

SARA ELGI

SUPER



Super Spinning Mills Limited

**48th Annual Report
2009 - 2010**

SUPER



Super Spinning Mills Limited

Chairman

Managing Director

Executive Director

Board of Directors

Chief Financial Officer

Company Secretary

Auditors

Bankers

Registrar and Share Transfer Agent

Registered & Central Office

Contents

Notice to Members	1
Directors' Report and Management Discussion & Analysis	1
Report on Corporate Governance	5
Auditors' Report	13
Balance Sheet	16
Profit and Loss Account	17
Schedules	18
Notes Forming Part of Accounts	23
Cash Flow Statement	31
Consolidated Accounts	34
Subsidiary's Accounts	51

Mr Vidyaprakash D

Mr Sumanth Ramamurthi

Mr K R Seethapathy

Mr C S K Prabhu

Mr D Sarath Chandran

Mr Sudarsan Varadaraj

Mr B Vijayakumar

Mr Vijay Venkataswamy

Mr A S Thirumoorthy

Mr T V Thulsidass

M/s Reddy, Goud & Janardhan

Union Bank of India

State Bank of India

Citibank N A

Andhra Bank

IDBI Bank

ICICI Bank

Link Intime India Pvt Ltd

**"SURYA" 35, Mayflower Avenue,
Behind Senthil Nagar, Sowripalayam Road,
Coimbatore-641028**

Phone : (0422) 2314792

Fax : (0422) 2314792

Email : coimbatore@linkintime.co.in

"ELGI TOWERS", PB 7113,

Green Fields

737-D, Puliakulam Road,

Coimbatore-641045 Tamil Nadu

Phone : (0422) 2311711, 4351711

Fax : (0422) 2311611, 2315111

E-mail : super@ssh.saraelgi.com

Internet : www.superspining.com

Mills

A Unit : Kirikera, Andhra Pradesh

B Unit : Kotnur, Andhra Pradesh

C Unit : D-Gudalur, Tamilnadu

D Unit : Udumalpet, Tamilnadu

Super Sara : Beerapalli, Andhra Pradesh

**Garment Unit : New Tirupur & Thekkalur,
Tamilnadu**

SUPER



Notice to the Members

Notice is hereby given that the 48th Annual General Meeting of the Company will be held on Monday, the 13th September, 2010 at 3.30 PM at Ardra Convention Centre, "Kaanchan", No.9, North Huzur Road, Coimbatore - 641 018, to transact the following business :

Ordinary Business

- To receive, consider and adopt the following :
 - The audited Profit and Loss Account for the year ended 31st March, 2010.
 - The audited Balance sheet as at 31st March, 2010 and
 - The reports of the Directors and the Auditors.
- To appoint a Director in the place of Mr Sudarsan Varadaraj, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in the place of Mr Vijay Venkataswamy, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint Auditors and to fix their remuneration.

For and on behalf of the Board

Coimbatore
29th May, 2010

Vidyaprakash D
Chairman

Notes

- 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.
- 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.

- Members / Proxies should bring the attendance slips duly filled and signed for attending the meeting.
- The register of members and share transfer books of the company will remain closed from 07.09.2010 to 13.09.2010 (both days inclusive).
- The brief profile and other information in respect of Non-Executive Directors seeking re-appointment are furnished in the Notice.
- 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 Tamilnadu, Coimbatore, Stock Exchange Building, Singanallur, Coimbatore – 641 005.
- The company has transferred the amount of unclaimed dividends paid from 1995-96 to 2002-03 to the Investors Education and Protection Fund of the Central Government as required under Sections 205A and 205C of the Companies Act, 1956.
- 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 Government. Any claim relating to the unclaimed dividend for the financial years from 31.03.2004 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.
- 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.

Directors' Report & Management Discussion and Analysis

To the Members,

Your Directors present the 48th Annual report together with the audited statement of accounts for the financial year ended 31st March 2010.

	Rs. Lakhs	
FINANCIAL RESULTS	31.03.2010	31.03.2009
Sales	38538	36645
Total Income	36811	36749
Earnings before Interest, Depreciation & Tax	4334	1771
Less : Interest	2158	2810
Earnings before Depreciation & Tax	2175	(1039)
Less : Depreciation	2352	2607
Profit before tax	(177)	(3646)
Less : Provision for taxation	2	2
Less : Deferred tax	(305)	(1013)
Less : Fringe benefit tax	–	22
Profit after tax	126	(2656)
Less : Prior year expenses	1	8
Less : Taxes relating to earlier Years	93	78
Net Profit / (Loss)	32	(2742)
Appropriations		
Proposed Dividend	–	–
Tax on Dividend	–	–
General	–	–
Balance carried forward	(1551)	(1582)

Dividend

Your Directors have not recommended any dividend for the financial year 2009-10 due to inadequacy of profits.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Conditions and Review of Operations

The Indian textile and clothing industry witnessed noticeable improvement in fortunes during the course of the year on sustained demand for cotton yarn and fabric. The severity of the slowdown in the global economy was largely mitigated by the timely actions of Governments and Central Banks across the world. In India supportive policy measures yielded positive results and the apprehensions of a protracted global recession, which was at a peak when the year began, gradually gave way to renewed optimism.

Cotton production during the year was maintained at the previous year's levels but higher exports of cotton caused an increase in domestic prices and the impact of the same was felt on the results of your company also. Interest cost, issues relating to non-availability of quality manpower and power shortage continued to adversely affect the company's operations, causing erosion in margins.

During the year under review your company was able to effect a turnaround in performance through dedicated efforts aimed at improving operational efficiency, quality enhancement, focus on optimal productmix and effective cost saving practices, all of which resulted in improved sales and return to 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. Although the domestic demand was good, exports are yet to reach the levels attained before the global economic crisis. The domestic consumption driven growth in India is a positive development holding much promise for the future of the Indian economy and industry.

Company outlook

The demand for cotton yarn and fabric is expected to be robust in the forthcoming year also and your company intends to capitalize on this opportunity by fully harnessing the operational efficiencies and brand equity built up over the years. Raw material prices continue to rule at high levels and measures taken by the government to lower prices of cotton have yet to achieve the desired result. With a normal monsoon forecast, the prospects of a good cotton crop in India in the ensuing season are bright and anticipated production increases in other cotton producing countries offers hope for some moderation in cotton prices.

In the ensuing year, the Company expects to benefit from the restructuring of operations initiated in the past. The future prospects of the Company are encouraging in view of the sustained demand for yarn and fabric. The improvement in economic conditions in India, increasing domestic consumption and the revival in exports to the major developed economies offer further encouragement.

Opportunities, Risks and Concerns

The strength and resilience of the Indian economy during the economic slowdown and the subsequent recovery holds out great promise for sustained future growth. Increase in domestic per capita consumption of clothing, on account of higher disposable income, is positive for the prospects of the textile sector as a whole. Cost saving and efficient operational practices instituted during the recessionary phase shall continue to positively impact growth and profits in future.

Power shortage and non-availability of labour are major concerns, which could lead to escalation in cost of production. The removal of export benefits for cotton yarn by the government along with a further strengthening of the Indian rupee against other major currencies could adversely impact the competitiveness of textile exports.

Subsidiary

During the year, the Company, with a view to nurture profitable business segments outside the traditional area of Textiles, invested a sum of Rs.145 Lakhs to acquire 96.67% of the paid up equity share capital of M/s Sara Elgi Arteriors Limited, comprised of 14.5 Lakhs fully paid up equity shares of face value Rs.10 each. Sara Elgi Arteriors Limited is an unlisted Public Company engaged in the manufacture of environment friendly PVC doors and windows offering superior noise protection benefits and greater architectural harmony. These are in good demand in the construction industry and the company has high potential for future growth. As a result of this investment, Sara Elgi Arteriors Limited has become a non-material unlisted Indian subsidiary of the Company in terms of the Companies Act,1956 and the Listing Agreement.

The Statement as required under Section 212 of the Companies Act, 1956, in respect of the Subsidiary of the Company is annexed and forms an integral part of this Report. The Audited Balance Sheet, Profit and Loss Account and other documents in respect of the subsidiary as at March 31, 2010 have been attached to the Balance sheet of the Company.

Consolidated Financial Statements

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

Directors

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

Mr Vijay Venkataswamy, 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 Corporate Governance Report of this Annual Report.

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 Excellence Award-2009 from Innovative Quality Circle National level competition and Excellence Award-2009 from State level Quality Circle competition.

Foreign Exchange earnings

Total Foreign exchange earned and used :
 Earned : Rs.10365.88 Lakhs
 Used : Rs. 1916.62 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 2010.

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 :

- i. All applicable accounting standards have been followed in the preparation of annual accounts.
- ii. 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.
- iii. Proper and significant care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv. 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
29th May, 2010

Vidyaprakash D
Chairman

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

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. Provision of suitable starter connections to the high-energy consumption motors helped conserve energy depending upon the load of the machines. Extension of improved humidification system in the plant houses yielded better savings in Plant house power consumption.

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 degree of commercial advantage obtainable is being studied.

C. Technology Absorption, Adaptation and Innovation

The effectiveness of using Auto doffing in ring frames towards minimization of doffing team continues to be analyzed.



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

A. Power & Fuel Consumption	31.03.2010	31.03.2009
1. Electricity		
(a) Purchased		
Units in Lakhs	955.0	964.1
Total amount in Rs. Lakhs	2987.2	2883.1
Rate per unit in Rs.	3.1	3.0
(b) Own generation		
(i) Through Diesel Generator		
Units in Lakhs	37.8	6.6
Units per litre of diesel oil	3.3	3.3
Total amount in Rs. Lakhs	409.0	73.7
Cost per unit in Rs.	10.8	11.3
(ii) Through Windmill generation		
Units in Lakhs	66.9	62.4
Total amount in Rs. Lakhs	180.6	168.4
Rate per unit in Rs.	2.7	2.7
2. Other fuels are not used		
B. Consumption per unit of production		
(Production of various counts has been converted to the standard count of 40s)		
Electricity (in units) per kg.	5.9	5.2

Annexure to the Directors' Report showing the Particulars of Employees pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956.

Sl. No.	Name	Age	Qualification & experience (years)	Designation	Nature of duties	Gross remuneration (Rs.)	Date of commencement of Employment	Previous Employment
1.	Mr Sumanth Ramamurthi	50	BS ELECL ENGG (19)	Managing Director	Management of the Company	2,724,000	01.04.1992	Festo Elgi Pvt Ltd., Coimbatore
2.	Mr K R Seethapathy	54	B.SC., MBA (29)	Executive Director	Managing the Operations	2,493,000	16.03.1981	Jothi Mills Coimbatore

- Note :
1. Managing Director and Executive Director are appointed for a period of 3 years at a time.
 2. Gross remuneration includes Salary, Allowances, Company's contribution to Provident and Superannuation Funds and expenditure incurred by the Company for other facilities.
 3. Mr Vidyaprakash D is related to Mr Sumanth Ramamurthi.



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, viz., shareholders, employees, financial institutions, suppliers and business partners.

Board of Directors - Composition, Category and Attendance

The Board comprises of Eight Directors including three Executives and five Non-Executive Independent Directors. During the year 2009-10, five Board Meetings were held on 27.05.2009, 28.07.2009, 29.10.2009, 25.12.2009 and 25.01.2010.

Name	Category	No. of other companies in which he is a Director #	Committee in which he is a Member / Chairman*	No. of Board Meetings attended	Whether attended the AGM held on 23.09.2009
Mr Vidyaprakash D 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	5	Y
Mr C S K Prabhu	Independent and Non-Executive	3	4/3	5	Y
Mr D Sarath Chandran	Independent and Non-Executive	6	2/Nil	5	N
Mr Sudarsan Varadaraj	Independent and Non-Executive	7	3/Nil	4	N
Mr B Vijayakumar	Independent and Non-Executive	10	2/Nil	5	Y
Mr Vijay Venkataswamy	Independent and Non-Executive	4	Nil/1	4	Y

Excluding Directorships in Private and Foreign Companies

* Excluding membership in Administrative Committees.

Relationship of Directors inter-se

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



A brief resume in respect of the proposed appointment and re-appointment of Directors is given below in terms of Clause 49 of the Listing Agreement.

Profile of the retiring Directors

1. Mr Sudarsan Varadaraj, who is 52 years old, holds B E (Hons) and M S (M E) degrees. He is a leading industrialist having vast experience in the fields of Automobile and Rubber Industries for the past three decades. He is one of the promoters of the Elgi Group of Companies. Currently he is the Chairman and Managing Director of M/s Treadsdirect Limited and Managing Director of M/s Elgi Rubber Company Limited, companies which operate transnationally through subsidiaries. He has rich experience in the formation, development and management of companies in various countries and has travelled widely for the purposes of business development.

His other Directorships includes;

Elgi Equipments Limited
Elgi Aviation Tyres Limited
Elgi Ultra Industries Limited
K L R F Limited
LRG Technologies Limited

Details of shares held : 72810 Equity shares of Re.1/- each.

Committee position in other Public Companies

Name of the company	Name of the committee	Position held
Elgi Rubber Company Limited	Investors' Grievance Committee	Member
Treadsdirect Limited	Investors' Grievance Committee	Member
KLRF Limited	Audit Committee	Member

2. Mr Vijay Venkataswamy, who is 62 years old, holds a Masters Degree in Business Administration. He has more than four decades of experience in the Textile Industry and is presently the Managing Director of M/s Vantex Ltd. He has traveled across the world on business development and as a member of various delegations. He is a distinguished former President of the South India Mills Association (SIMA) and presently serves on the committees of the Confederation of Indian Textile Industry and the Textile Export Promotion Council.

