

CORPORATE INFORMATION

BOARD OF DIRECTORS

Sri Satya Brata Dey	Managing Director
Sri Sumanta Dey	Director
Sri Sushanto Dey	Director
Sri Sujay Bhattacharjee	Independent Director
Sri Sumanta Biswas	Independent Director
Smt. Sadhana Adhikary	Independent Director

REGISTERED OFFICE

6, Tottee Lane
Kolkata – 700 016
Phone : +91 33 2286 1510/ 11
Fax : +91 33 2217 6468
E-mail : sreeleathers@sreeleathers.com
Web : www.sreeleathers.com

STATUTORY AUDITORS

M/s K.Rungta & Co
Chartered Accountants
1, Crooked Lane
Room No. 102, 1st Floor
Kolkata – 700 069

STOCK EXCHANGES (LISTED)

1. The Calcutta Stock Exchange Limited
7, Lyons Range
Kolkata – 700 001
2. Jaipur Stock Exchange Limited
Stock Exchange Building
J. L. N. Marg, Malviya Nagar
Jaipur – 302 017

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REGISTRAR & SHARE TRANSFER AGENT

Niche Technologies Private Limited
D-511, Bagree Market
71, B.R.B. Basu Road
Kolkata – 700 001

BANKERS

Oriental Bank of Commerce – Chowringee Branch
HDFC Bank Limited – Chowringee Branch
Bank of India – Lindsay Street Branch
State Bank of India – Strand Road Branch

NOTICE

Sreeleathers Limited, 6 Tottee Lane, Kolkata – 700 016

NOTICE is hereby given that the 21st Annual General Meeting of the members of the Company will be held at its registered office 6, Tottee Lane , Kolkata – 700 016, on the 29th day of September , 2012 at 11.30 A.M. to transact the following business: -

Ordinary Business :

1. To receive, consider and adopt the Audited Profit and Loss Account for the Financial Year ended on 31st March 2012 and the Balance Sheet as on that date and the Report of the Directors' and Auditors' thereon.
2. To declare dividend on Equity Shares.
3. To appoint Directors in place of Mr. Sumanta Dey & Mr Sumanta Biswas who retire by rotation at this meeting and being eligible, offer themselves for reappointment.
4. To reappoint M/s K. Rungta & Co. Chartered Accountants, Auditors of the Company, to hold office from the conclusion of the ensuing Annual General Meeting at a remuneration to be fixed by the Board of Directors and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT the retiring Auditors M/s K. Rungta & Co., Chartered Accountants, be and are hereby appointed as Auditors of the company to hold office until the conclusion of the next annual general meeting of the company on such remuneration as may be fixed by the Board of Directors"

NOTES :

- i) **A member entitled to attend and vote at the meeting is entitled to appoint proxy to attend and vote instead of himself and the proxy need not be a member of the Company.**
- ii) **The instrument appointing proxy should however be deposited at the registered office of the Company not less than forty eight hours before the commencement of the meeting.**
- iii) The register of Members and the Share Transfer Books of the company will remain closed from 24th September, 2012 to 29th September, 2012 (both days inclusive). The relevant records of the Company are open for inspection by members as per provisions of the Companies Act, 1956 on any working day between 10.00 a.m. to 12.00 Noon.
- iv) Shareholders who have not encashed the dividend warrants from the financial year ended 31st March 2005 onwards are requested to immediately approach the Company. According to Section 205A of the Companies Act, 1956 all the unclaimed Dividends, if any, are required to be transferred to the 'Investor Education and Protection Fund'.
- v) The dividend, as recommended by the Board, if declared at the 21st Annual General Meeting, will be paid after Saturday, 29th September, 2012 to those members whose names stand registered on the Company's Register of Members :
 - a) as beneficial owners as at the end of business on Sunday, 23rd September, 2012 as per the list to be furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) in respect of shares held in dematerialized form.

