

SUPER TANNERY LIMITED



**TWENTY SEVENTH ANNUAL REPORT
2010-11**

SUPER TANNERY LIMITED

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SUPER TANNERY LIMITED

BOARD OF DIRECTORS

Executive Directors

Mr. Itikharul Amin, *Managing Director*
Mr. Iqbal Ahsan, *Joint Managing Director*
Mr. Veqarul Amin, *Joint Managing Director*
Mr. Imran Siddiqui, *Whole-time Director*
Mr. Arshad Khan, *Whole-time Director*
Mr. Mohd. Imran, *Whole-time Director*

Non-Executive Directors

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

Chief Financial Officer

R. S. Singh

Company Secretary

R. K. AWASTHI

Auditors

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

Plant Locations

a. Chrome Tannery :
b. Goat Tannery :
c. Sole Tannery :

d. Footwear Division :
e. Fashion Shoe Division :
f. Safety Shoe Division :

REGISTERED OFFICE

187/170, JAJMAU ROAD, KANPUR-208 010
Phones : (0512) 3935747, 3935748, 3935749
FAX : 0512-2460792, 2462227
E-Mail : supertannery@satyam.net.in
Website : www.supertannery.com

BOARD COMMITTEES

Audit Committee

Mr. Kumud Behari Seth - Chairman
(Non-Executive Independent Director)
Mr. Mohsin Sharif - Member
(Non-Executive Independent Director)
Mr. Nafis Ahmad - Member
(Non-Executive Independent Director)

Remuneration Committee

Mr. Mohsin Sharif - Chairman
(Non-Executive Independent Director)
Mr. Kumud Behari Seth - Member
(Non-Executive Independent Director)
Mr. Nafees Ahmad
(Non-Executive Independent Director)

Shareholder's / Investors' Grievances Committee

Mr. Nafis Ahmad - Chairman
(Non-Executive Independent Director)
Mr. Itikharul Amin
Mr. Iqbal Ahsan

Bankers

State Bank of India
Overseas Branch
Kanpur

187/170, Jajmau Road, Kanpur-208 010
Leather Technology Park, Banthar, Unnao, U.P.
(i) Mona Nagar, Jajmau, Kanpur-208010
(ii) 187/170, Jajmau Road, Kanpur-208010
169, Jajmau, Kanpur-208010
6, Akrapur, Unnao-209801
Leather Technology Park, Banthar, Unnao, U.P.

Registrar and Share Transfer Agent :

Karvy Computershare Pvt. Ltd.
(Karvy Consultants Ltd.)
46, Avenue - 4, Street No. 1, Banjara Hills,
Hyderabad - 500034 Ph. 40-23312454, 23376715
Fax : 40-23311968, 23323041
E-mail : ussingh@karvy.com,
mailmanager@karvy.com

27th Annual General Meeting to be held on **Friday, the 30th September, 2011** at
the **Registered Office** of the Company at **8.00 a.m.**

SUPER TANNERY LIMITED

NOTICE

NOTICE is hereby given that the 27th Annual General Meeting of the members of Super Tannery Limited will be held on Friday, the 30th September, 2011 at 8.00 a.m. at 187/170, Jajmau Road, Kanpur - 208 010, the registered office of the Company to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended on 31st March, 2011; the Balance Sheet as on that date and the reports of Directors' and Auditors' thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Arshad Khan, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Mohd. Imran, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Mohsin Sharif who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors and 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 up to the extent of Rs. 30.00 lacs (Rupees thirty lacs only) during the financial year ending 31st March, 2012."

Place : Kanpur
Date : 1st Aug, 2011

By order of the Board of Directors
for Super Tannery Limited
R. K. Awasthi
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 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 authorized 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 2011 (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 are requested to notify the following to the Registrar and Share Transfer Agent to facilitate better services.
 1. Any change in their address under their signature clearly quoting, their folio numbers, old address along with the changed address with Pin code.
 2. Share certificate(s) held in multiple accounts in identical names or Joint accounts in the same order of the names for consideration of Such shareholding into one account.
 3. Members holding shares in electronic form may inform any change in address to their Depository Participant.
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 been 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 (Amendment) 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 2002-2003 have been transferred to the "Investor Education and Protection Fund".