His other Directorships includes;

Coimbatore Pioneer Fertilizers Limited
Precot Meridian Limited
Super Sara Textiles Limited

Details of shares held : 5000 Equity shares of Re.1/- each.

Committee position in other Public Companies

Name of the company	Name of the committee	Position held
Precot Meridian Limited	Audit Committee	Chairman

Committees of the Board

Audit Committee

The Audit Committee has been constituted as per Section 292A of the Companies Act, 1956, and the Guidelines set out in the Listing Agreement with the Stock Exchanges. The terms of reference, inter alia, 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.

The Company's Audit Committee consists of four Independent Directors, chaired by Mr C S K Prabhu. Meetings of the committee were held on 23.05.2009, 25.07.2009, 27.10.2009 and 20.01.2010.

Name of the Member	No. of Meetings Attended
Mr C S K Prabhu	4
Mr Sudarsan Varadaraj	2
Mr B Vijayakumar	4
Mr Vijay Venkataswamy	4

Remuneration Committee

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 Company's Remuneration Committee consists of four Independent Directors, viz., Mr C S K Prabhu, Mr Sudarsan Varadaraj, Mr B Vijayakumar and Mr Vijay Venkataswamy and is Chaired by Mr C S K Prabhu.

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

Remuneration of Directors

Remuneration of the whole-time Directors are decided by the Board based on the recommendations and approval of the Remuneration Committee as per the remuneration policy of the company, within the ceiling fixed by the shareholders. Remuneration of the whole-time Directors for the year ended 2009-10 is as follows.

	Rs. Lakhs
Mr Vidyaprakash D, Chairman	- 19.05
Mr Sumanth Ramamurthi, Managing Director	- 27.24
Mr K R Seethapathy, Executive Director	- 24.93

Remuneration to Non-Executive Directors

Non-Executive Directors are paid sitting fees for attending each Board and Committee Meetings. The sitting fees paid to each such Director was Rs.10000/- for each Board Meeting and Audit Committee Meeting and Rs.1000/- 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

Non-Executive Directors	Sitting Fees Rs.
Mr C S K Prabhu	102000
Mr Vijay Venkataswamy	80000
Mr D Sarath Chandran	61000
Mr Sudarsan Varadaraj	60000
Mr B Vijayakumar	90000

General Body Meetings

Details of Annual General Meetings held in last three years

Year	Location	Date	Time	Special Resolutions passed in the AGM's
2007	Ardra Convention Centre Kanchan, No.9, North Huzur Road Coimbatore-641 018	23.08.2007	4.00 PM	Nil
2008	Ardra Convention Centre Kanchan, 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 Kanchan, No.9, North Huzur Road Coimbatore-641 018	23.09.2009	3.00 PM	Nil

Shareholders' Committee

The shareholders' committee consists of Four Directors. During the year 2009-10, twelve meetings were held. The dates of the committee meetings and details of members attendance are as follows:

21 May, 11 June, 7 July, 5 September, 11 November, 22 December 2009, 08 & 25 January, 8 & 26 February, 23 & 31 March 2010.

Name of the Member	No. of Meetings Attended
Mr Vidyaprakash D	12
Mr Sumanth Ramamurthi	12
Mr D Sarath Chandran	11
Mr C S K Prabhu	12
Compliance Officer	12

Investor grievance redressal

During the year the company had received four complaints from the shareholders and the same have been redressed to the satisfaction of the shareholders. There were no complaints pending unresolved during the year ended 31.03.2010.

Details of the shareholding of Non-Executive Directors as on 31.03.2010

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

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. 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 Accountants 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 Chairman/Managing Director/Executive 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 are 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, and posted on the Electronic Data Information Filing and Retrieval at www.sebiedifار.nic.in through EDIFAR.

General Information to Share Holders**Annual General Meeting**

Date : 13.09.2010

Time : 3.30 PM

Place : Ardra Convention Centre, ``Kaanchan'', No.9, North Huzur Road, Coimbatore-641 018

Date of Book Closure : From 07.09.2010 to 13.09.2010 (Both days Inclusive)

Financial Calendar

Financial Year : Previous : 1st April 2009 to 31st March 2010

Current : 1st April 2010 to 31st March 2011

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 2010-2011. Necessary applications have already been made in connection with the de-listing of shares of the company from Coimbatore Stock Exchange Limited and Madras Stock Exchange Limited approved at the Annual General Meeting held on 24.09.2008. The shares of the company has been de-listed from Madras Stock Exchange Limited effective from 07.01.2010 while 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 2009 - 10

Month	BSE Sensex		Share price of the company	
	High	Low	High (Rs.)	Low (Rs.)
April 2009	11492.10	9546.29	6.47	4.30
May 2009	14930.54	11621.30	11.00	5.55
June 2009	15600.30	14016.95	11.55	7.61
July 2009	15732.81	13219.99	9.50	6.30
August 2009	16002.46	14684.45	9.23	7.51
September 2009	17142.52	15356.72	10.48	7.70
October 2009	17493.17	15805.20	9.55	7.04
November 2009	17290.48	15330.56	10.05	6.75
December 2009	17530.94	16577.78	13.20	8.50
January 2010	17790.33	15982.08	14.35	11.27
February 2010	16669.25	15651.99	12.00	10.00
March 2010	17793.01	16438.45	11.45	9.50

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 has become a subsidiary of the company during the year. As the subsidiary company is not a "material non-listed Indian subsidiary" in terms of explanation 1 of Clause 49 III (iii), no independent director of the company is presently represented on the Board of Directors of the said subsidiary company.

However, the Audit committee of the company reviews the financial statements and investments made by the above said subsidiary company and the minutes of the Board meetings of the above subsidiary company and statement of significant transactions and arrangements entered into by the subsidiary company 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 apprised regarding key risk assessment and risk mitigation mechanisms.

Details of dematerialised shares as on 31.03.2010

Number of shares dematerialised : 31331755
 % of shares dematerialized : 56.97%

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

Distribution of Shareholding as on 31.03.2010			
S. No	Category	No. of Shares Held	% of Share Holding
A	Promoter's Holdings		
	<u>Promoters:</u>		
	Indian Promoters	21755956	39.56
	Foreign Promoters	—	—
	Persons acting in concert	—	—
	Sub Total	21755956	39.56
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	26173140	47.58
	NRIs / OCBs	378028	0.69
	Any other	—	—
	Sub Total	31353059	57.00
	Grand Total	55000000	100.00

Distribution of shareholding as on 31.03.2010

	Shares	No of Shareholders	%	No of Shares	%
1	- 500	5918	53.7951	1461783	2.6578
501	- 1000	1972	17.9256	1751948	3.1854
1001	- 2000	1182	10.7445	1894010	3.4437
2001	- 3000	488	4.4360	1290532	2.3464
3001	- 4000	277	2.5180	1015425	1.8462
4001	- 5000	293	2.6634	1403282	2.5514
5001	- 10000	416	3.7815	3154216	5.7349
10001	& ABOVE	455	4.1360	43028804	78.2342
	Total	11001	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 Vice President – Finance & 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 25th May and 29th May 2010.



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 31.03.2010.

Coimbatore
29th May, 2010

Sumanth Ramamurthi
Managing Director & CEO

Plant Locations

A unit Kirikera, Hindupur, Ananthapur Dist, Andhra Pradesh.	D unit Udumalpet, Tirupur Dist Tamil Nadu.
B unit Kotnur, Hindupur, Ananthapur Dist, Andhra Pradesh.	Super Sara Beerapalli, Hindupur, Ananthapur Dist, Andhra Pradesh.
C unit D Gudalur, Karur, Tamil Nadu.	Sara Apparels and Fashions Nathakattupirivu, Thekkalur, Coimbatore New Tirupur, Tirupur Dist, Tamil Nadu
Address for Correspondence and Registered Office Mr T V Thusidass 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.superspinning.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, 2010 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 or 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
29th May, 2010

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, Vice President - Finance & CFO of Super Spinning Mills Limited, certify that for the financial year 2009-10 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 present a true and fair view of the company's affairs and are in compliance with 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 2009-10 which are fraudulent, illegal or violate 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 for the purpose of financial reporting of the company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems for the purpose of financial reporting and that we have taken the required steps to rectify these deficiencies.
5. We further certify that :-
 - (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.

Coimbatore
29th May, 2010

Sumanth Ramamurthi
Managing Director & CEO

A S Thirumoorthy
Vice President - Finance & 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 2010, 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.

- 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 2010 and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31st March 2010 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 2010;
 - ii. In the case of the Profit and Loss Account, of the profit 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
Membership No.202976

Coimbatore
29th May, 2010

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 eight parties covered in the register maintained under section 301 of the Companies Act, 1956. The amount involved in the transaction is Rs.2,919 Lakhs.
- b. No interest is charged with respect to the above advances. However, the other terms and conditions on which advances were made to the 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 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 2010, 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:

Rs Lakhs

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	1988 - 89	High Court, Chennai
Income Tax	Disallowance of Bonus	33.30	1994 - 95	ACIT Coimbatore
Income Tax	Disallowance of replacement of machinery	241.67	1995 - 96	CIT(A) Coimbatore
Income Tax	Payment to AP Electricity Board and disallowance of bonus provision under MAT	76.87	1997 - 98	High Court, Chennai
Income Tax	Disallowance of replacement of machinery	183.81	1998 - 99	CIT(A) Coimbatore
Income Tax	Disallowance of depreciation	66.03	1999 - 00	ACIT Coimbatore
Income Tax	Disallowance of replacement of machinery	42.51	1999 - 00	CIT(A) Coimbatore
Income Tax	Disallowance of replacement of machinery	228.80	2001 - 02	CIT(A) Coimbatore
Income Tax	Levy of interest u/s 234D	4.20	2001 - 02	ITAT, Chennai
Income Tax	Validity of assessment, exclusion of 90% interest income for section 80HHC	7.67	2002 - 03	High Court, Chennai
Income Tax	Deduction u/s 80IA	10.91	2003 - 04	ACIT Coimbatore
Income Tax	Allowance of bad debts	3.03	2003 - 04	ITAT, Chennai
Income Tax	Disallowance of replacement of machinery & deduction u/s 80IA	251.84	2004 - 05	ITAT, Chennai
Income Tax	Disallowance of replacement of machinery	378.53	2005 - 06	TAT, Chennai
Income Tax	Disallowance of replacement of machinery, deduction u/s 80IA, disallowance of cost of acquisition of land for Long term capital gain & disallowance of depreciation on windmills	131.35	2006 - 07	CIT(A) Coimbatore
The Andhra Pradesh Govt. Sales Tax Act	Disallowance of Purchase Tax Credit taken to set off tax collected on Yarn Sales	189.64	1999 - 00 to 2003 - 04	DC(CT) (A) Kurnool
TN General Sales Tax Act	Levy of Penalty for Issue of C Forms	83.93	1998 - 99	High Court, Chennai
Central Excise. TN	Rebate Claim on Exports	19.29	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	43.49	2003 - 04	Commissioner of Appeals, Coimbatore
Service Tax	Service Tax on Lorry Freight – availment of abatement	0.31	2006 - 07	Comissioner of Appeals, Tiruppur

10. There are accumulated losses and in the current financial year the Company has not incurred cash loss. However there were cash losses 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 guarantees 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
29th May, 2010

5 Year Highlights

Rs. Lakhs

	2006	2007	2008	2009	2010
Operating Results					
Sales and Other Income	36632	40522	40012	36918	38729
Operating Profit	6618	5981	4610	1771	4334
Interest	1245	1457	1776	2810	2158
Gross Profit	5373	4525	2834	(1039)	2176
Depreciation	2011	2301	2449	2607	2352
Taxes	1121	782	170	(911)	(210)
Net Profit	2238	1427	172	(2743)	32
Dividend & Dividend Tax	502	322	97	—	—
Retained Profit	1736	1105	75	—	—
Performance Parameters					
Net Fixed Assets	15612	22446	21091	19449	16720
Share Capital	550	550	550	550	550
Reserves	10961	12067	11743	8571	8602
Net Worth	11511	12617	12293	9121	9152
Return on Net Worth (%)	19	11	1	(30)	0.35
Borrowings	22258	26056	25837	24071	19799
Debt : Equity	1.9 : 1	2 : 1	2.1 : 1	2.6 : 1	2.16 : 1
Dividend (%)	80	50	15	—	—
Earnings per share (in Rs.)	40.70	2.60	0.31	(4.99)	0.06
(Face Value of Rs. 10/- per Share upto 08.09.2006 and Face Value of Re. 1/- per Share thereafter)					


Balance Sheet as at 31st March, 2010

Sources of Funds	Schedule	Rs. Lakhs	
		31.03.2010	31.03.2009
Shareholders' Funds			
Capital	1	550.00	550.00
Reserves & Surplus	2	<u>8602.25</u>	<u>8570.58</u>
		<u>9152.25</u>	<u>9120.58</u>
Loan Funds			
Secured Loans	3	19761.37	24027.72
Unsecured Loans	4	<u>37.80</u>	<u>42.77</u>
		<u>19799.17</u>	<u>24070.49</u>
Deferred Tax (net)	9	<u>1293.66</u>	<u>1599.06</u>
Total		<u>30245.08</u>	<u>34790.13</u>
Application of Funds			
Fixed Assets			
Gross Block	5	42239.13	42567.97
Less : Depreciation		<u>25528.80</u>	<u>23423.53</u>
Net Block		<u>16710.33</u>	19144.44
Capital Work-in-progress		<u>9.70</u>	<u>304.99</u>
		<u>16720.03</u>	19449.43
Investments	6	2902.97	2742.12
Current Assets, Loans & Advances			
Inventories		5846.50	7255.56
Sundry Debtors		1978.36	2402.62
Cash & Bank Balances		290.10	415.23
Other Current Assets		883.24	396.31
Loans & Advances		<u>11256.09</u>	<u>12324.98</u>
		<u>20254.29</u>	<u>22794.70</u>
Less : Current Liabilities & Provisions	8	<u>9632.21</u>	<u>10421.25</u>
Net Current Assets		10622.08	12373.45
Miscellaneous Expenditure	10	–	225.13
Total		<u>30245.08</u>	<u>34790.13</u>