- b) As members in the Register of Members of the Company after giving effect to valid share transfers lodged with the Company on or before, Sunday, 23rd September, 2012.
- vi) The Registrar and Transfer activity of shares held in physical and demat form continue to be carried out by our Registrars M/s Niche Technologies Pvt. Ltd, D-511, Bagree Market, 71, B. R. B. Basu Road, Kolkata - 700 001.
- The Register of Members continues to be maintained at the Registered Office of the Company.
- vii) Shareholders / Proxies are requested to bring their copies of the annual report to the meeting, as copies of the Annual Report will not be distributed at the Meeting.
- viii) Shareholders / Proxies should bring their attendance slip duly filled in for the Meeting.
- ix) The members are required to notify the change in their address, if any, to the company immediately, quoting their folio nos.
- x) Members may avail of the facility of demartelisation by opening Demat account with depository participant of either National Securities Depository Ltd Or Central Depository Services (India) Ltd. and get the equity share certificate held by them dematerlised. The ISIN No. of the Company is INE 099F01013.
- xi) Members desiring any information on the Accounts are requested to write to the Company at least 10 days prior to the date of the meeting to enable the Management to keep the information ready.
- xii) The dividend as recommended by the Directors, if declared at the Annual General Meeting, will be paid to those Members whose names appear in the Register of Members on Saturday, 29th September, 2012.
- xiii) Pursuant to the Clause No. 49 of the Listing Agreement, profile of the Directors proposed for appointment/reappointment being given in a statement containing details of the concerned directors is attached hereto.

Statement regarding the Directors proposed for appointment/reappointment

Name & Designation of Appointee	Age	Qualification/ Experience	Date of Appointment	Other Directorships
1	2	3	4	5
Mr. Sumanta Dey	34 Years	Bachelor of Business Administration	15.04.1999	Footmark Commercial (P) Ltd. Shoeline Tradind (P) Ltd. Sumanta Susanta Exports (P) Ltd. Tug Developers (P) Ltd. Tug Overseas (P) Ltd. Upward Commodities (P) Ltd.
Mr. Sumanta Biswas	36 Years	LLB, Calcutta University	31.01.2010	None

By Order of the Board of Directors of Sreeleathers Ltd.

(Bijoy Kr. Roy)
Company Secretary

Place : Kolkata
Date : 06.09.2012

DIRECTORS' REPORT

(Including Management Discussion & Analysis Report)

To
The Members
Sreeleathers Limited

The Directors are pleased to present herewith the 21st Annual Report of the Company together with Audited Accounts for the financial year ended 31st March, 2012.

1. FINANCIAL RESULT

(₹ In Lacs)

	Financial Year 2011 - 2012	Financial Year 2010 - 2011
Receipt from Operations	4427.80	4032.31
Profit Before Depreciation and Taxes	774.52	612.25
Less: Depreciation	87.99	56.97
Profit Before Tax	686.53	555.28
Less : Provision for		
(a) Income tax	238.49	193.17
(b) Earlier year Taxes Paid	9.75	(0.43)
(c) Deferred tax	(13.06)	(3.43)
Profit after tax	450.91	365.97
Add: Brought forward from last year	457.28	237.29
Profit Available for Appropriation	908.61	603.26
Proposed Dividend on Equity Shares	50.31	125.78
Excess Tax Provision written back		(0.19)
Provision for Tax on Proposed Equity Dividend	8.16	20.40
Balance Carried Forward to Balance sheet	849.71	457.28

DIVIDEND

The Directors recommend Dividend @ 2% per Equity Share for the year ended 31st March, 2012, on 2,51,55,012 Equity Share of ₹ 10/- each. The Dividend pay-out, including Corporate Dividend Tax of ₹ 8.16 lacs will be ₹ 58.47 lacs as compared to Dividend pay-out, including Corporate Dividend Tax of ₹ 20.40 Lacs and were ₹ 146.18 Lacs in the immediate preceding previous year.

OUT LOOK

With the availability of the funds, your company has started on the path of exponential growth. Your Company is dealing in footwear's & leather Accessories, The Company is also involved in expanding its current business activities.

FINANCIAL REVIEW

Looking into the market scenario during the year under review, the performance of your company has been satisfactory and gained the profit of ₹ 454.12 Lacs in spite of the recessionary trend and downturn in global economies. The gross increase of receipts from operations has recorded an increase of 9.79% (₹ 394.83 Lacs) in the current year and your directors are taking reasonable steps to increase profits from the coming years.

