

SUPER TANNERY LIMITED



**TWENTY THIRD ANNUAL REPORT
2006-07**

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

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23rd Annual General Meeting to be held on
Saturday, the 22nd December, 2007 at
 the **Registered Office** of the Company
 at **8.00 a.m.**

SUPER TANNERY LIMITED**NOTICE**

NOTICE is hereby given that the 23rd Annual General Meeting of Super Tannery Limited will be held on Saturday, the 22nd December, 2007 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, 2007, 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 Dr. Subhash Awasthi, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Dr. Mohd. Izhar, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Dr. Nafees Ahmad, 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 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 2008."

8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special 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. Iftikharul Amin as Managing Director of the Company for a period of three years w.e.f. 01.11.2007 to 31.10.2010 on the terms and conditions mentioned in the explanatory statement annexed hereto.

RESOLVED further that the Board of Director be and is hereby authorized to revise the remuneration of Mr. Iftikharul Amin, 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 2008, the Company has no profits or its profits are inadequate, the Company may pay to Mr. Iftikharul Amin, Managing 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.

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution.

"RESOLVED THAT" pursuant to the provisions of Sections 198, 269, 309, 310 and 311 of the Companies Act, 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. Iqbal Ahsan as Joint Managing Director of the Company for a period of three years w.e.f. 01.11.2007 to 31.10.2010 on the terms and conditions mentioned in the explanatory statement annexed hereto.

RESOLVED further that the Board of Director be and is hereby authorized to revise the remuneration of Mr. Iqbal Ahsan, 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 2008, the Company has no profits or its profits are inadequate, the Company may pay to Mr. Iqbal Ahsan, Joint Managing 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."

10. To consider and if thought fit, to pass with or without modifications), the following resolution as a Special 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. Veqarul Amin as Joint Managing Director of the Company for a period of Three years w.e.f. 01.11.2007 to 31.10.2010 on the terms and conditions mentioned in the explanatory statement annexed hereto.
- "RESOLVED THAT further that the Board of Director be and is hereby authorized to revise the remuneration of Mr. Veqarul Amin, 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 2008, the Company has no profits or its profits are inadequate, the Company may pay to Mr. Veqarul Amin, Joint Managing Director remuneration by way of salary, perquisites and other allowances not exceeding the ceiling limits 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."
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 Section 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. Imran Siddiqui as a Whole time Director of the Company for a period of five years w.e.f. 30.08.2007 to 29.08.2012 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. Imran Siddiqui, 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, 2008, the Company has no profits or its profits are inadequate, the Company may pay to Mr. Imran Siddiqui, 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."
12. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution.
- "RESOLVED THAT pursuant to the provisions of Section 17 and all other applicable provisions, if any, of the Companies Act, 1956, the Memorandum of Association of the Company be and is hereby altered by substitution of existing sub-clause 41 of Clause III (B) with the following sub-clause under Objects Incidental or Ancillary to the attainment of the Main objects :
41. Subject to the provisions of Section 391 and 394 of the Companies Act, 1956 to enter into Scheme of Arrangement with any other company having objects altogether or in part similar to those of this Company for the purpose of Amalgamation and/or Demerger."
- RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and actions and give such directions as may be required in its absolute discretion deem necessary and to settle any question that may arise in this regard.
13. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution.
- "RESOLVED THAT in accordance with the applicable provisions of the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Listing Agreement without Stock Exchanges and the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003, or any amendment or modification thereof, and subject to such other approvals, permissions and sanctions as may be necessary, and such conditions and modifications as may be agreed to by the Board, consent be and is hereby accorded to delist the Equity Shares of the Company from the Uttar Pradesh Stock Exchange."
- "RESOLVED FURTHER THAT authority be and is hereby accorded to the Board or any Committee/Person(s) authorised by the Board, to settle all questions, difficulties or doubts that may arise in this regard to do all such acts, deeds and things as may be necessary, expedient and desirable, for the purpose of giving effect to this Resolution."

