



LEGACY OF EXCELLENCE

Annual Report 2016-17

Superhouse Group Units At A Glance





CHAIRMAN'S MESSAGE

Dear Fellow Shareholders,

It gives me great pleasure to share with you an update of the overall performance of your company. In spite of challenging year for Indian Exporting Industries, your company performed well and delivered another year of consistent, competitive and profitable performance. The Company received the Best Export Award in Non-Leather Harness/Saddles/Bridles during the year.

Your company achieved turnover of Rs. 5436.83 millions and export turnover of Rs. 4542.43 million during the year. The export turnover contributing 84% of the total turnover. The impressive share of exports is an indicator of the very good demand for the products of the company across the world.

Due to overall depressed condition of International Market the margins of the company also reduced during the year. We expect that your company will overcome the pressure on margin, shortly.

Your company has strong financial to support its ambitious growth plans.

Our results reflected sound execution of our business plans, centered on global expansion and disciplined cost and asset management.

As a responsible Corporate Citizen your company serves the society in the domains of Education and Healthcare. During the year, the company contributed 2% of the net profit towards Corporate Social Responsibility (CSR) activities.

I would like to thank all our customers, suppliers and colleagues in India and abroad for their wholehearted support and valued contribution during 2016-17. Further, we have much to look forward to as we strive to make our company even stronger and continue to focus on delivering to our customers.

I am grateful to our independent directors who have given their contribution and share their valuable experience and knowledge of the management to take the company forward. I also take this opportunity to express my gratitude to all our stakeholders, who have reposed a trust in us and extended their constant support.

With best wishes

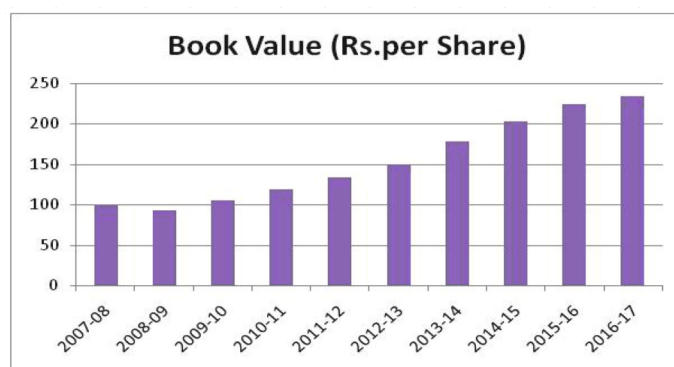
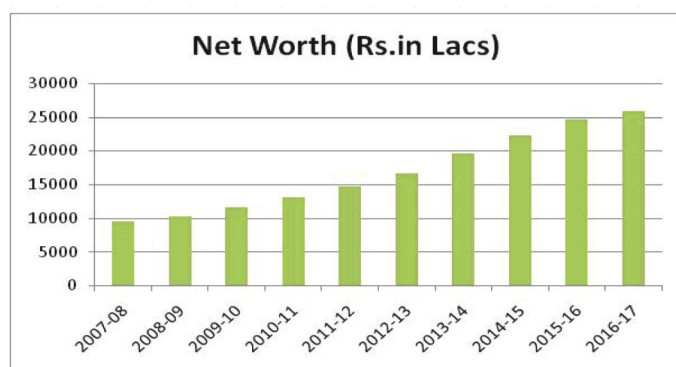
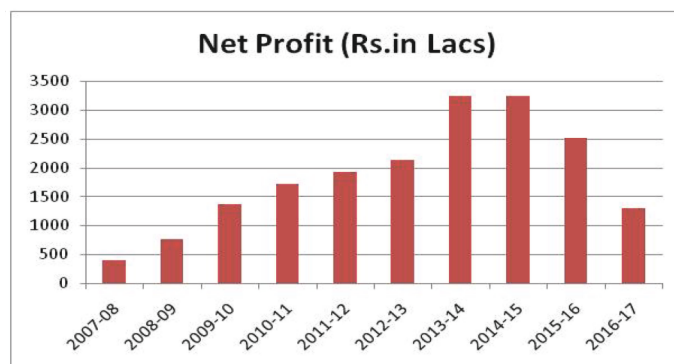
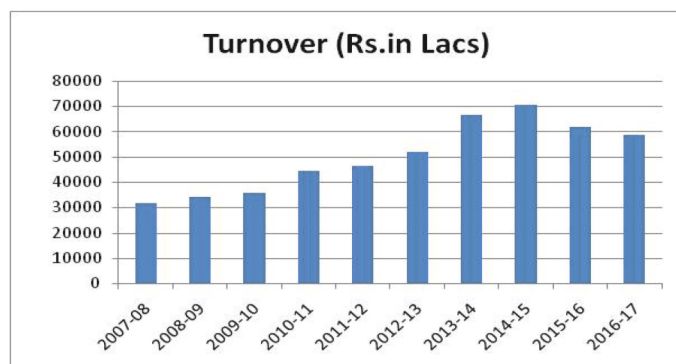
Mukhtarul Amin

