

SARA ELGI

SUPER



Super Spinning Mills Limited

**49th Annual Report
2010 - 2011**

SUPER



Super Spinning Mills Limited

Chairman

Managing Director

Board of Directors

Chief Operating Officer

Company Secretary

Auditors

Bankers

Registrar and Share Transfer Agent

Registered & Central Office

Contents

Notice to Members	1
Directors' Report and Management Discussion & Analysis	3
Report on Corporate Governance	6
Auditors' Report	14
Balance Sheet	17
Profit and Loss Account	18
Schedules	19
Notes Forming Part of Accounts	24
Cash Flow Statement	32
Consolidated Accounts	36
Consolidated Cash Flow Statement	52

Mr Vidyaprakash D

Mr Sumanth Ramamurthi

Mr C S K Prabhu

Mr D Sarath Chandran

Mr Sudarsan Varadaraj

Mr B Vijayakumar

Mr Vijay Venkataswamy

Mr A S Thirumoorthy

Mr R Srikanth

M/s Reddy, Goud & Janardhan

Union Bank of India

State Bank of India

Andhra Bank

IDBI Bank

ICICI Bank

Link Intime India Pvt Ltd

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Coimbatore - 641 028**

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Mills

A Unit : Kirikera, Andhra Pradesh

B Unit : Kotnur, Andhra Pradesh

C Unit : D-Gudalur, Tamilnadu

Super Sara : Beerapalli, Andhra Pradesh

SUPER



Notice to the Members

Notice is hereby given that the 49th Annual General Meeting of the Company will be held on **Friday, the 2nd September 2011 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 following:
 - a) The audited Profit and Loss Account for the year ended 31st March 2011
 - b) The audited Balance Sheet as at 31st March 2011 and
 - c) The reports of the Directors' and the Auditors'.
2. To appoint a Director in the place of Mr. D Sarath Chandran, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr. B Vijayakumar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

Special Business

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

Resolved that pursuant to the provisions of Section(s) 198, 269, 309, 310, 316 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, Mr. Vidyaprakash D be and is hereby reappointed as Executive Chairman of the Company for a period of three years with effect from 01.04.2011 on the following terms and conditions, whilst also noting his concurrent Managing Directorship in Coimbatore Pioneer Fertilizers Limited, with remuneration.

Remuneration

- I. **Salary:** Rs.1,00,000/- per month with an annual increment of Rs.10,000/-
- II. **Commission:** 1.5% of the net profit of the Company.
- III. **Perquisites**

In addition to salary and commission, perquisites shall be allowed as detailed below

1. **Housing:** Unfurnished residential accommodation will be provided. In its absence, 60% of the salary will be paid as house rent allowance.
2. The following perquisites shall be allowed subject to the maximum of 40% of the salary.

Medical: Reimbursement of expenses actually incurred for self and his family.

Leave Travel Concession: Leave Travel Concession for self and his family.

Gas, Water etc: Reimbursement of expenditure incurred on gas, electricity, water, furnishing and appliances.

Club fee: For self.

Insurance: Life, Health and personal accident insurance cover for self.

In any year, if the perquisites specified in Part-III, Sub-clause (2) above, are not availed in full, the unutilised portion of the limit shall be carried over for a period of three years.
3. He shall also be eligible for the following benefits, which shall not be included in the computation of the ceiling on the remuneration.
 - a. **PF:** Contribution to Provident Fund to the extent it is not taxable under the Income Tax Act, 1961.
 - b. **Gratuity:** Gratuity payable at the rate not exceeding 15 days salary for each completed year of service.

Resolved Further that in the event of no profits or inadequacy of profits, the remuneration payable to Mr. Vidyaprakash D, executive

Chairman, in both companies shall not exceed the limits specified in Section II of Part II of Schedule XIII of the Companies Act, 1956 or such other limits as may be notified by the Government from time to time as minimum remuneration.

Resolved Further that the terms and conditions set out for appointment and /or agreements shall be altered and varied from time to time by the Board as it may, in its discretion, deem fit.

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

Resolved that pursuant to the provisions of Section(s) 198, 269, 309, 310, 316 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, Mr. Sumanth Ramamurthi be and is hereby reappointed as Managing Director of the Company for period of three years with effect from 01.04.2011, on the following terms and conditions, whilst also noting his concurrent Managing Directorship in Kakatiya Textiles Limited, without remuneration.

Remuneration

- I. **Salary:** Rs.1,50,000/- per month with an annual increment of Rs.15,000/-
- II. **Commission:** 1.5% of the net profit of the Company.
- III. **Perquisites**

In addition to salary and commission, perquisites shall be allowed as detailed below

1. **Housing:** Unfurnished residential accommodation will be provided. In its absence, 60% of the salary will be paid as house rent allowance.
2. The following perquisites shall be allowed subject to the maximum of 40% of the salary.

Medical: Reimbursement of expenses actually incurred for self and his family.

Leave Travel Concession: Leave Travel Concession for self and his family.

Gas, Water etc: Reimbursement of expenditure incurred on gas, electricity, water, furnishing and appliances.

Club fee: For self.

Insurance: Life, Health and personal accident insurance cover for self.

In any year, if the perquisites specified in Part-III, Sub-clause (2) above, are not availed in full, the unutilised portion of the limit shall be carried over for a period of three years.
3. He shall also be eligible for the following benefits, which shall not be included in the computation of the ceiling on the remuneration.
 - a. **PF:** Contribution to Provident Fund to the extent it is not taxable under the Income Tax Act, 1961.
 - b. **Gratuity:** Gratuity payable at the rate not exceeding 15 days salary for each completed year of service.
4. Free use of Company Car with driver and telephone at his residence.

Resolved Further that in the event of no profits or inadequacy of profits, the remuneration and perquisites payable to Mr. Sumanth Ramamurthi, Managing Director, shall not exceed the limits specified in Schedule XIII of the Companies Act, 1956 or such other limits as may be notified by the Government from time to time as minimum remuneration.

Resolved Further that the terms and conditions set out for appointment and/or agreements shall be altered and varied from time to time by the Board as it may, in its discretion, deem fit.

Coimbatore
26th May, 2011

For and on behalf of the Board
Vidyaprakash D
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. **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 and signed for attending the meeting.
4. The explanatory statement in respect of the special business pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
5. The register of members and share transfer books of the company will remain closed from 27.08.2011 to 02.09.2011 (both days inclusive).
6. The brief profile and other information in respect of Non-Executive Directors seeking re-appointment are furnished in the notice.
7. The Company has transferred the unclaimed dividend to the General Revenue Account of the Central Government for and up to the financial year 1994-95. The concerned members may therefore submit their claims to the Registrar of Companies, Coimbatore (Tamilnadu), Stock Exchange Building, Singanallur, Coimbatore – 641 005.
8. The Company has transferred the amount of unclaimed dividends paid from 1995-96 to 2003-04 to the Investors Education and Protection Fund of the Central Government as required under Sections 205A and 205C of the Companies Act, 1956.
9. As per the amended provisions of the Companies Act, 1956 dividend remaining unclaimed for a period of 7 years has to be transferred to the Investors Education and Protection Fund established by the Central Government. Any claim relating to the unclaimed dividend for the financial years from 31.03.2005 to 31.03.2008 should 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.
10. The members are requested to forward their share transfer deed(s) and other communications directly to the Registrar and share transfer agent of the company M/s Link Intime India Pvt Ltd.

Details of Directors seeking Appointment / Re-appointment at the forthcoming Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement)

Name	Mr. D Sarath Chandran	Mr. B Vijayakumar
Date of Birth	12.05.1946	22.01.1953
Year of induction to the Board	1975	1984
Qualification	B.Sc.(Hons), MBA	B.Sc.
Expertise in functional areas	More than four decades of experience in textile industry	More than three decades of experience as an industrialist
Shareholding	5210	6670
Other Directorship held	Precot Meridian Ltd Pricol Ltd Vantex Ltd Suprem Textile Processing Ltd Multiflora Processing (Coimbatore) Ltd Precot Meridian Energy Ltd	L G Balakrishnan & Bros Ltd LGB Forge Ltd Elgi Equipments Ltd South Western Engineering India Ltd Rolon Fine Blank Ltd LGB Rolon Chain Ltd LG Sports Ltd LGB Fuel Systems P Ltd Elgi Automotive Services P Ltd LGB Auto Products P Ltd LG Farm Products P Ltd Super Speeds P Ltd Super Transports P Ltd BCW V Tech India P Ltd Renold Chain India P Ltd
Other Committee Membership	Member of Shareholders / Investors Relations Committee in Pricol Ltd Precot Meridian Ltd	Member of Shareholders & Investors Committee in L G Balakrishnan & Bros Ltd LGB Forge Ltd



Name	Mr. Vidyaprakash D	Mr. Sumanth Ramamurthi
Date of Birth	06.08.1945	12.08.1959
Year of induction to the Board	1982	1992
Qualification	B.Sc. (Maths)	B.S. (Electrical Engineering)
Expertise in functional areas	Four decades of experience in the field of engineering and more than three decades of experience in the field of textile and fertilizer industry	Three decades of experience in the textile and engineering industry.
Shareholding	76330	8055300
Other Directorship held	Coimbatore Pioneer Fertilizers Ltd Prashanth Textiles Ltd Efficca Automation Ltd	Elgi Electric and Industries Ltd Elgi Ultra Industries Ltd Precot Meridian Ltd Sara Elgi Insurance Advisory Services P Ltd Elgi Software and Technologies Ltd Super Farm Products Ltd Elgi Building Products Ltd Sara Elgi Industrial Research & Development Ltd Super Sara Textiles Ltd Kakatiya Textiles Ltd Sara Trading and Industrial Services Ltd Sara Elgi Envirotech Ltd Sara Elgi Arteriors Ltd Renold Chain India P Ltd
Other Committee Membership	–	Member of Shareholders & Investors Committee in Kakatiya Textiles Ltd

Explanatory Statement pursuant to the provisions U/s 173(2) of the Companies Act, 1956

Item No. 5

The Board of Directors at their meeting held on 1st February 2011 appointed Mr. Vidyaprakash D, as Executive Chairman of the Company for a period of three years with effect from 01.04.2011, whose tenure of office ends on 31.03.2011 and also pay him the remuneration as approved by the Remuneration Committee at its meeting held on 01.02.2011 in accordance with the provisions of the Companies Act, 1956 on the terms and conditions set out in the resolution. As per Section 269 read with Schedule XIII of the Companies Act, 1956, the appointment and remuneration shall be subject to the approval of the shareholders of the Company in general meeting. Hence, the resolution is placed for your approval.

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

Item No. 6

The Board of Directors at their meeting held on 1st February 2011 appointed Mr. Sumanth Ramamurthi, as Managing Director of the Company for a period of three years with effect from 01.04.2011, whose tenure of office ends on 31.03.2011 and also pay him the remuneration as approved by the Remuneration Committee at its meeting held on 01.02.2011 in accordance with the provisions of the Companies Act, 1956 on the terms and conditions set out in the resolution. As per Section 269 read with Schedule XIII of the Companies Act, 1956, the appointment and remuneration shall be subject to the approval of the shareholders of the Company in general meeting. Hence, the resolution is placed for your approval.

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

Coimbatore
26th May, 2011

For and on behalf of the Board
Vidyaprakash D
Chairman

Directors' Report & Management Discussion and Analysis

To the Members,

Your Directors have pleasure in presenting the 49th Annual Report together with the audited statement of accounts for the financial year ended 31st March 2011.

FINANCIAL RESULTS	Rs. Lakhs	
	31.03.2011	31.03.2010
Particulars		
Sales	47690	38538
Total Income	49708	36811
Earnings before Interest, Depreciation & Tax	5740	4334
Less : Interest	2177	2158
Earnings before Depreciation & Tax	3563	2175
Less : Depreciation	2081	2352
Profit before tax	1482	(177)
Less : Provision for taxation	2	2
Less : Deferred tax	(21)	(305)
Profit after tax	1501	126
Less : Prior year expenses	-	1
Less : Taxes relating to earlier Years	110	93
Net Profit / (Loss)	1391	32
Add : Balance brought forward	(1551)	(1582)
Profit available for Appropriations	(160)	(1551)
Appropriations	-	-
Balance carried forward	(160)	(1551)

Dividend

Your Directors have not recommended any dividend for the financial year 2010-11 as the Company has a carry forward loss of Rs.160 Lakhs.

MANAGEMENT DISCUSSION AND ANALYSIS Industry Conditions and Review of Operations

The Indian textile and clothing industry witnessed noticeable improvement during the course of the year. The regulatory restrictions on export of cotton yarn had an adverse impact on the working during the last quarter of the year.

Eventhough, Cotton Production during the year was higher compared to the previous year prices were ruling high due to perceived shortage of cotton globally and increased yarn production. Added to this, Government allowed higher quantity of cotton exports from the month of October 2010. Issues like power shortage and non-availability of quality manpower continued to affect the industry and company's operations.

During the year under review your company was able to effect an improved performance through dedicated efforts aimed at improving operational efficiency, quality enhancement, focus on optimal product mix and effective cost saving practices, all of which resulted in improved sales and enhanced profitability. The remunerative prices and good demand for yarn for the most part of the year helped the company overcome the escalation in cost of raw material to a certain extent.

Company outlook

The demand for cotton yarn in the current year is on downward trend and uncertain. The cotton price have come down recently due to global price pressure and reduced domestic demand. Consequently, yarn prices have dropped steeply and will have an impact on profit.

With a normal monsoon forecast, the prospects of a good cotton crop in India in the ensuing season are bright. Global outlook is also good which will ensue moderation in cotton prices.

Opportunities, Risks and Concerns

The forecast of good monsoon gives hope for higher production and lower prices of market cotton. However, the cotton price is subject to climatic variations and market volatility.

Frequent changes in government policies will have an impact on cotton and yarn prices. Power shortage and shortage of labour are major concerns, which could lead to escalation in cost of production. Appreciation of Indian rupee against major currencies could impact on exports. Higher inflation and substantial increase in interest rates would have adverse impact on profit margins of the company.

Consolidated Financial Statements of Subsidiaries

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 form part of the Annual Report and Accounts

Subsidiary Companies

The Company has the following two profit making subsidiaries:

Sara Elgi Arteriors Limited

During the year the Company has invested a sum of Rs. 5 lakhs to acquire 100% of the paid up equity share capital of M/s Sara Elgi Arteriors Limited and additional investment of Rs. 200 lakhs in the paid up equity share capital of M/s Sara Elgi Arteriors Limited, wherein the total investment aggregates Rs.350 Lakhs, comprising of 25 Lakhs fully paid up equity shares of face value Rs.10 each (premium of Rs. 10).

Elgi Building Products Limited

M/s. Sara Elgi Arteriors Limited, the wholly owned subsidiary of the Company, has on March 29, 2011 acquired 58.32% of the equity share capital of M/s. Elgi Building Products Limited, a leading manufacturer of PVC extrusions used in the manufacture of UPVC doors and windows, resulting in the said Company becoming a subsidiary of M/s. Sara Elgi Arteriors Limited and thereby, of M/s. Super Spinning Mills Limited, which also directly holds the balance of 41.68% of the equity share capital of M/s. Elgi Building Products Limited.

The above said subsidiaries are non – material unlisted Indian subsidiary of the Company in terms of the Companies Act, 1956 and the Listing Agreement.