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

Place : Kanpur
Date : 31.10.2007

GYANENDRA SINGH
Company Secretary

SUPER TANNERY LIMITED

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. **In respect of the Item No. 12 of the Notice, the consent of the Members of the Company is required through postal ballot, pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001.**
5. The Board of Directors at its meeting held on 31.10.2007 has appointed Shri K.N. Shridhar, Company Secretary, as the Scrutinizer to receive and scrutinize the completed Ballot Papers from the Members. The Postal Ballot Form and the self addressed business reply envelop are enclosed for use of the Members.
6. You are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed with the assent (for) or dissent (against), in the attached pre-paid envelop, so as to reach the Scrutinizer on or before 21.12.2007 to be eligible for being considered, failing which, it will be strictly treated as no reply has been received from the Member. The Scrutinizer will submit his report to the Chairman of the Company after completion of the scrutiny and the results of postal ballot will be announced on 22.12.2007, at the Registered Office of the Company at 187/170, Jajmau Road, Jajmau, KANPUR-208 010.
7. The Register of Members and Share Transfer Books of the Company shall remain closed from **12th December 2007 to 21st December 2007** (both days inclusive).
8. The dividend, declared, if any, will be payable on or after **27th December, 2007** to those members whose names appear as beneficial owner at the close of business hours on 11th December, 2007 as per the list furnished by the Depositories in respect of shares hold in electronic form and as Members in the Register of Members of the Company as on 21st December, 2007 for shares held in physical form.
9. Members are requested to intimate 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.
10. 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 1997-98 have been transferred to the "Investor Education and Protection Fund".

Dividend unpaid or unclaimed for the financial year 1998-99 may be claimed by the shareholders on or before 30th November, 2007. 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.

11. 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.
12. Members' proxies are requested to bring attendance slips duly completed for attending the meeting.
13. 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.
14. 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.
15. 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.
16. **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.



**ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT**

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

ITEM No (s) . 7 :

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 2008 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 (s). 8, 9 & 10 :

Mr. Iftikharul Amin was appointed as Managing Director in terms of resolution passed by the Board of Directors at its meeting held on 31.01.2004 and approved by the shareholders of the company at the Annual General meeting on 30th September 2004 for a period of 5 years w.e.f. 31.03.2004.

Mr. Iqbal Ahsan and Mr. Veqarul Amin were appointed as Joint Managing Directors in terms of resolution passed by the shareholders of the company on 30th September 2004 for a period of 5 years w.e.f. 31.03.2004.

During last three years the company has witnessed impressive growth. The Board recognizes the significant and invaluable contribution made by the Managing Director and the Joint Managing Directors in the present operation and growth of the Company. Keeping in view the present remuneration of Managing Director and Joint Managing Directors vis-a-vis current industry norms, the Board of Directors at its meeting held on 31.10.2007 re-appointed Mr. Iftikharul Amin as Managing Director of the company for a period of 3 years w.e.f. 01.11.2007 on fresh terms and conditions as mentioned hereunder.

The main terms and conditions of re-appointment of Mr. Iftikharul Amin, Managing Director, Mr. Iqbal Ahsan and Mr. Veqarul Amin, both Joint Managing Directors of the Company are as under.

SUPER TANNERY LIMITED

SALARY :

Rs. 50,000/- per month with such annual increment as may be decided by the Board subject to maximum of salary of Rs. 150,000/- per month.

COMMISSION :

1% of the net profit of the Company for each financial year computed in a manner laid down in Section 309 (5) of the Companies Act, 1956 or 50% of annual salary, subject to maximum Rs. 600,000/-.

PERQUISITES :

The Managing Director/Joint Managing Directors shall be entitled to the following perquisites :

1. Unfurnished accommodation, gas, electricity, water, furnishing, leave travel concession for self and family, medical reimbursement, club fee, medical and personal insurance in accordance with the rules of the Company.
The aforesaid perquisites will be restricted to Rs. 500,000/- per annum. The perquisites shall be evaluated, for the purpose of the above ceiling, as per Income Tax Rules, 1962.
2. Company's contribution to provident fund, superannuation fund or annuity fund will be restricted to the tax exemption limit and gratuity shall be payable as per the rules of the Company. These shall not be included in the computation of perquisites.
3. The Company will provide a car and telephone at his residence. However, provisions of car for the purpose of Company's business and telephone at residence will not be considered as perquisites.

