

SARA ELGI



# 46<sup>th</sup> Annual Report 2007 - 08



**Super Spinning Mills Limited**



Late Sri. L.G. Ramamurthi  
Chairman  
Super Spinning Mills Limited

SUPER



# Super Spinning Mills Limited

**Chairman**

**Managing Director**

**Executive Director**

**Board of Directors**

**Company Secretary**

**Auditors**

**Bankers**

**Registrar and Share Transfer Agent**

**Registered & Central Office**

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**Mr Vidyaprakash D**

**Mr Sumanth Ramamurthi**

**Mr K R Seethapathy**

**Mr C S K Prabhu**

**Mr C R Ramamurthy**

**Mr D Sarath Chandran**

**Mr Sudarsan Varadaraj**

**Mr B Vijayakumar**

**Mr Vijay Venkataswamy**

**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**

**Intime Spectrum Registry Limited**

**Coimbatore Branch**

**"SURYA" 35, Mayflower Avenue,**

**Behind Senthil Nagar, Sowripalayam Road,**

**Coimbatore-641028**

**Phone : (0422) 2314792**

**"ELGI TOWERS", P B 7113,**

**Green Fields,**

**737-D, Puliakulam Road,**

**Coimbatore - 641 045**

**Tamil Nadu**

**Phone : (0422) 2311711, 4351711**

**Fax : (0422) 2311611, 2315111**

**E-mail : super@ssh.saraelgi.com**

**Internet : www.saraelgi.com**

**Mills**

**A & O.E Unit : Kirikera, Andhra Pradesh**

**B Unit : Kotnur, Andhra Pradesh**

**C Unit : D-Gudalur, Tamilnadu**

**D Unit : Udumalpet, Tamilnadu**

**Super Sara : Beerapalli, Andhra Pradesh**

**Garment Units : New Tirupur, Thekkalur,  
Tamilnadu**



## Notice to the Members

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Notice is hereby given that the 46<sup>th</sup> Annual General Meeting of the Company will be held on Wednesday, the 24<sup>th</sup> September, 2008 at 3.00 PM at Ardra Convention Centre, "Kaanchan", No.9, North Huzur Road, Coimbatore - 641 018, to transact the following business :

### Ordinary Business

1. To receive, consider and adopt the following :
  - a. The audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2008.
  - b. The audited Balance sheet as at 31<sup>st</sup> March, 2008 and
  - c. The reports of the Directors' and the Auditors'.
2. To declare a dividend.
3. To appoint a Director in the place of Mr C R Ramamurthy, who retires by rotation and superannuates at the ensuing Annual General Meeting.
4. To appoint a Director in the place of Mr D Sarath Chandran, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

### Special Business

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

**Resolved** that in supersession and partial modification of the resolution No. 6 passed at the Annual General Meeting held on 29<sup>th</sup> July, 2005 and pursuant to the provisions of Section(s) 198, 269, 309, 310 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the terms and conditions of the appointment as regards the remuneration of Mr K R Seethapathy, Executive Director, be and is hereby amended with effect from 1<sup>st</sup> November, 2007 as detailed below and his tenure remains unaltered:

#### Remuneration

- I. **Salary** : Rs.75,000/- per month in the scale of Rs.75,000/- – 6,000/.
- II. **Allowance** : 50% of the salary.
- III. **Commission** : 0.75% of the net profit of the Company subject to a maximum of Rs.15 Lakhs and minimum of Rs.5 Lakhs.

#### IV. Perquisites

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

1. **Housing** : Unfurnished residential accommodation will be provided. In its absence, 60% of the salary will be paid as house rent allowance.
2. The following perquisites shall be allowed subject to the maximum of 40% of the salary :
  - Medical** : Reimbursement of medical expenses incurred for him and his family.
  - LTC** : Leave Travel Concession for him and his family.
  - Gas, Water etc** : Reimbursement of expenditure incurred on gas, electricity, water, furnishing and appliances.
  - Club fee** : For self.
  - Insurance** : Health and personal accident insurance cover for him.
3. He shall also be eligible to the following benefits, which shall not be included in the computation of the ceiling on the remuneration.
  - a. **PF / SAF** : Contribution to Provident and / or Super Annuation Fund and/or Annuity Fund to the extent of either singly or put together are not taxable under the Income-tax Act, 1961.
  - b. **Gratuity** : Gratuity payable at the rate not exceeding half a month's salary of each year of completed service or at the rate as may be modified from time to time as per The Payment of Gratuity Act, 1972.
4. Free use of Company car with driver and telephone at his residence.

**Resolved Further** that in the event of no profits or inadequacy of profits, the remuneration and other perquisites payable to Mr K R Seethapathy, Executive Director, shall not exceed the limits specified in Section II of Part II (A) of Schedule XIII of the Companies Act, 1956 or such other limits as may be notified by the Government from time to time as minimum remuneration.

**Resolved Further** that the terms and conditions set out for appointment and/or agreements shall be altered and varied from time to time by the Board as it may, at its discretion, deem fit so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any other amendments made there under in this regard.

7. **To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution.**
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**Resolved** that pursuant to the provisions of Section(s) 198, 269, 309, 310, 316 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, Mr Vidyaprakash D be and is hereby appointed as the Executive Chairman of the Company for a period of three years with effect from 01.04.2008 on the following terms and conditions. He is also the Managing Director of Coimbatore Pioneer Fertilizers Ltd with remuneration.

#### Remuneration

- I. **Salary** : Rs.1,25,000/- per month in the scale of Rs.1,25,000/- - 10,000/-.
- II. **Commission** : 1.5% of the net profit of the Company.

He shall also be eligible for the following benefits which shall not be included in the computation of the ceiling on the remuneration.

- a. **PF/SAF** : Contribution to Provident Fund and/or Super Annuation Fund and/or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- b. **Gratuity** : Gratuity payable at the rate not exceeding half a month's salary of each year of completed service.

**Resolved Further** that in the event of no profits or inadequacy of profits, the remuneration payable to Mr Vidyaprakash D, Executive Chairman, shall not exceed the limits specified in Section II of Part II of Schedule XIII of the Companies Act, 1956 or such other limits as may be notified by the Government from time to time as minimum remuneration.

**Resolved Further** that the terms and conditions set out for appointment and/or agreements shall be altered and varied from time to time by the Board as it may, at its discretion, deem fit so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any other amendments made there under in this regard.

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

**Resolved** that in supersession of the earlier resolution No. 7 passed at the Annual General Meeting held on 23<sup>rd</sup> August, 2007 and pursuant to the provisions of Section(s) 198, 269, 309, 310, 316 and other applicable provisions, if any, of the

Companies Act, 1956 read with Schedule XIII, Mr Sumanth Ramamurthi be and is hereby re-appointed as Managing Director of the company for a period of three years effective from 01.04.2008, on the following terms and conditions :

#### Remuneration

- I. **Salary** : Rs.1,00,000/- per month in the scale of Rs.1,00,000/- – Rs.8,000/-.
- II. **Commission** : 1.5% of the net profit of the company subject to the overall ceiling laid down in Section(s) 198 and 309 of the Companies Act, 1956.

#### III. Perquisites

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

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

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

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

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

**Club fee** : For self.

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

In any year, if the perquisites specified in Part-III, Sub-clause (2) above, are not availed in full, the unutilised portion of the limit shall be carried over for a period of three years.

3. He shall also be eligible to the following benefits which shall not be included in the computation of the ceiling on the remuneration.
  - a. **PF/SAF** : Contribution to Provident Fund and/or Super Annuation Fund and/or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
  - b. **Gratuity** : Gratuity payable at the rate not exceeding half a month's salary of each year of completed service.



4. Free use of Company Car with driver and Telephone at his residence.

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

**Resolved Further** that the terms and conditions set out for appointment and/or agreements shall be altered and varied from time to time by the Board as it may, at its discretion, deem fit so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any other amendments made there under in this regard.

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

**Resolved** that in supersession of the earlier resolution No. 6 passed at the Annual General Meeting held on 29<sup>th</sup> July, 2005 and all subsequent resolutions modifying the terms thereof and pursuant to the provisions of Section(s) 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII, Mr K R Seethapathy be and is hereby re-appointed as Executive Director of the Company for a period of three years with effect from 01.04.2008 on the following terms and conditions.

#### Remuneration

- I. **Salary** : Rs.75,000/- per month in the scale of Rs.75,000/- – 6000/-.
- II. **Allowance** : 50% of the salary.
- III. **Commission** : 0.75% of the net profit of the Company subject to a maximum of Rs. 15 Lakhs and minimum of Rs. 5 Lakhs.

#### IV. Perquisites

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

1. **Housing** : Unfurnished residential accommodation will be provided. In its absence, 60% of the salary will be paid as house rent allowance.
2. The following perquisites shall be allowed subject to the maximum of 40% of the salary :  
**Medical** : Reimbursement of medical expenses incurred for him and his family.

**LTC** : Leave Travel Concession for him and his family.

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

**Club fee** : For self.

**Insurance** : Health and personal accident insurance cover for him.

3. He shall also be eligible to the following benefits, which shall not be included in the computation of the ceiling on the remuneration.
  - a. **PF / SAF** : Contribution to Provident and/or Super Annuation Fund and/or Annuity Fund to the extent of either singly or put together are not taxable under the Income-tax Act, 1961.
  - b. **Gratuity** : Gratuity payable at the rate not exceeding half a month's salary of each year of completed service or at the rate as may be modified from time to time as per The Payment of Gratuity Act, 1972.
4. Free use of Company car with driver and telephone at his residence.

**Resolved Further** that in the event of no profits or inadequacy of profits, the remuneration and other perquisites payable to Mr K R Seethapathy, Executive Director, shall not exceed the limits specified in Section II of Part II (B) of Schedule XIII of the Companies Act, 1956 or such other limits as may be notified by the Government from time to time as minimum remuneration.

**Resolved Further** that the terms and conditions set out for appointment and/or agreements shall be altered and varied from time to time by the Board as it may, at its discretion, deem fit so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any other amendments made there under in this regard.

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

**Resolved** that subject to the provisions of the applicable laws, guidelines, rules and regulations including the Companies Act, 1956, the Securities Contracts (Regulations) Act, 1956, Listing Agreements with Stock Exchanges, the Securities and Exchange Board of India (De-listing of Securities) Guidelines 2003 and the rules framed



there under in this regard and subject to such other approvals, as may be required from the Stock Exchanges with which equity shares of the company are listed and/or any other relevant authority, consent of the Company be and is hereby accorded to the Board of Directors of the company to seek voluntary de-listing of its equity shares from the Coimbatore Stock Exchange Ltd., Coimbatore and The Madras Stock Exchange Ltd., Chennai where the Company's equity shares are presently listed without giving an exit option to the shareholders of the region where the aforesaid Stock Exchanges are situated.

**Resolved Further** that the Board of Directors of the company be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, desirable or appropriate and make all such applications and execute deeds, agreements, documents and writings as it may consider necessary for giving effect to this resolution.

For and on behalf of the Board

Coimbatore  
31<sup>st</sup> May, 2008

**Vidyaprakash D**  
Chairman

**Notes :**

1. **EVERY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. **Instrument appointing a proxy should be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.**
3. Members / Proxies should bring the attendance slips duly filled and signed for attending the meeting.
4. The explanatory statement in respect of the special business pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
5. The register of members and share transfer books of the company will remain closed from 10.09.2008 to 24.09.2008 (both days inclusive).
6. The dividend, if declared at the meeting, will be paid to those members whose names appear in the Register of Members as on 24.09.2008.
7. For receiving dividend through Electronic Clearing Service (ECS), in the notified centers, members are requested to forward the form attached to the Annual Report, duly filled in, to the Registrar and Share Transfer Agent of the Company, M/s Intime Spectrum Registry Ltd., Coimbatore Branch or to their respective Depository Participants before 08.09.2008.
8. The brief profile and other information in respect of Non-Executive Directors seeking re-appointment are furnished in the Notice.
9. The company has transferred the unclaimed dividend to the General Revenue Account of the Central Government for and up to the financial year 1994-95. The concerned members may therefore submit their claims to the Registrar of Companies, Coimbatore (Tamilnadu), Stock Exchange Building, Singanallur, Coimbatore – 641 005.
10. The company has transferred the amount of unclaimed dividends paid from 1995-96 to 1999-2000 to the Investors Education and Protection Fund of the Central Government as required under Sections 205A and 205C of the Companies Act, 1956.
11. 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 31.03.2001 to 31.03.2007 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.
12. The company has appointed M/s Intime Spectrum Registry Ltd., as Registrar and Share Transfer Agent of the Company for carrying out both physical and electronic share transfers. All the members are requested to forward their share transfer deed(s) and other communications directly to its Branch Office at the following address :  
M/s Intime Spectrum Registry Ltd  
Coimbatore Branch  
"SURYA" 35, Mayflower Avenue  
Behind Senthil Nagar  
Sowripalayam Road  
Coimbatore-641028, Tamilnadu.  
Phone : (0422)2314792 Fax:(0422)2314792,  
E-mail : [Coimbatore@intimespectrum.com](mailto:Coimbatore@intimespectrum.com)



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

**Item No. 6**

In view of the present managerial remuneration trends in the industry for professionals and the contribution of the Executive Director Mr K R Seethapathy towards the growth of the company, it has been proposed to enhance the remuneration and other perquisites payable to him with effect from 1<sup>st</sup> November, 2007. The company needs the approval of the shareholders for the above change and hence this resolution.