The Central Government vide General Circular No. 2/2011 dt. 8th February 2011 has granted a general exemption pursuant to Section 212(8) of the Companies Act, 1956 from attaching a copy of the Balance Sheet, Profit & Loss Account, 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, the Statement as required under Section 212 of the Companies Act, 1956, in respect of the Subsidiaries of the Company is annexed and forms an integral part of this Report. The Annual Accounts of the subsidiary companies will be made available to the shareholder seeking such information at any point of time. The annual accounts of the Subsidiary Companies will also be kept for inspection by any shareholder at its Registered / Corporate Office.

Directors

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

Mr. B Vijayakumar, 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.

Mr. K R Seethapathy, Executive Director, resigned from the Board with effect from 4th November 2010. The Board wishes to place on record its sincere appreciation for the valuable services rendered by Mr. K R Seethapathy during his tenure as Director of the Company.

Internal Control System

The Company has an effective Internal control system that is commensurate to the size and nature of its business and ensures timely and accurate financial reporting in accordance with applicable accounting standards; compliance with applicable laws, management policies, listing agreements and regulations; optimum utilization, timely maintenance and safety of assets, and an effective management information system based on the SAP – ERP system, the efficacy of which is constantly reviewed and improved to ensure reliability of the processes. The Internal Auditor appointed by the Board conducts regular audit of the internal control systems and reports to the Audit Committee of the Board of Directors, which periodically reviews the performance and adequacy of internal control systems and tracks compliance status of Audit observations.

Recognition and Reward

Your Directors are glad to inform that Super - B unit of the company has received "Silver" Award - 2010 from "Innovative Quality Circle" in International level competition from "International Convention On Quality Concepts".

Foreign Exchange earnings

Total Foreign exchange earned and used:

Earned : Rs. 8946 Lakhs
Used : Rs. 1330 Lakhs

Fixed Deposits

During the year the Company did not accept or renew any Fixed Deposits and no Fixed Deposits remained unclaimed with the Company as on 31st March 2011.

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.

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. As regards, information pursuant to Section 217(2A) of the Companies Act, 1956, there are no employees covered by the said provisions.

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

Your Directors have taken necessary steps to ensure that :

- All applicable accounting standards have been followed in the preparation of annual accounts.
- All the necessary accounting policies have been adhered to and all necessary adjustments 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 of the company for the 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 the preventing and detecting fraud and other irregularities.
- The annual accounts have been prepared on a going concern basis.

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.

For and on behalf of the Board

Coimbatore
26th May, 2011

Vidyaprakash D
Chairman

Annexure to the Directors Report and Management discussion and Analysis**A. Conservation of Energy**

Energy Saving fans installed in Waste Recovery system of A and B mills which proves 25% energy saving. Lighting stabilizers installed in all mills.

Monitoring of Air Leakage and Air pressure by arresting leakages in Air distribution lines from preparatory machineries to Autoconers by 'energy conservation cells' established in each mill, helped the company effect significant savings in energy consumption. (Form-A enclosed)

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 with modification is being increased to channelise the process for effective monitoring.

C. Technology Absorption, Adaptation and Innovation

- Chinese Auto doffer for ring frames installed and being studied for improving labour productivity
- Battery driven vehicle provided to machine siders for improving the productivity
- Production monitoring device like Ring Data and Prowin installed in units



**FORM - A – CONSERVATION OF ENERGY (CONSOLIDATED FOR ALL SPINNING UNITS)
AS PRESCRIBED IN FORM A**

A. Power & Fuel Consumption	31.03.2011	31.03.2010
1. Electricity		
(a) Purchased		
Units in Lakhs	1002.4	955.0
Total amount in Rs. Lakhs	4178.4	2987.2
Rate per unit in Rs.	4.2	3.1
(b) Own generation		
(i) Through Diesel Generator		
Units in Lakhs	24.8	37.8
Units per litre of diesel oil	3.5	3.3
Total amount in Rs. Lakhs	265.8	409.0
Cost per unit in Rs.	10.7	10.8
(ii) Through Windmill generation		
Units in Lakhs	66.4	66.9
Total amount in Rs. Lakhs	179.2	180.6
Rate per unit in Rs.	2.7	2.7
B. Consumption per unit of production		
(Production of various counts has been converted to the standard count of 40s)		
Electricity (in units) per kg.	6.1	5.9



Report on Corporate Governance

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.

Board of Directors - Composition, Category and Attendance

The Board comprises of Seven Directors including two Executives and five Non-Executive Independent Directors. During the year 2010-11, five Board Meetings were held at the Registered Office on 29.05.2010, 30.07.2010, 04.11.2010, 01.02.2011 and 29.03.2011.

Name	Category	No. of Directorships in others Companies #	Committee of other Board's in which he is a member / Chairman*	No. of Board Meetings attended	Whether attended the AGM held on 13.09.2010
Mr Vidyaprakash D Executive Chairman	Promoter's Relative and Executive	3	Nil/Nil	5	Y
Mr Sumanth Ramamurthi Managing Director	Promoter and Executive	12	1/Nil	5	Y
Mr K R Seethapathy** Executive Director	Non-promoter and Executive	6	Nil/Nil	3	Y
Mr C S K Prabhu	Independent and Non-Executive	3	4/2	4	Y
Mr D Sarath Chandran	Independent and Non-Executive	6	2/Nil	5	N
Mr Sudarsan Varadaraj	Independent and Non-Executive	7	3/Nil	1	N
Mr B Vijayakumar	Independent and Non-Executive	7	2/Nil	4	Y
Mr Vijay Venkataswamy	Independent and Non-Executive	4	Nil/1	5	Y

Excluding Directorships in Private and Foreign Companies

* Excluding membership in Administrative Committees.

** Resigned w.e.f. 04.11.2010

Relationship of Directors inter-se

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

Committees of the Board

Audit Committee

The role and the terms of reference of Audit Committee cover the matters specified for Audit Committees under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956 also interalia include-

- Overseeing financial reporting processes
- Reviewing periodic financial results, financial statements and adequacy of internal control systems
- Discussion with the Auditors about the scope of Audit including their observations
- Approving internal audit plans, reviewing the functions and periodic audit reports.

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 audit Committee meetings were held at the Registered Office of the Company.

During the year the committee met four times on 25.05.2010, 28.07.2010, 01.11.2010 and 27.01.2011. The composition of the Audit Committee and particulars of meetings attended by the members of the Audit Committee are given below:

Name	Catagory	No. of Meetings Attended
Mr C S K Prabhu, Chairman	Non Execuitve Independent	3
Mr Sudarsan Varadaraj	Non Execuitve Independent	1
Mr B Vijayakumar	Non Execuitve Independent	3
Mr Vijay Venkataswamy	Non Execuitve Independent	4

The Statutory Auditors, Internal Auditors and Executives of the Company also attended the meetings. The minutes of the Audit Committee Meetings were placed at the Board Meeting. The Company Secretary acts as the Secretary of the Committee.

Remuneration Committee

The composition of the Remuneration Committee and particulars of meetings attended by the members.

Name	Catagory	No. of Meetings Attended
Mr C S K Prabhu, Chairman	Non Execuitve Independent	1
Mr Sudarsan Varadaraj	Non Execuitve Independent	0
Mr B Vijayakumar	Non Execuitve Independent	1
Mr Vijay Venkataswamy	Non Execuitve Independent	1

The terms of reference of the Remuneration Committee include:

- Recommendation for fixation and periodic revision of compensation of the Managing Director and Executive Directors to the Board for approval and
- Review the sitting fees payable to the Directors.

The committee met on 01.02.2011 to reappoint and revise the remuneration of Mr. Vidyaprakash D, Executive Chairman and Mr. Sumanth Ramamurthi, Managing Director of the Company.

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. Remuneration of the whole-time Directors for the year ended 2010-11 is as follows.

	Rs. Lakhs
Mr. Vidyaprakash D, Executive Chairman	- 38.91
Mr. Sumanth Ramamurthi, Managing Director	- 47.76
Mr. K R Seethapathy, Executive Director	- 21.40

Proposed remuneration for the Managerial Persons

Mr. Vidyaprakash D, Executive Chairman

Salary	Benefits	Commission	Perquisites
Rs.1,00,000-Rs.10,000 Tenure - Three years	PF contribution and Gratuity @ 15 days salary for each completed year of service	1.5% of the net profits	Housing – 60% of the salary Medical, LTC etc – 40% of the salary

Mr. Sumanth Ramamurthi, Managing Director

Salary	Benefits	Commission	Perquisites
Rs.1,50,000-Rs.15,000 Tenure - Three years	PF contribution and Gratuity @ 15 days salary for each completed year of service	1.5% of the net profits	Housing – 60% of the salary Medical, LTC etc – 40% of the salary

Remuneration to Non-Executive Directors	Non-Executive Directors	Sitting Fees
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	Mr. C S K Prabhu	87,000
	Mr Vijay Venkataswamy	91,000
	Mr. D Sarath Chandran	67,000
	Mr. Sudarsan Varadaraj	20,000
	Mr. B Vijayakumar	71,000

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 shareholders' committee consists of four Directors. During the year 2010-11, eighteen meetings were held. The dates of the committee meetings and details of member's attendance are as follows:

21.04.10	26.05.10	05.06.10	21.06.10	06.07.10	20.07.10	23.07.10	30.07.10
17.09.10	14.10.10	18.11.10	13.12.10	30.12.10	18.01.11	04.02.11	21.02.11
23.03.11	29.03.11						

Name of the Member	No. of Meetings Attended
Mr Vidyaprakash D	18
Mr Sumanth Ramamurthi	17
Mr D Sarath Chandran	17
Mr C S K Prabhu	16
Compliance Officer	18

During the year the company had received four complaints from the shareholders and the same had been redressed to the satisfaction of the shareholders. There were no complaints pending unresolved during the year ended 31.03.2011.



Details of the shareholding of Non-Executive Directors as on 31.03.2011

Name of the Director	No. of shares held
Mr C S K Prabhu	5000
Mr D Sarath Chandran (SHUF)	6500
Mr D Sarath Chandran (I)	5210
Mr Vijay Venkataswamy	5000
Mr Sudarsan Varadaraj	72810
Mr B Vijayakumar	6670

General Body Meetings
Details of Annual General Meetings held in last three years

Year	Location	Date	Time	Special Resolutions passed in the AGM's
2008	Ardra Convention Centre Kaanchan, No.9, North Huzur Road Coimbatore - 641 018	24.09.2008	3.00 PM	<ul style="list-style-type: none"> ● Revision in the remuneration of the Executive Director. ● Appointment of Executive Chairman. ● Re-appointment of Managing Director. ● Re-appointment of Executive Director. ● De-listing of shares from Coimbatore Stock Exchange Ltd., and Madras Stock Exchange Ltd.
2009	Ardra Convention Centre Kaanchan, No.9, North Huzur Road Coimbatore-641 018	23.09.2009	3.00 PM	Nil
2010	Ardra Convention Centre Kaanchan, No.9, North Huzur Road Coimbatore-641 018	13.09.2010	3.30 PM	Nil

Disclosure
A) 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 to the accounts.

B) Compliances by the Company

- i) 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 last three years.
- ii) No treatment different from the accounting standards prescribed by the Institute of Chartered Accounts of India has been followed in the preparation of financial statements.
- iii) The company has complied with the mandatory requirements of Clause 49 of the Listing Agreement
- iv) The company has at present adopted the non-mandatory requirement with regard to constitution of Remuneration Committee, which has been constituted to determine the remuneration of the whole-time Directors (including Executive Chairman/Managing Director).
- v) The company has not adopted any whistle blower policy at present. However, there is no restriction on any personnel to approach the management or the Audit Committee on any issue.

(C) Shareholders Rights

The quarterly financial results are published in the newspapers and displayed on website of the company. The results are not separately circulated to the shareholders.



Means of Communication

The company regularly intimates un-audited as well as the audited financial results to the Stock Exchanges immediately after the same was taken on record by the Board. The Financial results are published in MALAI MALAR and FINANCIAL EXPRESS and displayed on the website of the company www.superspinning.com.

General Information to Shareholders

Annual General Meeting : Friday, 2nd September 2011 at 3.30 PM
 Venue : Ardra Convention Centre Kaanchan, No.9, North Huzur Road,
 Coimbatore - 641 018
 Date of Book Closure : From 27.08.2011 to 02.09.2011 (Both days Inclusive)
 Financial Year : 1st April 2011 to 31st March 2012

Listing on Stock Exchanges

The Equity Shares of the company are listed on The Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Coimbatore Stock Exchange Limited. The company confirms that it has paid annual listing fees to "The Bombay Stock Exchange Limited and National Stock Exchange of India Limited" for the year 2011-2012. Necessary applications have already been made in connection with the de-listing of shares of the company from Coimbatore Stock Exchange Limited and the Coimbatore Stock Exchange Limited have indicated their inability to presently give effect to the de-listing request due to pending dispute involving the exchange and its members.

Stock Details

Name of the stock Exchange	Scrip code
Bombay Stock Exchange Ltd	521180
National Stock Exchange of India Ltd	SUPERSPIN
Coimbatore Stock Exchange Ltd	-

Share Transfer System

All the applications received either for transfer or dematerialization will be processed only after getting the approval from the members of the Shareholder's Committee.

Market price data for the year 2010-11

Month	BSE Sensex		Share price of the company	
	High	Low	High (Rs.)	Low (Rs.)
April 2010	18047.86	17276.80	14.00	11.25
May 2010	17536.86	15960.15	12.69	10.00
June 2010	17919.62	16318.39	15.45	11.66
July 2010	18237.56	17395.58	18.25	14.62
August 2010	18475.27	17819.99	19.15	15.40
September 2010	20267.98	18027.12	18.75	16.20
October 2010	20854.55	19768.96	20.40	16.50
November 2010	21108.64	18954.82	19.50	13.15
December 2010	20552.03	19074.57	15.50	12.05
January 2011	20664.80	18038.48	15.94	13.00
February 2011	18690.97	17295.62	14.19	10.70
March 2011	19575.16	17792.17	12.30	10.00

The Company has paid custodial fees for the year 2011-12 to National Securities Depository Limited and Central Depository Services (India) Limited.



Secretarial Audit

Secretarial Audit on a quarterly basis was done by a qualified practicing Company Secretary to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd (CDSL) and the total issued and listed capital. The audit confirms the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

Subsidiary Company

M/s Sara Elgi Arteriors Limited, an unlisted public company incorporated in India having its registered office at 737-D, Green Fields, Puliakulam Road, Coimbatore – 641 045 is a subsidiary of the company during the year.

M/s Elgi Building Products Limited, an unlisted public company incorporated in India having its registered office at 737-D, Green Fields, Puliakulam Road, Coimbatore – 641 045 has become a subsidiary of the company by virtue of M/s. Sara Elgi Arteriors Limited acquiring 58.32% in M/s. Elgi Building Products Ltd during the year. As the subsidiary companies are non “material un-listed Indian subsidiary in terms of explanation 1 of Clause 49III(iii) and no independent director of the company is presently represented on the Board of Directors of the said subsidiary companies.

However, the Audit committee of the company reviews the financial statements and investments made by the above said subsidiary companies and the minutes of the Board meetings of the above subsidiary companies and statement of significant transactions and arrangements entered into by the subsidiary companies are also placed at the Board meeting of the Company.

Risk Management

The company manages risks as an integral part of its decision making process. The Audit Committee and the Board of Directors are regularly appraised regarding key risk assessment and risk mitigation mechanisms.