Schedules 1 to 10 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, 29th May, 2010

A S Thirumoorthy
 Vice President - Finance & CFO

For and on behalf of the Board
Vidyaprakash D
 Chairman
Sumanth Ramamurthi
 Managing Director
T V Thulsidass
 Company Secretary


Profit and Loss Account for the year ended 31st March, 2010

		31.03.2010	Rs. Lakhs	31.03.2009
	Schedule			
Income				
Sales	11	38537.85		36644.79
Other Income	12	190.68		272.73
Inc / Dec (-) in Stock of Finished Goods	13	(1917.47)		(168.26)
		<u>36811.06</u>		<u>36749.26</u>
Expenditure				
Raw Materials	14	20052.56		20118.58
Salaries & Wages	15	3785.23		3608.39
Power & Fuel		3427.94		3055.22
Stores		1628.60		1438.89
Repairs & Maintenance	16	688.69		658.69
Processing Charges		905.89		3008.62
Selling Expenses	17	1316.17		1561.03
Administrative Expenses	18	672.22		1529.06
Interest (Net)	19	2158.24		2809.81
		<u>34635.54</u>		<u>37788.29</u>
Gross Profit		2175.52		(1039.03)
Less : Depreciation		2352.37		2606.71
Profit before Tax		(176.85)		(3645.74)
Less : Provision for Taxation		2.00		2.00
Less : Provision for Deferred Tax		(305.40)		(1013.34)
Less : Provision for Fringe Benefit Tax		-		21.85
Profit after Tax		126.55		(2656.25)
Less : Prior year Expenses		1.44		8.25
Less : Taxes Relating to earlier years		93.44		78.08
Net Profit		31.67		(2742.58)
Add: Balance brought forward		(1582.40)		1160.18
Profit available for Appropriation		(1550.73)		(1582.40)
Appropriations		-		-
Balance Carried Forward		(1550.73)		(1582.40)
Basic Earnings per share (in Rs.)				
Face Value of Re. 1/- per Share		0.06		(4.99)

Schedules 11 to 19 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, 29th May, 2010

A S Thirumoorthy
 Vice President - Finance & CFO

For and on behalf of the Board
Vidyaprakash D
 Chairman
Sumanth Ramamurthi
 Managing Director
T V Thulsidass
 Company Secretary



Schedules Annexed to the Accounts

	31.03.2010	Rs. Lakhs	31.03.2009
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	8617.29	9047.46	
Less: Foreign exchange gain on capital assets capitalised	-	(430.17)	
Less: Profit and Loss Account	<u>(1550.73)</u>	<u>(1582.40)</u>	7034.89
	<u>8602.25</u>		<u>8570.58</u>
Secured Loans			Schedule 3
Term Loans from Financial Institutions / Banks			
In Rupee	7968.99		9555.25
In Foreign Currency	1742.76		3119.02
Working Capital Facilities from Banks			
In Rupee	10049.62		11353.45
In Foreign Currency	-		-
(Refer Notes for Security Details)			
	<u>19761.37</u>		<u>24027.72</u>
Unsecured Loans			Schedule 4
Trade deposits	35.39		40.12
Interest accrued and due on above	2.41		2.65
	<u>37.80</u>		<u>42.77</u>



Fixed Assets	Rs. Lakhs Schedule 5									
	Gross Block				Depreciation			Net Block		
	As at 31.03.2009	Additions Transfers/ Adjustments	Sales/ Transfers/ Adjustments	As at 31.03.2010	Upto 31.03.2009	For the year	Withdrawn during the year	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
Land	908.57	–	79.62	828.95	–	–	–	–	828.95	908.57
Buildings	6726.81	(107.38)	65.68	6553.75	1048.39	193.48	3.75	1238.12	5315.63	5678.42
Plant & Machinery	34002.84	280.01	279.99	34002.86	21842.48	2056.81	181.88	23717.41	10285.45	12160.36
Office Furniture & Fittings	286.53	4.35	1.28	289.60	115.52	15.02	0.33	130.21	159.39	171.01
Motor Vehicles	346.90	–	79.25	267.65	197.33	27.76	61.14	163.95	103.70	149.57
ERP Software	296.32	–	–	296.32	219.81	59.30	–	279.11	17.21	76.51
Total	42567.97	176.98	505.82	42239.13	23423.53	2352.37	247.10	25528.80	16710.33	19144.44
Capital Work in-progress	304.99	0.31	295.60	9.70	–	–	–	–	9.70	304.99
Total	42872.96	177.29	801.42	42248.83	23423.53	2352.37	247.10	25528.80	16720.03	19449.43
Previous Year	42128.51	1071.78	327.32	42872.97	21037.19	2606.71	220.37	23423.53	19449.44	21091.31

INVESTMENTS

Schedule 6

	31.03.2010	31.03.2009
Trade-Unquoted - Long Term		
9,38,000 Equity Shares of Rs.10 each In Andhra Pradesh Gas Power Corporation Ltd.	1293.02	1293.02
2,03,938 (70,420) Equity Shares of Rs.10 each fully paid in MMS Steel and Power Pvt Ltd	20.39	7.04
1,775 (1,525) Equity Shares of Rs.1000 each fully paid in Nethaji Apparel Park	17.75	15.25
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
11,50,000 Equity Shares of Rs.10 each fully paid in Elgi Electric and Industries Ltd	115.00	115.00
21,18,500 Equity Shares of Rs.10 each fully paid in Elgi Software And Technologies Ltd	211.85	211.85
5,00,000 Equity Shares of Rs. 10 each fully paid in Sara Elgi Envirotech Ltd	50.00	50.00
14,50,000 Equity Shares of Rs.10 each fully paid in Sara Elgi Arteriors Ltd	145.00	–
Aggregate value of unquoted investment Cost - Rs.2902.97 Lakhs (Previous year Rs.2742.12 Lakhs)	2902.97	2742.12



	31.03.2010	Rs. Lakhs	31.03.2009
Current Assets, Loans and Advances			Schedule 7
Inventories			
(As per inventory taken, valued and certified by the Management)			
Raw Materials	3797.67		3441.08
Stock-in-process	1211.93		1228.32
Waste	34.18		34.47
Finished Goods	462.57		2380.04
Stores and Spares	340.15		171.65
	<u>5846.50</u>		<u>7255.56</u>
Sundry Debtors			
(Unsecured, considered good)			
Outstanding for more than six months	191.29		262.94
Others	1787.07		2139.68
	<u>1978.36</u>		<u>2402.62</u>
Cash and Bank Balances			
(i) Cash on Hand	7.37		7.03
(ii) Cheques and Stamps on Hand	-		-
(iii) Balance with Scheduled Banks in :			
(a) Collection and Current account	262.44		387.11
(b) Unpaid Dividend Account	20.29		21.09
(c) Deposits Account	-		-
	<u>290.10</u>		<u>415.23</u>
Other Current Assets			
Interest accrued on deposits and loans	151.15		161.82
Income accrued and receivable	732.09		234.49
	<u>883.24</u>		<u>396.31</u>
Loans and Advances			
(Unsecured, considered good)			
Advance recoverable in cash or in kind or for value to be received	7179.89		7111.09
Advance payment of taxes	3352.40		4199.19
Deposit with Central Excise and Customs	221.81		284.37
Other Deposits	501.99		730.33
	<u>11256.09</u>		<u>12324.98</u>
Current Liabilities			Schedule 8
Sundry Creditors			
(a) Micro, Small and Medium Enterprises - Refer Note 5	-		-
(b) Others	6162.40		6059.12
Other Liabilities	945.29		866.94
Interest accrued but not due	48.83		80.58
Unclaimed Dividends	19.38		20.18
Provisions			
Provision for Taxation	2111.45		3009.36
Provision for Gratuity	344.86		385.07
	<u>9632.21</u>		<u>10421.25</u>



	31.03.2010	Rs. Lakhs	31.03.2009
Deferred Tax			Schedule 9
As per Last Balance Sheet	1599.06		2612.40
(Less) : Transfer to Profit and Loss Account	<u>(305.40)</u>		<u>(1013.34)</u>
	<u>1293.66</u>		<u>1599.06</u>
Miscellaneous Expenditure			Schedule 10
(To the extent not written off or adjusted)			
Voluntary Retirement Compensation			
As per the last Balance Sheet	225.13		186.29
Add : Paid during the year	97.86		265.31
Less : Written off	<u>322.99</u>		<u>226.47</u>
	<u>-</u>		<u>225.13</u>
Sales			Schedule 11
Yarn			
- Domestic	25459.16		21872.46
- Exports	9704.18		9908.75
Cotton			
- Trading Goods	336.25		103.55
Garments			
- Domestic	192.10		403.07
- Exports	567.93		1446.11
Fabric			
- Domestic	793.53		1052.56
- Exports	93.77		160.46
Waste			
- Domestic	1333.79		1617.08
- Export	-		0.11
Miscellaneous Sales	58.96	86.01	
Less: Excise Duty	<u>1.82</u>	<u>57.14</u>	80.64
	<u>38537.85</u>	<u>5.37</u>	<u>36644.79</u>
Other Income			Schedule 12
Insurance Claim	3.23		6.62
Rent Receipts	20.73		15.76
Profit on Sale of Assets (Net)	127.01		95.52
Miscellaneous Income	39.71		154.83
	<u>190.68</u>		<u>272.73</u>
Inc / Dec (-) in stock of Finished Goods			Schedule 13
Stock at closing	462.57		2380.04
Less : Stock at opening	<u>2380.04</u>		<u>2548.30</u>
	<u>(1917.47)</u>		<u>(168.26)</u>
Raw Materials			Schedule 14
Opening Stock :			
Raw Materials	3441.08	6714.57	
Stock in Process	1228.32	1733.09	
Waste Cotton	<u>34.47</u>	<u>175.49</u>	
	<u>4703.87</u>		8623.15
Add : Purchases	20392.47		16199.30
	<u>25096.34</u>		<u>24822.45</u>
Less: Closing Stock			
Raw Materials	3797.67	3441.08	
Stock in Process	1211.93	1228.32	
Waste Cotton	<u>34.18</u>	<u>34.47</u>	
	<u>5043.78</u>		4703.87
	<u>20052.56</u>		<u>20118.58</u>



	31.03.2010	Rs. Lakhs 31.03.2009
Salaries and Wages		Schedule 15
Salaries, Wages, Bonus etc.,	3152.63	2901.50
Contribution to PF, Gratuity & Superannuation Fund	210.01	222.70
Welfare Expenses	351.37	412.97
Chairman's Remuneration	19.05	19.05
Managing Director's Remuneration	27.24	27.24
Executive Director's Remuneration	24.93	24.93
	<u>3785.23</u>	<u>3608.39</u>
Repairs and Maintenance		Schedule 16
Building	36.88	45.54
Machinery	595.12	586.31
Others	56.69	26.84
	<u>688.69</u>	<u>658.69</u>
Selling Expenses		Schedule 17
Yarn Brokerage and Commission	571.69	625.51
Export Selling Expenses	347.15	443.46
Performance Incentive	138.64	175.02
Other Selling Expenses	258.69	317.04
	<u>1316.17</u>	<u>1561.03</u>
Administrative Expenses		Schedule 18
Rent	15.50	13.96
Insurance	32.59	48.66
Postage, Telephone and Printing	55.82	81.70
Travelling and Transport Charges	130.29	194.96
Bank Charges & Commission	178.28	98.91
Taxes and Licence	62.11	58.91
Professional Charges	80.46	91.69
Auditors' Remuneration		
(a) Audit Fees	5.29	5.22
(b) Travelling Expenses	1.38	1.15
Directors' Sitting Fees	3.93	4.99
Loss from Forex Transactions	8.78	762.18
Others	97.79	166.73
	<u>672.22</u>	<u>1529.06</u>
Interest (Net)		Schedule 19
Interest Expenditure		
Fixed Loans	1189.27	1410.41
Working Capital & Others	1202.00	1452.95
	<u>2391.27</u>	<u>2863.36</u>
Less: Interest Income	233.03	53.55
(TDS Rs.6.16 Lakhs, Previous year - Rs.1.19 Lakhs)	<u>2158.24</u>	<u>2809.81</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 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.

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 paid is written off as per the Revised Accounting Standard 15 culminating the write off by March 2010. Consequent to this change, the profit is lower by Rs.225.13 Lakhs. From current year, the VRS payments are expended in the year of payment under the Accounting Standard 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 period 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.

12. Taxes relating to earlier years include Short Provision of Income Tax amounting to Rs.93.44 Lakhs (Previous Year Rs. 78.08 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.20.99 Lakhs (Previous Year Rs.27.57 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 / (Loss) before Tax		(176.65)
LESS :	(i) Depreciation as per books	2352.37
	(ii) Chairman's Remuneration	19.05
	(iii) Managing Director's Remuneration	27.24
	(iv) Executive Director's Remuneration	24.93
	(v) Sitting fees paid to Directors	3.93
		<u>2427.52</u>
ADD : Depreciation Allowable		2250.87
		2352.37
Net Loss as per Section 349 / 350 of the Companies Act, 1956		<u>(101.50)</u>

Due to inadequacy of profits for the year, the Company has paid Minimum remuneration as set out in Part II of Schedule XIII of the Companies Act, 1956.

