

VALUED AROUND THE WORLD!



SUPER HOUSE LIMITED
ANNUAL REPORT 2008-2009

NOTICE

Notice is hereby given that the Twenty Ninth Annual General Meeting of the Company will be held on Wednesday the 30th September, 2009 at 10.00 A.M. at the Registered Office of the Company at 150 Feet Road, Jajmau, Kanpur-208 010, to transact the following business:-

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2009 and Audited Accounts for the Year ended on that date and the Reports of the Auditors and Directors thereon.
2. To elect a Director in place of Mr. Vinay Sanan who retires by rotation and is eligible for re-election.
3. To elect a Director in place of Mr. Mohd. Shadab who retires by rotation and is eligible for re-election.
4. To elect a Director in place of Mr. Anil Kumar Agarwal who retires by rotation and is eligible for re-election.
5. To declare a dividend on Equity Shares.
6. To appoint Auditors to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration.

Place : KANPUR

By Order of the Board

Date : 1st September, 2009

(R.K. Agrawal)
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. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The register of members and Share Transfer Book of the Company will remain close from 16th September, 2009 to 30th September, 2009 (both days inclusive).

Place : KANPUR

By Order of the Board

Date : 1st September, 2009

(R.K. Agrawal)
Company Secretary



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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

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OFFICE

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

PLANTS

Fashion Shoe Division Unit-I

D-15, UPSIDC Industrial Area, Site-II,
 Unnao-209 801

Fashion Shoe Division Unit-II

A-3, Export Promotion Industrial Park,
 Agra

Fashion Shoe Division Unit-III

A-5, UPSIDC Industrial Area, Site-B,
 Sikandra, Agra-282007

Fashion Shoe Division Unit-IV

D-18, UPSIDC Industrial Area, Site-II,
 Unnao-209801

Tannery No. 1

A-1, Site-II, Industrial Area,
 Unnao-209801

Tannery No. 2

B-16, UPSIDC Industrial Area, Site-II,
 Unnao-209 801

Tannery No. 3

B-17, UPSIDC Industrial Area, Site-II,
 Unnao-209-801

Tannery No. 4

B-3, UPSIDC Industrial Area, Site-I,
 Unnao-209801

Safety Footwear Division-I

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

Safety Footwear Division-II

150 Feet Road, Jajmau,
 Kanpur-208010

Upper Division

71-A, Jajmau, Kanpur-208010

Readymade Garments Division-I

A-14, Sector-65, Phase-III,
 Noida-201303

Readymade Garments Division-II

A-5, Sector-59, Noida-201303

Safety Garments Division

B-6(II) UPSIDC Industrial Area,
 Unnao-209801

Leather Garments

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



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Superhouse Limited**DIRECTORS' REPORT**

To
The Shareholders.
Superhouse Limited,
Kanpur.

The Directors have pleasure in presenting their 29th Annual Report alongwith the Audited Accounts of your Company for the year ended 31st March, 2009.

FINANCIAL RESULTS :	Current Year (Rs. in '000)	Previous Year (Rs. in '000)
Profit before Depreciation	204385	136368
Less: Depreciation	71883	69488
Profit before tax	132502	66880
Less : Provision for taxation	56780	27347
Profit after tax	75722	39533
Income Tax relating to earlier year	1171	(-)3800
Balance Brought forward from previous year	361959	345701
	438852	381434
Appropriations :		
Proposed Dividend	12207	9597
Tax on Proposed Dividend	2074	1631
Transferred to General Reserve	30000	8248
Balance carried to Balance Sheet	394571	361958
	438852	381434

Dividend

Your Directors are pleased to recommend final dividend of Rs. 1.20 per equity share (previous year Rs.1.00 per equity share) on the equity share capital of the company for the financial year ended 31st March, 2009. The cash outflow on account of dividend on equity capital will be Rs. 142.81 lacs (previous year Rs. 112.28 lacs) including dividend distribution tax of Rs.20.74 lacs (previous year Rs.16.31 lacs).

Financial Performance

The company has achieved the sales and other Income of Rs. 344.63 crores against Rs. 318.18 crores reported last year. The Profit after Tax was Rs. 757.22 lacs during the year under review as compared to Rs. 395.33 lacs reported during the previous year.

Export Award

Your company bagged Silver Trophy for commendable export performance during 2007-08 for overall Exports. The company also got first place for commendable export performance in Non Leather Saddlary and Harness during 2007-08.

Subsidiary Companies

The company is having six subsidiary companies namely M/s Superhouse (UK) Limited, M/s Superhouse

Superhouse Limited

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(USA) International Inc, M/s Superhouse Middle East FZC, M/s Superhouse R.O. S.R.L., M/s Super House Canada Inc. and Super House HK Limited. M/s Superhouse R.O. S.R.L. and Super House Canada Inc were incorporated during the year under review and Super House HK Limited was incorporated during current year. 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. 98.70 lacs for the Research and Development Activities during the year as compared to Rs. 68.74 lacs incurred during last year. The company has established a Design Center in China during the year.

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

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. 28580.40 lacs in comparison to previous year of Rs. 25693.77 lacs on FOB basis. During the year, total Foreign Exchange outgo was Rs 6596.58 lacs as compared to Rs. 5930.67 lacs during the preceding financial year



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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. Vinay Sanan, Mr. Mohd. Shadab and Mr. Anil Kumar Agarwal 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, 2009 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 : 4th July, 2009

MUKHTARULAMIN
Chairman



MANAGEMENT DISCUSSION AND ANALYSIS

Macroeconomic Overview.

The global financial meltdown and consequent economic recession in developed economies have clearly been major factor in India's economic slowdown. Given the origin and dimension of the crisis in the advanced countries, which some have called the worst since the Great Depression, every developing country has suffered to a varying degree. No country, including India, remained immune to the global economic shock.

A noteworthy development during the year was a sharp rise in Wholesale Price Index (WPI) inflation followed by an equally sharp fall, with the WPI inflation falling to unprecedented level of close to zero per cent by March 2009. This was driven largely by the rapid rise and equally rapid fall in global commodity prices during January 2008 to March 2009. Global food prices also went through a similar cycle, but have not declined to the same extent. Though domestic food prices are partially delinked from global prices, these global developments affected domestic prices to some extent. Domestic food price inflation, as measured by the WPI food sub-index, though declining, remains much higher than overall inflation.

Economic growth decelerated in 2008-09 to 6.7 per cent. This represented a decline of 2.1 per cent from the average growth rate of 8.8 per cent in the previous five years (2003-04 to 2007-08). Despite the slowdown in growth, investment remained relatively buoyant, growing at a rate higher than that of GDP. The ratio of fixed investment to GDP consequently increased to 32.2 per cent of GDP in 2008-09 from 31.6 per cent in 2007-08. This reflects the resilience of Indian enterprise, in the face of a massive increase in global uncertainty and risk aversion and freezing of highly developed financial markets.

The deceleration of growth in 2008-09 was spread across all sectors except mining & quarrying and community, social and personal services. The higher growth in community, social and personal services during 2008-09 was mainly due to an expansionary fiscal policy that was reflected in the demand side of GDP as higher growth of Government consumption expenditure.

During 2008-09, the growth in exports was robust till August 2008. However, in September 2008, export growth evinced a sharp dip and turned negative in October 2008 and remained negative till the end of the financial year. The continued decline in export growth was due to the recessionary trends in the developed markets where the demand had plummeted. For the year as a whole, the growth in merchandise exports during 2008-09 was 3.6 per cent in US dollar terms and 16.9 per cent in rupee terms (compared to 28.9 per cent and 14.7 per cent respectively in 2007-08). The large difference in growth in terms of the US dollar and in terms of the rupee was on account of the depreciation of rupee vis-à-vis US dollar during the year.

The impact of global recession was relatively less on India's services exports till December 2008, though the growth rate of services export moderated to 16.3 per cent during April-December 2008-09.

India's export during 2008-09 reached at the level of USD 169 billion. In rupee terms the total exports during 2008-09 have been increased by 16.94% as compared to that of last year. Total imports of the country have also increased by 28.96% during 2008-09 in rupee terms.

Industry Structure and Developments :-

The post liberalization era has opened up surfeit opportunities for the Indian leather industry. With global players looking for new sourcing options which in addition to china, India stands to gain a bigger share of the global market. Leading brands from the US and Europe is either importing or planning to source leather and leather products from India.

India which has around 3% share in the global trade in leather compared to China's 20%. Realizing the growth potential of the leather industry which occupies a prominent place in the Indian economy, the

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Government of India has been making significant efforts to promote rapid advancement of the industry. With generous export earnings, employment potential, growth and being the 10th largest sector among the Indian manufacturing sector it employs 2.5 million people and provides employment to weaker sections/minorities, of which about 30% were women.

Opportunities and Threats

Indian Leather industry Strengths depended on the factors like High growth; cheap manpower; Hefty raw material base; Continuous emphasis on product development and Design up gradation. With plethora of opportunities like rising potential in the domestic market; Use of information technology and decision support software to help eliminate the length of the production cycle for different products; Use of e-commerce in direct marketing etc.

However with such a good credentials still there were certain weaknesses like lack of warehousing support from the government; International price fluctuation; lack of strong presence in the global fashion market; Unawareness of international standards by many companies which has also transformed these into threats like major part of the industry is unorganized; Limited scope for mobilizing funds through private placements and public issues like many businesses were family-owned; Difficulty in obtaining bank loans resulting in high cost of private borrowing; Stricter international standards; Lack of communication facilities and skills.

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. 295.97 Crores (previous year Rs. 281.91 crore)
b. Textile Garments	Rs. 44.02 Crores (previous year Rs. 32.84 crore)

Outlook

As per DGCI&S monthly export data, the export of leather and leather products for the first eleven months i.e. April-February 2008-09 touched US\$3337.33 million against the performance of US\$3248.73 million in the corresponding period of last year, registering a positive growth of 2.73% in Dollar Terms. In rupee terms the export touched Rs. 151906.40 million against the previous year's corresponding performance of Rs. 130767.80 million showing a positive growth of Rs. 16.16%. All the product categories, except finished leather shown positive growth. There was highest growth in export of leather garments by 43.21% while there was marginal decline in export of finished leather by 2.57%.

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. 344.63 crores against Rs. 318.18 crores reported last year. The profit after tax was Rs. 757.22 lacs during the year as compared to Rs. 395.33 lacs reported during the previous year. The gross block of the company as at 31.03.2009 was Rs. 165.52 crores against Rs. 146.95 crores as at 31.03.2008. The net current assets as at 31.03.2009 was Rs. 90.01 crores as against Rs. 93.09 crores as at 31.03.2008. 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)	
	2007-08	2008-09
Sales	31586.58	34232.06
Other Income	231.71	231.39
PBT	668.80	1325.02
PAT	395.33	757.22
Paid up Capital	999.14	1056.71
Reserves & Surplus	8541.50	9197.69
Net Worth	9540.63	10291.89
Earning per share	4.12	7.87

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 1415 permanent employees with the company as on 31st March, 2009.

**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. Vinay Sanan, Mr. Mohd. Shadab and Mr. Anil Kumar Agarwal 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 36 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 also director of M/s Superhouse (UK) Limited, M/s Superhouse Middle East FZC, M/s Superhouse R.O. S.R.L., M/s Superhuose (USA) International Inc., M/s Super House Canada Inc., M/s Super House HK Limited, 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, M/s Industrial Infrastructure Services India Limited and M/s Kanpur - Unnao Leather Cluster Development Company Ltd.

Mrs. Shahina Mukhtar is one of the promoter director of the company. She is having 26 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, Export Marketing 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 director 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.