

SUPER TANNERY LIMITED



**TWENTY EIGHTH ANNUAL REPORT
2011-12**

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SUPER TANNERY LIMITED

BOARD OF DIRECTORS

Executive Directors

Mr. Iftikharul Amin - *Managing Director*
Mr. Iqbal Ahsan - *Jt. Managing Director*
Mr. Veqarul Amin - *Jt. Managing Director*
Mr. Imran Siddiqui - *Whole-time Director*
Mr. Arshad Khan - *Whole-time Director*
Mr. Mohd. Imran - *Whole-time Director*

Non-Executive Directors

Mr. Nafees Ahmad
Mr. Mohsin Sharif
Mr. Kumud Behari Seth
Dr. Subhash Awasthi
Dr. Mohd. Izhar
Mr. P. K. Sinha

Chief Financial Officer

Mohd. Imran

Company Secretary

R. K. Awasthi

Auditors

M/s Kapoor Tandon & Co.
Chartered Accountants
Kanpur

Plant Locations

a. Chrome Tannery :
b. Goat Tannery :
c. Sole Tannery :
: :
d. Footwear Division :
e. Fashion Shoe Division :
f. Safety Shoe Division :

Registered Office:

187/170, Jajmau Road, Kanpur 208010
Ph: 0512-3935747, 3935748, 3935749
Fax: 0512-2460792, 2462227
Email: supertannery@satyam.net.in
Website: www.supertannery.com

BOARD COMMITTEES

Audit Committee

Mr. Kumud Bihari Seth - *Chairman*
(Non-Executive Independent Director)
Mr. Mohsin Sharif - *Member*
(Non-Executive Independent Director)
Mr. Nafis Ahmad - *Member*
(Non-Executive Independent Director)

Remuneration Committee

Mr. Mohsin Sharif - *Chairman*
(Non-Executive Independent Director)
Mr. Kumud Bihari Seth - *Member*
(Non-Executive Independent Director)
Mr. Nafis Ahmad - *Member*
(Non-Executive Independent Director)

Shareholder's / Investors' Grievance Committee

Mr. Nafis Ahmad - *Chairman*
(Non-Executive Independent Director)
Mr. Iftikharul Amin
Mr. Iqbal Ahsan

Bankers

State Bank of India
Overseas Branch
Kanpur

187/170, Jajmau Road, Kanpur – 208010
Leather Technology Park, Banthar, Unnao, U.P.
(i) Mona Nagar, Jajmau, Kanpur – 208010
(ii) 187/170, Jajmau Road, Kanpur – 208010
169, Jajmau, Kanpur – 208010
6, Akrapur, Unnao – 209801
Leather Technology Park, Banthar, Unnao, U.P.

Registrar and Share transfer Agent:

Karvy Computershares Pvt. Ltd.
(Karvy Consultants Ltd.)
46, Avenue - 4, Street No.1, Banjara Hills,
Hyderabad – 500034
Ph: 40-23312454, 23376715
Fax: 40-23311968, 23323041
Email: ussingh@karvy.com; mailmanager@karvy.com

**28th Annual General Meeting to be held on Friday, the 28th September, 2012 at
the Registered Office of the Company at 8:00 a.m.**

NOTICE

NOTICE is hereby given that the 28th Annual General Meeting of the members of Super Tannery Limited will be held on Friday the 28th September, 2012 at 8:00 a.m. at 187/170, Jajmau Road, Kanpur-208 010, the registered office of the Company to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2012, the Balance Sheet as on that date and the reports of Directors' and Auditors' thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Imran Siddiqui, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Kumud Behari Seth, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Nafees Ahmad, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and 311 of the Companies Act, 1956, read with Schedule XIII to the said Act and all other applicable provisions, if any, of the said Act, as may be required, and pursuant to the recommendation of remuneration committee and Board of Directors vide their resolution passed at their meeting including any modification or re-enactment thereof, consent of the Company be and is hereby accorded for the appointment of Mr. Imran Siddiqui, as a Whole time Director of the Company for a period of three years w.e.f. 28.09.2012 to 27.09.2015 on the terms and conditions mentioned in the Explanatory Statement annexed hereto.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to revise the remuneration of Mr. Imran Siddiqui, within the limits as specified in Schedule XIII of the Act in such manner as the Board may consider proper.

RESOLVED FURTHER THAT where in any financial year closing on or after 31st March, 2012, the Company has no profits or its profits are inadequate, the Company may pay to Mr. Imran Siddiqui, Whole time director, remuneration by way of salary, perquisites and other allowances not exceeding the ceiling limit as specified under Part II of Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force."

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8. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT in supersession of Resolution No. 8 passed at the Annual General Meeting of the Company held on 30th September, 2009 and pursuant to the provisions of Section 293 (1) (d) of the Companies Act, 1956, and other applicable provisions, if any, of the said Act, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time all such sums of moneys as they deem requisite for the purpose of business of the Company, notwithstanding that moneys to be borrowed together with moneys already borrowed by the Company (apart from the loans obtained from the Company's Bankers in the ordinary course of business) may, exceed the aggregate of the Paid-up Capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided however, that the total amount up to which moneys may be borrowed by the Board of Directors shall not exceed the sum of Rs.98,00,00,000/- (Rupees Ninety Eight Crores) at any time."

9. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 293(1)(e) of the Companies Act, 1956, consent of the members be and is hereby accorded to the Board of Directors of the Company to donate to charitable and other funds not directly related to the business of the Company or the welfare of its employees up to the extent of Rs 30.00 lacs (Rupees thirty lacs only) during the financial year ending 31st March, 2013."

By Order of the Board of Directors
for Super Tannery Limited
R.K. Awasthi
Company Secretary

Place : Kanpur
Date : 14.08.2012

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 AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Corporate members intending to send their authorized representative to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Businesses is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from 20th September to 28th September 2012 (both days inclusive).
5. Members holding shares in identical order of names in more than one folio are requested to write to the Company, enclosing the Shares Certificate for consolidation of their holding into one folio.
6. Members holding Shares in physical form are requested to notify the followings to the Registrar and Share Transfer Agent to facilitate better services.
 1. Any change in their address under their signature clearly quoting, their folio numbers, old address along with the changed address with Pin code.
 2. Share certificate(s) held in multiple accounts in identical names or joint accounts in the same order of the names for consolidation of such shareholding into one account.
 3. Members holding shares in electronic form may inform any change in address to their Depository Participant.
7. Members holding Shares in electronic form are requested to provide their Client-ID and DP-ID numbers at the meeting for easy identification.
8. Members desirous of obtaining any information/clarification concerning the Accounts and Operation of the Company are requested to address their queries in writing to the Company Secretary at least seven days before the annual General Meeting, so that the desired information may be made available at the Annual general Meeting, if the Chairman permits to do so.
9. The Shares of the Company are compulsorily tradable in demat form. The equity Shares of the Company have been assigned ISIN INE460D01020. Members are requested to get their Shares dematerialized at the earliest to make them tradable.
10. Pursuant to Section 205-A of the Companies Act, 1956, all unclaimed/unpaid dividends up to the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Those members who have so far not claimed their dividends up to the said periods may claim the same by submitting an application in prescribed Form to the Registrar of Companies, Kanpur.

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Consequent upon amendment in Section 205-A of the Companies Act, 1956 and introduction of Section 205-C by the companies (Amendment) Act, 1999, the amount of dividend/debenture/fixed deposit remaining unclaimed for a period of seven years is required to be transferred to Investor Education and Protection Fund set up by the Central Government.

Accordingly all unclaimed/unpaid dividend up to the financial year 2003-2004 have been transferred to the "Investor Education and Protection Fund".

Dividend unpaid or unclaimed for the Financial Year 2004-05 may be claimed by the shareholders on or before 5th February, 2013. Thereafter, such amount shall be transferred to the "Investor Education and Protection Fund". Kindly note that once the unclaimed or unpaid Dividend is transferred to "Investor Education and Protection Fund" no claim shall lie with the company in respect thereof.

11. Pursuant to Section 109A of the Companies Act, 1956 shareholders are entitled to make nomination in respect of share held by them in physical form. Shareholders desirous of making nomination are requested to send their request Form No.2B to the Registrar and Transfer Agents, M/s. Karvy Computer share Pvt. Ltd., Hyderabad. Members holding shares in electronic mode are requested to consult/contact with their respective Depository Participant (DP) for availing nomination facility.
12. Members are requested to notify immediately change in their address, PIN code, if any to company at its registered office by quoting their folio number.
13. Members' proxies are requested to bring attendance slip duly completed for attending the meeting.
14. In terms of the Articles of Association of the company, Mr. Imran Siddiqui, Mr. Kumud Behari Seth, Mr. Nafees Ahmad, retire by rotation and being eligible, offer themselves for re-appointment. The relevant details in this respect pursuant to Clause 49 of the listing agreement with the Stock Exchange in India, are furnished hereunder:
15. **Mr. Imran Siddiqui:** Mr. Imran Siddiqui, age about 54 years, is a chemical Engineer. He joined the Board of directors of the company in 1992-93 as an alternate director. His efficiency and capability enabled the company to appoint him as a whole time Director in 1998-99. Mr. Siddiqui has been associated with the company for over 31 years and closely involved in the operations of the company. He is responsible for Human Resources Development, Legal Administration, Information & Technology and Vegetable tanned Sole leather Production. He had vast experience and his services are required by the company to steer it smoothly. Mr. Siddiqui is also Director in Super Safetywears Limited.
16. **Mr. Nafees Ahmed:** Mr. Nafees Ahmed is a Graduate. He was introduced in the Board of Directors of the company in March 2002 as a non-executive Director. Mr. Nafees Ahmed has experience of 14 years in the field of Leather and administration. Mr. Nafees Ahmed is not a Director in any company except Super Tannery Limited. His services are required by the company from time to time to steer it smoothly.
17. **Mr. Kumud Behari Seth:** Mr. Kumud Behari Seth is B.Sc. (Hons.) and having a Degree of MBA. He was introduced in the Board of Directors of the company in March 2002 as a non Executive Director. Mr. Kumud Behari Seth has vast experience of 37 years in the field of Marketing and Accounts. His services are required by the company from time to time to steer it smoothly. Mr. Kumud Behari Seth is not a Director of any other company except Super Tannery Limited.

EXPLANATORY STATEMENT

(Pursuant to Section 173 (2) of the Companies Act, 1956)

ITEM No. 07:

Mr. Imran Siddiqui, Whole Time Director of the Company, was appointed in terms of resolution passed by the Shareholders at the Annual General Meeting held on 22.12.2007 for a period of 5 years w.e.f. 30.08.2007. Since the tenure of Mr Imran Siddiqui whole Time Director is being expired on 29.08.2012 hence the Board of Directors at its meeting held on 14.08.2012., subject to the approval of the Shareholders of the company, re-appointed the said Whole time director for a further period of 3 years w.e.f. 28.09.2012. The main terms and conditions of re-appointment of Mr.Imran Siddiqui, whole time Director of the Company are as under.

SALARY :

Rs 25,000/- per month with such annual increment as may be decided by the Board subject to maximum salary of Rs 30,000/- per month.

PERQUISITES :

The Whole time director shall be entitled to the following perquisites:

1. He shall be entitled to earned leave/Privilege leave on full pay and allowance as per rules of the company, but not more than forty five days leaves for each completed year of services. Bonus as per the rules of the company will also be available to him.
2. Company's contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent, these either singly or put together, are not taxable under the Income Tax Act, 1961, Gratuity payable shall not exceed half a month's salary for each completed year of service.
3. The Company will provide a car and telephone at his residence. However, provisions of car for the purpose of Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company.

Perquisites will be restricted to an amount equal to annual salary or maximum Rs. 1,50,000/- per annum whichever is less. The perquisites shall be evaluated, for the purpose of above ceiling, as per Income Tax Rules, 1962.

The terms and conditions of appointed of aforesaid Whole time Directors may be varied, altered or modified by the Board from time to time within the maximum limit laid down in Schedule XIII read with other applicable provisions of the Companies Act, 1956 or any amendments made hereinafter in this regard.

Where in any financial year during the currency of the tenure of the Whole time Directors the Company has no profits or its profits are inadequate, the Company will pay remuneration to Whole time Directors by way of salary and perquisites as specified above as minimum remuneration, subject to compliance of the provisions of the Companies Act, 1956 read with Schedule XIII thereto including any statutory modification or re-enactment thereof for the time being in force.

The Board of Directors recommends the resolutions set out in Item no.7 of the Notice, for approval of the Shareholders.

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This may also be treated as an abstract of terms of re-appointment of Mr.Imran Siddiqui, under the provisions of Section 302 of the Companies Act, 1956.

Except Mr.Imran Siddiqui, none of Directors of the Company is in any way either directly or indirectly concerned or interested in the resolution except as a shareholder in general.

Brief particulars of Mr. Imran Siddiqui are being given in the Report on Corporate Governance attached with Director's Report.

ITEM No. 08:

According to the provisions of Section 293 (1)(d) of the Companies Act, 1956, the Board of Directors of a Company cannot, except with the consent of the Company in general meeting, borrow monies (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the aggregate of its paid-up capital and free reserves.

At the Annual General Meeting held on 30th September, 2009, the Company had accorded its consent in pursuance of aforesaid Section to the Directors to borrow money upto a limit of Rs.80 Crores. Taking into account the further requirements of additional finance for the expansion and diversification programmes undertaken by the Company.It is therefore recommended to increase the borrowing powers of the Board of Directors from 80 Crores to 98 Crores(Ninety Eight Crores only). Your Board of Directors considers it necessary and recommends the resolution under Item No.8 for your approval.

None of the Directors of the Company is in any way either directly or indirectly concerned or interested in the resolution.

ITEM No. 09:

It has been the policy of the company to contribute in those charitable funds, which serve the society at large or for the welfare of its employees, whether such charitable institution are directly related or not with the business of the Company, the action of the Board is taken keeping in mind the responsibility that the Company owes to society. Sometimes contribution so made exceed the limit prescribed by the section 293(1)(e) of the Companies Act, 1956. The Board can not do such welfare work, beyond prescribed limit, without the approval of the members. The aggregate of such contribution during the year ending 31.03.2013 is likely to exceed the limit as prescribe by the Act. Therefore, your permission is requested.

The Directors recommend the resolution for approval of members.

None of the Director of the Company in any way whether, directly or indirectly, except as trustee of the trust which receives the fund, is interested or concerned in this resolution.

By Order of the Board of Directors
for Super Tannery Limited
R.K. Awasthi
Company Secretary

Place : Kanpur
Date : 14.08.2012

DIRECTORS' REPORT

Dear Shareholder,

The Directors of your Company have pleasure in presenting the **28th Annual Report** on the business and operations of the Company together with Audited Financial Statements for the year ended **31st March, 2012**:

	(Rs. in lacs)	
	Year ended 31.03.2012	Year ended 31.03.2011
FINANCIAL RESULTS		
PROFITS:		
Profit before Interest, Depreciation & extra-ordinary items	1837.18	1738.01
Less: Interest	877.48	541.80
Depreciation	354.47	336.22
Exchange Fluctuation Loss/(gains)	(344.17)	(67.27)
Bad Debts written off	16.57	112.69
	904.35	923.44
Profit before tax	932.83	814.57
Less: Provision for current tax	242.00	214.03
Provision for deferred tax	82.55	1.89
	324.55	215.92
Profit after tax	608.28	598.65
Add: Profit brought forward from previous year	(2.78)	44.62
Income Tax relating to earlier Years	(33.86)	(33.30)
Profit available for appropriation	571.64	609.97
APPROPRIATIONS:		
(a) Transfer to General Reserve	300.00	550.00
(b) Proposed Dividend	53.99	53.99
(c) Provision for tax on Proposed Dividend	8.75	8.76
(d) Balance carried over to next year	208.90	(2.78)
	571.64	609.97

NOTE : Figures of the previous year have been re-grouped/re-arranged in order to make them comparable.

DIVIDEND:

The Board of Directors of your Company take pleasure to recommend a dividend of Rs. 0.05 (5%) per Equity Shares of Re. 1/- each for the year ended 31st March, 2012 subject to the approval of shareholders at the ensuing Annual General Meeting. This will absorb a sum of Rs. 53.99 lacs towards dividend for the year besides Rs 8.75 lacs towards tax on Dividend. The dividend (inclusive of tax), if approved, shall result in a payout of 10.98% of current year's profit available for appropriation. This makes the Management investor friendly and creates more confidence to keep the investors' interest at heart.

OPERATIONAL REVIEW:

During the year under review, the income from operation of the company was Rs. 25,140.26 lacs as against Rs. 26,308.95 lacs during the last financial year, shows marginal declined growth in the operational income by Rs. 1,168.7 lacs which work out to 4.44%. Besides declined in the operational income, the company's Gross Profit has improved marginally (profit before interest, depreciation and extra ordinary items) by Rs.1,837.18 lacs as compared to Rs. 1738.01 lacs during the last financial year. The company recorded overall growth in net profit despite recession and decline in income from operation.

SUPER TANNERY LIMITED

SUBSIDIARY COMPANIES:

The Company has four subsidiaries namely: Super Safetywears Limited, Super Tannery (UK) Limited, Aarifi Tanners Limited and Safety Solutions s.r.o. Pursuant to the General exemption granted under Section 212 (8) of the Companies Act, 1956, by Government of India, Ministry of Corporate Affairs, vide General Circular No.2/2011, the Profit and loss account for the year ended 31.03.2012 and Balance Sheet as on that date, in respect of the subsidiaries of the Company have not been attached to the Annual Report of the Company. However, the requisite information for each subsidiary, as stipulated vide above General Circular No.2/2011, has been disclosed. The Annual Accounts of the subsidiary companies and related detailed information will be made available to the holding and subsidiary Company investors seeking such information. The Annual Accounts of the subsidiary companies will be kept open for inspection by any investor in the head office of the Company and the subsidiary concerned.

INDUSTRIAL RELATIONS:

During the period industrial relations have been extremely cordial. Employees' cooperation and co-ordination had been an important factor in the growth of the organization.

FIXED DEPOSITS:

The Company has not accepted/renewed any deposit during the year as per the provisions of Section 58-A of the Companies Act, 1956.

CLAUSE 32 OF THE LISTING AGREEMENT:

As per the amended Listing Agreement, it is hereby disclosed that the Equity shares of the Company are listed at Bombay Stock Exchanges. Pursuant to Board meeting held on 27th February, 2010, the company has applied for listing of its shares at National Stock Exchange. The application is in process. The company is in regular follow up with National Stock Exchange.

HUMAN RESOURCES MANAGEMENT:

Employees are vital to the Company. We have created a favorable work environment that encourages humble relationship. We have also set up a scalable recruitment and human resources management process, which enables us to attract and retain high caliber employees. The Company also has started with collaboration of UP Leather Industries Association a training centre for recruiting trained labours.

PARTICULARS OF EMPLOYEES:

A statement of particulars of employees as specified under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975 as amended from time to time, is set out in the Annexure forming part of Directors' Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO:

The particulars of Energy Conservation, Technology Absorption etc. pursuant to Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars of the Report of Board of Directors) Rules, 1988, are set out in the Annexure forming part of this Report.