Details of dematerialised shares as on 31.03.2011

Number of shares dematerialised : 31930615

% of shares dematerialized : 58.05%

International Securities Identification Number (ISIN) with NSDL & CDSL : INE662A01027

Distribution of Shareholding as on 31.03.2011

S. No	Category	No. of Shares Held	% of Share Holding
A	Promoter's Holdings		
	<u>Promoters:</u>		
	Indian Promoters	21760956	39.57
	Foreign Promoters		
	Persons acting in concert		
	Sub Total	21760956	39.57
B	Non-promoters Holdings		
	<u>Institutional Investors</u>		
	Mutual Fund and UTI	4400	0.01
	Banks, Financial Institutions, Insurance Companies (Central/State Govt. and Non Govt. Institutions)	383085	0.70
	FII's	1503500	2.73
	Sub Total	1890985	3.44
C	Others		
	Private Corporate Bodies	4801891	8.73
	Indian Public	26168140	47.57
	NRIs / OCBs	378028	0.69
	Any other	–	–
	Sub Total	31348059	56.99
	Grand Total	55000000	100.00


Distribution of shareholding as on 31.03.2011

Shares			No of Shareholders	%	No of Shares	%
1	-	500	5862	52.4423	1443230	2.6240
501	-	1000	1953	17.4718	1739437	3.1626
1001	-	2000	1265	11.3169	2040813	3.7106
2001	-	3000	548	4.9025	1445948	2.6290
3001	-	4000	279	2.4959	1020949	1.8563
4001	-	5000	308	2.7554	1481032	2.6928
5001	-	10000	474	4.2405	3548006	6.4509
10001	-	Above	489	4.3747	42280585	76.8738
Total			11178	100.0000	55000000	100.0000

CEO / CFO Certification

In terms of the requirements of Clause 49(V) of the Listing Agreement, the Managing Director & CEO and the Chief Operating Officer & CFO have submitted necessary certificate to the Board of Directors stating the particulars specified under the said clause. This certificate has been reviewed by the Audit Committee and taken on record by the Board of Directors at the respective meetings held on 19th May 2011 and 26th May 2011.

Code of Conduct

The code of conduct for the Board Members, Senior Management Personnel and the Employees of the company is posted on the website of the company. All Board members and senior management personnel have affirmed compliance with the same and the duly signed declaration to this effect made by the CEO is annexed hereunder:

Declaration as required Under Clause 49 of the Listing Agreement

All Board Members and Senior Management Personnel of the company have affirmed compliance with the provisions of the Super Spinning Mills Ltd – Code of Conduct for the financial year ended 31.03.2011.

Coimbatore

26th May, 2011

Sumanth Ramamurthi
Managing Director & CEO

Plant Locations

A unit Kirikera, Hindupur, Ananthapur Dist, Andhra Pradesh.	C unit D Gudalur, Karur, Tamil Nadu.
B unit Kotnur, Hindupur, Ananthapur Dist, Andhra Pradesh.	Super Sara Beerapalli, Hindupur, Ananthapur Dist, Andhra Pradesh.
Address for Correspondence and Registered Office Mr R. Srikanth Company Secretary & Compliance Officer Super Spinning Mills Limited “Elgi Towers”, PB No. 7113 737-D, Green Fields, Puliakulam Road Coimbatore - 641 045, Tamil Nadu Phone : 91-422-2311711, 4351711 Fax Number : 91- 422 - 2311611 E Mail.: super@ssh.saraelgi.com Web: www.superspining.com	Address for Correspondence with Registrar and Share Transfer Agent Coimbatore Branch Office Link Intime India Pvt Limited “SURYA’ 35 Mayflower Avenue Behind Senthil Nagar Sowripalayam, Coimbatore – 641 028. Tamil Nadu Phone : 91 - 422 - 2314792, 2315792 Fax Number : 91 - 422 - 2314792 E Mail - coimbatore@linkintime.co.in



Auditors Certificate On Compliance With The Conditions Of Corporate Governance Under Clause 49 Of The Listing Agreement

To

The members of Super Spinning Mills Limited,

We have read the Report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of corporate Governance by Super Spinning Mills Ltd. for the year ended 31st March 2011, as stipulated in clause 49 of the Listing agreement of the said company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination, conducted in the manner described in the "Guidance Note on certification of Corporate Governance" issued by the Institute of Chartered Accountants of India, was limited to procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us and on the basis of our examination described above, the Company has complied with the conditions of the Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency of effectiveness with which the management has conducted the affairs of the Company.

For **Reddy, Goud & Janardhan**
Chartered Accountants
Registration No. 003254S

Balakrishna S Bhat
Partner
Membership No. 202976

Coimbatore
26th May, 2011

Certification by Chief Executive Officer and Chief Financial Officer

To the Board of Directors of Super Spinning Mills Limited,

We, Sumanth Ramamurthi, Managing Director & CEO and A S Thirumoorthy, Chief Operating Officer & CFO of Super Spinning Mills Limited, certify that for the financial year 2010-11 Annual Accounts we have reviewed the financial statements and the cash flow statement and that to the best of our knowledge and belief: -

1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. there are, to the best of our knowledge and belief, no transactions entered into by the company during the year 2010-11 which are fraudulent, illegal or violative of the company's code of conduct.
4. we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such the internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
5. We have indicated to the auditors and the Audit Committee
 - a. there have been no significant changes in internal control during this year.
 - b. there have not been any significant changes in accounting policies during this year.
 - c. there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system over financial reporting.

Coimbatore
26th May, 2011

Sumanth Ramamurthi
Managing Director & CEO

A S Thirumoorthy
Chief Operating Officer & CFO



Auditors' Report

To

The Members of Super Spinning Mills Limited,

We have audited the attached Balance Sheet of Super Spinning Mills Limited, as at 31st March 2011, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our Audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended), issued by the Central Government of India in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

Annexure referred to in paragraph 1 of our report of even date

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. The assets have been physically verified by the management during the year in accordance with a phased programme of verification, which, in our opinion is reasonable, considering the size and the nature of its assets.
- c. The Company has not disposed off any substantial part of the fixed assets during the year.
2. a. The inventories have been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.
- b. In our opinion, and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c. The company is maintaining proper records of inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. a. The company had made advances to two parties covered in the register maintained under section 301 of the Companies Act, 1956. The amount involved in the transaction is Rs.952.23 Lakhs.
- b. No interest is charged with respect to the above advances. However, other terms and conditions on which advances were made to the

- c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- e. On the basis of written representations received from the directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors of the Company are disqualified as on 31st March 2011 from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
 - ii. In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Reddy, Goud & Janardhan**

Chartered Accountants
Registration No. 003254S

Balakrishna S Bhat

Partner

Coimbatore
26th May, 2011

Membership No.202976

- parties covered under Section 301 of the Companies Act, 1956 are not prima facie, prejudicial to the interest of the company.
- c. According to the information and explanations given to us, the receipt of advance amount is regular as stipulated.
- d. According to the information and explanations given to us, there are no overdue amounts with respect to the above said advances and as such Clause (d) is not applicable.
- e. According to the information and explanations given to us, the Company had not taken any loans, secured or unsecured, from companies, firms or other parties as covered in the register maintained under section 301 of the Companies Act, 1956 and hence the provisions of clause (iii)(e), clause (iii)(f) and clause (iii)(g) of the said Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchases of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
5. a. According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the registers maintained under Section 301 of the Companies Act, 1956, have been so entered.



- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to information and explanations given to us, the company has complied with the provision of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with the size of the company and nature of its business.
8. We have broadly reviewed the books of accounts relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. a. According to the information and explanations given to us and based on the examination of books of account and records produced before us, we are of the opinion that the undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Cess and other material statutory dues as applicable, have been regularly deposited by the company during the year with the appropriate authorities.
- b. As at 31st March 2011, according to the records of the Company and the information and explanations given to us, the particulars of disputed dues (provided / considered contingent liability, as appropriate) in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty and Cess wherever applicable that have not been deposited on account of a disputes are tabulated as in clause (c).
- c. According to the information and explanations given to us, the details of disputed statutory dues remaining unpaid and the forum where the dispute is pending are listed as under:

Name of statute	Issues in the Appeal	Amount	Period to which the amount relates	Forum where dispute is pending
Income Tax	Disallowance of depreciation on humidification plant	14.61	1989 - 90	High Court, Chennai
Income Tax	Disallowance of replacement of machinery	70.69	1993 - 94	CIT(A) Coimbatore
Income Tax	Disallowance of replacement of machinery	362.27	1994 - 95	CIT(A) Coimbatore
Income Tax	Disallowance of replacement of machinery	241.67	1996 - 97	CIT(A) Coimbatore
Income Tax	Computation of book profit for MAT Purpose	34.57	1997 - 98	High Court, Chennai
Income Tax	Disallowance of replacement of machinery	553.68	1998 - 99	CIT(A) Coimbatore
Income Tax	Disallowance of replacement of machinery	183.81	1999 - 00	CIT(A) Coimbatore
Income Tax	Disallowance of replacement of machinery	42.51	2000 - 01	CIT Coimbatore
Income Tax	Disallowance of replacement of machinery	228.80	2002 - 03	CIT(A) Coimbatore
Income Tax	Exclusion of 90% insurance and interest receipt, miscellaneous income, Disallowance of replacement of machinery validity of assessment u/s 143(3) & deduction of Sec 80IA claim from the deduction of Sec 80HHC	318.92	2003 - 04	CIT(A) Coimbatore and High Court Madras
Income Tax	Disallowance of replacement of machinery	230.00	2004-05	CIT(A), Coimbatore
Income Tax	Disallowance of replacement of machinery & Deduction u/s Sec 80IA	251.84	2005-06	ACIT & ITAT, Chennai
Income Tax	Disallowance of replacement of machinery	378.53	2006-07	ACIT, Coimbatore
Income Tax	Disallowance of replacement of machinery, Deduction u/s 80IA, Disallowance of cost of acquisition while computing long term capital gain, disallowance of depreciation on windmills	131.36	2007-08	CIT(A), Coimbatore
Income Tax	Disallowance of replacement of machinery	15.37	2008-09	CIT(A), Coimbatore
TN General Sales Tax Act	Levy of Penalty for Issue of C Forms	83.93	1998-99	High Court, Madras
Central Excise, TN	Rebate claim on Exports	14.20	2004-05 & 2005-06	CESTAT, Chennai
Central Excise, TN	Valuation of Cotton Yarn sent to other units, Deemed cenvat credit – opening stock & Capital goods moved without payment of duty and Dispute on input duty assessed	273.06	2000-01, 2001-02, 2002-03 & 2003-04	Commissioner of Appeals, Coimbatore
Service Tax	Service Tax on Lorry Freight – availment of abatement	0.31	2006-07	Asst. Commissioner Tirupur



10. There are accumulated losses. The company has not incurred cash losses in the current Financial year and in the immediately preceding Financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or to a bank. There are no debenture holders during the year.
12. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of securities by way of pledge of shares and debentures.
13. In our opinion, the company is not a chit fund or a Nidhi / Mutual Benefit Fund / Society. Therefore the provisions of clause (xiii) of para 4 of the Order are not applicable.
14. According to the information and explanations given to us, the company is not dealing in or trading in any shares and securities and hence the provisions of Para (xiv) of the order are not applicable.
15. According to the information and explanations given to us. The company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us, the term loan(s) have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investments.
18. The company has not made any preferential allotment of shares during the year and hence the provisions of clause (xviii) of para 4 of this Order are not applicable.
19. The company has not issued any debentures during the year and hence the provisions of clause (xix) of para 4 of this Order are not applicable.
20. The company has not raised any money by way of public issues during the year and hence the provisions of clause (xx) of para 4 of this Order are not applicable.
21. During the course of our examination of the books of accounts carried on in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year nor have been informed of such case by the management.

For **Reddy, Goud & Janardhan**

Chartered Accountants

Registration No. 003254S

Balakrishna S Bhat

Partner

Membership No.202976

Coimbatore
26th May, 2011

5 Year Highlights

Rs. Lakhs

	2007	2008	2009	2010	2011
Operating Results					
Sales and Other Income	40522	40012	36918	38729	48383
Operating Profit	5981	4610	1771	4334	5740
Interest	1457	1776	2810	2158	2177
Gross Profit	4525	2834	(1039)	2176	3563
Depreciation	2301	2449	2607	2352	2081
Taxes	782	170	(911)	(210)	91
Net Profit	1427	172	(2743)	32	1391
Dividend & Dividend Tax	322	97	—	—	—
Retained Profit	1105	75	—	—	—
Performance Parameters					
Net Fixed Assets	22446	21091	19449	16720	14367
Share Capital	550	550	550	550	550
Reserves	12067	11743	8571	8602	9993
Net Worth	12617	12293	9121	9152	10543
Return on Net Worth (%)	11	1	(30)	0.35	13.19
Borrowings	26056	25837	24071	19799	20492
Debt : Equity	2 : 1	2.1 : 1	2.6 : 1	2.16 : 1	1.94:1
Dividend (%)	50	15	—	—	—
Earnings per share (in Rs.)	2.60	0.31	(4.99)	0.06	2.53


Balance Sheet as at 31st March, 2011

Sources of Funds	Schedule	Rs. Lakhs	
		31.03.2011	31.03.2010
Shareholders' Funds			
Capital	1	550.00	550.00
Reserves & Surplus	2	<u>9992.76</u>	<u>8602.25</u>
		<u>10542.76</u>	<u>9152.25</u>
Loan Funds			
Secured Loans	3	20455.28	19761.37
Unsecured Loans	4	<u>36.54</u>	<u>37.80</u>
		<u>20491.82</u>	<u>19799.17</u>
Deferred Tax (net)	9	<u>1273.14</u>	<u>1293.66</u>
Total		<u>32307.72</u>	<u>30245.08</u>
Application of Funds			
Fixed Assets			
Gross Block	5	41217.70	42239.13
Less : Depreciation		<u>26914.18</u>	<u>25528.80</u>
Net Block		<u>14303.52</u>	16710.33
Capital Work-in-progress		<u>63.80</u>	<u>9.70</u>
		<u>14367.32</u>	16720.03
Investments	6	2824.37	2902.97
Current Assets, Loans & Advances			
Inventories		14095.68	5846.50
Sundry Debtors		2181.48	1978.36
Cash & Bank Balances		497.36	290.10
Other Current Assets		391.73	883.24
Loans & Advances		<u>11108.27</u>	<u>11256.09</u>
		<u>28274.52</u>	20254.29
Less : Current Liabilities & Provisions	8	<u>13158.49</u>	<u>9632.21</u>
Net Current Assets		<u>15116.03</u>	10622.08
Total		<u>32307.72</u>	<u>30245.08</u>

Schedules 1 to 9 and Notes on accounts form part of this Balance Sheet.

As per our report of even date attached
 For **Reddy, Goud & Janardhan**
 Chartered Accountants
 Registration No. 003254S
Balakrishna S Bhat
 Partner, Membership No. 202976
 Coimbatore, 26th May, 2011

A S Thirumoorthy
 Chief Operating Officer & CFO

For and on behalf of the Board
Vidyaprakash D
 Chairman
Sumanth Ramamurthi
 Managing Director
R. Srikanth
 Company Secretary


Profit and Loss Account for the year ended 31st March, 2011

		31.03.2011	Rs. Lakhs	31.03.2010
	Schedule			
Income				
Sales	10	47689.72		38537.85
Other Income	11	693.54		190.68
Inc / Dec (-) in Stock of Finished Goods	12	1324.83		<u>(1917.47)</u>
		49708.09		<u>36811.06</u>
Expenditure				
Raw Materials	13	29809.84		20052.56
Salaries & Wages	14	4073.19		3785.23
Power & Fuel		4467.41		3427.94
Stores		2119.71		1628.60
Repairs & Maintenance	15	894.77		688.69
Processing Charges		349.20		905.89
Selling Expenses	16	1552.33		1316.17
Administrative Expenses	17	701.69		672.22
Interest (Net)	18	2176.76		<u>2158.24</u>
		46144.90		<u>34635.54</u>
Gross Profit		3563.19		2175.52
Less : Depreciation		2081.22		<u>2352.37</u>
Profit before Tax		1481.97		<u>(176.85)</u>
Provision for Current Tax	300.00		-	
Less : MAT Credit Entitlement	300.00	-	-	-
Provision for Wealth Tax		2.00		2.00
Provision for Deferred Tax		(20.52)		<u>(305.40)</u>
Profit after Tax		1500.49		<u>126.55</u>
Less : Prior year Expenses		-		1.44
Less : Taxes Relating to earlier years		109.96		<u>93.44</u>
Net Profit		1390.53		31.67
Add: Balance brought forward		(1550.73)		<u>(1582.40)</u>
Profit available for Appropriation		(160.20)		<u>(1550.73)</u>
Appropriations		-		-
Balance Carried Forward		(160.20)		<u>(1550.73)</u>
Total		(160.20)		<u>(1550.73)</u>
Basic Earnings per share (in Rs.)				
Face Value of Re. 1/- per Share		2.53		0.06

Schedules 10 to 18 and Notes on accounts form part of this Profit and Loss Account.

