

SUPERHOUSE LIMITED
ANNUAL REPORT 2011-12



Ascending new heights



LEGACY OF
EXCELLENCE

Superhouse Ltd.

The recipient of the largest number of export awards
in the history of Indian leather industry

once again being conferred the most coveted
**'The largest exporter of leather & leather
products from India' award.**

*We take this opportunity to thank our share
holders, customers, suppliers and bankers for
their continued support and in helping us achieve
our goals. We also wish to congratulate our
team without whose unstinted support and
endeavour this feat would have been impossible.
We sincerely hope that they will continue to
bring glory to the company in the coming
years as well.*



Mr. Vinay Sanan, Executive Director receiving award from Mr. S.S. Palanirmanikkam, Hon Minister of State (Finance) for being the largest exporter for Non Leather Harness and Saddlery in India.



Mr. Zafarul Amin, Jt. Managing Director receiving award from Mr. S.S. Palanirmanikkam, Hon Minister of State (Finance) for being the largest exporter of leather and leather products in India.



Mr. Kashif, Director receiving award from Mr. S.S. Palanirmanikkam, Hon Minister of State (Finance) for being the 2nd largest exporter for footwear in India.



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	
Mr. Syed Javed Ali Hashmi	
Dr. K. K. Agarwal	
Mr. Anil Soni	
Mr. Kamal Agarwal	
Mr. Dilip Kumar Dheer	

COMPANY SECRETARY

Mr R.K. Agrawal

BANKERS

Punjab National Bank

State Bank of India

AUDITORS

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

REGISTERED OFFICE

150 Feet Road,
Jajmau, Kanpur-208 010
Email : share@superhouse.in
Website : superhouse.in
Tel. 91-0512-2461391, 2464398
Fax : 91-0512-2460814, 2462124



PLANTS

Fashion Shoe Division I

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

Fashion Shoe Division II

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

Fashion Shoe Division III

A-3, Export Promotion Industrial Park,
Shastripuram, Agra-282007

Fashion Shoe Division IV

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

Tannery I

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

Tannery II

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

Tannery III

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

Upper Division

71-A, Jajmau, Kanpur-208010

Safety Footwear Division I

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

Safety Footwear Division II

150 Feet Road, Jajmau,
Kanpur-208010

Safety Footwear Division III

Banhar, Unnao-209801

Readymade Garments Division I

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

Readymade Garments Division II

C-10, Sector-58, Phase-II,
Noida-201303

Readymade Garments Division III

A-61/2, UPSIDC Industrial Area,
Sikandrabad, Bulandshahr-203205

Safety Garments Division

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

Leather Garments and Bags Division

A-69, Sector-57, Noida-201301

Please inform your
Email ID to serve
you better

CONTENTS

1. Notice	3
2. Financial Highlights	4
3. Directors' Report	5 - 14
4. Auditors' Report	15 - 17
5. Balance Sheet	18
6. Profit & Loss Account	19
7. Cash Flow Statement	20
8. Notes on Accounts and Accounting Policies	21 - 38
9. Details of Subsidiary Companies	39 - 40
10. Auditors' Report on Consolidated Financial Statements...	41
11. Consolidated Accounts	42 - 59



NOTICE

Notice is hereby given that the Thirty Second Annual General Meeting of the Company will be held on Saturday the 29th September, 2012 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, 2012 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. Kamal Agarwal who retires by rotation and is eligible for re-election.
5. To elect a Director in place of Dr. Krishna Kumar Agarwal 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.

Place : KANPUR

By Order of the Board

Date : 30th May, 2012

(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 17th September, 2012 to 29th September, 2012 (both days inclusive).

Place : KANPUR

By Order of the Board

Date : 30th May, 2012

(R.K. Agrawal)
Company Secretary

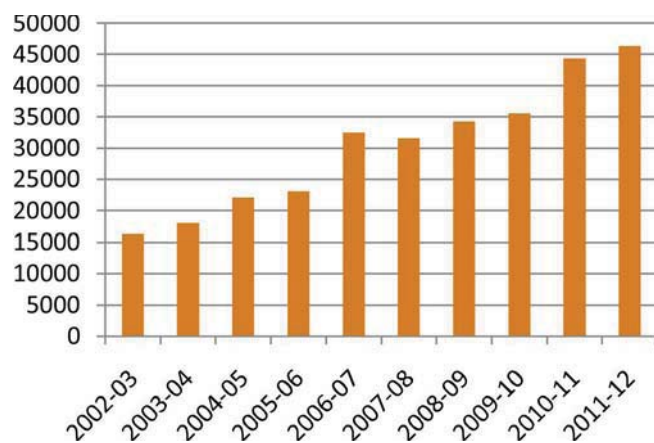
Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Governance in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Member who hold shares in physical form are requested to register the same with Registrar and Share Transfer Agent M/s Skyline Financial Services (P) Limited, D-153/A, First Floor, Okhla Industrial Area, Phase-I, New Delhi-110020.