We are sure that your company is of the view that the performance of the company would further improve in the coming financial years.

HUMAN RESOURCES

The Company remains committed to developing and fostering a culture of participation, engagement and accountability, and takes pride in the initiative and teamwork, and in the spirit of excellence, demonstrated by all its employees; they have displayed exemplary teamwork, result-orientation, and motivation; and also sense of accomplishment from their contribution to the Company's goals.

INDUSTRY STRUCTURE AND DEVELOPMENT

India is world's second largest producer of leather footwear next to China. In terms of output, India produces 2 billion pairs of footwear annually accounting to 13% of the global total of 16 billion pairs.

In order to increase the footwear market the Government of India has set up various Institutes where continuous research is going on into making this industry a non-polluting environmentally friendly, because the leather and footwear industry has a direct impact on the livelihood of millions of people who work in this industry. This will involve significant investments in upgrading the machineries and to train the manpower to come up to the international standards.

In conclusion the growth of the footwear industry requires appropriate investments, proper infrastructure development and technological changes to increase the productivity and to make this industry environmentally friendly so that the livelihood of millions of people who work in this industry are protected. The importance of footwear in the domestic market is gaining its importance and has become a basic necessity after food, clothing and shelter.

Your company continues to procure a part of its total footwear sold in the market from small scale and cottage industries, so that these industries continue to upgrade their machines and manpower. This is a social obligation which your Company fulfills to support the employment given by these small scale and cottage industries.

OPPORTUNITIES AND THREATS

With the growth of the Indian economy and people coming out of their poverty are aspiring to enjoy the fruits of growth and the wealth generated in this process by the Indian economy. The huge middle class population which has come into existence by this economic miracle has presented great opportunities for business in India and it is expected that this middle class population will grow by 10 times in the next 15 years.

The country is witnessing a retail boom and the Indian consumers who are well travelled and informed, demand international standards in products at the right price and the right ambience for making their purchases. This has led to an exponential growth of organized retailing in India.

India is emerging as a major footwear market with the rising awareness of fashion in the country especially amongst the youth who have the access to the latest trends in the western countries with continuous updates available via electronic means TV, Internet, radio, print media etc.

The main drivers for the growth in the footwear market are the growth in income level, increasing fashion consciousness among the consumers, increasing organised retail space, availability of skilled manpower and abundant raw materials.

The key challenges have been identified as affordability and imports of cheap footwear from China. The opportunities in the Indian footwear market have attracted foreign brands and they are slowly penetrating the Indian market. It is expected that India will soon emerge as a shoe manufacturing hub for international brands and for exports.

Your Company enjoys a very strong brand positioning in Eastern India over a decade. The Company is all set to emerge as a vibrant lifestyle brand offering fashionable and trendy footwear at affordable prices to the consumers.

There will be significant challenges which the Company will have to face with the entry of Multi-National Companies in the domestic market. There will also be stiff competition from countries like China, Indonesia, Thailand, Vietnam & Brazil, because their products are more competitive as compared to India.

Organized retailers in India will also face a threat from 'non-specialist' retailers like the apparel retailers who are now diversifying into the footwear trade by promoting their own brands at competitive prices.

Your Company will meet these challenges by diversifying and opening more stores in other cities and take the best available space in shopping malls and busy street corners to aggressively market its products at competitive prices. However, the main focus will be to provide 'value for money' and high quality trendy shoes for men, women and children.

Your Company has also diversified its product line by entering into trading of leather belts, jackets, wallets, bags and other similar accessories.

PUBLIC DEPOSITS

The Company has not accepted any public deposit within the meaning of provisions of Section 58A and 58AA of the Companies Act, 1956 and there is no outstanding deposit due for re-payment.

DIRECTORS

Mr. Sushanto Dey and Mr. Sumanta Biswas who retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of Section 217 (2AA) of the Companies Act, 1956 the Directors confirm that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) Appropriate accounting policies have been selected and the directors have 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 2011-2012 and of the profit and loss of the Company for the period;
- (iii) Proper and sufficient care has been taken 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;
- (iv) The annual accounts have been prepared on a going concern basis.