The terms and conditions of appointment of the Managing Director/Joint Managing Directors of the Company 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 amendment made herein after in this regard.

Wherein any financial year during the currency of the tenure of the Managing Director/Joint Managing Directors, the Company has no profits or its profits are inadequate, the Company will pay remuneration to them 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 Special resolutions set out in Item no(s) 8,9 and 10 of the Notice for approval of the Shareholders.

This may also be treated as an abstract of terms of re-appointment of Mr. Iftikharul Amin, Mr. Iqbal Ahsan, Mr. Veqarul Amin under the provisions of Section 302 of the Companies Act, 1956.

Mr. Iftikharul Amin, Mr. Iqbal Ahsan and Mr. Veqarul Amin, the Directors seeking re-appointment and being relatives are interested in the resolutions.

Brief particulars of the Managing Director and Joint Managing Directors are being given in the Report on Corporate Governance attached to Director's Report.

ITEM No. 11 :

Mr. Imran Siddiqui, Whole Time Director of the Company, was appointed in terms of resolution passed by the Shareholders at the Extra-ordinary General Meeting held on 28.09.2000 for a period of 5 years w.e.f. 30.08.2002.

The Board of Directors at its meeting held on 25.08.2007 has, subject to the approval of the Shareholders of the company, re-appointed the said Whole time director for a further period of 5 years w.e.f. 30.08.2007.

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

SALARY :

Rs. 15,000/- per month with such annual increment as may be decided by the Board subject to maximum of salary of Rs. 20,000/- 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 leaves for each completed year of services. Bonus as per the rules of the company will also 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 payable shall not exceed half a month's salary for each completed year of service.
3. The Company will provide a car and telephone at his residence. However, provisions 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 of Rs. 50,000/- per annum which ever 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 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 alary and perquisites as specified above as miniumum 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 resolutions set out in Item no(s) 11 of the Notice, for approval of the Shareholders.

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

Except Mr. Imran Siddiqui, 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.

Breif particulars of Mr. Imran Siddiqui are being given in the Report on Corporate Governance attached with Director's Report.

ITEM No. 12 :

The Board of Directors of the company is in the rocess of considering the corporate restructuring including the demerger of one of the unit of the company. The existing Memorandum of Association of the company does not provide the power for the demerger of the company. Keeping in view the proposed restructuring the Board of directors of the Company at its meeting on 6.11.2006 has accorded its consent for the alteration of the Objects Incidental or Ancillart to the attainment of the Main Object in the Memorandum of Association of the Company.

The Directors recommend the Special resolution for approval of the share holders by way of postal ballots pursuant to the Section 192A of the Companies Act, 1956.

None of the Directors of the Company is in any way concerned or interested in the resolution.

ITEM No. 13 :

The Equaty Shares of your company are presently listed on following Stock Exchanges :

1. The Stock Exchange, Mumbai.
2. The UP Stock Exchange Association Ltd.
3. The Calcutta Stock Exchange Association Ltd.

Pursuant to Special Resolution passed by the Shareholders of the Company at 19th Annual General Meeting of the Company, application of the company for delisting of the Share of the Company is pendind with Calcutta Stock Exchange.

The Trading volume of Company's Share other than the stock exchange, Mumbai (BSE) is either nil or insignificant. With the extensive networking of the Stock Exchange, Mumbai (BSE) and extension of terminals to other cities as well, investors have access to on line dealings in equity share of the Company across the country.

It is also observed that continued listing of Equity Share other than The Stock Exchange, Mumbai (BSE) neither serves the interest of members nor the Company, as Company is liable to pay listing fee which is relatively higher than the extremely low trading volume of the Company's Securities on those Stock Exchanges.