Dividend unpaid or unclaimed for the Financial Year 2003-04 may be claimed by the shareholders on or before 5th November 2011. 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.

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11. Pursuant to Section 109A of the Companies Act, 1956 shareholders 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. In terms of the Articles of Association of the company, Mr. Arshad Khan, Mr. Mohd. Imran, Mr. Mohsin Sharif, retire by rotation and being eligible, offer themselves for re-appointment. The relevant details in this respect pursuant to Clause 49 of the listing agreement with the stock Exchange in India, are furnished hereunder:
15. **Mr. Arshad Khan**, age 47 years, is a graduate and has been associated with the company for the last 17 years and closely involved in the export marketing of finished leather of company. He was introduced in the Board in the year 2000 as an additional Director and was regularized at the 16th Annual General Meeting of the Company as a Whole Time Director. He is liable to retire by rotation. He has vast experience in export of leather and leather products. He has visited many countries for this purpose and gained rich experience. His service is required for steering the export of the company. Mr Arshad Khan, is not Director in any other Company.
16. **Mr. Mohd Imran**, age 44 years, is a Chartered Accountant having experience in export, Import, accounts, Excise Customs and foreign trade. He is a very initiative and closely associated with the Company since long time as a Whole Time Director. He is liable to retire by rotation. Mr. Mohd Imran, is also Director in Super Safetywears Limited and Super Tannery (U.K.) Limited.
17. **Mr. Mohsin Sharif**, age 49 years, is an independent Director of the Company. He is leather technologist and play important role in suggesting ways to the company to increase its production and selling the product. He also suggests better ways to labours and technicians for handling with complexities during the production. He is liable to retire by rotation. Mr. Mohsin Sharif, is also Director in Best Tanning Industries PVT. Limited.

EXPLANATORY STATEMENT

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

ITEM No. 07 :

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 31.03.2012 is likely to exceed the limit as prescribe by the Act. Therefore, your permission is requested.

The Directors recommended the resolution for approval of members.

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

Place : Kanpur
Date : 1st Aug, 2011

By order of the Board of Directors
for Super Tannery Limited
R. K. Awasthi
Company Secretary

DIRECTORS' REPORT

Dear Shareholder,

The Directors of your Company have pleasure in presenting the 27th Annual Report on the business and operations of the Company together with Audited Financial Statements for the year ended 31st March 2011:

	Year ended 31.03.2011	(Rs. in lacs)	Year ended 31.03.2010
FINANCIAL RESULTS:			
PROFITS			
Profit before Interest, Depreciation & extra-ordinary items	1,738.01		1,777.52
Less : Interest	541.80	513.07	
Depreciation	336.22	326.69	
Exchange Fluctuation Loss/(gains)	(67.27)	308.13	
Bad Debts written off	112.69	8.85	1156.74
Profit before tax	814.57		620.78
Less : Provision for			
Current tax	214.03	115.00	
Deferred tax	1.89	50.16	165.16
Profit after tax	598.65		455.62
Add : Profit brought forward from previous year	44.62	12.77	
Income Tax relating to earlier years	(33.30)	(10.62)	1.95
Profit available for appropriation	609.97		457.57
APPROPRIATIONS:			
(a) Transfer to General Reserve	550.00		350.00
(b) Proposed Dividend	53.99		53.99
(c) Provision for tax on Proposed Dividend	8.76		8.96
(d) Balance carried over to next year	(2.78)		44.62
	609.97		457.57

NOTE : Figure of the previous year have been re-grouped/re-arranged in order to make them comparable.

DIVIDEND :

The Board of Directors of your Company take pleasure to recommend a dividend of Re. 0.05/- (5%) per Equity Shares of Re. 1/- each for the year ended 31st March, 2011 subject to the approval of shareholders at the ensuing Annual General Meeting. This will absorb a sum of Rs. 53.99 lacs towards dividend for the year besides Rs. 8.76 lacs towards tax on Dividend. The dividend (inclusive of tax), if approved, shall result in a payout of 10.29% of current year's profit available for appropriation. This makes the Management investor friendly and creates more confidence to keep the investors' interest at heart.

