

SUPER TANNERY LIMITED

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**TWENTY FIFTH ANNUAL REPORT
2008-09**

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*
 Nafees Ahmad
 Mohsin Sharif
 Kumud Behari Seth
 Dr. Subhash Awasthi
 Dr. Mohd. Izhar
 P. K. Sinha

G. M. (FINANCE) & CFO
 R. S. Singh

COMPANY SECRETARY
 R. K. AWASTHI

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) 3935747, 3935748, 3935749
 FAX : 0512-2460792
 E-Mail : supertannery@satyam.net.in
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25th Annual General Meeting to be held on
Wednesday, the 30th September, 2009 at
 the **Registered Office** of the Company
 at **8.00 a.m.**

For SUPER TANNERY LIMITED



R. K. AWASTHI
 COMPANY SECRETARY

SUPER TANNERY LIMITED**NOTICE**

NOTICE is hereby given that the 25th Annual General Meeting of Super Tannery Limited will be held on Wednesday, the 30th September, 2009 at 8.00 a.m. at 187/170, Jajmau Road, Kanpur - 208 010, the Regd. Office of the Company, 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 on 31st March, 2009, the Balance Sheet as on that date and Report of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Imran Siddiqui, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Kumud Behari Seth, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Nafees Ahmad, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and 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 pursuant to the provisions of Sections 16 and 94 of the Companies Act, 1956, and other applicable provisions, if any, of the said Act, the Authorised Share, Capital of the Company be increased from Rs. 10,00,00,000/- (Rupees Ten Crores) divided into 5,00,00,000 (Five Crores) Equity Shares of Rs. 2/- [Rupees Two] each to Rs. 11,00,00,000/- (Rupees eleven Crores) divided into 5,50,00,000 (five Crores fifty lacs) Equity Shares of Rs. 2/- [Rupees Two] each and Clause V of the Memorandum of Association of the Company be altered/amended accordingly."
7. 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 31 of the Companies Act, 1956, and other applicable provisions, if any, of the said Act, Article No. 3 of the Articles of Association of the Company be and is hereby substituted by the following Article :

The Authorised Share Capital of the Company is Rs. 11,00,00,000/- (Rupees eleven Crores) divided into 5,50,00,000 (five Crores fifty lacs) Equity Shares of Rs. 2/- (Rupees Two) each."
8. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT in supersedure of Resolution No. 5 passed at the Extra Ordinary General Meeting of the Company held on 2nd May, 1995 and pursuant to the provisions of Section 293(1) (d) of the Companies Act, 1956, and other applicable provisions, if any, of the said Act, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time all such sums of moneys as they deem requisite for the purpose of business of the Company, notwithstanding that moneys to be borrowed together with moneys already borrowed by the Company (apart from the loans obtained from the Company's Bankers in the ordinary course of business) will exceed the aggregate of the paid-up Capital of the Company and its free reserves, that is to say, reserves not to set any specific purpose, provided however, that the total amount up to which moneys may be borrowed by the Board of Directors shall not exceed the aggregate of the Paid-up Capital and free reserves of the Company by more than the sum of Rs. 80,00,00,000/- (Rupees Eighty Crores) at any time."
9. To consider and, if thought fit, to pass with or without modifications, 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 up to the extent of Rs. 25.00 lacs (Rupees twenty five lacs only) during the financial year ending 31st March, 2010."
10. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.

"RESOLVED that pursuant to the applicable provisions of the Companies Act, 1956 and Articles of Association of the

Company and such other approvals, permissions and sanctions as may be necessary and subject to such terms conditions, alterations, modifications, changes and variations as may be specified while according such approvals which the Board of Directors of the Company be and is hereby authorized to accept, if it thinks fit, the Company be and is hereby authorised to capitalise upto Rs. 3,59,91,120 out of 'Reserves and Surplus' and transferred to Share Capital Account towards issue and allotment of equity shares not exceeding 1,79,95,560 equity shares of Rs. 2/- each, as bonus shares credited as fully paid up, to the members of company holding equity shares of Rs. 2/- each whose names stand in the register of members of the company on such date (date of closure of transfer books) as the directors may determine, in that behalf in the proportion of one new fully paid-up equity shares of Rs. 2/- each for every two Equity Shares of Rs. 2/- each held as on the date of closure of transfer books and that the bonus shares so issued and allotted be treated for all purposes as an increase of the nominal amount of the Equity Shares Capital of the Company held by each such member/person and not as income and that the said Equity Shares be issued and allotted, inter-alia, on the following terms and conditions.