As per our report of even date attached
 For **Reddy, Goud & Janardhan**
 Chartered Accountants
 Registration No. 003254S
Balakrishna S Bhat
 Partner, Membership No. 202976
 Coimbatore, 26th May, 2011

A S Thirumoorthy
 Chief Operating Officer & CFO

For and on behalf of the Board
Vidyaprakash D
 Chairman
Sumanth Ramamurthi
 Managing Director
R. Srikanth
 Company Secretary



Schedules Annexed to the Accounts

	31.03.2011	Rs. Lakhs	31.03.2010
Share Capital			Schedule 1
Authorised			
10,00,00,000 Equity Shares of Re.1/- each	<u>1000.00</u>		<u>1000.00</u>
Issued, Subscribed and Paid-up			
5,50,00,000 Equity Shares of Re.1/- each fully paid	<u>550.00</u>		<u>550.00</u>
{Note:			
(a) Of the above 27,50,000 equity shares of Rs.10/- each were issued as fully paid up bonus shares by capitalisation of reserves			
(b) 55,00,000 Equity shares of Rs.10/- each fully paid up were sub-divided into 5,50,00,000 equity shares of Re.1/- each fully paid during September 2006}			
Reserves and Surplus			Schedule 2
Capital Reserve	48.19		48.19
Share Premium	1487.50		1487.50
General Reserve			
As per last Balance Sheet	8617.27	8617.29	
Less: Profit and Loss Account	<u>(160.20)</u>	<u>(1550.73)</u>	<u>7066.56</u>
	<u>9992.76</u>		<u>8602.25</u>
Secured Loans			Schedule 3
Term Loans from Financial Institutions / Banks			
In Rupee	5768.88		7968.99
In Foreign Currency	747.49		1742.76
Working Capital Facilities from Banks			
In Rupee	13938.91		10049.62
In Foreign Currency	-		-
(Refer Notes for Security Details)			
	<u>20455.28</u>		<u>19761.37</u>
Unsecured Loans			Schedule 4
Trade deposits	34.20		35.39
Interest accrued and due on above	2.34		2.41
	<u>36.54</u>		<u>37.80</u>



Fixed Assets	Rs. Lakhs Schedule 5									
	Gross Block				Depreciation			Net Block		
	As at 31.03.2010	Additions Transfers/ Adjustments	Sales/ Transfers/ Adjustments	As at 31.03.2011	Upto 31.03.2010	For the year	Withdrawn during the year	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Land	828.95	4.31	178.40	654.86	-	-	-	-	654.86	828.95
Buildings	6553.75	47.79	105.73	6495.81	1238.12	190.38	11.54	1416.96	5078.85	5315.63
Plant & Machinery	34002.86	282.83	1049.49	33236.20	23717.41	1843.01	668.46	24891.96	8344.24	10285.45
Office Furniture & Fittings	289.60	2.77	8.04	284.33	130.21	15.08	4.57	140.72	143.61	159.39
Motor Vehicles	267.65	-	17.47	250.18	163.95	20.51	11.27	173.19	76.99	103.70
ERP Software	296.32	-	-	296.32	279.11	12.24	-	291.35	4.97	17.21
Total	42239.13	337.70	1359.13	41217.70	25528.80	2081.22	695.84	26914.18	14303.52	16710.33
Capital Work in-progress	9.70	63.80	9.70	63.80	-	-	-	-	63.80	9.70
Total	42248.83	401.50	1368.83	41281.50	25528.80	2081.22	695.84	26914.18	14367.32	16720.03
Previous Year	42872.96	177.29	801.42	42248.83	23423.53	2352.37	247.10	25528.80	16720.03	19449.43

INVESTMENTS

	31.03.2011	Schedule 6 31.03.2010
Trade-Unquoted - Long Term		
9,38,000 Equity Shares of Rs.10 each fully paid In Andhra Pradesh Gas Power Corporation Ltd.	1293.02	1293.02
2,03,938 Equity Shares of Rs.10 each fully paid in MMS Steel and Power Pvt Ltd	20.39	20.39
1,775 Equity Shares of Rs.1000 each fully paid in Nethaji Apparel Park	-	17.75
Non-trade-Unquoted - Long Term		
29,99,592 Equity Shares of Rs.10 each fully paid in Elgi Building Products Ltd	299.96	299.96
70,00,000 -10% 8 years Non-Cumulative Redeemable Preference shares of Rs.10 each fully paid in Elgi Building Products Ltd	700.00	700.00
5,00,000 -10% 8 years Cumulative Redeemable Preference shares of Rs.10 each fully paid in Elgi Building Products Ltd	50.00	50.00
8,60,000 (11,50,000) Equity Shares of Rs.10 each fully paid in Elgi Electric and Industries Ltd	86.00	115.00
2,50,000 (21,18,500) Equity Shares of Rs.10 each fully paid in Elgi Software And Technologies Ltd	25.00	211.85
5,00,000 Equity Shares of Rs. 10 each fully paid in Sara Elgi Envirotech Ltd	-	50.00
15,00,000 (14,50,000) Equity Shares of Rs.10 each fully paid in Sara Elgi Arteriors Ltd	150.00	145.00
10,00,000 Equity Share of Rs. 10 each fully paid in Sara Elgi Arteriors Ltd	200.00	-
Aggregate value of unquoted investment (at cost)	2824.37	2902.97
Fair Value - Rs. 2824.37 Lakhs (Previous year Rs.2902.97 Lakhs)		



	31.03.2011	Rs. Lakhs	31.03.2010
Current Assets, Loans and Advances			Schedule 7
Inventories			
(As per inventory taken, valued and certified by the Management)			
Raw Materials	10721.45		3797.67
Stock-in-process	1150.89		1211.93
Waste	125.72		34.18
Finished Goods	1787.40		462.57
Stores and Spares	310.22		340.15
	<u>14095.68</u>		<u>5846.50</u>
Sundry Debtors			
(Unsecured, considered good)			
Outstanding for more than six months	54.93		191.29
Others	2126.55		1787.07
	<u>2181.48</u>		<u>1978.36</u>
Cash and Bank Balances			
(i) Cash on Hand	4.57		7.37
(ii) Cheques and Stamps on Hand	-		-
(iii) Balance with Scheduled Banks in :			
(a) Collection and Current account	475.69		262.44
(b) Unpaid Dividend Account	17.10		20.29
(c) Deposits Account	-		-
	<u>497.36</u>		<u>290.10</u>
Other Current Assets			
Interest accrued on deposits and loans	100.42		151.15
Income accrued and receivable	291.31		732.09
	<u>391.73</u>		<u>883.24</u>
Loans and Advances			
(Unsecured, considered good)			
Advance recoverable in cash or in kind or for value to be received	8604.31		7179.89
Advance payment of taxes	1741.30		3352.40
Deposit with Central Excise and Customs	263.67		221.81
Other Deposits	498.99		501.99
	<u>11108.27</u>		<u>11256.09</u>
Current Liabilities			Schedule 8
Sundry Creditors			
(a) Micro, Small and Medium Enterprises - Refer Note 5	-		-
(b) Others	10795.78		6162.40
Other Liabilities	1844.68		945.29
Interest accrued but not due	34.34		48.83
Unclaimed Dividends	16.20		19.38
Provisions			
Provision for Taxation	133.00		2111.45
Provision for Gratuity	334.49		344.86
	<u>13158.49</u>		<u>9632.21</u>



	31.03.2011	Rs. Lakhs	31.03.2010
Deferred Tax			Schedule 9
As per Last Balance Sheet	1293.66		1599.06
(Less) : Transfer to Profit and Loss Account	<u>(20.52)</u>		<u>(305.40)</u>
	<u>1273.14</u>		<u>1293.66</u>
Sales			Schedule 10
Yarn - Domestic	34578.89		25459.16
- Exports	9018.23		9704.18
Cotton - Trading Goods	1102.60		336.25
Garments - Domestic	236.99		192.10
- Exports	-		567.93
Fabric - Domestic	1110.08		793.53
- Exports	17.74		93.77
Waste - Domestic	1558.97		1333.79
Miscellaneous Sales	67.19	58.96	
Less: Excise Duty	<u>0.97</u>	<u>1.82</u>	<u>57.14</u>
	<u>47689.72</u>		<u>38537.85</u>
Other Income			Schedule 11
Insurance Claim	4.54		3.23
Rent Receipts	28.01		20.73
Profit on Sale of Assets (Net)	515.99		127.01
Miscellaneous Income	86.65		39.71
Foreign Exchange gain	58.35		-
	<u>693.54</u>		<u>190.68</u>
Inc / Dec (-) in stock of Finished Goods			Schedule 12
Stock at closing	1787.40		462.57
Less : Stock at opening	<u>462.57</u>		<u>2380.04</u>
	<u>1324.83</u>		<u>(1917.47)</u>
Raw Materials			Schedule 13
Opening Stock :			
Raw Materials	3797.67	3441.08	
Stock in Process	1211.93	1228.32	
Waste Cotton	34.18	34.47	4703.87
Add : Purchases	<u>36764.12</u>	<u>20392.47</u>	<u>20392.47</u>
	<u>41807.90</u>		<u>25096.34</u>
Less: Closing Stock			
Raw Materials	10721.45	3797.67	
Stock in Process	1150.89	1211.93	
Waste Cotton	<u>125.72</u>	<u>34.18</u>	
	<u>11998.06</u>	<u>5043.78</u>	<u>5043.78</u>
	<u>29809.84</u>		<u>20052.56</u>
Salaries and Wages			Schedule 14
Salaries, Wages, Bonus etc.,	3418.33		3223.85
Contribution to PF, Gratuity & Superannuation Fund	288.74		210.01
Welfare Expenses	366.12		351.37
	<u>4073.19</u>		<u>3785.23</u>



	31.03.2011	Rs. Lakhs 31.03.2010
Repairs and Maintenance		Schedule 15
Building	61.03	36.88
Machinery	781.78	595.12
Others	51.96	56.69
	<u>894.77</u>	<u>688.69</u>
Selling Expenses		Schedule 16
Yarn Brokerage and Commission	885.95	571.69
Export Selling Expenses	238.14	347.15
Performance Incentive	171.87	138.64
Other Selling Expenses	256.37	258.69
	<u>1552.33</u>	<u>1316.17</u>
Administrative Expenses		Schedule 17
Rent	4.28	15.50
Insurance	46.92	32.59
Postage, Telephone and Printing	39.03	55.82
Travelling and Transport Charges	141.24	130.29
Bank Charges	140.70	178.28
Taxes and Licence	77.40	62.11
Professional Charges	66.51	80.46
Auditors' Remuneration		
(a) Audit Fees	5.85	5.29
(b) Travelling Expenses	1.12	1.38
Directors' Sitting Fees	3.36	3.93
Loss from Forex Transactions	-	8.78
Others	175.28	97.79
	<u>701.69</u>	<u>672.22</u>
Interest (Net)		Schedule 18
Interest Expenditure		
Fixed Loans	901.23	1189.27
Working Capital & Others	1328.82	1202.00
	<u>2230.05</u>	<u>2391.27</u>
Less: Interest Income	53.29	233.03
(TDS Current year - Nil, Previous year - Rs. 6.16 Lakhs)	<u>2176.76</u>	<u>2158.24</u>



Notes Forming Part of Accounts

SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention:

The Financial Statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India, the applicable Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

2. Fixed Assets:

- a. Fixed Assets are stated at historical cost of acquisition (Net of CENVAT Credits) less accumulated depreciation / amortization and cumulative impairment, if any. Cost of Acquisition includes freight, duties, taxes, installation, direct attributable costs, interest and commissioning.
- b. Capital Work in Progress projects under commissioning are carried forward at cost. Incidental expenditure in relation to projects under commissioning is carried forward till completion of project and comprises of direct cost, related incidental expenditure and attributable interest.

3. Depreciation:

- a. Depreciation on Fixed Assets (Other than those referred to in (c) and (d) below) is charged on Straight Line Method at the rates prescribed under Schedule XIV of the Companies Act, 1956, on a pro-rata basis corresponding to the date of installation / commissioning.
- b. Fixed Assets, other than Intangible assets are depreciated to the extent of 95% of its Gross Value.
- c. Assets costing Rs. 5,000 or less are fully depreciated in the year of purchase.
- d. ERP Software is amortised over a period of Five years, being the estimated useful life of the asset.

4. Investments:

Long-term investments are stated at cost less provision, if any, for diminution in value which is other than temporary. Current investments are stated at lower of cost and fair value.

5. Valuation of Inventories:

Inventories of Raw Materials, Work in Process, Finished Goods, Stores and Spares are stated at

lower of cost and net realisable value. Cost comprises all cost of purchase, cost of conversion and any other costs incurred in bringing the inventories to their present location and condition. Cost formula used is weighted average. Due allowance is estimated and made for defective and obsolete items, wherever necessary based on the past experience of the Company.

6. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources embodying economic benefits. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the Financial Statements.

7. Recognition of Income and Expenditure:

- a) The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis except those with significant uncertainties.
- b) Sale of Goods is accounted when the risk and reward of ownership are passed on to the Customers.
- c) Domestic Sales as reported in the Profit and loss account are inclusive of excise duty, wherever applicable and exclusive of other taxes, if any, and trade discounts. Income from Export entitlements is accounted as and when the certainty of entitlement is determined.
- d) Revenue from Services rendered is recognised as the service is performed based on agreements / arrangements with the concerned parties.

8. Employee Benefits / Retirement Benefits of Employees:

- a) Gratuity benefits are administered by Trust formed for this purpose through the group scheme of Life Insurance Corporation of India. The provision for gratuity liability is actuarially determined at the year-end and the liability arising on such valuation is charged to the Profit and Loss Account accordingly.
 - b) Provident Fund Contribution is as per the rates prescribed by the Employees' Provident Funds Act, 1952 and the same is charged to revenue.
-

- c) Super Annuation Fund Contribution is paid according to Company rules to the Life Insurance Corporation of India and charged to revenue.
- d) Voluntary Retirement Compensation is expended in the year of payment as per the Revised Accounting Standard AS 15.

