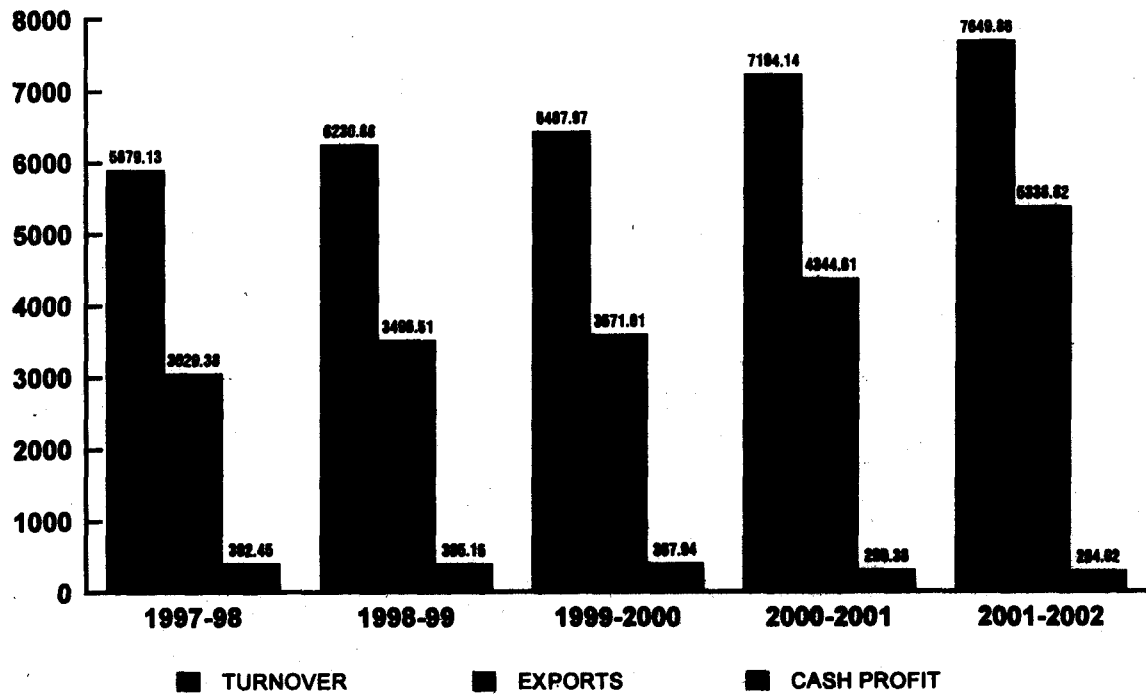


# **SUPER TANNERY (INDIA) LIMITED**

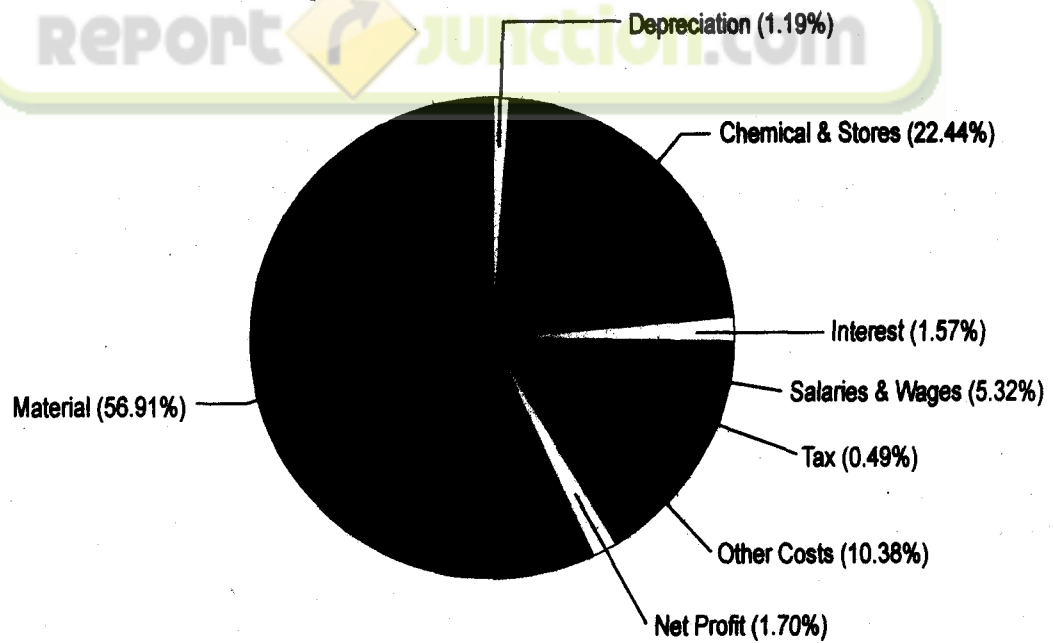


**EIGHTEENTH ANNUAL REPORT  
2001-2002**

## PERFORMANCE HIGHLIGHTS



## DISTRIBUTION OF INCOME



# SUPER TANNERY (INDIA) LIMITED

## BOARD OF DIRECTORS

Mr. Iftikharul Amin, *Managing Director*  
 Mr. Iqbal Ahsan, *Joint Managing Director*  
 Mr. Veqarul Amin, *Joint Managing Director*  
 Mr. Imran Siddiqui  
 Mr. Arshad Khan  
 Mr. Mohd. Imran  
 Mr. Mohsin Sharif  
 Mr. Sujit Kumar Sil  
 Mr. Rajive Khanna  
 Mr. Nafees Ahmad  
 Mr. Kumud Behari Seth  
 Dr. Nafis Ahmad

## COMPANY SECRETARY

Mr. Zafar Ahmad Khan

## AUDITORS

M/S. KAPOOR TANDON & CO.,  
*Chartered Accountants*  
 KANPUR

## BANKERS

STATE BANK OF INDIA  
 OVERSEAS BRANCH, KANPUR

## REGISTERED OFFICE

187/170, JAJMAU ROAD, KANPUR-208 010

Phones : (0512) 460137, 462138, 461079, 462122

FAX : 0512-460792, 462227

E-Mail : [supertannery@satyam.net.in](mailto:supertannery@satyam.net.in)

Website : [www.supertannery.org](http://www.supertannery.org)

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18th Annual General Meeting on  
**Thursday, 14th November, 2002** at  
 the **Registered Office** of the Company  
 at **8.00 a.m.**

## SUPER TANNERY (INDIA) LIMITED

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### NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of Super Tannery (India) Ltd. will be held on Thursday, 14th November, 2002 at 8.00 a.m. at the Registered Office of the Company at 187/170, Jajmau Road, Jajmau, Kanpur - 208 010, to transact the following business :

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit & Loss Account of the Company for the year ended 31st March, 2002, the Balance Sheet as on that date and Reports of the Board of Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Arshad Khan, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Mohsin Sharif, 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(s) the following resolution as an **Ordinary Resolution** :  