None of the Directors except Mr K R Seethapathy is interested in the resolution.

**Item No. 7**

At the meeting of the Board of Directors of the company held on 16<sup>th</sup> April, 2008, it was resolved to appoint Mr Vidyaprakash D, as Executive Chairman of the Company for a period of three years with effect from 1<sup>st</sup> April, 2008, and also pay him remuneration approved by the remuneration committee, in accordance with the provisions of the Companies Act, 1956, on the terms and conditions set out in the resolution. As per Section 269 read with Schedule XIII of the Companies Act, 1956, the appointment and remuneration shall be subject to the approval of the shareholders of the company in general meeting. Hence, the resolution is placed for your approval.

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

**Item No. 8**

The Board of Directors of the company at their meeting held on 16<sup>th</sup> April, 2008 decided to re-appoint Mr Sumanth Ramamurthi as Managing Director of the Company for a period of three years with effect from 1<sup>st</sup> April, 2008, at a revised remuneration approved by the remuneration committee in accordance with the provisions of the Companies Act, 1956 on the terms and conditions set out in the resolution. As per Section 269 read with Schedule XIII of the Companies Act, 1956, the appointment and remuneration shall be subject to the approval of the shareholders of the company in general meeting. Hence, the resolution is placed for your approval.

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

**Statement of Information to be provided under Section II, Part II (B) of Schedule XIII of the Companies Act, 1956**

**I. General Information**

Nature of Industry : Textiles

Date or expected date of commencement of commercial production : Not applicable

In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not applicable

Financial performance based on given indicators:

Particulars	2007-08 (Rs. Lakhs)	2006-07 (Rs. Lakhs)
Sales and Other Income	40012	40522
Profit before tax and depreciation	2834	4525
Profit after tax	172	1427
Paid up Equity Capital	550	550
Reserves and Surplus	11743	12067
Basic Earnings per share	0.31	2.6

Export performance and net foreign exchange collaborations : Export turn over amounts to Rs.121 Crores Foreign currency expenditure is Rs. 29 Crores and the company has a positive foreign currency inflow of Rs. 92 Crores.

Foreign investments and collaborators, if any : Not applicable

**II. Information about the Appointee:**

Back ground details : Mr Sumanth Ramamurthi aged 48 years is an industrialist, having more than two decades of experience in the Textile and Engineering industries and is a Director on the Board of ten other Public Limited Companies. He has a B.S Degree in Electrical Engineering from the University of Missouri, USA.

Past remuneration : Rs. 2,00,000/- per month with annual increment of Rs. 20,000/- and Commission 2% of net profit plus allowances and perquisites.

Recognition or awards : –

Job profile and his suitability : The Managing Director personally oversees the operations of the Company. Mr Sumanth Ramamurthi is a technocrat having over two decades of experience in the textile and engineering industries.

Remuneration Proposed : Rs.1,00,000/- per month with an annual increment of Rs. 8,000/- and





Commission 1.5% of net profit plus Allowances and perquisites.

Comparative remuneration profile with respect to industry, size of the company, profile of the position and person : Salary to be given is at par with the industry standards.

Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any : Mr Sumanth Ramamurthi is related to Mr Vidyaprakash D, the Chairman of the Company.

### III. Other Information

Reasons of loss or inadequate profits : The high cost of raw material, lower value realization for yarn and appreciation in the value of the Indian rupee have affected the Company's operating performance resulting in inadequacy of profits.

Steps taken or proposed to be taken for improvement : The Company has made efforts to increase yarn realization through productivity and cost control measures. It has also identified and implemented strategies to improve sales and profitability by focusing on niche products for the export market.

Expected increase in productivity and profits in measurable terms : The Company expects to see a growth in turnover of at least 10% and proportionate increase in profitability over the previous year as a result of these measures.

### IV. Disclosures

The shareholders of the company shall be informed of the remuneration package of the managerial person : Disclosed

The following disclosures have been mentioned in the Board of Directors report under the heading Corporate Governance attached to the annual report:

All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors : Disclosed in the Report on Corporate Governance

Details of fixed component and performance linked incentives along with the performance criteria : Disclosed

Service contracts, notice period, severance fees : Disclosed

Stock option details, if any, and whether the same has been issued at a discount as well as the period

over which accrued and over which exercisable : Company has not issued any Stock option

The Company has not defaulted in repayment of any of its debts or debentures and public deposits.

The Board of Directors and the remuneration committee recommend the passing of the resolution.

### Item No. 9

At the meeting of the Board of Directors of the Company held on 16<sup>th</sup> April, 2008, it was resolved to re-appoint Mr K R Seethapathy as Executive Director of the Company for a period of three years with effect from 1<sup>st</sup> April, 2008 and also pay him remuneration approved by the Remuneration Committee, in accordance with the provisions of the Companies Act, 1956 on the terms and conditions set out in the resolution. As per Section 269 read with Schedule XIII of the Companies Act, 1956, the appointment and remuneration shall be subject to the approval of the shareholders of the company in general meeting. Hence, the resolution is placed for your approval.

None of the Directors except Mr K R Seethapathy is interested in the resolution.

### Statement of Information to be provided under Section II, Part II (B) of Schedule XIII of the Companies Act, 1956

#### I. General Information

Nature of Industry : Textiles

Date or expected date of commencement of commercial production : Not applicable

In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not applicable

Financial performance based on given indicators :

Particulars	2007-08 (Rs. Lakhs)	2006-07 (Rs. Lakhs)
Sales and Other Income	40012	40522
Profit before tax and depreciation	2834	4525
Profit after tax	172	1427
Paid up Equity Capital	550	550
Reserves and Surplus	11743	12067
Basic Earnings per share	0.31	2.6

Export performance and net foreign exchange collaborations : Export turn over amounts to Rs. 121 Crores. Foreign currency expenditure is



Rs. 29 Crores and the Company has a positive foreign currency inflow of Rs. 92 Crores.

Foreign investments and collaborators, if any :  
Not applicable

## II. Information about the Appointee

Back ground details : Mr K R Seethapathy aged 52 years has been working with the Company since 1981 and has been the Executive Director since 2004. He has more than 27 of experience in the Textile Industry and has contributed significantly to the Company's growth. He has B Sc and MBA Degrees and serves as a Director in four other Companies.

Past remuneration : Rs. 34,000/- per month with an annual increment of Rs. 4,000/- and Commission 0.5 % of net profit Plus Allowances and perquisites.

Recognition or awards : –

Job profile and his suitability : The Executive Director assists the Managing Director in handling the day to day operations of the Company under the overall guidance of the Chairman. He has 27 years experience in the textile industry.

Remuneration Proposed : Rs.75,000/- per month with an annual increment of Rs. 6,000/- and Commission 0.75 % of net profit plus allowances and perquisites.

Comparative remuneration profile with respect to industry, size of the company, profile of the position and person: Salary to be given is at par with the industry.

Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any : No relationship

## III. Other Information

Reasons of loss or inadequate profits : The high cost of raw material, lower value realization for yarn and appreciation in the value of the Indian rupee have affected the Company's operating performance resulting in inadequacy of profits.

Steps taken or proposed to be taken for improvement : The Company has made efforts to increase yarn realization through productivity and cost control measures. It has also identified and implemented strategies to improve sales and profitability by focusing on niche products for the export market.

Expected increase in productivity and profits in measurable terms : The Company expects to see a growth in turnover of at least 10% and proportionate increase in profitability over the previous year as a result of these measures.

## IV. Disclosures

The shareholders of the company shall be informed of the remuneration package of the managerial person : Disclosed

The following disclosures have been mentioned in the Board of Directors report under the heading Corporate Governance attached to the annual report :

All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors : Disclosed in the Report on Corporate Governance.

Details of fixed component and performance linked incentives along with the performance criteria : Disclosed

Service contracts, notice period, severance fees : Disclosed

Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable : Company has not issued any Stock option

The Company has not defaulted in repayment of any of its debts or debentures and public deposits.

The Board of Directors and the remuneration committee recommend the passing of the resolution

### Item No. 10

The shares of the Company are listed on four Stock Exchanges at present viz., Bombay Stock Exchange Ltd., National Stock Exchange of India Ltd., Madras Stock Exchange Ltd and Coimbatore Stock Exchange Ltd. There is no trading activity in the Madras and Coimbatore Stock Exchanges. As both the NSE and BSE have nation wide terminals, investors have access to online trading in equity shares of the Company. It is now proposed to de-list the equity shares of the Company at an appropriate time in future, from Madras Stock Exchange Ltd and Coimbatore Stock Exchange Ltd. The proposed de-listing will not affect the investors adversely, as the Company's shares will continue to be listed on BSE and NSE. The consent of the members by way of a special resolution is required for the purpose of de-listing. Hence the resolution is placed for your approval.

For and on behalf of the Board

Coimbatore  
31<sup>st</sup> May, 2008

**Vidyaprakash D**  
Chairman

## Directors' Report & Management Discussion & Analysis

To the Members,

Your Directors present the 46<sup>th</sup> Annual report together with the audited statement of accounts for the financial year ended 31<sup>st</sup> March 2008.

<b>FINANCIAL RESULTS</b>	<b>31.03.2008</b>	<b>31.03.2007</b>
	<b>Rs. Lakhs</b>	<b>Rs. Lakhs</b>
Sales	<b>39215.27</b>	40378.77
Other Income	<b>796.73</b>	143.18
Increase/(Decrease) in stock of finished goods	<b>314.87</b>	272.72
<b>Total Income</b>	<b>40326.87</b>	40794.67
<b>Operating Profit</b>	<b>4609.94</b>	5981.31
Less : Interest	<b>1775.79</b>	1456.51
<b>Gross Profit</b>	<b>2834.15</b>	4524.80
Less : Depreciation	<b>2449.23</b>	2300.58
<b>Profit before tax</b>	<b>384.92</b>	2224.21
Less : Provision For Taxation	<b>48.00</b>	720.00
Less : Deferred Tax	<b>92.43</b>	43.01
Less : Fringe Benefit Tax	<b>30.00</b>	19.00
<b>Profit After Tax</b>	<b>214.49</b>	1442.20
Less : Prior Year Expenses	<b>13.24</b>	3.44
Less : Taxes relating to earlier years	<b>29.38</b>	11.42
<b>Net Profit</b>	<b>171.86</b>	1427.35
Add : Balance Brought Forward	<b>1102.07</b>	1196.72
<b>Profit available for appropriation</b>	<b>1273.93</b>	2624.07
<b>APPROPRIATIONS</b>		
Proposed dividend	<b>82.50</b>	275.00
Tax on dividend	<b>14.05</b>	47.00
General Reserve	<b>17.20</b>	1200.00
Balance Carried Forward	<b>1160.18</b>	1102.07
	<b>1273.93</b>	2624.07

### Dividend

Your Directors recommend a dividend of 15% absorbing a sum of Rs. 96.55 Lakhs, including tax.

### Operations

Your Directors wish to present the operating results of your Company for the fiscal year ended 31<sup>st</sup> March 2008. During the year under review your Company registered sales of Rs. 39215 Lakhs and the net profit before tax stood at Rs. 385 Lakhs. Sale of yarn in the domestic market has been maintained at the same level as in the previous year and there was an increase in the quantum of exports but value realization has been lower.

The general downtrend in the textile industry has had an impact on the performance of your Company. Higher input costs, low margins and significant appreciation of the Indian

Rupee against the U.S Dollar have all adversely affected the Textile industry in general and the business of your Company during the year under review.

Production at the newly established Super Sara Unit at Beerapalli Village, Hindupur, Andhra Pradesh with an installed capacity of 30,576 spindles has stabilized in the last quarter of the year under review and your Directors' expect that the Unit would contribute significantly to the overall profitability of the Company in the ensuing year. The overall installed capacity of the company at present is 1,77,000 Spindles.

### Industry Conditions

The Indian textile industry is presently going through a challenging phase. The drastic increase in the price of cotton, high freight and power costs and currency volatility are matters of serious concern. There is intense pressure to maintain our position in the International markets in the face of stiff competition from other regional players. However confidence in the Indian textile and apparel industry remains very high and India continues to be a preferred source of quality products for the global markets. Besides, there is also a greater awareness within the Industry on the need to focus on the growing domestic market. The Government of India, on its part, has continued to provide TUF subsidies and other promotional supports to further strengthen and encourage the growth of the Textile sector.

### Opportunities, Risks and Concerns

The increased purchasing power and liberal spending patterns of the young and growing Indian population holds tremendous promise for the Textile Industry. The ongoing expansion in the retail sector has also opened up new avenues for the growth of this sector.

Sourcing of high quality textile products from India by international buyers shall continue to be a vital source of revenue in the coming years. However competition from other low-cost producer countries has the potential to affect profitability in this segment.

The unchecked rise in the prices of commodities, especially cotton and fuel are also major areas of concern. These and other factors such as spiralling inflation and a hardening interest rate regime could have a cascading effect on the economy as a whole and the textile trade also.

### Company outlook

The demand for the Company's products in overseas and domestic markets is stable and better performance is expected during the current year. In general, conditions affecting the economy could also put pressure on the margins of your company. However the company has put in place plans to maximise the opportunities for growth by becoming a preferred supplier of yarn and fabric to major international brands. The garment business will fully realise its potential and is expected to contribute to the company's growth in the coming years.