9. Borrowing Costs:

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

10. Exchange Fluctuation:

- a. All Loans and Deferred Credits repayable in Foreign Currency and outstanding at the close of the year are expressed in Indian Currency at the appropriate rates of Exchange prevailing on the date of the Balance Sheet. Any increase or reduction in these liabilities, to the extent they relate to borrowings for financing imported capital assets have been capitalized as per Company Accounting Standards Amendment Rules, 2009 on AS 11 (G.S.R. 225(E) dated 31.03.09) issued by the Ministry of Corporate Affairs. In respect of revenue transactions covered by Forward Exchange Contracts, the difference between the Forward Rate and Exchange Rate at the inception of the Contract is recognized as Income or Expense over the life of the Contract.
- b. Balances in the form of Current Assets and Current Liabilities in Foreign Exchange outstanding at the close of the year, are converted in Indian Currency at the appropriate rates of exchange prevailing on the date of the Balance Sheet. Resultant gain or loss is charged to the Profit and loss account.
- c. All other Income or Expenditure in Foreign Currency is recorded at the rates of exchange prevailing on the dates when the relevant transactions took place.

11. Operating Lease:

Assets taken on Lease under which, all the risk and rewards of ownership are effectively retained by the lessor are classified as Operating Lease. Lease payments under Operating Leases are recognised as expenses on accrual basis in accordance with the respective Lease Agreements.

12. Taxes on Income:

Tax expense comprises of Current Tax and Deferred tax. Current Tax and Deferred Tax are accounted for in accordance with Accounting Standard (AS – 22) on “Accounting for Taxes on Income”, issued by The Institute of Chartered Accountants of India (ICAI).

Current Tax is measured at the amount expected to be paid to the Tax authority used in the applicable tax rates.

Deferred Tax assets and liabilities are recognised for future tax consequence attributable to timing difference between Taxable Income and Accounting Income that are capable of reversing in one or more subsequent periods and are measured at relevant enacted / substantively enacted Tax rates. At each Balance Sheet date the Company reassesses unrealised deferred tax assets to the extent they become reasonably certain or virtually certain of realisation as the case may be.

13. Impairment of Assets:

The carrying amount of assets are reviewed at each Balance Sheet date, if there is any indication of impairment based on internal / external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Profit & Loss Account in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed in current accounting period if there has been a change in the estimate of the recoverable amount.

14. Earnings Per Share:

Basic and Diluted Earnings per Share is calculated by dividing the Net profit attributable to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the year.

NOTES FORMING PART OF ACCOUNTS	Rs. Lakhs	
	31.03.2011	31.03.2010
1. Estimated amount of contracts remaining to be executed on capital account and not provided for	877.80	59.33
2. Contingent Liabilities:		
(i) Letters of Credit	2310.30	2306.75
(ii) Bank Guarantees	6.00	6.00
(iii) Bills discounted with Company's Bankers	2886.91	2613.50
(iv) Disputed Demands from Income Tax Authorities	3058.64	1675.13
(v) Disputed Excise Duty Liability	287.57	63.08
(vi) Disputed Sales Tax Liability	83.93	273.56
(vii) Corporate Gurantees to bank on behalf of Subsidiary	270.00	–
3. Term Loans from Financial Institutions and from Banks (Including Foreign Currency Loans) to the extent of Rs. 437.50 Lakhs (Previous Year Rs. 687.50 Lakhs) and Rs.6,078.87 Lakhs (Previous Year Rs. 9,024.25 Lakhs) respectively, are secured by		
(i) Pari-passu first charge created on all present and future movable and immovable assets of the Company subject to exclusive charges created on specific fixed assets in favour of specified lenders.		
(ii) A charge created on all current assets of the company subject to a prior charge on such current assets created in favour of the Company's Working Capital Bankers		
4. Working Capital Borrowings from Banks to the extent of		
a) Rs. 7,472.00 Lakhs is secured by		
(i) Hypothecation of Company's Inventories, Book Debts and Current Assets.		
(ii) Second Charge created on the Fixed Assets of the Company		
b) Short Term Loan to the extent of Rs.4037.38 lakhs is secured by way of first charge on stocks, book debts and all other moveable assets of the company.		
c) Short Term loans to the extent of Rs.1000.00 lakhs is secured by way of subservient charge on entire stock of cotton both present and future situated at borrowers factory.		
d) Short Term loan to the extent of Rs.1,429.53 lakhs is secured by way of pledge of stocks procured.		
5. The company has initiated the process of obtaining confirmation from suppliers who are covered under the "Micro, Small and Medium Enterprises Development Act, 2006". Based on the information and evidence available with the company, there are no dues to micro, small and medium enterprises, outstanding as on 31.03.2011.		
6. In the opinion of the Board, the Current Assets, Loans & Advances and other Receivables have at least the value as stated in the Balance Sheet, if realized in the ordinary course of business.		
7. Loans and advances include amount due from Companies in which the Directors are interested amounting to Rs. 952.23 Lakhs (Previous Year Rs.2,918.68 Lakhs).		
		Rs. Lakhs
	31.03.2011	31.03.2010
8. Prior Period Expenses represents:		
Debits relating to earlier years	–	1.44
9. Details of Directors' Remuneration		
Salary / House Rent Allowance etc.,	66.04	71.22
Commission	42.03	–
Total	108.07	71.22
10. Earnings in foreign exchange		
Export of goods (FOB Value)	8,945.76	10365.88

	Rs. Lakhs	
	31.03.2011	31.03.2010
11. Expenditure in foreign currencies		
(a) Foreign Travel	2.82	8.80
(b) Commission	424.00	169.92
(c) Others	201.45	22.52
(d) CIF Value of Imports		
(i) Raw Materials	326.76	1316.01
(ii) Components and Spares	345.26	399.37
(iii) Capital Goods	29.38	–
Total	1329.67	1916.62
12. Taxes relating to earlier years include Short Provision of Income Tax amounting to Rs.109.96 Lakhs (Previous Year Rs.93.44 Lakhs).		
13. Provision for Taxation includes amount of Rs.2 lakhs (Previous year Rs.2 lakhs) on account of Wealth Tax.		
14. Revenue Expenditure of Research and Development amounting to Rs.41.32 Lakhs (Previous Year Rs.20.99 Lakhs) is charged off in the Profit & Loss Account. No intangible / tangible asset has been generated during the year out of Research and Development activity.		
15. Computation of Net Profit under Section 349 / 350 of the Companies Act, 1956 for the year.		
	Rs. Lakhs	
Profit before Tax		1,481.97
ADD : (i) Depreciation as per books	2,081.22	
(ii) Remuneration to Directors	108.07	
(ii) Sitting fees paid to Directors	3.36	
		2,192.65
		3,674.62
LESS : Depreciation Allowable		2081.22
Profit on Sale of Capital Asset		370.65
Net Profit as per Section 349 / 350 of the Companies Act, 1956		1222.75
Commission payable to Chairman - 1.50 % on above		18.34
Commission payable to MD - 1.50 % on above		18.34
Commission Payable to ED - 0.75% on above		5.35
(for proportionate period)		

	Rs. Lakhs	
	31.03.2011	31.03.2010
16. Operating Lease : Premises taken on Operating Lease:		
The total future minimum lease rentals payable at the Balance Sheet date is as under:		
For a period not later than one year	–	7.27
17. A) Details of Derivative instruments (for hedging) outstanding as at year end:		

Particulars	FCY		Value in Rs. Lakhs	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Forward Cover				
– Export	–	USD 2002079	–	923.05
– Import	–	USD 280431	–	129.90
– ECB Loan	–	USD 693575	–	328.30



B) Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise as at year end:

Particulars	FCY		Value Rs. Lakhs	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Sundry Debtors	–	USD 457430	–	210.19
	–	–	–	–
Sundry Creditors				
Raw Materials	–	USD 271352	–	124.55
	CHF 54384	–	26.80	–
Capital	–	USD 3898562	–	1736.81
Loan - ECB	USD 1675978	USD 3910615	747.49	1746.58

18. **Earnings per share** : The following reflects the income and share data used in the computation of Basic Earning per share.

Amount used as numerator	31.03.2011	31.03.2010
Net profit attributable to the ordinary shareholders for Basic & Diluted Earnings per share (Rs. Lakhs)	1390.53	31.67
No. of ordinary shares used as denominator applicable to Basic & Diluted earnings per share (Rs. Lakhs)	550.00	550.00
Nominal value per share	1.00	1.00
Basic Earnings per share (in Rs.)	2.53	0.06
Face value of Re-1 per share		

19. Details of Products Manufactured, Turnover, Opening Stock, Closing Stock etc

(Figures in Lakhs)

Particulars	UOM	Year ended 31 st March	Installed Capacity per annum	Opening Stock		Production	Turnover		Closing Stock	
				Qty	Amt.		Qty	Qty	Amt.	Qty
Yarn & Dyed Yarn	KGS	2011	165984 Spindles & 1200 rotors	0.94	167.14	208.18	200.35	43597.12	8.77	1787.40
		2010	177408 Spindles & 1200 rotors	10.02	2041.25	210.12	219.19	35163.34	0.94	167.14
Weaving & Knitting	KGS	2011	–	0.08	30.31	2.77	2.85	1127.82	-	-
		2010	–	0.44	73.28	2.64	3.01	887.30	0.08	30.31
Garments	PCS	2011	556 Machines	2.95	265.12	-	2.95	236.99	-	-
		2010	556 Machines	2.85	265.51	4.69	4.59	760.03	2.95	265.12
Traded goods (Cotton)	KGS	2011						1102.60		
		2010						336.25		
Total		2011		3.97	462.57	210.95	206.15	46064.53	8.77	1787.40
		2010			2380.04			37146.92		462.57

Production includes (Previous year 9.21 lakhs kgs) produced through outsourcing Units.



20. Raw Material Consumption

(Figures in Lakhs)

Particulars	UoM	31.03.2011		31.03.2010	
		Quantity	Amount	Quantity	Amount
Manufacture of yarn & Dyed yarn	KGS	303.65	29558.65	304.05	19359.19
Manufacture of Woven fabrics	KGS	1.54	251.19	2.26	379.42
Manufacture of Garments	KGS	–	–	1.93	313.95
Total		305.19	29809.84	308.24	20052.56

21. Details of employee benefits as required by the Accounting Standard 15(Revised) are as under:

- (a) Description of the Company's defined benefit plan: The Company operates a defined benefit plan for payment of post employment benefits in the form of Gratuity. Benefits under the plan are based on pay and years of service and are vested on completion of five years of service, as provided in the Payment of Gratuity Act, 1972. The terms of benefit are common for all the employees of the Company

- (b) Reconciliation in respect of the changes in the present value of the Obligation: Rs. Lakhs

Particulars	31.03.2011	31.03.2010
Present Value of the Obligation as on 1 st April	685.95	671.21
Current Service Cost	32.38	33.46
Interest Cost	51.10	48.39
Actuarial Gains and Losses	83.31	1.92
Post Service Tax	5.05	-
Benefits paid	(140.57)	(69.02)
Present Value of the Obligation as on 31 st March	717.22	685.95

The Liability of the Company as on 31st March 2011 has been funded to the extent of Rs.382.74 Lakhs.

- (c) Reconciliation in respect of the changes in the fair value of the Plan Assets: Rs. Lakhs

Particulars	31.03.2011	31.03.2010
Fair Value of the Plan Assets as on 1 st April	341.10	286.13
Expected rate of return	31.99	27.90
Actuarial Gains and Losses	0.22	(3.92)
Contributions by the Employer	150.00	100.00
Benefits Paid	(140.57)	(69.02)
Fair Value of Plan Assets as on 31 st March	382.74	341.10

No reimbursement rights were available at the beginning or end of the year for recognition as an asset.

- (d) The total expense recognised in the Profit and Loss Account is as follows: Rs. Lakhs

Particulars	31.03.2011	31.03.2010
Current Service Cost	32.38	33.46
Interest Cost	51.10	48.39
Expected return on plan assets	(31.99)	(27.90)
Post Service Cost	5.05	-
Actuarial Gains and Losses	83.10	5.84
Amount recognised in the Profit and Loss Account	139.64	59.79

The expense has been included under the head "Contribution to Gratuity" under the "Employee Cost" in the Profit and Loss Account.

- e) Investment Details: LIC Group Gratuity (Cash Accumulation) Policy – 100% Invested in Debt Instruments
f) Principal Actuarial assumptions used at the Balance Sheet Date is as follows:

Particulars	As on 31.03.2011	As on 31.03.2009
Discount Rate	8.30%	7.60%
Expected rate of return on Plan Assets	9.25%	9.25%
Rate of escalation in Salary (per annum)	5.00%	5.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

- (g) Reconciliation of Fair Value of Plan Assets and Obligations Rs. Lakhs

Particulars	31.03.2011	31.03.2010
Present Value of the Defined Benefit Obligation	717.22	685.95
Fair Value of Plan Assets	382.74	341.10
Deficit in Plan Assets	334.48	344.85
Experience Adjustments arising on Plan Liabilities as an amount	(83.31)	(47.93)
Experience Adjustments arising on Plan Assets as an amount	0.22	(3.92)

22. Details of provisions and movements Rs. Lakhs

Particulars	2010-11 Statutory	2009-10 Statutory
Carrying amount at the beginning of the year	2456.30	3288.06
Additional provision made during the year	141.63	564.91
Amount used during the year	2138.45	1396.67
Carrying amount at the end of the year	459.48	2456.30

23. Deferred Tax Assets and Liabilities are attributable to the following items:

Particulars	Opening as of 01.04.2010	Charge / Credit	Closing as of 31.03.2011
Depreciation	1973.30	(268.60)	1704.70
Loss	(693.35)	581.79	(111.56)
Others	13.71	(333.71)	(320.00)
Total	1293.66	(20.52)	1273.14

24. Loss on Sale of Assets amounting to Rs.47.61 Lakhs (Previous year Rs.28.62 lakhs) has been netted against Profit on Sale of Assets Rs. 563.60 lakhs (Previous year Rs. 155.63 lakhs) resulting in a net credit to Profit and Loss account of Rs. 515. 99 lakhs (Previous year Rs. 127.01 lakhs)

25. The Company operates in one primary segment, viz. Textiles.



26. Related Party Disclosure (as identified by the Management)

(i) Names of related parties and description of relationship

- (a) Key Management Personnel : Vidyaprakash D, Chairman
Sumanth Ramamurthi, Managing Director
- (b) Subsidiaries : Sara Elgi Arteriors Ltd.
Elgi Building Products Ltd.
- (c) Others :
- | | |
|--|--|
| 1. Elgi Electric and Industries Ltd | 6. Super Sara Textiles Limited |
| 2. Elgi Software and Technologies Ltd | 7. Super Farm Products Limited |
| 3. Kakatiya Textiles Ltd | 8. Sara Elgi Insurance Advisory Services Pvt Ltd |
| 4. Sara Elgi Envirotech Ltd | 9. Sara Trading and Industrial Services Ltd |
| 5. Sara Elgi Industrial Research and Development Ltd | 10. Coimbatore Pioneer Fertilizers Ltd. |

(ii) Related Party Transaction

Rs. Lakhs

Nature of Transaction	Subsidiary		Others		Key Management Personnel		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Purchase of goods	2.82		2119.82	1350.67			2122.64	1350.67
Sale of goods			1404.46	316.94			1404.46	316.94
Sale of fixed assets			10.24				10.24	
Purchase of fixed assets	0.31			11.68			0.31	11.68
Managerial Remuneration					108.07	71.22	108.07	71.22
Service Charges Paid				25.12				25.12
Rent Received	7.80	1.50	4.66	4.65			12.46	6.15
Rent Paid			3.18	3.21			3.18	3.21
Amount Outstanding as at year end - Dr	575.05		1413.63	3434.34			1988.68	3434.34
Amount Outstanding as at Year end - Cr	0.26		34.68	5.24			34.94	5.24

27. Figures have been rounded off to the nearest thousand and previous year's figures have been regrouped wherever necessary to conform to current year's classification.