 "RESOLVED THAT in accordance with the provision of the Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Rajive Khanna, who was appointed as an Additional Director and who ceases to hold office as per the provision of Section 260 of the Companies Act, 1956 at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director as per the provision of Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company liable to retire by rotation."
7. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution** :  
 "RESOLVED THAT in accordance with the provision of the Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Nafees Ahmad, who was appointed as an Additional Director and who ceases to hold office as per the provision of Section 260 of the Companies Act, 1956 at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director as per the provision of Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company liable to retire by rotation."
8. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution** :  
 "RESOLVED THAT in accordance with the provision of the Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Kumud Behari Seth, who was appointed as an Additional Director and who ceases to hold office as per the provision of Section 260 of the Companies Act, 1956 at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director as per the provision of Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company liable to retire by rotation."
9. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution** :  
 "RESOLVED THAT in accordance with the provision of the Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Dr. Nafis Ahmad, who was appointed as an Additional Director and who ceases to hold office as per the provision of Section 260 of the Companies Act, 1956 at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director as per the provision of Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company liable to retire by rotation."

10. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution** :  
 "RESOLVED THAT pursuant to Section 293 (1) (e) of the Companies Act, 1956, consent of the members be and is hereby accorded to the Board of Directors of the Company to donate to charitable and other funds not directly related to the business of the Company or the welfare of its employees upto the extent of Rs. 25,00,000/- (Rs. Twenty five lacs only) during the financial year ending March 31, 2003."