- | | | Rs. Lakhs |
|------------------------------|---|-------------------|
| | | 31.03.2010 |
| | | 31.03.2009 |
| 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 16.97 |

17. A) Details of Derivative instruments (for hedging) outstanding as at year end:

Particulars	Amount in foreign Currency		Equivalent amount in Rs. Lakhs		Purpose
	31.03.2010	31.03.2009	31.03.2010	31.03.2009	
Forward Cover	USD 2002079	-	923.05	-	Covering Export
	USD 280431	-	129.90	-	Covering Import
	USD 693575	-	328.30	-	ECB Loan

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

Particulars	Amount in foreign currency		Equivalent amount in Rs. Lakhs	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Sundry Debtors	USD 457430	USD 905359	210.19	462.08
	Euro Nil	Euro 2175	-	1.41
<u>Sundry Creditors</u>				
Raw Materials	USD 271352	USD 1179654	124.55	489.33
	Euro Nil	Euro Nil	-	-
Capital	USD Nil	USD 3898562	-	1736.81
	Euro Nil	Euro Nil	-	-
ECB Loan	USD 3910615	USD 6145251	1746.58	2744.62



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	31.03.2010	31.03.2009
Net profit attributable to the ordinary shareholders for Basic & Diluted Earnings per share (Rs. Lakhs)	31.67	(2742.58)
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.)	0.06	(4.99)
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	Amt.		
Yarn & Dyed Yarn	KGS	2010	177408 Spindles 1200 rotors	10.02	2041.25	210.12	219.19	35163.34	0.94	167.14		
		2009	177408 Spindles 1200 rotors	13.36	2044.65	211.49	214.83	31781.21	10.02	2041.25		
Weaving & Knitting	KGS	2010	–	0.44	73.28	2.64	3.01	887.30	0.08	30.31		
		2009	–	0.12	26.00	6.06	5.74	1213.02	0.44	73.28		
Garments	PCS	2010	556 Machines	2.85	265.51	4.69	4.59	760.03	2.95	265.12		
		2009	556 Machines	2.76	225.12	12.71	12.61	1929.82	2.85	265.51		
Sale of Trading goods (Cotton)	KGS	2010						393.39				
		2009						103.55				
Grand Total		2010			2380.04			37204.06		462.57		
		2009			2295.77			35027.60		2380.04		

Production includes 9.21 lakhs kgs (Previous year 26.76 lakhs kgs) produced through outsourcing parties.

20. Raw Material Consumption

(Figures in Lakhs)

Particulars	UoM	31.03.2010		31.03.2009	
		Quantity	Amount	Quantity	Amount
Manufacture of yarn & Dyed yarn	KGS	304.05	19359.19	315.46	18842.65
Manufacture of Woven fabrics	KGS	2.26	379.42	4.85	736.45
Manufacture of Garments	KGS	1.93	313.95	3.12	539.48
Total		308.24	20052.56	323.43	20118.58

21. Details of employees 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	31.03.2010	31.03.2009
Present Value of the Obligation as on 1 st April	671.21	794.88
Current Service Cost	33.46	39.85
Interest Cost	48.39	56.32
Actuarial Gains and Losses	1.92	(38.04)
Benefits paid	(69.02)	(181.80)
Present Value of the Obligation as on 31 st March	685.95	671.21

The Liability of the Company as on 31st March 2010 has been funded to the extent of Rs.341.10 Lakhs.

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

Particulars	31.03.2010	31.03.2009
Fair Value of the Plan Assets as on 1 st April	286.13	396.21
Expected rate of return	27.90	25.99
Actuarial Gains and Losses	(3.92)	6.59
Contributions by the Employer	100.00	39.14
Benefits Paid	(69.02)	(181.80)
Fair Value of Plan Assets as on 31 st March	341.10	286.13

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	31.03.2010	31.03.2009
Current Service Cost	33.46	39.85
Interest Cost	48.39	56.32
Expected return on plan assets	(27.90)	(25.99)
Actuarial Gains and Losses	5.83	(44.63)
Amount recognised in the Profit and Loss Account	59.79	25.55

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 31.03.2010	As on 31.03.2009
Discount Rate	7.60%	7.60%
Expected rate of return on Plan Assets	9.25%	9.30%
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	31.03.2010	31.03.2009
Present Value of the Defined Benefit Obligation	685.95	671.21
Fair Value of Plan Assets	341.10	286.13
Deficit in Plan Assets	344.85	385.06
Experience Adjustments arising on Plan Liabilities as an amount	(47.93)	(42.03)
Experience Adjustments arising on Plan Assets as an amount	(3.92)	6.59

22. Details of provisions and movements

Rs. Lakhs

Particulars	2009-10 Statutory	2008-09 Statutory
Carrying amount at the beginning of the year	3288.06	3223.59
Additional provision made during the year	564.91	246.27
Amount used during the year	1507.02	181.80
Unused amount reversed during the year	—	—
Carrying amount at the end of the year	2345.95	3288.06

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

Particulars	Opening as of 01.04.2009	Charge / Credit	Closing as of 31.03.2010
Depreciation	2369.42	(396.12)	1973.30
Business Loss	(860.29)	166.94	(693.35)
Others	89.93	(76.22)	13.71
Total	1599.06	(305.40)	1293.66

24. Loss on Sale of Assets amounting to Rs.28.62 Lakhs (Previous year Rs.27.92 lakhs) has been netted against Profit on Sale of Assets Rs.155.63 lakhs (Previous year Rs. 123.44 lakhs) resulting in a net credit to Profit and Loss account of Rs. 127.01 lakhs (Previous year Rs. 95.52 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) Where Control Exists :

(b) Key Management Personnel : Vidyaprakash D, Chairman
Sumanth Ramamurthi, Managing Director
K R Seethapathy, Executive Director

(c) Subsidiary : Sara Elgi Arteriors Ltd.

(d) Others :

- | | |
|---------------------------------------|--|
| 1. Elgi Electric and Industries Ltd | 7. Super Farm Products Limited |
| 2. Elgi Building Products Ltd | 8. Sara Elgi Insurance Advisory Services Pvt Ltd |
| 3. Elgi Software and Technologies Ltd | 9. Sara Trading and Industrial Services Ltd |
| 4. Kakatiya Textiles Ltd | 10. Sara Elgi Industrial Research and
Development Ltd |
| 5. Sara Elgi Envirotech Ltd | |
| 6. Super Sara Textiles Limited | 11. Coimbatore Pioneer Fertilisers Ltd. |

(ii) Related Party Transaction

Rs. Lakhs

Nature of Transaction	Subsidiary		Others		Key Management Personnel		Relatives of Key Management Personnel		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Purchase of goods			1350.67	94.74					1350.67	94.74
Sales of goods			316.94	299.29					316.94	299.29
Purchase of Fixed Assets			11.68						11.68	
Managerial Remuneration					71.22	71.22			71.22	71.22
Sitting Fees							0.10			0.10
Service Charges Paid			25.12	761.48					25.12	761.48
Rent Received	1.50		4.65	4.65					6.15	4.65
Rent Paid			3.21						3.21	
Amount outstanding as at year end – Dr			3087.93	4093.84					3087.93	4093.84
Amount outstanding as at year end – Cr			5.24	11.84					5.24	11.84

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, 29th May, 2010

A S Thirumoorthy
Vice President - Finance & CFO

Vidyaprakash D
Chairman
Sumanth Ramamurthi
Managing Director
T V Thulsidass
Company Secretary



Cash flow statement for the year 2009-2010

	2009-2010	Rs. Lakhs	2008-2009
A. Cash Flow from operating activities :			
Net Profit before tax and extraordinary items	(176.85)		(3645.74)
Adjustment for :			
Depreciation	2,352.37	2,606.71	
Prior year Income / (Expenses)	(1.44)	(8.25)	
Taxes relating to earlier years	(93.44)	(78.08)	
(Profit)/Loss on sale of assets	(127.01)	(95.52)	
(Profit)/Loss on sale of investments	-	-	
(Dividend Income)	-	-	
(Interest Income)	(233.03)	(53.55)	
Interest Payments	2,391.27	2,863.36	
Leasing Charges	-	-	
	<u>4288.72</u>		<u>5234.66</u>
Operating Profit before working capital changes	<u>4111.87</u>		<u>1588.92</u>
Adjustments for :			
Trade receivables	424.26	555.66	
Other receivables	(264.83)	(552.84)	
Inventories	1,409.06	4,101.41	
Trade payables	109.67	309.25	
	<u>1678.16</u>		<u>4413.48</u>
Cash generated from operations	<u>5788.03</u>		<u>6002.40</u>
Voluntary Retirement Compensation	(225.13)	38.84	
Direct taxes paid	55.12	15.56	
	<u>(170.01)</u>		<u>54.40</u>
Net Cash Flow from operating activities	5960.04		5948.00
B Cash Flow from Investing activities :			
Purchase of fixed assets	(177.29)	(1,071.78)	
Capitalisation of reserves	-	(430.17)	
Sale of fixed assets	680.68	202.47	
Purchase of investments	(160.85)	-	
Sale of investments	-	1.00	
Dividend received	-	-	
Interest received	233.03	53.55	
Net cash used for investing activities	575.57		(1244.93)
C Cash Flow from financing activities :			
Long term borrowings	(2,962.52)	(2,245.24)	
Interest paid	(2391.27)	(2,863.36)	
Working capital borrowings	(1,303.83)	495.80	
Unsecured loans & deposits	(2.32)	(2.29)	
Dividends and Tax on Dividend paid	(0.80)	(94.87)	
Net cash flow from financing activities	(6660.74)		(4709.96)
Net Increase / (Decrease) in cash and cash equivalent	(125.13)		(6.88)
Cash and cash equivalents - Opening	415.23		422.11
Cash and cash equivalents - Closing	<u>290.10</u>		<u>415.23</u>
Vidyaprakash D	Sumanth Ramamurthi	A S Thirumoorthy	T V Thulsidass
Chairman	Managing Director & CEO	Vice President - Finance & CFO	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 31.03.2010 and 31.03.2009 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
29th May, 2010



Balance Sheet Abstract and Company's General Business Profile

Registration Details

Registration No.	:	181-001200 / CIN - L17111TZ1962PLC001200
State Code	:	18
Balance Sheet Date	:	31.03.2010

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

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

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

Total Liabilities	:	3024508
Total Assets	:	3024508

Sources of Funds

Paid-up Capital	:	55000
Reserves & Surplus	:	860225
Secured Loans	:	1976137
Unsecured Loans	:	3780
Deferred Tax Liability	:	129366

Application of Funds

Net Fixed Assets	:	1672003
Investments	:	290297
Net Current Assets	:	1062208
Misc. Expenditure	:	-
Accumulated Losses	:	-

Performance of the Company (Amount in Rs. Thousands)

Turnover & Other Income	:	3681106
Total Expenditure	:	3698791
Profit Before Tax	:	(17685)
Profit After Tax	:	12655
Earnings Per Share Rs.	:	0.06
Dividend Rate %	:	-

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 to 28	Single Yarn of Combed Fiber
5205.41 to 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, 29th May, 2010

Vidyaprakash D

Chairman

Sumanth Ramamurthi

Managing Director

T V Thulsidass

Company Secretary

A S Thirumoorthy

Vice President – Finance & CFO


Statement Pursuant to Section 212 of the Companies Act, 1956

1	Name of the Subsidiary	Sara Elgi Arteriors Limited
2	Financial year ending	31 st March 2010
3	No of shares(fully paid up) held by the company on the above dates	14,50,000 Equity Shares of Rs.10 each
4	Extent of Holding Company's Interest	96.67%
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, 2010	Rs.49.77 lakhs
	ii) for the previous financial year	-
	b) dealt with in the accounts of the Company	
	i) for the year ended 31 st March, 2010	-
	ii) for the previous financial year	-

Note:

- a) 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, 29th May, 2010

A S Thirumoorthy
Vice President – Finance & CFO

Vidyaprakash D
Chairman
Sumanth Ramamurthi
Managing Director
T V Thulsidass
Company Secretary



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, 2010, 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 subsidiary.

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 subsidiary, 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 subsidiary as at 31st March 2010 ;
- b) In the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiary 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 subsidiary for the year ended on that date.

