

# **SUPER TANNERY LIMITED**



**TWENTY EIGHTH ANNUAL REPORT  
2011-12**

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# SUPER TANNERY LIMITED

## BOARD OF DIRECTORS

### Executive Directors

Mr. Iftikharul Amin - *Managing Director*  
Mr. Iqbal Ahsan - *Jt. Managing Director*  
Mr. Veqarul Amin - *Jt. 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

Mohd. Imran

### 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 208010  
Ph: 0512-3935747, 3935748, 3935749  
Fax: 0512-2460792, 2462227  
Email: [supertannery@satyam.net.in](mailto:supertannery@satyam.net.in)  
Website: [www.supertannery.com](http://www.supertannery.com)

## BOARD COMMITTEES

### Audit Committee

Mr. Kumud Bihari 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 Bihari Seth - *Member*  
(Non-Executive Independent Director)  
Mr. Nafis Ahmad - *Member*  
(Non-Executive Independent Director)

### Shareholder's / Investors' Grievance Committee

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

### Bankers

State Bank of India  
Overseas Branch  
Kanpur

187/170, Jajmau Road, Kanpur – 208010  
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  
Email: [ussingh@karvy.com](mailto:ussingh@karvy.com); [mailmanager@karvy.com](mailto:mailmanager@karvy.com)

**28th Annual General Meeting to be held on Friday, the 28th September, 2012 at the Registered Office of the Company at 8:00 a.m.**

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## NOTICE

NOTICE is hereby given that the 28th Annual General Meeting of the members of Super Tannery Limited will be held on Friday the 28th September, 2012 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 31st March, 2012, 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. Imran Siddiqui, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Kumud Behari Seth, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Nafees Ahmad, 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 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, as may be required, and pursuant to the recommendation of remuneration committee and Board of Directors vide their resolution passed at their meeting 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 three years w.e.f. 28.09.2012 to 27.09.2015 on the terms and conditions mentioned in the Explanatory Statement annexed hereto.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized 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, 2012, 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."



## **SUPER TANNERY LIMITED**

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

"RESOLVED THAT in supersession of Resolution No. 8 passed at the Annual General Meeting of the Company held on 30th September, 2009 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) may, exceed the aggregate of the Paid-up Capital of the Company and its free reserves, that is to say, reserves not set apart for 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 sum of Rs.98,00,00,000/- (Rupees Ninety Eight Crores) at any time."

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 up to the extent of Rs 30.00 lacs (Rupees thirty lacs only) during the financial year ending 31st March, 2013."

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

Place : Kanpur  
Date : 14.08.2012

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## 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 28th September 2012 (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 followings 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 consolidation 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 205-A 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.



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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/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 up to the financial year 2003-2004 have been transferred to the "Investor Education and Protection Fund".

Dividend unpaid or unclaimed for the Financial Year 2004-05 may be claimed by the shareholders on or before 5th February, 2013. 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 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. Imran Siddiqui, Mr. Kumud Behari Seth, Mr. Nafees Ahmad, 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. Imran Siddiqui:** Mr. Imran Siddiqui, age about 54 years, is a chemical Engineer. He joined the Board of directors of the company in 1992-93 as an alternate director. His efficiency and capability enabled the company to appoint him as a whole time Director in 1998-99. Mr. Siddiqui has been associated with the company for over 31 years and closely involved in the operations of the company. He is responsible for Human Resources Development, Legal Administration, Information & Technology and Vegetable tanned Sole leather Production. He had vast experience and his services are required by the company to steer it smoothly. Mr. Siddiqui is also Director in Super Safetywears Limited.
16. **Mr. Nafees Ahmed:** Mr. Nafees Ahmed is a Graduate. He was introduced in the Board of Directors of the company in March 2002 as a non-executive Director. Mr. Nafees Ahmed has experience of 14 years in the field of Leather and administration. Mr. Nafees Ahmed is not a Director in any company except Super Tannery Limited. His services are required by the company from time to time to steer it smoothly.
17. **Mr. Kumud Behari Seth:** Mr. Kumud Behari Seth is B.Sc. (Hons.) and having a Degree of MBA. He was introduced in the Board of Directors of the company in March 2002 as a non Executive Director. Mr. Kumud Behari Seth has vast experience of 37 years in the field of Marketing and Accounts. His services are required by the company from time to time to steer it smoothly. Mr. Kumud Behari Seth is not a Director of any other company except Super Tannery Limited.