By order of the Board of Directors  
 for **SUPER TANNERY (INDIA) LTD.**

Place : Kanpur  
 Dated : August 17, 2002

(ZAFAR AHMAD KHAN)  
 Company Secretary

#### NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING, i.e. 8.00 A.M. ON 14TH NOVEMBER, 2002.
2. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of business set out in Item No. 6, 7, 8, 9 and 10 are annexed hereto.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from **Wednesday, 6th November, 2002 to Wednesday, 13th November, 2002** (both days inclusive).
4. The dividend, if declared, will be payable on or after **18th November, 2002** to those members whose names appear as beneficial owners at the close of business hours on 5th November, 2002 as per the list furnished by the Depositories in respect of shares held in electronic form and as Members in the Register of Members of the Company as on 13th November, 2002 for shares held in physical form.
5. Members are requested to intimate to the Company, their queries, if any, regarding these accounts/notice at least five days before the meeting to enable the management to keep the information ready at the meeting.
6. Pursuant to Section 205-A of the Companies Act, 1956, all unclaimed/unpaid dividends upto the financial year ended 31st March, 1995 have been transferred to the **General Revenue Account of the Central Government**. Those members who have so far not claimed their dividends upto the said periods may claim the same by submitting an application in prescribed Form to the Registrar of Companies, Westcott Building, The Mall, Kanpur.

Consequent upon amendment in Section 205-A of the Companies Act, 1956 and introduction of Section 205-C by the Companies (Amendment) Act, 1999, now the amount of dividend/debentures/fixed deposits remaining unclaimed for a period of seven years is required to be transferred to the Investor Education and Protection Fund being set up by the Government.

Members who have not encashed their dividend warrant(s) so far for the financial year ended 31st March, 1996 and onward are requested to make their claim to the Company.

7. Members/Proxies are requested to bring attendance slips duly completed for attending the meeting.
8. Members are requested to notify immediately change in their address, Pincode, if any, to the Company at its Registered Office by quoting their Folio numbers.
9. No tax will be deducted at source if the dividend amount payable to an individual shareholder does not exceed Rs. 2,500/-. Shareholders are entitled to receive dividend/interest in the aggregate not exceeding Rs. 50,000/- during the Financial Year 2002-2003 and who desire to receive dividend without deduction of tax may file with the Company declaration in Form 15G in duplicate on or before 31st October, 2002.
10. Members of the Company, who have multiple accounts in identical name or joint accounts in the same order are requested to consolidate all such certificates into one account to facilitate better services.

**SUPER TANNERY (INDIA) LIMITED****ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT**

(Pursuant to the provision of Section 173(2) of the Companies Act, 1956)

**Item No. 6 :**

Mr. Rajive Khanna was co-opted on the Board on 31.01.2002 as an Additional Director of the Company under the provisions of Section 260 of the Companies Act, 1956 and Article 112 of the Articles of Association of the Company who ceases to be a Director at the date of ensuing Annual General Meeting. The Company has received notice in writing together with a sum of Rs. 500/- under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director of the Company. The Board of Directors recommend the proposed resolution, as set out in Item No. 6, for your approval.

None of the Director, except Mr. Rajive Khanna, is in any way either directly or indirectly concerned or interested in the resolution except as a Shareholder generally.

**Item No. 7 :**

Mr. Nafees Ahmad was co-opted on the Board on 25.03.2002 as an Additional Director of the Company under the provisions of Section 260 of the Companies Act, 1956 and Article 112 of the Articles of Association of the Company who ceases to be a Director at the date of ensuing Annual General Meeting. The Company has received notice in writing together with a sum of Rs. 500/- under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director of the Company. The Board of Directors recommend the proposed resolution, as set out in Item No. 7, for your approval.

None of the Director, except Mr. Nafees Ahmad, is in any way either directly or indirectly concerned or interested in the resolution except as a Shareholder generally.

**Item No. 8 :**

Mr. Kumud Behari Seth was co-opted on the Board on 25.03.2002 as an Additional Director of the Company under the provisions of Section 260 of the Companies Act, 1956 and Article 112 of the Articles of Association of the Company who ceases to be a Director at the date of ensuing Annual General Meeting. The Company has received notice in writing together with a sum of Rs. 500/- under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director of the Company. The Board of Directors recommend the proposed resolution, as set out in Item No. 8, for your approval.