AUDITORS & AUDITOR'S REPORT

K. RUNGTA & CO., Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment as Statutory Auditor of the Company. They have furnished the necessary certificate of their eligibility under section 224 (1) (B) of the Companies Act, 1956. The notes to accounts referred to in the Auditors' Report are self-explanatory and, therefore do not call for any further comments.

REPORT OF CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement with the stock exchange, a separate section on Corporate Governance is enclosed herewith which forms part of the Annual Report. A Certificate from the Auditors of the Company on Compliance with the conditions of Corporate Governance as stipulated under the Clause 49 of the Listing Agreement is annexed to this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNING AND OUTGO

Conservation of Energy

The scope for conservation of energy is limited in the type of industry in which your company is engaged. However, the Company continues to accord high priority to conservation of energy by opting for more power effective replacements of equipments and electrical installation. No specific investment proposals are envisaged.

Form 'A' of Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable as our industry is not included in the Schedule to the said Rules.

Technology Absorption

The Company doesn't have any in-house R & D Facilities. The Company has not imported any technology during the year under review.

Foreign Exchange Earnings and Outgo:

The relevant information in respect of Foreign Exchange, earning & Outgo has been given in the notes forming part of the Accounts for the year ended 31st March, 2012.

PARTICULARS OF EMPLOYEES

As required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the company has no employees who were in receipt of the remuneration of ₹ 60,00,000/- or more per annum during the year ended 31st March, 2012, or ₹ 5,00,000/- or more per month during any part of the said year.

ACKNOWLEDGEMENT

The Directors accept and convey their sincere appreciation to all employees of the Company for their continued dedication and commitment to achieving the results of the Company. The Directors also acknowledge and are grateful to the Bankers, Government Authorities, Shareholders, Vendors and other Stakeholders for their continued support, confidence and cooperation in the performance of the Company.

For and on behalf of the Board of Directors

(Satya Brata Dey)
Managing Director
Kolkata, 6th September, 2012

CORPORATE GOVERNANCE REPORT**COMPANY'S PHILOSOPHY**

Corporate Governance provides corporate with a framework to pursue the objectives of the organisation effectively. Being a value driven organization, the Company's corporate governance practices and disclosures have been duly complied with the statutory and regulatory requirements of the Companies Act, 1956, Securities framed there, are under the provisions of the listing agreement and all other applicable laws. The Company's corporate governance policies and practices are in accordance with the provisions of Clause 49 of the Listing Agreement and have generally complied with all the mandatory requirements as applicable to the Company.

GOVERNANCE STRUCTURE

Corporate Governance structure of Sreeleathers Limited is as under :

i) The Board of Directors

The members of Sreeleathers Limited Board are free to bring up any matter for discussion at the Board Meetings and the functioning is democratic. The Board plays a key role framing policies for ensuring and enhancing good governance. Besides its primary role of setting corporate performance, the Board directs guides the activities of the Management towards achieving those Corporate goals, seeks accountability with a view to achieve sustained and consistent growth aimed at adding value for its stakeholders.

ii) The Committee of Directors

The Board has constituted the following Committees viz. Audit committee, Remuneration Committee and Shareholders Committee. Each of the Committee has been mandated to operate within a given framework.

BOARD OF DIRECTORS**i) Composition of the Board**

The Company has an optimum combination of Executive and Non – Executive Independent Directors. The Board of Directors has 6 (six) directors. It consists of 1 (one) Managing Director, 3 (three) Non Executive Independent Directors and 2 (two) Non Executive Directors. The Non Executive Independent Directors account for 50% of the Board's strength as per the minimum requirement of the Listing Agreement. Independent Directors constitute half of the total strength of the Board. The Non Executive Directors are all eminent professionals with experience in overall management, finance and law and have a wide range of skills and experience.

As will be seen from the following table, none of the Directors hold directorship in more than 15 public limited companies, nor is any of them a member of more than 10 Committees of the prescribed nature or holds Chairmanship of more than 5 such Committees across all public limited companies in which they are Directors. The Board does not have any Nominee Director representing any Institution.