### **Shri L G Ramamurthi**

We deeply regret to inform the members about the sad demise of our beloved Chairman Emeritus Shri L G Ramamurthi on 13<sup>th</sup> May, 2008. Shri L G Ramamurthi was the guiding force of the Company ever since he took over as Chairman in 1993. He played a major role in shaping the growth and development of the Company .

His vision of a fully integrated company encompassing all spheres from "Field to Fashion" laid the foundation for the Company's present preeminence in the Textile industry in Southern India.

He has been a pioneer in the development of Organic Cotton and his extensive interest in the Agri business has taken the company into niche areas of Organic Textiles business. His initiative has led the Company to foray into a comprehensive "Integrated Cotton Cultivation program" which has benefited the farming community at large.

His varied interests in Engineering sector has led to the establishment and growth of various industrial enterprises within the Elgi Group.

He was associated with numerous Sports, Cultural and Educational institutions. His philanthropic activities has led to the establishment of Colleges and Schools. He founded the LRG Naidu Educational Trust, LRG Ranganayakiammal Charities Trust to serve the poor and needy.

The Board places on record its highest appreciation of the contribution and invaluable services rendered by Shri L G Ramamurthi to the growth of your company.

### **Directors**

Due to reasons of ill health Mr L G Ramamurthi had resigned from his position as Executive Chairman of the Company with effect from 31.03.2008. The Board of Directors, very reluctantly accepted the resignation of Mr L G Ramamurthi and appointed him as Chairman Emeritus of the company from 01.04.2008. He continued as Director and Chairman Emeritus until his demise on 13.05.2008.

The Board has appointed Mr Vidyaprakash D, as Executive Chairman of the Company with effect from 1<sup>st</sup> April, 2008 for a period of 3 years and the approval for the appointment and payment of remuneration to him is sought to be obtained from the shareholders at the ensuing Annual General Meeting.

The Board has re-appointed Mr Sumanth Ramamurthi as Managing Director of the company with effect from 1<sup>st</sup> April, 2008 for a period of 3 years and the approval for the appointment and payment of remuneration to him is sought to be obtained from the shareholders at the ensuing Annual General Meeting.

The Board has re-appointed Mr K R Seethapathy as Executive Director of the Company with effect from 1<sup>st</sup> April, 2008 for a period of 3 years and the approval for the appointment and payment of remuneration to him is sought to be obtained from the shareholders at the ensuing Annual General Meeting.

Mr S Jeyaraman, Director of the company resigned from his Directorship of the company with effect from 16.04.2008. The Board expresses its appreciation for the services rendered by Mr S Jeyaraman towards the growth of the company.

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

Mr C R Ramamurthy, Director retires by rotation and superannuates at the ensuing Annual General Meeting.

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

### **Internal Control System**

The fully integrated SAP – ERP system implemented by the company has stabilized during the year. Periodic reviews are being carried out for identification of control deficiencies and formulation of time bound action plans to improve efficiency. The Audit Committee reviews the adequacy of internal control systems on a quarterly basis.

### **Recognition and Reward**

Your Directors are glad to inform that Super A unit of the Company was placed 10<sup>th</sup> in productivity in the Techno Facts Award of SIMA.

Super B unit has received the Best "TPM" Practices Award from ABK – AOTS DOSOKAI, Chennai and "CGQC" Excellent and BAR Excellent Awards for Excellence at State level for October, 2007 from "QCFI", Hyderabad and Excellence at National level for December, 2007 from "QCFI", Kolkata respectively and was placed 8<sup>th</sup> in productivity in SIMA's Techno Facts Award.

Similarly Super C unit of the company has received the First Prize for Best "5S" Practices award from ABK – AOTS DOSOKAI, Chennai and the Quality Circle Merit Award from QCFI, Chennai and was placed 6<sup>th</sup> in productivity in SIMA's Techno Facts Award. The unit also received the "SA-8000" Certification for Social Accountability from BVQI.

### **Foreign Exchange earnings**

Your company has generated foreign exchange earnings of Rs.12139.22 Lakhs through Exports. The foreign exchange utilized during the year amounted to Rs.2914.13 Lakhs towards purchase of raw material, machinery, spares, etc., resulting in a positive inflow of Rs.9225.09 Lakhs.

### **Fixed Deposits**

38 Fixed Deposits amounting to Rs.14.46 Lakhs remained unclaimed as on 31<sup>st</sup> March 2008. Subsequently 2 deposits amounting to Rs. 0.5 Lakhs have been claimed and repaid.

### **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.

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### Personnel Relations

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

### Statutory Information

A statement showing the details of employees under Section 217(2A), 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.

### 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 deep sense of appreciation for the tremendous confidence reposed by the shareholders in the Company.

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  
31<sup>st</sup> May, 2008

**Vidyaprakash D**  
Chairman

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## Annexure to the Directors Report and Management discussion & Analysis

### A. Conservation of Energy

Installation of preferential start up modules in Ring Frames, TFO's, Modification of Airlines system for compressors for different machines, Air leakage arresting scheme by providing suitable one touch fittings resulted in significant reduction in power consumption.

In addition the periodic measures taken in humidification department contributed to reduce the power cost appreciably.

### B. Research & Development

Research and Development activities are currently focussed on various spinning processes including the ginning and TFO processes. Investigations have resulted in improved processes and designs. The degree of commercial advantage obtainable is being investigated.

### C. Technology Absorption, Adaptation and Innovation

The effectiveness of Auto doffing in ring frames towards minimisation of doffing team is under observation.

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

<b>a. Power &amp; Fuel Consumption</b>	<b>31.03.2008</b>	31.03.2007
1. Electricity		
(a) Purchased		
Units in Lakhs	<b>1017.6</b>	786.1
Total amount in Rs. Lakhs	<b>3150.6</b>	2197.2
Rate per unit in Rs.	<b>3.1</b>	2.8
(b) Own generation		
(i) Through Diesel Generator		
Units in Lakhs	<b>16.2</b>	15.0
Units per litre of diesel oil	<b>3.4</b>	2.7
Total amount in Rs. Lakhs	<b>166.4</b>	261.1
Cost per unit in Rs.	<b>10.3</b>	17.4
(ii) Through Windmill generation		
Units in Lakhs	<b>60.6</b>	73.4
Total amount in Rs. Lakhs	<b>155.6</b>	198.1
Rate per unit in Rs.	<b>2.6</b>	2.7
2. Other fuels are not used		
<b>b. Consumption per unit of production</b>		
(Production of various counts has been converted to the standard count of 40s)		
Electricity (in units) per kg.	<b>5.6</b>	5.7

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

Sl. No.	Name	Age	Qualification & experience (years)	Designation	Nature of duties	Gross remuneration (Rs.)	Date of commencement of Employment	Previous Employment
1.	Mr L G Ramamurthi	78	DAE (45)	Chairman	Duties pertaining to the office of the Chairman	2,724,000	01.04.1993	Elgi Equipments Ltd., Coimbatore
2.	Mr Sumanth Ramamurthi	48	BS ELECL ENGG (17)	Managing Director	Management of the Company	2,724,000	01.04.1992	Festo Elgi Pvt Ltd., Coimbatore

- Note :
- Chairman and Managing Director are appointed for a period of 5 years at a time.
  - Gross remuneration includes Salary, Allowances, Company's contribution to Provident and Superannuation Funds and expenditures incurred by the Company for other facilities.
  - Mr L G Ramamurthi, Mr Sumanth Ramamurthi and Mr Vidyaprakash D are relatives.



## Report on Corporate Governance

### Company's philosophy on code of governance

Company shall adopt self Governing Corporate Governance model to adhere to all the rules and regulations of the statutory authorities. It shall also discharge its duties, regularities and obligation in a fair and transparent manner with the object of maximising the value of the stakeholders namely shareholders, employees, financial institutions, suppliers and business partners.

### Board of Directors - Composition, Category and Attendance

The Board comprises of Eleven Directors including three Executives, Non-Executive and Independent Directors. During the year 2007-08, five Board Meetings were held on 23.05.2007, 30.06.2007, 28.07.2007, 29.10.2007 and 31.01.2008

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 23.08.2007
Mr L G Ramamurthi Chairman*	Promoter and Executive	10	2/Nil	Nil	No
Mr Sumanth Ramamurthi Managing Director	Promoter and Executive	10	Nil/Nil	5	Yes
Mr K R Seethapathy Executive Director	Non-Promoter and Executive	4	Nil/Nil	5	Yes
Mr S Jeyaraman **	Independent and Non-Executive	1	2/Nil	5	Yes
Mr C S K Prabhu	Independent and Non-Executive	3	4/4	5	Yes
Mr C R Ramamurthy ***	Independent and Non-Executive	1	2/Nil	5	No
Mr D Sarath Chandran	Independent and Non-Executive	7	3/Nil	5	No
Mr Sudarsan Varadaraj	Independent and Non-Executive	19	3/Nil	Nil	No
Mr Vidyaprakash D ****	Independent and Non-Executive	3	1/Nil	5	Yes
Mr B Vijayakumar	Independent and Non-Executive	15	1/Nil	2	No
Mr Vijay Venkataswamy	Independent and Non-Executive	5	2/1	5	Yes

\* Resigned from his position as Executive Chairman of the company with effect from 31.03.2008 and continued as Director and Chairman Emeritus with effect from 01.04.2008 until his demise on 13.05.2008.

\*\* Resigned from his Directorship and Membership in Audit and Remuneration Committees with effect from 16.04.2008.

\*\*\* Superannuates at the ensuing Annual General Meeting to be held on 24.09.2008.

\*\*\*\* Appointed as Executive Chairman with effect from 01.04.2008.

### Relationship of Directors inter-se

Director	Related Director(s)	Relationship inter-se
Mr L G Ramamurthi	Mr Sumanth Ramamurthi Mr Vidyaprakash D	Son Daughter's Husband
Mr Sumanth Ramamurthi	Mr L G Ramamurthi Mr Vidyaprakash D	Father Sister's Husband
Mr Vidyaprakash D	Mr L G Ramamurthi	Wife's Father



**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**

**Mr C R Ramamurthy** is associated with the company since 1982. He has more than two decades of experience in the Textile Industry. Since he has attained the age of 70 he will superannuate at the ensuing Annual General Meeting.

Other Directorships : Vaishnavi Garments (P) Ltd

Details of shares held : 26670 Equity shares of Re.1/- each.

Committee position in other public Companies : Nil

**Mr D Sarath Chandran** was inducted to the Board of the company in 1975. He has more than three decades of experience in the textile industry.

Other Directorships :

Precot Meridian Ltd

Suprem Textiles Processing Ltd

Pricol Ltd

Vantex Ltd

Multiflora Processing (Coimbatore) Ltd

Precot Meridian Energy Ltd

Details of shares held : 11710 Equity shares of Re.1/- each.

Committee position in other public Companies :

Pricol Ltd

Shareholders/Investor Relations - Member

Precot Meridian Ltd

Investors Relations - Member

#### **Profile of the Executive Chairman**

**Mr Vidyaprakash D,** was inducted into the Board of the company in 1982. He has more than 26 years of experience in the textile and engineering industries. He is vastly experienced in automotive, agriculture, ferrous and non-ferrous castings business, machine tool assembly and export sales in European Union. Currently he is the Managing Director of Coimbatore Pioneer Fertilizers Ltd, a leading manufacturer of phosphatic fertilizers in South India. He is SSP Advisory Committee Member, FAI (N Delhi), Member Advisory Committee - Tamil Nadu Agri. He is a Managing Trustee of 'GRD Foundations' and Trustee of 'Sri Gopal Naidu Educational Trust' and administers both the matric schools.

Other Directorships :

Coimbatore Pioneer Fertilizers Ltd

Elgi Electric and Industries Ltd

Prashanth Textiles Ltd

Committee position in other public Companies : Nil

#### **Profile of the Managing Director**

**Mr Sumanth Ramamurthi** is an industrialist having more than two decades of experience in the textile and engineering industries. He has played a vital role in the growth of the organisation. He has been instrumental in taking major policy decisions and ensuring effective implementation of the business strategies of the company. He is a member of several social clubs.

Other Directorships :

Elgi Electric and Industries Ltd

Elgi Ultra Industries Ltd

Precot Meridian Ltd

Sara Elgi Insurance Advisory Services Pvt Ltd

Elgi Software and Technologies Ltd

Super Farm Products Ltd

Elgi Building Products Ltd

Sara Elgi Industrial Research and Development Ltd

Super Sara Textiles Ltd

Kakatiya Textiles Ltd

Committee position in other public Companies :  
Kakatiya Textiles Ltd

Shareholders Committee - Member

#### **Profile of the Executive Director**

**Mr K R Seethapathy** has been working with the Company since 1981. He is having more than 27 years of experience in the textile industry. During his service he has held various positions and is presently the Executive Director of the Company. He has attended many cotton conferences and traveled extensively in Europe and Far East Asia for business purposes. During 1999, he has attended a training program at "Texas International Cotton School" at USA. He has contributed significantly in cotton purchase and in developing new export markets. He has played a vital role in the Company's venture into yarn processing, garments, cottonseed development and integrated cotton cultivation activities.