DIRECTORS:

In terms of Article 125 of the Articles of Association of the Company, Mr. Imran Siddiqui, Mr. Nafees Ahmed, and Mr Kumud Behari Seth, retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment. Brief resume of all the Directors, their expertise in specific functional areas and names of other companies in which Directorship held and the membership of committee of the Board as stipulated under clause 49 of the listing Agreement are given in corporate governance annexure, attached to this report.

REPORT ON CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement, a report on Corporate Governance is given in Annexure to this report.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the annual accounts for the financial year ended 31st March, 2012, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- (ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (iii) That the Directors had 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) That the Directors had prepared the accounts for the financial year ended 31st March, 2012 on a going concern basis.

CONSOLIDATED FINANCIAL STATEMENTS:

In accordance with Accounting Standard AS-21 on Consolidated Financial Statements, your Directors have pleasure in attaching the Consolidated Financial Statements which form part of Annual Reports and Accounts. These consolidated financial statements include accounts of Super Tannery (U.K.) Limited, Aarifi Tanners Limited, Super Safetywears Limited and Safety Solutions s.r.o.

AUDITORS:

M/s. Kapoor Tandon & Company, Chartered Accountants, Kanpur will hold office upto the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Their re-appointment if made for the financial year 2012-2013, will be within the statutory limits prescribed in Section 224(1-B) of the Companies Act, 1956. The Board of Directors recommends their re-appointment.

AUDITORS' REPORT:

The comments of the Auditors in their Audit Report and reference to "Notes on Accounts" forming part of the Financial Results are self explanatory and need no further comments.

ACKNOWLEDGEMENT:

Your Directors would like to express their gratitude and appreciation for the continued support and co-operation received from State Bank of India, Central & State Government Authorities, Regulatory Bodies, Stock Exchanges and Shareholders.

Your Directors wish to place their deep sense of appreciation on the record for the devoted services of the officers, staff and workers of the Company.

Place : KANPUR
Date : 14.08.2012

On behalf of the Board of Directors
IFTIKHARULAMIN
Managing Director

IQBALAHSAN
Jt. Managing Director

ANNEXURE I TO THE DIRECTORS' REPORT

Statement as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

(a) Conservation of Energy:

- (1) Energy conservation measures taken:
Upgradation of power generation and distribution systems for long term energy savings. Special emphasis has been laid on boiler and steam generation.
- (2) Additional investments and proposal, if any, being implemented for reduction of consumption of energy:
Introduction of energy saving devices and systems in process machines.
- (3) Impact of the measures at (1) & (2) above for the reduction of energy consumption and consequent impact on the cost of production of goods:
Energy conservation measures have helped in generation of required quantity of steam at a minimum cost which resulted in improving efficiencies and reduction in costs.
- (4) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto:
Not Applicable

(b) Technology Absorption: Research and Development (R & D):

- (1) Specific area in which R & D carried out by the Company:
 - (a) New product development based on different raw hides/skins.
 - (b) Apart from production of safety footwear establishing standard products for fashion shoes/sandals.
- (2) Benefits derived as a result of the above R & D:
 - (a) Cost reduction and better unit realization.
 - (b) Better product acceptance.
- (3) Future plan of action:
To continue to invest in R & D for faster introduction of new products.
- (4) Expenditure on R & D:

	2011-12 (Rs in lacs)	2010-11 (Rs in lacs)
(a) Capital	NIL	NIL
(b) Recurring	20.84	21.06
(c) Total	20.84	21.06
(d) Total R & D Expenditure as % of turnover	0.08%	0.09%

Technology Absorption, Adoption And Innovation:

- (1) Efforts, in brief, made towards technology absorption, adoption and innovation:
The Company is using indigenous technology and is developing in house technology and is not dependant on any outside technology / source.
- (2) Benefits derived as a result of the above efforts: Not Applicable
- (3) Incase of imported technology (Imported during the last 5 years reckoned from the beginning of the financial year):

(a) Technology imported	}	
(b) Year of import	}	
(c) Has technology been fully absorbed?	}	Not Applicable
(d) If not fully absorbed, areas where not taken place, reasons therefore and future plan of action	}	

(c) FOREIGN EXCHANGE EARNINGS & OUTGO:

- (1) Activities relating to exports, initiative taken to increase exports, development of new export markets or products and export plans:

On Export front, Company's performance is quite satisfactory and it is expected to be strong in the time to come.

- (2) Total foreign exchange earned & used:

	2011-12 (Rs. in lacs)	2010-11 (Rs. in lacs)
(a) Foreign exchange earned (FOB value of exports)	18,032.72	16,699.08]
(b) Foreign exchange used	1,865.96	2,803.14

(d) STATEMENT OF PARTICULARS UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FORMING PART OF THE DIRECTORS' REPORT:

Name	Designation	Gross Remuneration	Qualification	Experience (Years)	Date of Commencement of employment	Age (Years)	Particulars of previous employment
Mr. Iftikharul Amin	Managing Director	Rs26,57,600	Post Graduate	28	06.02.1984	54	Promoter
Mr. Iqbal Ahsan	Jt. Managing Director	Rs26,57,600	Graduate	24	21.12.1988	51	Promoter
Mr. Veqarul Amin	Jt. Managing Director	Rs26,57,600	Leather Technologist	22	01.01.1990	49	Promoter

Notes :

1. Mr. Iftikharul Amin, Mr. Iqbal Ahsan and Mr. Veqarul Amin being brothers are related to each other within the meaning of schedule IA of Companies Act, 1956.
2. Remuneration includes salary and perquisites as per rules of the company and recorded under the Income Tax Act, 1961.

On behalf of the Board of Directors

Place : KANPUR
Date : 14.08.2012

IFTIKHARULAMIN
Managing Director

IQBALAHSAN
Jt. Managing Director

**ANNEXURE – II TO THE DIRECTORS' REPORT
REPORT ON CORPORATE GOVERNANCE:**

In accordance with the Clause 49 of the Listing Agreement with the Stock Exchanges in India (Clause 49) and some of the best practices followed internationally on Corporate Governance, the report containing the details of governance system and processes at Super Tannery Limited is as under:

Corporate Governance Philosophy:

At Super Tannery Limited it is our belief that as we move closer towards our aspirations of becoming a global corporation our corporate governance standards must be globally benchmarked. That gives us confidence of having put in the right building blocks for future growth and ensuring that we achieve our ambitions in a prudent and sustainable manner.

Shareholders Communications:

The Board recognizes the importance of two-way communication with shareholders for giving a balanced report of results & progress and responds to the questions and issues raised in a timely and consistent manner. Shareholders seeking information may contact the Company directly throughout the year. They also have an opportunity to ask questions in person at the Annual General Meeting. Shareholders can contact the company via dedicated shareholder contact points as provided with this report or through any of Investor Service Centre of the Company's Registrars and Transfer Agents. The company ensures that queries, complaints and suggestions are responded in a timely and consistent manner.

Role of Company Secretary in Overall Governance Process:

The Company Secretary holds a key role in ensuring that the Board Procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the directors and senior management for effective decision making at the meeting. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and regulatory authorities for governance matters. All the Directors of the company have access to the advice and services of the Company Secretary.

Observance of the Secretarial Standards issued by the Institute of the Company Secretaries of India:

The Institute of the Company Secretaries of India (ICSI), one of the premier professional bodies in India, has issued Secretarial Standards on important aspects like Board Meetings, General Meeting, Payment of Dividend, Maintenance of Registers and records, Minutes of Meetings, Transmission of Shares and Debentures, Passing of Resolution By Circulation, Affixing of Common Seal, Forfeiture of Shares and Board's Report although these standards are recommendatory in nature, the Company substantially adheres to the standards voluntarily.

1. BOARD OF DIRECTORS:

- (i) The company has Executive Chairman and the number of Independent Directors being 50% and Non Executive Directors (NEDs) being 50% the Board is in conformity with Clause 49 of the listing agreement with the Stock exchanges.
- (ii) None of the directors on the Board is a member of more than 10 Committees or Chairman of more than 5 committees as specified in Clause 49 across all the Companies in which he/she is a director. Necessary disclosure about position in other public companies as on 31- March 2012 has been made by the Director.
- (iii) The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of Directorships and Committee Chairmanship/

Membership held by them in other companies is given below. Other directorships do not include alternate directorship and directorship of private limited companies, Chairmanship/Membership of Board Committees included on Audit, Remuneration and Shareholder/Investors Grievances committees.

- (iv) The present strength of the Board is twelve and comprises six executive and six non-executive directors. During the year 2011-12, the Board met 5 times (as against the minimum requirement of four meetings) on the following dates: 30th May, 2011, 1st August, 2011, 14th November, 2011, 9th February, 2012, and 29th March, 2012. The maximum time gap between any two board meetings was not more than three calendar months.

The following table gives details of directors' attendance at the Board meetings and at the last Annual General Meeting, number of membership held by director in the Board/Committees of various companies:

Name	Category	Attendance Particulars		Number of other Directorships Committee Member/Chairman		
		Board Meetings	Last AGM	Directorships	Other Committee/Membership	Committee Chairman
Iftikharul Amin	MD	4	YES	3	1	
Iqbal Ahsan	JMD	3	NO	2	1	
Veqarul Amin	JMD	01	NO	3		
Imran Siddiqui	ED	4	YES	1		
Arshad Khan	ED	4	YES			
Mohd. Imran	ED	4	YES	2		
Mohsin Sharif	NED-I	3		1	1	1
Nafees Ahmad	NED-I	4			2	1
Kumud Behari Seth	NED-I	Nil		1	1	1
P. K. Sinha	NED-I	Nil		1		
Dr. Subhash Awasthi	NED-I	5		1		
Dr. Mohd. Izhar	NED-I	Nil				

MD-Managing Director; JMD-Joint Managing Director; ED-Executive Director; NED-I-Non-Executive Director –Independent.

None of the Director is member of more than 10 committees or Chairman of more than 5 committees across all companies in which he is Director. Brief resume of Directors seeking re-appointment, nature of their expertise in specific functional area, is given here under:

- a. **Mr. Iftikharul Amin:** Mr. Iftikharul Amin, (54 years), is a Post Graduate. He is named in Article of Association of the Company as First Director of the Company and appointed as Managing Director in 1989. Mr. Iftikharul Amin has been closely associated with the Company for over 28 years and is involved in the operation of the Company. He is having very good experience of leather and leather products. His services are required very much to steer the company smoothly. He is also director of the following companies :-

1. Super Tannery (UK) Limited
2. Aarifi Tanners Limited
3. Industrial Infrastructure Services (India) Limited

- b. **Mr. Iqbal Ahsan:** Mr. Iqbal Ahsan, (51 years), is a Graduate. He joined the Board of Super Tannery Limited as an Executive Director in 1988-89 and appointed as Joint Managing

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Director in 1993-94. Mr. Iqbal Ahsan has been closely associated with the Company for over 24 years and is involved in the operation of the Company. He is having very good experience of leather and leather products. His services are required very much to steer the company smoothly. He is also director of the following companies :-

1. Super Tannery (UK) Limited
2. Aarifi Tanners Limited

- c. **Mr. Veqarul Amin:** Mr. Veqarul Amin, (49 years), is a Qualified Leather Technologist. He joined the Board of Super Tannery Limited as Director (Technical) in 1990 and appointed as Joint Managing Director in 2001. Mr. Veqarul Amin has been closely associated with the Company for over 22 years and involve in the operation of the Company. He is having very good experience of leather and leather products. His services are required very much to steer the company smoothly. He is also director of the following companies:-

1. Super Shoes Limited
2. Banthar Industrial Pollution Control Company
3. Amin Colonizers & Developers Limited

- d. **Mr. Imran Siddiqui:** Mr. Imran Siddiqui, age about 54 years, is a chemical Engineer. He joined the Board of directors of the company in 1992-93 as an alternate director. His efficiency and capability enabled the company to appoint him as a whole time Director in 1998-99. Mr. Siddiqui has been associated with the company for over 30 years and closely involved in the operations of the company. He is responsible for Human Resources Development, Legal, Administration, Information & Technology and Vegetable tanned Sole leather Production. He has vast experience and his services are required by the company to steer it smoothly. Mr. Imran Siddiqui, is also Director in Super Safetywears Limited.
- e. **Mr. Arshad Khan:** Mr. Arshad Khan, Age 48 years is a Graduate and has been associated with the Company for the last 18 years and closely involve in the export marketing of finished leather of Company. He was introduced in the Board in the year 2000 as Additional Director and was regularized at the 16th Annual General Meeting of the Company as a whole time Director. He is liable to retire by rotation. He has vast experience of export of leather and leather products. He has visited many countries for this purpose and gained rich experience. His service is required for steering the export of the company. Mr. Khan is not director of any other company.
- f. **Mr. Mohd. Imran:** Mr. Mohd. Imran (45 years) is a Chartered Accountant having experience in export, import, accounts, excise, customs and foreign trade matters. He is very initiative and closely associated with the company since long time. Mr. Mohd Imran is also director in Super Safetywears Limited and Super Tannery (UK) Limited.
- g. **Mr. Nafees Ahmed:** Mr. Nafees Ahmed is a Graduate. He was introduced in the Board of Directors of the company in March 2002 as a non-executive Director Mr. Nafees Ahmed has experience of 12 years in the field of Leather and administration. Mr. Nafees Ahmed is not a Director in any company except Super Tannery Limited. His services are required by the company from the time to time to steer is smoothly.
- h. **Mr. Mohsin Sharif:** age 50 years, is an independent Director of the Company, He is leather technologist and plays an important role in suggesting the company to increase its production and selling the product. He also suggests better ways to labours and technicians

for handling with complexities during the production. He is liable to retire by rotation Mr Mohsin.Sharif, is also Director in Best Tanning Industries PVT.Limited

- i. **Mr. Kumud Behari Seth:** Mr. Kumud Behari Seth is B.Sc. (Hons.) and having a Degree of MBA. He was introduced in the Board of Directors of the company in March 2002 as a non Executive Director. Mr. Kumud Behari Seth has vast experience of 37 years in the field of Marketing and Accounts. His services are required by the company from time to time to steer it smoothly. Mr. Kumud Behari Seth is not a Director of any company except Super Tannery Limited.
- j. **Dr. Subhash Awasthi:** Dr.Subhash Awasthi (46 years) is an Environment Engineer (Industrial Pollution Control) and Ph.D. Civil Engg. (ETP Design\Structure). He was introduced in the Board of Directors of the company in March 2005 as a Non-Executive Independent Director. He is engaged in the leather sector in the field of Environment Protection by way of launching complete waste water pollution control engineering solution for a cluster of leather processing industries at Unnao, U.P. His services are required by the company from time to time to steer its operation smoothly. He is also Director of Industrial Infrastructure Services (India) Limited.
- k. **Dr. Mohd. Izhar:** Dr. Mohd. Izhar (54 years) is a Doctor (B.M.S.). He was introduced in the Board of Director of the company on June 30, 2005 as a Non-Executive Independent Director. He is a famous medical practitioner of Homeopathy. Dr. Mohd. Izhar is not a Director of any other company except Super Tannery Limited.
- l. **Mr. P. K. Sinha:** Mr. P.K. Sinha (54 years) is post graduate and was introduced in the Board of Director of the company in January 2008 as a Non- Executive Independent Director. Mr. Sinha is not director of any other company.

3. AUDIT COMMITTEE:

The Audit Committee consists of three Members - Mr. Kumud Behari Seth (Non Executive Independent Director) acts as Chairman, Mr. Mohsin Sharif (Non Executive Independent Director) member and Mr. Nafees Ahmad (Non Executive Independent Director) member of the committee. During the year 4 meetings were held one of which was before finalization of annual accounts. The said meetings were held on 30th May, 2011, 01st August, 2011, 14th November, 2011 and 9th February, 2012. The meetings of the committee were attended by all the members of the committee. Mr. Kumud Behari Seth has financial and accounting knowledge.

The meetings of Audit Committee were attended by the heads of accounts & finance and other respective functional heads and statutory auditors as invitees. Members held discussion with the statutory auditors during the meetings of the Committee and half yearly and annual audited financial accounts of the company were reviewed by the Audit Committee before consideration and approval by the Board. The Committee reviewed the internal control system also.

The terms of reference specified by the Board to the Audit Committee are as contained under Clause 49 of the Listing Agreement. They are as follows:

- a. Oversight of the company's financial reporting process and the disclosure of its financial information.
- b. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.

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- c. Reviewing with management the annual financial statements before submission to the Board, (i) the going concern assumption (ii) compliance with accounting standards (iii) compliance with stock exchange and legal requirements concerning financial statements.
- d. Reviewing the adequacy of internal audit functions.
- e. Discussion with internal auditors any significant findings and follow-up there on.
- f. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- g. Discussion with external auditors before the audit commences nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

4. REMUNERATION COMMITTEE:

For better compliance of Corporate Governance, the Remuneration Committee of the Company has been designed to determine Company's policy on specific remuneration package of Executive Directors on the basis of their performance. The Remuneration and Commission decided by the Committee are paid in accordance with the Companies Act, 1956. The Composition of Remuneration Committee is as follows:

Name		Status
Mr. Mohsin Sharif	(Non Executive Director - Independent)	Chairman
Mr. Kumud Behari Seth	(Non Executive Director - Independent)	Member
Mr. Nafees Ahmad	(Non Executive Director - Independent)	Member

Details of remuneration paid to Directors are given below:

Name of Director	Salary including perquisites	Sitting Fees	Total (Rs. in lacs)
Mr. Iftikharul Amin	26,57,600	—	26,57,600
Mr. Iqbal Ahsan	26,57,600	—	26,57,600
Mr. Veqarul Amin	26,57,600	—	26,57,600
Mr. Imran Siddiqui	4,06,250	—	4,06,250
Mr. Mohd. Imran	3,23,550	—	3,23,550
Mr. Arshad Khan	2,91,845	—	2,91,845

The Non-Executive Directors are not paid any remuneration.

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

The Company has constituted Shareholders' / Investors' Grievance Committee (the committee), comprising Mr.Nafees Ahmad, Chairman, Mr. Iftikharul Amin and Mr. Iqbal Ahsan. The Committee, *inter-alia*, approves issue of duplicate certificates and reviews all matters connected with the securities transfer. The Committee also looks into redressing of Shareholders' / Investors' Complaints like transfer of shares, non-receipt of balance sheet, non-receipt of dividends etc. Mr R.K. Awasthi, the Company Secretary acts as a Secretary of the Committee as well as Compliance Officer. Total No. of complaints received and replied to the satisfaction of shareholders during the year was 71. No outstanding complaints were lying unresolved as on 31st March 2012. No investors' grievances are pending for a period exceeding one month with the Company.

6. GENERAL BODY MEETINGS:

During the last three years, following Annual General Meetings (AGM) & Extra Ordinary General Meeting (EGM) were held:

Year	Location	Date	Time
2008-09 (AGM)	187/170 Jajmau, Kanpur	30.09.2009	8.00 a.m.
2009-10 (AGM)	Same as above	30.09.2010	8.00 a.m.
2010-11 (AGM)	same as above	30.09.2011	8.00 a.m.

7. DISCLOSURE:

- (a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

None of the transactions with any of the related parties were in conflict with the interest of the Company. All the related party transactions are negotiated on arms length basis and are only intended to safeguard the interest of the company. Wherever necessary, the related party transactions are disclosed in Notes to the Accounts, forming part of the Annual Report.

- (b) Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

There were no instances of non-compliance of any matter related to the capital markets during the last three years.