For **Reddy, Goud & Janardhan**

Chartered Accountants
Registration No. 003254S

Balakrishna S Bhat

Partner

Membership No.202976

Coimbatore
29th May, 2010


Consolidated Balance Sheet as at 31st March, 2010

		Rs. Lakhs
		31.03.2010
Sources of Funds	Schedule	
Shareholders' Funds		
Capital	1	550.00
Reserves & Surplus	2	8711.48
		<u>9261.48</u>
Minority Interest		8.77
Loan Funds		
Secured Loans	3	19926.55
Unsecured Loans	4	37.80
		<u>19964.35</u>
Deferred Tax (net)	9	<u>1300.83</u>
Total		<u>30535.43</u>
Application of Funds		
Fixed Assets		
Gross Block	5	42526.94
Less : Depreciation		<u>25565.36</u>
Net Block		16961.58
Capital Work-in-progress		<u>9.70</u>
		16971.28
Investments	6	2757.97
Current Assets, Loans & Advances		
Inventories		5875.36
Sundry Debtors		2240.16
Cash & Bank Balances		296.36
Other Current Assets		883.53
Loans & Advances		<u>11523.65</u>
		20819.06
Less : Current Liabilities & Provisions	8	<u>10012.88</u>
Net Current Assets		10806.18
Miscellaneous Expenditure	10	-
Total		<u>30535.43</u>

Schedules 1 to 10 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, 29th May, 2010

A S Thirumoorthy
 Vice President - Finance & CFO

For and on behalf of the Board
Vidyaprakash D
 Chairman
Sumanth Ramamurthi
 Managing Director
T V Thulsidass
 Company Secretary


Consolidated Profit and Loss Account for the year ended 31st March, 2010

	Schedule	Rs. Lakhs 31.03.2010
Income		
Sales	11	39455.65
Other Income	12	192.25
Inc / Dec (-) in Stock of Finished Goods	13	(1917.47)
		<u>37730.43</u>
Expenditure		
Raw Materials	14	20603.08
Salaries & Wages	15	3863.72
Power & Fuel		3431.54
Stores		1681.65
Repairs & Maintenance	16	694.63
Processing Charges		905.89
Selling Expenses	17	1334.64
Administrative Expenses	18	723.01
Interest (Net)	19	2183.90
		<u>35422.06</u>
Gross Profit		2308.37
Less : Depreciation		<u>2333.86</u>
Profit before Tax		(25.49)
Less : Provision for Taxation		44.75
Less : Provision for Deferred Tax		(251.63)
Less : Pre-acquisition profits transferred to capital Reserve on consolidation		35.45
Less: Profit transferred to minority Interest		<u>1.66</u>
Profit after Tax		144.28
Less : Prior year Expenses		1.49
Less : MAT Credit entitlement		5.03
Less : Taxes Relating to earlier years		<u>93.44</u>
Net Profit		44.32
Add : Balance brought forward	(1519.16)	
Less : Transferred to Capital Reserve on consolidation	61.13	
Less: Transferred to Minority Interest	<u>2.11</u>	
		(1582.40)
Profit available for Appropriation		(1538.08)
Appropriations		
General Reserve		4.98
Balance Carried Forward		<u>(1543.06)</u>
Basic Earnings per share (in Rs.)		
Face Value of Re. 1/- per Share		0.08

Schedules 11 to 19 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

Vidyaprakash D

For **Reddy, Goud & Janardhan**

Chairman

Chartered Accountants

Sumanth Ramamurthi

Registration No. 003254S

Managing Director

Balakrishna S Bhat

A S Thirumoorthy

T V Thulsidass

Partner, Membership No. 202976

Vice President - Finance & CFO

Company Secretary

Coimbatore, 29th May, 2010



Schedules Annexed to the Consolidated Accounts

	Rs. Lakhs
	31.03.2010
Share Capital	Schedule 1
Authorised	
10,00,00,000 Equity Shares of Re. 1/- each	<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>
{Note:	
a) Of the above 27,50,000 equity shares of Re. 1/- 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	48.19
Capital Reserve on Consolidation	96.58
Share Premium	1487.50
General Reserve	
As per last Balancesheet	8617.29
Add : Transferred from the profit and loss account	4.98
Less: Profit and Loss Account	<u>(1543.06)</u>
	<u>7079.21</u>
	<u>8711.48</u>
Secured Loans	Schedule 3
Term Loans from Financial Institutions / Banks	
In Rupee	7968.99
In Foreign Currency	1742.76
Working Capital Facilities from Banks	
In Rupee	10214.80
In Foreign Currency	-
(Refer Notes for Security Details)	
	<u>19926.55</u>
Unsecured Loans	Schedule 4
Trade deposits	35.39
Interest accrued and due	2.41
	<u>37.80</u>



Fixed Assets									Rs. Lakhs
	Gross Block				Depreciation				Net Block
	As at 31.03.2009	Additions/ Transfers/ Adjustments	Sales/ Transfers/ Adjustments	As at 31.03.2010	Upto 31.03.2009	For the year	Deletions/ Adjustments	Upto 31.03.2010	As at 31.03.2010
Land	908.57	206.41	79.62	1035.36	-	-	-	-	1035.36
Buildings	6726.81	(107.38)	65.68	6553.75	1048.39	193.48	3.75	1238.12	5315.63
Plant & Machinery	34073.20	280.37	282.24	34071.33	21889.11	2063.11	202.09	23750.13	10321.20
Office Furniture & Fittings	312.60	4.77	14.84	302.53	128.57	16.68	11.20	134.05	168.48
Motor Vehicles	346.90	-	79.25	267.65	197.33	27.76	61.14	163.95	103.70
ERP Software	296.32	-	-	296.32	219.81	59.30	-	279.11	17.21
Total	42664.40	384.17	521.63	42526.94	23483.21	2360.33	278.18	25565.36	16961.58
Capital Work - in-progress	304.99	0.31	295.60	9.70	-	-	-	-	9.70
Total	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

9,38,000 Equity Shares of Rs.10 each fully paid in Andhra Pradesh Gas Power Corporation Ltd	1293.02
2,03,938 (70,420) Equity Shares of Rs.10 each fully paid in MMS Steel and Power Pvt Ltd	20.39
1,775 (1,525) 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
11,50,000 Equity Shares of Rs.10 each fully paid in Elgi Electric and Industries Ltd	115.00
21,18,500 Equity Shares of Rs.10 each fully paid in Elgi Software And Technologies Ltd	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	2757.97



	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	3824.82
Stock-in-process	1211.93
Waste	34.18
Finished Goods	462.57
Stores and Spares	340.14
Traded Goods	1.72
	<u>5875.36</u>
Sundry Debtors	
(Unsecured, considered good)	
Outstanding for more than six months	312.12
Others	1928.04
	<u>2240.16</u>
Cash and Bank Balances	
(i) Cash on Hand	7.87
(ii) Cheques and Stamps on Hand	-
(iii) Balance with Scheduled Banks in :	
a) Collection and Current account	268.20
b) Unpaid Dividend Account	20.29
c) Deposit Account	-
	<u>296.36</u>
Other Current Assets	
Interest accrued on deposits and loans	151.15
Income accrued and receivable	732.38
	<u>883.53</u>
Loans and Advances	
(Unsecured, considered good)	
Advance recoverable in cash or in kind or for value to be received:	7186.27
Advance payment of taxes	3406.04
Deposit with Central Excise and Customs	228.80
Other Deposits	702.54
	<u>11523.65</u>
Current Liabilities	Schedule 8
Sundry Creditors	
a) Micro, Small and Medium Enterprises - Refer Note 5	-
b) Others	6387.38
Other Laibilities	1042.55
Interest accrued but not due	48.83
Unclaimed Dividends	19.38
Provisions	
Provision for Taxation	2169.88
Provision for Gratuity	344.86
	<u>10012.88</u>



		Rs. Lakhs
		31.03.2010
		Schedule 9
Deferred Tax Liability - Holding Company		
Opening as at 01.04.09	1599.06	
Less: Transferred to Profit & Loss Account	<u>(305.40)</u>	1293.66
Deferred Tax Asset - Subsidiary Company		
Opening as at 01.04.09	(46.60)	
Less: Transferred to Profit & Loss Account	<u>53.77</u>	<u>7.17</u>
		<u>1300.83</u>
Miscellaneous Expenditure		Schedule 10
(To the extent not written off or adjusted)		
Voluntary Retirement Compensation As per the last Balance Sheet		225.13
Add : Paid during the year		97.86
Less : Written off		<u>322.99</u>
		<u>-</u>
Sales		Schedule 11
Yarn	- Domestic	25459.16
	- Exports	9704.18
Cotton	- Trading Goods	336.25
Garments	- Domestic	192.10
	- Exports	567.93
Fabric	- Domestic	793.53
	- Exports	93.77
Waste	- Domestic	1333.79
Miscellaneous Sales		58.96
Less: Excise Duty		<u>1.82</u>
UPVC Windows, Parts & Accessories - Domestic		<u>917.80</u>
		<u>39455.65</u>
Other Income		Schedule 12
Insurance Claim		3.23
Rent Receipts		20.73
Profit on Sale of Assets (Net)		127.47
Miscellaneous Income		39.71
Labour Charges		<u>1.11</u>
		<u>192.25</u>
Inc / Dec (-) in stock of Finished Goods		Schedule 13
Stock at closing		462.57
Less : Stock at opening		<u>2380.04</u>
		<u>(1917.47)</u>



		Rs. Lakhs
		31.03.2010
		Schedule 14
Raw Materials		
Opening Stock :		
Raw Materials	3494.34	
Stock in Process	1228.32	
Waste Cotton	34.47	
Trading Goods	19.04	4776.17
Add: Purchases :		<u>20899.56</u>
		25675.73
Less: Closing Stock		
Raw Materials	3824.82	
Stock in Process	1211.93	
Waste Cotton	34.18	
Trading Goods	1.72	5072.65
		<u>20603.08</u>
Salaries and Wages		Schedule 15
Salaries, Wages, Bonus etc.,		3224.04
Contribution to PF, Gratuity & Superannuation Fund		215.10
Welfare Expenses		353.36
Chairman's Remuneration		19.05
Managing Director's Remuneration		27.24
Executive Director's Remuneration		24.93
		<u>3863.72</u>
Repairs and Maintenance		Schedule 16
Building		38.09
Machinery		599.48
Others		57.06
		<u>694.63</u>
Selling Expenses		Schedule 17
Yarn Brokerage and Commission		580.68
Export Selling Expenses		347.15
Performance Incentive		138.64
Other Selling Expenses		268.17
		<u>1334.64</u>



	Rs. Lakhs
	31.03.2010
Administrative Expenses	Schedule 18
Rent	18.91
Insurance	32.75
Postage, Telephone and Printing	60.27
Travelling and Transport Charges	142.87
Bank Charges & Commission	179.87
Taxes and Licence	70.49
Professional Charges	83.06
Auditors' Remuneration:	
a) Audit Fees	5.68
b) Travelling Expenses	1.38
Director's Sitting Fees	3.93
Loss from Forex Transactions	8.78
Others	115.02
	<u>723.01</u>
Interest (Net)	Schedule 19
Interest Expenditure	
Fixed Loans	1189.27
Working Capital & Others	1227.95
	<u>2417.22</u>
Less: Interest Income	233.32
(TDS Rs.6.16 Lakhs, Previous year - Rs.1.19 Lakhs)	<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.

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 paid is written off as per the Revised Accounting Standard 15 culminating the write off by March 2010. Consequent to this change, the profit is lower by Rs.225.13 lakhs. From current year, the VRS payments are expended in the year of payment under the Accounting Standard 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 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
Rs. Lakhs
31.03.2010

- | | |
|--|---------------------|
| 1. Estimated amount of contracts remaining to be executed on capital account and not provided for | 59.33 |
| 2. Contingent Liabilities: | |
| (i) Letters of Credit | 2306.75 |
| (ii) Bank Guarantees | 6.00 |
| (iii) Bills discounted with Company's Bankers | 2613.50 |
| (iv) Disputed Demands from Income Tax Authorities | 1675.13 |
| (v) Disputed Excise Duty Liability | 63.08 |
| (vi) Disputed Sales Tax Liability | 422.98 |
| 3. Term Loans from Financial Institutions and from Banks (Including Foreign Currency Loans) to the extent of Rs. 687.50 Lakhs and 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 Rs. 10,214.80 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 | |
| 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 31.03.2010. | |
| 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. 2,918.68 Lakhs. | |
| 8. Prior Period Expenses represents: | Rs. Lakhs |
| Debits relating to earlier years | 1.44 |
| 9. Details of Directors' Remuneration | |
| Salary | 36.00 |
| House Rent Allowance | 11.70 |
| Contribution to PF & Other Funds | 9.72 |
| Other Perquisites | 13.80 |
| Total | <u>71.22</u> |
| 10. Taxes relating to earlier years include Short Provision of Income Tax amounting to Rs.93.44 Lakhs. | |
| 11. Provision for Taxation includes amount of Rs.2 lakhs on account of Wealth Tax. | |
| 12. Revenue Expenditure of Research and Development amounting to 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. | |
| 13. 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(Rs. Lakhs) | 10.42 |
-
-

14. a) Details of Derivative instruments (for hedging) outstanding as at year end: Rs. Lakhs

Particulars	Foreign Currency	Amount	Purpose
Forward Cover	USD 2002079	923.05	Receivables
	USD 280431	129.90	Payables
	USD 693575	328.30	ECB Loan

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

Particulars	Foreign Currency	Rs. Lakhs
		Amount
Receivables	USD 457430	210.19
<u>Payables</u>		
Raw Material	USD 271352	124.55
ECB Loan	USD 3910615	1746.58

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

Amount used as numerator

Net profit attributable to the ordinary shareholders for Basic & Diluted Earnings per share(Rs. Lakhs) 44.32

No. of ordinary shares used as denominator applicable to Basic & Diluted earnings per share(Rs. Lakhs) 550.00

Nominal value per share(Re.) 1.00

Basic Earnings per share (in Rs.) 0.08

Face value of Re 1 per share

16. 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	31.03.2010
Present Value of the Obligation as on 1 st April	676.62
Current Service Cost	34.44
Interest Cost	48.82
Actuarial Gains and Losses	1.17
Benefits paid	(70.47)
Present Value of the Obligation as on 31 st March	690.58

The Liability of the Company as on 31st March, 2010 has been funded to the extent of Rs.346.87 Lakhs.