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## **EXPLANATORY STATEMENT**

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

### **ITEM No. 07:**

Mr. Imran Siddiqui, Whole Time Director of the Company, was appointed in terms of resolution passed by the Shareholders at the Annual General Meeting held on 22.12.2007 for a period of 5 years w.e.f. 30.08.2007. Since the tenure of Mr Imran Siddiqui whole Time Director is being expired on 29.08.2012 hence the Board of Directors at its meeting held on 14.08.2012., subject to the approval of the Shareholders of the company, re-appointed the said Whole time director for a further period of 3 years w.e.f. 28.09.2012. The main terms and conditions of re-appointment of Mr.Imran Siddiqui, whole time Director of the Company are as under.

### **SALARY:**

Rs 25,000/- per month with such annual increment as may be decided by the Board subject to maximum salary of Rs 30,000/- 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 or maximum Rs. 1,50,000/- 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 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 resolutions set out in Item no.7 of the Notice, for approval of the Shareholders.



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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.

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

### **ITEM No. 08:**

According to the 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 monies (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 Annual General Meeting held on 30th September, 2009, the Company had accorded its consent in pursuance of aforesaid Section to the Directors to borrow money upto a limit of Rs.80 Crores. Taking into account the further requirements of additional finance for the expansion and diversification programmes undertaken by the Company.It is therefore recommended to increase the borrowing powers of the Board of Directors from 80 Crores to 98 Crores(Ninety Eight Crores only). Your Board of Directors considers it necessary and recommends 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. 09:**

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 31.03.2013 is likely to exceed the limit as prescribe by the Act. Therefore, your permission 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 the trust which receives the fund, is interested or concerned in this resolution.

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

Place : Kanpur  
Date : 14.08.2012

## DIRECTORS' REPORT

Dear Shareholder,

The Directors of your Company have pleasure in presenting the **28th Annual Report** on the business and operations of the Company together with Audited Financial Statements for the year ended **31st March, 2012**:

		(Rs. in lacs)	
	Year ended 31.03.2012		Year ended 31.03.2011
<b>FINANCIAL RESULTS</b>			
<b>PROFITS:</b>			
Profit before Interest, Depreciation & extra-ordinary items	1837.18		1738.01
Less: Interest	877.48	541.80	
Depreciation	354.47	336.22	
Exchange Fluctuation Loss/(gains)	(344.17)	(67.27)	
Bad Debts written off	16.57	112.69	923.44
Profit before tax	932.83		814.57
Less: Provision for current tax	242.00	214.03	
Provision for deferred tax	82.55	1.89	215.92
Profit after tax	608.28		598.65
Add: Profit brought forward from previous year	(2.78)	44.62	
Income Tax relating to earlier Years	(33.86)	(33.30)	11.32
Profit available for appropriation	571.64		609.97
<b>APPROPRIATIONS:</b>			
(a) Transfer to General Reserve	300.00		550.00
(b) Proposed Dividend	53.99		53.99
(c) Provision for tax on Proposed Dividend	8.75		8.76
(d) Balance carried over to next year	208.90		(2.78)
	571.64		609.97

**NOTE :** Figures 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 Rs. 0.05 (5%) per Equity Shares of Re. 1/- each for the year ended 31st March, 2012 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 8.75 lacs towards tax on Dividend. The dividend (inclusive of tax), if approved, shall result in a payout of 10.98% 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.

### OPERATIONAL REVIEW:

During the year under review, the income from operation of the company was Rs. 25,140.26 lacs as against Rs. 26,308.95 lacs during the last financial year, shows marginal declined growth in the operational income by Rs. 1,168.7 lacs which work out to 4.44%. Besides declined in the operational income, the company's Gross Profit has improved marginally (profit before interest, depreciation and extra ordinary items) by Rs.1,837.18 lacs as compared to Rs. 1738.01 lacs during the last financial year. The company recorded overall growth in net profit despite recession and decline in income from operation.