8. MEANS OF COMMUNICATION:

Quarterly Results: The quarterly results were published in the 'The Pioneer (English), New Delhi and 'Dainik Aaj (Hindi), Kanpur. The Management Discussion and Analysis (M D & A) is a part of Annual Report.

9. INSIDER TRADING:

In accordance with Securities & Exchange Board of India (Prohibition of Insider Trading) Regulation 1992, as amended in February, 2002, the Board of Directors of the company formulated the code of conduct for prevention of insider trading in shares of the company by its employees.

10. GENERAL SHAREHOLDER INFORMATION:

10.1 ANNUAL GENERAL MEETING: Date and Time 28th September, 2012 at 8:00 a.m.
Venue – 187/170, Jajmau, KANPUR-208 010.

10.2 FINANCIAL CALENDAR 2012-13: (Tentative)

BOARD MEETINGS:

Results for the quarter ending 30.06.2012: 2nd week of August, 2012
Results for the quarter ending 30.09.2012: 2nd week of November, 2012
Results for the quarter ending 31.12.2012: 2nd week of February, 2013
Results for the quarter ending 31.03.2013: Last week of May, 2013 (as per Listing Agreement.)

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10.3 BOOK CLOSURE DATE : 20th September, 2012 to 28th September 2012 (both days inclusive)

10.4 Dividend : Your Directors have recommended dividend of Rs 0.05 (5%) per Equity Shares of Re 1/- each for the year ended 31st March, 2012 and therefore, seek your approval for the same.

10.5 (a) LISTING OF EQUITY SHARES ON STOCK EXCHANGES AT:

1. The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI-400001.

NOTE: Annual Listing Fees for the year 2012-13 as applicable has been paid to the BSE.

(b) DEMAT ISIN NUMBERS IN NSDL & CDSL: Equity Shares INE460D01020

10.6 STOCK CODE: Trading in Mumbai Stock Exchange and Stock Code is 523842.

Performance of Company's Equity Share

Months	Company's Equity Share	
	High	Low
April 2011	3.08	2.31
May 2011	2.72	2.31
June 2011	2.78	2.31
July 2011	2.90	2.48
August 2011	2.74	2.05
September 2011	2.57	2.02
October 2011	2.60	1.93
November 2011	2.56	2.02
December 2011	2.61	1.70
January 2012	2.34	1.77
February 2012	2.28	1.91
March 2012	2.20	1.91

10.7 REGISTRAR AND TRANSFER AGENT:

KARVY Computershare Pvt. Ltd. (Karvy Consultants Ltd.)
46, Avenue-4, Street No.1, Banjara Hills, HYDERABAD-500034
Phone: 40-23312454, 23376715; Fax: 40-23311968, 23323041
Email: ussingh@karvy.com; mailmanager@karvy.com

10.8 SHARE TRANSFER SYSTEM:

In compliance of SEBI Circular No.D&CC/FITTC/CIR-15/2002 dated 27th December 2002, your Company has appointed common agency to shareholders for all the work relating to share registry in terms of both physical and electronic at single point by our Registrar & Transfer Agent i.e. KARVY Computershare Pvt. Ltd. (Karvy Consultants Ltd.) Hyderabad. The share transfers, which are received in physical form, are processed and the share certificates returned within a period of 10 to 15 days from the date of receipt, subject to the documents being valid and complete in all respect.

10.9 SHARE HOLDING PATTERN AS ON 31.03.2012

S. No.	Description	Cases	Shares	% Equity
1	BANKS	1	3000	0.00
2	CLEARING MEMBERS	2	3738	0.00
3	DIRECTORS AND THEIR RELATIVES	10	63458434	58.77
4	H U F	72	1530920	1.42
5	BODIES CORPORATES	120	4812761	4.46
6	MUTUAL FUNDS	1	4149000	3.84
7	NON RESIDENT INDIANS	103	547370	0.51
8	RESIDENT INDIVIDUALS	6319	33468027	31.00
9	FRACTIONAL SHARES	1	110	0.00
	Total:	6629	107973360	100.00

10.10 Distribution Schedule as on 31st March 2012:

Category	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1-5000	5641	85.10%	13886385	13886385	12.86%
5001-10000	629	9.49%	4295167	4295167	3.98%
10001-20000	193	2.91%	2716156	2716156	2.52%
20001-30000	62	0.94%	1651975	1651975	1.53%
30001-40000	19	0.29%	660948	660948	0.61%
40001-50000	18	0.27%	810038	810038	0.75%
50001-100000	27	0.41%	1881982	1881982	1.74%
100001 & Above	40	0.60%	82070709	82070709	76.01%
TOTAL	6629	100.00%	107973360	107973360	100.00%

10.11 DEMATERIALISATION OF SHARES AND LIQUIDITY:

The company has entered into agreement with NSDL and CDSL for the dematerialization of its equity shares. The equity shares of the company are frequently traded on the BSE. Approximately 83.33% of the equity shares issued by the Company have been dematerialized up to 31st March 2012.

10.12 OUTSTANDING GDR/ADR/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY : Nil**10.13 PLANT LOCATIONS:**

(a) Chrome Tannery	:	187/170, Jajmau Road, Kanpur-208 010
(b) Goat Tannery	:	Leather Technology Park, Banthar, Unnao, U.P.
(c) Sole Tannery	:	(i) Mona Nagar, Jajmau, Kanpur-208 010.
	:	(ii) 187/170, Jajmau Road, Kanpur – 208 010
(d) Fashion Shoe Division	:	6, Akrapur, Unnao – 209 801
(e) Footwear Division	:	169, Jajmau, Kanpur-208 010.
(f) Safety Shoe Division	:	Leather Technology Park, Banthar, Unnao, U.P.

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10.14 ADDRESS FOR INVESTORS' CORRESPONDENCE:

Shareholders correspondence should be addressed to our Registrar & Transfer Agents at the address mentioned above. Shareholders may also contact Company Secretary at the Registered Office of the Company at:
187/170, Jajmau, Kanpur-208010
Phone: 0512-3935747, 3935748, 3935749 Fax: 0152-2460792, 2462227
E-mail: share@supertannery.com; supertannery@satyam.net.in
Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.

11. CODE OF CONDUCT:

The Company has a code of conduct applicable to its Directors and senior management personnel.

Declaration as required under Clause 49 of the Listing Agreement:

All Directors and senior management of the company have affirmed compliance with company's Code of Conduct for the financial year ended 31st March 2012 .

Kanpur : 14.08.12

IFTIKHARUL AMIN
Managing Director

12. NON-MANDATORY REQUIREMENTS:

The company has adopted non-mandatory requirements to the following extent:
Chairman of the Board – The Company does not have a Chairman. At every Board meeting, a Director is elected to preside over the meeting. The company has constituted Remuneration committee of the Board.

Place: KANPUR
Date: 14.08.2012

On behalf of the Board of Directors
IFTIKHARUL AMIN **IQBAL AHSAN**
Managing Director *Jt. Managing Director*

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Development:

The Indian Leather Industry plays a significant role in the Indian Economy in view of its substantial export earnings, employment generation and growth opportunities. The export of leather and leather products has increased over past few years.

The Company is striving high to capture over Global Market in respect of Leather and Leather Products. The Company has taken various steps to promote company's products all over the world and it is being done in line with global trends to enhance scale, global competitiveness and financial flexibility and also to contribute towards achievement of company's objective and to increase revenue, production volume, market shares and shareholder's returns.

Your company in view of the competitive scenario has taken various steps to meet these challenges and also capitalize on budding opportunities available. The company is regularly carrying out detailed analysis of leather industry and has been making all possible efforts to understand the various minutiae of the emerging market scenario. The company has been investing considerable amount of funds on its Research & Development Programmes in order to enrich and improve the quality of products.

Opportunities:

Company has gained reputation and established itself globally as Supplier of quality products. The company has demonstrated global competitiveness and has achieved international standards for the quality of its products and its immense capabilities provide massive opportunities in the foreign market. Company's overall strategy is to enhance shareholder value by receiving better returns through a long-term investment.

Threat:

The company is fully aware of the factors dictating competition and has been investing with the ups and downs through its various effective measures like cost optimization, competitive pricing, improved production process and enhanced customer satisfaction.

Even under difficult operating conditions, company has been consistently performing its best. It is expected that company's sound policies, competitive cost position will enable the company to lead the market effectively.

To exist in the competitive market and improve the value of shareholder, company is consistently considering all the significant factors, which provide sharp edges that enable company to enhance the margin.

Out Look:

Company's maximum operational income is based on the margin on export of leather and leather products. As most of part of the earning is realized from Export, out look depends upon the global economic scenario, global demand and supply and International product prices. Above all the performance of your company largely depends on the Ex-imp policy of the Union Government. Looking at the overall development of the Indian economy and the efforts of the Central Government to achieve higher GDP, Board of directors of your company is very much optimistic to the future of the Company.

Risks and Concerns:

Although Your Company does not perceive any serious threat, still company is taking care against the risk of growing pressure of prices, foreign exchange rates variation, current and future litigation,

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working capital management, bad debts etc. Foreign exchange liabilities / revenues are mainly concerned with the company's operation. Regular monitoring of movement of foreign exchange rates is carried out and decisions are taken as to when outstanding are to be covered and payments are to be made. Working Capital requirement are to be kept at minimum level in order to maintain the lowest possible interest rate.

Company has strongly prepared itself to meet cutthroat competition in global market by adhering to international quality standards of its product.

In addition to above company has overall risk management strategy, follows such practices & policies that are framework of efficient management to count the risk in advance.

Internal Control System and their Adequacy:

The company has made sufficient arrangement for internal control system and its monitoring for keeping proper record of the purchase of raw materials, stores, components, plant and machineries, equipments and all other assets for production and sale of finished leather and leather products. The company has clearly fixed rules and responsibilities for all management personnel and all operational activities are well controlled. The system ensures authorization of all transactions, records and the reports correctly and properly through computerized system.

The Audit committee of the Company also re-examines adequacy of internal controls, systems of risk management policies adopted by the Company.

Company's Laws and Regulations are also reviewed by the internal Audit Team regularly from time to time and its report is submitted to the promoters and put up in every Board Meeting. In order to provide sufficient support for business promotion of the company, the finance and commercial functions have been properly set. The company takes into account from time to time and Analysis its progress in accordance with the Laws and Regulations set by the internal auditors and report to the Board in every Board Meeting in support of best practices for internal control, standard operating norms and guidelines are being issued. The Company also incorporates all financial operating, and information technology systems are also evaluated from time to time.

Environment and safety:

The Company feels its responsibility and is fully aware of the importance to achieving exhibiting healthy environmental performance by checking effect of its activities, product or services for the environment. The environment policy of the company fully complies with the environmental laws and prevention of water, air and noise pollution and all efforts are made for continual improvement in the environmental performance. The Company has also initiated focusing its attention on "Charter on Corporate Responsibility" under the policy of the Government of India. The Company takes all measure to save and minimize the environmental effect on air, water by strictly using and further sounding its environmental management system to meet its objective. The Company ensures providing safe work place, machines and safety control measures within the organization and a sense of safety consciousness is spread amongst all the workmen, employees and supervisors.

Industrial Relations and Human Resources Development:

The Company gives much importance to maintain good relations with its employees ensuring that employees feel valued and energetic in creating an atmosphere and culture so that they can maximize their contribution in increasing the growth and further development of the company, and in turn the Company thinks of individual growth of its employees for their dedicated participation in organizational development.

The company's priority is to reduce the employee's turnover ratio. The company's approach and efforts are to create congenial work environment for individual growth, which enable the

development of whole organization. Relationship with the employees remains cordial through out the year. The company has a team of over 500 dedicated employees working towards the company's mission.

Discussion of Financial Performance with respect to Operational Performance:

Effective working management is regularly concentrating to reduce the cost of debt as much as possible. Prudent cash management endeavor to utilize the optimum Working Capital in order to reduce the interest cost and also to avoid the bottleneck of company's operation.

Research & Development:

The company is committed to continue technological innovation, physical and chemical standardization and improvement to achieve high standards of product quality and customer satisfaction

Key factors that keep the company one step ahead:

- a. Extensive interaction with the latest technological developments.
- b. Presence in all major trade fairs, seminars and workshops for optimum knowledge up gradation.
- c. Well qualified and progressive workforce.
- d. Fully equipped Laboratory

The tannery units of the company work under guidance of a well equipped laboratory conducting physical and chemical tests. It also has a pilot tannery to conduct trials of new leathers at a small scale before its implementation in bulk production. The laboratory has all the requisites to perform tests of leather as per EN, ISO and DIN standards. The company is amongst few companies which provide certification as per the REACH guidelines of European Chemicals Agency.

Design Studio: The footwear units of the company conduct their production as per the guidance of a newly built, state of the art designing cell, lead by well qualified shoe technologists and designers. Due to a rapid change in the product profile over the past few years, this studio was installed keeping in mind the ever changing tests and preferences of the customers, while keeping time frame into consideration.

Quality Assurance: A major factor which keeps the company ahead is its obsession with total quality, which includes products of the highest standards, quick and efficient customer service, leading to complete customer satisfaction. Factors like these help the company to retain customers, some of them, for as long as 30 years.

Fair Participation:

Asia Pacific Leather fair, Hong Kong
Lineapelle, Bologna, Italy
Moda, Birmingham, United Kindom
All China Leather Exhibition, Shanghai , China
A + A Fair, Dusseldorf, Germany
Fimec Fair, Novo Hamburgo, Brazil

Cautionary Statement:

Statements in the Management Discussion & Analysis Report which seek to describe the company's objectives, projections estimates, expectations and predictions may be considered to be "forward looking statements" and are stated as required by applicable laws and regulations. Actual results could differ from those expressed or implied. Many factors including global and domestic demand-supply conditions, prices, raw materials availability, technological changes, changes in Government policies, tax laws and other statues may affect the actual results, which could be different from what the Directors' envisage in terms of future performance and out look.

REPORT ON CORPORATE SOCIAL RESPONSIBILITY

Social Responsibility:

Super Tannery Limited (STL) believes in total commitment to society. The promoters of the company run an organization known as AMIN WELFARE TRUST (AWT) which follows the motto of "Promoting Hope in Life." This trust has taken up number of social causes in the field of EDUCATION & HEALTHCARE.

STL nurtures relationships across the entire range of stakeholders, which has the Company understand pertinent issues, develop businesses, enhance shareholder value and manage risks better. It is the relationship, trust and commitment to stake holder's interest and the warm reciprocal of the same by the stakeholders that make STL robust, resilient and sustainable. STL actively integrates shareholder goals with its own and then pursues them collaboratively.

STL's commitment towards excellence in Health, Safety and Environment Performance is one of the company's core values. The company is unwavering and its policy of, "safety of persons overrides all production targets", which drives all employees to continuously break new grounds in safety management for the benefit of the people, property, environment and the communities in which STL operates. This is the Company's responsibility as a global corporate citizen. The 'pursuit to achieve world class operational excellence' has been the key focus of the Company.

Healthcare:

AWT operates a hospital known as **Chaudhry Ehsan Kareem Hospital**, well equipped with the most modern machinery and infrastructure, in the industrial area of Jajmau, Kanpur City, providing healthcare facilities in a number of fields including Neurology, Vision, Endocrinology, Dentistry and Pre/Post Maternal Care.

STL has a program an initiative to promote healthy workplaces and reduce health and safety risks, has been instrumental in creative a culture of implementing health, safety and environment project on priority basis.

This performance has also helped the Company to improve its performance on the occupational health and safety front.

Education:

On 26th January, 2010, AWT launched a state of art educational institution namely **Super International School** with the aim to provide world class education at affordable cost to the middle income group. The school is proposed to be affiliated with the C.B.S.E board and is equipped with the latest infrastructure required for a healthy and constructive approach to education. To know more, please visit www.superinternationalschool.com

Environment:

When the leather industry enough developed, the pollution of air and water increased and the stage reached where scientists started thinking on making better use or reuse of material which caused pollution keeping in mind the economical factor else no industrialist would accept the change.

Special emphasis has been laid on use of low waste technology with minimum possible expenditure and maximum quality production because it is natural for any industrialists to resist a change unless it is likely to give better quality production with least expenditure. Pollution is given the last priority by them whereas we give it the first priority.

At STL we are very much cautious about pollution. We have our own water treatment and chrome recovery plant in which we collect the drain water full of nickel, chromium and many more harmful substances. Our deep interest is in green and clean environment. The chrome is used in the processing of hides & skins in which 65% is consumed during the process while 35% goes waste. The presence of chrome in the discharged water of tanneries is hazardous for public health as its excessive use can cause severe skin diseases. To minimize the danger we have water treatment plant to purify water to its maximum possible level. We believe to contribute in safe and healthy environment. STL is an eco friendly tannery.

Health, Safety & Environment:

We at STL are committed to provide a safe and healthy working environment for our employees by adopting a proactive approach. It is part of our work ethic to ensure that safety, health and environment safeguards are in place right from the inception to the execution stage. We accept the need for constant up gradation of safety & health standards commensurate with the rapid changing technology in production.

AUDITOR'S REPORT ON COMPLIANCE OF CORPORATE GOVERNANCE

To The Shareholders,
Super Tannery Limited,

We have examined the compliance of conditions of Corporate Governance by Super Tannery Limited for the year ended 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by company for ensuring with compliance with the conditions of Corporate Governance, It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the Company and presented to the Shareholders / Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place : Kanpur
Date : 30.05,2012

For KAPOOR TANDON & Co.,
Chartered Accountants
HIMANSHU KAPOOR
Partner
Membership No.: 078180

AUDITOR'S REPORT

The Members,
Super Tannery Limited

We have audited the attached Balance Sheet of SUPER TANNERY LIMITED as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the company as we considered appropriate and according to information and explanation given to us during the course of our audit, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said Order.
3. Further to our comments in the annexure referred to in paragraph 2 above, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the company so far as appear from our examination of these books;
 - c. The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account ;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the applicable Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 ;
 - e. On the basis of written representations received from the Directors and taken on records by the Board of Directors, we report that none of the directors is disqualified as on 31.03.2012 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956 ;
 - f. In the absence of the Notification by the Central Government of India, the Cess payable under Section 441A of the Companies Act, 1956 has not been paid, in absence of the Notification, the amount of Cess not so paid, could not be ascertained.

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- g. In our opinion and to the best of our information and according to the explanations given to us he said accounts read together with the Notes thereon, give the information required by the companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
- i. in the case of Balance Sheet of the state of affairs of Company as at 31st March, 2012;
 - ii. in the case of Statement of Profit and Loss of the profit for the year ended on that date.
 - iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **KAPOOR TANDON & CO.,**
Chartered Accountants
Firm Registration No.000952C
(R. P. GUPTA)
Partner
Membership No.:070904

Place : Kanpur
Date : 30.05.2012

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 2 of Auditors' Report of even date on the financial Statement of Super Tannery Limited for the year ended 31st Mach, 2012.

- (i) (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets of the company are physically verified in a phased manner, so as to cover all the fixed assets over a period of two years. In our opinion, the frequency of physical verification of fixed assets is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies between book records and the physical inventory were noticed in respect of the assets verified during the year.
- (c) The fixed assets disposed of during the year, in our opinion, do not constitute substantial part of the fixed assets of the company and such disposal has, in our opinion, not affected the going concern status of the company.
- (ii) (a) The inventory of the company has been physically verified by the management during the year except material lying with the third parties. In our opinion, the frequency of such verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of records of inventory, in our opinion, the company has maintained proper records of inventory and the discrepancies noticed on physical verification between the physical stocks and the book records were not material in relation to the operation of the company.