Other Directorships :

Sara Trading and Industrial Services Ltd

Sara Elgi Arteriors Ltd

Sara Elgi Envirotech Ltd

Super Sara Textiles Ltd

Committee position in other public Companies : Nil

#### **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 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 is consisting of 4 independent Directors, Chaired by Mr C S K Prabhu. The Audit Committee Meetings were held on 20.04.2007, 25.06.2007, 27.07.2007, 25.10.2007 and 24.01.2008.

Name of the Member	No. of Meetings Attended
Mr C S K Prabhu	5
Mr C R Ramamurthy	5
Mr S Jeyaraman*	5
Mr Vijay Venkataswamy	5

\* Resigned from his Directorship of the company with effect from 16.04.2008.

#### Remuneration Committee

Terms of reference of the Remuneration Committee include :

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

The Company's Remuneration Committee is consisting of 4 independent Directors, Chaired by Mr C S K Prabhu. The Remuneration Committee meetings were held on 25.10.2007 and 16.04.2008.

Name of the Member	No. of Meetings Attended
Mr C S K Prabhu	2
Mr C R Ramamurthy	2
Mr S Jeyaraman*	2
Mr Vijay Venkataswamy	2

\* Resigned from the Directorship of the Company with effect from 16.04.2008.

#### Remuneration of Directors

Remuneration of the Executive 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 Executive Directors for the year ended 2007-08 is as follows.

	Rs. Lakhs
Mr L G Ramamurthi, Chairman	- 24.00
Mr Sumanth Ramamurthi, Managing Director	- 24.00
Mr K R Seethapathy, Executive Director	- 16.04

#### Proposed remuneration for the Managerial Persons

Mr Vidyaprakash D, Executive Chairman				
Salary	Benefits	Commission	Perquisites / Allowances	
Rs.1,25,000 – 10,000 Tenure – Three years	PF/SAF contribution and Gratuity @ half a month salary for each year of completed service	1.5% of the net profit	Nil	
Mr Sumanth Ramamurthi, Managing Director				
Salary	Benefits	Commission	Perquisites	
Rs.1,00,000 – 8,000 Tenure – Three years	PF/SAF contribution and Gratuity @ half a month salary for each year of completed service	1.5% of the net profits	Housing – 60% of the salary. Medical, LTC etc - 40% of the salary	
Mr K R Seethapathy, Executive Director				
Salary	Benefits	Commission	Allowance	Perquisites
Rs.75,000 – 6,000 Tenure – Three years	PF/SAF contribution and Gratuity @ half a month salary for each year of completed service	0.75% of the net profits Subject to a maximum of Rs. 15 Lakhs and minimum of Rs. 5 lakhs	50% of the salary	Housing – 60% of the salary. Medical, LTC etc - 40% of the salary



Remuneration to Non-Executive Directors	Non-Executive Directors	Sitting Fees (Rs.)
Non-Executive Directors are paid sitting fees for attending each Board and Committee Meeting. The sitting fees paid to each such Directors was Rs.10,000/- for each Board Meeting, Audit and Remuneration Committee Meetings and Rs.1,000/- each for Shareholders Committee Meeting. The Company does not have any stock option scheme for the Directors and the employees at present.	Mr C S K Prabhu	128000
	Mr C R Ramamurthy	110000
	Mr Vijay Venkataswamy	110000
	Mr S Jeyaraman	110000
	Mr D Sarath Chandran	66000
	Mr Sudarsan Varadaraj	-
	Mr B Vijaykumar	20000
	Mr Vidyaprakash D	65000

### Shareholders' Committee

The shareholders' committee consists of Five Directors and the Compliance Officer. During the year 2007-08, eighteen meetings were held. The members attendance and the dates of the committee meetings are as follows:

April 17, May 15 & 31, June 18, July 9 & 16, August 4, September 10, October 9, November 20, December 7 & 22, 2007, January 14, February 6 & 25, March 04, 18 & 29, 2008.

Name of the Member	No. of Meetings Attended
Mr L G Ramamurthi	18
Mr Sumanth Ramamurthi	13
Mr D Sarath Chandran	16
Mr Vidyaprakash D	15
Mr C S K Prabhu	18
Compliance Officer	18

### Investor grievance redressal

During the year the company had received one complaint from a shareholder and the same had been redressed to the satisfaction of the shareholder. There were no complaints pending unresolved during the year ended 31.03.2008.

### Details of the shareholdings of Non-Executive Directors as on 31.03.2008

Name of the Director	No. of shares held	Name of the Director	No. of shares held
Mr S Jeyaraman	5000	Mr Sudarsan Varadaraj	92250
Mr C S K Prabhu	5000	Mr Sudarsan Varadaraj (SHUF)	88850
Mr C R Ramamurthy	26670	Mr Vidyaprakash D	76330
Mr D Sarath Chandran (SHUF)	6500	Mr B Vijayakumar	6670
Mr D Sarath Chandran (I)	5210	Mr Vijay Venkataswamy	5000

### General Body Meetings

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

Year	Location	Date	Time	Special Resolutions passed in the AGM's
2005	Ardra Convention Centre Kaanchan No.9 North Huzur Road Coimbatore-641 018	29.07.2005	4.00 PM	Appointment of Executive Director
2006	Ardra Convention Centre Kaanchan No.9, North Huzur Road Coimbatore-641 018	07.07.2006	4.00 PM	Appointment of Chairman. * Allotment of shares to Qualified Institutional Buyers. * Issue of shares/securities by way of GDR's/ADR's and * Preferential allotment to Promoters.
2007	Ardra Convention Centre Kaanchan No.9, North Huzur Road Coimbatore-641 018	23.08.2007	4.00 PM	Nil

\* These resolutions lapsed, as no issue / allotment of shares were made.

## Disclosure

### (A) Related Party Transactions

Disclosures on materially significant related party transactions i.e. transactions made by the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc that may have potential conflict with the interest of the Company at large.

- None of the transactions with any of the related parties were in conflict with the interest of the Company.

### (B) Compliances by the Company

Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI, or any statutory authority, on any matter related to capital market during the last three years.

- No penalties have been imposed on the company by the stock exchanges or SEBI or any other statutory authorities on matters in relation to the capital market.

### (C) Shareholders Rights

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

### Means of Communication

The company regularly intimates un-audited as well as the audited financial results to the Stock Exchanges immediately after the same was taken on record by the Board. The Financial results are published in MALAI MALAR and FINANCIAL EXPRESS and displayed on the website of the company [www.superspining.com](http://www.superspining.com), [www.saraelgi.com](http://www.saraelgi.com) and posted on the Electronic Data Information Filing and Retrieval at [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in) through EDIFAR.

### General Information to Share Holders

Date of the Meeting : 24.09.2008  
 Time of the Meeting : 3.00 PM  
 Place of the Meeting : Ardra Convetion Centre, Kaanchan, No.9, North Huzur Road Coimbatore-641 018.  
 Financial Calendar : 1<sup>st</sup> April to 31<sup>st</sup> March  
 Date of Book Closure : From 10.09.2008 to 24.09.2008 (Both days Inclusive)  
 Dividend Payment date : 24.09.2008

### Annual General Meeting - 2008

Location	Special Resolution
Ardra Convention Centre Kaanchan No.9, North Huzur Road Coimbatore-641 018 Date : 24.09.2008 Time : 3.00 PM	<ul style="list-style-type: none"> <li>● Revision in the remuneration of the Executive Director.</li> <li>● Appointment of Executive Chairman.</li> <li>● Re-appointment of Managing Director.</li> <li>● Re-appointment of Executive Director.</li> <li>● De-listing of shares from Coimbatore Stock Exchange Ltd., and Madras Stock Exchange Ltd.</li> </ul>

### Listing on Stock Exchanges

The Equity shares of the company are listed on Coimbatore Stock Exchange Ltd, Madras Stock Exchange Ltd, The Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd. The company confirms that it has paid annual listing fees due to the stock exchanges for the year 2008-2009.

### Stock Details

Name of the stock Exchange	Scrip code
Bombay Stock Exchange Ltd	521180
National Stock Exchange Ltd	SUPERSPIN
Madras Stock Exchange Ltd	SUPER SPG


**Market price data for the year 2007- 08**

Month	BSE Sensex		Share price of the company	
	High	Low	High (Rs.)	Low (Rs.)
April 2007	14,383.72	12,425.52	24.60	20.00
May 2007	14,576.37	13,554.34	21.90	18.90
June 2007	14,683.36	13,946.99	20.75	18.25
July 2007	15,868.85	14,638.88	20.85	17.05
August 2007	15,542.40	13,779.88	18.50	15.00
September 2007	17,361.47	15,323.05	18.45	16.60
October 2007	20,238.16	17,144.58	18.95	14.00
November 2007	20,204.21	18,182.83	20.40	13.50
December 2007	20,498.11	18,886.40	27.20	17.00
January 2008	21,206.77	15,332.42	33.25	15.00
February 2008	18,895.34	16,457.74	19.25	15.00
March 2008	17,227.56	14,677.24	16.50	10.60

**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.

**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.

**Details of dematerialised shares as on 31.03.2008**

Number of shares dematerialised : 30367595  
 % of shares dematerialized : 55.21%

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

**Distribution of Shareholding as on 31.03.2008**

S. No	Category	No. of Shares Held	% of Share Holding
A	<b>Promoter's Holdings</b>		
	<u>Promoters :</u>		
	Indian Promoters	22057852	40.11
	Foreign Promoters	Nil	Nil
	Persons acting in concert	Nil	Nil
	Sub Total	22057852	40.11
B	<b>Non-promoters Holdings</b>		
	<u>Institutional Investors</u>		
	Mutual Fund and UTI	4400	0.01
	Banks, Financial Institutions, Insurance Companies, (Central/State Govt. and NON Govt. Institutions)	529740	0.96
	FII's	1549374	2.82
	Sub Total	2083514	3.79
C	<b>Others</b>		
	Private Corporate Bodies	4998872	9.08
	Indian Public	25357349	46.10
	NRIs/OCBs	502413	0.92
	Any other	Nil	Nil
	Sub Total	30858634	56.10
	<b>Grand Total</b>	55000000	100.00


**Distribution of shareholdings as on 31.03.2008**

Shares	No of shareholders	%	No of Shares	%
1 - 500	6552	55.7285	1583164	2.8785
501 - 1000	2071	17.6150	1840471	3.3463
1001 - 2000	1210	10.2917	1953690	3.5522
2001 - 3000	495	4.2103	1312053	2.3856
3001 - 4000	258	2.1944	937802	1.7051
4001 - 5000	293	2.4921	1406459	2.5572
5001 - 10000	402	3.4192	3024297	5.4987
10001 - ABOVE	476	4.0487	42942064	78.0765
<b>Total</b>	<b>11757</b>	<b>100.0000</b>	<b>55000000</b>	<b>100.0000</b>

**CEO / CFO Certificate**

Certificate from the Managing Director and President – Corporate Finance for the financial year 2007-08, has been provided elsewhere in the Annual Report.

**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.

**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 31.03.2008.

Coimbatore  
31<sup>st</sup> May, 2008

**Sumanth Ramamurthi**  
Managing Director

**Plant Locations**

<b>A &amp; O E unit</b> Kirikera, Hindupur, Ananthapur Dist, Andhra Pradesh.	<b>D unit</b> Udumalpet, Coimbatore Dist Tamil Nadu.
<b>TFO unit</b> Thumakunta, Kirikera, Hindupur, Ananthapur Dist, Andhra Pradesh.	<b>Sara Apparels and Fashions</b> New Tiruppur, Coimbatore, Tamil Nadu.
<b>Doubling division</b> Thumakunta, Kirikera, Hindupur, Ananthapur Dist, Andhra Pradesh.	<b>Sara Apparels and Fashions</b> Nathakattupirivu, Thekkalur, Coimbatore, Tamil Nadu.
<b>B unit</b> Kotnur, Hindupur, Ananthapur Dist, Andhra Pradesh.	<b>Super Sara</b> Beerepalli, Hindupur, Ananthapur Dist, Andhra Pradesh.
<b>C unit</b> D Gudalur, Karur, Tamil Nadu.	<b>Super Processing Unit</b> Kotnur, Hindupur, Ananthapur Dist, Andhra Pradesh.
<b>Address for Correspondence &amp; Registered Office</b> Mr T V Thulsidass 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: 91-422-2311611 E Mail.: super@ssh.saraelgi.com Web: www.saraelgi.com	<b>Address for Correspondence with Registrar and Share Transfer Agents</b> Branch Office Intime Spectrum Registry Limited "SURYA" 35 Mayflower Avenue, Behind Senthil Nagar, Sowripalayam, Coimbatore – 641 028. Tamil Nadu Phone: 91-422-2314792 Fax: 91-422-2314792 E Mail – coimbatore@intimespectrum.com

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**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.) the Company for the year ended 31<sup>st</sup> March, 2008, 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 explanation 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  
**Balakrishna S Bhat**  
Partner  
Membership No. 202976

Coimbatore  
31<sup>st</sup> May, 2008

**Certification by Chief Executive Officer and Chief Financial Officer**

To the Board of Directors of Super Spinning Mills Limited,

We, Sumanth Ramamurthi, Managing Director and M K Ravindra Kumar, President – Corporate Finance of Super Spinning Mills Limited, certify that for the financial year 2007-08 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 2007-08 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  
31<sup>st</sup> May, 2008