Name of Director	Category	No. of other Directorships	Committees	
			Position Memberships	Chairman
Mr. Satya Brata Dey	Managing Director	2	-	-
Mr. Sumanta Dey	Non Executive & Non Independent	-	-	-
Mr. Sushanto Dey	Non Executive & Non Independent	-	-	-
Mr. Sujay Bhattacharjee	Non Executive Independent	-	-	-
Mr. Sumanta Biswas	Non Executive Independent	-	-	-
Mrs.Sadhana Adhikary	Non Executive Independent	-	-	-

Note :

The above numbers exclude directorships in private, foreign companies and companies which are granted license under Section 25 of the Companies Act, 1956.

ii) Details of the Board Meetings and Attendance Record of the Directors :

During the year ended 31st March, 2012, Seven (7) Board Meetings were held on the following dates:

31st May 2011, 13th August 2011, 22nd September 2011, 14th November 2011, 28th November 2011, 20th January, 2012, 13th February, 2012.

The details of attendance of Directors at the Board meetings during the financial year 2011-12 and at the last Annual General Meeting (AGM) held on September 30, 2011 are given below :

Director	Held during tenure	Attended	Attended last AGM
Mr. Satya Brata Dey	7	7	Yes
Mr. Sumanta Dey	7	7	Yes
Mr. Sushanto Dey	7	6	Yes
Mr. Sujay Bhattacharjee	7	7	Yes
Mr. Sumanta Biswas	7	7	Yes
Mrs. Sadhana Adhikary	7	7	Yes

AUDIT COMMITTEE

As a measure of good Corporate Governance and to provide assistance to the Board of Directors and to meet the requirements of Section 292A of the Companies Act, 1956 and the Clause 49 of the Listing Agreement and in fulfilling the Boards overall responsibilities, an Audit Committee is continuously functioning since its formation. The Audit Committee inter-alia has all the powers and played its role in terms of the Clause 49 of the Listing Agreement.

i) Composition of the Audit Committee

The Audit Committee comprises of three Non-Executive Independent Directors, viz:

- Mr. Sujay Bhattacharjee
- Mr. Sumanta Dey
- Ms. Sadhana Adhikari

ii) Terms of Reference

The brief terms of reference of the Audit Committee include: –

- Review of the Company's financial reporting process and financial statements.
- Review of accounting and financial policies and practices.
- Review of Internal control systems.
- Discussion with Statutory Auditors on any significant findings and follow-up thereon.
- Reviewing the Company's financial and risk management policies.

iii) Meetings and attendance during the year:

The Committee has met five (5) times during the financial year ended 31st March 2012 i.e. on 29th May 2011, 12th August 2011, 10th November 2011, 30th January 2012 and 12th February 2012 .

There was a proper quorum of members in all the convened meetings.

Name of the Member	Meeting Attendance
Mr. Sujay Bhattacharjee (Chairman)	5
Mr. Sumanta Dey	5
Mr. Sadhana Adhikary	5

The Statutory Auditor of the Company is the special invitee to the Meeting of the Audit Committee.

REMUNERATION COMMITTEE

i) Composition of the Remuneration Committee:

The Remuneration Committee of the Company comprises of the following three (3) members.

Sr. No.	Name	Designation	Position in the Committee
1.	Sumanta Dey	Non Executive & Non Independent	Chairman
2.	Sushanto Dey	Non Executive & Non Independent	Member
3.	Sujay Bhattacharjee	Non Executive & Independent	Member

ii) Terms of Reference

The terms of reference of the Remuneration Committee are as under:

- To determine the remuneration package of Executive Directors, relatives of Directors appointed U/S 314 of the Companies Act, 1956 including salary, pension, allowances, perquisites, payment of commission, pension rights.
- To recommend sitting fees of the Board of Directors.

iii) Meetings and attendance during the year:

The Remuneration Committee meetings were held on

- 27.06.2011
- 21.01.2012

Mr. Sujay Bhattacharjee, Mr. Sumanta Dey & Mr. Sushanto Dey were present in all the meetings.