SUPER TANNERY LIMITED

- (iii) (a) The company has not granted any loans secured or unsecured to the companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 excepting interest free unsecured loan to its Subsidiary, Maximum amount involved and year end balance of such loan was Rs.200.81 Lacs.
- (b) Other terms and conditions of such loans are, prima facie, not prejudicial to the interest of the company.
- (c) As regards repayment of above loans are concerned, no terms of repayment have been stipulated.
- (d) The company has not taken any loans secured or unsecured from the companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion, and according to information and explanations given to us, there is an adequate internal control system commensurate with the size of company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services.
- Further, during the course of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor we have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
- (v) (a) In our opinion and according to the information and explanation given to us, the transactions made in purchase of contracts or arrangements that needed to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and exceeding Rs.5.00 Lacs during the year in respect of each party have been entered into at the prices which are reasonable having regard to prevailing market price as far as we could ascertain on the basis of information and explanations given to us.
- (vi) The company has not accepted any deposits from the public during the year under audit within the meaning of Section 58A and 58AA of the Companies Act, 1956 and rules framed there under.
- (vii) In our opinion, and according to information and explanations given to us, the company has an adequate internal audit system commensurate with the size of the company and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company relating to the manufacture of 'footwear' pursuant to the order made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other products of the company.
- (ix) (a) The company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor education & Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues with appropriate authorities. Further, in absence of notification from the Government in respect of Cess as per the provisions of Section 441A of Companies Act, 1956, the same could not be quantified/ deposited.
- According to the information and explanations given to us, no undisputed dues in respect of Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty were outstanding as at 31st

March, 2012 for a period of more than six months from the date they became payable.

(b) Dues of Income Tax / Sales Tax / Wealth Tax/ Custom Duty / Excise Duty / Cess which have not been paid on account of any dispute are as under:

Name of the Structure	Nature of Dues	Forum where dispute is pending	Period to which amount relates	Amount (Rs.)
Income Tax Act	Income Tax & Interest	CIT Appeals, Kanpur	A.Y.2007-08 & A.Y.2009-10	43,37,722

- (x) The company does not have accumulated losses as at 31st March, 2012 and has not incurred cash loss during the financial year ended on that date or in the immediately preceding financial year.
- (xi) According to the information and explanation given to us, the company has not defaulted in repayment of dues to any bank during the year. There are no dues to any financial institution or debenture holder.
- (xii) According to the information and explanation given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) According to the information and explanation given to us, the provisions of any special statute as applicable to chit fund, nidhi, mutual benefit fund/societies are not applicable to the company.
- (xiv) In our opinion and according to the information and explanation given to us, the company is not a dealer / trader in share, securities, debentures and other investments.
- (xv) The company has not given any guarantees for loans taken by others from banks or financial institution.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained.
- (xvii) Based on the information and the explanations given to us and on the basis of over all review of the Financial Statements of the company, in our opinion funds raised for short term purposes have, prima facie, not been used for long term requirements.
- (xviii) The company has not made any preferential allotment of shares to any parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us the company has not issued any Debentures, during the year.
- (xx) The company has not raised any money by public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For **KAPOOR TANDON & CO.,**
Chartered Accountants
Firm Registration No.000952C
Partner
(R. P. GUPTA)
Membership No.:070904

Place : Kanpur
Date : 30.05.2012

SUPER TANNERY LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No.	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
a) Share Capital	2	10,79,73,360	10,79,73,360
b) Reserves and Surplus	3	<u>48,30,95,534</u>	<u>43,21,75,095</u>
		59,10,68,894	54,01,48,455
2. Non Current Liabilities			
a) Long Term Borrowings	4	2,00,00,000	0
b) Deferred Tax Liabilities (Net)	5	<u>6,54,63,000</u>	<u>5,72,07,718</u>
		8,54,63,000	5,72,07,718
3. Current Liabilities			
a) Short Term Borrowings	6	73,57,67,544	80,05,76,509
b) Trade Payables	7	26,93,47,484	40,71,18,477
c) Other Current Liabilities	8	14,39,32,459	14,99,77,132
d) Short Term Provisions	9	<u>27,127,787</u>	<u>2,30,36,032</u>
		1,17,61,75,274	1,38,07,08,150
TOTAL		<u>1,85,27,07,168</u>	<u>1,97,80,64,323</u>

II. ASSETS :

1. Non Current Assets			
(a) Fixed Assets :			
(i) Tangible Assets:	10	57,41,42,846	55,36,73,742
(ii) Capital Work in Progress	10	2,26,34,436	3,11,92,942
(b) Non Current Investments	11	3,35,63,941	3,35,09,835
(c) Long Term Loans & Advances	12	<u>3,52,28,112</u>	<u>3,36,26,856</u>
		66,55,69,335	65,20,03,375
2. Current Assets			
(a) Inventories	13	56,66,44,661	68,05,76,919
(b) Trade Receivables	14	47,11,35,620	44,94,65,659
(c) Cash and Cash Balances	15	2,37,24,368	5,89,81,398
(d) Short Term Loans and Advances	16	3,02,21,424	2,78,77,907
(e) Other Current Assets	17	<u>9,54,11,760</u>	<u>10,91,59,065</u>
		1,18,71,37,833	1,32,60,60,948
TOTAL		<u>1,85,27,07,168</u>	<u>1,97,80,64,323</u>

Significant Accounting Policies 1

The accompanying notes form an integral part of these financial statements.

As per our report of even date attached

For Kapoor Tandon & Co.,
Chartered Accountants
Firm Reg. No. 000952C
(R.P. Gupta)
Partner
M.No. 070904

For and on behalf of the Board of Directors

Mohd. Imran
Director (Finance)

Iftikharul Amin
Managing Director

Place : Kanpur
Dated : 30.05.2012

Iqbal Ahsan
Joint Managing Director

R. K. Awasthi
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Note No.	2011-12 (Rupees)	2010-11 (Rupees)
REVENUE			
Revenue from operations (gross)	18	2,51,43,32,438	2,63,24,60,145
Less : Excise Duty		<u>3,06,290</u>	<u>15,64,390</u>
Revenue from operations (net)		<u>2,51,40,26,148</u>	<u>2,63,08,95,755</u>
Other Income	19	37,27,083	26,63,577
Total Revenue		2,51,77,53,231	2,63,35,59,332
EXPENSES			
Cost of Material consumed	20	1,76,74,13,520	1,73,28,48,641
Purchase of Stock-in-trade	21	9,47,03,185	30,54,43,963
(Increase)/decrease in Inventories of Finished Goods, Work-in-Process and Traded Goods	22	6,52,47,552	(86,70,057)
Employee Benefits Expense	23	6,01,44,153	5,83,40,461
Finance Costs	24	9,36,72,797	6,00,13,179
Depreciation and Amortisation	25	3,54,47,571	3,36,21,521
Other Expenses	26	30,78,42,145	37,05,05,155
Total Expenses		<u>2,42,44,70,923</u>	<u>2,55,21,02,863</u>
Profit Before Tax		9,32,82,308	8,14,56,469
Tax Expenses			
- Current Tax		2,42,00,000	2,14,03,000
- Deferred Tax		82,55,282	1,89,000
- Tax adjustments relating to earlier years		<u>(33,85,777)</u>	<u>(33,29,627)</u>
Profit for the year		5,74,41,249	5,65,34,842
Earning per Equity Share (EPS)			
(Face value of Rs 1 each)	27		
Basic		0.53	0.52
Diluted		0.53	0.52
Significant Accounting Policies	1		

The accompanying notes form an integral part of these financial statements.

As per our report of even date attached

For Kapoor Tandon & Co.,

Chartered Accountants

Firm Reg. No. 000952C

(R.P. Gupta)

Partner

M.No. 070904

For and on behalf of the Board of Directors

Mohd. Imran
Director (Finance)

Iftikharul Amin
Managing Director

Place : Kanpur
Dated : 30.05.2012

Iqbal Ahsan
Joint Managing Director

R. K. Awasthi
Company Secretary

SUPER TANNERY LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

	2011-2012 (Rupees)	2010-2011 (Rupees)
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	9,32,82,308	8,14,56,469
Adjustment for :		
Depreciation	3,54,47,571	3,36,21,521
Interest - Paid	8,77,48,681	5,41,80,377
Interest - Earned	(7,71,516)	(5,29,525)
Bad Debts Recovered	0	(2,25,000)
Dividend Received	0	(70,730)
Gratuity Payable	12,89,916	40,64,475
Bad Debts written off	16,56,861	1,12,68,913
Exchange Fluctuation	(3,44,17,374)	(67,26,503)
Investment - Loss on sale	0	3,01,138
Fixed Assets - Loss on sale	11,94,405	5,73,342
Fixed Assets - Profit on sale	(2,50,000)	(76,458)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	18,51,80,852	17,78,38,019
ADJUSTMENTS FOR :		
Trade and Other receivables	2,10,31,239	(12,29,56,690)
Inventories	1,13,93,22,58	(2,62,42,059)
Trade and Other Payables	(16,46,43,490)	3,07,70,302
CASH GENERATED FROM OPERATIONS	15,55,00,859	5,94,09,572
Interest Paid (Net)	(8,69,77,165)	(5,34,23,800)
Income Tax Paid (net of Refunds)	(2,47,83,938)	(2,25,40,455)
NET CASH FROM OPERATING ACTIVITIES	4,37,39,756	(1,65,54,683)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets(including CWIP)	(5,05,16,333)	(7,04,36,696)
Sale of Fixed Assets	18,28,752	15,44,952
Capital Subsidy received	0	50,00,000
Dividend received	0	70,730
Investment in Subsidiary Company	(54,106)	(75,26,249)
Increase in Non-trade investment	0	1,00,00,000
NET CASH USED IN INVESTING ACTIVITIES	(4,87,41,687)	(6,13,47,263)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Working Capital	(6,98,57,197)	10,47,75,106
Proceeds from Long term Borrowings	0	(3,18,315)
Repayment of Loan	0	(39,46,409)
Corporate Loan (Net)	4,05,43,865	0
Foreign Currency Loan	53,51,375	0
Interest paid	0	(2,27,052)
Dividend paid	(62,93,142)	(63,90,837)
Loss on sales of investment	0	(3,01,138)
NET CASH FLOW USED IN FINANCING ACTIVITIES	(3,02,55,099)	9,35,91,355
NET INCREASE IN CASH AND CASH EQUIVALENTS	(3,52,57,030)	1,56,89,409
OPENING CASH AND CASH EQUIVALENTS	5,89,81,398	4,32,91,989
CLOSING CASH AND CASH EQUIVALENTS	2,37,24,368	5,89,81,398

Significant accounting policies

1

The accompanying notes form an integral part of these financial statements.

As per our report of even date attached

For Kapoor Tandon & Co.,

Chartered Accountants

Firm Reg. No. 000952C

(R.P. Gupta)

Partner

M.No. 070904

Place : Kanpur

Dated : 30.05.2012

For and on behalf of the Board of Directors

Mohd. Imran
Director (Finance)Iftikharul Amin
Managing DirectorIqbal Ahsan
Joint Managing DirectorR. K. Awasthi
Company Secretary

Notes to financial statements for the year ended 31st March 2012

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention, except for certain fixed assets which were revalued, on accrual basis of accounting in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI), generally accepted accounting principles (GAAP) in India and the relevant provisions of the Companies Act, 1956

1.2 Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and the reported amount of revenues and expenses during the reported period. Difference between actual results and estimates are recognized in the period in which the results are known/ materialised

1.3 Fixed Assets

Fixed Assets, other than those revalued, are stated at their cost of acquisition or construction as the case may be and including all related acquisition/installation expenses and borrowing cost as per Accounting Standard (AS) 16. Subsidy received on Fixed Assets is credited to the cost of respective fixed assets. Assets revalued are stated at their revalued amount. Cost/revalued amount so ascertained is adjusted for accumulated depreciation/amortization and provision for impairment.

1.4 Depreciation

- i) Depreciation on leased out assets, is provided on Straight Line Method over the tenure of lease agreement. Cost of lease hold land is amortized over the period of lease. Intangible assets are written off over a period of ten years under the straight line method of amortization.
- ii) Depreciation on fixed assets excepting on leased out assets and intangible assets, as stated above
- iii) Assets acquired and put to use on or upto 31- March, 1992, is provided on Written Down Value Method as per Schedule XIV to the Companies Act, 1956
- iv) Assets acquired and put to use on or after 1st April 1992, is provided on Straight Line Method as per Schedule XIV to the Companies Act, 1956 and
- v) Amount attributable to appreciation due to revaluation, is provided on Straight Line Method as per Schedule XIV to the Companies Act, 1956 and equivalent amount is withdrawn from Revaluation Reserve

1.5 Impairment of assets

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than

SUPER TANNERY LIMITED

the carrying amount, the carrying amount is reduced to the recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss Account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

1.6 Capital work in progress

Capital Work in Progress comprises cost of fixed assets yet to be commissioned and/or in transit, advances for capital expenditure and expenditure during construction period. Expenditure during construction period is allocated to the respective Fixed Assets on completion of the construction period.

1.7 Investments

Long term investments are carried at cost and provision, if necessary, being made for decline other than temporary in their value.

1.8 Inventories

Stock of raw materials and chemicals are valued at lower of cost (weighted average) or net realizable value. Stores and spares are valued at lower of cost (FIFO basis) or net realizable value. Stock of work in process is valued at estimated cost. Finished goods (including stock in transit or at port) are valued at lower of cost (determined on Direct cost method) or net realizable value. Stock of trading items is valued at lower of cost (weighted average) or net realizable value. Stock of waste and scrap are valued at estimated realizable value. Stock transferred to other divisions of the company is valued at transfer price. Import entitlements/licenses are valued at estimated realizable value.

1.9 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements

1.10 Revenue Recognition

Sales are recognized in respect of (a) Exports on shipment of consignment; and (b) others on dispatches of consignment from company premises. Sales include Excise duty and Sales/Trade tax. Duty Drawback is accounted for on the basis of export sales effected during the year.

1.11 Retirement Benefits

Contributions are made to the Provident Fund and Superannuation Funds on actual liability basis. Provision for gratuity liability is made at the end of the year on the assumption that it is payable to all eligible employees. Provision for leave encashment is made on the basis of total liability of all eligible employees as per the company's scheme

1.12 Foreign Currency Translations

- i) The reporting currency of the company is Indian rupees
- ii) Outstanding foreign currency assets and liabilities other than investments are translated at the exchange rate prevailing at the Balance Sheet date. Gains or losses on these assets and liabilities relating to the acquisition of fixed assets are adjusted to the cost of such fixed assets and those relating to other accounts are recognized in the Foreign Currency Translation Reserve. Exchange Difference arising as a result of transactions settled during financial year are included in sales
- iii) Investments in wholly owned subsidiaries are carried in Balance sheet at the rates prevailing on the dates of transactions

1.13 Intangible Assets

Intangible assets are stated at cost of acquisition less accumulated amortization. The Computer Software if any, purchased during the year is being amortized over a period of ten years.

1.14 Earning Per Share

Earning per share is calculated in accordance with the procedure laid out in the relevant Accounting Standard (AS) 20 issued by the institute of Chartered Accountants of India.

1.15 Excise Duty

Excise duty is accounted for as and when paid on clearance of goods from bounded premises. No provision is made for excise duty in respect of finished products lying in bounded premises.

1.16 Borrowing Cost

Borrowing costs that are attributable to the acquisition/construction of qualifying assets are capitalized as part of cost of such assets. A qualifying asset is an asset that requires a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

1.17 Taxation

Provision for tax on income for the year (i.e. Current Tax) is made after considering the various deductions/relieves admissible under the Income Tax Act, 1961. Provision for tax effect of timing differences between taxable income and accounting income (i.e. Deferred Tax) is made in accordance with the provisions of Accounting Standard 22, "Accounting for Taxes on Income" (AS-22) issued by the Institute of Chartered Accountants of India.

1.18 Prior Period Items

Prior period items, if material, are disclosed separately.

SUPER TANNERY LIMITED

Particulars	As at 31.03.12 (Rupees)	As at 31.03.11 (Rupees)
2. SHARE CAPITAL		
Authorised		
11,00,00,000 Equity Shares of Rs.1/- each	11,00,00,000	11,00,00,000
Issued, Subscribed and fully paid up		
10,79,73,360 Equity Shares of Rs.1/- each fully paid up	10,79,73,360	10,79,73,360
Total	10,79,73,360	10,79,73,360

2.1 Reconciliation of the shares outstanding at the beginning and at the end of the year:

Equity Shares	As at 31.03.12 (Rupees)		As at 31.03.11 (Rupees)	
	No. of Shares	(Rupees)	No. of Shares	(Rupees)
At the beginning of the year	10,79,73,360	10,79,73,360	10,79,73,360	10,79,73,360
Changes during the year	-	-	-	-
Outstanding at the end of the year	10,79,73,360	10,79,73,360	10,79,73,360	10,79,73,360

2.2 Term/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs. 1 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.3 Bonus Shares/Shares for consideration other than cash issued & Buy Back of shares during preceding five years:

Bonus Shares issued during preceding five F.Y.	No. of Shares
Financial Year 2008-09	17,995,560 (17,995,560 shares of Rs 2/- each fully paid issued as bonus 1:1)
Financial Year 2009-10	17,995,560 (17,995,560 shares of Rs 2/- each fully paid issued as bonus 1:2)

At the annual general meeting held on 30th September 2010, the members of company have approved a stock split i.e. sub-division each equity share of the company of the face value of Rs. 2/- each as existing on Record Date, shall stand sub-divided into two equity shares of face value of Rs. 1/- each fully paid up, and consequently the Authorized and Paid up Equity Share Capital of the company be changed accordingly.

2.4 Shares held by holding/ultimate holding company and/or their subsidiaries/associates: NIL

2.5 Details of shareholders holding more than 5% shares in the company

Name of the Share Holder	As at 31.03.12		As at 31.03.11	
	No. of Shares	% held	No. of Shares	% held
1) Veqarul Amin	1,78,83,900	16.56%	1,78,83,900	16.56%
2) Iqbal Ahsan	91,42,502	8.47%	91,42,502	8.47%
3) Iftikharul Amin	90,77,432	8.41%	90,77,432	8.41%

Particulars	As at 31.03.12 (Rupees)	As at 31.03.11 (Rupees)
3. RESERVES AND SURPLUS		
Capital Reserves		
At commencement of the year	17,67,180	17,67,180
Capital Subsidy under Tannery Modernisation Scheme		
At commencement of the year	1,35,00,256	1,35,00,256
Securities Premium Reserve		
At commencement of the year	2,70,17,760	2,70,17,760
Revaluation Reserve		
At commencement of the year	2,01,67,447	2,04,43,849
Less: Amount transferred to the Statement of profit and loss as reduction from depreciation	<u>2,46,343</u>	<u>2,76,402</u>
	19,921,104	20,167,447
General Reserve		
At commencement of the year	37,00,00,000	31,50,00,000
Add : From the Statement of Profit and Loss	<u>3,00,00,000</u>	<u>5,50,00,000</u>
	40,00,00,000	37,00,00,000
Surplus in the Statement of profit and loss		
At commencement of the year	(2,77,548)	44,62,077
Profit for the year	<u>5,74,41,249</u>	<u>5,65,34,842</u>
	5,71,63,701	6,09,96,919
Proposed dividend on equity share [Rs 0.05 per Equity Share (Rs 0.05 per Equity Share)]	53,98,668	53,98,668
Dividend Distribution Tax	8,75,799	8,75,799
Transfer to General Reserve	<u>3,00,00,000</u>	<u>5,50,00,000</u>
	2,08,89,234	(2,77,548)
	<u><u>48,30,95,534</u></u>	<u><u>43,21,75,095</u></u>

4. LONG TERM BOROWINGS

Corporate Loan		
State Bank of India	2,00,00,000	0
TOTAL	<u>2,00,00,000</u>	<u>0</u>

*Corporate loan (INR) from bank carries interest @ 14.25% p.a. The loan is repayable in 9 regular installments as under:-

- First 6 quarterly installments of Rs. 0.50 crore. (From 31.12.2011 to 31.03.2013)
- Next 2 quarterly installments of Rs. 0.70 crore. (On 30.06.2013 and 30.09.2013)
- Last installment of Rs. 0.60 crore. on 30.11.2013

along with interest, from the date of loan, Viz 31st December, 2011. The loan is secured by first charge over entire fixed assets (both present and future, except vehicles financed by other Banks/ Fis) of the Company. Extension of charge on current assets of the Company.