- a. The new Equity Shares of Rs. 2/- each to be issued and allotted as Bonus Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects and carry the same rights as the then existing Equity Shares of the company, notwithstanding the date or dates of allotment thereof, including entitlement to payment of dividend, if declared, for the financial year in which the same are allotted.
- b. No letters of Allotment shall be issued for the Bonus Shares and the Share Certificates in respect thereof shall be delivered within 3 months from the date of allotment.
- c. The issue and allotment of fully paid-up new Equity Shares as Bonus Shares to the extent that they relate to non-residents shall be subject to approval of the Reserve Bank of India under the Foreign Exchange Management Act, 1999 (including any statutory modification(s) or re-enactment thereof for the time being in force).

RESOLVED FURTHER that the Board be and is hereby authorized to do all such acts, deeds, matters and things as may in its sole and absolute discretion, deem necessary expedient, usual or proper and to settle any question, doubt or difficulty that may arise with regard to the issue and allotment of Bonus Shares as aforesaid or any other matter incidental or consequential thereto."

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By order of the Board of Directors

R. K. Awasthi

Company Secretary

Date : 04.08.2009

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 A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Corporate Members intending to send their Authorised Representative to attend the 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. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Businesses is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from 20th September to 30th September 2009 (both days inclusive).
5. Members holding shares in identical order of names in more than one folio are requested to write to the Company, enclosing the Shares Certificate for consolidation of their holding into one folio.
6. Members holding Shares in physical form may write to the RTA for change in their address, if any, under their signature clearly quoting their folio numbers, old address along with the changed address with Pin Code, and Members holding Shares in electronic form may inform any change in address to their Depository Participants.

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7. Members holding Shares in electronic form are requested to provide their Client-ID and DP-ID numbers at the meeting for easy identification.
8. Members desirous of obtaining any information/clarification concerning the Accounts and Operation of the Company are requested to address their queries in writing to the Company Secretary at least seven days before the annual General Meeting, so that the desired information may be made available at the Annual General Meeting, if the Chairman permits to do so.
9. The Shares of the Company are compulsorily tradable in demat form. The equity Shares of the Company have been assigned ISIN INE460D01020. Members are requested to get their Shares dematerialized at the earliest to make them tradable.
10. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends up to the financial year ended 31st March 1995 have transferred to the General Revenue Account of the Central Government. Those members who have so far not claimed their dividends up to the said periods may claim the same by submitting an application in prescribed Form to the Registrar of Companies, Kanpur.

Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C by the companies (Amednment) Act, 1999, the amount of dividend/debenture/fixed deposit remaining unclaimed for a period of seven years is required to be transferred to investor Education and Protection Fund set up by the Central Government.

Accordingly all unclaimed/unpaid dividend upto the financial year 2000-2001 have been transferred to the "Investor Education and Protection Fund".

Dividend unpaid or unclaimed for the Financial Year 2001-02 may be claimed by the shareholders on or before 14th December 2009. 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 with the company in respect thereof.

11. Pursuant to Section 109A of the Companies Act, 1956 shareholder are entitled to make nomination in respect of share held by them in physical form. Shareholders desirous of making nomination are requested to send their request Form No. 2B to the Registrar and Transfer Agents, M/s. Karvy Computer Share 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 are requested to notify immediately change in their address, PIN code, if any, to company at its registered office by quoting their folio number.
13. Members' proxies are requested to bring attendance slip duly completed for attending the meeting.
14. Brief Resume of the Directors seeking appointment/re-appointment, nature of their expertise in specified field and name of the other companies in which Directorship held as required by Clause 49 of the listing agreement with stock exchanges, are given in the statement on corporate governance published in the Annual Report of the company.

EXPLANATORY STATEMENT

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

ITEM No. 6 & 7 :

The Authorised Share Capital of the Company, at present, is Rs. 10,00,00,000/- (Rupees Ten Crores) divided into 5,00,00,000 [Five Crores] Equity Shares of Rs. 2/- [Rupees Two] each. With the growing expansion of the Company's business it is desirable to increase the Authorised Share Capital of the Company, so as to co-relate with the magnitude of its resources and size of its undertakings, it has, therefore, been proposed to increase the Authorised Share Capital from Rs. 10,00,00,000 (Rupees Ten Crores) divided into 5,00,00,000 [Five Crores] Equity Shares of Rs. 2/- [Rupees Two] each to Rs. 11,00,00,000/- (Rupees eleven Crores) divided into 5,50,00,000 [five Crores fifty lacs] Equity Shares of Rs. 2/- [Rupees Two] each by creation of additional 50,00,000 [fifty lacs] Equity Shares of Rs. 2/- [Rupees Two] each. Consequent upon the increase in Authorised Share Capital, Clause V of Memorandum of Association and Article No. 3 of the Articles of Association of the Company will require alteration so as to reflect the increase in the Share Capital Your Board of Directors, therefore, recommend the resolution under Item No. 6 & 7 for your approval.

