

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 36th Annual Report of the Company together with audited accounts of the Company for the financial year ended 31st March, 2018.

FINANCIAL RESULTS

Financial results for the year under review are summarized below:

Particulars	2017-18 (Rs. in Lakhs)	2016-17 (Rs. in Lakhs)
Income from operations	25522.14	23741.92
Other Income	254.98	419.37
Profit before Interest and Depreciation	3971.86	4227.80
Less: Interest	601.85	541.74
Profit/(Loss) before Depreciation	3370.01	3686.06
Less: Depreciation	1717.55	1658.26
Profit/(Loss) before Tax	1652.46	2027.80
Less: Exceptional item	-	-
(Add)/Less: Provision for Taxes	231.48	570.62
Profit/(Loss) after Tax	1420.98	1457.18

DIVIDEND

Your Directors recommend a dividend of Rs. 2.50 per equity share of Rs.10/- each for the financial year ended 31st March, 2018, which if approved at the forthcoming Annual General Meeting, will be paid to those equity shareholders whose names appear in the Register of Members as on 19th July, 2018 in respect of shares held in physical form and in respect of shares held in dematerialized form, the dividend shall be paid on the basis of the beneficial ownership as per the details furnished by the Depositories for this purpose at the end of business hours on 19th July, 2018.

SEGMENT WISE PERFORMANCE

Agency Division

Due to lower margins to the textile mills during the implementation pace of GST, the off take of machineries by the mills was restricted which affected the performance of this division.

The total revenue of this division during 2017-18 was Rs. 1822.95 Lakhs. Profit Before Tax was Rs. 864.48 Lakhs compared to Rs. 1005.54 Lakhs during the previous year.

Textile Division

Mismatch of cotton and yarn prices coupled with GST implementation and shortage and high cost of labour have affected the margins. The Company has increased the production of micro modal yarn in which margins were better. However the advantage of captive wind power has helped the division to earn reasonable profits.

This division earned a Profit Before Tax of Rs. 1636.33 Lakhs compared to Rs. 1479.63 Lakhs during the previous year.

Engineering Division

Lower demand of the capital goods manufacturers by OEMs resulted into lower turnover and margins. Competition from various manufacturers in gear boxes have affected the pick up of gear boxes sales.

This division incurred a Loss of Rs. 239.06 Lakhs as against the Profit Before Tax of Rs. 90.98 Lakhs during the previous year.

EXPORTS

The Company has directly exported its products valued at Rs. 1051.77 Lakhs in 2017-18. Exports through merchant exports were Rs. 2896.31 Lakhs. As the Company is required to fulfill Export obligation to the extent of Rs. 11855 Lakhs before 31st March, 2019, efforts have been taken to increase the exports substantially during the current year.

PROSPECTS

As the economy is inching back to normalcy after the initial glitches in the implementation of GST, the performance of the Company is expected to improve in the current year. However the production of cotton, the major raw material for spinning, depends up on the timely rains and remunerative prices to the farmers and hence there may be price volatility which in turn may impact the performance of your Company. Through policy measures of the Government in partnership with industry, the Textile market is expected to reach US \$ 300 Billions by the year 2025 and create an additional 35 million jobs. Apart from Central Government schemes, some State Governments have also launched their textile policies under which several incentives are provided for investment in textile sector.

DIRECTORS

Sri. Ravi Sam, Director (DIN 00007465) retires by rotation at the ensuing Annual General Meeting, being eligible, offers himself for re-appointment.

INDUSTRIAL RELATIONS

Industrial relations are cordial and your Directors appreciate the co-operation extended by the employees.

LISTING

Your Company's shares are listed in BSE Limited. The listing fee to the BSE has been duly paid. The Madras Stock Exchange is in the process of winding up and the Company has not received any Bill for the listing fee. The shares are regularly traded in BSE Limited and were not suspended at any time during the year.

AUDITORS

Statutory Auditors:

The Statutory Auditors M/s. Subbachar & Srinivasan, Chartered Accountants were appointed as Statutory Auditors for a term of five years commencing from the financial year 2016-17 who will retire at the conclusion of the Annual General Meeting to be held in the year 2021 and the shareholders have authorized the Board to fix the remuneration payable to the auditors from time to time.

The first proviso to Section 139 of the Companies Act, 2013, which mandated the ratification of the appointment of Statutory Auditors at every subsequent Annual General Meeting, has been omitted by the Companies (Amendment) Act, 2017 and the same was notified vide notification dated 07th May, 2018. Hence ratification of the appointment of Statutory Auditors is not placed to the shareholders.

