Annual Report.

Internal Control System

The Company has adequate internal control systems to monitor internal business process, financial reporting and compliance with applicable laws. The Company periodically reviews the adequacy and effectiveness of the control systems.

The Audit committee of the Board reviews internal control systems and their adequacy, significant risk areas, observations made by the internal auditors on control mechanism and the operations of the company, recommendations made for corrective action in the internal audit reports. The committee reviews with the statutory auditors and the management, key issues, significant processes and accounting policies.

Foreign Exchange earnings and outgo

Total Foreign exchange earned and used:

Earned : ₹ 9920.85 lakhs

Used : ₹ 996.55 lakhs

Fixed Deposits

During the year the Company did not accept any Fixed Deposits and no Fixed Deposits remained unclaimed with the Company as on 31st March 2013.

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. The company has received confirmation from them that, if appointed, it would be within the limits under Section 224(1B) of the Companies Act, 1956. The Audit committee and the Board of Directors of the company propose the reappointment of the auditors.

Cost Auditors

Pursuant to the provisions of Section 233B of the Companies Act, 1956, the Board of Directors of your company have re-appointed M/s S. Mahadevan & Co as Cost Auditors, subject to the approval of the Central Government for the financial year 2013-14. The company has filed the Cost audit report for the financial year 2012-13 on 26.01.2013 (Due Date: 31.01.2013).

Personnel Relations

Staff and Labour relations during the year at all units of the company continued to be cordial.

Statutory Information

A statement showing particulars of technology absorption under Section 217(1) (e) of the Companies Act, 1956 and a report on corporate governance are enclosed and form part of this report. Information pursuant to Section 217(2A) of the Companies Act, 1956, is not furnished, as there are no employees covered by the said provisions.

Directors Responsibility Statement u/s. 217 (2AA)

Your Directors confirm that:

- in the preparation of the annual accounts, all applicable accounting standards had been followed along with proper explanation relating to material departures
- we have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of financial year and of the profit or loss of the company for that period.
- proper and significant care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 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.

Recognition and Reward

Your Directors are glad to inform that during the year the Company has been recognized as an implementing partner for the BCI project being implemented in Tamil Nadu. This is in recognition of our contribution towards BCI. BCI program leads the way for new business development along with social responsibility and environment safety, which is being emphasized of late in corporate entities.

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 appreciation of the confidence reposed by the shareholders in the Company at all times.

The Board of Directors also wishes to thank the employees at all levels for their excellent support and contribution made by them.

Coimbatore
27th May, 2013

By Order of the Board
Vidyaprakash D
Executive Chairman



Annexure to the Directors Report and Management Discussion and Analysis

A. Conservation of Energy

1. Air master fans replaced in Humidification plants of manufacturing units to save energy
2. Humifog installed in Blow room
3. Reduction in compressor air by checking each machine with flow meter
4. Inverters provided for Spinning Pneumafil Motors
5. New Fluorescent type lights have been used to save energy by 25%.
6. Power factor is being maintained at 0.996 and above in Hindupur units by adding capacitors.

FORM-A - CONSERVATION OF ENERGY (CONSOLIDATED FOR ALL SPINNING UNITS)		
	31.03.2013	31.03.2012
I. Power & Fuel Consumption		
1. Electricity		
(A) Purchased		
Units in lakhs	914.10	822.20
Total Amount in ₹ lakhs	3889.00	2332.60
Rate Per unit in ₹	4.30	2.80
(B) Own Generation		
(i) Through Diesel Generator		
Units in lakhs	108.60	16.00
Units Per Litre of Diesel Oil	3.50	3.30
Total Amount in ₹ lakhs	1432.00	206.00
Cost Per unit in ₹	13.20	12.90
(ii) Through Wind Mill Generation		
Units in lakhs	62.70	60.20
Total Amount in ₹ lakhs	172.40	162.50
Rate Per unit in ₹	2.70	2.70
II. Consumption Per Unit Of Production		
(Production of various counts has been converted to the standard count of 40s)		
Electricity (in units) Per Kg	6.50	6.20

B. Research and Development

Research and Development activities are currently focused on modified carding system for effective carding process. Investigations have shown improved results. The number of Carding machines for development has been increased to channelise the process and results prove continuous saving of Comber Noils by 1.5%.