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

ITEM No. 8 :

According to provisions of Section 293(1) (d) of the Companies Act, 1956, the Board of Directors of a Company cannot, except with the consent of the Company in general meeting, borrow moneys apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, in excess of the aggregate of its paid-up capital and free reserves.

At the Extra Ordinary General Meeting held on 2nd May, 1995, the Company had accorded its consent in pursuance of aforesaid Section to the Directors to borrow money upto a limit of Rs. 50 Crores. Taking into account the further requirements of additional finance for the expansion and diversification programme undertaken by the Company, your Board of Directors consider it necessary and recommend the resolution under Item No. 8 for your approval.

None of the Directors of the Company is in any way either, directly or indirectly concerned or interested in the resolution.

ITEM No. 9 :

It has been 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 institution 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 society. Sometimes contribution so made exceed the limit prescribed by the section 293(1)(e) of the Companies Act, 1956. The Board can not do such welfare work, beyond prescribed limit, without the approval of the members. The aggregate of such contribution during the year ending 31.03.2010 is likely to exceed the limit as prescribed by the Act. Therefore, your premission is requested.

The Directors recommend the resolution for approval of members.

None of the Director of the Company in any way whether, directly or indirectly, except as trustee of trust which receive the fund, is interested or concerned in this resolution.

ITEM No. 10 :

In the year 1993, the general public and other corporate investors subscribed the equity shares of Rs. 10/- each at a premium of Rs. 55/- per share. The company since then is continuously paying dividend to its valued shareholders. Besides, the company has already rewarded the valued shareholders by allotting bonus equity shares in the ratio of 1:1 at the record date fixed on 8th December 2008. However, owing to current bearish market situation and in order to create more confidence amongst shareholders and increase more liquidity in the market, the company has decided to again reward the valued shareholders.

Your Directors have, therefore, proposed that a sum not exceeding Rs. 3,59,91,120 be drawn from the 'Reserve and Surplus' of the Company and capitalized and transferred to Share Capital Account towards issue and allotment of Equity Shares not exceeding 1,79,95,560 Equity Shares of Rs. 2/- each as Bonus, Shares as on the Record Date to be specified in this behalf. The Bonus Shares will be issued in the proportion of **ONE** new Equity Share(s) for every **TWO** Equity Share held on the record date, on which transfer books are closed. The said Bonus Shares shall rank pari-passu with the existing Equity Shares of the company already listed.

The issue of Bonus Shares to those members who are non-resident will require the permission of the Reserve Bank of India under the Foreign Exchange Management Act, 1999. Necessary application will be submitted by the Company to the Reserve Bank of India in due course.

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The Board recommends the Resolution for approval of the shareholders.

None of the Directors of the Company in any way whether, directly or indirectly, except as a shareholder, are interested in this resolution.

By order of the Board of Directors

Place: Kanpur
Date : 04.08. 2009

R. K. Awasthi
Company Secretary

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DIRECTORS' REPORT

Dear Shareholders,

The Directors of your Company have pleasure in presenting the 25th Annual Report on the business and operations of the Company together with Audited Financial Statements for the year ended 31st March 2009:

| | (Rs. in lacs) | |
|---|--------------------------|--------------------------|
| | Year ended 31.03.2009 | Year ended 31.03.2008 |
| FINANCIAL RESULTS: | | |
| PROFITS | | |
| Profit before Interest, Depreciation & extra-ordinary items | 1661.18 | 1445.89 |
| Less : Interest | 604.03 | 559.76 |
| Bad Debts written off | 51.49 | 227.84 |
| Depreciation | <u>282.53</u> | <u>238.59</u> |
| Profit before tax | <u>723.13</u> | <u>1,026.19</u> |
| Less : Provision for tax | | 419.70 |
| Current | 110.00 | 98.00 |
| Deferred | <u>98.45</u> | <u>38.21</u> |
| Profit after tax | <u>208.45</u> | <u>136.21</u> |
| Add : Profit brought forward from previous year | 514.68 | 283.49 |
| Income Tax relating to earlier years | 17.26 | 105.26 |
| | <u>(19.17)</u> | <u>(29.39)</u> |
| Profit available for appropriation | <u>512.77</u> | <u>359.36</u> |
| APPROPRIATIONS | | |
| (a) Transfer to General Reserve | 500.00 | 300.00 |
| (b) Proposed Dividend | 0.00 | 35.99 |
| (c) Provision for tax on Proposed Dividend | 0.00 | 6.12 |
| (d) Balance carried over to next year | 12.77 | 17.25 |
| | <u>512.77</u> | <u>359.36</u> |