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

Particulars	31.03.2010
Fair Value of the Plan Assets as on 1 st April	292.30
Expected rate of return	28.41
Actuarial Gains and Losses	(3.92)
Contributions by the Employer	100.55
Benefits Paid	(70.47)
Fair Value of Plan Assets as on 31 st March	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	31.03.2010
Current Service Cost	34.44
Interest Cost	48.82
Expected return on plan assets	(28.41)
Actuarial Gains and Losses	5.08
Amount recognised in the Profit and Loss Account	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	31.03.2010
Discount Rate	7.60% - 8.00%
Expected rate of return on Plan Assets	8.00% - 9.25%
Rate of escalation in Salary (per annum)	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	31.03.2010
Present Value of the Defined Benefit Obligation	690.57
Fair Value of Plan Assets	335.32
Deficit in Plan Assets	343.69
Experience Adjustments arising on Plan Liabilities as an amount	(48.68)
Experience Adjustments arising on Plan Assets as an amount	(3.92)

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

Particulars	Opening as of 01.04.2009	Charge / Credit	Closing as of 31.03.2010
Depreciation	2368.94	(388.47)	1980.47
Business Loss	(860.29)	166.94	(693.35)
Others	43.81	(30.10)	13.71
Total	1552.46	(251.63)	1300.83

18. Loss on Sale of Assets amounting to Rs.28.62 Lakhs has been netted against Profit on Sale of Assets Rs.156.09 lakhs resulting in a net credit to Profit and Loss account of Rs.127.47 lakhs.

19. Segment Information

A) Primary Segment – Business Segment

Rs. Lakhs

Particulars	Textile Products	UPVC Windows	Total
(a) Revenue including excise duty			
Sales	35837.85	917.80	39455.65
Total Revenue	35837.85	917.80	39455.65
(b) Result			
Operating Profit(PBIT)	1981.39	177.02	2158.41
Unallocable Corporate Expenses	–	–	–
Interest Expense	2391.27	25.95	2417.22
Interest Income	233.03	0.29	233.32
Profit before tax	(176.85)	151.36	(25.49)
Provision for Current tax	2.00	42.75	44.75
Provision for Deferred tax	(305.40)	53.77	(251.63)
Provision for Fringe benefit tax	–	–	–
Excess / (Short) provision for current taxation in respect of earlier years	94.88	5.08	99.96
Net Profit	31.67	49.76	81.43
(c) Segment Assets	30245.08	435.36	30680.44
Unallocable Corporate Assets	–	–	–
Total Assets	30245.08	435.36	30680.44
(d) Segment Liabilities	30245.08	435.36	30680.44
Unallocable Corporate Liabilities	–	–	–
Total Liabilities	30245.08	435.36	30680.44
(e) Cost incurred during the period to acquire segment fixed assets	579.59	207.19	786.78
(f) Depreciation / Amortisation	2352.37	(18.51)	2333.86
(g) Non cash expenses other than depreciation / amortisation	–	–	–

(B) Secondary Segments – Geographical Segments

Particulars	Domestic	Export	Total
Segment revenue by geographical area based on geographical location of customers including sales, services, export incentives, etc.	29089.77	10365.88	39455.65

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

(i) Names of related parties and description of relationship

(a) Where Control Exists :

(b) Key Management Personnel : Vidyaprakash D, Chairman
Sumanth Ramamurthi, Managing Director
K R Seethapathy, Executive Director

(c) Others :

- | | |
|---------------------------------------|---|
| 1. Elgi Electric and Industries Ltd | 7. Super Farm Products Limited |
| 2. Elgi Building Products Ltd | 8. Sara Elgi Insurance Advisory Services Pvt Ltd |
| 3. Elgi Software and Technologies Ltd | 9. Sara Trading and Industrial Services Ltd |
| 4. Kakatiya Textiles Ltd | 10. Sara Elgi Industrial Research and Development Ltd |
| 5. Sara Elgi Envirotech Ltd | 11. Coimbatore Pioneer Fertilisers Ltd. |
| 6. Super Sara Textiles Limited | |

(ii) Related Party Transaction (For the year 2009 - 2010)

Nature of Transaction	Rs. Lakhs		
	Others	Key Management Personnel	Total
Purchase of goods	1642.14		1642.14
Sales of goods	335.68		335.68
Purchase of Fixed Assets	11.68		11.68
Managerial Remuneration		71.22	71.22
Interest Paid	12.00		12.00
Service Charges Paid	25.12		25.12
Rent Received	4.65		4.65
Rent Paid	4.86		4.86
Amount outstanding as at year end – Cr	287.41		287.41

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

Name of the Company : Sara Elgi Arteriors Limited
Country of Incorporation : India
% of Voting power held : 96.67% as at 31.03.2010

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.

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, 29th May, 2010

A S Thirumoorthy
Vice President - Finance & CFO

Vidyaprakash D
Chairman
Sumanth Ramamurthi
Managing Director
T V Thulsidass
Company Secretary



Consolidated Cash flow statement for the year 2009-2010

	Rs. Lakhs	2009-2010	
A. Cash Flow from operating activities :			
Net Profit before tax and extraordinary items		(25.48)	
Adjustment for :			
Depreciation	2,333.86		
Prior year Income / (Expenses)	(1.49)		
Taxes relating to earlier years	(98.47)		
(Profit)/Loss on sale of assets	(127.47)		
(Profit)/Loss on sale of investments	-		
(Dividend Income)	-		
(Interest Income)	(233.32)		
Interest Payments	2,417.22		
Leasing Charges	-		
		<u>4290.33</u>	
Operating Profit before working capital changes		4264.85	
Adjustments for :			
Trade receivables	468.25		
Other receivables	(298.43)		
Inventories	1,454.47		
Trade payables	(100.70)		
		<u>1523.59</u>	
Cash generated from operations		5788.44	
Voluntary Retirement Compensation	(225.13)		
Direct taxes paid	97.87		
		<u>(127.26)</u>	
Net Cash Flow from operating activities		5915.70	
B Cash Flow from Investing activities :			
Purchase of fixed assets	(384.79)		
Capitalisation of reserves			
Sale of fixed assets	692.36		
Purchase of investments	(160.85)		
Sale of investments	-		
Dividend received	-		
Interest received	233.32		
		<u>380.04</u>	
Net cash used for investing activities		380.04	
C Cash Flow from financing activities :			
Long term borrowings	(2,880.41)		
Interest paid	(2417.22)		
Share Capital	145.00		
Working capital borrowings	(1,303.83)		
Unsecured loans & deposits	(2.32)		
Dividends and Tax on Dividend paid	(0.80)		
		<u>(6459.58)</u>	
Net cash flow from financing activities		(6459.58)	
Net Increase / (Decrease) in cash and cash equivalent		(163.74)	
Cash and cash equivalents - Opening		460.10	
Cash and cash equivalents - Closing		296.36	
Vidyaprakash D	Sumanth Ramamurthi	A S Thirumorthy	T V Thulsidass
Chairman	Managing Director & CEO	Vice President - Finance & 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 31.03.2010 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
29th May, 2010

SARA ELGI ARTERIORS LIMITED

6th Annual Report

2009 - 2010

Board of Directors	:	Mr Sumanth Ramamurthi Mrs Hemalatha Ramamurthi Mr K R Seethapathy
Auditors	:	M/s. S Murali Dharan & Co 1 Dhuruva Tara Apartments 241 Dr Rajendra Prasad Road Tatabad, Coimbatore – 641 012
Bankers	:	Indian Bank Guindy, Chennai Indian Bank Puliakulam Road, Coimbatore
Registered office	:	“Elgi Towers” P B No.7113 737 D Green Fields Puliakulam Road Coimbatore – 641 045, Tamilnadu Phone : 0422-2311711 Fax : 0422-2311611

SARA ELGI ARTERIORS LIMITED

NOTICE is hereby given that the 6th Annual General Meeting of the members of the Company will be held at 11.00 A.M on Wednesday the 18th day of August, 2010 at "Elgi Towers", 737-D, Green Fields, Puliakulam Road, Coimbatore-641 045 to transact the following business:

AGENDA

Ordinary Business:

1. To consider and adopt the Directors' Report and Profit and Loss account for the year ended 31.03.2010 and the Balance Sheet as on that date and the Auditors' Report thereon.
2. To appoint a Director in place of Sri.Sumanth Ramamurthi who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY INSTEAD OF HIMSELF TO ATTEND AND VOTE ON A POLL AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The proxy in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting.

For and on behalf of the Board

Coimbatore
20th May, 2010

Sumanth Ramamurthi
Director

DIRECTORS' REPORT

Your Directors have pleasure in submitting the 6th Annual Report along with audited accounts for the year ended 31st March 2010.

Financial Results of the Company

The Financial Results of the Company for the financial year ended 31.03.2010 is as follows:

Particulars	(Rs. In Lakhs)	
	31.03.2010	31.03.2009
Net Sales	917.80	1330.91
Add : Other Income	1.57	7.74
Total	919.37	1338.65
Less : Expenditure	786.51	1154.84
Profit / (Loss) before Depreciation	132.86	183.80
Depreciation	7.96	9.53
Profit / (Loss) before Tax	124.90	174.28
Add : Depreciation due to method change	26.47	—
Less : Provision for Taxation	42.75	15.68
Less : Provision for Fringe Benefit Tax	—	1.59
Profit/ (Loss) after Tax	108.62	157.01
Less : Prior year Expenses	0.05	—
Less : Mat Credit Entitlement	5.03	—
Add : Deferred Tax	(53.77)	1.15
Net Profit	49.77	158.15

Dividend

In order to conserve Reserves, the Board has not recommended any dividend for the year under review.

Directors

Sri. Sumanth Ramamurthi retires by rotation at the ensuing Annual general Meeting and offers himself for re-appointment.

Fixed Deposits

The Company has no Fixed Deposits and has not accepted any deposits during the financial year ended 31.03.2010, hence there were no unclaimed deposits as on 31.03.2010.

Subsidiary Company

The Company has become a Subsidiary of Super Spinning Mills Limited on 26th December 2009

Secretarial Compliance Certificate

In accordance with Section 383A of the Companies Act, 1956 and Companies (Compliance Certificate) Rules, 2001, the Company has obtained a Compliance Certificate issued by the Practicing Company Secretary confirming that the Company has complied with all the provisions of the Companies Act, 1956 and the said Certificate is annexed as an enclosure to this Report.

Auditors

M/s S.Murali Dharan & Co, Auditors, Coimbatore will retire at the ensuing Annual General Meeting and they have given their consent for re-appointment.

SARA ELGI ARTERIORS LIMITED

Information pursuant to Section 217(2A) of the Companies Act, 1956

There is no employee coming under the purview of the Section 217(2A) of the Companies Act, 1956.

Conservation of Energy, Technology Absorption, Adaptation and Innovation

The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 does not apply to the Company.

Foreign Exchange Earnings and Outgo

There was a foreign exchange outflow of Rs. 10,70,232/- during the year.

Responsibility Statement pursuant to Section 217(2AA)

In compliance of the provisions of Section 217(2AA) of the Companies Act, 1956, Your Directors wish to confirm

- a. that in the preparation of the Annual accounts, the applicable accounting standards had been followed along with proper explanation relating material departure;

- b. that we had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for that Period.
- c. that we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing/detecting fraud and other irregularities.
- d. that we have prepared the Annual Accounts on going concern basis.

Acknowledgement

We wish to thank our shareholders, bankers and employees for their continued support and co-operation.

For and on behalf of the Board

Sumanth Ramamurthi
Director

Coimbatore
20th May, 2010

K R Seethapathy
Director

SARA ELGI ARTERIORS LIMITED

CIN: - U28111TZ2003PLC010797
 Authorised Capital - Rs.1,50,00,000/-

SECRETARIAL COMPLIANCE CERTIFICATE

To,
 The Members
 Sara Elgi Arteriors Limited,
 Elgi Towers 737 D
 Puliakulam Road
 Coimbatore – 641 045

I have examined the registers, records, books and papers of **M/s. Sara Elgi Arteriors Limited**, (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March 2010** (Financial Year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with Registrar of Companies, Coimbatore within the time prescribed under the Act and the rules made thereunder. However, no forms or returns were required to be filed with the Regional Director, Central Government, Company Law Board or other authorities.
3. The Company, being a Public Limited Company, has a paid up capital of Rs.1,50,00,000/- (Rupees One Crore Fifty Lakhs only).
4. The Board of Directors duly met 5 times respectively on 27.05.2009, 21.07.2009, 26.10.2009, 26.12.2009 & 25.01.2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended on 31.03.2009 was held on 18.08.2009 after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. One Extra-Ordinary General Meeting was held during the financial year after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in the Minutes Book maintained for the purpose.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has:
 - (i) delivered all the certificates on allotment of shares or any other purpose in accordance with the provisions of the Act.
 - (ii) not deposited any amount in a separate bank account as no dividend was declared during the financial year.
 - (iii) not paid/posted warrants to any member of the Company as no dividend was declared during the financial year.
 - (iv) no amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to be transferred to Investor Education and Protection Fund
 - (v) duly complied with the requirements of section 217 of the Act.

SARA ELGI ARTERIORS LIMITED

-
-
14. The Board of directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
15. The Company's paid-up capital being less than the prescribed Rs.5 crores, it is not required to appoint a Managing Director/Whole-time Director/Manager and accordingly, the Company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has issued 14,50,000 equity shares during the financial year and complied with the provisions of the Act.
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued any preference shares/debentures and hence the question of redemption of preference shares or debentures during the financial year does not arise.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The amount borrowed by the Company from banks during the financial year ending 31.03.2010 are within the borrowing limits of the Company.
25. The Company during the year has not made any loans or investments or given guarantees or provided securities to other body corporate(s).
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There were no prosecution initiated against or show cause notices received by the Company, and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. Since Employees Provident Fund Act, 1952 is applicable to the Company, compliance of Section 418 does not arise.