The auditors, M/s. Subbachar & Srinivasan, Chartered Accountants, have confirmed their eligibility for continuing as Statutory Auditors of the Company.

Cost Auditor:

Pursuant to provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Board of Directors, on the recommendation of the Audit Committee, has appointed Sri. G. Sivagurunathan, Cost Accountant, as the Cost Auditor of the Company for the financial year 2018-19.

Secretarial Auditor:

Pursuant to provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors has appointed Sri. M.R.L.Narasimha, Practising Company Secretary to undertake the Secretarial Audit of the Company for the financial year 2018-19.

The secretarial audit report for the financial year 2017-18 is enclosed as **Annexure 2**.

Extract of the annual return as per the provisions of the Companies Act, 2013 is enclosed as Annexure 1.

The details of the meetings of the Board and Committees and attendance of directors are given in the Corporate Governance Report.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of Section 134 of the Companies Act, 2013, the Directors of your Company confirm that:

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the directors had prepared the annual accounts on a going concern basis;
- e. the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively and
- f. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DISCLOSURES

Independent Directors have met all the criteria of an Independent Director and they have given a declaration to the effect that they have met all the criteria of an independent director as prescribed in Section 149 of the Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

The salient features of the Nomination and remuneration Policy is enclosed to this annual report.

Directors are eligible to get only sitting fee for attending the Board or Committee or other meetings of Directors. Outstation directors are entitled to get reimbursement of out of pocket expenses incurred by them in connection with attending of the Board or Committee or other meetings.

There is no qualification, reservation or adverse remarks by the Statutory Auditors in their audit report or Practising Company Secretary in his secretarial audit report. The auditors have not reported any fraud to the Audit Committee or to the Board during the year 2017-18.

Company has not provided any loans, guarantees, security under Section 186 of the Companies Act, 2013 during the year under review. However the Company has made an investment of Rs. 11.38 Crores for the purchase of 25000 equity shares of M/s. Lakshmi Machine Works Limited.

All the transactions entered by the Company during the financial year 2017-18 with the related parties are in the ordinary course of business and at Arm's length. The details of material related party transactions are given in form AOC -2 as **annexure 3**.

Board of Directors has decided to transfer Rs. 150 Lakhs, out of profits for the year 2017-2018, to General Reserve.

There is no material change and commitment which have occurred between the end of the financial year and to the date of the report which affect the financial position of the Company.

(A) Conservation of Energy

i. the steps taken or impact of conservation of energy	Energy efficient motors and replacement of tube lights with LED bulbs are in progress to reduce energy consumption.
ii. the steps taken by the Company for utilizing alternate source of energy	The Company has utilized 65.76% of its energy requirements through wind power.
iii. the Capital investment on energy conservation equipments	Rs. 7.78 Lakhs.

(B) Technology absorption

i. Efforts made towards technology absorption.	Compact spinning system and injection slub attachments have been installed at a cost of Rs. 426.85 Lakhs
ii. Benefits derived like product improvement, cost reduction, product development, import substitution, etc.,	Better quality yarn produced from compact spinning can be used in high speed air jet looms. Injection slub yarn is a new product.
iii. In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year)	-
(a) Details of technology imported.	-
(b) Year of import.	-
(c) Whether the technology been fully absorbed?	-
(d) If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action.	-
iv. The expenditure incurred on Research & Development.	-

(C) Foreign exchange earnings and out go

The Foreign Exchange earnings and outgo during the year under review were as follows:

Foreign Exchange Earned	:	Rs. 1043.26	Lakhs
Foreign Exchange Outgo			
Raw Material imports	:	Rs. 128.27	Lakhs
Stores and Spares imports (including advances)	:	Rs. 85.49	Lakhs
Capital Imports	:	Rs. 396.66	Lakhs
Others	:	Rs. 11.52	Lakhs
		Rs. 621.94	Lakhs

RISK MANAGEMENT

The Company has established a risk management frame work to identify, evaluate the business risks and opportunities. The main object of the framework is to minimise the adverse impact of the risks by taking effective mitigating measures to retain the business advantages. The identified risks and mitigation measures are reviewed by the concerned Heads and all the risks identified and mitigation measures are placed before the Board. Board is of the opinion that there is no risk which affects the existence of the Company.