OPERATIONAL REVIEW :

During the year under review, the income from operation stood at Rs. 23,386.86 Lacs as against Rs. 23,154.37 lacs during the last financial year, showing very thin growth of 1%. The company recorded Gross Profit (profit before interest, depreciation and Bad debts written off) of Rs. 1,661.18 lacs as compared to Rs. 1,445.89 lacs during the last financial year registering a growth in the profit by 14.89%. The profit after tax stood at Rs. 514.68 lacs as against Rs. 283.49 lacs during the previous financial year registering a remarkable growth of 81.55%. The Interest stood at Rs. 604.03 lacs as against Rs. 559.76 lacs for the previous year. Depreciation amounts to Rs. 282.53 lacs during the period under consideration while it was Rs. 238.59 during the last Financial Year. Owing to non-recovery from the customers of the company, a sum of Rs. 51.49 lacs was offered as bad debts written off.

DIVIDEND :

In view of capital expenditure already incurred and proposed to be incurred in the coming years, to conserve the resources & utilize in better adventure and filling working capital gap, your directors do not recommend any dividend during the year under review.

BONUS :

In the year 1993, the general public and other corporate investors subscribed the equity shares of Rs. 10/- each at a premium of Rs. 55/- per share. The company since then is continuously paying dividend to its valued shareholders. Besides, the company has already rewarded the valued shareholders by allotting bonus equity shares in the ratio of 1:1 at the record date fixed on 8th December 2008. However, owing to current bearish market situation and in order to create more confidence amongst shareholders and increase more liquidity in the market, the company has decided to again reward the valued shareholders.

Your Directors have, therefore, proposed allotment of 1,79,95,560 Equity Shares of Rs. 2/- each as Bonus Shares, to be credited as fully paid-up, to the members holding Equity Shares as on the Record Date to be specified in this behalf. The Bonus Shares will be issued in the proportion of One new Equity Share(s) for every Two Equity Shares held on the record date, on which transfer books are closed. The said Bonus Shares shall rank pari-passu with the existing Shares of the company already listed.

SUBSIDIARY COMPANIES :

The Company has four subsidiaries namely: Super Safetywears Limited, Super Tannery (UK) Limited, Aarifi Tanners Limited and Safety Solutions s.r.o. Pursuant to the exemption granted under Section 212 (8) of the Companies Act, 1956, by Government of India, Ministry of Corporate Affairs, vide order no. 47/489/2009-CL-III dated 19.06.2009, the Annual Accounts as on 31st March 2009, in respect of the subsidiaries namely, Super Safetywears Limited, Super Tannery (UK) Limited and Aarifi Tanners Limited have not been attached to the Annual Report of the Company. However, the Annual

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Account of Safety Solutions s.r.o. are being published separately in the Annual Report of the company. The requisite information for each 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 investors in the head office of the Company and the subsidiary concerned.

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 Kolkata, Kanpur and Mumbai Stock Exchanges. The Company has moved application to Kolkata and Kanpur Stock Exchanges for delisting of its shares. Confirmation from these exchanges is awaited.

HUMAN RESOURCES MANAGEMENT :

Employees are vital to the company. We have created a favourable work environment that encourages humble relationship. We have also set up a scalable recruitment and human resources management process, which enables us to attract and retain high caliber employees. With collaboration of U.P. Leather Industrial Association and IL & FS Cluster Development Initiative Limited, the company has started training centre for recruiting skilled labour.

The Board of Directors wishes to express their deep sense of appreciation to all the employees for their outstanding contribution to the operations of the company during the year under consideration.

Moreover, there was no employee in the company whose particulars are required to be given under section 217(2-A) of the Company 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 forming part of this Report.

DIRECTORS :

In terms of Article 125 of the Articles of Association of the Company, Mr. Imran Siddiqui, Mr. Kumud Behari Seth and Mr. Nafees Ahmad retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for reappointment. Brief resume of the Directors, retiring by rotation nature of their expertise in specific functional areas and names of companies in which Directorship held and the membership of committee of the Board as stipulated under clause 49 of the listing Agreement 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 2009, 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 2009 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. These consolidated financial statements include of accounts of Super Tannery (U.K.) Limited, Aarifi Tanners Limited, Super Safetywears Limited and Safety Solutions s.r.o.

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 2009-2010, 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 take this opportunities to express their gratitude and appreciation for the continued co-operation and support to State Bank of India, Central and State Government Authorities, Regulatory Authorities, Stock Exchanges and stakeholders.

On behalf of the Board of Directors

Place : Kanpur
Dated: 04.08.2009

IFTIKHARUL AMIN
Managing Director

IQBAL AHSAN
Jt. Managing Director