Chairman and Managing Director





FINANCIAL HIGHLIGHTS



INSIDE THIS REPORT

1- Chairman's Message	1	10- Cash Flow Statement	34
2- Financial Highlights and Contents	2	11- Notes to the Financial Statements	35-52
3- Awards and Recognition	3	12- Independent Auditors' Report on Consolidated Financial Statements	53-54
4- Board of Directors	4	12- Consolidated Balance Sheet	55
5- Directors' Report	5-20	14- Consolidated Statement of Profit and Loss	56
6- Corporate Governance Report	21-28	15- Consolidated Cash Flow Statement	57
7- Independent Auditors' Report on Financial Statements	29-31	16- Notes to the Consolidated Financial Statements	58-71
8- Balance Sheet	32	17- Salient Features of Financial Statements of Subsidiary/Associates/ Joint Ventures	71-72
9- Statement of Profit and Loss	33	18- Notice of Annual General Meeting	73-80



AWARDS AND RECOGNITION

2015-16	Best Export Performance Award for Non-Leather Harness/ Saddles/Bridles	2007-08	Trading House Certificate. Presented by Ministry of Commerce and Industry, Government of India.
2014-15	Niryat Shree Award 2014-15, Presented by Hon'ble President of India Shree Pranab Mukharji	2006-07	Best Overall Export Performance 2006-07 Gold Trophy Presented by Council for Leather Exports.
2014-15	Best Export Performance Award for Non Leather Harness/ Saddles/Bridles	2006-07	Best Export Performance 2006-07 Non- Leather Saddlery & Harness Presented by Council for Leather Exports
2013-14	Overall Export Performance 2013-14 Presented by Council for Leather Exports.	2006-07	Certificate of Merit for Securing ISO 14001 Certification for Finished Leather, Shoes & Accessories Units. Presented by Council for Leather Exports.
2013-14	Best Export Performance 2013-14 for Non Leather Harness & Saddlery Category Presented by Council for Leather Exports.	2006-07	Certificate of Merit for Securing OHSAS 18001 Certification for Finished Leather, Shoes & Accessories Units.
2013-14	Best Export Performance 2013-14 for Leather Footwear Category above 200.00 Crores Presented by Council for Leather Exports.	2006-07	21st Century Miriennium Award for Outstanding Achievements in Chosen Field of Activity. Presented by International Institute of Education & Management. Mr. Mukhtarul Amin, Chairman and Managing Director of Superhouse Ltd. unanimously elected as Chairman of Council for Leather Export.
2012-13	Overall Export Performance 2012-13 Presented by Council for Leather Exports.	2005-06	Best Overall Export Performance 2005-2006 Gold Trophy Presented by Council For Leather Exports.
2012-13	Best Export Performance 2012-13 for Non Leather Harness & Saddlery Presented by Council for Leather Exports.	2004-05	Utkrast Puraskaar-2004-05 / Rajya Niryaat Puraskaar Presented by Niryaat Protsaahan Vibhag, Uttar Pradesh Govt.
2011-12	Best Overall Export Performance 2011-12 Gold Trophy presented by Council for Leather Exports.	2003-04	Best Overall Export Performance 2003-04 Gold Trophy Presented by Council For Leather Exports.
2011-12	Best Export Performance 2011-12 for Non Leather Harness & Saddlery presented by Council for Leather Exports.	2003-04	1st Prize Rajya Niryaat Puraskaar 2003-04 Presented by Rajya Niryaat Protsaahan Vibhag, Uttar Pradesh Govt.