None of the Director, except Mr. Kumud Behari Seth, is in any way either directly or indirectly concerned or interested in the resolution except as a Shareholder generally.

**Item No. 9 :**

Dr. Nafis Ahmad was co-opted on the Board on 25.03.2002 as an Additional Director of the Company under the provisions of Section 260 of the Companies Act, 1956 and Article 112 of the Articles of Association of the Company who ceases to be a Director at the date of ensuing Annual General Meeting. The Company has received notice in writing together with a sum of Rs. 500/- under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director of the Company. The Board of Directors recommend the proposed resolution, as set out in Item No. 9, for your approval.

None of the Director, except Dr. Nafis Ahmad, is in any way either directly or indirectly concerned or interested in the resolution except as a Shareholder generally.

**Item No. 10 :**

It is the policy of the Company to contribute in those charitable funds, which serve the society at large or for the welfare of its employees, whether such charitable institutions are directly related with the business of the Company or not.

The action of the Board is taken keeping in mind the responsibility that the Company owes to the society. Sometime the contribution so made may exceed the limit prescribed by Section 293 (1) (E) of the Companies Act, 1956. The Board can not do such welfare work, beyond prescribed limit, without the approval of shareholders. The aggregate of such contribution during the year ending March 31, 2003, is likely to exceed the limit as prescribed by the Act. Therefore, your permission is requested.

The Directors recommend the resolution for approval of the shareholders.

None of the Director of the Company, is in any way concerned or interested in the resolution, except as trustee of those trusts which received charitable funds.

By order of the Board of Directors

Place : Kanpur  
Dated : August 17, 2002

(ZAFAR AHMAD KHAN)  
Company Secretary

## DIRECTORS' REPORT

The Directors of your Company have pleasure in presenting the 18th Annual Report on the business and operations of the Company together with Audited Financial Statements for the year ended 31st March, 2002 :

		(Rs. in lacs)	
	Year ended 31.03.2002		Year ended 31.03.2001
<b>Profitability :</b>			
Profit before Interest & Depreciation	402.37		396.78
Less : Interest	127.62	106.68	
Depreciation	96.73	82.33	189.01
Profit before tax	178.02		207.77
Less : Provision for tax – Current	25.00	25.00	
– Deferred	14.78	NIL	25.00
Profit after tax	138.24		182.77
Add : Profit brought forward from previous year	191.01		290.53
Transfer from Export Development Reserve	NIL		60.73
Income Tax relating to earlier years	(0.04)		(3.36)
Gratuity relating to earlier years	(49.30)		NIL
Profit available for appropriation	279.91		530.67
<b>Appropriations :</b>			
(a) Transfer to General Reserve	150.00		300.00
(b) Proposed Dividend (subject to TDS)	35.99		35.99
(c) Provision for tax on distributed profits as per Section 115-0 of the Income Tax Act, 1961	0.00		3.67
(d) Balance carried over to next year	93.92		191.01
	279.91		530.67

### Dividend :

The Directors recommend dividend at the rate of 10% for the year ended 31st March, 2002 for approval of the Shareholders at the ensuing Annual General Meeting.

### Operational Review :

The performance of the Company has been satisfactory having considered the contained recession in the international market. During the year FOB value of export was Rs. 5,105.94 lacs in comparison to previous year Rs. 4,064.27 lacs registering a growth of 25.63%. The total income from operations of the Company was Rs. 7,987.63 lacs recording an increase of Rs. 508.73 lacs over previous year. The Net profit before interest and depreciation aggregate to Rs. 402.37 lacs against Rs. 396.78 lacs for the previous year.

### Subsidiary Company :

M/s. Super Shoes (India) Limited continued to be the subsidiary of your Company.

During the year, with a view to establish an effective sales management in order to achieve better realisation of the Company's products, the Board of Directors decided to form a wholly owned subsidiary at United Kingdom under the name and style Super Tannery (U.K.) Limited. Accordingly, the Company will be in operation w.e.f. Financial Year 2002-2003.

