

SUPER TANNERY LIMITED

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**TWENTY FIRST ANNUAL REPORT
2004-05**

SUPER TANNERY LIMITED

BOARD OF DIRECTORS

Iftikharul Amin, *Managing Director*
 Iqbal Ahsan, *Joint Managing Director*
 Veqarul Amin, *Joint Managing Director*
 Imran Siddiqui, *Whole-time Director*
 Arshad Khan, *Whole-time Director*
 Mohd. Imran, *Whole-time Director*
 Mohsin Sharif
 Nafees Ahmad
 Kumud Behari Seth
 Dr. Nafis Ahmad
 Dr. Subhash Awasthi
 Dr. Mohd. Izhar

COMPANY SECRETARY

Gyanendra Singh

AUDITORS

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

BANKER

STATE BANK OF INDIA
 OVERSEAS BRANCH, KANPUR

REGISTERED OFFICE

187/170, JAJMAU ROAD, KANPUR-208 010

Phones : (0512) 2460137, 2462138, 2461079, 2462122

FAX : 0512-2460792, 2462227

E-Mail : supertannery@satyam.net.in

Website : www.supertannery.com

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21st Annual General Meeting to be held on
Friday, the 30th December, 2005 at
 the **Registered Office** of the Company
 at **8.00 a.m.**

NOTICE

NOTICE is hereby given that the 21st Annual General Meeting of Super Tannery Limited will be held on Friday, the 30th December, 2005 at 8.00 a.m. at 187/170, Jajmau, Kanpur - 208 010, the Regd. Office of the Company, to transact the following businesses :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit & Loss Account of the Company for the year ended 31st March, 2005, the Balance Sheet as on that date and Report of the Board of Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Mohsin Sharif, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Arshad Khan, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Mohd. Imran, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

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 provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Dr. Subhash Awasthi, who was appointed as an Additional Director and who ceases to hold office as per the provisions 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 provisions 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 provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Dr. Mohd. Izhar, who was appointed as an Additional Director and who ceases to hold office as per the provisions 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 provisions 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 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 lacs (Rupees twenty five lacs only) during the financial year ending 31st March, 2006."
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 the provisions of Sections 198, 269, 309, 310 and 311 of the Companies Act, 1956, read with Schedule XIII to the said Act and all other applicable provisions, if any, of the said Act, including any modification or re-enactment thereof, consent of the Company be and is hereby accorded for the appointment of Mr. Arshad Khan as a Whole Time Director of the Company for a period of five years w.e.f. 01.10.2005 to 30.09.2010 on the terms and conditions mentioned in the Explanatory Statement annexed hereto.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to revise the remuneration of Mr. Arshad Khan, within the limits as specified in Schedule XIII of the Act in such manner as the Board may consider proper.

RESOLVED FURTHER THAT where in any financial year closing on or after 31st March, 2006, the Company has no profits or its profits are inadequate, the Company may pay to Mr. Arshad Khan, Whole time director, remuneration by way of salary, perquisites and other allowances not exceeding the ceiling limit as specified under Part II of Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force."

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11. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and 311 of the Companies Act, 1956, read with Schedule XIII to the said Act and all other applicable provisions, if any, of the said Act, including any modification or re-enactment thereof, consent of the Company be and is hereby accorded for the appointment of Mr. Mohd. Imran as a Whole time Director of the Company for a period of five years w.e.f. 20.11.2005 to 19.11.2010 on the terms and conditions mentioned in the Explanatory Statement annexed hereto.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to revise the remuneration of Mr. Mohd. Imran, within the limits as specified in Schedule XIII of the Act in such manner as the Board may consider proper.

RESOLVED FURTHER THAT where in any financial year closing on or after 31st March, 2006, the Company has no profits or its profits are inadequate, the Company may pay to Mr. Mohd. Imran, whole time director remuneration by way of salary, perquisites and other allowances not exceeding the ceiling limit as specified under Part II of Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force."