CSR ACTIVITIES

The CSR Committee consists of three directors out of which two are independent directors. The Board has approved the CSR Policy and the same is posted in the website of the Company <http://www.supersales.co.in/policies.html>. As per the policy Company can spent the amount required to be spent under Corporate Social Responsibility to any of the Projects or activities covered under Schedule VII (as amended from time to time) based on the recommendation of the CSR Committee and approved by the Board. The amount can be spent any where in India, however preference shall be given for the geographical locations where the Company's operations are located. The amount required to be spent under CSR activities may be spent by the Company itself or contributing to any trust which is having established track record as recommended by the CSR Committee and approved by the Board. The CSR Committee shall periodically review and monitor the expenditure made on various projects or activities as approved by the Board. The Company has spent the entire amount required to be spent during the financial year 2017-18. Annual Report on CSR activities is enclosed as **Annexure 4**.

DISCLOSURE UNDER RULE 8

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Board has carried out annual evaluation of its own performance, that of its committees and individual directors for the financial year 2017-18. The Chairman of the Board has sent a list of criteria, as approved by the Nomination and Remuneration Committee, for evaluation of the Board's performance, that of its committees and individual directors to all the Directors. Each Director has evaluated based on the criteria and communicated the results of the evaluation to the Chairman.

There is no change in the nature of business. There is no appointment of Director, Key Managerial Personnel during the year and there is no change in the Key Managerial Personnel.

There is no addition or cessation of Subsidiaries, Joint ventures or Associates during the year 2017-18. The Company has not accepted or holds any deposit from the public or directors or shareholders. There is no significant material order passed by the regulators or courts or tribunals which affects the going concern status or operations in future.

The Company has established adequate internal control system which is commensurate with its nature and volume of operations. All the independent directors are in the first term of appointment. There is no resignation of the Directors during the year 2017-18.

The Composition of the Audit committee is given in the Corporate Governance Report. Board has accepted all the recommendations made by the Audit Committee during the year 2017-18. The Company has complied with the applicable secretarial standards.

The financial results of the Company have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable in accordance with the recognition and measurement principles laid down in Ind AS 34 Interim Financial Reporting. Beginning April 1, 2017, the Company has for the first time adopted Ind AS with a transition date of April 1, 2016.

Particulars pursuant to Section 197(12) and the relevant rules are given in the **Annexure 5**.

VIGIL MECHANISM

The Company has established vigil mechanism and adopted whistle blower policy which protects persons who uses the mechanism from victimization and allows direct access to the Chairman of the Audit Committee if required. The Policy is posted in the website of the Company.

REMUNERATION POLICY

Based on the recommendation of the Nomination and Remuneration Committee, the Board has approved the Remuneration Policy of the Company for selection and appointment of Directors, senior management personnel, their remuneration, succession plans, Board diversity. The salient features of same is enclosed as **Annexure 6** to this report. Weblink to access the policy is <http://www.supersales.co.in/policies.html>.

A certificate from the Statutory Auditors of the Company regarding compliance of the conditions of Corporate Governance is enclosed as **Annexure 7**.

Information pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014

In terms of Rule 5 of the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014 the Company has no employee drawing salary exceeding Rs. 102 Lakhs per annum or Rs. 8.50 Lakhs per month during the year under review. No employee has drawn remuneration in excess of the remuneration drawn by the Managing Director and holds by himself or along with his spouse and dependent children not less than two percent of equity share capital of the Company.

List of top 10 employees based on salary drawn is enclosed as **Annexure 8**.

Company is not paying any commission to the directors and whole time director/Managing Director.

Disclosures under the Sexual Harassment of women at work place (Prevention, Prohibition and Redressal) Act, 2013

Company has not received any complaint under the Sexual Harassment of women at work place (Prevention, Prohibition and Redressal) Act, 2013 during the year 2017-18.

ADDITIONAL DISCLOSURES

In line with the requirement of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, Management Discussion and Analysis Report, Corporate Governance Report, Related Party disclosures are made part of the Annual Report.

A certificate from CEO/CFO, interalia, confirming the correctness of the financial statements is also made part of the Annual Report.

GENERAL

The Directors place on record their sincere thanks to all the Principals for their whole hearted co-operation and to the bankers of the Company for their financial assistance. Directors also wish to thank the customers for their support and confidence reposed in the Company and to the employees at all levels for their cooperation and dedication.

Coimbatore
29th May, 2018

For and on behalf of the Board
(Sd.) **SANJAY JAYAVARTHANEVELU**
Chairman
DIN 00004505