C. Technology Absorption, Adaptation and Innovation

1. Installed new technology NT PIN SPACERS in Ring frames for better controlled passage of Rovings to reduce thin places.
2. Recycled yarn production completed successfully in OE process.
3. Conversion of plain bottom detaching rolls to PARABOLIC shape has improved the comber Machine efficiency.

Coimbatore
27th May, 2013

By Order of the Board
Vidyaprakash D
Executive Chairman



Report on Corporate Governance

1. Company's philosophy on code of governance

The company's philosophy on Corporate Governance finds expression in a self governing model of voluntary adherence of all statutory rules and regulations, timely disclosures, transparent accounting policies and practices, maintenance of the highest degree of integrity and ethical conduct towards all the stakeholders namely shareholders, employees, financial institutions, suppliers and business partners.

2. Board of Directors - Composition, Category and Attendance

Your Company's Board has an optimum combination of Executive, Non-Executive and Independent Directors as per requirements of Clause 49 of the Listing Agreement. The Board comprises of Seven Directors including two Executive Directors and five Non-Executive Independent Directors.

During the year 2012-13, four Board Meetings were held at the Registered Office on 22.05.2012, 10.08.2012, 09.11.2012 and 04.02.2013.

Composition of Directors and their attendance

Name of the Director	Category	No. of Directorships in other Companies #	No. of other Committee positions in which he is a Member / Chairman*	No. of Board Meetings attended	Last AGM attended (Yes / No)
Mr. Vidyaprakash D Executive Chairman	Promoter's relative and Executive	3	Nil/Nil	4	Yes
Mr. Sumanth Ramamurthi Managing Director	Promoter and Executive	12	1/Nil	4	Yes
Mr. C S K Prabhu	Independent and Non-Executive	3	4/2	4	Yes
Mr. D Sarath Chandran	Independent and Non-Executive	6	2/Nil	3	No
Mr. Sudarsan Varadaraj	Independent and Non-Executive	7	3/Nil	2	No
Mr. B Vijayakumar	Independent and Non-Executive	7	2/Nil	3	Yes
Mr. Vijay Venkataswamy	Independent and Non-Executive	4	1/1	4	No

Excluding Directorships in Private and Foreign Companies

* Excluding membership in Administrative Committees.

Relationship of Directors inter-se

Director	Related Director(s)	Relationship inter-se
Mr. Sumanth Ramamurthi	Mr. Vidyaprakash D	Sister's Husband

3. Audit Committee

The Audit Committee of the Company is constituted in compliance with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges.

Brief description of terms of reference:

To oversee the company's financial reporting process, internal control systems, reviewing the accounting policies and practices; ensuring that financial statements are correct, sufficient and credible; reviewing with management the annual financial statements for submission to the Board; reviewing the internal audit observations and action taken thereon; ensuring compliance with Stock Exchange and other legal requirements and also recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any

other services. The composition, role, functions and powers of the Audit Committee are in consonance with the requirements of applicable laws, rules and regulations.

All the members of the Audit Committee are independent and have knowledge of finance, accounts and the textile industry. The quorum for audit committee meeting is two independent directors.

The Chairman of the Audit Committee, Mr. C S K Prabhu was present at the previous Annual General Meeting.

The Audit Committee meetings were held at the Registered Office of the Company and during the year the committee met four times on 16.05.2012, 04.08.2012, 02.11.2012 and 31.01.2013. The composition of the Audit Committee and particulars of meetings attended by the members of the Audit Committee are given below:

Name of the members	Category	No. of Meetings Attended
Mr. C S K Prabhu, Chairman	Non Executive - Independent	4
Mr. Sudarsan Varadaraj	Non Executive – Independent	–
Mr. B Vijayakumar	Non Executive – Independent	3
Mr. Vijay Venkataswamy	Non Executive - Independent	4

The Statutory Auditors, Internal Auditors and Chief Operating Officer of the Company attended the meetings. The minutes of the Audit Committee Meetings were placed at the Board Meetings. The Company Secretary acts as the Secretary of the Committee.