By order of the Board of Directors
for **SUPER TANNERY LIMITED**

Place : Kanpur
Date : 01.10.2005

GYANENDRA SINGH
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.
2. **Corporate Members** intending to send their Authorised Representatives to attend the Annual General Meeting are requested to send a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of special business to be transacted at the meeting is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from **Friday, 22nd December, 2005 to Thursday, 29th December, 2005** (both days inclusive).
5. The dividend, declared, if any, will be payable on or after **4th January, 2006** to those members whose names appear as beneficial owner at the close of business hours on 21st December, 2005 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 29th December, 2005 for shares held in physical form.
6. 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.
7. 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, 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 set up by the Central Government.

Accordingly all unclaimed/unpaid dividend for the financial year 1996-97 have been transferred to the "Investor Education and Protection Fund".

Dividend unpaid or unclaimed for the financial year 1997-98 may be claimed by the shareholders on or before October, 2005. Thereafter, such amount shall be transferred to the "Investor Education and Protection Fund". Kindly note that once the unclaimed or unpaid Dividend is transferred to "Investor Education and Protection Fund", no claim shall lie in respect thereof.

8. Pursuant to Section 109A of the Companies Act, 1956 shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nomination are requested to send their request in Form No. 2B to the Registrar and Transfer Agents, M/s. Karvy Computershare Pvt. Ltd., Hyderabad. Members holding shares in electronic mode are requested to consult/contact with their respective Depository Participant (DP) for availing nomination facility.
9. Members' proxies are requested to bring attendance slips duly completed for attending the meeting.
10. Members are requested to notify immediately change in their Address, Pin Code, if any, to the Company at its Registered Office by quoting their Folio numbers.
11. 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.
12. In compliance of SEBI Circular No. D&CC/FITT/CIR-15/2002 dated 27th December, 2002, your Company has appointed M/s. Karvy Computershare Pvt. Ltd., Hyderabad, as a common agency for works relating to share registry in terms of both physical and electronic at single point.
13. **APPOINTMENT/RE-APPOINTMENT OF DIRECTORS :**
Brief resume of the Directors seeking appointment/reappointment, nature of their expertise in specific functional area and name of other companies in which directorship held as required by Clause 49 of the Listing Agreement with the Stock Exchanges, are given in the Statement on Corporate Governance published in the Annual Report of the Company.

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ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT

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

Item No. 7 & 8 :

Dr. Subhash Awasthi and Dr. Mohd. Izhar were appointed as Additional Directors of the Company by the Board of Directors at its meeting held on 30.03.2005 and 30.06.2005 respectively. They hold such office upto the date of the ensuing Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 read with Article 112 of the Articles of Association of the Company. The Company has received two notices in writing alongwith deposit of Rs. 500/- each, pursuant to Section 257 of the Companies Act, 1956 from members of the Company proposing the candidature of Dr. Subhash Awasthi and Dr. Mohd. Izhar, for the office of Director of the Company liable to retire by rotation.

The Board of Directors recommends the resolutions, as set out in Item No. (s) 7 and 8 of the Notice, for shareholders approval.

None of the Directors, except Dr. Subhash Awasthi and Dr. Mohd. Izhar, is in any way either directly or indirectly concerned or interested in the resolution except as a shareholder generally.

Item No. 9 :

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 or not with the business of the Company. 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 cannot do such welfare work, beyond prescribed limit, without the approval of shareholders. The aggregate of such contribution during the year ending 31st March 2006 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 Directors of the Company is in any way concerned or interested in the resolution, except as trustee of those trusts, which receive charitable funds.

Item No. 10 & 11 :

The present term of office of Mr. Arshad Khan, Whole time Director, has expired on 30.09.2005 and that of Mr. Mohd. Imran, Whole time director, will expire on 19.11.2005. The board of directors at its meeting held on 1.10.2005 has, subject to the approval of the Shareholders of the company, re-appointed the said Whole time directors for a further period of 5 years from the expiry of their respective date terms.

Mr. Arshad Khan, whole time director of the Company, was appointed in terms of resolution passed by the Shareholders at the 16th Annual General Meeting on 28.09.2000 for a period of 5 years w.e.f. 01.10.2000.