SUPER TANNERY LIMITED

Particulars	As at 31.03.12 (Rupees)	As at 31.03.11 (Rupees)
5. DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liability <i>on account of</i>		
Depreciation	6,95,63,000	6,12,05,580
Gross deferred tax liability	6,95,63,000	6,12,05,580
Deferred Tax Assets <i>on account of</i>		
Expenses covered u/s 43B	41,00,000	39,97,862
Gross deferred tax assets	41,00,000	39,97,862
Net Deferred Tax Liability @	6,54,63,000	5,72,07,718

@ In accordance with clause 29 of AS 22 Deferred Tax Assets and Deferred Tax Liabilities have been set off.

6. SHORT TERM BORROWING

Secured Loans		
Working Capital Loan From Bank		
State Bank of India		
a) Cash Credit	1,53,40,666	3,73,99,933
b) Packing Credit	61,04,25,083	67,95,56,676
c) Advance against bills sent on collection	10,49,53,563	8,36,19,900
TOTAL	73,07,19,312	80,05,76,509
Foreign Currency Loan		
State Bank of India, Qatar	50,48,232	0
	73,57,76,544	80,05,76,509

*Working Capital Loan from State Bank of India is secured by hypothecation of stocks, Book Debts, Plant & Machineries and equitable mortgage of Company's land & building and personal guarantee of some of the directors. Foreign Currency Loan from State Bank of India, Qatar is secured by providing lien on cash credit limit of the company.

7. TRADE PAYABLES

Sundry Creditors (refer Note 7.1)	26,93,47,484	40,71,18,477
TOTAL	26,93,47,484	40,71,18,477

7.1 The company has requested confirmation from Suppliers regarding their registration (filling of Memorandum) under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). According to the information available with the company there was no amount (principal and/or interest) due to any micro/small enterprises (SME as defined in the Act) as at the end of the year. There is no delay in payment to SME during the year. No interest was paid/payable on account of delay in payment to SME during the year in terms of Section 16 of the Act.

Particulars	As at 31.03.12 (Rupees)	As at 31.03.11 (Rupees)
8. OTHER CURRENT LIABILITIES		
Current maturity of long term borrowings	2,00,00,000	0
Interest accrued but not due on borrowings	3,03,147	0
Interest accrued and due on borrowings	5,43,865	0
Bank overdraft with banks	20,39,828	1,11,67,229
Security Deposit	30,000	10,000
Advance from Customers	1,52,77,353	2,80,78,038
Unpaid dividend (refer Note 8.1)	17,19,738	17,38,922
Other Liabilities	10,40,18,532	10,89,82,943
TOTAL	14,39,32,459	14,99,77,132

8.1 There are no amounts due for payment to Investor Education & Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

9. SHORT TERM PROVISIONS

Provision for Tax	2,42,00,000	2,14,03,000
Less: Advance Tax	1,60,57,738	1,60,62,577
	<u>81,42,262</u>	<u>53,40,423</u>
Provision for Gratuity	1,27,11,058	1,14,21,142
Proposed Final Dividend	53,98,668	53,98,668
Provision for Dividend Distribution Tax	8,75,799	8,75,799
TOTAL	2,71,27,787	2,30,36,032

SUPER TANNERY LIMITED

(Rupees)

10. FIXED ASSETS

DESCRIPTION	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK			
	AS AT 01.04.2011	ADDITIONS	SALES/ ADJ.	AS AT 31.03.2012	UP TO 31.03.2011	FOR THE YEAR	ADJ.	UP TO 31.03.2012	AS AT 31.03.2012	AS AT 31.03.2011
Land Leasehold	73,59,349	0	0	73,59,349	5,60,766	74,337	0	6,35,103	67,24,246	67,98,583
Land Freehold	3,49,01,677	14,20,238	0	3,63,21,915	0	0	0	0	3,63,21,915	3,49,01,677
Building	14,16,75,615	66,76,590	0	14,83,52,205	3,74,48,714	43,51,640	0	4,18,00,354	10,65,51,851	10,42,26,901
Plant and Equipments	61,62,18,334	3,98,09,459	28,700	65,59,99,093	24,16,48,440	2,69,02,269	4,204	26,85,46,505	38,74,52,588	37,45,69,894
Furniture & Fittings	93,75,047	14,39,545	0	1,08,14,592	52,89,998	4,55,831	0	57,45,829	50,68,763	40,85,049
Vehicles	4,25,73,448	97,29,007	46,43,906	4,76,58,549	1,36,19,968	39,09,837	18,94,739	1,56,35,066	3,20,23,483	2,89,53,480
Machineries let out on lease	49,14,706	0	49,14,706	0	48,16,411	0	48,16,411	0	0	98,295
Vehicles let out on lease	19,93,125	0	19,93,125	0	19,53,263	0	19,53,263	0	0	39,862
TOTAL	85,90,11,301	5,90,74,839	1,15,80,437	90,65,05,703	30,53,37,560	3,56,93,914	86,68,617	33,23,62,857	57,41,42,846	55,36,73,741
Add: Capital Work in Progress									2,26,34,436	3,11,92,942
PREVIOUS YEAR	80,04,89,545	6,15,95,179	30,73,423	85,90,11,301	27,24,71,224	3,38,97,923	10,31,588	30,53,37,559	55,36,73,742	

10.1 Gross Depreciation for the year is Rs. 3,56,93,914 (Rs. 3,38,97,923) out of which Rs. 2,46,343 (Rs. 2,76,402) being depreciation on revalued amount, has been adjusted from Revaluation Reserve as per accounting policy given in the accounting policy of the depreciation.

10.2 Certain Fixed Assets of the Company were revalued by the Approved Valuer as on 31st March, 1992. Accordingly value of Fixed Assets of the Company was increased by Rs. 4,11,23,987 (Land Rs. 1,73,96,063, Building Rs. 70,44,300 and Plant and Machinery Rs. 1,66,83,624) and the corresponding amount was credited to the Revaluation Reserve.

Particulars	As at 31.03.12 (Rupees)	As at 31.03.11 (Rupees)
11. NON CURRENT INVESTMENTS		
<i>(Long Term Investments)</i>		
Trade (valued at cost unless stated otherwise)		
EQUITY SHARES - UNQUOTED		
A. INVESTMENT IN SUBSIDIARIES		
Super Tannery (U.K.) Limited		
2,100 Ordinary Shares of GBP 1/- each fully paid up	1,69,596	1,49,079
Aarifi Tanners Limited		
12,05,366 Equity Shares of Rs 10/- each fully paid up	1,64,23,500	1,64,23,500
Super Safetywears Limited		
1499300 Equity Shares of Rs 10/- each fully paid up	1,49,93,000	1,49,93,000
Safety Solutions S.R.O		
6638 Ordinary Shares of EURO 1/- each fully paid up	4,57,195	4,23,606
	3,20,43,291	3,19,89,185
B. OTHERS		
Superhouse Overseas Limited		
5,000 Equity Shares of Rs.10/- each fully paid up	50,000	50,000
Al-Barr Finance House limited		
30,000 Equity Shares of Rs. 10/- each fully paid up	3,00,000	3,00,000
Svit Pronext Machines Private Limited		
8,500 Equity Shares of Rs. 10/- each fully paid up	85,000	85,000
Industrial Infrastructure Services (India) Limited		
35,365 Equity Shares of Rs. 10/- each fully paid up	3,53,650	3,53,650
Kanpur Unnao leather Cluster Development Co, Ltd		
60,000 Equity Shares of Rs. 10/- each fully paid up	6,00,000	6,00,000
Banthal Industrial Pollution Control Company		
8,000 Equity Shares of Rs. 10/- each fully paid up	80,000	80,000
	14,68,650	14,68,650
Total (A)	3,35,11,941	3,34,57,835
Non Trade (valued at cost unless stated otherwise)		
EQUITY SHARES - QUOTED		
Superhouse Limited		
5,200 Equity Shares of Rs. 10/- each fully paid.	52,000	52,000
Total (B)	52,000	52,000
TOTAL (A+B)	3,35,63,941	3,35,09,835
Book value of Quoted Investments (Net of Provisions)	52,000	52,000
Book value of Unquoted Investments	3,35,11,941	3,34,57,835
Market value of Quoted Investments	2,50,900	2,33,220

SUPER TANNERY LIMITED

Particulars	As at 31.03.12 (Rupees)	As at 31.03.11 (Rupees)
12. LONG TERM LOANS & ADVANCES (unsecured considered good)		
Loan to Associate Company	2,00,81,750	2,00,81,750
Security Deposit	29,37,883	25,27,883
Advance to Subsidiaries	1,22,08,479	1,10,17,223
TOTAL	3,52,28,112	3,36,26,856

12.1 Disclosure as per clause 32 of the Listing Agreement with the Stock Exchanges

Name of the party	Relationship	Amount outstanding as at 31st March 2012 (Rs.)	Maximum Amount outstanding during the year (Rs.)
Super Tannery (U.K.) Limited	Subsidiary Company	98,47,067 (86,55,811)	98,47,067 (86,55,811)
Safety Solutions s.r.o	Subsidiary Company	23,61,412 (23,61,412)	23,61,412 (23,61,412)
Super Shoes Limited	Associate Company	2,00,81,750 (2,00,81,750)	2,00,81,750 (2,00,81,750)

*Loans & Advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties.

13. INVENTORIES (valued at lower of cost and net realisable value)

Raw Materials	8,18,08,310	13,53,43,756
Work in Progress (refer Note 29)	24,81,53,587	25,16,61,272
Finished Goods (refer Note 28)	11,67,17,711	19,20,55,525
Stock of Waste & Scrap	1,63,64,977	27,67,030
Chemicals, Components and Spare Parts	10,36,00,076	9,87,49,336
TOTAL	56,66,44,661	68,05,76,919

Finished Goods include Stock in Trade, as both are stocked together

14. TRADE RECEIVABLES

(Unsecured)

Outstanding for a period exceeding six months
from the date they are due for payment

Considered Good	5,51,91,761	10,79,13,545
Considered Doubtful	21,99,490	21,99,490
Less: Provision for Doubtful Receivables	21,99,490	0
Others		
Considered Good	41,59,43,859	34,15,52,114
TOTAL	47,11,35,620	44,94,65,659

Trade receivable include:

Due from subsidiary companies Rs. 10,63,93,652 (Rs. 7,29,08,805)

Due from a Company in which one of the Director is interested Rs. 3,98,51,150 (4,20,38,595)

Particulars	As at 31.03.12 (Rupees)	As at 31.03.11 (Rupees)
15. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents		
Cash in Hand (as Certified by the Management)	18,43,153	50,49,381
Cheques in hand/Remittance in Transit	11,97,180	8,62,263
Balances with Scheduled Banks in:		
Current Accounts	65,41,172	1,60,52,241
Foreign Currency Account (EEFC A/C)	4,10,573	3,58,541
	<u>99,92,078</u>	<u>2,23,22,426</u>
Other bank balances		
Margin Money Deposit Accounts	1,20,12,552	3,49,20,050
Unpaid Dividend Account	17,19,738	17,38,922
	<u>1,37,32,290</u>	<u>3,66,58,972</u>
TOTAL	<u>2,37,24,368</u>	<u>5,89,81,398</u>
16. SHORT TERM LOANS & ADVANCES (Unsecured considered good)		
Advance recoverable in cash or kind or for value to be received	3,02,21,424	2,78,77,907
TOTAL	<u>3,02,21,424</u>	<u>2,78,77,90</u>
17. OTHER CURRENT ASSETS (Unsecured considered good)		
Export Incentive Receivable	2,16,80,301	2,42,90,854
Other Current assets	7,35,93,304	8,48,68,211
Assets held for Sales	1,38,155	0
TOTAL	<u>9,54,11,760</u>	<u>10,91,59,065</u>
The current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business.		
The provisions for all known liabilities are adequate and not in excess of the amount considered reasonably necessary.		
Particulars	31.03.12 (Rupees)	31.03.11 (Rupees)
18. REVENUE FROM OPERATIONS		
Revenue from operations		
Sale of Leather & Leather Products		
Sales (Export)	1,81,68,26,394	1,72,19,25,388
Sales (Others)	27,18,76,204	30,00,95,439
	<u>2,08,87,02,598</u>	<u>2,02,20,20,827</u>
Other operating revenue		
Exchange Fluctuation	3,44,17,374	67,26,503
Inter Division Transfer	22,89,36,142	42,54,20,950
Export Incentives (refer Note 18.1)	16,22,76,324	17,82,91,865
	<u>42,56,30,840</u>	<u>1,27,63,79,323</u>
Revenue from operations (gross)	<u>2,51,43,32,438</u>	<u>2,63,24,60,145</u>
Less: Excise duty	3,06,290	15,64,390
Revenue from operations (net)	<u>2,51,40,26,148</u>	<u>2,630,895,755</u>

SUPER TANNERY LIMITED

Particulars	31.03.12 (Rupees)	31.03.11 (Rupees)
18.1 Details of other operating revenue		
Duty Draw Back Received	5,77,89,720	5,06,84,612
Premium on Sale of Import Licence	10,44,86,604	12,76,07,253
TOTAL	16,22,76,324	17,82,91,865
9. OTHER INCOME		
Interest income		
from Fixed Deposit with Banks	7,71,516	5,29,525
from Others	0	0
Dividend income		
from trade investments	0	70,730
Profit on Sale of Fixed Assets	2,50,000	76,458
Miscellaneous Income	26,38,461	17,61,864
Bad Debts Recovered	0	2,25,000
Commission Received	67,106	0
TOTAL	37,27,083	26,63,577
20. COST OF MATERIAL CONSUMED		
Raw Material consumed		
Raw Hide for Sole	9,35,06,434	6,16,07,771
Goat Skins	27,47,61,568	21,70,16,338
Raw Hide for Chrome	21,36,55,792	16,13,60,258
Wet Blue Leather (Chrome)	1,86,16,937	8,07,69,131
Uppers for Safety Shoes	18,22,53,702	22,76,85,655
Finished Leather for Shoe Uppers & Shoes	24,85,10,941	21,52,69,075
Others	26,58,93,147	20,99,54,845
Raw Material consumed	1,29,71,98,521	1,17,36,63,073
Chemicals consumed	36,51,82,147	42,66,90,349
Stores & Spares consumed	10,50,32,852	13,24,95,219
Cost of material consumed	1,76,74,13,520	1,73,28,48,641
21. PURCHASE OF STOCK-IN-TRADE		
Finished Goods	8,97,36,105	9,66,75,210
Trading Items	49,67,080	20,87,68,753
TOTAL	9,47,03,185	30,54,43,963
22. DECREASE/(INCREASE) IN INVENTORIES		
Inventories at the end of the year		
Finished Goods	11,67,17,711	19,20,55,525
Trading Items	0	0
Stock of Waste & Scrap	1,63,64,977	27,67,030
Work in Progress	24,81,53,587	25,16,61,272
TOTAL 'A'	38,12,36,275	44,64,83,827

Particulars	31.03.12 (Rupees)	31.03.11 (Rupees)
Inventories at the beginning of the year		
Finished Goods	19,20,55,525	15,61,55,639
Trading Items	0	1,26,51,443
Stock of Waste & Scrap	27,67,030	29,54,249
Work in Progress	25,16,61,272	26,60,52,439
TOTAL 'B'	<u>44,64,83,827</u>	<u>43,78,13,770</u>
Decrease/(Increase) in Stocks (A-B)	<u>(6,52,47,552)</u>	<u>86,70,057</u>
23. EMPLOYEE BENEFITS EXPENSES		
Salary, Wages and Bonus	3,69,91,438	3,37,87,275
Directors Remuneration (refer Note 35)	89,97,833	90,36,458
Contribution to Provident and other funds	1,02,21,274	1,15,00,057
Workmen and Staff Welfare expenses	39,33,608	40,16,671
TOTAL	<u>6,01,44,153</u>	<u>5,83,40,461</u>
24. FINANCE COSTS		
Interest on		
- Term Loan	0	2,27,052
- Others	8,77,48,681	5,39,53,325
	<u>8,77,48,681</u>	<u>5,41,80,377</u>
Bank Charges	47,24,492	46,03,386
Foreign Bank Charges	11,99,624	12,29,416
TOTAL	<u>9,36,72,797</u>	<u>6,00,13,179</u>
25. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of tangible assets	3,56,93,914	3,38,97,923
Less: recoupment from revaluation reserve	2,46,343	2,76,402
TOTAL	<u>3,54,47,571</u>	<u>3,36,21,521</u>
26. OTHER EXPENSES		
Manufacturing Expenses		
Wages & Bonus (including Job Charges)	7,50,41,273	8,77,10,012
Power and Fuel	5,53,27,355	6,17,22,499
Pollution Control Expenses	22,40,369	22,86,021
Repairs and Maintenance		
- Building	11,65,508	18,14,916
- Machinery	58,54,134	65,71,764
Selling and Distribution Expenses		
Packing & Forwarding	2,20,35,195	2,92,07,099
Freight & Cartage	6,20,82,469	8,58,84,778
Commission on Sale	1,58,57,724	1,88,05,940
Advertisement and Publicity	4,69,620	2,99,427
Bad Debts - Provision/write off	16,56,861	1,12,68,913
Establishment Expenses		
Rent	21,62,589	18,54,266
Rates and Taxes	81,81,695	62,10,348
Insurance	21,60,656	23,26,006

SUPER TANNERY LIMITED

Particulars	31.03.12 (Rupees)	31.03.11 (Rupees)
E.C.G.C. Premium	53,61,800	1,06,64,202
Communication cost	39,58,586	46,19,319
Travelling and Conveyance	1,77,23,509	1,72,88,008
Repairs and Maintenance - Others	59,09,353	69,01,321
Printing and Stationery	12,62,865	18,09,288
Legal and Professional Charges	26,95,156	18,17,502
Auditor's Remuneration (refer Note 26.1)	6,14,760	8,47,671
Miscellaneous Expenses	1,23,34,292	69,11,313
Research & Development Expenses	1,40,469	1,54,455
Subscription and Donation	24,11,502	26,55,607
Loss on Sale of Fixed Assets	11,94,405	5,73,342
Loss on Investments Sold/written off	-	3,01,138
TOTAL	30,78,42,145	37,05,05,155

26.1 Payment to auditor

As Auditor:		
Audit Fees (including Tax Audit)	5,12,119	4,61,549
In other capacity:		
Taxation & other services	1,02,641	3,86,122
TOTAL	6,14,760	8,47,671

27. Earning per share (EPS)

Profit for the year	5,74,41,249	5,65,34,842
Weighted average number of equity shares for the purpose of calculation of Basic and Diluted EPS	10,79,73,360	10,79,73,360
Nominal value of equity shares (Rs.)	1.00	1.00
EPS- Basic and diluted (Rs.)	0.53	0.52

28. Closing Inventory of Finished Goods

Leather and Leather Products	11,67,17,711	19,20,55,525
TOTAL	11,67,17,711	19,20,55,525

29. Closing Inventory of Work-in-Progress

Leather and Leather Products	24,81,53,587	25,16,61,271
TOTAL	24,81,53,587	25,16,61,271

30. Imported and indigenous raw materials, components and spare parts consumed

PARTICULARS	2011-12		2010-11	
	Rupees	%	Rupees	%
Raw Material				
Imported	6,15,03,643	4.74%	12,64,99,678	10.78%
Indigenous	1,23,56,94,878	95.26%	1,04,71,63,394	89.22%
Chemicals Components, Stores & Spare parts (including Packing Material)				
Imported (Direct)	11,58,67,572	25%	12,86,87,967	23.01%
Indigenous	35,43,47,427	75%	43,04,97,602	76.99%

In respect of items which are purchased both from indigenous and imported sources, the identity of individual items consumed cannot be established but segregation of consumption between imported and indigenous sources has been made on a reasonable approximation determined from the Company's records.

