

ANNUAL REPORT
2007 - 2008

SUPERHOUSE LTD.

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LEGACY OF EXCELLENCE



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Superhouse Limited

BOARD OF DIRECTORS

Mr. Mukhtarul Amin, Chairman and Managing Director
 Mr. Zafarul Amin, Jt. Managing Director
 Mrs. Shahina Mukhtar, Whole time Director
 Mr. Vinay Sanan, Executive Director
 Mr. Anil Kumar Agarwal, Director Finance
 Mr. Mohd. Shadab, Whole time Director
 Mr. N. C. Jain
 Mr. S. M. Rais
 Dr. K. K. Agarwal
 Mr. Anil Soni
 Mr. Kamal Agarwal
 Mr. Sartaj Ahmad

COMPANY SECRETARY

Mr R.K. Agrawal

BANKERS

Punjab National Bank
 State Bank of India

AUDITORS

M/s Kapoor Tandon & Co.
 Chartered Accountants, Kanpur

OFFICE

Registered Office
 150 Feet Road, Jajmau,
 Kanpur-208 010

PLANTS

Leather Processing
 A-1 Site-II, Industrial Area,
 Unnao 209801
 B-15, U.P.S.I.D.C Industrial Area,
 Site-II
 Unnao-209801*

Fashion Footwear

Plot No. A3,
 Export Promotion Ind. Park,
 Agra-282007

A-5, U.P.S.I.D.C Industrial Area,
 Site-B, Sikandra,
 Agra 282007

D-15, U.P.S.I.D.C Industrial Area,
 Site-II, Unnao-209801

B-6, Site-I, Industrial Area,
 Unnao-209801

Safety Footwear

B-6 (II), Site-I, Industrial Area,
 Unnao-209801

Shoe Upper

150 Feet Road, Jajmau,
 Kanpur-208010

71-A. Jajmau,
 Kanpur-208010

Textile Garment

A-14, Sector 65,
 Phase-III, Noida

Leather Garment

C-10, Sector 58,
 Phase-III, Noida

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Superhouse Limited**DIRECTORS' REPORT**

To
The Shareholders.
Superhouse Limited,
Kanpur.

The Directors have pleasure in presenting their 28th Annual Report alongwith the Audited Accounts of your Company for the year ended 31st March, 2008.

FINANCIAL RESULTS :	Current Year (Rs. in '000)	Previous Year (Rs. in '000)
Profit before Depreciation	136368	169826
Less: Depreciation	69488	59219
Profit before tax	66880	110607
Less : Provision for taxation	27347	39942
Profit after tax	39533	70665
Income Tax relating to earlier year	(-)3800	(-)11718
Loss transferred on Amalgamation	—	(-)2723
Balance Brought forward from previous year	345701	315898
	381434	372122
Appropriations :		
Proposed Dividend	9597	14276
Tax on Proposed Dividend	1631	2145
Transferred to General Reserve	8249	10000
Balance carried to Balance Sheet	361957	345701
	381434	372122

Dividend

Your Directors are pleased to recommend final dividend of Rs. 1.00 per equity share (previous year Rs.1.50 per equity share) on the equity share capital of the company for the financial year ended 31st March, 2008. The cash outflow on account of dividend on equity capital will be Rs. 112.28 lacs (previous year Rs. 164.21 lacs) including dividend distribution tax of Rs. 16.31 lacs (previous year Rs. 21.45 lacs).

Financial Performance

The company has achieved the sales and other Income of Rs. 318.18 crores against Rs. 299.24 crores reported last year. The Profit after Tax was Rs. 395.33 lacs during the year under review as compared to Rs. 706.65 lacs reported during the previous year.

Gold Trophy

Your company has once again bagged the most prestigious Gold Trophy for the best performance in Overall Export in leather industry. The companies with total FOB export turnover of leather and leather products of Rs. 100.00 crore and above are eligible for considering this award. In addition to Gold Trophy, the company has also claimed Trophies for commendable export performance for finished leather and non leather saddlery and harness.



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Trading House Certificate

The Company has received prestigious Trading House Certificate from Ministry of Commerce and Industry, during the year under review.

Delisting of Equity Shares

The delisting application of the company for delisting its equity shares from the Calcutta Stock Exchange is pending with the Exchange. The Listing of Equity Shares of the company will be continued with the Bombay Stock Exchange.

Subsidiary Companies

The company is having three wholly owned subsidiary companies namely M/s Superhouse (UK) Limited, M/s Superhouse (USA) International Inc and Superhuouse Middle East FZC. A statement pursuant to section 212 of the Companies Act, 1956 relating to company's interest in subsidiaries companies is forming part of the Annual Accounts.

Corporate Governance

During the year under review, the company has taken necessary steps to comply with the requirements of the Corporate Governance Code and a Report on the Corporate Governance forms part of this Report.

Consolidated Financial Statement

As required by clause-32 of the Listing Agreement and in accordance with the Accounting Standard-21 your directors have pleasure to attach the Consolidated Financial Statements and Cash Flow Statement which form part of the Annual Report and Accounts.

Management Discussion and Analysis

The Report as required by clause-49 of the listing Agreement is annexed hereto and form part of the report.

Personnel

The relations with the employees continued to be cordial during the year. The Directors record their appreciation for the sincere and hard work put in by all categories of employees during the year.

Conservation of Energy

Your Company is engaged in the manufacture of Finished Leathers, Leather Goods and Textile Garments and consumption of energy in these industries is not significant as compared to that of in other industries. However, the Company is making continuous efforts to conserve energy wherever possible by economizing on use of power and fuel in factory and offices. The company has also conducted the Energy Audit of various factories and offices of the company. However, the company has not made specific additional investment for the reduction of consumption of energy.

Technology Absorption

The company is carrying on the technological innovations, up-gradation and improvements on a regular way. The company is getting benefit of R & D by developing new range of Products.

The company is hopeful that sustained efforts put in by all concerned and that will continue in future to achieve excellent working results and improve competitive strength of the company.

The company has incurred expenditure of Rs. 68.74 lacs for the Research and Development Activities during the year. The company has not incurred any capital expenditure on R & D during the year.

The company is not using imported technology, However, Imported Plants and Machineries are also being used by the company.



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Foreign Exchange Earnings & Outgo

Your Company continues to enjoy the status of a Government of India Recognized Export House. Continuous efforts are being made to identify the new markets. Exports during the year was Rs. 25693.77 lacs in comparison to previous year of Rs. 24572.11 lacs on FOB basis. During the year, total Foreign Exchange outgo was Rs 5930.68 lacs as compared to Rs. 5209.19 lacs during the preceding financial year.

Particulars of Employees u/s 217

No employee was covered Under Section 217(2-A) of the Companies Act, 1956 during the year.

Directors

Mr. Zafarul Amin, Mr. S M Rais and Mr. N C Jain retire by rotation at the ensuing Annual General Meeting. However, being eligible they offer themselves for re-election.

Directors' Responsibility Statement

In accordance with the provisions of section 217(2AA) of the Companies Act, 1956 your Directors confirm that :

- i). In the preparation of the annual accounts the applicable accounting standards have been followed;
- ii). They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2008 and of the profit of the Company for the year ended on that date;
- iii). They have 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). They have prepared the annual accounts on a going concern basis.

Statutory Auditors

M/s. Kapoor Tandon & Co. present Auditors will hold office until the conclusion of this Annual General Meeting. We have received a certificate from the Auditors to the effect that their re-appointment, if made, will be in accordance with the limits specified in sub section(1B) of Section 224 of the Companies Act, 1956. Directors commend for re-appointment of M/s. Kapoor Tandon & Co.

Cost Auditors

The Central Government vide its Order No. 52/348 CAB-2000 dated 10th August, 2000 has directed the company to carry out audit of the Cost accounts maintained by the company in respect of Footwear. Your board has appointed M/s. R. M. Bansal & Co., Cost Accountants to carry out the Cost Audit for this purpose. This appointment has to be made in the beginning of each financial year and an application has already been forwarded to the Central Government to renew the appointment for the current financial year.

Place : KANPUR

For and on behalf of the Board

Date : August 11, 2008

MUKHTARUL AMIN
Chairman



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MANAGEMENT DISCUSSION AND ANALYSIS

Macroeconomic Overview.

Macroeconomic fundamentals continued to inspire confidence and the investment climate was full of optimism during 2007-08. Buoyant growth of government revenues made it possible to maintain fiscal consolidation. The pace of economic improvement continued considerably during the last year. However, there are genuine concerns on the inflation front which has crossed 11% point during current year. The opening of the economy and continuous reduction in tariff rates, besides promoting competitiveness and growth, have also provided an impetus to convergence of inflation rates.

The growing influence of global developments on the Indian economy was manifest in the surge in capital inflows in 2007-08, a phenomenon observed earlier in other emerging market economies. This is a natural concomitant of the robust macroeconomic fundamentals like high growth, relative stability in prices, healthy financial sector and high returns on investment.

Growth in world trade volume of goods and services decelerated from 9.2 percent in 2006 to 6.6 per cent in 2007 and is projected to remain around the same levels in 2008. The first eight months of the current fiscal, till November 2007, witnessed a moderate slowdown in the growth of the industrial sector. The slowdown has mainly been on account of the manufacturing sector

India's export during April-December, 2007 reached at the level of USD 111.1 billion, thereby again registered growth of 20% for continuous six years. After appreciating against major convertible currencies, particularly the US dollar, during first three quarters the rupee started depreciating during last quarter of 2007-08. This is good sign for exporters of the country.

Industry Structure and Developments

Leather products, which contribute significantly to employment generation and export earnings, registered an impressive 12.2 per cent growth during April-November 2007. The Western type leather footwear grew at 21.1 per cent, while the Indian type leather footwear and finished leather had visibly lower growth during April-November 2007, as per the IIP production data. The (undeflated) value of production of leather garments grew close to 30 percent during the period, while the production of shoe uppers grew at 12.4 per cent.

Opportunities and Threats

The Inter-Ministerial Group constituted to evolve a comprehensive strategy for the development of the leather sector assessed that India has the potential to step up its leather exports from US\$ 2.7 billion in 2006-07 to US\$ 7 billion in 2011-12, with footwear accounting for the largest growth. The Indian leather industry is also more comfortable in competition with China and Vietnam due to anti-dumping duty introduced by European Commission on leather footwear.

At the same time, the Eleventh Five Year Plan document has identified inadequate raw material base, low capacities and outmoded technologies of tanneries, constraints faced by small units in complying with rigorous environmental standards, shortage of skilled and semi-skilled workforce, inability of the industry to meet international requirements of quantity and variety and inadequate transport infrastructure as challenges to be overcome by the industry.

The major threat to the Indian industry and to your Company is posed by the aggressive increase of the production capacities by the Chinese and Vietnamese manufacturers, who with their large infrastructure have a cost advantage. Your Company is handling this threat with value additions in design and developments.



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The stringent pollution regulations may also cause challenges to the leather industry.

Segment-wise Performance :-

The segment-wise performance of the company during the year is as under :-

Segments	Turnover
a. Leather and Leather Products	Rs. 281.91 Crores (previous year Rs. 267.90 crore)
b. Textile Garments	Rs. 32.84 Crores (previous year Rs. 28.92 crore)

Outlook

During 2007-08 the leather industry has registered positive growth, inspite of high appreciation in the value of rupee. As per the official publication of DGCI&S, export of leather and leather products for the year 2007-08 stands at US\$ 3477.52 million as against the export during previous year of US\$ 3059.43 million. With the appreciation in the value of foreign currencies, particularly Euro and Dollar, it is expected that the industry will register impressive growth during the year. The company has demand of its products from all over the world.

Risk and Concerns

The major raw material for leather industry is raw hide/skins. Leather is a natural product and its prices and availability are changing from time to time. The company is having vast experience in sourcing the raw materials for its tanneries and leather products divisions from India and outside which help in keeping the prices and availability under control. The output of raw hides/skins are also depend upon person skill of the purchasers and technicians, which are being properly taken care-off by the experienced personnel of the company. The substantial revenue of the company is being generated in foreign exchange. The adverse foreign exchange rates may effect the profitability of the company. The experienced professional of the company are keeping close watch over movement in currency rates.

Cautionary Statement

Statement in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectation or prediction may be 'forward-looking statement' within the meaning of applicable securities laws and regulations. Further, the performance of the company is also dependent on domestic and global economic conditions, government and regulatory policies on which company is not having any control.

Internal Control System and their Adequacy

The company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from misuse or disposition and that transactions are authorized, recorded and reported correctly. Proper checks and controls have been introduced for all the incoming and outgoing materials. The Audit Committee and Internal Audit Department regularly review the financial and operating controls at all location of the Company. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of assets.

Financial Performance with Respect to Operational Performance:-

The financial statements have been prepared in compliance with the requirements of the companies Act, 1956 and Generally Accepted Accounting Principals in India. The company has achieved the sales and other income of Rs. 31818.30 lacs against Rs. 29924.78 lacs reported last year. The profit after tax was Rs. 395.33 lacs during the year as compared to Rs. 706.65 lacs reported during the previous year. The gross block of the company as at 31.03.2008 was Rs. 146.95 crores against Rs. 122.24 crores as at 31.03.2007. The net current assets as at 31.03.2008 was Rs. 93.09 crores as against Rs. 92.55 crores as at 31.03.2007.



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The detailed information of financial performance is given in the attached annual financial statements. The summarized financial performance during the year is as under :-

Financials of Superhouse Ltd.

(Rs.in lacs)

	2006-07	2007-08
Sales	29682.56	31586.58
Other Income	242.22	231.72
PBT	1106.07	668.80
PAT	706.65	395.33
Paid up Capital	949.48	999.14
Res.& Surplus	8186.22	8541.49
Net Worth	9404.78	9540.63
Earning per share	7.94	4.12

Industrial Relations and Human Resources Development

The relations with the employees continued to be cordial during the year. The Directors record their appreciation for the sincere and hard work put in by all categories of employees during the year. There were 1204 permanent employees with the company as on 31st March, 2008.

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CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Corporate Governance :-

Superhouse, right from its inception has been committed to the highest standards of Corporate Governance Practices. The company believes that a strong Corporate Governance policy is indispensable to healthy business growth, besides being an important instrument of investor protection. Good Corporate Governance provides an appropriate frame work for the Board and the Management to carry out the objectives that are in the interest of the company and the shareholders. The Company complies with the corporate Governance Code enshrined in clause 49 of the Listing Agreement.

2. Board of Directors :-

The Board of Directors comprises a Chairman and Managing Director, five Executive Directors and six Non-Executive Directors. Out of twelve directors six directors are independent and non executive directors.

Mr. Zafarul Amin, Mr. S M Rais and Mr. N C Jain retire by rotation at the ensuing Annual General Meeting. However, being eligible they offer themselves for re-election.

Further brief particulars of directors of the Company are given below :-

Mr. Mukhtarul Amin is a graduate in science having experience of 35 years in Leather Industry. He established many units specializing in manufacturing and export of Finished Leather, Fashion Footwear, Safety Footwear, Leather Garments and Textile Garments. He is director of M/s Superhouse (UK) Limited, M/s Superhouse Middle East FZC, M/s Superhuose (USA) International Inc., M/s Unnao Tanneries Pollution Control Company Limited, M/s Tritan Leather Works (P) Limited, M/s Superhouse Educational Foundation, M/s Creemos International Limited, M/s Agra Footwear Industrial Infrastructure Development Company Limited and M/s Industrial Infrastructure Services India Limited. He is also Chairman of Council for Leather Export.

Mrs. Shahina Mukhtar, is one of the promoter director of the company. She is having 25 years enriched experience in Leather Industry. She is also director of M/s Superhouse Educational Foundation.

Mr. Zafarul Amin is a Leather Technologist and having experience in Tanning and Administration. He is neither director in any other body corporate nor a member of the committee of director of any other Company.

Mr. S M Rais is a leading Sales Tax Advocate. He is also chairman of Audit Committee and remuneration committee of the company.

Mr. N C Jain, previous Chairman of Income Tax Settlement Commission, is a renowned tax consultant. He is also director of M/s Zee Telefilms, M/s Lex Infotex Pvt. Limited and M/s Ajanta Manufacturing Limited.

Mr. Vinay Sanan is a graduate and having experience in management and export marketing. Mr. Vinay Sanan is running safety shoe and shoe upper units of the company. He is also director of M/s Superhouse (UK) Limited.

Mr. Mohd. Shadab is a footwear technologist from Leicester College, UK and having experience in management and export marketing. He is also running Fashion Shoe Units of the company. He is neither director in any other body corporate nor a member of the committee of directors of any other company.

Mr. A K Agarwal is a Chartered Accountant. He is overall responsible for Accounts and Financial Activities of the Company. He is also director of M/s Unnao Tanneries Pollution Control Company Limited, M/s Superhouse Educational Foundation, M/s Creemos International Limited, M/s Superhouse (USA) International Inc, M/s Superhouse (UK) Limited and M/s Superhouse Middle East FZC.

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Mr. Sartaj Ahmad is a graduate and having experience in management and export marketing. He is also director of M/s Superhouse (UK) Limited and Chairman of shareholders Committee of the company.

Mr. Kamal Agarwal is a graduate and having experience in management and export marketing. He is also director of M/s Nigar Enterprises Limited.

Mr. Krishna Kumar Agarwal is a well known Doctor of Kanpur and having vast experience in medical field. He is neither director in any other body corporate nor a member of the committee of director of any other company.

Mr. Anil Soni is a graduate and having vast experience in Automobile Industry. He is neither director in any other body corporate nor a member of the committee of director of any other company.

During the year 5 Board Meetings were held . The dates of the meetings were as follows :-

2nd April, 2007, 28th June, 2007, 24th July, 2007, 30th October, 2007, and 29th January, 2008,

The composition of the Board of Directors, attendance of each director at the Board of Directors' meeting and at the last Annual General Meeting and number of other directorship/memberships of committees of each director are as follows :-

Name of Directors	Categories	No. of Board Meeting attended	Attendance at last AGM	No. of other Directorship	Committee Membership	
					Members	Chairman
Mr. Mukhtarul Amin	Chairman and Managing Director	4	No	9		
Mr. Zafarul Amin	Joint Managing Director	4	No	0		
Mrs. Shahina Mukhtar	Executive Director	3	No	1		
Mr. Vinay Sanan	Executive Director	2	No	1		
Mr. A. K. Agarwal	Executive Director	5	Yes	6		
Mr. Mohd. Shadab	Executive Director	4	No	-		
Mr. N.C.Jain	Director, Independent	1	No	3	3	
Mr. K. K. Agarwal	Director, Independent	2	No	-		
Mr. Anil Soni	Director, Independent	2	No	-		
Mr. Kamal Agarwal	Director, Independent	2	No	1		
Mr. S. M. Rais	Director, Independent	3	No	-	3	2
Mr. Sartaj Ahmad	Director, Independent	2	No	1	3	1

3. Code of Conduct :-

All the board members and senior management personnel have affirmed the compliance with the code of conduct.