As per our report of even date attached

For **Reddy, Goud & Janardhan**

Chartered Accountants

Registration No. 003254S

Balakrishna S Bhat

Partner

Membership No. 202976

Coimbatore, 26th May, 2011

Vidyaprakash D

Chairman

Sumanth Ramamurthi

Managing Director

A S Thirumoorthy

Chief Operating Officer & CFO

R Srikanth

Company Secretary



Cash flow statement for the year 2010-2011

	Rs. Lakhs	
	2010-2011	2009-2010
A. Cash Flow from operating activities :		
Net Profit before tax and extraordinary items	1481.97	(176.85)
Adjustment for :		
Depreciation	2081.22	2352.37
Prior year Income / (Expenses)	-	(1.44)
Taxes relating to earlier years	(109.96)	(93.44)
(Profit)/Loss on sale of assets	(515.99)	(127.01)
(Profit)/Loss on sale of investments	-	-
(Dividend Income)	-	-
(Interest Income)	(53.29)	(233.03)
Interest Payments	2230.05	2391.27
Leasing Charges	-	-
	3632.03	4288.72
Operating Profit before working capital changes	5114.00	4111.87
Adjustments for :		
Trade receivables	(203.12)	424.26
Other receivables	(971.77)	(264.83)
Inventories	(8,249.18)	1409.06
Trade payables	5504.71	108.87
Cash generated from operations	1194.64	5789.23
Voluntary Retirement Compensation	-	(225.13)
Direct taxes paid	369.35	55.12
	369.35	(170.01)
Net Cash Flow from operating activities	825.29	5959.24
B Cash Flow from Investing activities :		
Purchase of fixed assets	(401.50)	(177.29)
Capitalisation of reserves	-	-
Sale of fixed assets	1188.98	680.68
Purchase of investments	(205.00)	(160.85)
Sale of investments	283.60	-
Dividend received	-	-
Interest received	53.29	233.03
Net cash used for investing activities	919.37	575.57
C Cash Flow from financing activities :		
Long term borrowings	(3,195.38)	(2,962.52)
Interest paid	(2230.05)	(2,391.27)
Working capital borrowings	3889.29	(1,303.83)
Unsecured loans & deposits	(1.26)	(2.32)
Net cash flow from financing activities	(1537.40)	(6659.94)
Net Increase / (Decrease) in cash and cash equivalent	207.26	(125.13)
Cash and cash equivalents - Opening	290.10	415.23
Cash and cash equivalents - Closing	497.36	290.10

Vidyaprakash D
Chairman

Sumanth Ramamurthi
Managing Director & CEO

A S Thirumoorthy
Chief Operating Officer & CFO

R Srikanth
Company Secretary

AUDITOR'S CERTIFICATE

We have verified the above cash flow statement of Super Spinning Mills Limited derived from the Audited Financial Statements for the years ended 31.03.2011 and 31.03.2010 and found the same to be drawn in accordance therewith and also with the requirements of clause 32 of the Listing Agreement with Stock Exchanges.

For **Reddy, Goud & Janardhan**
Chartered Accountants
Registration No. 003254S
Balakrishna S Bhat
Partner
Membership No. 202976

Coimbatore
26th May, 2011



Balance Sheet Abstract and Company's General Business Profile

i Registration Details

Registration No.	:	181-001200 / CIN - L17111TZ1962PLC001200
State Code	:	18
Balance Sheet Date	:	31.03.2011

ii Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	:	-
Rights Issue	:	-
Bonus Issue	:	-
Private Placement	:	-

iii Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	:	32307772
Total Assets	:	32307772

Sources of Funds

Paid-up Capital	:	55000
Reserves & Surplus	:	999276
Secured Loans	:	2045528
Unsecured Loans	:	3654
Deferred Tax Liability	:	127314

Application of Funds

Net Fixed Assets	:	1436732
Investments	:	282437
Net Current Assets	:	1511603
Misc. Expenditure	:	-
Accumulated Losses	:	-

iv Performance of the Company (Amount in Rs. Thousands)

Turnover & Other Income	:	4970809
Total Expenditure	:	4822612
Profit Before Tax	:	148197
Profit After Tax	:	150049
Earnings Per Share Rs.	:	2.53
Dividend Rate %	:	-

v Generic Names of Three Principal Products / Services of the Company (As per monetary terms)

Item Code No. (ITC Code)	Major Product Description
5205.14	Single Yarn of Uncombed Fiber
5205.22 - 28	Single Yarn of Combed Fiber
5205.41 - 48	Multiple Yarn of Combed Fiber
6109.10	Knitted Garments

As per our report of even date attached

For **Reddy, Goud & Janardhan**

Chartered Accountants

Registration No. 003254S

Balakrishna S Bhat

Partner, Membership No. 202976

Coimbatore, 26th May, 2011

Vidyaprakash D

Chairman

Sumanth Ramamurthi

Managing Director

R Srikanth

Company Secretary

A S Thirumoorthy

Chief Operating Officer & CFO


Statement Pursuant to Section 212 of the Companies Act, 1956

1	Name of the Subsidiary	Sara Elgi Arteriors Ltd	Elgi Building Products Ltd
2	Financial year ending	31 st March 2011	31 st March 2011
3	No of shares(fully paid up) held by the company on the above dates	25,00,000 Equity Shares of Rs.10 each	71,96,000 Equity Shares of Rs.10 each
4	Extent of Holding Company's Interest	100.00 %	41.68 %
5	Net aggregate amount of Subsidiary's Profit / (Losses)		
	a) not dealt with in the accounts of the Company		
	i) for the year ended 31 st March 2011	Rs.80.53 lakhs	Rs.110.69 lakhs
	ii) for the previous financial year	Rs.49.77 lakhs	—
	b) dealt with in the accounts of the Company		
	i) for the year ended 31 st March, 2011	—	—
	ii) for the previous financial year	—	—

Note:

No material changes have occurred between the end of the financial year of the Subsidiary and the Holding Company's financial year in respect of the Subsidiary (i) fixed assets, (ii) investments, (iii) moneys lent and (iv) moneys borrowed for any purpose other than that of meeting current liabilities.

As per our report of even date attached
For **Reddy, Goud & Janardhan**
Chartered Accountants
Registration No. 003254S
Balakrishna S Bhat
Partner, Membership No. 202976
Coimbatore, 26th May, 2011

A S Thirumoorthy
Chief Operating Officer & CFO

Vidyaprakash D
Chairman
Sumanth Ramamurthi
Managing Director
R Srikanth
Company Secretary



Auditors Report

To

Auditors Report to the Board of Directors of Super Spinning Mills Limited on the Consolidated Financial Statements

We have examined the attached Consolidated Balance Sheet of Super Spinning Mills Limited ("the Company") and its subsidiary as at 31st March, 2011, and the Consolidated Profit and Loss Account for the year ended on that date annexed thereto, and the Consolidated Cash flow Statement for the period ended on that date. These Consolidated financial statements are the responsibility of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally acceptable in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material aspects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidences supporting the amounts and disclosures in financial statements. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements, issued by the institute of Chartered

Accountants of India and on the basis of the separate audited Financial Statements of the Company and its subsidiaries.

On the basis of the information and explanations given to us and on the consideration of the separate audit report on individual financial statements of the Company and audited financial statements, as the case may be, of its subsidiaries, in our opinion, the consolidated financial statements read together with the attached schedules, significant accounting policies, and other notes forming part of the consolidated accounts, give a true and fair view in conformity with the accounting principles generally accepted in India.

- a) In the case of the Consolidated Balance Sheet, of the Consolidated state of affairs of the Company and its subsidiaries as at 31st March 2011 ;
- b) In the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiaries for the year ended on that date ; and
- c) In the case of the Consolidated Cash Flow Statements, of the consolidated cash flows of the Company and its subsidiaries for the year ended on that date.

For **Reddy, Goud & Janardhan**

Chartered Accountants
Registration No. 003254S
Balakrishna S Bhat

Partner

Coimbatore
26th May, 2011

Membership No.202976


Consolidated Balance Sheet as at 31st March, 2011

		31.03.2011	Rs. Lakhs 31.03.2010
Sources of Funds	Schedule		
Shareholders' Funds			
Capital	1	550.00	550.00
Reserves & Surplus	2	10188.47	8711.48
		<u>10738.47</u>	<u>9261.48</u>
Minority Interest		–	8.77
Loan Funds			
Secured Loans	3	20750.57	19926.55
Unsecured Loans	4	111.23	37.80
		<u>20861.80</u>	<u>19964.35</u>
Deferred Tax (net)	9	1050.48	1300.83
Total		<u>32650.75</u>	<u>30535.43</u>
Application of Funds			
Fixed Assets	5		
Gross Block		43531.69	42526.94
Less : Depreciation		<u>27841.03</u>	<u>25565.36</u>
Net Block		15690.66	16961.58
Capital Work-in-progress		<u>63.80</u>	<u>9.70</u>
		15754.46	16971.28
Investments	6	1424.41	2757.97
Current Assets, Loans & Advances	7		
Inventories		14295.44	5875.36
Sundry Debtors		2947.92	2240.16
Cash & Bank Balances		561.75	296.36
Other Current Assets		391.73	883.53
Loans & Advances		<u>11304.60</u>	<u>11523.65</u>
		29501.44	20819.06
Less : Current Liabilities & Provisions	8	<u>14029.56</u>	<u>10012.88</u>
Net Current Assets		15471.88	10806.18
Total		<u>32650.75</u>	<u>30535.43</u>

Schedules 1 to 9 and Notes on accounts form part of this Balance Sheet.

As per our report of even date attached
For **Reddy, Goud & Janardhan**
Chartered Accountants
Registration No. 003254S
Balakrishna S Bhat
Partner, Membership No. 202976
Coimbatore, 26th May, 2011

A S Thirumoorthy
Chief Operating Officer & CFO

For and on behalf of the Board
Vidyaprakash D
Chairman
Sumanth Ramamurthi
Managing Director
R Srikanth
Company Secretary


Consolidated Profit and Loss Account for the year ended 31st March, 2011

	Schedule	31.03.2011	Rs. Lakhs	
			31.03.2011	31.03.2010
Income				
Sales	10	48632.90		39455.65
Other Income	11	713.44		192.25
Inc / Dec (-) in Stock of Finished Goods	12	1324.83		(1917.47)
		50671.17		37730.43
Expenditure				
Raw Materials	13	30414.05		20603.08
Salaries & Wages	14	4166.02		3863.72
Power & Fuel		4471.88		3431.54
Stores		2174.98		1681.65
Repairs & Maintenance	15	897.35		694.63
Processing Charges		349.20		905.89
Selling Expenses	16	1565.03		1334.64
Administrative Expenses	17	730.56		723.01
Interest (Net)	18	2200.12		2183.90
		46969.19		35422.06
Gross Profit		3701.98		2308.37
Less : Depreciation		2088.09		2333.86
Profit before Tax		1613.89		(25.49)
Provision for current Tax	372.54		42.75	
Less : MAT Credit Entitlement	325.00	47.54	5.03	47.78
Less : Provision for Wealth Tax		2.00		2.00
Less : Provision for Deferred Tax		(21.40)		(251.63)
Less : Pre-acquisition profits transferred to capital Reserve on consolidation		-		35.45
Less: Profit transferred to minority Interest		-		1.66
Profit after Tax		1585.75		139.25
Less : Prior year Expenses		0.40		1.49
Less : Taxes Relating to earlier years		114.95		93.44
Net Profit		1470.40		44.32
Add : Balance brought forward		(1442.70)		1519.16
Less : Transferred to Capital Reserve on consolidation		-		61.13
Less: Transferred to Minority Interest		-		2.11
Profit available for Appropriation		27.70		(1538.08)
Appropriations				
General Reserve		8.05		4.98
Balance Carried Forward		19.65		(1543.06)
Total		27.70		(1538.08)
Basic Earnings per share (in Rs.)				
Face Value of Re. 1/- per Share		2.67		0.08

Schedules 10 to 18 and Notes on accounts form part of this Profit and Loss Account.

For and on behalf of the Board

As per our report of even date attached

For **Reddy, Goud & Janardhan**

Chartered Accountants

Registration No. 003254S

Balakrishna S Bhat

Partner, Membership No. 202976

Coimbatore, 26th May, 2011

Vidyaprakash D

Chairman

Sumanth Ramamurthi

Managing Director

A S Thirumoorthy

Chief Operating Officer & CFO

R Srikanth

Company Secretary



Schedules Annexed to the Consolidated Accounts

	31.03.2011	31.03.2010
		Rs. Lakhs
		31.03.2010
Share Capital		Schedule 1
Authorised		
10,00,00,000 Equity Shares of Re. 1/- each	1000.00	<u>1000.00</u>
Issued, Subscribed and Paid-up		
5,50,00,000 Equity Shares of Re.1/- each fully paid	550.00	<u>550.00</u>
{Note:		
a) Of the above 27,50,000 equity shares of Re. 10/- each were issued as fully paid up bonus shares by capitalisation of reserves		
b) 55,00,000 Equity shares of Rs.10/- each fully paid up were sub-divided into 5,50,00,000 Equity shares of Re.1/- each fully paid during September 2006}		
Reserves and Surplus		Schedule 2
Capital Reserve on Subsidy		51.02 48.19
Capital Reserve on Consolidation		- 96.58
Share Premium		1487.50 1487.50
General Reserve		
As per last Balance sheet	8622.25	8617.29
Add : Transferred from the profit and loss account	8.05	4.98
Less: Profit and Loss Account	19.65	<u>(1543.06)</u>
	<u>8649.95</u>	<u>7079.21</u>
	<u>10188.47</u>	<u>8711.48</u>
Secured Loans		Schedule 3
Term Loans from Financial Institutions / Banks		
In Rupee	5768.88	7968.99
In Foreign Currency	747.49	1742.76
Working Capital Facilities from Banks		
In Rupee	14234.20	10214.80
In Foreign Currency		-
(Refer Notes for Security Details)		
	<u>20750.57</u>	<u>19926.55</u>
Unsecured Loans		Schedule 4
Trade deposits	108.89	35.39
Interest accrued and due on above	2.34	2.41
	<u>111.23</u>	<u>37.80</u>



Fixed Assets	Rs. Lakhs Schedule 5									
	Gross Block				Depreciation			Net Block		
	As at 31.03.2010	Additions Transfers/ Adjustments	Sales/ Transfers/ Adjustments	As at 31.03.2011	Upto 31.03.2010	For the year	Withdrawn during the year	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Land	1,044.18	4.31	178.40	870.09	-	-	-	-	870.09	1035.36
Buildings	6816.90	47.79	105.73	6758.96	1,238.12	190.38	11.54	1508.35	5250.61	5315.63
Plant & Machinery	35160.72	283.40	1049.57	34394.55	23,750.14	1,848.37	668.48	25664.94	8729.61	10321.20
Office Furniture & Fittings	356.18	3.75	8.31	351.62	134.07	15.93	4.59	194.48	157.14	168.48
Motor Vehicles	275.98	-	17.47	258.51	163.95	20.51	11.27	181.25	77.26	103.70
ERP Software	296.32	-	-	296.32	279.11	12.24	-	291.35	4.97	17.21
Goodwill on Consolidation	-	601.64	-	601.64	-	0.66	-	0.66	600.98	-
Total	43950.28	940.89	1359.48	43531.69	25565.39	2088.09	695.88	27841.03	15690.66	19691.58
Capital Work in-progress	9.70	63.80	9.70	63.80	-	-	-	-	63.80	9.70
Total	43959.98	1004.69	1369.18	43595.49	25565.39	2088.09	695.88	27841.03	15754.46	16971.28
Previous Year	42969.39	384.48	817.23	42536.64	23483.21	2360.33	278.18	25565.36	16971.28	-