Mr. Mohd. Imran was appointed as Whole time Director of the Company for a period of 5 years w.e.f. 20.11.2000 in terms of resolution duly approved by the Shareholders of the Company at the Extra-ordinary General Meeting on 20.11.2000.

The main terms and conditions of re-appointment of **Mr. Arshad Khan**, whole time director of the Company are as under :

SALARY :

Rs. 12,000/- per month with such annual increment as may be decided by the Board subject to maximum of salary of Rs. 15,000/- per month.

PERQUISITES :

The Whole time director shall be entitled to the following perquisites :

1. The expenditure incurred by the company on hiring unfurnished accommodation for him will be subject to a maximum ceiling of 50% of the Salary, over and above 10% payable by him.
2. He shall be entitled to earned leave/Privilege leave on full pay and allowance as per rules of the company, but not more than forty five days leave for each completed year of services. Bonus as per the rules of the company will also be available to him.
3. Company's contribution to Provident Fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent, these either singly or put together, are not taxable under the Income Tax Act, 1961. Gratuity payable shall not exceed half a month's salary for each completed year of service.

4. The Company will provide a car and telephone at his residence. However, provision of car for the purpose of Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company.

Perquisites will be restricted to an amount equal to annual salary or Rs. 1,00,000/- per annum whichever is less. The perquisites shall be evaluated, for the purpose of above ceiling, as per Income Tax Rules, 1962.

The main terms and conditions of re-appointment of Mr. Mohd. Imran, whole time director of the Company are as under :

SALARY :

Rs. 11,010/- per month with such annual increment as may be decided by the Board subject to maximum of salary of Rs. 15,000/- per month.

PERQUISITES :

The Whole time director shall be entitled to the following perquisites :

1. He shall be entitled to earned leave/Privilege leave on full pay and allowance as per rules of the company, but not more than forty five days leave for each completed year of services. Bonus as per the rules of the company will be available to him.
2. Company's contribution to Provident Fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent, these either singly or put together, are not taxable under the Income Tax Act, 1961. Gratuity shall not exceed half a month's salary for each completed year of service.
3. The Company will provide a car to him. The use of car for the purpose of Company's business will not be considered as perquisites. Use of car for private purpose shall be billed by the Company.

The perquisites will be restricted to an amount equal to annual salary or Rs. 50,000/- per annum whichever is less. The perquisites shall be evaluated, for the purpose of above ceiling, as per Income Tax Rules, 1962.

The terms and conditions of appointed of aforesaid Whole time Directors may be varied, altered or modified by the Board from time to time within the maximum permissible limit laid down in Schedule XIII read with other applicable provisions of the Companies Act, 1956 or any amendments made hereinafter in this regard.

Where in any financial year during the currency of the tenure of the Whole time Directors the Company has no profits or its profits are inadequate, the Company will pay remuneration to Whole time Directors by way of salary and perquisites as specified above as minimum remuneration, subject to compliance of the provisions of the Companies Act, 1956 read with Schedule XIII thereto including any statutory modification or re-enactment thereof for the time being in force.

The Board of Directors recommends the resolution set out in Item no(s). 10 and 11 of the Notice, for approval of the Shareholders.

This may also be treated as an abstract of terms of re-appointment of Mr. Arshad Khan and Mr. Mohd. Imran under the provisions of Section 302 of the Companies Act, 1956.

Except Mr. Arshad Khan and Mr. Mohd. Imran, none of directors of the Company is in any way either directly or indirectly concerned or interested in the resolution except as a shareholder in general.

By order of the Board of Directors
for **SUPER TANNERY LIMITED**

GYANENDRA SINGH
Company Secretary

Place : Kanpur
Date : 01.10. 2005

SUPER TANNERY LIMITED**DIRECTORS' REPORT**

Dear Shareholder,

The Directors of your Company have pleasure in presenting the **21st Annual Report** on the business and operations of the Company together with Audited Financial Statements for the year ended **31st March 2005**:

		(Rs. in lacs)	
	Year ended 31.03.2005		Year ended 31.03.2004
PROFITABILITY :			
Profit before Interest and Depreciation	655.61		454.14
Less : Interest	200.71	148.77	
Depreciation	153.02	115.60	264.37
Profit before tax	301.88		189.77
Less : Provision for tax – Current	40.00	40.00	
– Deferred	62.36	(1.82)	38.18
Profit after tax	199.52		151.59
Add : Profit brought forward from previous year	86.80		86.80
Income Tax relating to earlier years	(3.07)		(12.99)
Profit available for appropriation	283.25		227.40
APPROPRIATIONS :			
(a) Transfer to General Reserve	150.00		100.00
(b) Proposed Dividend	35.99		35.99
(c) Provision for tax on Proposed Dividend	5.05		4.61
(d) Balance carried over to next year	92.21		86.80
	283.25		227.40

DIVIDEND :

The Directors recommend dividend at the rate of 10% for the year ended 31st March 2005 for approval of the Shareholders at the ensuing Annual General Meeting. The dividend pay out for the year under review has been formulated in accordance with the Company's policy of striving to pay stable dividend linked to long term performance, keeping in view the Company's need for capital, its growth plan and the intent to finance such plans through the internal accruals to the maximum. Your directors believe that this would increase shareholders value and eventually lead to a higher return.

OPERATIONAL REVIEW :

During the year under review, the income from operation stood at Rs. 9803.98 Lacs as against Rs. 10064.03 during the last financial year, showing a negative growth of 2.58%. Despite this, the company recorded an impressive growth of 31.48% in its Net Profit after tax and it stood at Rs. 199.52 Lacs as compared to Rs. 151.59 Lacs during the last financial year. Depreciation was at Rs. 153.02 Lacs as against Rs. 115.60 Lacs for the previous year. The higher charge was on account of the Capital Expenditure.

In the era of increasing globalization and modernization, the competition continued further, due to which there is marginal decrease in the income from operation. However, the cost reduction has contributed to the growth in the Net Profit. The performance in international market has contributed better as compared to earlier years. The International business accounted for 66.82% of the total sales of the company during the year as against 64.10% during the last financial year.

EXPANSION AND MODERNISATION :

During the year, the production at Safety Shoe Division (Automatic PU Injection Moulding Shoe Plant) of the company at Leather Technology Park, Banthar, Unnao (U.P.), has commenced. It has resulted an increase in installed capacity of 250000 pairs of leather safety shoe per annum. The unit is fully operational and is expected to generate much revenue for the company from the financial year 2005-06. Capital Expenditure during the year was Rs. 355.53 Lacs.

SUBSIDIARY COMPANY :

As required under Section 212 of the Companies Act, 1956, Annual Report of Super Shoes Limited and Super Tannery (U.K.) Limited for the year ended 31st March 2005, are annexed herewith.

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 organization.

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.

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 Calcutta, Kanpur and Mumbai Stock Exchanges. The Company has also paid the Annual Listing Fee for the year 2004-2005 to these Stock Exchanges.

DELISTING OF EQUITY SHARES :

Consequent to the Special Resolution passed by the shareholders at the 19th Annual General Meeting of the company for the delisting of its equity share from the Stock Exchanges at Delhi, Calcutta and Madras, the Equity Shares of the Company has been delisted from the Madras Stock Exchange w.e.f. August 23, 2004 and from the Delhi Stock Exchange w.e.f. December 11, 2004. The company's application to Calcutta Stock Exchange for delisting is awaiting confirmation.

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, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO :

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 :

In terms of Article 125 of the Articles of Association of the Company, Mr. Mohsin Shareef, Mr. Arshad Khan and Mr. Mohd. Imran will retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Pursuant to the provisions of Section 260 of the Companies Act, 1956, Dr. Subhash Awasthi was appointed as Additional Director on the Board w.e.f. 30.03.2005. Dr. Subhash Awasthi, who will hold office upto the date of AGM, shall be regularized. Dr. Mohd. Izhar was appointed Additional Director on the board of directors w.e.f. 30.06.2005. Dr. Mohd. Izhar, who will hold office upto the date of Annual General Meeting, shall be regularized. Brief resume of the above Directors, nature of their expertise in specific functional areas and names of companies in which they hold the directorship and the membership/chairmanship of committees of the Board, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are given in the Section of Corporate Governance in Annexure to this report. Mr. Zia-Ul Haq and Mr. S.K.Sil, both Non Executive Directors have resigned w.e.f. 30.03.2005 and 30.06.2005 respectively. The board of directors places on record its deep appreciation for the contributions made by Mr. S.K.Sil and Mr. Zia-Ul Haq from time to time.