OPERATION REVIEW :

During the year under review, the income from operation stood at Rs. 26,308.96 lacs as against Rs. 17,844.79 lacs during the last financial year, registered growth in the operational income by Rs. 8,464.17 lacs which works out to 47.43%. Despite increase in the operational income, the company Gross Profit has marginally declined (profit before interest, depreciation and extra ordinary items) by Rs. 1,738.01 lacs as compared to Rs. 1,777.52 lacs during the last financial year. The company recorded overall growth in net profit despite recession and decline in gross profit.

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 **General Circular No. 2/2011**, the Profit and Loss accounts for the year ended 31.03.2011 and Balance Sheet as on that date, in respect of the subsidiaries of the Company have not been attached to the Annual Report of the Company. However, the requisite information for each subsidiary, as stipulated vide above General Circular No. 2/2011, 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.

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.

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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 Mumbai Stock Exchanges. Pursuant to Board meeting held on 27th Feb 2010 The Company has applied for listing of its shares at National Stock Exchange. The application is in process. The company is in regular follow up with National Stock Exchange. The company has delisted its shares from Kanpur Stock Exchange of U.P.

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. The Company also has started with collaboration of U.P. Leather Industries Association a training centre for recruiting trained labours.

PARTICULARS OF EMPLOYEES

A statement of particulars of employees as specified under section 217(2A) of the Companies Act, 1956 read with Companies Act, 1956, read with Companies (Particulars of employees) Rules, 1975 as amended from time to time, is set out in the Annexure forming part of Directors' Report.

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, 1998, 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. Arshad Khan, Mr. Mohd. Imran, and Mr. Mohsin Sharif, retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment. Brief resume of the Directors, their expertise in specific functional areas and names of other companies in which Director held and the membership of committee of the Board as stipulated under clause 49 of the listing Agreement are given in corporate governance annexure, attached 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 2011, 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 2011 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 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 2011-2012, will be within the statutory limits prescribed in section 224 (1-B) of the Companies Act, 1956. The Board of Directors recommends 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, Central & State Government Authorities, Regulatory Bodies, Stock Exchanges and Shareholders.

Your Directors wish to place their deep sense of appreciation on the record for the devoted services of the officers, staff and workers of the Company.

Place : Kanpur
Date : 01.08.2011

On behalf of the Board of Directors
IFTIKHARUL AMIN **IQBAL AHSAN**
Managing Director Jt. Managing Director

ANNEXURE I TO THE DIRECTORS' REPORT

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

(A) Conservation of Energy :

- (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) Apart from production of Safety footwear establishing standard products for fashion shoes/sandals.
- (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 products.
- (4) Expenditure on R & D :

	2010-2011 (Rs. in lacs)	2009-2010 (Rs. in lacs)
(a) Capital	NIL	NIL
(b) Recurring	21.06	17.18
(c) Total	21.06	17.18
(d) Total R&D Expenditure as % of turnover	0.09%	0.10%

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 dependant on any outside technology/source.
- (2) Benefits derived as a result of the above efforts : Not Applicable
- (3) In case 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 not taken place, reasons therefore and future plan of action	}	Not Applicable
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SUPER TANNERY LIMITED

(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:

	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
(a) Foreign exchange earned (FOB value of export)	16,699.08	11,254.08
(b) Foreign exchange used	2,803.14	2,609.77

(d) STATEMENT OF PARTICULARS UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FORMING PART OF THE DIRECTORS' REPORT:

Name	Designation	Gross Remuneration Rs.	Qualification	Experience (Years)	Date of Commencement of	Age (Years)	Particulars of previous employment
Mr. Iftikharul Amin	Managing Director	26,57,600	Post Graduate	27	06.02.1984	53	Promoter
Mr. Iqbal Ahsan	Jt. Managing Director	26,57,600	Graduate	23	21.12.1988	50	Promoter
Mr. Veqarul Amin	Jt. Managing Director	26,57,600	Leather Technologist	21	01.01.1990	48	Promoter

Notes:

1. Mr. Iftikharul Amin, Mr. Iqbal Ahsan and Mr. Veqarul Amin being brothers are related to each other within the meaning of Schedule 1A of Companies Act, 1956.
2. Remuneration includes salary and perquisites as per rules of the company and recorded under the Income Tax Act, 1961.

Place : Kanpur
Date : 01.08.2011

On behalf of the Board of Directors
IFTIKHARUL AMIN **IQBAL AHSAN**
Managing Director Jt. Managing Director