31. Value of Imports on CIF basis

(excluding purchases from canalising agencies and imported items purchased locally)

Raw Materials	3,37,36,837	9,22,07,549
Chemicals, Stores, Components and Spare Parts	10,41,68,717	9,76,82,666
Capital Goods	2,81,39,612	1,52,19,996
Others	2,05,51,123	4,72,34,812
	<u>18,65,96,289</u>	<u>25,23,45,023</u>

32. Earnings in foreign exchange

Export of goods calculated on FOB Basis	1,80,32,71,732	1,66,99,08,212
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33. Expenditure in foreign currency

- Travelling	54,83,413	73,55,623
- Others	1,77,66,044	2,06,13,294

34. Remittance in foreign currency on account of Dividend	NIL	NIL
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35. Directors Remuneration:

Salary	63,34,313	63,72,938
Commission	24,00,000	24,00,000
Contribution to Provident Fund & Family Pension Fund	2,63,520	2,63,520
Total	<u>89,97,833</u>	<u>90,36,458</u>

36. Actuarial valuation of Gratuity as required by Accounting Standard 15 "Employee Benefits" issued by the Institute of Chartered Accountants of India has not been done by the Company. However on 11th June, 2009 the company has taken a Group Gratuity Scheme from Life Insurance Corporation of India.

37. The related party disclosure in accordance with AS 18 'Related Party Disclosures' issued by ICAI, is given below:

A. Relationship

i. Subsidiary (Wholly owned) Company

Aarifi Tanners Limited
 Super Safetywears Limited
 Super Tannery (U.K.) Limited
 Safety Solutions s.r.o

SUPER TANNERY LIMITED**ii. Joint Ventures, Associates & Entities:****Joint Venture: Nil****Associates & Entities:**

Super Shoes Limited

Amin Colonizers & Developers Ltd

Gentraco India Exim Ltd

Super Tannery FZE

Banthar Industrial Pollution Control Company

Industrial Infrastructure Services (I) Ltd

iii. Key Management Personnel & Relatives:

Mr. Iftikharul Amin (Managing Director)

Mr. Iqbal Ahsan (Joint Managing Director)

Mr. Veqarul Amin (Joint Managing Director)

Mr. Imran Siddiqui (Whole-time Director)

Mr. Arshad Khan (Whole-time Director)

Mr. Mohd. Imran (Whole-time Director)

Mr. Mubasherul Amin (Son of Iqbal Ahsan)

Mr. Tanveerul Amin (Son of Iftikharul Amin)

Mr. Khalid Sayeed (Brother of Imran Siddique)

B. The following transactions were carried out with related parties in the ordinary course of business during the year:

(Figure in Rupees)

Particulars	Subsidiary Companies		Associates & Entities	
	2011-12	2010-11	2011-12	2010-11
Purchases of Materials/Finished Goods	NIL	NIL	2,44,023	NIL
Sale of Materials/Finished Goods	NIL	5,96,45,877	1,48,22,182	30,580,513
Advance to Subsidiary	NIL	40,85,493	NIL	NIL
Interest Free Advance	NIL	NIL	2,00,81,750	2,00,81,750
Services availed	NIL	NIL	8,00,452	7,37,122
Rent paid	3,60,000	3,60,000	NIL	NIL
Investments	NIL	75,00,000	NIL	NIL
Balances at the end of the year:				
Trade Receivables	10,63,93,652	7,29,08,805	3,98,51,150	4,20,38,595
Trade Payables	NIL	NIL	61,215	52,485
Loans & Advances	1,22,08,479	1,10,17,223	2,00,81,750	2,00,81,750
Investments	3,20,43,291	3,19,89,185	4,33,650	4,33,650

Key Management Personnel and relatives:

Particulars	2011-12	2010-11
Rent paid	NIL	NIL
Remuneration	1,07,12,686	1,03,62,406
Dividend paid	22,59,692	22,59,692

38. Capital and other commitments	2011-12	2010-11
Estimated value of contracts remaining to be executed on capital account (net of advances)	82,804	84,30,000
39. Contingent liabilities	2011-12	2010-11
Contingent Liabilities in respect of:		
i. Guarantees issued by the Bank	NIL	NIL
ii. Foreign Bills negotiated/Purchased with Bankers	9,02,50,013	8,36,19,900

The detail of disputed dues as per the clause ix(b) of Section 227 (4A) of the Companies Act, 1956 is as follows:

Forum where dispute is pending	Period to which relates	Amount (Rs.)	Amount (Rs.)
Income Tax:		2011-2012	2010-2011
CIT Appeals, Kanpur	A.Y. 2007-08	30,54,620	30,54,620
CIT Appeals, Kanpur	A.Y. 2009-10	12,83,102	0

Above claims are likely to be decided in favour of the company, hence not provided for.

40. The Company's operation predominantly comprises only one segment i.e. leather and leather Products, therefore, Segment Reporting as per Accounting Standard (AS-17) issued by the Institute of Chartered Accountants of India is not applicable.
41. In the absence of the Notification in the Official Gazette of the Central Government of India, the cess payable under Section 441A has not been paid / provided. The payment of cess shall be made in accordance with the Notification, as and when issued by the Central Government of India in its Official Gazette.
42. During the year under consideration no borrowing cost has been capitalized by the company in accordance with the Accounting Standard 16 'Borrowing Cost' issued by the Institute of Chartered Accountants of India.
43. The company has incurred in Research & Development expenses during the year, the same are immaterial and no future economic benefit will accrue, therefore no expenses have been capitalized.
- 44. Disclosure in terms of AS 28**
The management has carried out an exercise of identifying the assets that may have been impaired, during the year, in respect of each cash generating unit. On the basis of review carried out by the management, there was no impairment loss on fixed assets during the year.

SUPER TANNERY LIMITED

45. Disclosure in terms of AS 29

The company has recognised contingent liabilities as disclosed in Note 39 above and as such no provision is required to be made. No provision was outstanding as at the beginning and at the end of the year.

46. Confirmation of Balances with Sundry debtors, creditors, loans and advances and other parties have not been received in few cases.

47. The figures of the previous year have been regrouped/rearranged wherever necessary in order to make them comparable with the figures of the current year. Figures have been rounded off to the nearest rupee.

48. Other Liabilities includes advance money received against land at Dehradun.

49. Certain assets of erstwhile Super Agro-Tech Limited (SATL) acquired pursuant to the scheme of amalgamation sanctioned by Hon'ble High Court of Judicature at Allahabad, included in the books of the company remain under the name of SATL pending completion of the relevant formalities.

Likewise, certain land at banthar, Unnao is lying registered in the name of some the Directors of the Company.

50. Previous Year Figures

The financial statements for the year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of revised Schedule VI under the Companies Act, 1956 the financial statements for the year ended 31st March, 2012 are prepared as per revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of revised Schedule VI for the previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

As per our report of even date attached

For Kapoor Tandon & Co.,

Chartered Accountants

Firm Reg. No. 000952C

(R.P. Gupta)

Partner

M.No. 070904

Place : Kanpur

Dated : 30.05.2012

For and on behalf of the Board of Directors

Mohd. Imran

Director (Finance)

Iftikharul Amin

Managing Director

Iqbal Ahsan

Joint Managing Director

R. K. Awasthi

Company Secretary

CONSOLIDATED ACCOUNTS

SUPER TANNERY LIMITED**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012**

Particulars	Note No.	As at 31st March, 2012 (Rupees)	As at 31st March, 2011 (Rupees)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
a) Share Capital	3	10,79,73,360	10,79,73,360
b) Reserves and Surplus	4	43,69,24,859	41,09,34,646
		<u>54,48,98,219</u>	<u>51,89,08,006</u>
2. Minority Interest			
		22,68,934	23,56,528
3. Non Current Liabilities			
a) Long Term Borrowings	5	2,00,00,000	0
b) Deferred Tax Liabilities (Net)	6	6,54,63,000	5,72,07,718
		<u>8,54,63,000</u>	<u>5,72,07,718</u>
4. Current Liabilities			
a) Short Term Borrowings	7	73,57,67,544	80,05,76,510
b) Trade Payables	8	27,41,87,111	40,26,92,169
c) Other Current Liabilities	9	15,51,59,837	15,91,97,132
d) Short Term Provisions	10	2,71,27,787	2,29,52,638
		<u>1,19,22,42,279</u>	<u>1,38,54,18,449</u>
TOTAL		<u><u>1,82,48,72,432</u></u>	<u><u>1,96,38,90,701</u></u>
II. ASSETS :			
1. Non Current Assets			
(a) Fixed Assets :			
(i) Tangible Assets:	11	60,38,67,736	58,23,24,443
(ii) Capital Work in Progress	11	2,27,55,839	3,12,29,973
(b) Non Current Investments	12	16,93,450	16,93,450
(c) Long Term Loans and Advances	13	2,30,53,633	2,26,43,633
(d) Other Non Current Assets	14	3,00,385	3,69,515
		<u>65,16,71,043</u>	<u>63,82,61,014</u>
2. Current Assets			
(a) Inventories	15	59,54,08,869	70,54,98,383
(b) Trade Receivables	16	40,75,66,896	40,30,12,911
(c) Cash and Cash Balances	17	2,53,42,440	6,13,28,786
(d) Short Term Loans and Advances	18	4,94,71,424	4,66,30,543
(e) Other Current Assets	19	9,54,11,760	10,91,59,064
		<u>1,17,32,01,389</u>	<u>1,32,56,29,687</u>
TOTAL		<u><u>1,82,48,72,432</u></u>	<u><u>1,96,38,90,701</u></u>
Basis of Consolidation	1		
Significant Accounting Policies	2		
The accompanying notes form an integral part of these financial statements.			
As per our report of even date attached			
For Kapoor Tandon & Co., Chartered Accountants Firm Reg. No. 000952C (R.P. Gupta) Partner M.No. 070904		For and on behalf of the Board of Directors	
	Mohd. Imran Director (Finance)	Iftikharul Amin Managing Director	
Place : Kanpur Dated : 30.05.2012	Iqbal Ahsan Joint Managing Director	R. K. Awasthi Company Secretary	

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars No.	Note (Rupees)	2011-12 (Rupees)	2010-11 (Rupees)
REVENUE			
Revenue from operations (gross)	20	2,51,63,00,610	2,63,70,97,235
Less : Excise Duty		3,06,290	15,64,390
Revenue from operations (net)		2,51,59,94,320	2,63,55,32,845
Other Income	21	37,27,083	26,93,134
Total Revenue		2,51,97,21,403	2,63,82,25,979
EXPENSES			
Cost of Material consumed	22	1,77,78,17,137	1,75,67,00,032
Purchase of Stock-in-trade	23	10,56,23,095	31,08,98,185
(Increase)/decrease in Inventories of Finished Goods, Work-in-Process and Traded Goods	24	6,14,04,809	(3,35,91,522)
Employee Benefits Expense	25	6,30,97,543	6,44,24,584
Finance Costs	26	9,43,59,531	6,05,62,087
Depreciation and Amortisation	27	3,66,35,034	3,49,93,828
Other Expenses		31,24,41,669	38,35,79,100
Total Expenses	28	2,45,13,78,818	2,57,75,66,294
Profit Before Tax		6,83,42,585	6,06,59,685
Tax Expenses			
- Current Tax		2,42,00,000	2,14,03,000
- Deferred Tax		82,55,282	1,89,000
- Tax adjustments relating to earlier years		(34,63,874)	(30,72,099)
Profit for the year		3,24,23,429	3,59,95,586
Earning per Equity Share (EPS)	29		
(Face value of Rs 1 each)			
Basic		0.30	0.33
Diluted		0.30	0.33
Basis of Consolidation	1		
Significant Accounting Policies	2		

The accompanying notes form an integral part of these financial statements.

As per our report of even date attached
For Kapoor Tandon & Co.,
Chartered Accountants
Firm Reg. No. 000952C
(R.P. Gupta)
Partner
M.No. 070904

For and on behalf of the Board of Directors

Mohd. Imran
Director (Finance)

Iftikharul Amin
Managing Director

Place : Kanpur
Dated : 30.05.2012

Iqbal Ahsan
Joint Managing Director

R. K. Awasthi
Company Secretary

SUPER TANNERY LIMITED

	2011-2012 (Rupees)	2010-2011 (Rupees)
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	6,83,42,585	6,06,59,685
Adjustment for :		
Depreciation	3,66,35,034	3,49,93,828
Interest - Paid	8,81,62,693	5,45,44,045
Interest - Earned	(7,71,516)	(5,29,864)
Bad Debts Recovered	0	(2,25,000)
Dividend Received	0	(70,730)
Gratuity Payable	12,89,916	40,64,475
Bad Debts written off	39,28,691	1,12,68,913
Exchange Fluctuation	(2,47,68,639)	(37,96,517)
Investment - Loss on sale	0	3,01,138
Fixed Assets - Loss on sale	1,194,405	6,43,698
Fixed Assets - Profit on sale	(2,50,000)	(76,459)
Preliminary Expenses written off	(5,369)	(79,910)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	17,37,57,800	16,16,97,302
ADJUSTMENTS FOR :		
Trade and Other receivables	2,67,82,386	(11,62,21,478)
Inventories	11,00,89,514	(2,73,12,132)
Trade and Other Payables	(15,33,78,648)	3,34,96,101
CASH GENERATED FROM OPERATIONS	15,72,51,052	5,16,59,793
Interest Paid (Net)	(8,73,91,177)	(5,37,87,129)
Income Tax Paid (net of Refunds)	(2,47,69,938)	(2,23,66,321)
NET CASH FROM OPERATING ACTIVITIES	4,50,89,937	(2,44,93,657)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets(including CWIP)	(5,29,66,391)	(7,23,51,749)
Sale of Fixed Assets	19,96,499	33,41,055
Capital Subsidy received	0	50,00,000
Dividend received	0	70,730
Decrease in Non-trade investment	0	1,00,00,000
NET CASH USED IN INVESTING ACTIVITIES	(5,09,69,892)	(5,39,39,964)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Working Capital	(6,98,57,198)	10,47,75,108
Proceeds from Long term Borrowings	0	(7,86,720)
Repayment of Loan	0	(39,46,409)
Corporate Loan (Net)	4,05,43,865	0
Foreign Currency Loan	53,51,375	0
Interest paid	0	(2,27,052)
Dividend paid	(61,44,433)	(63,87,840)
Loss on sales of investment	0	(3,01,138)
NET CASH FLOW USED IN FINANCING ACTIVITIES	(3,01,06,391)	9,31,25,949
NET INCREASE IN CASH AND CASH EQUIVALENTS	(3,59,86,346)	1,46,92,328
OPENING CASH AND CASH EQUIVALENTS	6,13,28,786	4,66,36,458
CLOSING CASH AND CASH EQUIVALENTS	2,53,42,440	6,13,28,786

Basis of Consolidation 1
Significant Accounting Policies 2

The accompanying notes form an integral part of these financial statements.

As per our report of even date attached

For Kapoor Tandon & Co.,
Chartered Accountants
 Firm Reg. No. 000952C
 (R.P. Gupta)
Partner
 M.No. 070904

For and on behalf of the Board of Directors

Mohd. Imran
Director (Finance)

Iftikharul Amin
Managing Director

Place : Kanpur
 Dated : 30.05.2012

Iqbal Ahsan
Joint Managing Director

R. K. Awasthi
Company Secretary

Notes to Consolidated financial statements for the year ended 31st March, 2012**1. BASIS OF CONSOLIDATION**

- 1.1 The financial statements of the subsidiaries used in the consolidation are drawn upto the same reporting date as of the company i.e. year ended 31st March, 2012.
- 1.2 The Consolidated financial statements have been prepared in accordance with the Accounting Standard-21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- 1.3 The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the the book values of like items of assets, liabilities, income & expenses. The intragroup balances and transactions are eliminated except unrealized profit or loss on closing stock. The subsidiaries have been treated as non integral to the business of the company.
- 1.4 In the case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities (except fixed assets & Share capital) are converted at the rates prevailing at the end of the year.
- 1.5 Exchange difference arising on consolidation is recognized in the Profit & Loss account.
- 1.6 Investments in 100% Foreign subsidiaries have been eliminated with the corresponding Share Capital of the subsidiary company.
- 1.7 Minority interest in the net assets of the consolidated financial statements consists of amount of equity attributable to the minority members of the subsidiaries.
- 1.8 As far as possible, the consolidated financial statements are prepare using uniform accounting policies for like transactions and other events in similar circumstances and are prescribed in the same manner as the Company's separate financial statement.
- 1.9 The subsidiaries (which along with Super Tannery Limited, the parent, constitute the group) considered in the preparation of these consolidated financial statements

Name of Subsidiary	Country of Incorporation	Percentage of Ownership/Interest as at 31st March, 2012
1. Super Safetywears Limited	India	99.95%
2. Super Tannery (U.K.) Limited	United Kingdom	100.00%
3. Aarifi Tanners Limited	India	82.52%
4. Safety Solutions s.r.o.	Slovak Republic	100.00%

2. SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis of Preparation of Financial Statements**

The financial statements are prepared under the historical cost convention, except for certain fixed assets which were revalued, on accrual basis of accounting in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI), generally accepted accounting principles (GAAP) in India and the relevant provisions of the Companies Act, 1956.

2.2 Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and the reported amount of revenues and expenses during the reported period. Difference between actual results and estimates are recognized in the period in which the results are known/materialised.