Sd/-

M.D. SELVARAJCoimbatore
20th May, 2010Practicing Company Secretary
C.P. No. : 411 (FCS.960)

SARA ELGI ARTERIORS LIMITED

ANNEXURE A - SECRETARIAL COMPLIANCE CERTIFICATE

Sara Elgi Arteriors Limited

CIN- U28111TZ2003PLC010797

Authorised Capital - Rs.1,50,00,000/-

Registers as maintained by the Company

1. Register of Charges under Section 143 & Copies of Instruments creating Charge under section 136.
2. Register of Members under Section 150 and Index of Members under Section 151.
3. Register and Returns under Section 163.
4. Register of Directors under Section 303.
5. Minutes Book of Board Meetings under Section 193
6. Minutes Book of General Meeting under Section 193
7. Register of particulars of Contracts in which Directors are Interested under Section 301(1) and under Section 301(3).
8. Register of Director's Shareholdings under Section 307.

ANNEXURE B - SECRETARIAL COMPLIANCE CERTIFICATE

Sara Elgi Arteriors Limited

CIN- U28111TZ2003PLC010797

Authorised Capital - Rs.1,50,00,000/-

Forms and Returns as filed by the Company with Registrar of Companies, Coimbatore, Regional Director, Central Government or other authorities during the financial year ended 31st March 2010.

REGISTRAR OF COMPANIES, COIMBATORE

S.No	Form No Return	Filed under Section	For	Date of Filing Receipt	Whether filed within prescribed time Yes / No	If Delay in filing whether requisite Additional fee paid Yes / No
1.	Form 23 AC & ACA Dt. 31.03.2009	Section 220	Balance sheet at 31.3.2009	15.09.2009 P34606202	Yes	Not Applicable
2.	Form 20B Dt. 18.08.2009	Section 159	Annual Return	24.09.2009 P34922245	Yes	Not Applicable
3.	Form 23 Dt. 26.12.2009	Secton 81(1A)	Issues of further shares to M/s. Super Spinning Mills Ltd	09.01.2010 A76136936	Yes	Not Applicable
4.	Form 2 Dt. 26.12.2009	Section 75(1)	Return of Allotment	09.01.2010 A76137017	Yes	Not Applicable

REGIONAL DIRECTOR

NIL

CENTRAL GOVERNMENT & OTHER AUTHORITIES

NIL

Sd/-

Coimbatore

20th May, 2010**M.D. SELVARAJ**

Practicing Company Secretary

C.P.No.: 411(FCS.960)

SARA ELGI ARTERIORS LIMITED**AUDITORS' REPORT****TO THE MEMBERS OF SARA ELGI ARTERIORS LIMITED**

We have audited the attached Balance Sheet of SARA ELGI ARTERIORS LIMITED as at 31st March 2010 and also the Profit and Loss Account and 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 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 mis-statement. 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order 2004, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure 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 purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns

adequate for the purposes of our audit have been received from branches not visited by us.

- 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 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 2010, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2010 from being appointed as a 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 Balance Sheet, of the state of affairs of the Company as at 31st March 2010 and
 - ii. in the case of the Profit and Loss Account, of the Profit for the year ended on that date.
 - iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **S. Murali Dharan & Co.**
Chartered Accountants
Registration No. 009617S
S. Murali Dharan
Partner
Membership No.026554

Coimbatore
20th May, 2010

SARA ELGI ARTERIORS LIMITED

ANNEXURE TO THE AUDITORS' REPORT OF EVEN DATE

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. These fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- c. During the year, the Company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.
2. a. As per information & explanation given to us inventory has been physically verified during the year by the management at reasonable intervals.
- b. 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 inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. According to the information and explanations given to us, the Company has not given any loans, secured or unsecured, to the companies, firms and other parties covered in the register maintained u/s. 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (b) to (d) of the order are not applicable. According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, Firms or other parties covered in the register maintained u/s.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 nature of its business with regard to purchase of inventory, fixed assets and for sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control systems.
5. a. According to the information and explanation provided by the management, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act 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 entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year, have been made at the prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning 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 which is commensurate with its size and nature of its business.
8. According to the information and explanation given to us, that the maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956, in respect of the activities carried on by the company.
9. According to the information and explanations given to us in respect of the Statutory dues:
 - a. We report that wherever applicable, the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and protection Fund, Employees' State insurance, Income tax, Wealth tax, Service Tax, Sales Tax, Customs duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2010 for a period of more than six months from the date they became payable.

SARA ELGI ARTERIORS LIMITED

- b. According to the information and explanations given to us and the records of the company examined by us, the details of disputed statutory dues remaining unpaid and the forum where the dispute is pending are as under :

Name of the statute	Name of disputed dues	Amount Rs. in Lacs	Period to which the amount relates	Forum where disputes are pending
Sales Tax	Rate Difference	149.42	2004 - 2008	Chennai High Court

10. The company reported is an entity, which has been registered for a period not less than five years. The Company has no accumulated losses at the end of the financial year. The company has incurred no cash losses as per the profit and loss account during the financial year.
11. According to the records of the Company examined by us and on the basis of information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
12. Based on our examination and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a Chit/ Nidhi /Mutual benefit fund/ Society; Hence this clause will not be applicable to the company.
14. According to the information and explanations given to us, the Company has not dealt in securities, debentures and other investments during the year.
15. According to the information and explanations given to us, the company has not given any guarantees 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 company has not borrowed any term loan during the year and hence the provisions of clause xvi of para 4 of this order (as amended) are not applicable.
17. On the basis of our examination of the books of accounts and the information and explanations given to us and on an overall examination of balance sheet of the company, we report that no funds have been raised on short term basis that have been used for a long term investments.
18. The company has made preferential allotment of the shares to companies covered in the register maintained under section 301 of the act. In our opinion, prices at which shares have been issued is not prejudicial to the interest of the company.
19. The company has not issued debentures during the year under the report and hence creation of securities in respect of debentures is not applicable.
20. The Company has not raised any money through a public issue during the year and hence reporting on end use of money raised on public issue does not arise.
21. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud on or by the company has been noticed/reported during the year.

For **S. Murali Dharan & Co.**
Chartered Accountants
Registration No. 009617S
S. Murali Dharan
Partner
Membership No. 026554

Coimbatore
20th May, 2010

SARA ELGI ARTERIORS LIMITED**Balance Sheet as at 31st March, 2010**

	Schedule	Rs. Lakhs	
		31.03.2010	31.03.2009
Sources of Funds			
Shareholders' Funds			
Capital	1	150.00	5.00
Reserves & Surplus	2	113.01	63.25
Total		263.01	68.25
Loan Funds			
Secured Loans	3	165.18	83.08
Total		165.18	83.08
Deferred Tax Liability (Net)	7	7.17	(46.60)
Total		435.36	104.73
Application of Funds			
Fixed Assets			
Gross Block	4	287.81	96.42
Less : Depreciation		36.59	59.68
Net Block		251.22	36.74
Current Assets, Loans & Advances			
Inventories	5	28.87	74.29
Sundry Debtors		261.81	305.79
Cash & bank Balances		6.26	44.87
Loans & Advances		267.87	234.27
		564.81	659.22
Less : Current Liabilities & Provisions	6	380.67	591.23
Net Current Assets		184.14	67.99
Total		435.36	104.73

Schedules 1 to 7 and Notes on accounts form part of this Balance Sheet.

For and on behalf of the Board

For **S. Murali Dharan & Co**
Chartered Accountants
Registration No. 009617S
S Murali Dharan
Partner, Membership No. 026554
Coimbatore, 20th May, 2010

Sumanth Ramamurthi
Director

K R Seethapathy
Director

SARA ELGI ARTERIORS LIMITED**Profit and Loss Account for the year ended 31st March, 2010**

		31.03.2010	Rs. Lakhs	31.03.2009
	Schedule			
Income				
Sales	8	917.80		1330.91
Other Income	9	1.57		7.74
Total		<u>919.37</u>		<u>1338.65</u>
Expenditure				
Raw Materials	10	550.52		843.24
Salaries & Wages	11	78.49		86.91
Power & Fuel		3.60		3.36
Stores, Conversion & Installation		53.04		62.73
Repairs & Maintenance	12	5.95		4.71
Selling Expenses	13	18.47		18.51
Administrative Expenses	14	50.78		99.43
Interest (Net)	15	25.66		35.96
Total		<u>786.51</u>		<u>1154.85</u>
Gross Profit		132.86		183.80
Less: Depreciation		7.96		9.53
Profit before Tax for the year		<u>124.90</u>		<u>174.27</u>
Add: Depreciation due to method change		26.47		-
		<u>151.37</u>		<u>174.27</u>
Less: Provision for Taxation		42.75		15.68
Less: Provision for Fringe Benefit Tax		-		1.59
Profit after Tax		<u>108.62</u>		<u>157.00</u>
Less: Prior year Expenses		0.05		-
Less: Mat Credit Entitlement		5.03		-
Less / Add: Deferred Tax		53.77		1.15
Net Profit		<u>49.77</u>		<u>158.15</u>
Add: Balance brought forward		63.24		(94.91)
Profit available for Appropriation		<u>113.01</u>		<u>63.24</u>
Appropriations				
General Reserve		4.98		-
Balance Carried Forward		<u>108.03</u>		<u>63.24</u>
Basic Earnings per share (in Rs.)		12.07		316.30
(Based on Weighted Average No. of Equity Shares)				

Schedules 8 to 15 and Notes on Accounts form part of this Profit and Loss Account

For and on behalf of the Board

For **S. Murali Dharan & Co**
Chartered Accountants
Registration No. 009617S
S Murali Dharan
Partner, Membership No. 026554
Coimbatore, 20th May, 2010

Sumanth Ramamurthi
Director

K R Seethapathy
Director

SARA ELGI ARTERIORS LIMITED

Schedules Annexed to the Accounts

		Rs. Lakhs									
		31.03.2010	31.03.2009								
Share Capital			Schedule 1								
Authorised											
15,00,000 equity shares of Rs.10/- each		150.00	150.00								
Issued, Subscribed and Paid-up											
50,000 equity shares of Rs.10 /- each fully paid		—	5.00								
15,00,000 equity shares of Rs.10 /- each fully paid		150.00	—								
Total		150.00	5.00								
Reserves and Surplus			Schedule 2								
General Reserve		4.98	—								
Profit & Loss - Previous Year		63.25	(94.91)								
Add :Profit & Loss - current year		44.78	158.16								
Total		108.03	63.25								
Total		113.01	63.25								
Secured Loans			Schedule 3								
Working Capital Facilities from Banks		165.18	83.08								
Total		165.18	83.08								
Fixed Assets			Schedule 4								
	Gross Block	Depreciation				Net Block					
	As at 31.03.2009	Additions Transfers/ Adjustments	Sales/ Transfers/ Adjustments	As at 31.03.2010	Upto 31.03.2009	For the year	Withdrawn during the year	Due to Change in method	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
Land	—	206.41	—	206.41	—	—	—	—	206.41	—	
Machinery	52.92	—	2.25	50.67	32.39	3.79	0.78	(16.38)	19.03	31.64	20.52
Electrical Fittings	2.80	—	—	2.80	1.20	0.13	—	(0.70)	0.63	2.16	1.60
Computers	14.64	0.36	—	15.00	13.04	2.38	—	(2.35)	13.07	1.93	1.59
Furniture and Fittings	22.94	—	13.56	9.38	11.78	1.45	3.81	(6.48)	2.95	6.43	11.16
Office Equipments	3.13	0.42	—	3.55	1.27	0.21	—	(0.58)	0.90	2.65	1.86
TOTAL	96.42	207.19	15.81	287.81	59.68	7.96	4.58	(26.47)	36.59	251.22	36.74
Previous year	97.94	0.20	1.72	96.42	51.18	9.53	1.03	—	59.68	36.74	46.76
Current Assets, Loans and Advances											Schedule 5
Inventories (As per inventory taken, valued and certified by the Management)											
Raw Materials									27.15		53.26
Trading Goods									1.72		21.03
Total									28.87		74.29
Sundry Debtors (Unsecured, considered good)											
Outstanding for more than six months									120.83		120.81
Others									140.98		184.98
Total									261.81		305.79

SARA ELGI ARTERIORS LIMITED

	Rs. Lakhs	
	31.03.2010	31.03.2009
Cash and Bank Balances		
Cash on Hand	0.50	0.56
Balance with Scheduled Banks in Current Account	5.76	44.31
Deposits Account	—	—
Total	<u>6.26</u>	<u>44.87</u>
Loans and Advances		
(Unsecured, considered good)		
Advance recoverable in cash or in kind or for value to be received	6.39	7.38
Advance payment of taxes	53.66	23.96
Deposit with Central, Excise and Customs	6.98	2.79
Other Deposits	200.55	200.14
Interest Receivables	0.29	—
Total	<u>267.87</u>	<u>234.27</u>
Current Liabilities		Schedule 6
Sundry Creditors		
(a) Micro Small and Medium Enterprises - Refer Note 3	—	—
(b) Others	224.98	344.88
Other Liabilities	97.26	230.67
Provisions		
Provision for Taxation	58.43	15.68
Total	<u>380.67</u>	<u>591.23</u>
		Schedule 7
Deferred Tax		
As per Last Balance Sheet	(46.60)	(45.45)
Less/Add: Transfer to Profit and Loss Account	53.77	(1.15)
Total	<u>7.17</u>	<u>(46.60)</u>
Sales		Schedule 8
Upvc Windows, Parts and Accessories - Domestic	917.80	1330.91
Total	<u>917.80</u>	<u>1330.91</u>
Other Income		Schedule 9
Labour Charges	1.11	3.54
Profit / (Loss) on Sale of Assets	0.46	4.20
Total	<u>1.57</u>	<u>7.74</u>
Raw Material		Schedule 10
Opening Stock		
Raw Materials	53.26	44.73
Trading Goods	19.04	67.27
	<u>72.30</u>	112.00
Add: Purchases	507.09	803.54
	<u>579.39</u>	<u>915.54</u>
Less: Closing Stock		
Trading Goods	1.72	19.04
Raw Materials	27.15	53.26
	<u>28.87</u>	72.30
Raw Material Consumed	<u>550.52</u>	<u>843.24</u>