REPORT ON CORPORATE GOVERNANCE :

Pursuant to Clause 49 of the Listing Agreement, a report on Corporate Governance is given in Annexure II to this report.

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 2005, the applicable accounting standards had been followed alongwith 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 that period;
- (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 2005 on a 'going concern' basis.

CONSOLIDATED FINANCIAL STATEMENTS :

In accordance with Accounting Standard AS-21 on Consolidated Financial Statements, your Directors have pleasure in attaching the Consolidated Financial Statements which form part of Annual Reports and Accounts.

AUDITORS :

M/s. Kapoor Tandon and Company, Chartered Accountants, Kanpur, hold office upto the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Their re-appointment for the financing year 2005-06, if made will be within the limits prescribed in Section 224(1-B) of the Companies Act, 1956. The Board of directors recommend their re-appointment.

AUDITORS' REPORT :

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

ACKNOWLEDGEMENT :

Your Directors would like to express their gratitude and appreciation for the continued 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 Officers, Staff and Workers of the Company.

On behalf of the Board of Directors

Place : Kanpur

IFTIKHARUL AMIN

IQBAL AHSAN

Dated : 01.10.2005

Managing Director

Jt. Managing Director

SUPER TANNERY LIMITED**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 :

- (1) Energy conservation measures taken :

Upgradation of power generation and distribution systems for long term energy savings. Special emphasis has been laid on boiler and steam generation.

- (2) Additional investments and proposal, if any, being implemented for reduction of consumption of energy :

Introduction of energy saving devices and systems in process machines.

- (3) Impact of the measures at (1) & (2) above for the reduction of energy consumption and consequent impact on the cost of production of goods :

Energy conservation measures have helped in generation of required quantity of steam at a minimum cost which resulted in improving efficiencies and reduction in costs.

- (4) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto :

Not Applicable

(b) Technology Absorption : Research and Development (R & D) :

- (1) Specific area in which R & D carried out by the Company :

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

- (2) Benefits derived as a result of the above R & D :

(a) Cost reduction and better unit realization. (b) Better product acceptance.

- (3) Future plan of action :

To continue to invest in R & D for faster introduction of new process.

- (4) Expenditure on R & D :

	2004-2005 (Rs. in lacs)	2003-2004 (Rs. in lacs)
(a) Capital	—	—
(b) Recurring	8.18	11.98
(c) Total	8.18	11.98
(d) Total R&D Expenditure as % of turnover	0.08%	0.12%

Technology Absorption, Adoption and Innovation :

- (1) Efforts, in brief, made towards technology absorption, adoption and innovation :

The Company is using indigenous technology and is developing in house technology and is not dependent on any outside technology/source.

- (2) Benefits derived as a result of the above efforts :

Not Applicable

- (3) Incase of imported technology (Imported during the last 5 years reckoned from the beginning of the financial year) :

(a) Technology imported

(b) Year of import

(c) Has technology been fully absorbed?

(d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plan of action.

Not Applicable

(c) Foreign Exchange Earnings & Outgo :

- (1) Activities relating to exports, initiative taken to increase exports, development of new export markets or products and export plans :

On Export front, Company's performance is quite satisfactory and it is expected to be strong in the time to come.

- (2) Total foreign exchange earned & used :

	2004-2005 (Rs. in lacs)	2003-2004 (Rs. in lacs)
(a) Foreign exchange earned (FOB value of exports)	6,551.25	6,450.87
(b) Foreign exchange used	1,347.22	1,114.91

On behalf of the Board of Directors

Place : Kanpur
Dated : 01.10.2005

IFTIKHARUL AMIN
Managing Director

IQBAL AHSAN
Joint Managing Director