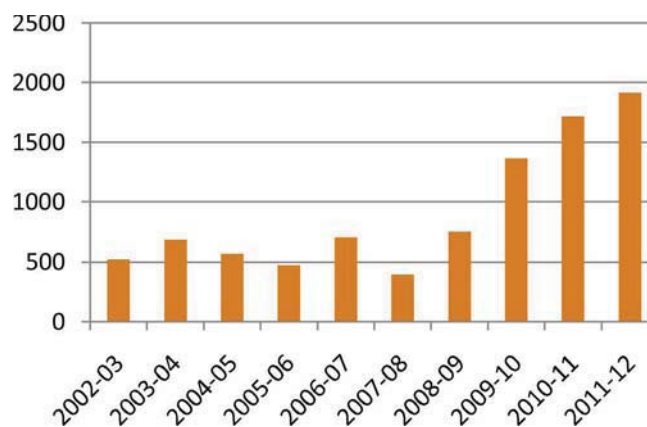


FINANCIAL HIGHLIGHTS

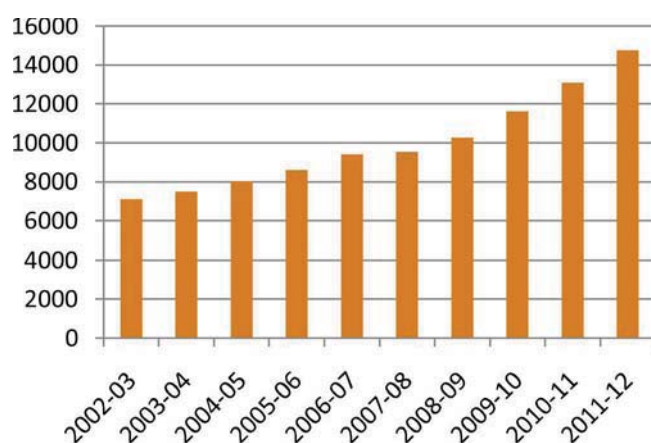
Turnover (Rs. in Lacs)



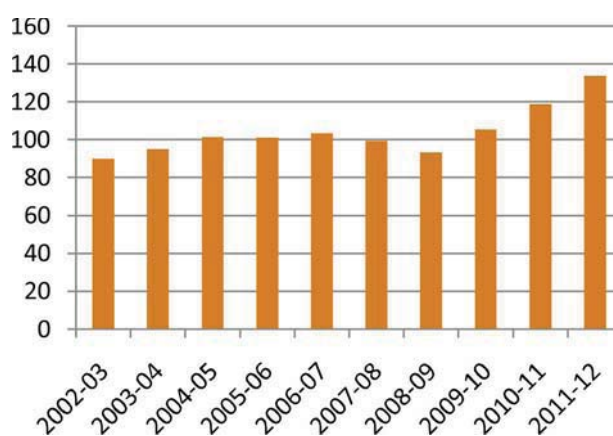
Net Profit (Rs. in Lacs)



Net Worth (Rs. in Lacs)



Book Value (Rs. per Share)





DIRECTORS' REPORT

To
The Shareholders.
Superhouse Limited,
Kanpur.

The Directors have pleasure in presenting their 32nd Annual Report alongwith the Audited Accounts of your Company for the year ended 31st March, 2012.

FINANCIAL RESULTS :

	Current Year (Rs. in `000)	Previous Year (Rs. in `000)
Profit before Depreciation	393107	352220
Less: Depreciation	96719	91699
Profit before tax	296388	260521
Less : Provision for taxation	102915	88698
Profit after tax	193473	171823
Income Tax relating to earlier year	(1886)	4
Balance Brought forward from previous year	467808	415201
	659395	587028
Appropriations :		
Proposed Dividend	16537	16537
Tax on Proposed Dividend	2683	2683
Transferred to General Reserve	100000	100000
Balance carried to Balance Sheet	540175	467808
	659395	587028

Dividend :-

Your Directors are pleased to recommend final dividend of Rs. 1.50 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, 2012. The cash outflow on account of dividend on equity capital will be Rs.192.20 lacs (previous year Rs. 192.20 lacs) including dividend distribution tax of Rs.26.83 lacs (previous year Rs.26.83 lacs).