2.3 Fixed Assets

Fixed Assets, other than those revalued, are stated at their cost of acquisition or construction as the case may be and including all related acquisition/installation expenses and borrowing cost as per Accounting Standard (AS) 16. Subsidy received on Fixed Assets is credited to the cost of respective fixed assets. Assets revalued are stated at their revalued amount. Cost/revalued amount so ascertained is adjusted for accumulated depreciation/amortization and provision for impairment.

2.4 Depreciation

- i) Depreciation on leased out assets, is provided on Straight Line Method over the tenure of lease agreement. Cost of lease hold land is amortized over the period of lease. Intangible assets are written off over a period of ten years under the straight line method of amortization.
- ii) Depreciation on fixed assets excepting on leased out assets and intangible assets, as stated above
- iii) Assets acquired and put to use on or upto 31st March, 1992, is provided on Written Down Value Method as per Schedule XIV to the Companies Act, 1956
- iv) Assets acquired and put to use on or after 1st April 1992, is provided on Straight Line Method as per Schedule XIV to the Companies Act, 1956 and
- v) Amount attributable to appreciation due to revaluation, is provided on Straight Line Method as per Schedule XIV to the Companies Act, 1956 and equivalent amount is withdrawn from Revaluation Reserve

2.5 Impairment of assets

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than the carrying amount, the carrying amount is reduced to the recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss Account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

2.6 Capital work in progress

Capital Work in Progress comprises cost of fixed assets yet to be commissioned and/or in transit, advances for capital expenditure and expenditure during construction period. Expenditure during construction period is allocated to the respective Fixed Assets on completion of the construction period.

2.7 Investments

Long term investments are carried at cost and provision, if necessary, being made for decline other than temporary in their value.

2.8 Inventories

Stock of raw materials and chemicals are valued at lower of cost (weighted average) or net realizable value. Stores and spares are valued at lower of cost (FIFO basis) or net realizable value. Stock of work in process is valued at estimated cost. Finished goods (including stock in transit or at port) are valued at lower of cost (determined on Direct cost method) or net realizable value. Stock of trading items is valued at lower of cost (weighted average) or net realizable value. Stock of waste and scrap are valued at estimated realizable value. Stock transferred to other divisions of the company is valued at transfer price. Import entitlements/licenses are valued at estimated realizable value.

2.9 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements

2.10 Revenue Recognition

Sales are recognized in respect of (a) Exports on shipment of consignment; and (b) others on dispatches of consignment from company premises. Sales include Excise duty and Sales/Trade tax. Duty Drawback is accounted for on the basis of export sales effected during the year.

2.11 Retirement Benefits

Contributions are made to the Provident Fund and Superannuation Funds on actual liability basis. Provision for gratuity liability is made at the end of the year on the assumption that it is payable to all eligible employees. Provision for leave encashment is made on the basis of total liability of all eligible employees as per the company's scheme.

2.12 Foreign Currency Translations

- i) The reporting currency of the company is Indian rupees.
- ii) Outstanding foreign currency assets and liabilities other than investments are translated at the exchange rate prevailing at the Balance Sheet date. Gains or losses on these assets and liabilities relating to the acquisition of fixed assets are adjusted to the cost of such fixed assets and those relating to other accounts are recognized in the Foreign Currency Translation Reserve. Exchange Difference arising as a result of transactions settled during financial year are included in sales.

SUPER TANNERY LIMITED

2.13 Intangible Assets

Intangible assets are stated at cost of acquisition less accumulated amortization. The Computer Software if any, purchased during the year is being amortized over a period of ten years.

2.14 Earning Per Share

Earning per share is calculated in accordance with the procedure laid out in the relevant Accounting Standard (AS) 20 issued by the institute of Chartered Accountants of India.

2.15 Excise Duty

Excise duty is accounted for as and when paid on clearance of goods from bounded premises. No provision is made for excise duty in respect of finished products lying in bounded premises.

2.16 Borrowing Cost

Borrowing costs that are attributable to the acquisition/construction of qualifying assets are capitalized as part of cost of such assets. A qualifying asset is an asset that requires a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

2.17 Taxation

Provision for tax on income for the year (i.e. Current Tax) is made after considering the various deductions/relieves admissible under the Income Tax Act, 1961. Provision for tax effect of timing differences between taxable income and accounting income (i.e. Deferred Tax) is made in accordance with the provisions of Accounting Standard 22, "Accounting for Taxes on Income" (AS-22) issued by the Institute of Chartered Accountants of India.

2.18 Prior Period Items

Prior period items, if material, are disclosed separately.

Particulars	As at 31.03.2012 (Rupees)	As at 31.03.2011 (Rupees)
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3. SHARE CAPITAL

Authorised		
11,00,00,000 Equity Shares of Rs.1/- each	<u>11,00,00,000</u>	<u>11,00,00,000</u>
Issued, Subscribed and fully paid up		
10,79,73,360 Equity Shares of Rs.1/- each fully paid up	<u>10,79,73,360</u>	<u>10,79,73,360</u>
Total	<u><u>10,79,73,360</u></u>	<u><u>10,79,73,360</u></u>

3.1 Reconciliation of the shares outstanding at the beginning and at the end of the year:

Equity Shares	As at 31st March, 2012		As At 31st March, 2011	
	No. of Shares	(Rupees)	No. of Shares	(Rupees)
At the beginning of the year	10,79,73,360	10,79,73,360	10,79,73,360	10,79,73,360
Changes during the year	-	-	-	-
Outstanding at the end of the year	<u><u>10,79,73,360</u></u>	<u><u>10,79,73,360</u></u>	<u><u>10,79,73,360</u></u>	<u><u>10,79,73,360</u></u>

3.2 Term/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs. 1 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

3.3 Bonus Shares/Shares for consideration other than cash issued & Buy Back of shares during preceding five years:

Bonus Shares issued during preceding five F.Y. No. of Shares

Financial Year 2008-09 1,79,95,560 (1,79,95,560 shares of Rs 2/- each fully paid issued as bonus 1:1)

Financial Year 2009-10 1,79,95,560 (1,79,95,560 shares of Rs 2/- each fully paid issued as bonus 1:2)

At the annual general meeting held on 30th September 2010, the members of company have approved a stock split i.e. sub-division each equity

share of the company of the face value of Rs. 2/- each as existing on Record Date, shall stand sub divided into two equity shares of face value of

Rs. 1/- each fully paid up, and consequently the Authorized and Paid up Equity Share Capital of the company be changed accordingly.

3.4 Details of shareholders holding more than 5% shares in the company

Name of the Share Holder	As at 31st March, 2012		As At 31st March, 2011	
	No. of Shares	% held	No. of Shares	% held
1) Veqarul Amin	1,78,83,900	16.56%	1,78,83,900	16.56%
2) Iqbal Ahsan	91,42,502	8.47%	91,42,502	8.47%
3) Iftikharul Amin	90,77,432	8.41%	90,77,432	8.41%

Particulars	As at 31.03.2012 (Rupees)	As at 31.03.2011 (Rupees)
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4. RESERVES AND SURPLUS

Capital Reserves

At commencement of the year 17,67,180 17,67,180

Capital Subsidy under Tannery Modernisation Scheme

At commencement of the year 1,35,00,256 1,35,00,256

Securities Premium Reserve

At commencement of the year 2,70,17,760 2,70,17,760

Revaluation Reserve

At commencement of the year 2,01,67,447 2,04,43,849

Less: Amount transferred to the Statement of profit and loss as reduction from depreciation 2,46,343

1,99,21,104 2,01,67,447

General Reserves

At commencement of the year 37,00,00,000 31,50,00,000

Add : From the Statement of Profit and Loss 3,00,00,000 5,50,00,000

40,00,00,000 37,00,00,000

Surplus in the Statement of profit and loss

At commencement of the year (2,15,17,997) 37,04,166

Profit for the year 3,24,23,429 3,59,95,586

1,09,05,432 3,96,99,752

Less: Appropriations

Proposed dividend on equity share 53,98,668 53,98,668

[Rs 0.05 per Equity Share
(Rs 0.05 per Equity Share)]

Dividend Distribution Tax 8,75,799 8,75,799

Transfer to General Reserve 3,00,00,000 5,50,00,000

Share of minority transfer to
Minority Interest account -87,594 (56,718)

(2,52,81,441) (2,15,17,997)

TOTAL

43,69,24,859 41,09,34,646

SUPER TANNERY LIMITED

Particulars	As at 31.03.2012 (Rupees)	As at 31.03.2011 (Rupees)
5. LONG TERM BORROWINGS		
Corporate Loan		
State Bank of India	2,00,00,000	0
TOTAL	2,00,00,000	0

*Corporate loan (INR) from bank carries interest @ 14.25% p.a. The loan is repayable in 9 regular installments as under:-

- First 6 quarterly installments of Rs. 0.50 crore. (From 31.12.2011 to 31.03.2013)
- Next 2 quarterly installments of Rs. 0.70 crore. (On 30.06.2013 and 30.09.2013)
- Last installment of Rs. 0.60 crore. on 30.11.2013

along with interest, from the date of loan, Viz 31st December, 2011. The loan is secured by first charge over entire fixed assets (both present and future, except vehicles financed by other Banks/ Fis) of the Company. Extension of charge on current assets of the Company.

6. DEFERRED TAX LIABILITIES (NET)
Deferred Tax Liability
on account of

Depreciation	6,95,63,000	6,12,05,580
Gross deferred tax liability	6,95,63,000	6,12,05,580

Deferred Tax Assets
on account of

Expenses covered u/s 43B	41,00,000	39,97,862
Gross deferred tax assets	41,00,000	39,97,862
Net Deferred Tax Liability @	6,54,63,000	5,72,07,718

@ In accordance with clause 29 of AS 22 Deferred Tax Assets and Deferred Tax Liabilities have been set off.

Particulars	As at 31.03.2012 (Rupees)	As at 31.03.2011 (Rupees)
7. SHORT TERM BORROWING		
Secured Loans		
Working Capital Loan From Bank		
State Bank of India		
a) Cash Credit	1,53,40,666	3,73,99,934
b) Packing Credit	61,04,25,083	67,95,56,676
c) Advance against bills sent on collection	10,49,53,563	8,36,19,900
	73,07,19,312	80,05,76,510
Foreign Currency Loan		
State Bank of India, Qatar	50,48,232	0
TOTAL	73,57,67,544	80,05,76,510

*Working Capital Loan from State Bank of India is secured by hypothecation of stocks, Book Debts, Plant & Machineries and equitable mortgage of Company's land & building and personal guarantee of some of the directors. Foreign Currency Loan from State Bank of India, Qatar is secured by providing lien on cash credit limit of the company.

8. TRADE PAYABLES

Sundry Creditors (refer Note 8.1)	27,41,87,111	40,26,92,169
TOTAL	<u>27,41,87,112</u>	<u>40,26,92,169</u>

8.1 The company has requested confirmation from Suppliers regarding their registration (filling of Memorandum) under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). According to the information available with the company there was no amount (principal and/or interest) due to any micro/small enterprises (SME as defined in the Act) as at the end of the year. There is no delay in payment to SME during the year. No interest was paid/payable on account of delay in payment to SME during the year in terms of Section 16 of the Act.

9. OTHER CURRENT LIABILITIES

Current maturity of long term borrowings	2,00,00,000	0
Interest accrued but not due on borrowings	3,03,143	0
Interest accrued and due on borrowings	5,43,865	0
Book overdraft with banks	1,20,31,760	2,00,92,092
Security Deposit	5,80,643	10,000
Advance from Customers	1,58,25,675	2,82,40,566
Unpaid dividend (refer Note 9.1)	17,19,738	17,38,922
Other Liabilities	10,41,55,013	10,91,15,552
TOTAL	<u>15,51,59,837</u>	<u>15,91,97,132</u>

9.1 There are no amounts due for payment to Investor Education & Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

10. SHORT TERM PROVISIONS

Provision for Tax	2,42,00,000	2,14,03,000
Less: Advance Tax	<u>1,60,57,738</u>	<u>1,61,45,971</u>
	81,42,262	52,57,029
Provision for Gratuity	1,27,11,058	1,14,21,142
Proposed Final Dividend	53,98,668	53,98,668
Provision for Dividend Distribution Tax	8,75,799	8,75,799
TOTAL	<u>2,71,27,787</u>	<u>2,29,52,638</u>

SUPER TANNERY LIMITED

(Rupees)

DESCRIPTION	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	AS AT 01.04.2011	ADDITIONS	SALES/ ADJ.	AS AT 31.03.2012	UP TO 31.03.2011	FOR THE YEAR	ADJ.	UP TO 31.03.2012	AS AT 31.03.2012	AS AT 31.03.2011
Land Leasehold	73,59,349	0	0	73,59,349	8,95,319	74,337	0	9,69,656	63,89,693	64,84,030
Land Freehold	3,51,39,384	34,86,707	0	3,86,26,091	0	0	0	0	3,86,26,091	3,51,39,384
Building	17,11,08,416	66,76,590	0	17,77,85,006	43,1,71,549	51,20,085	0	4,82,91,634	12,94,93,372	12,79,36,867
Plant and Equipments	62,03,65,572	3,99,44,137	62,296	66,02,47,413	24,55,41,642	2,70,66,985	12,150	27,25,96,477	38,76,50,936	37,48,23,930
Furniture & Fittings	1,00,53,229	14,39,545	0	1,14,92,774	55,34,727	4,57,038	0	59,91,765	55,01,009	45,18,502
Vehicles	4,33,56,671	99,77,918	46,43,906	4,86,90,683	1,35,85,997	41,62,932	18,94,739	1,58,54,190	3,28,36,493	2,97,70,674
Machineries let out on lease	49,14,706	0	49,14,706	0	48,16,411	0	48,16,411	0	0	98,295
Vehicles let out on lease	19,93,125	0	19,93,125	0	19,53,263	0	19,53,263	0	0	39,862
Goodwill	33,74,082	0	3,940	33,70,142	0	0	0	0	33,70,142	33,74,082
TOTAL	89,76,64,534	6,15,24,897	1,16,17,973	94,75,71,458	31,54,98,908	3,68,81,377	86,76,563	34,37,03,722	60,38,67,736	58,21,65,626
Add: Capital Work in Progress									2,27,55,839	3,12,29,973
PREVIOUS YEAR	84,06,09,615	6,35,10,232	6,455,313	89,76,64,534	28,26,16,881	3,52,70,230	25,47,020	31,53,40,091	58,23,24,443	-

11.1 Super Tannery (UK) Limited & Aarifi Tanners Limited is following the Written Down Value method of depreciation as against the Straight Line Method is being followed by the parent company and other subsidiaries. The relevant figures are as under:

Description of Item	As per CFS of the group		As per Balance Sheet of Super Tannery (UK) Limited included in CFS		As per Balance Sheet of Aarifi Tanners Limited included in CFS	
	As at 31.03.2012	Dep. For the year	As at 31.03.2012	Dep. For the year	As at 31.03.2012	Dep. For the year
Fixed Assets (Including Revaluation)	Gross Block 94,75,71,458	3,68,81,377	Gross Block 1,96,69,583	3,91,397	Gross Block 1,80,26,030	7,96,065

Particulars	As at 31.03.2012 (Rupees)	As at 31.03.2011 (Rupees)
12. NON CURRENT INVESTMENTS (Long Term Investments)		
Non Trade (valued at cost unless stated otherwise)		
EQUITY SHARES - UNQUOTED		
Superhouse Overseas Limited 5,000 Equity Shares of Rs.10/- each fully paid up	50,000	50,000
Al-Barr Finance House limited 30,000 Equity Shares of Rs. 10/- each fully paid up	3,00,000	3,00,000
Svit Pronext Machines Private Limited 8,500 Equity Shares of Rs. 10/- each fully paid up	85,000	85,000
Industrial Infrastructure Services (India) Limited 52,645 Equity Shares of Rs. 10/- each fully paid up	5,26,450	5,26,450
Kanpur Unnao leather Cluster Development Co, Ltd 60,000 Equity Shares of Rs. 10/- each fully paid up	6,00,000	6,00,000
Banthar Industrial Pollution Control Company 8,000 Equity Shares of Rs. 10/- each fully paid up	80,000	80,000
	<u>16,41,450</u>	<u>16,41,450</u>
Total (A)	<u>16,41,450</u>	<u>16,41,450</u>
Non Trade (valued at cost unless stated otherwise)		
EQUITY SHARES - QUOTED		
Superhouse Limited 5,200 Equity Shares of Rs. 10/- each fully paid.	52,000	52,000
Total (B)	<u>52,000</u>	<u>52,000</u>
TOTAL (A+B)	<u>16,93,450</u>	<u>16,93,450</u>
Book value of Quoted Investments (Net of Provisions)	52,000	52,000
Book value of Unquoted Investments	16,41,450	16,41,450
Market value of Quoted Investments	2,50,900	2,33,220
13. LONG TERM LOANS & ADVANCES (unsecured considered good)		
Loan to Associate Company	2,00,81,750	2,00,81,750
Security Deposit	29,71,883	25,61,883
TOTAL	<u>2,30,53,633</u>	<u>2,26,43,633</u>
14. OTHER NON CURRENT ASSETS		
Miscellaneous Expenditure (to the extent written off)	3,00,385	3,69,515
	<u>3,00,385</u>	<u>3,69,515</u>
15. INVENTORIES (valued at lower of cost and net realisable value)		
Raw Materials	8,18,08,310	1,353,43,755
Work in Progress (refer Note 24)	24,81,53,587	25,16,61,271
Finished Goods (refer Note 24)	14,54,81,919	21,69,76,991
Stock of Waste & Scrap	1,63,64,977	27,67,030
Chemicals, Components and Spare Parts	10,36,00,076	9,87,49,336
TOTAL	<u>59,54,08,869</u>	<u>70,54,98,383</u>
Finished Goods include Stock in Trade, as both are stocked together		

SUPER TANNERY LIMITED

Particulars	As at 31.03.2012 (Rupees)	As at 31.03.2011 (Rupees)
16. TRADE RECEIVABLES		
(Unsecured)		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered Good	5,51,91,761	10,79,13,545
Considered Doubtful	21,99,490	21,99,490
Less: Provision for Doubtful Receivables	21,99,490	0
Others		
Considered Good	35,23,75,135	29,50,99,366
TOTAL	40,75,66,896	40,30,12,911
17. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents		
Cash in Hand (as Certified by the Management)	18,58,138	50,63,432
Cheques in hand/Remittance in Transit	11,97,180	8,62,263
Balances with Scheduled Banks in:		
Current Accounts	81,44,259	1,83,85,578
Foreign Currency Account (EEFC A/C)	4,10,573	3,58,541
	1,16,10,150	2,46,69,814
Other bank balances		
Margin Money Deposit Accounts	1,20,12,552	3,49,20,050
Unpaid Dividend Account	17,19,738	17,38,922
	1,37,32,290	3,66,58,972
TOTAL	2,53,42,440	6,13,28,786
18. SHORT TERM LOANS & ADVANCES		
(Unsecured considered good)		
Advance recoverable in cash or kind or for value to be received	4,94,71,424	4,66,30,543
TOTAL	4,94,71,424	4,66,30,543
19. OTHER CURRENT ASSETS		
(Unsecured considered good)		
Export Incentive Receivable	2,16,80,301	2,42,90,853
Other Current assets	7,35,93,304	8,48,68,211
Assets held for Sales	1,38,155	0
TOTAL	9,54,11,760	10,91,59,064

Management is of the view that the current assets, loans and advances, if realized in the ordinary course of business would not be less than the amount at which they stated in the Balance Sheet. Provisions for all known liabilities are adequate and not in excess of the amount considered reasonably necessary.

