

**Sreeleathers** LIMITED

**22nd ANNUAL REPORT  
2012-2013**

## 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**

Sreeleathers Limited  
6, Tottee Lane  
Kolkata – 700 016  
Phone No.: +91 33 2286 1510/ 11  
Fax No.: +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. 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
3. BSE Limited  
PJ Towers, 1st Floor  
Dalal Street, Fort  
Mumbai-400 001

### **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	– Chowringhee Branch
HDFC Bank Limited	– Chowringhee Branch
Bank of India	– Lindsay Street Branch
State Bank of India	– Strand Road Branch

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## NOTICE

**Sreeleathers Limited, 6 Tottee Lane, Kolkata – 700 016**

**NOTICE** is hereby given that the 22nd Annual General Meeting of the members of the Company will be held at 6/1, Sudder Street, Kolkata – 700 016, on the 30th day of September, 2013 at 9.00A.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 2013 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. Sujay Bhattacharjee & Mr. Sushanto Dey who retire by rotation at this meeting and being eligible, offer themselves for reappointment.
4. To Re-appoint 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 25th September, 2013 to 30th September, 2013 (both days inclusive).
- iv) The dividend, as recommended by the Board, if declared at the 22nd Annual General Meeting, will be paid after Monday, 30th September, 2013 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 Tuesday, 24th September, 2013 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 dematerialised 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, Tuesday, 24th September, 2013
- v) 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, BRB Basu Road, Kolkata - 700 001, West Bengal.
- vi) 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.
- vii) Shareholders / Proxies should bring their attendance slip duly filled in for the Meeting.
- viii) The members are required to notify the change in their address, if any, to the company immediately, quoting their folio nos.

- ix) Members may avail of the facility of dematerialisation by opening Demat account with depository participant of either National Security Depository Ltd. Or Central Depository Services (India) Ltd and get their equity share certificate dematerialised. The ISIN No. of the Company is INE099F01013.
- x) 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.
- xi) 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 Monday, 30th September, 2013
- xii) Pursuant to the clause No.49 of the Listing Agreement, profile of the Directors proposed for appointment/re-appointment being given in a statement containing details of the concerned directors is attached hereto.

**Statement regarding the Directors proposed for appointment/re-appointment**

<b>Name &amp; Designation of Appointee</b>	<b>Age</b>	<b>Qualification/ Experience</b>	<b>Date of Appointment</b>	<b>Other Directorships</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Mr.Sujay Bhattacharjee	47 Years	Cost Accountant	31.08.2007	None
Mr. Sushanto Dey	35 Years	Bachelor of Business Administration	15.04.1999	1. Footmark Commercial Private Limited 2. Duel Leather Dzines Private Limited 3. Heels and Toes Leathers Private Limited

By Order of the Board of Directors of Sreeleathers Ltd.

**(Bijoy Kr. Roy)**  
Company Secretary

Place : Kolkata  
Date : 2nd September, 2013

## DIRECTORS' REPORT

(Including Management Discussion & Analysis Report)

To  
The Members  
Sreeleathers Limited

The Directors are pleased to present herewith the 22nd Annual Report of the Company together with Audited Accounts for the financial year ended 31st March, 2013.

### 1. FINANCIAL RESULT

(₹ In Lacs)

	Financial Year 2012-2013	Financial Year 2011 - 2012
Receipt from Operations	5345.82	4427.15
<b>Profit Before Depreciation and Taxes</b>	<b>1153.27</b>	<b>774.52</b>
Less: Depreciation	88.12	87.99
Profit Before Tax	<b>1065.15</b>	<b>686.53</b>
Less : Provision for		
(a) Income tax	342.01	238.92
(b) Earlier year Taxes Paid	NIL	9.76
(c) Deferred tax	(14.31)	(13.06)
<b>Profit after tax</b>	<b>737.45</b>	<b>450.91</b>
Add: Brought forward from last year	849.71	457.27
Profit Available for Appropriation	1587.16	908.18
Proposed Dividend on Equity Shares	62.89	50.31
Excess Tax Provision written back		
Provision for Tax on Proposed Equity Div.	10.20	8.16
Balance Carried Forward to Balance sheet	1514.07	849.71

### 2. DIVIDEND

The Directors recommend Dividend @ 2.5% per equity Share for the year ended 31st March, 2013, on 2,51,55,012 nos. equity Share of ₹ 10/- each. The Dividend pay-out including Corporate Dividend Tax of ₹ 10.2 Lacs will be ₹ 73.09 Lacs as compared to Dividend pay-out including Corporate Dividend Tax of ₹ 8.16 Lacs were ₹ 58.47Lacs in the immediate preceding previous year.

### 3. OUTLOOK

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

### 4. 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 ₹ 737.45 Lacs in spite of the recessionary trend and downturn in global economies. The gross increase of receipts from operations has recorded an increase of 20.75% (₹ 918.67Lacs) 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.

## **5. HUMAN RESOURCES**

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

## **6. 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.

## **7. 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.

## **8. 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.

## **9. DIRECTORS**

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

## **10. 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 2012-2013 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.

## **11. 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.

## **12. 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.

## **13. CASH FLOW ANALYSIS**

The Cash Flow Statement for the year under review in terms of Clause 32 of the Listing Agreement is annexed.

## **14. 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**

No Foreign Exchange earnings and outgo for the Company.

## **15. 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, 2013 or ₹ 5,00,000/- or more per month during any part of the said year.

## **16. 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**

Place : Kolkata  
Date : 2nd September, 2013



## CORPORATE GOVERNANCE

### 1. 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, and 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.

### 2. 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 in framing policies for ensuring and enhancing good governance. Besides its primary role of setting corporate performance, the Board directs and 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.

### 3. 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, 2013, Six (6) Board Meetings were held on the following dates:

15th May 2012, 14th August 2012, 6th September 2012, 15th November 2012, 14th January 2013, 12th February 2013

The details of attendance of Directors at the Board meetings during the financial year 2012-13 and at the last Annual General Meeting (AGM) held on September 29, 2012 are given below:

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

## 4. AUDIT COMMITTEE:

As a measure of good Corporate Governance and to provide assistance to the Board of Directors, to meet the requirements of Section 292A of the Companies Act, 1956, 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
- Mrs. 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 2013 i.e. on 14th May 2012, 13th August 2012, 5th September 2012, 12th November 2012 and 11th February 2013 .

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
Mrs. Sadhana Adhikary	5

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