2011-12	Excellent Export Performance 2011-12 for Leather Footwear Silver Trophy Presented by Council for Leather Exports	2002-03	2nd Prize Rajya Niryaat Puraskaar 2002-03 Presented by Niryaat Protsaahan Vibhag, Uttar Pradesh Govt.
2010-11	Best Overall Export Performance 2010-11 Gold Trophy presented by Council for Leather Exports.	2001-02	Best Export Performance in Finished Leather. Presented by Council for Leather Exports.
2010-11	Best Export Performance 2010-11 for Non Leather Harness & Saddlery presented by Council for Leather Exports.	1998-99	Commendable Export Performance during 1998-99 in Overall Exports. Presented by Council for Leather Exports.
2010-11	Excellent Export Performance 2010-11 for Leather Footwear Silver Trophy Presented by Council for Leather Exports	1997-98	Certificate of Merit for Commendable Performance during 1997-98. Presented by Council for Leather Exports.
2009-10	Niryat Shree Silver Trophy 2009-10 presented by Federation of Indian Export Organisations	1997-98	Certificate of Merit for Commendable Performance during 1997-98 in Footwear Components. Presented by Council for Leather Exports.
2009-10	Best Overall Export Performance 2009-10 Gold Trophy presented by Council for Leather Exports.	1996-97	Certificate of Merit for Commendable Performance during 1996-97 in Footwear Components. Presented by Council for Leather Exports.
2009-10	Best Export Performance 2009-10 for Leather Garments presented oy Council for Leather Exports.	1995-96	2nd Prize State Export Award. Presented by Uttar Pradesh Govt.
2009-10	Best Export Performance 2009-10 for Non Leather Harness & Saddlery presented by Council for Leather Exports.	1995-96	Certificate of Merit for Commendable Performance during 1995-96 in Footwear Components. Presented by Council for Leather Exports.
2009-10	Commendable Export Performance 2009-10 for Leather Goods presented by Council for Leather Exports.	1994-95	Certificate of Merit for Commendable Performance during 1994-95 in Footwear Components. Presented by Council for Leather Exports.
2008-09	Commendable Export Performance 2008-09 Silver Trophy Presented by Council for Leather Exports	1991-92	2nd Prize State Export Award. Presented by Uttar Pradesh Sarkar.
2008-09	Best Export Performance 2008-09 Non-Leather Saddlery & Harness. Presented by Council for Leather Exports.	1991-92	State Export Award 1990-1991. Presented by Uttar Pradesh Govt. Action Award 1991 Presented to Mr. Mukhtarul Amin for Excellent Person of the year.
2008-09	Commendable Export Performance 2008-09 for Finished Leather Presented by Council for Leather Exports	1988-89	1st Prize state Export Award 1988-89 Presented by Uttar Pradesh Govt.
2008-09	Commendable Export Performance 2008-09 for Footwear Components Presented by Council for Leather Exports		
2007-08	Commendable Export Performance 2007-08 Silver Trophy. Presented by Council for Leather Exports.		
2007-08	Best Export Performance 2007-08 Non-Leather Saddlery & Harness. Presented by Council for Leather Exports.		