SARA ELGI ARTERIORS LIMITED

	Rs. Lakhs	
	31.03.2010	31.03.2009
Salaries and Wages		Schedule 11
Salaries, Wages, Bonus etc.,	70.64	75.73
Contribution to PF, Gratuity & Superannuation Fund	5.86	6.81
Welfare Expenses	1.99	4.37
Total	78.49	86.91
Repairs and Maintenance		Schedule 12
Building	1.21	0.31
Machinery	4.36	4.15
Others	0.37	0.25
Total	5.95	4.71
Selling Expenses		Schedule 13
Brokerage and Commission	8.99	1.59
Other Selling Expenses	9.48	16.92
Total	18.47	18.51
Administrative Expenses		Schedule 14
Rent	3.41	3.93
Insurance	0.16	0.43
Postage, Telephone and Printing	4.45	5.04
Travelling and Transport Charges	12.58	16.83
Bank Charges & Commission	1.59	2.38
Taxes and Licence	8.38	0.46
Professional Charges	2.60	4.08
Auditors Remuneration		
(a) Audit Fees	0.39	0.28
(b) Travelling Expenses	-	-
Donation	0.20	0.15
Others	17.02	65.85
Total	50.78	99.43
Interest (Net)		Schedule 15
Working Capital & Others	25.95	35.96
Less: Interest Income (FD with Indian Bank)	0.29	-
Total (TDS - NIL)	25.66	35.96

SARA ELGI ARTERIORS LIMITED**Notes Forming Part of Accounts****SIGNIFICANT ACCOUNTING POLICIES****1. Accounting Convention**

The financial Statement 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) below): The company has changed the method of providing depreciation from Written Down value to Straight Line Method at the rates prescribed under Schedule XIV of the Companies Act, 1956, on a prorata basis corresponding to the month of Installation/Commissioning. Consequently, the company has credited the surplus amount of Rs. 26.47 lakhs in the financial books in the current year.
- b) Fixed Assets, other than Intangible assets are depreciated to the extent of 95% of its Gross Value over the useful life of the assets.
- c) Assets costing Rs.5,000 or less are fully depreciated in the year of purchase.

4. Valuation of Inventories:

Inventories of Raw Materials, Work in Process, Finished Goods, Stores and Spares are stated at lower of cost and net realizable 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 method.

Due allowance is estimated and made for defective and obsolete items, wherever necessary based on the past experience of the company.

5. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized 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 recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the Financial Statements.

6. Recognition of Income and Expenditure:

- a) The Company follows the mercantile system of accounting and recognizes 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 entitlement is accounted as and when the certainty of entitlement is determined.
- d) Revenue from Services rendered is recognized as the service is performed based on agreements/ arrangements with the concerned parties.

7. 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.

SARA ELGI ARTERIORS LIMITED**8. 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.
- 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.

9. 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 Lease are recognized as expenses on accrual basis in accordance with the respective Lease Agreements.

10. Taxes on Income:

Tax expenses comprises of 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 if 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 recognized for future tax consequence attributable to timing difference between taxable income and accounting income that are capable of reversing in one more subsequent periods and are measured at relevant enacted / substantively enacted Tax rates. At each Balance sheet date the Company reassesses unrealized deferred tax assets to the extent they become reasonably certain or virtually certain of realization as the case may be.

11. 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 recognized in prior accounting periods is reversed in current accounting periods if there has been a change in the estimate of the recoverable amount.

12. Earnings Per Share:

Basic 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.

SARA ELGI ARTERIORS LIMITED

NOTES FORMING PART OF ACCOUNTS

1. Contingent Liabilities:
 - i. Disputed Sales Tax Liability Rs.149.42 Lakhs (Previous Years Rs.150.82 Lakhs)
2. Working Capital Borrowings from Banks to the extent of Rs.165.18 Lakhs (Previous Year Rs.83.08 Lakhs) are secured by a Hypothecation of Company's Inventories, Book Debts and Other Current Assets.
3. The company has initiated the process of obtaining confirmation from suppliers who have registered themselves 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 31.03.2010.
4. 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.

Rs. Lakhs

	31.03.2010	31.03.2009
--	-------------------	------------

5. 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

	3.15	3.34
--	-------------	------
6. Earnings per share: The following reflects the income and share data used in the computation of Basic Earnings per share.
Amount used as numerator
Net profit attributable to the ordinary shareholders
for Basic & Diluted Earnings per Share(Rs. Lakhs)

	49.77	158.15
--	--------------	--------

 No. of ordinary shares used as denominator applicable
Balance at the beginning of the year (Nos. in Lakhs)

	0.50	0.50
--	-------------	------

 Issue of Shares for cash on 26.12.2009 (Nos. in Lakhs)

	14.50	-
	15.00	<u>0.50</u>

 Nominal value per share (Rs.)

	10.00	<u>10.00</u>
--	--------------	--------------

 Weighted average no. of equity shares is 412500
 Basic Earnings per share (in Rs.)

	12.07	316.30
--	--------------	--------

 Face value of Rs.10 per share

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

(Figures in Lakhs)

Particulars	UoM	Year ended 31 st March	Opening Stock		Production		Turnover		Closing Stock	
			Qty	Amt.	Qty	Amt.	Qty	Amt.	Qty	Amt.
Builders ware of	SFT.	2010	-	-	2.82	917.80	2.82	917.80	-	-
Plastics PVC		2009	-	-	3.83	1330.91	3.83	1330.91	-	-
Frames										

8. Raw Material Consumption

(Figures in Lakhs)

Particulars	UoM	31.03.2010		31.03.2009	
		Quantity	Amount	Quantity	Amount
PVC Profiles	MTS	2.94	249.11	4.16	349.10
Others			301.41		494.14
Total		2.94	550.52	4.16	843.24

SARA ELGI ARTERIORS LIMITED

9. Deferred Tax Assets and Liabilities are attributed to the following items:

Particulars	Opening as of 01.04.2009	Charge / Credit	Closing as of 31.03.2010
Depreciation	(0.48)	7.65	7.17
Others	(46.12)	46.12	–
Total	(46.60)	53.77	7.17

10. Profit on sale of assets amounting to Rs.0.46 Lakhs (Previous year 4.20 Lakhs).

11. Details of employees 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	31.03.2010
Present Value of the Obligation as on 1 st April	5.41
Current Service Cost	0.98
Interest Cost	0.43
Actuarial Gains and Losses	(0.75)
Benefits paid	(1.45)
Present Value of the Obligation as on 31 st March	4.62

The Liability of the Company as on 31st March 2010 has been funded to the extent of Rs. 5.78 Lakhs.

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

Particulars	31.03.2010
Fair Value of the Plan Assets as on 1 st April	6.17
Expected rate of return	0.51
Actuarial Gains and Losses	–
Contributions by the Employer	0.55
Benefits Paid	(1.45)
Fair Value of Plan Assets as on 31 st March	5.78

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	31.03.2010
Current Service Cost	0.98
Interest Cost	0.43
Expected return on plan assets	(0.51)
Actuarial Gains and Losses	(0.75)
Amount recognised in the Profit and Loss Account	0.15

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.

SARA ELGI ARTERIORS LIMITED

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

Particulars	31.03.2010
Discount Rate	8.00%
Expected rate of return on Plan Assets	8.00%
Rate of escalation in Salary (per annum)	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	31.03.2010
Present Value of the Defined Benefit Obligation	4.62
Fair Value of Plan Assets	5.78
Deficit in Plan Assets	(1.16)
Experience Adjustments arising on Plan Liabilities as an amount	(0.75)
Experience Adjustments arising on Plan Assets as an amount	—

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

(i) Names of related parties and description of relationship

- (a) Where Control Exists :
- (b) Key Management Personnel : Sumanth Ramamurthi, Director
K R Seethapathy, Director
- (c) Holding Company : Super Spinning Mills Ltd
- (d) Others : 1. Elgi Electric and Industries Ltd
2. Elgi Building Products Ltd
3. Elgi Software and Technologies Ltd
4. Sara Trading and Industrial Services Ltd
5. Sara Elgi Industrial Research and Development Ltd
6. Sara Elgi Envirotech Ltd

ii) Related Party Transaction:

Nature of Transaction	Holding Company		Others		Total	
	2010	2009	2010	2009	2010	2009
Purchase of goods			291.47	410.58	291.47	410.58
Sales of goods			19.21	40.95	19.21	40.95
Interest paid			12.00	22.85	12.00	22.85
Rent Paid	1.50		1.65	3.34	3.15	3.34
Amount outstanding as at year end - credit			287.41	395.82	287.41	395.82

SARA ELGI ARTERIORS LIMITED**13. Auditor's Remuneration**

(Disclosure as per clause 4B of part II to Schedule VI of the Companies Act, 1956)

- | | |
|--|----------------|
| a) As auditor | Rs. 0.25 Lakhs |
| b) As adviser, or in any other capacity, in respect of Taxation
Audit for assessment year 2011-2012 | Rs. 0.25 Lakhs |
| 14. Amount to be carried forward to Reserves: | Rs.4.98 Lakhs |
15. Foreign exchange fluctuation relating to purchase of materials have been adjusted to the cost of purchase. Raw materials imported during the year worth Rs.10.70 Lakhs.
16. Deferred Tax assets have been reversed during the year after reviewing the loss as per Income Tax. The Deferred tax has been recognized based on the Balance Sheet Approach Method.
17. The Company Operates in one primary segment viz Builder's ware of plastics – PVC frames
18. 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.

For **S. Murali Dharan & Co**
Chartered Accountants
Registration No. 009617S
S Murali Dharan
Partner, Membership No. 026554
Coimbatore, 20th May, 2010

Sumanth Ramamurthi
Director

K R Seethapathy
Director

SARA ELGI ARTERIORS LIMITED

Cash flow statement for the year 2009-2010

	2009-2010	Rs. Lakhs	2008-2009
A. Cash Flow from operating activities			
Net Profit before tax and extraordinary items	151.37		174.28
Adjustment for:			
Depreciation	7.96	9.53	
Depreciation for change of method	(26.47)	-	
Prior year Income \ (Expenses)	0.05	-	
(Profit)\ Loss on sale of Assets	(0.46)	(4.20)	
Mat credit	(5.03)	-	
Interest Income	(0.29)	-	
Interest Payments	25.95	35.96	
Leasing Charges	1.71		41.29
Cash Generated from operations	153.08		215.57
Direct Taxes Paid	42.75		17.27
Operating profit before working capital charges	110.33		198.30
Adjustment for:			
Trade receivables	43.99	13.44	
Other receivables	(33.60)	(100.90)	
Inventories	45.41	37.70	
Trade Payables	(210.37)	0.76	
	(154.57)		(49.00)
Net Cash Flow from operating activities	(44.24)		149.30
B. Cash Flow from Investing activities :			
Purchase of fixed assets	(207.50)	(0.20)	
Sale of Assets	11.68	4.89	
Interest received	0.29	-	
Net cash used for investing activities	(195.53)		4.69
C. Cash Flow from Financing activities:			
Long term borrowings	82.11	(83.53)	
Share Capital	145.00	-	
Interest Paid	(25.95)	(35.96)	
Net cash flow from financing activities	201.16		(119.49)
Net increase / (decrease) in cash and cash equivalent	(38.61)		34.50
Cash and cash equivalents - Opening	44.87		10.36
Cash and cash equivalents - Closing	6.26		44.87

For **S. Murali Dharan & Co**
Chartered Accountants
Registration No. 009617S
S Murali Dharan
Partner, Membership No. 026554
Coimbatore, 20th May, 2010

Sumanth Ramamurthi
Director

K R Seethapathy
Director

SARA ELGI ARTERIORS LIMITED**Balance Sheet Abstract and Company's General Business Profile****Registration Details**

Registration No.	:	181-10797
State Code	:	18
Balance Sheet Date	:	31.03.2010

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

Public Issue	:	–
Rights Issue	:	–
Bonus Issue	:	–
Private Placement	:	14500

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

Total Liabilities	:	43535
Total Assets	:	43535

Sources of Funds

Paid-up Capital	:	15000
Reserves	:	11301
Secured Loans	:	16518
Unsecured Loans	:	–
Deferred Tax Liability	:	716

Application of Funds

Net Fixed Assets	:	25122
Investments	:	–
Net Current Assets	:	18413
Misc. Expenditure	:	–
Accumulated Losses	:	–

Performance of the Company (Amount in Rs. Thousands)

Turnover & Other Income	:	91937
Total Expenditure	:	78651
Profit Before Tax	:	15137
Profit After Tax	:	4977
Earnings Per Share Rs.	:	12.07

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

<u>Item Code No. (ITC Code)</u>	<u>Major Product Description</u>
3925.20	Builders ware of plastics - PVC Frames

For **S. Murali Dharan & Co**
Chartered Accountants
Registration No. 009617S
S Murali Dharan
Partner, Membership No. 026554
Coimbatore, 20th May, 2010

Sumanth Ramamurthi
Director

K R Seethapathy
Director

Super Spinning Mills Limited

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

ADMISSION SLIP

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

I hereby record my presence at the 48th Annual General Meeting of the Company held on Monday, the 13th September, 2010 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

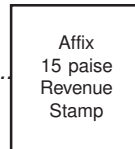
Regd. Office : "ELGI TOWERS", P B 7113, 737-D, GREEN FIELDS, PULIAKULAM ROAD,
COIMBATORE - 641 045

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 48th Annual General Meeting of the Company to be held on Monday, the 13th September, 2010 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 of2010

Signature.....



Folio No.	
-----------	--

No. of Shares	
---------------	--

- 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