Financial Performance :-

The company has achieved the sales and other Income of Rs 466.17 crores against Rs. 447.34 crores reported last year. The Profit after Tax was Rs 19.16 crores during the year under review as compared to Rs. 17.18 crores reported during the previous year.

Export Awards:-

During the year, the company received the Best Exporter Awards in overall Export Category for 2010-11. In addition to Best Export Award in overall category, the company also received Best Export Award in Non-Leather Harness and Saddlery and 2nd place Export Award in Leather Footwear category.

Subsidiary Companies :-

The company is having four subsidiary companies namely M/s Superhouse (UK) Limited, M/s Superhouse (USA) International Inc, M/s Superhouse Middle East FZC and M/s Briggs Industrial Footwear Limited, UK. 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. M/s Superhouse RO SRL, Romania wound-up during the year.

As per general exemption granted vide Government of India, Ministry of Corporate Affairs' general circular No. 2/2011 dated 8th February,2011, the Company has not attached the annual accounts of its all the four subsidiaries namely M/s Superhouse (UK) Limited, M/s Superhouse (USA) International Inc, M/s Superhouse Middle East FZC and M/s Briggs Industrial Footwear Limited, UK to this Annual Report. As required by the said circular, the relevant information for each subsidiary has been disclosed in the consolidated financial statements attached to this Annual Report.

The Company will make available the annual accounts of subsidiaries and the related information to any member of the Company who may be interested in obtaining the same. The annual accounts of subsidiaries will also be kept for inspection by any member of the Company at the registered office of the Company and that of respective subsidiaries. The Consolidated financial statements presented by the Company include the financial information of its subsidiaries.

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. 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.



Superhouse Limited

The company has incurred expenditure of Rs. 33.17 lacs for the Research and Development Activities during the year as compared to Rs. 22.20 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 were Rs 37749.25 lacs in comparison to previous year of Rs. 35523.87 lacs on FOB basis. During the year, total Foreign Exchange outgo was Rs. 7333.64 lacs as compared to Rs. 8292.60 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. Vinay Sanan, Mr. Mohd. Shadab, Mr. Kamal Agarwal and Dr. Krishna Kumar Agarwal 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, 2012 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 : 30th May, 2012

MUKHTARUL AMIN
Chairman



MANAGEMENT DISCUSSION AND ANALYSIS

Macroeconomic Overview.

The Indian economy is estimated to grow by 6.9 per cent in 2011-12, after having grown at the rate of 8.4 per cent in each of the two preceding years. This indicates a slowdown compared not just to the previous two years but 2003 to 2011 (except 2008-9). At the same time, sight must not be lost of the fact that, by any cross country comparison, India remains among the front-runners. With agriculture and services continuing to perform well, India's slowdown can be attributed almost entirely to weakening industrial growth. The manufacturing sector grew by 2.7 per cent and 0.4 per cent in the second and third quarters of 2011-12. Inflation as measured by the wholesale price index (WPI) was high during most of the current fiscal year, though by the year's end there was a clear slowdown. The slowing inflation reflects the lagged impact of actions taken by the RBI and the government. Reflecting the weak manufacturing activity and rising costs, revenues of the centre have remained less than anticipated; and with higher than- budgeted expenditure outgo, a slippage is expected on the fiscal side. The global economic environment, which has been tenuous at best throughout the year, turned sharply adverse in September 2011 owing to the turmoil in the euro zone, and questions about the outlook on the US economy provoked by rating agencies. However, for the Indian economy, the outlook for growth and price stability at this juncture looks more promising. There are signs from some high frequency indicators that the weakness in economic activity has bottomed out and a gradual upswing is imminent.

Exchange Rate

In the current fiscal, on month-to-month basis the rupee depreciated by 12.36 per cent from Rs. 44.97 per US dollar in March 2011 to Rs. 51.31 per US dollar in March 2012. On point-to-point basis, it depreciated by 12.72 per cent from Rs. 44.65 per US dollar on 31 March 2011 to Rs. 51.16 per US dollar on 30 March 2012. The rupee reached a peak of Rs. 43.94 on 27 July 2011 and a low of Rs. 54.23 per US dollar on 15 December 2011, indicating a depreciation of 19.0 per cent. Similarly, the monthly average exchange rate of the rupee depreciated by 11.5 per cent against the pound sterling, 9.1 per cent against the euro, and 18.7 per cent against the Japanese yen between March 2011 and December 2011.