BOARD OF DIRECTORS

Managing Directors

Mr. Mukhtarul Amin	<i>Chairman and Managing Director</i>
Mr. Zafarul Amin	<i>Joint Managing Director</i>
Mr. Mohammad Shadab	<i>Dy. Managing Director</i>

Wholetime Directors

Mrs. Shahina Mukhtar	<i>Wholetime Director</i>
Mr. Vinay Sanan	<i>Executive Director</i>
Mr. Anil Kumar Agarwal	<i>Chief Financial Officer</i>

Independent Directors

Mr. Nemi Chand Jain
Dr. Krishna Kumar Agarwal
Mr. Anil Soni
Mr. Kamal Agarwal
Mr. Syed Javed Ali Hashmi
Mr. Dilip Kumar Dheer
Mr. Ajai Kumar Sengar

Non-Independent Director

Mr. Yusuf Amin

COMPANY SECRETARY

Mr. R. K. AGRAWAL

BANKERS

Punjab National Bank
State Bank of India
Bank of Baroda

AUDITORS

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

REGISTERED OFFICE

150 Feet Road,
Jajmau, Kanpur-208010
Email: share@superhouse.in
Website: www.superhouse.in
Tel: 91-0512-2462124,2465995
Fax: 91-0515-2829325



DIRECTORS' REPORT

To
The Shareholders.
Superhouse Limited,
Kanpur.

The Directors have pleasure in presenting their 37th Annual Report along with the Audited Accounts of your Company for the year ended 31st March, 2017.

FINANCIAL RESULTS:

Profit before Depreciation	
Less: Depreciation	
Profit before tax	
Less: Provision for taxation	
Profit after tax	
Less: Share of Profit (After tax) of Associates	
Less: Adjustment related to investment properties	
Income Tax relating to earlier year	
Balance Brought forward from the previous year	

Appropriations:

Proposed Dividend	
Tax on Proposed Dividend	
Transferred to General Reserve	
The balance carried to Balance Sheet	

Dividend and Reserves:-

Your Directors are pleased to recommend a 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, 2017. The cash outflow on account of dividend on equity capital will be Rs. 132.69 lacs (previous year Rs. 199.04 lacs) including dividend distribution tax of Rs. 22.44 lacs (previous year Rs. 33.67 lacs). During the year under review, your company transferred a sum of Rs 2.00 crores to General Reserve (Previous year Rs 10.00 crores).

Financial Performance:-

The company has achieved the sales and other Income of Rs 591.86 crores against Rs. 625.85 crores reported last year. The Profit before tax was Rs.19.32 crores and profit after tax was Rs. 13.00 crores during the year under review as compared to Rs. 41.25 crores and Rs. 25.11 crores, respectively, during previous year. Earnings per share decreased from Rs 22.78 per share during the previous year to Rs. 11.80 per share during the year under review.

Export Awards:-

The company received Best Export Award in Non-Leather Harness/Saddles/Bridles during 2015-16.

Material changes affecting the company:

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and date of this Report. There has been no change in the nature of business of the Company.

Subsidiary Companies, Joint Venture and Associate Companies:-

The company is having six subsidiary companies namely M/s

Standalone		Consolidated	
Current Year (Rs. In ₹000)	Previous Year (Rs. In ₹000)	Current Year (Rs. In ₹000)	Previous Year (Rs. In ₹000)
337001	552228	308430	600389
143779	139654	152202	149913
193222	412574	156228	450476
73943	146182	83388	156044
119279	266392	72840	294432
-	-	-15588	-12607
-	-	-1201	-
(-)10769	15247	-10769	15247
1155334	1024093	1401397	1229509
1285382	1275238	1501795	1521301
-	16537		16537
-	3367		3367
20000	100000	20000	100000
1265382	1155334	1481795	1401397
1285382	1275238	1501795	1521301

Superhouse (UK) Limited, M/s Superhouse (USA) International Inc, M/s Superhouse Middle East FZC, M/s Briggs Industrial Footwear Limited, UK, M/s Linea De Seguridad S.L. Spain and M/s Superhouse GmbH, Germany and five Associates namely M/s Unnao Tanneries Pollution Control Company, M/s Steven Construction Limited, M/s Amin International Limited, M/s Knowledgehouse Limited and M/s Creemos International Limited. There is no joint venture of the company. During the year, no company becomes or ceased to be company's subsidiaries, joint venture or Associates Company.