**Sumanth Ramamurthi**  
Managing Director /  
Chief Executive Officer

**M K Ravindrakumar**  
President-Corporate Finance /  
Chief Financial Officer

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## Auditors' Report

We have audited the attached Balance Sheet of Super Spinning Mills Limited, as at 31st March 2008, 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 2008 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 2008 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 2008;
  - ii. In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
  - iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

Coimbatore  
31st May, 2008

### 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 granted unsecured loans, to eight parties covered in the register maintained under section 301 of the Companies Act, 1956. The amount involved in the transaction is Rs. 3242.61 Lakhs.
- b. No interest is charged with respect to the above loans. However, the other terms and conditions on which unsecured loans were

granted 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 principal 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 loans and as such Clause (d) is not applicable.
- e. According to the information and explanations given to us, the Company had not taken any loans, secured or unsecured, from companies, firms or other parties as covered in the register maintained under section 301 of the Companies Act, 1956 and hence the provisions of clause (iii)(e), clause (iii)(f) and clause (iii)(g) of the said Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchases of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
5. a. According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into in 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 31<sup>st</sup> March 2008, according to the records of the Company and the information and explanations given to us, the following are 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 dispute.
- c. According to the information and explanations given to us, the details of disputed statutory dues remaining unpaid and the forum where the dispute is pending are listed as under:

Name of statute	Issues in the Appeal	Tax Impact (in Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act 1961	Add back of DPG Interest, Excessive charge of interest u/s.220, 234B	1,50,96,553	1990 - 1991	ITAT, Chennai
Income Tax Act 1961	Excessive charge of interest u/s.220 and 80HHC	14,37,633	1992 - 1993	CIT(A) Coimbatore
Income Tax Act 1961	Charge of Interest u/s.234 B	8,54,590	1994 - 1995	ITAT, Chennai
Income Tax Act 1961	Excessive charge of interest u/s.220	85,42,990	1995 - 1996	ACIT, Coimbatore
Income Tax Act 1961	MAT computation and excessive charge of interest u/s.220	15,69,176	1998 - 1999	ITAT, Chennai
Income Tax Act 1961	MAT Computation	15,24,324	2000 - 2001	ACIT Coimbatore
Income Tax Act 1961	MAT Short Allowed	55,71,205	2001 - 2002	CIT(A) Coimbatore
Income Tax Act 1961	Claim u/s.80-IA and bad debts written off	1,37,12,686	2004 - 2005	ITAT, Chennai
Income Tax Act, 1961	Replacement of Machinery, Claim u/s 80-IA	2,74,94,070	2005 - 2006	CIT(A) Coimbatore
The Andhra Pradesh Govt. Sales Tax Act	Disallowance of Purchase Tax Credit taken to set off tax collected on Yarn Sales	1,89,64,392	1999 - 2000	DC(CT) (A) Kurnool
TN General Sales Tax Act	Levy of Penalty for Issue of C Forms	83,92,622	1998 - 1999	Hon'ble High Court of Madras
Maharashtra Sales Tax	Goods return disallowed and Non-filing of CST Forms	13,48,384	2003 - 2004	ST Authorities Mumbai
Central Excise, TN	Rebate claim on Exports	19,29,464	2004 - 2005	CESTAT, Chennai
Central Excise, TN	Valuation of Cotton Yarn sent to other units	6,13,009	& 2005 - 2006 2003 - 2004	Commissioner of Appeals, Coimbatore
Central Excise, TN	Deemed CENVAT Credit – Opening Stock	11,05,246	2003 - 2004	Commissioner of Appeals, Coimbatore
Central Excise, TN	Capital Goods moved without payment of Duty	26,30,746	2003 - 2004	Commissioner of Appeals, Coimbatore
Service Tax	Service Tax on Lorry Freight – availment of abatement	31,151	2006 - 2007	Commissioner of Appeals, Tirupur

10. There are no accumulated losses and the company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or to a bank. There are no debenture holders during the year.
12. We are of the opinion that the company has maintained adequate documents and records where the company has granted loans on the basis of security by way of pledge of other securities. However, 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 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. In our opinion, the terms and conditions on which the company has given the guarantees for loans taken by others from banks are not prejudicial to the interest of the Company.
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  
**Balakrishna S Bhat**  
Partner  
Membership No.202976

Coimbatore  
31<sup>st</sup> May, 2008

## 5 Year Highlights

	2004	2005	2006	2007	Rs. Lakhs 2008
<b>Operating Results</b>					
Sales and Other Income	34041	37110	36632	40522	<b>40012</b>
Operating Profit	4186	4269	6618	5981	<b>4610</b>
Interest	1082	1159	1245	1457	<b>1776</b>
Gross Profit	3104	3110	5373	4525	<b>2834</b>
Depreciation	1631	1736	2011	2301	<b>2449</b>
Taxes	432	247	1121	782	<b>170</b>
Net Profit	1043	1122	2238	1427	<b>172</b>
Dividend and Dividend Tax	248	251	502	322	<b>97</b>
Retained Profit	795	871	1736	1105	<b>75</b>
<b>Performance Parameters</b>					
Net Fixed Assets	11498	13327	15612	22446	<b>21091</b>
Share Capital	550	550	550	550	<b>550</b>
Reserves	8353	9225	10961	12067	<b>11743</b>
Net Worth	8903	9775	11511	12617	<b>12293</b>
Return on Net Worth (%)	12	11	19	11	<b>1</b>
Borrowings	17125	16162	22258	26056	<b>25837</b>
Debt : Equity	1.9 : 1	1.7 : 1	1.9 : 1	2:1	2.1 : 1
Dividend (%)	40	40	80	50	<b>15</b>
Earnings per share (Rs.)	19.0	20.4	40.7	2.6	<b>0.31</b>
(Face Value of Rs.10/- per share upto 2006)					
(Face value of Re. 1/- per share from 2007 onwards)					


**Balance Sheet as at 31<sup>st</sup> March, 2008**

Sources of Funds	Schedule	31.03.2008 Rs. Lakhs	31.03.2007 Rs. Lakhs
<b>Shareholders' Funds</b>			
Capital	1	550.00	550.00
Reserves & Surplus	2	<u>11743.33</u>	<u>12066.69</u>
		<u>12293.33</u>	<u>12616.69</u>
<b>Loan Funds</b>			
Secured Loans	3	25777.16	25961.25
Unsecured Loans	4	<u>59.52</u>	<u>94.28</u>
		<u>25836.68</u>	<u>26055.53</u>
<b>Deferred Tax (net)</b>	9	<u>2612.40</u>	<u>2519.97</u>
<b>Total</b>		<u>40742.40</u>	<u>41192.19</u>
<b>Application of Funds</b>			
<b>Fixed Assets</b>			
Gross Block	5	41832.92	38307.76
Less : Depreciation		<u>21037.19</u>	<u>18757.90</u>
Net Block		20795.72	19549.85
Capital Work-in-progress		<u>295.60</u>	<u>2895.93</u>
		<u>21091.33</u>	22445.78
<b>Investments</b>	6	2743.12	2515.08
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	7	11356.97	9048.85
Sundry Debtors		2958.28	2375.64
Cash & Bank Balances		422.11	497.56
Other Current Assets		348.91	340.05
Loans & Advances		<u>11727.54</u>	<u>12645.51</u>
		<u>26813.82</u>	<u>24907.62</u>
Less : Current Liabilities & Provisions	8	<u>10092.15</u>	<u>8765.61</u>
Net Current Assets		16721.67	16142.01
<b>Miscellaneous Expenditure</b>	10	186.29	89.32
<b>Total</b>		<u>40742.40</u>	<u>41192.19</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  
**Balakrishna S Bhat**  
 Partner, Membership No. 202976  
 Coimbatore, 31<sup>st</sup> May, 2008

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 31<sup>st</sup> March, 2008

	Schedule	31.03.2008 Rs. Lakhs	31.03.2007 Rs. Lakhs
<b>Income</b>			
Sales	11	39215.27	40378.77
Other Income	12	796.73	143.18
Increase in Stock of Finished Goods	13	314.87	272.72
		<u>40326.87</u>	<u>40794.67</u>
<b>Expenditure</b>			
Raw Materials	14	20296.08	18745.81
Purchases - Cotton (Trading Goods)		0.00	322.85
Salaries & Wages	15	3197.94	3414.72
Power & Fuel		3472.60	3011.69
Stores		1304.71	1152.22
Repairs & Maintenance	16	941.21	947.79
Processing Charges		3589.59	4241.48
Selling Expenses	17	1873.77	1735.96
Administrative Expenses	18	1041.01	1240.87
Interest (Net)	19	1775.79	1456.51
		<u>37492.72</u>	<u>36269.87</u>
<b>Gross Profit</b>		<b>2834.15</b>	<b>4524.80</b>
Less : Depreciation		2449.23	2300.58
<b>Profit before Tax</b>		<b>384.92</b>	<b>2224.21</b>
Less : Provision for Taxation		48.00	720.00
Less : Provision for Deferred Tax		92.43	43.01
Less : Provision for Fringe Benefit Tax		30.00	19.00
<b>Profit after Tax</b>		<b>214.49</b>	<b>1442.20</b>
Less : Prior year Expenses		13.24	3.44
Less : Taxes Relating to earlier years		29.38	11.42
<b>Net Profit</b>		<b>171.86</b>	<b>1427.35</b>
Add: Balance brought forward		1102.07	1196.72
<b>Profit available for Appropriation</b>		<b>1273.93</b>	<b>2624.07</b>
<b>Appropriations</b>			
Proposed Dividend		82.50	275.00
Tax on dividend		14.05	47.00
General Reserve		17.20	1200.00
Balance Carried Forward		1160.18	1102.07
		<u>1273.93</u>	<u>2624.07</u>
<b>Basic Earnings per share (in Rs.) Face Value of Re. 1/- per Share</b>		<b>0.31</b>	<b>2.60</b>

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  
For **Reddy, Goud & Janardhan**  
Chartered Accountants  
**Balakrishna S Bhat**  
Partner, Membership No. 202976  
Coimbatore, 31<sup>st</sup> May, 2008

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



## Schedules Annexed to the Accounts

	31.03.2008 Rs. Lakhs	31.03.2007 Rs. Lakhs
<b>Share Capital</b>		<b>Schedule 1</b>
<b>Authorised</b>		
10,00,00,000 Equity Shares of Re. 1/- each (Previous year 10,00,00,000 Equity shares of Rs. 1/- each)	<u>1000.00</u>	<u>1000.00</u>
<b>Issued, Subscribed and Paid-up</b>		
5,50,00,000 Equity Shares of Re.1/- each fully paid (Previous year 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 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.}		
		<b>Schedule 2</b>
<b>Reserves and Surplus</b>		
Capital Reserve	48.19	48.19
Share Premium	1487.50	1487.50
General Reserve		
As per last Balance Sheet	9428.93	8228.93
Less: Gratuity Transitional Liability (refer Note: 22)	(398.67)	0.00
Add : Transfer from Profit & Loss Account	<u>17.20</u>	<u>1200.00</u>
	<b>9047.46</b>	9428.93
Profit and Loss Account	<u>1160.18</u>	<u>1102.07</u>
	<u>11743.33</u>	<u>12066.69</u>
		<b>Schedule 3</b>
<b>Secured Loans</b>		
Term Loans from Financial Institutions / Banks		
In Rupee	11557.50	13660.08
In Foreign Currency	3362.01	3886.48
Working Capital Facilities from Banks		
In Rupee	9353.15	7979.90
In Foreign Currency	1504.50	434.80
(Refer Notes for Security Details)		
	<u>25777.16</u>	<u>25961.25</u>
		<b>Schedule 4</b>
<b>Unsecured Loans</b>		
Fixed deposits	14.46	48.44
Trade deposits	42.19	42.94
Interest accrued and due on above	<u>2.87</u>	<u>2.90</u>
	<u>59.52</u>	<u>94.28</u>



Fixed Assets	(Rs. Lakhs)								Schedule 5	
	Gross Block				Depreciation				Net Block	
	As at 31.03.2007	Additions	Sales/ Transfers	As at 31.03.2008	Upto 31.03.2007	For the year	Withdrawn during the year	Upto 31.03.2008	As at 31.03.2008	As at 31.3.2007
Land *	900.81	4.93	0.00	<b>905.74</b>	0.00	0.00	0.00	<b>0.00</b>	<b>905.74</b>	900.81
Buildings Plant & Machinery	5096.36	1426.32	0.00	<b>6522.68</b>	707.80	147.17	0.00	<b>854.96</b>	<b>5667.72</b>	4388.57
Office Furniture & Fittings	31293.89	2405.74	314.08	<b>33385.55</b>	17650.17	2189.45	143.23	<b>19696.39</b>	<b>13689.16</b>	13643.72
Motor Vehicles	264.58	19.87	0.00	<b>284.45</b>	85.76	14.71	0.00	<b>100.48</b>	<b>183.97</b>	178.81
ERP Software	468.02	15.94	33.57	<b>450.39</b>	210.49	41.08	26.71	<b>224.86</b>	<b>225.53</b>	257.51
Total	284.11	0.00	0.00	<b>284.11</b>	103.68	56.82	0.00	<b>160.51</b>	<b>123.60</b>	187.45
Total	38307.76	3872.80	347.65	<b>41832.92</b>	18757.90	2449.23	169.94	<b>21037.19</b>	<b>20795.73</b>	19549.86
Capital Work- in-progress	2895.93	15.69	2616.02	<b>295.60</b>	0.00	0.00	0.00	<b>0.00</b>	<b>295.60</b>	2895.93
<b>Total</b>	<b>41203.70</b>	<b>3888.49</b>	<b>2963.67</b>	<b>42128.52</b>	<b>18757.90</b>	<b>2449.23</b>	<b>169.94</b>	<b>21037.19</b>	<b>21091.33</b>	<b>22445.79</b>
Previous Year	32325.08	8992.23	113.62	<b>41203.68</b>	16494.11	2300.58	36.79	<b>18757.90</b>	<b>22445.79</b>	15830.97