INVESTMENTS

Schedule 6

Trade-Unquoted - Long Term

31.03.2011 **31.03.2010**

9,38,000 Equity Shares of Rs.10 each fully paid in Andhra Pradesh Gas Power Corporation Ltd	1293.02	1293.02
2,03,938 Equity Shares of Rs.10 each fully paid in MMS Steel and Power Pvt Ltd	20.39	20.39
1,775 Equity Shares of Rs.1000 each fully paid in Nethaji Apparel Park	-	17.75

Non-trade-Unquoted - Long Term

29,99,592 Equity Shares of Rs.10 each fully paid in Elgi Building Products Ltd	-	299.96
70,00,000 - 10% 8 years Non-Cumulative Redeemable Preference Shares of Rs.10 each fully paid in Elgi Building Products Ltd	-	700.00
5,00,000 - 10% 8 years Cumulative Redeemable Preference Shares of Rs.10 each fully paid in Elgi Building Products Ltd	-	50.00
8,60,000 (11,50,000) Equity Shares of Rs.10 each fully paid in Elgi Electric and Industries Ltd	86.00	115.00
2,50,000 (21,18,500) Equity Shares of Rs.10 each fully paid in Elgi Software And Technologies Ltd	25.00	211.85
5,00,000 Equity Shares of Rs. 10 each fully paid in Sara Elgi Envirotech Ltd	-	50.00
Aggregate value of unquoted investment (at cost)	1424.41	2757.97
Fair Value - Rs. 1424.41 lakhs (Previous year - Rs. 2757.97 lakhs)		



	31.03.2011	Rs. Lakhs 31.03.2010 Schedule 7
Current Assets, Loans and Advances		
Inventories		
(As per inventory taken, valued and certified by the Management)		
Raw Materials	10802.02	3824.82
Stock-in-process	1214.76	1211.93
Waste	125.72	34.18
Finished Goods	1798.70	462.57
Stores and Spares	310.22	340.14
Traded Goods	44.02	1.72
	<u>14295.44</u>	<u>5875.36</u>
Sundry Debtors		
(Unsecured, considered good)		
Outstanding for more than six months	478.96	312.12
Others	2468.96	1928.04
	<u>2947.92</u>	<u>2240.16</u>
Cash and Bank Balances		
(i)Cash on Hand	5.09	7.87
(ii)Cheques and Stamps on Hand	-	-
(iii)Balance with Scheduled Banks in :		
a)Collection and Current account	483.33	268.20
b)Unpaid Dividend Account	17.10	20.29
c)Deposit Account	56.23	-
	<u>561.75</u>	<u>296.36</u>
Other Current Assets		
Interest accrued on deposits and loans	100.42	151.15
Income accrued and receivable	291.31	732.38
	<u>391.73</u>	<u>883.53</u>
Loans and Advances		
(Unsecured, considered good)		
Advance recoverable in cash or in kind or for value to be received:	8622.72	7186.27
Advance payment of taxes	1837.35	3406.04
Deposit with Central Excise and Customs	266.16	228.80
Other Deposits	578.37	702.54
	<u>11304.60</u>	<u>11523.65</u>
Current Liabilities	Schedule 8	
Sundry Creditors		
a) Micro, Small and Medium Enterprises - Refer Note 5	-	-
b) Others	10884.10	6387.38
Other Liabilities	2519.49	1042.55
Interest accrued but not due	34.34	48.83
Unclaimed Dividends	16.20	19.38
Provisions		
Provision for Taxation	240.94	2169.88
Provision for Gratuity	334.49	344.86
	<u>14029.56</u>	<u>10012.88</u>

	31.03.2011	Rs. Lakhs 31.03.2010
Deferred Tax		
As per Last Balance Sheet	1084.17	1293.66
Less / Add: Transfer to Profit and Loss Account	<u>(33.69)</u>	<u>7.17</u>
	1050.48	1300.83
Sales		
Schedule 10		
Yarn - Domestic	34578.89	25459.16
- Exports	9018.23	9704.18
Cotton - Trading Goods	1102.60	336.25
Garments - Domestic	236.99	192.10
- Exports		567.93
Fabric - Domestic	1110.08	793.53
- Exports	17.74	93.77
Waste - Domestic	1558.97	1333.79
Miscellaneous Sales	67.19	58.96
Less: Excise Duty	<u>0.97</u>	<u>1.82</u>
UPVC Windows, Parts & Accessories	66.22	57.14
	943.18	917.80
	48632.90	39455.65
Other Income		
Schedule 11		
Insurance Claim	12.52	3.23
Rent Receipts	28.01	20.73
Profit on Sale of Assets (Net)	515.99	127.47
Miscellaneous Income	87.46	39.71
Foreign Exchange gain	58.35	-
Labour Charges	11.11	1.11
	<u>713.44</u>	<u>192.25</u>
Inc / Dec (-) in stock of Finished Goods		
Schedule 12		
Stock at closing	1787.40	462.57
Less : Stock at opening	<u>462.57</u>	<u>2380.04</u>
	1324.83	(1917.47)

	31.03.2011		Rs. Lakhs 31.03.2010 Schedule 13	
Raw Materials				
Opening Stock :				
Raw Materials	3824.82		3494.34	
Stock in Process	1211.93		1228.32	
Waste Cotton	34.18		34.47	
Trading Goods	1.72	5072.65	19.04	4776.17
Add: Purchases :		<u>37392.42</u>		<u>20899.56</u>
		42465.07		25675.73
Less: Closing Stock				
Raw Materials	10759.60		3824.82	
Stock in Process	1164.18		1211.93	
Waste Cotton	125.72		34.18	
Trading Goods	1.52	12051.02	1.72	5072.65
		<u>30414.05</u>		<u>20603.08</u>
Salaries and Wages				
Salaries, Wages, Bonus etc.,		3499.53		Schedule 14 3295.26
Contribution to PF, Gratuity & Superannuation Fund		298.86		215.10
Welfare Expenses		367.63		353.36
		<u>4166.02</u>		<u>3863.72</u>
Repairs and Maintenance				
Building		61.10		Schedule 15 38.09
Machinery		783.36		599.48
Others		52.89		57.06
		<u>897.35</u>		<u>694.63</u>
Selling Expenses				
Yarn Brokerage and Commission		889.22		Schedule 16 580.68
Export Selling Expenses		238.14		347.15
Performance Incentive		171.87		138.64
Other Selling Expenses		265.80		268.17
		<u>1565.03</u>		<u>1334.64</u>



	31.03.2011	Rs. Lakhs 31.03.2010
Administrative Expenses		Schedule 17
Rent	7.30	18.91
Insurance	47.05	32.75
Postage, Telephone and Printing	43.31	60.27
Travelling and Transport Charges	151.21	142.87
Bank Charges	142.01	179.87
Taxes and Licence	77.56	70.49
Professional Charges	67.18	83.06
Auditors' Remuneration:		
a) Audit Fees	6.57	5.68
b) Travelling Expenses	1.12	1.38
Director's Sitting Fees	3.36	3.93
Loss from Forex Transactions	-	8.78
Others	183.89	115.02
	<u>730.56</u>	<u>723.01</u>
Interest (Net)		Schedule 18
Interest Expenditure		
Fixed Loans	901.23	1189.27
Working Capital & Others	1355.66	1227.95
	<u>2256.89</u>	<u>2417.22</u>
Less: Interest Income	56.77	233.32
(TDS Current year - Nil, Previous year Rs. 6.16 Lakhs)	<u>2200.12</u>	<u>2183.90</u>



Notes Forming Part of Consolidated Accounts

SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention:

The Financial Statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India, the applicable Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

2. Fixed Assets:

- a. Fixed Assets are stated at historical cost of acquisition (Net of CENVAT Credits) less accumulated depreciation / amortization and cumulative impairment, if any. Cost of Acquisition includes freight, duties, taxes, installation, direct attributable costs, interest and commissioning.
- b. Capital Work in Progress projects under commissioning are carried forward at cost. Incidental expenditure in relation to projects under commissioning is carried forward till completion of project and comprises of direct cost, related incidental expenditure and attributable interest.

3. Depreciation:

- a. Depreciation on Fixed Assets (Other than those referred to in (c) and (d) below) is charged on Straight Line Method at the rates prescribed under Schedule XIV of the Companies Act, 1956, on a pro-rata basis corresponding to the month of installation / commissioning.
- b. Fixed Assets, other than Intangible assets are depreciated to the extent of 95% of its Gross Value over the useful life of the asset.
- c. Assets costing Rs. 5,000 or less are fully depreciated in the year of purchase.
- d. ERP Software is amortised over a period of Five years, being the estimated useful life of the asset.

4. Investments:

Long-term investments are stated at cost less provision, if any, for diminution in value which is other than temporary. Current investments are stated at lower of cost and fair value.

The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.

Goodwill arising out of acquisition of equity stake in a subsidiary, is amortised over a period of five years.

5. Valuation of Inventories:

Inventories of Raw Materials, Work in Process, Finished Goods, Stores and Spares are stated at lower of cost and net realisable value. Cost comprises all cost of purchase, cost of conversion and any other costs incurred in bringing the inventories to their present location and condition. Cost formula used is weighted average. Due allowance is estimated and made for defective and obsolete items, wherever necessary based on the past experience of the Company.

6. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources embodying economic benefits. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the Financial Statements.

7. Recognition of Income and Expenditure:

- a) The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis except those with significant uncertainties
- b) Sale of Goods is accounted when the risk and reward of ownership are passed on to the Customers.
- c) Domestic Sales as reported in the Profit and loss account are inclusive of excise duty, wherever applicable and exclusive of other taxes, if any, and trade discounts. Income from Export entitlements is accounted as and when the certainty of entitlement is determined.
- d) Revenue from Services rendered is recognised as the service is performed based on agreements / arrangements with the concerned parties.

8. Employee Benefits / Retirement Benefits of Employees:

- a) Gratuity benefits are administered by Trust formed for this purpose through the group scheme of Life Insurance Corporation of India. The provision for

gratuity liability is actuarially determined at the year-end and the liability arising on such valuation is charged to the Profit and Loss Account accordingly.

- b) Provident Fund Contribution is as per the rates prescribed by the Employees' Provident Funds Act, 1952 and the same is charged to revenue.
- c) Super Annuation Fund Contribution is paid according to Company rules to the Life Insurance Corporation of India and charged to revenue.
- d) Voluntary Retirement Compensation is expended in the year of payment as per the Revised Accounting Standard AS 15.

9. Borrowing Costs:

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

10. Exchange Fluctuation:

- a. All Loans and Deferred Credits repayable in Foreign Currency and outstanding at the close of the year are expressed in Indian Currency at the appropriate rates of Exchange prevailing on the date of the Balance Sheet. Any increase or reduction in these liabilities, to the extent they relate to borrowings for financing imported capital assets have been capitalized as per Company Accounting Standards Amendment Rules, 2009 on AS 11 (G.S.R. 225(E) dated 31.03.09 issued by the Ministry of Corporate Affairs. In respect of revenue transactions covered by Forward Exchange Contracts, the difference between the Forward Rate and Exchange Rate at the inception of the Contract is recognized as Income or Expense over the life of the Contract.
- b. Balances in the form of Current Assets and Current Liabilities in Foreign Exchange outstanding at the close of the year, are converted in Indian Currency at the appropriate rates of exchange prevailing on the date of the Balance Sheet. Resultant gain or loss is charged to the Profit and loss account.
- c. All other Income or Expenditure in Foreign Currency is recorded at the rates of exchange prevailing on the dates when the relevant transactions took place.

11. Operating Lease:

Assets taken on Lease under which, all the risk and rewards of ownership are effectively retained by the lessor are classified as Operating Lease. Lease payments under Operating Leases are recognised as expenses on accrual basis in accordance with the respective Lease Agreements.

12. Taxes on Income:

Tax expense comprises of Current Tax and Deferred. Current Tax and Deferred Tax are accounted for in accordance with Accounting Standard (AS – 22) on "Accounting for Taxes on Income", issued by The Institute of Chartered Accountants of India (ICAI).

Current Tax is measured at the amount expected to be paid to the Tax authority used in the applicable tax rates.

Deferred Tax assets and liabilities are recognised for future tax consequence attributable to timing difference between Taxable Income and Accounting Income that are capable of reversing in one or more subsequent periods and are measured at relevant enacted / substantively enacted Tax rates. At each Balance Sheet date the Company reassesses unrealised deferred tax assets to the extent they become reasonably certain or virtually certain of realisation as the case may be.

13. Impairment of Assets:

The carrying amount of assets are reviewed at each Balance Sheet date, if there is any indication of impairment based on internal / external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Profit & Loss Account in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed in current accounting periods if there has been a change in the estimate of the recoverable amount.

14. Earnings Per Share:

Basic and Diluted Earnings per Share is calculated by dividing the Net profit attributable to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the year.

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS	31.03.2011	Rs. Lakhs 31.03.2010
1. Estimated amount of contracts remaining to be executed on capital account and not provided for	877.80	59.33
2. Contingent Liabilities:		
i. Letters of Credit	2310.30	2306.75
ii. Bank Guarantees	6.57	6.00
iii. Bills discounted with Company's Bankers	2886.91	2613.50
iv. Disputed Demands from Income Tax Authorities	2148.87	1675.13
v. Disputed Excise Duty Liability	287.57	63.08
vi. Disputed Sales Tax Liability	252.95	422.98
3. Term Loans from Financial Institutions and from Banks (Including Foreign Currency Loans) to the extent of Rs. 437.50 Lakhs (Previous Years Rs.687.50) and Rs.6078.87 Lakhs (Previous Year Rs.9024.25 Lakhs) respectively, are secured by		
(i) Pari-passu first charge created on all present and future movable and immovable assets of the Company subject to exclusive charges created on specific fixed assets in favour of specified lenders.		
(ii) A charge created on all current assets of the company subject to a prior charge on such current assets created in favour of the Company's Working Capital Bankers.		
4. Working Capital Borrowings from Banks to the extent of		
a) Rs. 7472.00 Lakhs are secured by		
(i) Hypothecation of Company's Inventories, Book Debts and Current Assets.		
(ii) Second Charge created on the Fixed Assets of the Company.		
b) Rs.254.43 lakhs are secured by hypothecation of company's inventories, book debts.		
c) Rs.4037.38 lakhs towards short term loan, is secured by way of first charge on stock, book debts and all other moveable assets of the Company.		
d) Rs.1000 lakhs towards short term loan, is secured by way of subservient charge on entire stock of cotton both present and future situated at borrowers factory.		
e) Rs.1429.53 towards short term loan, is secured by way of pledge of stocks procured.		
f) Rs.40.86 lakhs towards short term loan, is secured by way of pledge of fixed deposit.		
5. The company has initiated the process of obtaining confirmation from suppliers who are covered under the "Micro, Small and Medium Enterprises Development Act, 2006". Based on the information and evidence available with the company, there are no dues to micro, small and medium enterprises, outstanding as on 31.03.2011		
6. In the opinion of the Board, the Current Assets, Loans & Advances and other Receivables have at least the value as stated in the Balance Sheet, if realized in the ordinary course of business.		
7. Loans and advances includes amount due from Companies in which the Directors are interested amounting to Rs.952.23 Lakhs		
	31.03.2011	Rs. Lakhs 31.03.2010
8. Prior Period Expenses represents:		
Debits relating to earlier years	-	1.44
9. Details of Directors' Remuneration		
Salary	66.04	71.22
Commission	42.03	-
Total	108.07	71.22
10. Taxes relating to earlier years include Short Provision of Income Tax amounting to Rs.114.95 Lakhs. (Previous year Rs.93.44 Lakhs)		

(b) Reconciliation in respect of the changes in the present value of the Obligation: Rs. Lakhs

Particulars	31.03.2011	31.03.2010
Present Value of the Obligation as on 1st April	690.96	676.62
Current Service Cost	33.40	34.44
Interest Cost	51.50	48.82
Actuarial Gains and Losses	85.55	1.17
Post Service Cost	5.05	–
Benefits paid	(141.76)	(70.47)
Present Value of the Obligation as on 31st March	724.70	690.58

The Liability of the Company as on 31st March 2011 has been funded to the extent of Rs.391.59 Lakhs.