### Tannery Modernisation Scheme :

During the year under consideration, the Company has successfully implemented Tannery Modernisation Scheme, which was launched by Govt. of India, Ministry of Commerce and Industry, Deptt. of Industrial Policy and Promotion with effect from January 18, 2000. The main object of the Scheme is to promote existing tanneries for undertaking modernisation programme of positive Environmental impact, Technology upgradation, Quality improvement, Productivity Measures and adoption of new waste treatment technology.

### Industrial Relations :

During the period industrial relations have been extremely cordial. Employees' cooperation and co-ordination had been an important factor in the growth of the organisation.

### Fixed Deposits :

The Company has not accepted/renewed any deposit during the year as per the provisions of Section 58-A of the Companies Act, 1956.



## SUPER TANNERY (INDIA) LIMITED

### Clause 32 of the Listing Agreement :

As per the amended Listing Agreement, it is hereby disclosed that the Equity shares of the Company are listed at Kolkata, Delhi, Kanpur, Chennai and Mumbai Stock Exchanges. The Company has also paid the Annual Listing Fee for the year 2002-2003 to these Stock Exchanges.

### Particulars of Employees :

There was no employee in the Company whose particulars are required to be given pursuant to Section 217 (2-A) of the Companies Act, 1956.

### Conservation of Energy etc. :

The particulars of Energy Conservation, Technology Absorption etc. pursuant to Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars of the Report of Board of Directors) Rules, 1988, are set out in the Annexure I forming part of this Report.

### Directors :

Mr. Arshad Khan and Mr. Mohsin Sharif, directors, retire by rotation and being eligible have offered themselves for re-appointment and Mr. Rajive Khanna, Mr. Nafees Ahmad, Mr. Kumud Behari Seth and Dr. Nafis Ahmad appointed as an additional directors on the Board shall be regularised.

### Directors' Responsibility Statement :

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed :

- i) that in the preparation of the annual accounts for the financial year ended 31st March, 2002, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were 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 or loss of the Company for the year under review;
- iii) that the Directors had taken proper and sufficient care 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) that the Directors had prepared the accounts for the financial year ended 31st March, 2002 on a 'going concern' basis.

### Auditors :

M/s. Kapoor Tandon and Company, Chartered Accountants, Kanpur, retire at the conclusion of ensuing Annual General Meeting and are eligible for re-appointment. Their re-appointment, if made, will be in accordance with the provisions of the Section 224 (1-B) of the Companies Act, 1956.

### Auditors' Report :

The comments of the Auditors in their Audit Report and reference to "Notes on Accounts" forming part of the Financial Statement are self explanatory and need no further elucidation.

### Acknowledgement :

Your Directors would like to express their gratitude and appreciation for the inflicting support and co-operation received from State Bank of India, Government Authorities, Shareholders and the Customers.

Your Directors wish to place on record their deep sense of appreciation for the devoted services of the Staff and Workers of the Company.

On behalf of the Board of Directors

Place : Kanpur  
Dated : 17th August, 2002

**IFTIKHARUL AMIN**  
Managing Director

**IMRAN SIDDIQUI**  
Whole-time Director



## ANNEXURE I TO THE DIRECTORS' REPORT

Statement as required under Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

### (a) Conservation of Energy :

The Company has paid particular attention to environment, water and energy conservation, such as Environmental Regulatory Laws, enforced to Global Leather Industry, to constantly evolve and adopt environment friendly greener and cleaner production practices that include conservation of raw material and energy, elimination of toxic chemicals, and reduction of quantity and toxicity of all emissions and wastes.

Under the programme of United Nations Industrial Development Organisation, the Company has reviewed its processes which include process modification for water conservation.

Under the water conservation programme, the Company has initiated the work of rain water harvesting and is doing continuous efforts to reduce water consumption. The Company has established a full fledged Research & Development (R&D) Wing for this purpose, where qualified and trained staff is employed, who with their continuous efforts, endeavour to produce the leather keeping in mind ecological aspects, under the following heads :-

- A. To minimise the consumption of water.
- B. To minimise the use of auxiliaries, such as solvents and salts.
- C. To improve the yield from existing products by means of higher exhaustion and higher performance levels.
- D. To develop and optimise products that allow more environmentally friendly processes to be used.

In view of the above, the Company produces environmentally friendly products by adopting processes that reduce the levels of potential pollutions contained in tannery effluents, exhaust air and solid waste. And at the same time it help in saving water, energy and man hours without impairing the quality of the leather.