**INVESTMENTS****Schedule 6**

	31.03.2008 Rs. Lakhs	31.03.2007 Rs. Lakhs
<b>Trade-Unquoted - Long Term</b>		
9,38,000 Equity Shares of Rs.10 each in Andhra Pradesh Gas Power Corporation Ltd., fully paid	<b>1293.02</b>	1293.02
10,000 Equity Shares of Rs.10 each in OPG Energy Private Limited fully paid	<b>1.00</b>	1.00
70,420 (Previous Year 40,000) Equity Shares of Rs.10 each in MMS Steel and Power Pvt Ltd., fully paid	<b>7.04</b>	4.00
1525 Equity Shares of Rs.1000 each in Nethaji Apparel Park, fully paid	<b>15.25</b>	15.25
<b>Non-trade-Unquoted - Long Term</b>		
29,99,592 Equity Shares of Rs.10 each in Elgi Building Products Ltd, fully paid	<b>299.96</b>	299.96
70,00,000 (Previous Year - 52,50,000) 8% Non-Cumulative Redeemable Preference Shares in Elgi Building Products Limited, fully paid	<b>700.00</b>	525.00
5,00,000 (Previous Year - Nil) 8% Cumulative Redeemable Preference Shares in Elgi Building Products Limited, fully paid	<b>50.00</b>	0.00
11,50,000 Equity Shares of Rs.10 each in Elgi Electric And Industries Limited., fully paid	<b>115.00</b>	115.00
21,18,500 Equity Shares of Rs.10 each in Elgi Software And Technologies Ltd, fully paid	<b>211.85</b>	211.85
5,00,000 Equity Shares of Rs. 10 each in Sara Elgi Envirotech Limited, fully paid	<b>50.00</b>	50.00
Aggregate value of unquoted investment		
Cost - Rs.2743.12 Lakhs (Previous year Rs.2515.08 Lakhs)	<b>2743.12</b>	2515.08

**Current Assets, Loans and Advances****Schedule 7****Inventories**

(As per inventory taken, valued and certified by the Management)

Raw Materials	<b>6714.57</b>	4695.53
Stock-in-process	<b>1733.09</b>	1973.43
Waste Stock	<b>175.49</b>	78.73
Finished Goods	<b>2548.30</b>	1981.25
Stores and Spares	<b>185.53</b>	319.91
	<b>11356.97</b>	9048.85



	31.03.2008 Rs. Lakhs	31.03.2007 Rs. Lakhs
<b>Sundry Debtors</b>		
(Unsecured, considered good)		
Outstanding for more than six months	321.38	601.00
Others	<u>2636.90</u>	<u>1774.64</u>
	<u>2958.28</u>	<u>2375.64</u>
<b>Cash and Bank Balances</b>		
i. Cash on Hand	11.94	17.33
ii. Cheques and Stamps on Hand	5.00	0.01
iii. Balance with Scheduled Banks in :		
a. Collection and Current account	385.76	466.33
b. Unpaid Dividend Account	<u>19.41</u>	<u>13.89</u>
	<u>422.11</u>	<u>497.56</u>
<b>Other Current Assets</b>		
Interest accrued on deposits and loans	274.57	240.31
Income accrued and receivable	<u>74.34</u>	<u>99.74</u>
	<u>348.91</u>	<u>340.05</u>
<b>Loans and Advances</b>		
(Unsecured, considered good)		
Advance recoverable in cash or in kind or for value to be received:	6358.36	7792.36
Advance payment of taxes	4107.20	3741.74
Deposit with central excise and customs	394.87	320.56
Other Deposits	<u>867.10</u>	<u>790.85</u>
	<u>11727.54</u>	<u>12645.51</u>
<b>Current Liabilities</b>		<b>Schedule 8</b>
Sundry Creditors		
a. Micro, Small and Medium Enterprises - Refer Note 5 (ii)	0.00	0.00
b. Others	5383.00	4265.18
Other Liabilities	1644.31	1280.07
Interest accrued but not due	42.38	56.03
Unclaimed Dividends	18.50	12.91
<b>Provisions</b>		
Provision for Taxation	2907.42	2829.42
Proposed Dividend	82.50	275.00
Provision for Dividend Tax	<u>14.05</u>	<u>47.00</u>
	<u>10092.15</u>	<u>8765.61</u>
<b>Deferred Tax</b>		<b>Schedule 9</b>
As per Last Balance Sheet	2519.97	2476.96
Add : Transfer from Profit & Loss A/c	<u>92.43</u>	<u>43.01</u>
	2612.40	2519.97
<b>Miscellaneous Expenditure</b>		<b>Schedule 10</b>
(To the extent not written off or adjusted)		
Voluntary Retirement Compensation		
As per the last Balance Sheet	89.32	144.68
Add : Paid during the year	214.26	13.05
Less : Written off	<u>117.30</u>	<u>68.41</u>
	<u>186.29</u>	<u>89.32</u>
	<u>186.29</u>	<u>89.32</u>



	<b>31.03.2008</b>	31.03.2007
	<b>Rs. Lakhs</b>	Rs. Lakhs
<b>Sales</b>		<b>Schedule 11</b>
Yarn - Domestic	23857.32	23837.97
Direct Exports	11013.08	11807.82
Cotton - Trading Goods	0.21	327.05
Garments - Domestic	431.96	669.64
Direct Exports	1199.76	1387.22
Fabric - Domestic	1374.44	1111.97
Exports	44.93	144.63
Sale of Waste Cotton	1197.59	959.49
Miscellaneous Sales	<u>103.53</u>	<u>134.91</u>
Less: Excise Duty	<u>(7.56)</u>	<u>(1.93)</u>
	<u>39215.27</u>	<u>40378.77</u>
<b>Other Income</b>		<b>Schedule 12</b>
Insurance Claim	14.32	7.16
Rent Receipts	16.99	16.87
Profit on Sale of Assets (Net)	109.41	0.50
Profit on Sale of Investments	0.00	10.50
Miscellaneous Income	138.44	152.28
Gain on Exchange Re-instatement	517.56	(44.13)
	<u>796.73</u>	<u>143.18</u>
<b>Increase in stock of Finished Goods</b>		<b>Schedule 13</b>
Stock at closing	2296.12	1981.25
Less : Stock at opening	1981.25	1708.53
	<u>314.87</u>	<u>272.72</u>
<b>Raw Materials</b>		<b>Schedule 14</b>
Opening Stock :		
Raw Materials	4695.53	7892.62
Stock in Process	1973.43	2025.47
Waste Cotton	78.73	68.66
Add: Purchases :	<u>22171.54</u>	<u>15506.75</u>
	<u>28919.23</u>	<u>25493.49</u>
Less: Closing Stock		
Raw Materials	6714.57	4695.53
Stock in Process	1733.09	1973.43
Waste Cotton	175.49	78.73
	<u>8623.14</u>	<u>6747.69</u>
	<u>20296.08</u>	<u>18745.81</u>
<b>Salaries and Wages</b>		<b>Schedule 15</b>
Salaries, Wages, Bonus etc.,	2590.54	2528.75
Contribution to P.F, Gratuity & Superannuation Fund	197.54	240.23
Welfare Expenses	337.54	382.38
Chairman's Remuneration	27.24	125.10
Managing Director's Remuneration	27.24	123.44
Executive Director Remuneration	17.85	14.81
	<u>3197.94</u>	<u>3414.72</u>



	<b>31.03.2008</b>	31.03.2007
	<b>Rs. Lakhs</b>	Rs. Lakhs
<b>Repairs and Maintenance</b>		<b>Schedule 16</b>
Building	106.22	184.50
Machinery	774.32	705.18
Others	60.67	58.10
	<u>941.21</u>	<u>947.79</u>
<b>Selling Expenses</b>		<b>Schedule 17</b>
Yarn Brokerage and Commission	783.36	816.02
Export Selling Expenses	653.21	558.77
Performance Incentive	123.29	171.47
Other Selling Expenses	313.91	189.69
	<u>1873.77</u>	<u>1735.96</u>
<b>Administrative Expenses</b>		<b>Schedule 18</b>
Rent	22.74	46.64
Insurance	73.42	95.95
Postage, Telephone and Printing	88.47	88.00
Travelling and Transport Charges	285.33	317.76
Bank Charges & Commission, etc	92.34	57.87
Taxes and Licence	72.79	80.14
Professional Charges	120.45	88.79
Auditors' Remuneration		
a. Audit Fees	3.20	2.89
b. Travelling Expenses	0.17	0.20
Director's Sitting Fees	6.09	5.80
Donations	0.00	99.38
Loss from Forex Transactions	22.60	146.83
Others	253.39	210.63
	<u>1041.01</u>	<u>1240.87</u>
<b>Interest (Net)</b>		<b>Schedule 19</b>
Interest Expenditure		
Fixed Loans	1066.80	769.79
Working Capital & Others	922.18	890.18
	<u>1988.99</u>	<u>1659.97</u>
Less: Interest Income	213.20	203.46
(TDS - Rs. 4.89 Lakhs, Previous year Rs. 18.84 Lakhs)		
	<u>1775.79</u>	<u>1456.51</u>





## Notes Forming Part of Accounts

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### 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 offs by March 2010. Consequent to this change, the profit is lower by Rs.50.81 Lakhs.

**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 fixed assets, is shown as Revenue. In respect of 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, Deferred tax and Fringe Benefit Tax (FBT). 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.

FBT is recognised in accordance with the relevant provisions of Income Tax Act, 1961 and the guidance note on FBT issued by ICAI.

**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.




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**NOTES FORMING PART OF ACCOUNTS**

	<b>31.03.2008</b>	31.03.2007
	<b>Rs. Lakhs</b>	Rs. Lakhs
1. Estimated amount of contracts remaining to be executed on capital account and not provided for	<b>2088.57</b>	3501.88
2. Contingent Liabilities:		
i. Letter of Credit	<b>1014.42</b>	274.83
ii. Bank Guarantees	<b>2416.35</b>	13.50
iii. Bills discounted with Company's Bankers	<b>3421.04</b>	716.84
iv. Disputed Demands from Income Tax Authorities	<b>866.13</b>	1498.13
v. Disputed Excise Duty Liability	<b>68.98</b>	61.32
vi. Disputed Sales Tax Liability	<b>287.05</b>	149.90
vii. Corporate Guarantees to banks on behalf of Group Companies	<b>1000.00</b>	950.00
3. Term Loans from Financial Institutions and from Banks (Including Foreign Currency Loans) to the extent of Rs. 1,587.50 Lakhs (Previous Year Rs. 2,237.50 Lakhs) and Rs. 13,332.00 Lakhs (Previous Year Rs. 15,309.06 Lakhs) respectively, are secured by		
i. Pari-passu first charge created on all present and future moveable and immoveable 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. 10,857.65 Lakhs (Previous Year Rs. 8,414.70 Lakhs) are secured by		
i. Hypothecation of Company's Inventories and Book Debts.		
ii. Second Charge created on the Fixed Assets of the Company.		
5. i. None of the persons selling goods and materials and / or rendering services have claimed themselves to be a small-scale industrial undertaking.		
ii. In the absence of necessary information with the Company, relating to the registration status of suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, the information required under the said Act could not be compiled and disclosed.		
6. Plant and Machineries in the Fixed Assets Schedule include a sum of Rs. Nil adjusted on account of Exchange Fluctuation gain (Previous Year Rs. 116.22 Lakhs).		
7. 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.		
8. Loans and Advances includes amount due from Companies in which the Directors are interested amounting to Rs. 3,242.61 Lakhs (Previous Year Rs.2,948.54 Lakhs)		
9. Borrowing Costs capitalized during the year Rs. 249.33 Lakhs (Previous Year Rs. 157.12 Lakhs).		
10. Prior Period Expenses represents:		
Debits relating to earlier years	<b>13.24</b>	4.18
Credits relating to earlier years	—	(0.74)
<b>Total</b>	<b>13.24</b>	<b>3.44</b>
11. Details of Directors' Remuneration		
Salary	<b>34.94</b>	99.72
House Rent Allowance	<b>15.35</b>	29.08
Contribution to PF & Other Funds	<b>8.29</b>	16.19
Other Perquisites	<b>13.75</b>	26.59
Profit Share (Commission)	—	107.96
<b>Total</b>	<b>72.33</b>	<b>279.54</b>