(c) Reconciliation in respect of the changes in the fair value of the Plan Assets: Rs. Lakhs

Particulars	31.03.2011	31.03.2010
Fair Value of the Plan Assets as on 1st April	347.87	292.30
Expected rate of return	32.62	28.41
Actuarial Gains and Losses	0.22	(3.92)
Contributions by the Employer	152.64	100.55
Benefits Paid	(141.76)	(70.47)
Fair Value of Plan Assets as on 31st March	391.59	346.87

No reimbursement rights were available as at the beginning or end of the year for recognition as an asset.

(d) The total expense recognised in the Profit and Loss Account is as follows: Rs. Lakhs

Particulars	31.03.2011	31.03.2010
Current Service Cost	33.40	34.44
Interest Cost	51.50	48.82
Expected return on plan assets	(32.62)	(28.41)
Post Service Cost	5.05	-
Actuarial Gains and Losses	85.34	5.08
Amount recognised in the Profit and Loss Account	142.67	59.93

The expense has been included under the head “Contribution to Gratuity” under the “Employee Cost” in the Profit and Loss Account.

e) Investment Details: LIC Group Gratuity (Cash Accumulation) Policy – 100% Invested in Debt Instruments

(f) Principal Actuarial assumptions used at the Balance Sheet Date is as follows:

Particulars	31.03.2011	31.03.2010
Discount Rate	8.00 - 8.30%	7.60 - 8.00%
Expected rate of return on Plan Assets	8.00 - 9.25%	8.00 - 9.25%
Rate of escalation in Salary (per annum)	5.00 - 8.00%	5.00 - 6.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

(g) Reconciliation of Fair Value of Plan Assets and Obligations

Rs. Lakhs

Particulars	31.03.2011	31.03.2010
Present Value of the Defined Benefit Obligation	724.72	690.57
Fair Value of Plan Assets	391.60	335.32
Deficit in Plan Assets	333.13	343.69
Experience Adjustments arising on Plan Liabilities as an amount	(85.55)	(48.68)
Experience Adjustments arising on Plan Assets as an amount	0.22	(3.92)

17. Deferred Tax Assets and Liabilities are attributable to the following items:

Particulars	Opening as of 01.04.2010	Charge / Credit	Closing as of 31.03.2011
Depreciation	1763.80	(281.76)	1482.04
Loss	(693.35)	581.79	(111.56)
Others	13.71	(333.71)	(320.00)
Total	1084.16	(33.68)	1050.48

31.03.2011 31.03.2010

18. Loss on Sale of Assets (Rs. Lakhs)	47.61	28.62
Profit on Sale of Assets (Rs. Lakhs)	563.60	156.09
Net credit to P & L account (Rs.Lakhs)	515.99	127.47

19. Segment Information

A. Primary Segment – Business Segment

Particulars	Textile Products		UPVC Windows / Profiles / Power Duct		Total	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
(a) Revenue including excise duty						
Sales	47690	35838	943	918	48633	39456
Total Revenue	47690	35838	943	918	48633	39456
(b) Result						
Operating Profit(PBIT)	3658	1981	155	177	3813	2158
Unallocable Corporate Expenses	—	—	—	—	—	—
Interest Expense	2230	2391	27	26	2257	2417
Interest Income	53	233	4	-	57	233
Profit before tax	1481	(177)	132	151	1613	(26)
Provision for Current tax	2	2	48	43	50	45
Provision for Deferred tax	(21)	(305)	(1)	54	(22)	(251)
Excess / (Short) provision for current taxation in respect of earlier years	109	95	6	5	115	100
Net Profit	1391	32	79	50	1470	82
(c) Segment Assets	32308	30245	804	435	32651	30680
Unallocable Corporate Assets	—	—	—	—	—	—
Total Assets	32308	30245	804	435	32651	30680
(d) Segment Liabilities	32308	30245	804	435	32651	30680
Unallocable Corporate Liabilities	—	—	—	—	—	—
Total Liabilities	32308	30245	804	435	32651	30680
(e) Cost incurred during the period to acquire segment fixed assets	338	580	2	207	340	787
(f) Depreciation / Amortisation	2081	2352	7	(19)	2088	2333
(g) Non cash expenses other than depreciation / amortization	—	—	—	—	—	—

(B) Secondary Segments – Geographical Segments

Particulars	Domestic		Export		Total	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Segment revenue by geographical area based on geographical location of customers including sales, services, export incentives, etc.	39597	29090	9036	10366	48633	39456

20. Related Party Disclosure (as identified by the Management)

(i) Names of related parties and description of relationship

- (a) Key Management Personnel : Sumanth Ramamurthi, Managing Director
Vidyaprakash D, Chairman
- (b) Subsidiaries : Sara Elgi Arteriors Ltd
Elgi Building Products Ltd
- (c) Other Related Parties :
1. Elgi Electric and Industries Ltd
 2. Elgi Software and Technologies Ltd
 3. Kakatiya Textiles Ltd
 4. Sara Elgi Envirotech Ltd
 5. Sara Elgi Industrial Research and Development Ltd
 6. Super Sara Textiles Ltd
 7. Super Farm Products Ltd
 8. Sara Elgi Insurance Advisory Services Pvt Ltd
 9. Sara Trading and Industrial Services Ltd
 10. Coimbatore Pioneer Fertilizers Ltd

(ii) Related Party Transaction

Rs. Lakhs

Nature of Transaction	Other than Subsidiaries		Key Management Personnel		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Purchase of goods	2409.22	1642.14			2409.22	1642.14
Sale of goods	1524.37	335.68			1524.37	335.68
Purchase of fixed assets	10.24	11.68			10.24	11.68
Managerial remuneration			109.24	71.22	109.24	71.22
Interest paid		12.00				12.00
Service charges paid		25.12				25.12
Rent received	14.66	4.65			14.66	4.65
Rent paid	3.18	4.86			3.18	4.86
Amount outstanding as at year end – Dr	1164.88				1164.88	
Amount outstanding as at year end - Cr	86.29	287.41			86.29	287.41



21. The Consolidated Financial Statements have been prepared in accordance with the Accounting Standard (AS-21). The subsidiaries considered in the Consolidated Financial Statements are :

Sl.No.	Name of the Indian Subsidiary	% of Voting power held as of 31.3.2011
1.	Sara Elgi Arteriors Ltd.	100.00%
2.	Elgi Building Products Ltd.	100.00% (including Subsidiary's Holding)

22. Figures have been rounded off to the nearest thousand and previous year's figures have been regrouped wherever necessary to conform to current year's classification.

Disclosure of Information relating to the subsidiary companies as required by the Ministry of Corporate Affairs, Government of India vide their Circular no:02/2011 dated 08.02.2011

Rs. in Lakhs

Particulars	Sara Elgi Arteriors Limited	Elgi Building Products Limited
a) Share Capital	250.00	1469.60
b) Reserves	293.53	2.83
c) Total Assets	804.31	1587.92
d) Total Liabilities	804.31	1587.92
e) Details of Investments	293.75	–
f) Turnover	943.18	725.40
g) Profit / (Loss) before Tax	132.58	99.99
h) Provision for Taxation	47.54	–
i) Profit / (Loss) after Tax	85.04	99.99
j) Proposed Dividend	–	–

As per our report of even date attached

For **Reddy, Goud & Janardhan**

Chartered Accountants

Registration No. 003254S

Balakrishna S Bhat

Partner

Membership No. 202976

Coimbatore, 26th May, 2011

Vidyaprakash D

Chairman

Sumanth Ramamurthi

Managing Director

R Srikanth

Company Secretary

A S Thirumoorthy

Chief Operating Officer & CFO



Consolidated Cash flow statement for the year 2010-2011

	2010-2011	Rs. Lakhs	2009-2010
A. Cash Flow from operating activities :			
Net Profit before tax and extraordinary items	1,613.89		(25.48)
Adjustment for :			
Depreciation	2,088.09	2,333.86	
Prior year Income / (Expenses)	(1.99)	(1.49)	
Taxes relating to earlier years	(114.95)	(98.47)	
(Profit)/Loss on sale of assets	(515.99)	(127.47)	
(Profit)/Loss on sale of investments	-	-	
(Dividend Income)	-	-	
(Interest Income)	(56.77)	(233.32)	
Interest Payments	2,269.54	2,417.22	
Leasing Charges	-	-	
Operating Profit before working capital changes	<u>3,667.93</u>	-	4,290.33
Adjustments for :	<u>5,281.82</u>		4,264.85
Trade receivables	(134.98)	468.25	
Other receivables	(878.36)	(298.43)	
Inventories	(8,324.46)	1,454.47	
Trade payables	5,169.63	(101.50)	1,522.79
Cash generated from operations	<u>1,113.65</u>		5,787.64
Voluntary Retirement Compensation	-	(225.13)	
Direct taxes paid	416.89	97.87	(127.26)
Net Cash Flow from operating activities	<u>696.76</u>		5,914.90
B Cash Flow from Investing activities :			
Purchase of fixed assets	(242.21)	(384.79)	
Capitalisation of reserves	-	-	
Sale of fixed assets	1,189.29	692.36	
Purchase of investments	(498.75)	(160.85)	
Insurance Claim	-	-	
Miscellaneous Receipts	-	-	
Sale of investments	283.60	-	
Dividend received	-	-	
Interest received	56.77	233.32	
Net cash used for investing activities	<u>788.70</u>	380.04	
C Cash Flow from financing activities :			
Long term borrowings	(3,195.29)	(2,880.41)	
Interest paid	(2,269.54)	(2,417.22)	
Share Capital	200.00	145.00	
Working capital borrowings	3,930.15	(1,303.83)	
Unsecured loans & deposits	73.43	(2.32)	
Net cash flow from financing activities	<u>(1261.25)</u>		(6458.78)
Net Increase / (Decrease) in cash and cash equivalent	<u>224.21</u>		(163.74)
Cash and cash equivalents - Opening	337.54		460.10
Cash and cash equivalents - Closing	<u>561.75</u>		296.36
Vidyaprakash D	Sumanth Ramamurthi	A S Thirumoorthy	R Srikanth
Chairman	Managing Director & CEO	Chief Operating Officer & CFO	Company Secretary

AUDITOR'S CERTIFICATE

We have verified the above consolidated cash flow statement of Super Spinning Mills Limited derived from the Audited Financial Statements for the year ended 31.03.2011 and 31.03.2010 and found the same to be drawn in accordance therewith and also with the requirements of clause 32 of the Listing Agreement with Stock Exchanges.

For **Reddy, Goud & Janardhan**
Chartered Accountants
Registration No. 003254S
Balakrishna S Bhat
Partner
Membership No. 202976

Coimbatore
26th May, 2011

Super Spinning Mills Limited
Sub : Green Initiative in Corporate Governanace

Dear Shareholders,

We wish to inform you that the Ministry of Corporate Affairs, New Delhi (MCA) has taken "Green Initiative" in the Corporate Governance by permitting paperless Compliances by companies vide is Circular No. 17 / 2011 dated 21.04.2011 and Circular No. 18 / 2011 dated 29.04.2011 after considering certain provisions of the Information Technology Act 2000 which provides the validity of sending documents through electronic mode and clarified that the service of documents by a company can be made through electronic mode instead of physical copy of documents.

We propose to send henceforth all communications / documents including notices calling AGM, audited financial statement, directors report, auditors report in electronic form to the E- mail provided / updated by you and made available to us by the Depositories.

In order to avail the benefits in receiving the documents in electronic form kindly comply with the following :

For Shareholders holding shares in Demat Form

Kindly update your E-mail ID in the demat account by contacting your Depository participant. E- mail updated in the demat account would be used to send documents in physical form, you are requested to send an email mentioning the following details to superspinningogreen@linkintime.co.in on or before 02.09.2011.

DP ID / Client ID :
Name :
Mode of dispatch : Electronic mode / Physical Mode

For Shareholders holding shares in Physical form

Kindly update your e-mail ID with Registrar and Share Transfer Agent, Link Intime India Private Limited by mailing your E-Mail ID with the following details to superspinningogreen@linkintime.co.in on or before 02.09.2011

Folio No. :
Name :
E-mail Id :
Mode of dispatch : Electronic mode / Physical Mode

The annual report and other communication / documents would also be displayed on the Company's **website : www.superspinning.com**

Please note, as a member of the Company, you will be entitled to be furnished, free cost, with a printed copy of the balance sheet of the Company and all other documents required by law to be attached thereto including the profit and loss account and auditor's report and all other communication that may be sent to you, upon receipt of a requisition from you to this effect.

Members who have not dematerialized shares so far please get their shares dematerialized.

we are sure you would appreciate the " Green Initiative" taken by MCA and your Company's desire to participate in such initiatives.

Thanking You
Yours faithfully
For Super Spinning Mills Ltd

R. Srikanth
Company Secretary

Super Spinning Mills Limited

Regd. Office : "ELGI TOWERS", P B 7113, 737-D, GREEN FIELDS, PULIAKULAM ROAD,
COIMBATORE - 641 045

ATTENDANCE SLIP

Name of the Member		Folio No./ Client ID No.	
Name of Proxy		No. of Shares	

I hereby record my presence at the 49th Annual General Meeting of the Company held on Monday, the 2nd September, 2011 at 3.30 PM at Ardra Convention Centre, 'Kaanchan', No. 9, North Huzur Road, Coimbatore - 641 018.

.....
Signature of Member / Proxy

- Notes :**
1. Shareholder / Proxy holder must bring the Admission Slip to the meeting and hand over at the entrance duly signed.
 2. Shareholders are requested to advise their change of address as well as request for consolidation of folio, if any, to the above address, quoting folio numbers.



Super Spinning Mills Limited

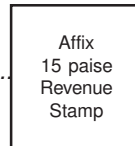
Regd. Office : "ELGI TOWERS", P B 7113, 737-D, GREEN FIELDS, PULIAKULAM ROAD,
COIMBATORE - 641 045

PROXY FORM

I / We..... of
..... being a Member / Members of Super Spinning Mills Ltd., hereby appointof or failing himof as my / our Proxy to attend and vote for me / us on my / our behalf at the 49th Annual General Meeting of the Company to be held on Friday, 2nd September, 2011 at 3.30 PM at Ardra Convention Centre, 'Kaanchan', No. 9, North Huzur Road, Coimbatore - 641 018 and at any adjournment thereof.

Signed this day of2011

Signature.....



Folio No.	
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No. of Shares	
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- Notes :** The proxy form must be returned so as to reach the Registered Office of the Company, "ELGI TOWERS", P B 7113, 737-D, Green Fields, Puliakulam Road, Coimbatore - 641 045 not less than **forty-eight hours** before the time for holding the aforesaid meeting.



Book Post

SUPER



Super Spinning Mills Limited

ELGI TOWERS

PB # 7113, Green Fields, 737-D, Puliakulam Road, Coimbatore - 641 045, INDIA

Tel : +91 422 - 2311711, Fax : +91 422 - 2311611

E-mail : super@ssh.saraelgi.com

www.superspinning.com