Industry Structure and Development

Industrial growth, measured in terms of the index of industrial production (IIP), shows fluctuating trends. Growth had reached 15.5 per cent in 2007-8 and then started decelerating. Initial deceleration in industrial growth was largely on account of the global economic meltdown. There was, however, a recovery from 2.5 per cent in 2008-9 to 5.3 per cent in 2009-10 and 8.2 per cent in 2010-11. Fragile economic recovery in the US and Europe and moderately subdued expectations at home affected the growth of the industrial sector in the current year. Overall growth during April-December 2011 reached 3.6 per cent compared to 8.3 per cent in the corresponding period of the previous year.

As per DGCI&S monthly export data, the export of leather and leather products for the year 2011-12 stands at US\$4868.71 million against the export of US\$3968.54 million during previous period, registering a positive growth of 22.68%.

The major markets for Indian Leather & Leather Products are Germany with a share of 15.01%, UK 11.15%, Italy 10.85%, USA 9.02%, Hong Kong 7.38%, France 6.25%, Spain 6.08%, Netherlands 4.07%, Belgium

2.32%, China 2.54%, U.A.E.2.24%, Australia 1.39%. These 12 countries together accounts for nearly 78.30% of India's total leather& leather products export.

India's Export of Leather & Leather Products to the European Union touched US\$ 3116.52 mn in 2011-12, accounting for a share of 64.01% in India's total leather export trade of US\$ 4868.71 mn.

Opportunities and Threats :-

The Government of India had identified the Leather Sector as a Focus Sector in view of its immense potential for export growth prospects and employment generation. Accordingly, the Government is also implementing various Special Focus Initiatives under the Foreign Trade Policy for the growth of leather sector. With the implementation of various industrial developmental programmes as well as export promotional activities, and keeping in view the past performance, and industry's inherent strength of skilled manpower, innovative technology increasing industry compliance to international environmental standards, and dedicated support of the allied industries, the Indian leather industry aims to augment the production, thereby enhance export.

Further, increasing safety norms in Russia, reducing import duty in Arab Countries, increasing demand in South Africa, development of African markets, high cost of production in European Countries, growing fashion consciousness provide a lot of opportunities to the Indian leather and leather goods manufacturers to grow vertically.

However, with such good opportunities, there are certain threats like entry of multinationals in domestic market, international price fluctuation, adverse foreign exchange rates, change in government policies regarding labour laws and pollution norms, fast changing fashion trends, high inflation rate, increasing commodity prices, interest rates and fuel prices, withdrawal of government incentives due to economic recovery.

Segment-wise Performance :-

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

Segments	Turnover
a. Leather and Leather Products	Rs. 394.47 Crores (previous year Rs. 384.44 crores)
b. Textile Garments	Rs. 65.45 Crores (previous year Rs. 57.53 crores)

Outlook :-

As medium to long-run prospect of Indian Economy, including the Industrial Sector, continues to be positive, a rise in saving and demand for consumable products are quite inevitable. The leather industry is basically a consumer product industry hence with the increase in demand of consumer production; the prospect of the leather industry is bright. During current year the pace of growth of leather industry is expected to be maintained.

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



Superhouse Limited

under control. The output of raw hides/skins also depends 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 affect 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'. 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 those 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 Principles in India. The company has achieved the sales and other income of Rs 466.17 crores during the year against Rs. 447.34 crores reported last year. The profit after tax was Rs. 19.16 crores during the year as compared to Rs. 17.18 crores reported during the previous year. The gross block of the company as at 31.03.2012 was Rs 229.03 crores against Rs. 201.67 crores as at 31.03.2011. The net current assets as at 31.03.2012 were Rs 15.56 crores as against Rs. 26.48 crores as at 31.03.2011. 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 THE COMPANY :-

	2011-12	2010-11
Sales	46329.63	44320.37
Other Income	287.70	413.44
PBT	2963.88	2605.20
PAT	1915.87	1718.27
Paid up Capital	1141.98	1141.98
Reserves & Surplus	13610.87	11939.60
Net Worth	14752.85	13096.05
Earning per share	17.38	15.59

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 1479 permanent employees with the company as on 31st March, 2012.