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 the respective subsidiaries. The Financial Statements, including Consolidated Financial Statement and separate Financial Statement in respect of each of its subsidiaries have also been placed on the website of the company. A statement containing salient features of the Financial Statement of subsidiaries/associates companies is forming part of the Annual Financial Statement.

The policy for determining material subsidiaries as approved may be accessed on the Company's website at the link:<http://superhouse.in/pdf/Policy-for-determining-Material-Subsidiary.pdf>.

Consolidated Financial Statement:-

In accordance with the Companies Act, 2013 ("the Act") and Accounting Standard (AS) 21 on Consolidated Financial Statements read with AS 23 on Accounting for Investments in Associates, the audited consolidated financial statements are provided in the Annual Report.



Directors' Responsibility Statement:-

Your Directors state that:

- in the preparation of the annual accounts for the year ended March 31, 2017, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- the Directors 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 March 31, 2017 and of the profit of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a 'going concern' basis;
- the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Management Discussion and Analysis:-

Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 read with Schedule V to the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 is presented in a separate section forming part of the Annual Report.

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.

Internal Financial Controls:-

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

Corporate Social Responsibility:-

The Corporate Social Responsibility Committee comprises Mr. Mukhtarul Amin, Chairman, Mr. Anil Kumar Agarwal, Mr. Syed Javed Ali Hashmi and Mr. Dilip Kumar Dheer as other members. The Corporate Social Responsibility Committee (CSR Committee) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board.

The Corporate Social Responsibility Policy may be accessed on the Company's website at the link: <http://superhouse.in/pdf/CSR-Policy.pdf>.

To attain its Corporate Social Responsibility (CSR) objectives in a professional and integrated manner the company has identified the promotion of Education, Health care and Environment Sustainability as its focus areas.

In Education, the endeavors of the company are to spark the desire of learning and knowledge at every stage through quality primary education, formal schools, facility for preparation of higher education and development of sports skills. The proper arrangements have been made for free education of the financially weaker section of the society. The company is also assisting in skill development by providing on the job and vocational training.

In Healthcare, the endeavors of the company are to eradicate hunger, poverty and malnutrition and promoting Healthcare including preventive health care.

In Environmental Sustainability, the endeavors of the company are: - 1. To

ensure environmental sustainability by adopting best ecological practices and encouraging conservation/judicious use of water and other natural resources. 2. To use environment friendly and safe process in production. 3. To create a positive fast print within the society by creating inclusive and enabling infrastructure/environment for livable communities. 4. To run primary and secondary treatment plants for the disposal of effluent waste.

During the year, the Company has spent Rs 100.03 Lacs (around 2% of the average net profiles of last three financial years) on CSR activities. The Annual Report on CSR activities is annexed herewith, marked as Annexure-I.

Directors and Key Managerial Personnel:-

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Mohammad Shadab and Mr. Yusuf Amin, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible they offered themselves for re-appointment. No other key managerial personnel was appointed or resigned during the year.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Act and Listing Regulations.

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors, which includes criteria for performance evaluation of the non-executive directors and executive directors. The Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Board Committees. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. The performance evaluation of the Chairman and Managing Director and the Non-Independent Directors was carried out by the Independent Directors. The Directors express their satisfaction with the evaluation process.

The details of programs for familiarization of Independent Directors with the Company, their roles, rights, responsibilities with the Company, the nature of the industry in which the Company operates, the business model of the Company and related matters are also put up on the website of the Company at the link: <http://superhouse.in/pdf/Familiarisation-Programme.pdf>

The following policies of the Company are attached herewith, marked as Annexure II and Annexure III.

- Policy for selection of Directors and determining Directors independence; and
- Remuneration Policy for Directors, Key Managerial personnel and other employees.

Contracts and Arrangements with Related Parties:-

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link <http://superhouse.in/pdf/Policy-on-Materiality.pdf>.

Your Directors draw attention of the members to Note 37 to the financial statement which sets out related party disclosures.

Meetings of the Board:-

Four meetings of the Board of Directors were held during the year. The details of the meeting are given in the Corporate Governance Report.

Risk Management:-

The details about the development and implementation of risk management policy of the company, including elements of risk are given in the Corporate Governance Report.

**Vigil Mechanism:-**

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Listing Regulations, includes an Ethics & Compliance Task Force comprising senior executives of the Company. Protected disclosures can be made by a whistle blower through an e-mail, or dedicated telephone line or a letter to the Task Force or to the Chairman of the Audit Committee. The vigil mechanism and whistle blower policy may be accessed on the Company's website at the link: <http://superhouse.in/pdf/Vigil-Mechanis-and-Whistle-Blower-Policy.pdf>

Particulars of Loans given, Investments made, Guarantees given and Securities provided:-

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the Standalone Financial Statement.

Extract of Annual Return:-

Extract of Annual Return of the Company is annexed herewith as Annexure IV to this Report.

Particulars of Employees and Related Disclosures:-

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees as required in the said rules are provided in the Annual Report.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annual Report.

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 the use of power and fuel in factories and offices. The company is using electricity and generators as sources of energy. The company has not made specific additional investment for the reduction of consumption of energy.

Technology Absorption:-

The company is carrying on the research and development, understanding the customer needs and preferences for design, quality and comfort on a regular way. Improvement of overall product performance by implementing the planned strategies, bringing in new developments and product improvements based on consumer research have helped your Company to achieve excellent working results and improve the competitive strength of the company. The use of modern technology and newest materials not only guarantee world class quality products at reasonable price but also caters to the fashion needs of the customers while meeting the ever changing market requirements.

The company has incurred revenue expenditure of Rs. 60.74 lacs which are 0.10% of total turnover for the Research and Development Activities during the year as compared to Rs. 48.76 lacs which were 0.08% of total turnover incurred during the previous 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. The company earned Foreign Exchange of Rs. 45288.16 lacs during the year in comparison to previous year of Rs. 48699.99 lacs. During the year, the total Foreign Exchange outgo was Rs. 8267.96 lacs as compared to Rs. 9490.51 lacs during the preceding financial year.

Statutory Auditors:-

As per the provisions of the Act, the period of office of M/s Kapoor Tandon & Company, Chartered Accountants, Statutory Auditors of the Company, expires at the conclusion of the ensuing Annual General Meeting.

It is proposed to appoint M/s Rajeev Prem & Associates, Chartered Accountants, as Auditors of the Company, for a term of 5 (five) consecutive years. M/s Rajeev Prem & Associates, Chartered Accountants, have confirmed their eligibility and qualification required under the Act for holding the office, as Statutory Auditors of the Company.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer.

Secretarial Auditor:-

The Board has appointed Mr. Gautam Kumar Banthia, Practicing Company Secretary, to conduct Secretarial Audit for the financial year 2016-17. The Secretarial Audit Report for the financial year ended March 31, 2017 is annexed herewith, marked as Annexure V to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Audit Committee:-

The Audit Committee Comprises Independent Directors, namely Mr. Dilip Kumar Dheer, Chairman Mr. Anil Kumar Agarwal, Mr. Syed Javed Ali Hashmi and Mr. Kamal Agarwal as other members. All the recommendations made by the Audit Committee were accepted by the Board.