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	<b>31.03.2008</b>	31.03.2007
	<b>Rs. Lakhs</b>	Rs. Lakhs
12. Earnings in foreign exchange		
- Export of goods (FOB Value)	<u>12139.22</u>	<u>13084.93</u>
13. Expenditure in foreign currencies		
a. Foreign Travel	<b>19.22</b>	42.02
b. Commission	<b>291.34</b>	322.83
c. Others	<b>124.73</b>	119.32
d. Value of Imports-CIF Value		
i. Raw Materials	<b>2284.86</b>	1461.61
ii. Components and Spares	<b>152.29</b>	181.28
iii. Capital Goods	<b>41.69</b>	<u>2321.15</u>
<b>Total</b>	<u><b>2914.13</b></u>	<u>4448.21</u>
14. Taxes relating to earlier years include Short Provision of Income Tax amounting to Rs. 29.38 Lakhs (Previous Year Rs. 11.42 Lakhs).		
15. Provision for Taxation includes amount of Rs. 2.00 Lakhs on account of Wealth Tax.		
16. Revenue Expenditure of Research and Development amounting to Rs.45.48 Lakhs (Previous Year Rs.22.33 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.		
17. Computation of Net Profit under Section 349 / 350 of Companies Act, 1956		<b>31.03.2008</b>
		<b>Rs. in Lakhs</b>
Profit Before Tax		<b>385.30</b>
i. Depreciation as per books	<b>2449.23</b>	
ii. Chairman's Remuneration	<b>24.00</b>	
iii. Managing Director's Remuneration	<b>24.00</b>	
iv. Executive Director's Remuneration	<b>16.04</b>	
v. Sitting fees paid to Directors	<b>6.09</b>	<b>2519.36</b>
		<b>2904.66</b>
LESS : i. Depreciation Allowable	<u><b>2449.23</b></u>	<u><b>2449.23</b></u>
Net Profit as per Section 349 / 350 of the Companies Act, 1956		<u><b>455.43</b></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.		
	<b>31.03.2008</b>	31.03.2007
	<b>Rs. in Lakhs</b>	Rs. in Lakhs
18. 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	<b>3.94</b>	7.83
19. 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	<b>171.86</b>	1427.35
No. of ordinary shares used as denominator applicable to Basic & Diluted earnings per share	<b>550.00</b>	550.00
Nominal value per share (in Rs.)	<b>1.00</b>	1.00

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

(Figures in Lakhs)

Particulars	UoM	Year ended 31 <sup>st</sup> March	Installed Capacity per annum	Opening Stock		Production	Turnover		Closing Stock	
				Qty	Amt.		Qty	Qty	Amt.	Qty
Yarn & Dyed Yarn	KGS	2008	224544 Spindles 1200 rotors	10.97	1,817.63	247.71	245.32	35,390.76	13.36	2,044.65
		2007	178080 Spindles 1200 rotors	9.19	1,398.16	206.57	204.78	36,181.02	10.97	1,817.63
Weaving & Knitting	KGS	2008	-	0.56	90.63	2.14	2.58	904.14	0.12	26.00
		2007	-	0.52	172.71	1.18	1.13	416.62	0.56	90.63
Garments	PCS	2008	556 Machines	1.98	73.00	12.96	12.18	1,722.57	2.76	225.12
		2007	556 Machines	1.26	137.66	17.05	16.33	2,494.59	1.98	73.00
Sale of Trading goods (Cotton)	KGS	2008	-	-	-	-	-	0.21	-	-
		2007	-	-	-	-	5.83	327.05	-	-
Grand Total		2008	-	13.51	1,981.26	262.82	260.08	38,017.68	16.24	2,295.77
		2007	-	10.97	1,708.53	224.80	228.07	39,419.28	13.51	1,981.26

21. Raw Material Consumption

(Quantity and Figures in Lakhs)

Particulars	UoM	31.03.2008		31.03.2007	
		Quantity	Amount	Quantity	Amount
Manufacture of yarn & Dyed yarn	KGS	346.10	18067.80	315.02	16597.25
Manufacture of Woven fabrics	KGS	2.24	427.20	1.20	194.79
Manufacture of Garments	KGS	3.42	603.45	3.66	994.28
Total		351.76	19098.45	319.88	17786.32

22. The Company has implemented the Revised Accounting Standards 15 in respect of the defined benefit plan (Gratuity) with effect from 01 April 2007. The transitional liability consequent thereto amounting to Rs. 398.67 Lakhs has been adjusted against General Reserve:

- 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.
- Reconciliation in respect of the changes in the present value of the Obligation:

Particulars	Rs. in Lakhs	Rs. in Lakhs
Present Value of the Obligation as on 1 <sup>st</sup> April, 2007		751.17
Add:		
Current Service Cost	39.84	
Interest Cost	33.15	
Actuarial Gains and Losses	72.22	
Benefits paid	(101.50)	
Present Value of the Obligation as on 31 <sup>st</sup> March, 2008		794.88

The Liability of the Company as on 31<sup>st</sup> March, 2008 has been funded to the extent of Rs. 396.21 Lakhs.

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

Particulars	Rs. in Lakhs	Rs. in Lakhs
Fair Value of the Plan Assets as on 1 <sup>st</sup> April, 2007		322.87
Add :		
Expected rate of return	25.83	
Actuarial Gains and Losses	82.53	
Contributions by the Employer	66.48	
Benefits Paid	(101.50)	
Fair Value of Plan Assets as on 31 <sup>st</sup> March, 2008		396.21

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:

Particulars	Rs. in Lakhs	Rs. in Lakhs
Current Service Cost	39.84	
Interest Cost	33.15	
Expected return on plan assets	(25.83)	
Actuarial Gains and Losses	(10.31)	
Amount recognised in the Profit and Loss Account		36.85

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 <sup>st</sup> March, 2008
Discount Rate	8%
Expected rate of return on Plan Assets	8%
Rate of escalation in Salary (per annum)	6.50%

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. This being the first year of implementation, previous year figures have not been given.

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

Particulars	Current period 31 <sup>st</sup> March, 2008
Present Value of the Defined Benefit Obligation	794.88
Fair Value of Plan Assets	396.21
Deficit in Plan Assets to be adjusted against General Reserve	398.67
Experience Adjustments arising on Plan Liabilities as an amount	72.22
Experience Adjustments arising on Plan Assets as an amount	82.53
Company's best estimate of Contribution to be paid to the Plan (2008-09)	70.00

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

	31.03.2008 Rs. Lakhs	31.03.2007 Rs. Lakhs
Deferred Tax Assets:		
Carry Forward Capital losses	2.02	2.02
Expense Allowable for tax purposes when paid	7.73	12.15
	<u>9.75</u>	<u>14.17</u>
Deferred Tax Liabilities:		
Depreciation	2622.15	2534.14
Deferred Tax (Net)	<u>2612.40</u>	<u>2519.97</u>

24. Loss on Sale of Assets amounting to Rs. 4.63 Lakhs has been netted against Profit on Sale of Assets.

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         | : | 1. L.G. Ramamurthi, Ex-Chairman<br>2. Vidyaprakash D, Executive Chairman<br>3. Sumanth Ramamurthi, Managing Director<br>4. K.R. Seethapathy, Executive Director |
| c. Other Related Parties            | : |   |
| 1. Elgi Electric & Industries Ltd   |   | 10. Sara Elgi Envirotech Ltd  |
| 2. Elgi Building Products Ltd       |   | 11. Sara Elgi Arteriors Ltd   |
| 3. Ellargi & Co.,                   |   | 12. Sara Elgi Industrial Research & Devpt. Ltd  |
| 4. Elgi Ultra Industries Ltd        |   | 13. Super Sara Textiles Limited   |
| 5. Elgi Equipments Ltd              |   | 14. Super Farm Products Limited   |
| 6. LRG Technologies Ltd             |   | 15. Sara Elgi Insurance Advisory Services P Ltd   |
| 7. Elgitread (India) Ltd            |   | 16. Sara Trading and Industrial Services Ltd  |
| 8. Elgi Software & Technologies Ltd |   | 17. Magna Electro Castings Ltd  |
| 9. Kakatiya Textiles Ltd            |   | 18. Precot Meridian Ltd   |

ii. Related Party Transaction :

Rs. Lakhs

Nature of Transaction	Associates		Key Management Personnel		Relatives of Key Management Personnel		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Purchases of goods	133.23	129.65					133.23	129.65
Sales of goods	122.47	21.82					122.47	21.82
Purchase of Fixed Assets	11.27	487.46					11.27	487.46
Managerial Remuneration			68.04	263.35			68.04	263.35
Sitting Fees					0.85	0.58	0.85	0.58
Service Charges Paid	787.03	801.46					787.03	801.46
Leasing of Assets							—	—
Rent Received	—	0.99					—	0.99
Rent Paid	1.97	2.29					1.97	2.29
Balance as on 31 March	3242.41	2899.25					3242.41	2899.25

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

**Balakrishna S Bhat**

Partner

Membership No. 202976

Coimbatore, 31<sup>st</sup> May, 2008

For and on behalf of the Board

**Vidyaprakash D**

Chairman

**Sumanth Ramamurthi**

Managing Director

**T.V. Thulsidass**

Company Secretary



## Cash Flow Statement for the year 2007-2008

	2007-2008 Rs. Lakhs	2006-2007 Rs. Lakhs
<b>A. Cash Flow from operating activities :</b>		
Net Profit before tax and extraordinary items	384.92	2224.22
Adjustment for :		
Depreciation	2449.23	2300.58
Prior year Income / (Expenses)	(13.24)	(3.44)
Taxes relating to earlier years	(29.38)	(11.42)
(Profit)/Loss on sale of assets	(109.41)	(0.50)
(Profit)/Loss on sale of investments	-	(10.50)
(Dividend Income)	-	-
(Interest Income)	(213.20)	(203.46)
Interest Payments	1988.99	1659.97
Leasing Charges	-	-
	<u>4072.99</u>	<u>3731.23</u>
Operating Profit before working capital changes	4457.90	5955.45
Adjustments for :		
Trade receivables	(582.64)	(488.08)
Other receivables	1283.44	(1031.90)
Inventories	(2308.13)	2820.47
Trade payables	1083.39	1216.31
	<u>(523.94)</u>	<u>2516.80</u>
Cash generated from operations	3933.96	8472.25
Voluntary Retirement Compensation	96.97	(55.36)
Direct taxes paid	365.47	941.43
	<u>462.43</u>	<u>886.07</u>
<b>Net Cash Flow from operating activities</b>	<u>3471.53</u>	<u>7586.18</u>
<b>B. Cash Flow from Investing activities :</b>		
Purchase of fixed assets	(1272.47)	(8943.08)
Sale of fixed assets	287.12	28.19
Purchase of investments	(228.04)	-
Sale of investments	-	12.50
Dividend received	-	-
Interest received	204.33	47.65
<b>Net cash used for investing activities</b>	<u>(1009.07)</u>	<u>(8854.74)</u>
<b>C. Cash Flow from financing activities :</b>		
Long term borrowings	(2627.05)	6829.06
Interest paid	(2002.64)	(1694.42)
Working capital borrowings	2442.95	(2915.45)
Unsecured loans & deposits	(34.77)	(116.02)
Dividends and Tax on Dividend paid	(316.41)	(497.96)
<b>Net cash flow from financing activities</b>	<u>(2537.91)</u>	<u>1605.21</u>
<b>Net Increase / (Decrease) in cash and cash equivalent</b>	<u>(75.46)</u>	<u>336.65</u>
Cash and cash equivalents as at 01.04.2007 and 01.04.2006 (Op. Bal.)	497.56	160.91
Cash and cash equivalents as at 31.03.2008 and 31.03.2007 (Cl. Bal.)	422.11	497.56

Vidyaprakash D  
Chairman

Sumanth Ramamurthi  
Managing Director

T.V.Thulsidass  
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 31.03.2008 and 31.03.2007 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  
**Balakrishna S Bhat**  
Partner  
Membership No. 202976

Coimbatore  
31<sup>st</sup> May, 2008





## Balance Sheet Abstract and Company's General Business Profile

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### I. Registration Details

Registration No.	:	181-001200
State Code	:	18
Balance Sheet Date	:	31.03.2008

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

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

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

Total Liabilities	:	4074240
Total Assets	:	4074240

#### Sources of Funds

Paid-up Capital	:	55000
Reserves & Surplus	:	1174333
Secured Loans	:	2577716
Unsecured Loans	:	5952
Deferred Tax Liability	:	261240

#### Application of Funds

Net Fixed Assets	:	2109133
Investments	:	274312
Net Current Assets	:	1672167
Misc. Expenditure	:	18629
Accumulated Losses	:	-

### IV. Performance of the Company (Amount in Rs. Thousands)

Turnover	:	3921527
Total Expenditure	:	3994195
Profit Before Tax	:	38492
Profit After Tax	:	21449
Earnings Per Share Rs.	:	0.31
Dividend Rate %	:	15

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

Item Code No. (ITC Code)	Major Product Description
5205.22 to 28	Single Yarn of Combed Fibers
5205.33	Multiple (Folder) or Cabled Yarn of Uncombed Fiber
5205.44 to 48	Multiple (Folder) or Cabled Yarn of Combed Fiber
5207.39	Processed Fabrics & Knitted Garments

As per our report of even date attached

For **Reddy, Goud & Janardhan**

Chartered Accountants

**Balakrishna S Bhat**

Partner

Membership No. 202976

Coimbatore, 31<sup>st</sup> May, 2008

For and on behalf of the Board

**Vidyaprakash D**

Chairman

**Sumanth Ramamurthi**

Managing Director

**T.V. Thulsidass**

Company Secretary



## SUPER SPINNING MILLS LIMITED

"ELGI TOWERS" P B 7113, Green Fields, 737-D, Puliakulam Road, Coimbatore - 641 045

Dear Shareholder,

We wish to bring the following for your kind attention :

1. The Annual General Meeting of the Company will be held on Wednesday, the 24<sup>th</sup> September, 2008.
2. Due to administrative reasons, dividend warrant will be sent by post.
3. The dividend warrants will not be distributed at the AGM Hall.
4. Kindly contact us at Phone No. 2311711 (0422) or write to us for clarifications, if any.
5. Members holding shares in physical form are requested to intimate the following :
  - a. The name and address of the bank, A/c No., for incorporating the same in the dividend warrant.
  - b. Consolidation of various ledger folios into one.
  - c. Change in address, if any, to the Registrar and Share Transfer Agent.
6. As per the Companies Act, 1956
  - a. Dividend, which remains unclaimed for a period of 7 years, will be transferred to Investor Education and Protection Fund.
  - b. Any claim relating to the Dividend for the financial years 31.03.2001 to 31.03.2007 should be made at the earliest to the Company.
  - c. Once the unclaimed dividends are transferred to the Investor Education and Protection Fund, the shareholders cannot claim the dividend at all thereafter.
7. Dematerialisation :
  - a. The Company shares are compulsorily dematerialised from October 2001 onwards.
  - b. Shareholders are requested to inform their change in address to their depository participants (DP's) immediately.
  - c. Shareholders are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Annual General Meeting.