4. Remuneration Committee

The terms of reference of the Remuneration Committee includes:

- Recommendation for fixation and periodic revision of remuneration packages to the Executive Directors for approval to the Board and
- Review the sitting fees payable to the Directors.

No meeting of the Remuneration Committee of the Board was held during the year.

Remuneration of Directors

Remuneration of the whole-time Directors are decided by the Board based on the recommendations and approval of the Remuneration Committee as per the remuneration policy of the company, within the ceiling fixed by the shareholders. The remuneration paid/payable to the Executive Directors of the Company for the year ended 31st March 2013 is as follows.

Name of the Director	Salary and Perks (₹ lakhs)	Service Contract
Mr. Vidyaparakash D Executive Chairman	22.58	01.04.2011 to 31.03.2014
Mr. Sumanth Ramamurthi Managing Director	22.26	01.04.2011 to 31.03.2014

The Non-Executive Directors are paid sitting fees for attending each Board and Committee meetings. The sitting fees paid to each such Director was Rs.10,000/- for each Board meeting and Audit Committee meeting. Rs.1,000/- each for Remuneration Committee meeting and Shareholders Committee meeting. The Company does not have any stock option scheme for the Directors and the Employees at present.

Name of the Director	Sitting Fees (₹)	No. of Shares held
Mr. C S K Prabhu	85,000	5000
Mr. Vijay Venkataswamy	80,000	5000
Mr. D Sarath Chandran	35,000	11710*
Mr. Sudarsan Varadaraj	20,000	72810
Mr. B Vijayakumar	60,000	6670

*Including 6500 shares held in HUF.



5. Shareholders / Investors Grievance Committee

The committee deals in matters relating to transfer and transmission of shares, issue of duplicate share certificates, review of dematerialized shares, redressing of investors complaints. The share transfers / transmissions are approved by the committee. The minutes of the same are placed at the Board Meetings from time to time.

The composition of the Shareholders / Investors Grievance Committee and particulars of meetings attended by the members.

Five meetings of the Shareholders / Investors Grievance Committee were held during the year 2012-13 on 29.06.2012, 20.07.2012, 21.12.2012, 25.03.2013 and 30.03.2013. During the year the Company has not received any complaints from the shareholders. There were no complaints pending unresolved during the year ended 31st March 2013.

Name of the Member	No. of Meetings Attended
Mr. C S K Prabhu	5
Mr. D Sarath Chandran	5
Mr. Sumanth Ramamurthi	5
Mr. Vidyaprakash D	4

Mr. R Srikanth, Company Secretary is the Compliance Officer of the Company.

6. General Body Meetings

Details of Annual General Meetings held in previous three financial years

Year	Location	Date	Time	Special Resolutions passed in the AGM
2010	Ardra Convention Centre, Kaanchan No.9, North Huzur Road Coimbatore-641 018	13.09.2010	3.30 PM	Nil
2011	Ardra Convention Centre, Kaanchan No.9, North Huzur Road Coimbatore-641 018	02.09.2011	3.30 PM	<ul style="list-style-type: none"> Re-appointment of Executive Chairman and revision in the remuneration Re-appointment of Managing Director and revision in the remuneration
2012	Ardra Convention Centre, Kaanchan No.9, North Huzur Road Coimbatore-641 018	05.09.2012	3.30 PM	Nil

No court convened meeting of members was held during the year.

No postal ballot was conducted during the year.

7. Disclosures

Related Party Transactions

There were no materially significant related party transactions i.e., transactions of the company of material nature, with its promoters, directors or the management, their subsidiaries, relatives etc., that may have potential conflict with the interests of the company at large. The related party transactions are duly disclosed in the notes forming part of the financial statements.

Compliances by the Company

- There were no cases of non-compliance by the company. No penalties or strictures imposed by stock exchanges or SEBI or any other statutory authorities on any matter related to capital markets, during the previous three financial years.
- No treatment different from the accounting standards prescribed by the Institute of Chartered Accountants of India has been followed in the preparation of financial statements.
- The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement.