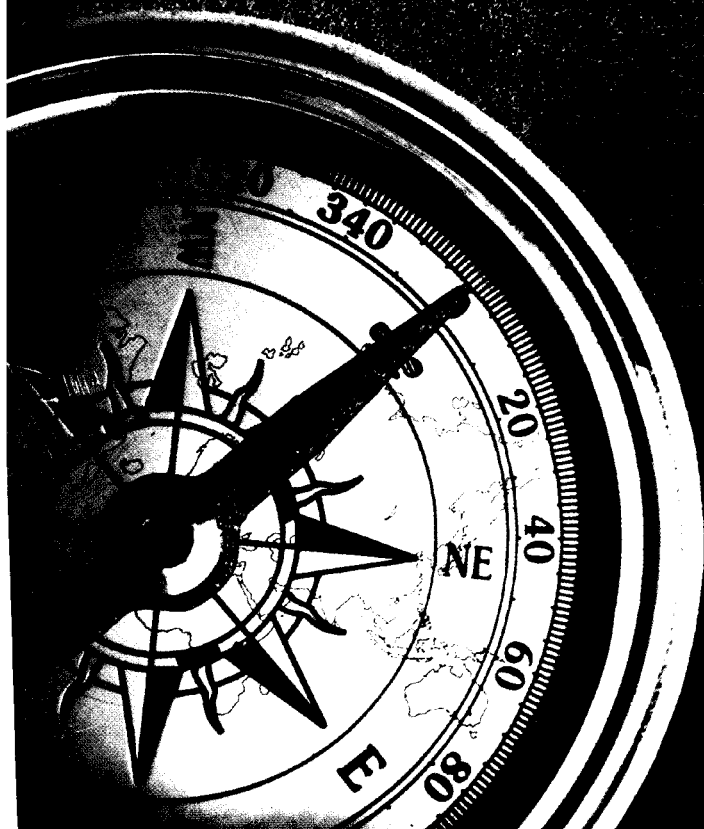


DESTINATION SUCCESS!



SUPERHOUSE LTD.
ANNUAL REPORT 2009-2010

WHERE EXCELLENCE IS A HABIT !!

BEST EXPORTER AWARD 2008-09 FROM U.P. STATE



Mr. Zafarul Amin, Joint Managing Director receiving the U.P. State's Best Exporter Award for 2008-09. The Award was given by Hon. Minister Shri Chandra Dev Ram Yadav in Lucknow on 5th May, 2010.

BEST EXPORTER AWARD 2007-08 FROM U.P. STATE



Mr. A. K. AGARWAL, Director, Finance receiving the U.P. State's Best Exporter Award for 2007-08. The Award was given by Hon. Minister Shri Chandra Dev Ram Yadav in Lucknow on 5th May, 2010.

NATIONAL- BEST EXPORTER AWARD (LEATHER PRODUCTS) FOR 2008-09



Mr. Fahad Kareem, Director (Agra Operations), receiving the National Best Exporter Award for 2008-09 in Leather Sector. The award was given by Shri Dayanidhi Maran, Union Minister of Textile in Chennai on 31st January, 2010.

SUPERHOUSE LIMITED



BOARD OF DIRECTORS

Mr. Mukhtarul Amin	<i>Chairman and Managing Director</i>
Mr. Zafarul Amin	<i>Joint Managing Director</i>
Mrs. Shahina Mukhtar	<i>Wholetime Director</i>
Mr. Vinay Sanan	<i>Executive Director</i>
Mr. Anil Kumar Agarwal	<i>Director Finance</i>
Mr. Mohd. Shadab	<i>Wholetime Director</i>
Mr. N C Jain	
Dr. K K Agarwal	
Mr. Anil Soni	
Mr. Kamal Agarwal	
Mr. Sartaj Ahmad	
Mr. Javed Ali Hashmi	

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-208010

PLANTS

Fashion Shoe Div. Unit I

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

Fashion Shoe Div. Unit II

A-3, Export Promotion Industrial Park,
Agra

Fashion Shoe Div. Unit III

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

Fashion Shoe Div. 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-3, UPSIDC Industrial Area, Site-I,
Unnao-209801

Safety Footwear Div-I

B-6, UPSIDC Industrial Area, Site-I,
Unnao-209 801

Safety Footwear Div-II

150 Feet Road, Jajmau, Kanpur-208010

Upper Division

71-A, Jajmau, Kanpur-208010

Readymade Garments Div-I

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

Readymade Garments Div-II

A-5, Sector-59, Noida-201303

Safety Garments Div.

E-23, 24 UPSIDC Industrial Area,
Site-I, Unnao-209801

Leather Garments

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



SUPERHOUSE LIMITED

NOTICE

Notice is hereby given that the Thirtieth Annual General Meeting of the Company will be held on Thursday the 30th September, 2010 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, 2010 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. Kamal Agarwal who retires by rotation and is eligible for re-election.
3. To elect a Director in place of Mr. Krishna Kumar Agarwal who retires by rotation and is eligible for re-election.
4. To elect a Director in place of Mr. Anil Soni who retires by rotation and is eligible for re-election.
5. To elect a Director in place of Mr. Sartaj Ahmad who retires by rotation and is eligible for re-election.
6. To declare a dividend on Equity Shares.
7. To appoint Auditors to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

8. To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution :

"RESOLVED that Mr. Javed Ali Hashmi be and is hereby appointed a Director of the Company whose term of office will be liable to be determined by retirement of Directors by rotation."

By Order of the Board

R. K. AGRAWAL

Company Secretary

Place : Kanpur

Date : 5th June, 2010

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, 2010 to 30th September, 2010 (both days inclusive).
3. Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 accompanies this notice.

By Order of the Board

R. K. AGRAWAL

Company Secretary

Place : Kanpur

Date : 5th June, 2010

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

ITEM NO. 8

At the meeting of the Board of Directors of the company held on 30th January, 2010, Mr. Javed Ali Hashmi was appointed Director of the company in place of Late Mr. S. M. Rais. He will hold office only upto the date of forthcoming Annual General Meeting. Mr. Javed Ali Hashmi is willing to act as Director, if so appointed and has filed with the company his consent pursuant to Section 264 (1) of the Act. Moreover, the company has received Notice U/s 257 of the Companies Act, 1956 for the appointment of Mr. Javed Ali Hashmi as Director of the company alongwith required deposit.

The board recommends this resolution for your approval.

By Order of the Board

R. K. AGRAWAL

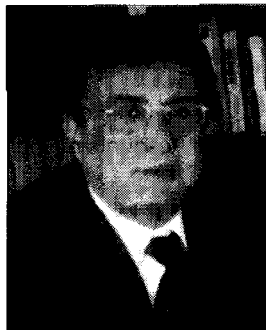
Company Secretary

Place : Kanpur

Date : 5th June, 2010



Chairman's Message



Dear Shareholders,

I congratulate all of you as your company surpasses the recessionary trend wrapping the globe during 2009-10. Your company was able to register the positive export growth as against the negative growth of Indian Leather Industry during 2009-10. The profit after tax of the company increased from Rs. 757.22 lacs during 2008-09 to Rs. 1364.88 lacs during 2009-10, thereby registering an impressive growth of 80.25%. During the current year, your company received Best Export Awards of U.P.State for the years 2007-08 and 2008-09. Your company also received four National Export Awards during 2009-10. The company was placed first for exporting Non-leather Saddlery and Harness. This became possible due to the faith bestowed upon the present team of Management by you.

During the current year, the Macro-Economic trends are showing global recovery with modest pace. In the US, recovery remains constrained by high unemployment, modest income growth, lower housing wealth and tight credit. In the Euro area, economic activity is weak, though more resilient than expected in the face of the recent turbulence. The growth outlook remains clouded by concerns about the sustainability of sovereign debt in some of the Euro area economies.

However, the Emerging Market Economies are witnessing strong growth, driven by strong domestic demand, restocking of inventories and, thus far, recovering global trade. In many EMEs, especially in Asia, growth is fast approaching the trend. Robust macroeconomic fundamentals, unimpaired balance sheets of corporates and households, sound banking sector and effective fiscal and monetary stimuli contributed to a significantly faster recovery in EMEs.

The Indian Leather Industry has shown a very impressive growth during two months ending May, 2010. During the period the Export of the country reached USD 535 Million as against USD 414.01 Million during last year for the same period, thereby registering impressive growth of 29.22%.

Having regard to global recovery, the prospects of the company are also looking bright during current year. The recovery has consolidated and is becoming increasingly broad based causing concerns about capacity constraints and inflationary pressure. Keeping pace with the increasing demand of the products of the company, the company is planning to increase the production capacity coupled with maximum utilization of present capacity.

However, as your company mainly is engaged in the export of its products, the operations and profitability of the company will also depend upon the overall global recovery. Although Emerging Market Economies (EMEs) are witnessing strong growth, there are visible soft spots in Europe and the US, from where we are getting maximum orders. The decreasing trend in value of Euro is also a concern for the company. But I hope that your present team of management will be able to handle such type of critical circumstances.

I take this opportunity to express my gratitude to all our stakeholders, Board of Directors and Employees, who have reposed their trust in us and give their constant support to us.

With Best Wishes
MUKHTARUL AMIN



SUPERHOUSE LIMITED

DIRECTORS' REPORT

To
The Shareholders.
Superhouse Limited,
Kanpur.

The Directors have pleasure in presenting their 30th Annual Report alongwith the Audited Accounts of your Company for the year ended 31st March, 2010.

FINANCIAL RESULTS :

	Current Year (Rs. in '000)	Previous Year (Rs. in '000)
Profit before Depreciation	293603	204385
Less : Depreciation	80563	71883
Profit before tax	213040	132502
Less : Provision for taxation	76552	56780
Profit after tax	136488	75722
Income Tax relating to earlier year	(431)	1171
Balance Brought forward from previous year	394571	361959
	<u>530628</u>	<u>438852</u>
Appropriations :		
Proposed Dividend	13230	12207
Tax on Proposed Dividend	2197	2074
Transferred to General Reserve	100000	30000
Balance carried to Balance Sheet	415201	394571
	<u>530628</u>	<u>438852</u>

Dividend :

Your Directors are pleased to recommend final dividend of Rs. 1.20 per equity share (previous year Rs. 1.20 per equity share) on the equity share capital of the company for the financial year ended 31st March, 2010. The cash outflow on account of dividend on equity capital will be Rs. 154.27 lacs (previous year Rs. 142.81 lacs) including dividend distribution tax of Rs 21.97 lacs (previous year Rs.20.74 lacs).

Financial Performance :

The company has achieved the sales and other Income of Rs. 359.15 crores against Rs. 344.57 crores reported last year. The Profit after Tax was Rs. 1364.88 lacs during the year under review as compared to Rs. 757.22 lacs reported during the previous year.

Export Award :

During the current year, the company received Best Exporter Awards of U.P. State for the years 2007-08 and 2008-09. Further, the company also received four National Export Awards during the year under review. The company was placed first for exporting Non-leather Saddlery and Harness.

Subsidiary Companies :

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

SUPERHOUSE LIMITED



(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. 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 subsidiary 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 forms 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. 74.13 lacs for the Research and Development Activities during the year as compared to Rs. 98.70 lacs incurred during last 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 Trading House. Continuous efforts are being made to identify the new markets. Exports during the year was Rs. 29049.40 lacs in comparison to previous year of Rs. 28580.40 lacs on FOB basis. During the year, total Foreign Exchange outgo was Rs 6737.52 lacs as compared to Rs. 6596.58 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.



SUPERHOUSE LIMITED

Directors :

Your Directors are sorry to inform you about sad demise of Mr. S M Rais, Director of the company on 04.01.2010. The board places on record its high appreciation for the valuable services rendered by him during his tenure. Mr. Javed Ali Hashmi was opted on the Board in place of Late Mr. S. M. Rais. Mr. Kamal Agarwal, Mr. Krishna Kumar Agarwal, Mr. Anil Soni and Mr. Sartaj Ahmad retire by rotation at the ensuing Annual General Meeting, and 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, 2010 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

Date : 5th June, 2010

For and on behalf of the Board

MUKHTARUL AMIN

Chairman



MANAGEMENT DISCUSSION AND ANALYSIS

Macroeconomic Overview :-

The fiscal year 2009-10 began as a difficult one. There was a significant slowdown in the growth rate in the second half of 2008-09, following the financial crisis that began in the industrialized nations in 2007 and spread to the real economy across the world. The continued recession in the developed world, for the better part of 2009-10, meant a sluggish export recovery and a slowdown in financial flows into the economy. Yet, over the span of the year, the economy posted a remarkable recovery, not only in terms of overall growth figures but, more importantly, in terms of certain fundamentals, which justify optimism for the Indian economy in the medium to long term.

The real turnaround came in the second quarter of 2009-10 when the economy grew by 7.9 per cent. As per the advance estimates of GDP for 2009-10, released by the Central Statistical Organization (CSO), the economy is expected to grow at 7.2 per cent in 2009-10, with the industrial and the service sectors growing at 8.2 and 8.7 per cent respectively. The manufacturing growth has more than doubled from 3.2 per cent in 2008-09 to 8.9 per cent in 2009-10.

The fast-paced recovery of the economy underscores the effectiveness of the policy response of the Government in the wake of the financial crisis. Moreover, the broad-based nature of the recovery creates scope for a gradual rollback, in due course, of some of the measures undertaken over the last fifteen to eighteen months, as part of the policy response to the global slowdown, so as to put the economy back on to the growth path of 9 per cent per annum.

At global level, following one of the deepest downturns in recent times, economic growth took root and extended to advanced economies in the second half of 2009. The pace and shape of recovery, however, remains uncertain. The International Monetary Fund's (IMF) World Economic Outlook update of January 26, 2010 suggests that following a sharp decline of 3.2 per cent in 2009, output in the advanced economies has begun to expand since the second half of 2009 and is now expected to grow by 2.1 per cent in 2010. In the case of emerging and developing economies, the modest 2.1 per cent output growth in 2009 is expected to be followed by a rise of about 6 per cent in 2010. For the world as a whole an output decline of 0.8 per cent in 2009 is projected to turn into a growth of 3.9 per cent in 2010. The rapid rebound in world output has been driven by the extraordinary amount of policy stimulus, monetary as well as fiscal. The concern about the recovery losing momentum, once the stimulus is withdrawn, remains. High unemployment rates, growing fiscal deficit and contraction of credit to productive sectors are areas of concern for the developed economies. For the emerging economies, which are already on the path to recovery, there are challenges emanating from increased capital flows with ramifications for monetary growth, inflation and exchange rate uncertainty, along with policy implications for the capital account.

The original global slowdown has finally impacted country's external trade with export during 2009-10 declining by 4.7% to 176.50 billion.

Industry Structure and Development :-

Growth in the major industrial groups has been a mixed bag. There was strong growth in automobiles, rubber and plastic products, wool and silk textiles, wood products, chemicals and miscellaneous manufacturing; modest growth in nonmetallic mineral products; no growth in paper, leather, food and jute textiles; and a slump in beverages and tobacco products in 2009-10.

The global economy, led by the Asian economies especially China and India, has shown signs of recovery in fiscal 2009-10. While global trade is gradually picking up, the other indicators of economic activity such as capital flows, assets and commodity prices are more buoyant



SUPERHOUSE LIMITED

As per the IIP data, leather products, which include finished leather, leather footwear, shoe uppers, leather garments and other leather goods, showed only 0.9 per cent growth in production during April-November 2009, following a 5 per cent decline during the same period in the previous year. Production of leather and fur products almost stagnated during the post-2000 period (compound annual growth of 0.5 per cent during 2001-02 to 2008-09) with the exception of 2007-08, while overall manufacturing grew at a much faster rate (compound annual growth of 7.3 per cent during 2001-02 to 2008-09).

Finished leather declined by about 13 per cent, causing much of the slowdown in the sector during April-November 2009. While footwear items showed a mixed picture, leather garments grew by 5.7 per cent during the period.

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 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.

Segment-wise Performance :-

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

<u>Segments</u>	<u>Turnover</u>
a. Leather and Leather Products	Rs. 306.63 Crores (previous year Rs. 295.97 crores)
b. Textile Garments	Rs. 47.94 Crores (previous year Rs. 44.02 crores)

Outlook :-

As per DGCI&S monthly export data, the export of leather and leather products for the year 2009-10 stands at US\$3289.94 million against the export of US\$3614.89 million during previous year, registering a negative growth of 8.99%. All the product categories, except leather garments shown negative growth. There was nominal positive growth in export of leather garments by 0.73%.

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 also depend upon personal 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.