The Company, in its IInd phase, is conducting complete energy audit of the plant and its critical solution to improve profits which is to identify all the energy streams in a system, to quantify energy use, identify energy losses and implementing measures to conserve energy.

Recently, after conducting its electrical audit study the Company has added under its Energy Balancing Scheme, Power Distribution System, Balancing of Electric Power load, power factor, distribution and utilisation and the configurations under Harmonic analysis, which will give a substantial benefit to the Company in time to time.

### (b) Technology Absorption :

- (i) Specific Areas in which R & D carried out by the Company : Specially our R & D achievements were concentrated in the following areas :

- (a) New Product development based on different raw skins/hides.
- (b) Improvement in existing production.

- (ii) Expenditure on R & D :-

	2001-2002 (Rs. in lacs)	2000-2001 (Rs. in lacs)
Capital	—	—
Recurring	9.00	4.62

### (c) Foreign Exchange Earnings & Outgo :

During the year under review total Foreign Exchange earned is Rs. 4,064.27 lacs. Export is mainly to General Currency Area. Company's products enjoy good market abroad.

	2001-2002 (Rs. in lacs)	2000-2001 (Rs. in lacs)
(i) Foreign Exchange earnings on account of Export Sales (FOB value)	5,105.94	4,064.27
(ii) Foreign Exchange Outgo	750.29	854.27

On behalf of the Board of Directors

Place : Kanpur  
Dated : 17th August, 2002

IFTIKHARUL AMIN  
Managing Director

IMRAN SIDDIQUI  
Whole-time Director

**SUPER TANNERY (INDIA) LIMITED****REPORT ON CORPORATE GOVERNANCE****1. The Company's Philosophy :**

The Company strictly believes to be continued with good Corporate Governance. Strong corporate governance policy reflects the healthy business growth besides being a significant weapon of Investor Protection. A good corporate governance provides an appropriate frame work to the Board and Management to carry out the objectives that are in the interest of the Company and shareholders.

**2. Board of Directors :**

The present strength of the Board is twelve and comprises six executives and six non-executives directors.

During the year 2001-02, the Board met seven times (as against the minimum requirement of four meetings) on the following dates, namely, 21st June, 2001, 29th June, 2001, 31st July, 2001, 12th October, 2001, 31st October, 2001, 31st January, 2002 and 25th March, 2002.

The maximum time gap between any two Board Meetings was not more than three calendar months.

The following table gives details of directors' attendance at the Board meetings and at the last Annual General Meeting, number of membership held by directors in the Board/Committee of various companies :-

Sl. No.	Name	Category	Attendance Particulars		Number of other directorships and Committee Member/Chairmanships		
			Board Meetings	Last AGM	Other Directorship	Committee Member	Committee Chairman
1.	Ifikharul Amin	Managing Director	6	No	3	2	1
2.	Iqbal Ahsan	Joint Managing Director	4	Yes	3	2	-
3.	Veqarul Amin	Joint Managing Director	6	No	3	1	-
4.	Imran Siddiqui	Executive Director	7	Yes	None	-	-
5.	Arshad Khan	Executive Director	5	No	None	-	-
6.	Mohammad Imran	Executive Director	5	Yes	None	-	-
7.	Mohsin Sharif	Non-Executive Director	2	No	1	1	-
8.	Sujit Kumar Sil	Non-Executive Director	-	No	1	-	-
9.	Rajive Khanna	Non-Executive Director	-	No	None	1	1
10.	Nafees Ahmad	Non-Executive Director	-	No	1	1	1
11.	Kumud Behari Seth	Non-Executive Director	-	No	None	1	-
12.	Dr. Nafis Ahmad	Non-Executive Director	-	No	2	-	-

None of the Director is a member of more than two committees or a Chairman of more than one committee across all Companies in which he is a Director.

**3. Audit Committee :**

The Audit Committee constituted by the Board of Directors consists of three independent non-executive directors.

The terms of reference specified by the Board to the Audit Committee are as contained under Clause 49 of the Listing Agreement. They are as follows :-

- Oversight of the Company's financial reporting process and the disclosure of its financial information.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the Board, (i) the going concern assumption, (ii) compliance with accounting standards, (iii) compliance with stock exchange and legal requirements concerning financial statements.