The company has proposed the resolution to be passed by Special Resolution, which will enable it to delist its equity share at any time in future from the U.P. Stock Exchange Association Ltd. Kanpur

The Directors of your Company, has recommended for the approval of the members, at the meeting duly held on 31st October 2007.

None of the Directors of the Company is any way concerned or interested in this Special Resolution.

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

Place: Kanpur
Date : 31.10. 2007

GYANENDRA SINGH
Company Secretary

SUPER TANNERY LIMITED**DIRECTORS' REPORT**

Dear Shareholder,

The Directors of your Company have pleasure in presenting the **23rd Annual Report** on the business and operations of the Company together with Audited Financial Statements for the year ended **31st March 2007**:

		(Rs. in lacs)	
	Year ended		Year ended
	31.03.2007		31.03.2006
PROFITABILITY :			
Profit before Interest, Depreciation and Bad Debts	952.99		678.13
Less : Interest	414.50	287.65	
Depreciation	207.58	186.22	473.87
Profit before tax	330.91		204.26
Less : Provision for tax			
Current	75.00	25.00	
Deferred	11.60	89.69	114.69
Profit after tax	244.31		89.57
Add : Profit brought forward from previous year	85.40	92.21	
Income Tax relating to earlier years	(32.34)	(5.33)	86.87
Profit available for appropriation	297.37		176.44
APPROPRIATIONS :			
(a) Transfer to General Reserve	150.00		50.00
(b) Proposed Dividend	35.99		35.99
(c) Provision for tax on Proposed Dividend	6.12		5.05
(d) Balance carried over to next year	105.26		85.40
	297.37		176.44

DIVIDEND :

The Directors recommend dividend at the rate of 10% for the year ended 31st March 2007 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. 20,601.21 Lacs as against Rs. 12,819.83 during the last financial year, showing an impressive growth of 60.70%. The company recorded a Net Profit before Tax of Rs. 330.91 as compared to Rs. 204.26 Lacs during the last financial year registering a growth in the net profit by 62.00%. Interest stood at Rs. 414.50 lacs as against Rs. 287.65 Lacs for the previous year. Depreciation amounts to Rs. 207.58 lacs during the period under consideration while it was Rs. 186.22 during the last Financial Year.

SUBSIDIARY COMPANY :

Super Safetywears Limited, a subsidiary company, was incorporated during the year. Pursuant to the exemption granted under Section 212 (8) of the Companies Act, 1956, by the Government of India, Ministry of Corporate Affairs, vide order no. 47/256/2007-CL-III dated 30.05.2007, the Balance Sheet as on 31st March 2007, in respect of the subsidiaries of the Company have not been attached to the Balance Sheet of the Company. However, the requisite information for each subsidiary has been disclosed. The Annual Accounts of the subsidiary companies and related detailed information will be made available to the holding and subsidiary Company investors seeking such information. The Annual Accounts of the subsidiary companies will be kept for inspection by any investor in the head office of the Company and the subsidiary concerned.

CORPORATE RESTRUCTURING :

The Board of Directors of the Company at its meeting held on 6th November 2006 has accorded in principle approval for the demerger of one of the unit of the company.

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 2006-2007 to Kanpur and Mumbai Stock Exchanges. The Board recommends delisting of shares of the company from U.P. Stock Exchange.

DELISTING OF EQUITY SHARES :

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 in 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, Dr. Subhash Awasthi, Dr. Mohd. Izhar and Dr. Nafis Ahmed will retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. 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 II to this report.

REPORT ON CORPORATE GOVERNANCE :

Pursuant to Clause 49 of the Listing Agreement, a report on Corporate Governance is given in Annexure 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 2007, 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 2006 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 will hold office upto the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Their re-appointment if made for the financial year 2007-2008, will be within the statutory 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 inflicting support and co-operation received from State Bank of India, Government Authorised, Shareholders and the Customers.

Your Directors wish to place on record their 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
Dated: 31.10.2007

IFTIKHARUL AMIN
Managing Director

IQBAL AHSAN
Jt. Managing Director

VEQARUL AMIN
Jt. Managing Director