General:-

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
4. The Company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.
5. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
6. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
7. No fraud was reported by the auditors under sub-section (12) of Section 143.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Acknowledgment:-

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

Place : KANPUR
Date : 29th July, 2017

For and on behalf of the Board
MUKHTARUL AMIN
Chairman



MANAGEMENT DISCUSSION AND ANALYSIS

Macroeconomic Overview :-

Against the backdrop of robust macro-economic stability, the year was marked by two major domestic policy developments, the passage of the Constitutional amendment, paving the way for implementing the transformational Goods and Services Tax (GST), and the action to demonetize the two highest denomination notes. The GST will create a common Indian market, improve tax compliance and governance, and boost investment and growth; it is also a bold new experiment in the governance of India's cooperative federalism. Demonetization has had short-term costs but holds the potential for long term benefits. Follow-up actions to minimize the costs and maximize the benefits include fast demand-driven, remonetization; further tax reforms, including bringing land and real estate into the GST, reducing tax rates and stamp duties; and acting to allay anxieties about over-zealous tax administration. These actions would allow growth to return to trend in 2017-18, following a temporary decline in 2016-17.

On export front, India's exports during 2016-17 were valued as INR 18523.40 billion, registering an increase of 7.92% over the level of INR 17163.78 billion in 2015-16 in rupee terms. But the export of Leather Industries marginally decreased by 0.86% during the year in rupee terms. The major reduction was in Finished Leather registering decline of 12.98%. However, Non-Leather increased by 10.78% and Footwear Components increased by 5.53% showing position growth.

India's export of leather and leather products to the countries i.e. USA, Sweden, Belgium, Austria, Japan, Portugal, China, Saudi Arabia, Poland and Indonesia have shown positive growth during 2016-17.

Industry Structure and Development :-

The Leather Industry holds a prominent place in the Indian economy. This sector is known for its consistency in high export earnings. With total annual Export of over US\$ 276.28 billion, the export of leather and leather products increased manifold over the past decades and touched US\$ 5.67 billion during 2016-17.

The Leather industry is bestowed with an affluence of raw materials as India is endowed with 21% of world cattle & buffalo and 11% of world goat & sheep population. Added to this are the strengths of skilled manpower, innovative technology, increasing industry compliance to international environmental standards, and the dedicated support of the allied industries. The leather industry is an employment intensive sector, providing jobs to about 2.50 million people, mostly from the weaker sections of the society. Women's employment is predominant in the leather products sector with about 30% share.

India is the second largest producer of footwear and leather garments in the world :-

The leather industry is spread in different segments, namely, Finished Leather, Footwear, Footwear Components, Leather Garments and Leather Goods including Bags, Saddlery, Harness and Leather Gloves.

As per DGCI&S export data, the export of leather and leather products for the year 2016-17 stands at US\$5665.91 million against the export of US\$5855.06 million during the previous period, registering a decline of 3.23%.

Opportunities and Threats :-

The Government of India had identified the Leather Sector as a Focus Sector in the Indian Foreign Trade Policy 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 strengths 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, and resultantly create additional employment opportunities.

However, with such good opportunities, there are certain threats like entry of multinationals in domestic market, International price fluctuation, Stringent Pollution norm like zero liquid discharging policy of the government, fast changing fashion trends and withdrawal of Government incentive.

Segment-wise Performance :-

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

Segments Turnover

a- Leather and Leather Products (previous year Rs. 508.00 crores)	Rs. 479.39 Crores
b- Textile Garments (previous year Rs. 109.46 Crores)	Rs. 106.05 Crores

Domestic Sales :

The company is manufacturing and selling its products in domestic market with reputed Allen Cooper Brand.

Outlook :-

India's exports appear to be recovering, based on an uptick in global economic activity. This is expected to continue in the aftermath of the US elections and expectations of a fiscal stimulus. The IMF's January update of its World Economic Outlook forecast is projecting an increase in global growth from 3.1 percent in 2016 to 3.4 percent in 2017, with a corresponding increase in growth for advanced economies from 1.6 percent to 1.9 percent. Given the high elasticity of Indian real export growth to global GDP, exports could contribute to higher growth next year, by as much as 1 percentage point. Our company is expected to achieve the growth rate comparable with the Industry.

Risk and Concerns :-

The major raw material for the 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 depends upon personal skill of the purchasers and technicians, which are being properly taken care-of 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 the 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