Yours faithfully,  
**Vidyaprakash D**  
 Chairman

### சூப்பர் ஸ்பின்னிங் மில்ஸ் லிமிடெட்

"எல்ஜி டவர்ஸ்" த.பெ. எண் 7113, கிரீன் ஃபீல்ட்ஸ், 737-D, புலியகுளம் ரோடு, கோயமுத்தூர் - 641 045

அன்பார்ந்த பங்குதாரர் அவர்களுக்கு,

1. 2007 - 2008 ஆம் ஆண்டிற்குரிய மகாசபைக் கூட்டம் 24.09.2008 அன்று நடைபெற உள்ளது.
2. அலுவலக நடைமுறைகளை கருத்தில் கொண்டு டிவிடெண்ட் வாரண்ட் மகாசபைக் கூட்டத்தில் வழங்கப்பட மாட்டாது என்பதைத் தாமதமையுடன் தெரிவித்துக் கொள்கிறோம்.
3. மேலும் மேற்கூறிய டிவிடெண்ட் வாரண்ட், பங்குதாரர்களுடைய முகவரிக்குத் தபால் மம் அனுப்பி வைக்கப்படும்.
4. இது குறித்து மேலும் விவரங்கள் தேவைப்படுமானால் எங்கள் அலுவலகத்திற்கு தொலைபேசி மமாகவோ (தொலைபேசி எண் : 0422 - 2311711) அல்லது கடிதம் மலமோ தொடர்பு கொள்ளலாம்.
5. பங்குதாரர்கள் கீழ்க்கண்ட தகவல்களை கம்பெனிக்கு உடனடியாக தெரிவிக்குமாறு கேட்டுக்கொள்கிறோம்.
  1. தாங்கள் கணக்கு வைத்துள்ள வங்கியின் பெயர், முகவரி மற்றும் கணக்கு எண்.
  2. ஒன்றுக்கும் மேற்பட்ட பதிவு எண்கள் இருப்பின் அதன் விவரம்.
  3. தங்களின் முகவரி மாற்றத்தை பதிவாளர் மற்றும் பங்கு மாற்ற முகவருக்கு உடனடியாகத் தெரிவிக்கவும்.
6. 1999ம் ஆண்டைய கம்பெனிகள் சட்டத்திருத்தத்தின்படி
  1. பங்கு ஈவுத் தொகையை அறிவிக்கப்பட்ட நாளிலிருந்து 7 ஆண்டுகளுக்குள் பெற்றுக் கொள்ளப் படவில்லையானால், அத்தொகை மத்திய அரசின் முதலீட்டாளர்கள் கல்வி மற்றும் பாதுகாப்பு நிதியத்தில் சேர்க்கப்படும்.
  2. 2001-02 ஆண்டு முதல் 2006-07 வரை உள்ள பங்கு ஈவுத்தொகையை கம்பெனியிலிருந்து பெற்றுக் கொள்ளாத பங்குதாரர்கள் உடனடியாக பெற்றுக் கொள்ளுமாறு கேட்டுக் கொள்கிறோம்.
  3. மேற்படி நிதியத்தில் சேர்ப்பிக்கப்பட்ட ஈவுத் தொகை பங்குதாரர்களால் திரும்பப்பெற இயலாது.
7. 1. கம்பெனியின் பங்குகள் அக்டோபர் 2001 முதல் கட்டாயமாக மின் பங்குகளாக (Demat Form) மட்டுமே பரிவர்த்தனை செய்யப்படும்.
  2. பங்குதாரர்கள் முகவரி மாற்றத்தை தங்களது மின் பங்கு பரிவர்த்தனையாளர்களிடம் (Depository Participants) உடனடியாகத் தெரிக்கவும்.
  3. மின் பங்குகளை வைத்துள்ள பங்குதாரர்கள் வருடாந்திர மகாசபை கூட்டத்திற்கு வரும் பொழுது தங்களுக்கு வழங்கப்பட்டுள்ள அடையாள எண் மற்றும் மின் பங்கு பரிவர்த்தனையாளர்களின் அடையாள எண்களை கொண்டு வரவும்.

இப்படிக்கு  
 வித்யபிரகாஷ் தா  
 சேர்மேன்



## Electronic Clearing Service

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### **SUPER SPINNING MILLS LIMITED**

Elgi Towers, P B No.7113, 737-D Green Fields,  
Puliakulam Road, Coimbatore - 641 945

31<sup>st</sup> May, 2008

Dear shareholders,

As a part of your company's endeavor to improve the services to the investors, we are introducing the Electronic Clearing Services (ECS) facility for payment of dividend, from the current financial year. You would be aware of ECS being offered by Reserve Bank of India (RBI) in selected cities. ECS facilitates automatic credit of payments to one's Bank Account and eliminates risks of fraudulent encashment and loss in transit of instruments of payment.

Under this arrangement, the payment instructions would be issued electronically through our Bank to the Clearing Authority (RBI) and the Clearing Authority would give credit reports to the bank in which you are maintaining the specified bank account. Your bank in turn will credit to your account on the due date and intimate the credit entry as ECS in your bank pass book/bank statement. We will be issuing an advice to you directly about the payment to the credit of your account.

If you are holding shares in dematerialized form, you are requested to intimate your ECS details / change in bank mandate, if any, to your Depository Participant, they will update these details in NSDL/CDSL system and the same will be used by the company for the remittance of dividend to its shareholders.

If you are holding shares in physical form, please fill up the bank mandate in the form attached in the Annual Report and send it along with a cancelled cheque leaf or a photocopy of the same to the Registrar and Share Transfer Agent M/s Intime Spectrum Registry Ltd, "SURYA" 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore-641028, Tamil Nadu, before 08.09.2008.

Thanking you,

Yours truly,

**T V Thulsidass**  
Company Secretary




---

M/s Intime Spectrum Registry Ltd, Coimbatore Branch  
 Unit: Super Spinning Mills Ltd  
 "SURYA" 35, Mayflower Avenue  
 Behind Senthil Nagar  
 Sowripalayam Road  
 Coimbatore-641028

**Electronic Clearing Service (ECS Mandate Form)  
 (FOR SHARES HELD IN PHYSICAL FORM)**

First Shareholder's Name :

Folio No :

Particulars of bank account

Bank Name :

Branch name and address :

Account No. (as appearing in the cheque book) :

Account type :  SB  Current  Cash Credit

9 Digit code no. of the bank and branch appearing on the MICR cheque issued by the bank.

(Please attach the photocopy of a cancelled cheque leaf issued by your bank relating to your above said account for verifying the accuracy of the code numbers).

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold the company responsible.

Signature of the First Shareholder

---

Note :

- Please send the form to the above address before 08.09.2008.
  - In case the scheme does not meet with the desired response or due to any other operational reasons it is found to be unviable, the company reserves the right to pay dividend by issue of warrants.
-

# 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 46<sup>th</sup> Annual General Meeting of the Company held on Wednesday, the 24<sup>th</sup> September, 2008 at 3.00 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.
  3. **Open a Bank Account in your name to realise 'Account Payee' Dividend Warrant. Inform the Company, the Name and Address of the Bank, A/c. No. for incorporating the same in the Dividend Warrant.**



# 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 appoint ..... of ..... or failing  
him ..... of ..... as my / our  
Proxy to attend and vote for me / us on my / our behalf at the 46<sup>th</sup> Annual General Meeting of the  
Company to be held on Wednesday, the 24<sup>th</sup> September, 2008 at 3.00 PM at Ardra Convention Centre,  
'Kaanchan', No. 9, North Huzur Road, Coimbatore - 641 018 and at any adjournment thereof.

As witness my/our hand(s) this ..... day of .....

Signed by the said.....

Affix  
15 paise  
Revenue  
Stamp

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

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

# சூப்பர் ஸ்பின்னிங் மில்ஸ் லிமிடெட்

பதிவு அலுவலகம் : "எல்ஜி டவர்ஸ்", த.பெ. எண் 7113, 737-D, கிரீன் ஃபீல்ட்ஸ், புலியகுளம் ரோடு, கோயமுத்தூர் - 641 045

## நுழைவு சீட்டு

பங்குதாரரின் பெயர்		பதிவு எண்	
பதிலியின் பெயர்		பங்குகளின் எண்ணிக்கை	

நான் 24.09.2008 புதன்கிழமை அன்று மாலை 3.00 மணி அளவில் அர்த்ரா கன்வென்சன் சென்டர், 'காஞ்சன்', நெ.9, வடக்கு ஓசூர் சாலை, கோயமுத்தூர் - 641 018ல் நடக்கும் சூப்பர் ஸ்பின்னிங் மில்ஸ் லிமிடெட்டின் 46வது வருடாமுதிர மகாசபைக் கூட்டத்திற்கு எனது வருகையை பதிவு செய்து கொள்கிறேன்.

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பங்குதாரர் / பதிலியின் கையொப்பம்

குறிப்பு

1. மகாசபைக் கூட்டத்திற்கு வரும் பங்குதாரர்கள் / பதிலிகள், நுழைவுச் சீட்டில் கையொப்பமிட்டு நுழைவு வாயிலில் கொடுக்க வேண்டும்.
2. பங்குதாரர்கள் தங்களது விலாச மாற்றத்தையும், பதிவு எண் ஒன்றுக்கு மேல் இருப்பின் அவற்றை ஏதேனும் ஒரே பதிவு எண்ணுக்கு மாற்றவும், கம்பெனியின் பதிவு அலுவலகத்துடன் தொடர்பு கொள்ளவும்.
3. பங்குதாரர்கள் தங்களுடைய ஈவுத்தொகையை பெறுவதற்கு தங்களது பெயரில் வங்கிக் கணக்கைத் துவக்கி, வங்கியின் பெயர், முகவரி, கணக்கு எண் ஆகியவற்றை கம்பெனியின் பதிவு அலுவலகத்திற்குத் தெரிவிக்கவும்.

# சூப்பர் ஸ்பின்னிங் மில்ஸ் லிமிடெட்

பதிவு அலுவலகம் : "எல்ஜி டவர்ஸ்", த.பெ. எண் 7113, 737-D, கிரீன் ஃபீல்ட்ஸ், புலியகுளம் ரோடு, கோயமுத்தூர் - 641 045

## பதிலி நியமனப் படிவம்

சூப்பர் ஸ்பின்னிங் மில்ஸ் லிமிடெட்டின் பங்குதாரர்/பங்குதாரர்களாகிய .....  
நான் / நாங்கள், 24.09.2008 புதன்கிழமை மாலை 3.00 மணிக்கு நடக்க இருக்கும் கம்பெனியின் 46வது வருடாமுதிர மகாசபைக் கூட்டத்தில் எனது பதிலியாக திரு/திருமதி .....  
.....யை அல்லது அவர்கள் ஆஜராகாத பட்சத்தில் திரு/திருமதி.....யை  
என்னுடைய/எங்களுடைய சார்பாக ஆஜராகி வாக்களிக்க நியமிக்கிறேன் / நியமிக்கிறோம்.

கையொப்பம்.....

தேதி .....

15 பைசா  
ரெவென்யூ  
ஸ்டாம்பு  
ஒட்டவும்

பதிவு எண்	
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பங்குகளின் எண்ணிக்கை	
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குறிப்பு

பூர்த்தி செய்யப்பட்ட பதிலி நியமனப் படிவத்தை மேலே கூறப்பட்டுள்ள மகாசபைக் கூட்டத்திற்கு 48 மணி நேரத்திற்கு முன்னதாக பதிவு அலுவலகத்திற்கு அனுப்பி வைக்க வேண்டும்.



# **Super Spinning Mills Limited**

**ELGI TOWERS**

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

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