Particulars	2011-12 (Rupees)	2010-11 (Rupees)
20. REVENUE FROM OPERATIONS		
Revenue from operations		
Sale of Leather & Leather Products		
Sales (Export)	1,74,38,30,836	1,66,22,77,511
Sales (Others)	35,64,88,669	36,73,10,392
	<u>2,10,03,19,505</u>	<u>2,02,95,87,903</u>
Other operating revenue		
Exchange Fluctuation	2,47,68,639	37,96,517
Inter Division Transfer	22,89,36,142	42,54,20,950
Export Incentives (refer Note 20.1)	16,22,76,324	17,82,91,865
Revenue from operations (gross)	<u>2,51,63,00,610</u>	<u>2,63,70,97,235</u>
Less: Excise duty	3,06,290	15,64,390
Revenue from operations (net)	<u>2,51,59,94,320</u>	<u>2,63,55,32,845</u>
20.1 Details of other operating revenue		
Duty Draw Back Received	5,77,89,720	5,06,84,612
Premium on Sale of Import Licence	10,44,86,604	12,76,07,253
TOTAL	<u>16,22,76,324</u>	<u>17,82,91,865</u>
21. OTHER INCOME		
Interest income		
from Fixed Deposit with Banks	7,71,516	5,29,864
from Others	0	0
	<u>7,71,516</u>	<u>5,29,864</u>
Dividend income		
from subsidiary companies	0	0
from trade investments	0	70,730
Profit on Sale of Fixed Assets	2,50,000	76,459
Miscellaneous Income	26,38,461	17,91,081
Bad Debts Recovered	0	225,000
Commission Received	67,106	0
TOTAL	<u>37,27,083</u>	<u>26,93,134</u>
22. COST OF MATERIAL CONSUMED		
Raw Material consumed	1,30,76,02,138	1,19,75,14,464
Chemicals consumed	36,51,82,147	42,66,90,349
Stores & Spares consumed	10,50,32,852	13,24,95,219
Cost of material consumed	<u>1,77,78,17,137</u>	<u>1,75,67,00,032</u>
23. PURCHASE OF STOCK-IN-TRADE		
Finished Goods	10,06,56,015	10,21,29,432
Trading Items	49,67,080	20,87,68,753
TOTAL	<u>10,56,23,095</u>	<u>31,08,98,185</u>

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Particulars	2011-12 (Rupees)	2010-11 (Rupees)
24. DECREASE/(INCREASE) IN INVENTORIES		
Inventories at the end of the year		
Finished Goods	14,54,81,919	21,69,76,991
Trading Items	0	0
Stock of Waste & Scrap	1,63,64,977	27,67,030
Work in Progress	24,81,53,587	25,16,61,271
TOTAL 'A'	41,00,00,483	47,14,05,292
Inventories at the beginning of the year		
Finished Goods	21,69,76,991	15,61,55,639
Trading Items	0	1,26,51,443
Stock of Waste & Scrap	27,67,030	29,54,249
Work in Progress	25,16,61,271	26,60,52,439
TOTAL 'B'	47,14,05,292	43,78,13,770
Decrease/(Increase) in Stocks (A-B)	6,14,04,809	3,35,91,522
25. EMPLOYEE BENEFITS EXPENSES		
Salary, Wages and Bonus	3,99,11,828	3,98,20,703
Directors Remuneration	89,97,833	90,36,458
Contribution to Provident and other funds	1,02,21,274	1,15,00,057
Workmen and Staff Welfare expenses	39,66,608	40,67,366
TOTAL	6,30,97,543	6,44,24,584
26. FINANCE COSTS		
Interest on		
- Term Loan	0	227,052
- Others	8,81,62,693	5,43,16,993
Bank Charges	8,81,62,693	5,45,44,045
Foreign Bank Charges	49,97,214	47,88,626
	11,99,624	12,29,416
TOTAL	9,43,59,531	6,05,62,087
27. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of tangible assets	3,68,81,377	3,52,70,230
Less: recoupment from revaluation reserve	2,46,343	2,76,402
TOTAL	3,66,35,034	3,49,93,828
28. OTHER EXPENSES		
Manufacturing Expenses		
Wages & Bonus (including Job Charges)	7,50,41,273	8,77,10,012
Power and Fuel	5,53,53,255	6,17,22,499
Pollution Control Expenses	22,40,369	22,86,021
Repairs and Maintenance		
- Building	11,65,508	18,14,916
- Machinery	58,54,134	65,71,765
Selling and Distribution Expenses		
Packing & Forwarding	2,20,35,195	2,92,07,099
Freight & Cartage	6,20,82,469	9,18,74,606
Commission on Sale	1,58,57,724	2,10,15,550
Advertisement and Publicity	4,69,620	16,51,537
Bad Debts - Provision/write off	39,28,691	1,12,68,913

Particulars	2011-12 (Rupees)	2010-11 (Rupees)
Establishment Expenses		
Rent	21,47,993	16,26,625
Rates and Taxes	84,19,859	65,43,506
Insurance	24,92,309	32,61,105
E.C.G.C. Premium	53,61,800	1,06,64,202
Communication cost	40,89,459	47,50,828
Travelling and Conveyance	1,79,16,877	1,82,61,304
Repairs and Maintenance - Others	59,21,348	69,01,321
Printing and Stationery	12,76,007	18,09,288
Legal and Professional Charges	27,54,642	20,26,657
Auditor's Remuneration (refer Note 28.1)	9,33,600	8,52,771
Miscellaneous Expenses	1,23,54,614	80,03,677
Research & Development Expenses	1,40,469	1,54,455
Subscription and Donation	24,11,502	26,55,607
Loss on Sale of Fixed Assets	11,94,405	6,43,698
Social Security	2,37,069	0
Postage	14,592	0
Motor Expenses	6,58,721	0
Hire Charges	42,478	0
Computer Charges	45,687	0
Loss on Investments Sold/written off	0	3,01,138
TOTAL	<u>31,24,41,669</u>	<u>38,35,79,100</u>
28.1 Payment to auditor		
As Auditor:		
Audit Fees (including Tax Audit)	8,30,959	4,66,649
In other capacity:		
Taxation & other services	1,02,641	3,86,122
TOTAL	<u>9,33,600</u>	<u>8,52,771</u>
29. Earning per share (EPS)		
Profit for the year	3,24,23,429	3,59,95,586
Weighted average number of equity shares for the purpose of calculation of Basic and Diluted EPS	10,79,73,360	10,79,73,360
Nominal value of equity shares (Rs.)	1.00	1.00
EPS- Basic and diluted (Rs.)	0.30	0.33
30. Closing Inventory of Finished Goods		
Leather and Leather Products	14,54,81,918	21,69,76,991
TOTAL	<u>14,54,81,919</u>	<u>21,69,76,991</u>
31. Closing Inventory of Work-in-Progress		
Leather and Leather Products	24,81,53,587	25,16,61,271
TOTAL	<u>24,81,53,587</u>	<u>25,16,61,271</u>
32. Actuarial valuation of Gratuity as required by Accounting Standard 15 "Employee Benefits" issued by the Institute of Chartered Accountants of India has not been done by the Company. However on 11th june, 2009 the company has taken a Group Gratuity Scheme from Life Insurance Corporation of India.		

SUPER TANNERY LIMITED

33. The related party disclosure in accordance with AS 18 'Related Party Disclosures' issued by ICAI, is given below:

A. Relationship**i. Joint Ventures, Associates & Entities:****Joint Venture: Nil****Associates & Entities:**

Super Shoes Limited
 Amin Colonizers & Developers Ltd
 Gentraco India Exim Ltd
 Super Tannery FZE
 Banthar Industrial Pollution Control Company
 Industrial Infrastructure Services (I) Ltd

ii. Key Management Personnel & Relatives:

Mr. Iftikharul Amin (Managing Director)
 Mr. Iqbal Ahsan (Joint Managing Director)
 Mr. Veqarul Amin (Joint Managing Director)
 Mr. Imran Siddiqui (Whole-time Director)
 Mr. Arshad Khan (Whole-time Director)
 Mr. Mohd. Imran (Whole-time Director)
 Mr. Mubasherul Amin (Son of Iqbal Ahsan)
 Mr. Tanveerul Amin (Son of Iftikharul Amin)
 Mr. Khalid Sayeed (Brother of Imran Siddique)

B. The following transactions were carried out with related parties in the ordinary course of business during the year:

(Figure in Rupees)

Particulars	Associates & Entities	
	2011-12	2010-11
Purchases of Materials/Finished Goods	2,44,023	NIL
Sale of Materials/Finished Goods	1,48,22,182	3,05,80,513
Advance to Subsidiary		
Interest Free Advance	2,00,81,750	2,00,81,750
Services availed	8,00,452	737,122
Rent paid	NIL	NIL
Investments	NIL	NIL
Balances at the end of the year:		
Trade Receivables	3,98,51,150	4,20,38,595
Trade Payables	61,215	52,485
Loans & Advances	2,00,81,750	2,00,81,750

Key Management Personnel and relatives:

Particulars	2011-12	2010-11
Rent paid	NIL	NIL
Remuneration	1,07,12,686	1,03,62,406
Dividend paid	22,59,692	22,59,692

	2011-12	2010-11
34. Capital and other commitments		
Estimated value of contracts remaining to be executed on capital account (net of advances)	82,804	84,30,000
35. Contingent liabilities		
Contingent Liabilities in respect of:		
i. Guarantees issued by the Bank	NIL	NIL
ii. Foreign Bills negotiated/Purchased with Bankers	9,02,50,013	8,36,19,900

36. The group's operation predominantly comprises only one segment i.e. leather and leather Products, therefore, Segment Reporting as per Accounting Standard (AS-17) issued by the Institute of Chartered Accountants of India is not applicable.

37. In the absence of the Notification in the Official Gazette of the Central Government of India, the cess payable under Section 441A has not been paid / provided. The payment of cess shall be made in accordance with the Notification, as and when issued by the Central Government of India in its Official Gazette.

38. Confirmation of Balances with Sundry debtors, creditors, loans and advances and other parties have not been received in few cases.

39. The figures of the previous year have been regrouped/rearranged wherever necessary in order to make them comparable with the figures of the current year. Figures have been rounded off to the nearest rupee.

40. Pursuant to the exemption granted under Section 212 (8) of the Companies Act, 1956, by the Government of India, Ministry of Corporate Affairs, vide general circular no. 2/2011 dated 18.02.2011, the Annual Accounts as on 31st March 2012, in respect of the subsidiaries namely: Super Safetywears Limited, Super Tannery (U.K.) Limited, Aarifi Tanners Limited and Safety Solutions s.r.o. have not been attached to the Annual Report of the Company. The requisite information for each subsidiary, as stipulated vide above exemption, has been disclosed. The Annual Accounts of the subsidiary companies and related detailed information will be made available to the holding & subsidiary company investors seeking such information. The annual accounts of the subsidiary companies will be kept for inspection by any investor in the head office of the Company and the subsidiary concerned.

41. Previous Year Figures

The financial statements for the year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of revised Schedule VI under the Companies Act, 1956 the financial statements for the year ended 31st March, 2012 are prepared as per revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification.

The adoption of revised Schedule VI for the previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

As per our report of even date attached

For Kapoor Tandon & Co.,
Chartered Accountants
Firm Reg. No. 000952C
(R.P. Gupta)
Partner
M.No. 070904

Place : Kanpur
Dated : 30.05.2012

For and on behalf of the Board of Directors

Mohd. Imran
Director (Finance)

Iftikharul Amin
Managing Director

Iqbal Ahsan
Joint Managing Director

R. K. Awasthi
Company Secretary

SUPER TANNERY LIMITED**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANIES**

1. Description	Aarifi Tanners Limited	Super Safetywears Limited	Super Tannery (U.K.) Limited	Safety Solutions s.r.o.
2. Financial year of the Subsidiary Company ended on.	31.03.2012	31.03.2012	31.03.2012	31.03.2012
3. Extent of holding Company's interest in the Subsidiary Company.				
(i) Number of Shares held.	12,05,366 Equity Shares of Rs.10/- each fully paid	14,99,300 Equity Shares of Rs.10/- each fully paid	2,100 ordinary shares of £ 1/- each fully paid	6,638 ordinary shares of € 1/- each fully paid
(ii) Percentage of Holding	82.52%	99.95%	100.00%	100.00%
4. The net aggregate amount of the Subsidiary's Profit/ (Loss) so far as it concerns members of the Holding Company and is not dealt with in the holding Company's accounts;				
(i) for the financial year of the Subsidiary.	Rs. (-) 4,75,538	NIL	£ (-)2,38,694	€ (-) 4,035
(ii) for the previous financial years of the Subsidiary since it became the holding Company's Subsidiary.	Rs.(-) 11,65,306	NIL	£ (-)1,32,482	€ (-) 58,455
5. The net aggregate amount of the Subsidiary's Profit/ (Loss) of the Subsidiary Company dealt with in the holding Company's accounts;				
(i) for the financial year of the Subsidiary.	NIL	NIL	NIL	NIL
(ii) for the previous financial years of the Subsidiary since it became the holding Company's Subsidiary.	NIL	NIL	NIL	NIL
6. Change in the interest of holding Company during the year ended 31.03.2012.	NIL	NIL	NIL	NIL
7. Material changes between the end of the financial year of the subsidiary and financial year of holding Company.	NIL	NIL	NIL	NIL

Pursuant to the General Exemption under section 212(8) of the companies act 1956 by Government on India, Ministry of Corporate Affairs vide **circular no. 2/2011 dated 18.02.2011**, the company is not required to disclosed information contained in section 212(1) of the Companies act 1956 in respect of subsidiary companies: (1) Super Tannery (U.K.) Limited (2) Aarifi Tanners Limited (3) Super Safetywears Limited (4) Safety Solutions s.r.o.

For and on behalf of the BOARD

Place : Kanpur.
Date : 14.08.2012

IFTIKHARUL AMIN
Managing Director

IQBAL AHSAN
Jt. Managing Director

R.K. AWASTHI
Company Secretary

**STATEMENT PURSUANT TO THE EXEMPTION GRANTED BY MINISTRY OF CORPORATE AFFAIRS
UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO
SUBSIDIARY COMPANIES**

1. Description	Aarifi Tanners Limited	Super Safetywears Limited	Super Tannery (U.K.) Limited	Safety Solutions s.r.o.
2. Financial year of the Subsidiary Company ended on.	31.03.2012	31.03.2012	31.03.2012	31.03.2012
3. Share Capital:				
(a) Authorized	Rs. 2,00,00,000	Rs. 2,00,00,000	Not Applicable	Not Applicable
(b) Paid up	Rs. 1,46,07,000	Rs. 1,50,00,000	£ 2,100 Equivalent to Rs. 1,69,596	€ 6,638 Equivalent to Rs. 4,57,195
4. Reserves and Surplus	Rs. (-) 17,41,577	Not Applicable	£ (-) 4,54,020 Equivalent to Rs. (-) 3,95,02,625	€ (-) 62,360 Equivalent to Rs. (-) 42,18,183
5. Total Assets	Rs. 1,34,36,965	Rs. 1,47,24,666	£ 11,18,329 Equivalent to Rs. 9,03,16,250	€ 7,696 Equivalent to Rs. 5,19,018
6. Total Liabilities	Rs. 5,71,542	Rs. 13,421	£ 15,70,249 Equivalent to Rs. 12,96,71,162	€ 65,436 Equivalent to Rs. 44,13,011
7. Investments	Rs. 1,72,800	NIL	NIL	NIL
8. Turnover	NIL	Not Applicable	£ 11,07,493 Equivalent to Rs. 8,46,12,465	NIL
9. Profit before taxation	Rs. (-) 5,76,270	Not Applicable	£ (-) 2,38,694 Equivalent to Rs. (-) 1,14,51,939	€ 4,035 Equivalent to Rs. (-) 1,55,474
10. Provision for taxation	NIL	Not Applicable	NIL	NIL
11. Profit after taxation	Rs. (-) 5,76,270	Not Applicable	£ (-) 2,38,694 Equivalent to Rs. (-) 2,41,66,885	€ 4,035 Equivalent to Rs. (-) 2,65,961
12. Proposed Dividend	NIL	Not Applicable	NIL	NIL

Note :

- Above informations are being given in view of Ministry of Company Affairs Approval Granted under section 212(8) of the companies act 1956 vide **circular no. 2/2011 dated 18.02.2011**.
- Exchange Rate considered for the purpose of conversion into Indian Rupees as under:
 - In case of valuation at Average Rate (a) € 65.90 (b) £ 76.40
 - In case of valuation at Closing Rate (a) € 67.44 (b) £ 82.58

For and on behalf of the **BOARD**

Place : Kanpur.
Date : 14.08.2012

IFTIKHARUL AMIN
Managing Director

IQBAL AHSAN
Jt. Managing Director

R.K. AWASTHI
Company Secretary

SUPER TANNERY LIMITED

AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENT TO THE BOARD OF DIRECTORS SUPER TANNERY LIMITED

We have examined the attached consolidated Balance Sheet of Super Tannery Limited and its subsidiaries (the Group) as at 31st March 2012, and also the consolidated Statement of Profit and Loss and the consolidated cash flow statement of the Group for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respect, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes, examining on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In respect of financial statements of certain subsidiaries, we did not carry out the audit. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of other auditors. The details of assets and revenues in respect of the subsidiaries are given below.

Name of the Companies	Total assets	Total revenues
i. Super Tannery (U.K.) Limited	Rs. 9,03,16,250	Rs. 8,46,12,465
ii. Super Safetywears Limited	Rs.1,47,24,666	N I L
iii. Aarifi Tanners Limited	Rs.1,34,36,965	N I L
iv. Safety Solutions s.r.o.	Rs. 5,18,991	N I L

We report that the consolidated financial statements have been prepared by the Group in accordance with the requirement of Accounting Standard 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Super Tannery Limited and its subsidiaries, included in the consolidated financial statements.

On the basis of the information and explanations given to us and on consideration of the separate audit reports on the individual audited financial statements of Super Tannery Limited and its aforesaid subsidiaries. We are of the opinion, that the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;

- in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Super Tannery Limited and its subsidiaries as at 31st March 2012,
- in the case of the Consolidated Statement of Profit and Loss, of the consolidated result of operations of Super Tannery Limited and its subsidiaries for the year ended of that date, and
- in the case of the Consolidated Cash Flow statement, of the consolidated cash flows of Super Tannery Limited and its subsidiaries for the year ended on that date.

For KAPOOR TANDON & CO.,
Chartered Accountants
Firm Registration No.000952C
R. P. GUPTA
Partner
Membership No.:070904

Place : Kanpur
Dated : 30.05.2012



SUPER TANNERY LIMITED

Registered Office : 187/170, Jajmau Road, KANPUR - 208 010.

ATTENDANCE SLIP

28th Annual General Meeting to be held on Friday, the 28th day of September, 2012 at 8.00 a.m.
at 187/170, Jajmau Road, Jajmau, Kanpur - 208 010.

Folio No. DPID* Client ID*

Name of Shareholder(s)

I/We certify that I am/we are Member(s) of the Company holding Shares.

.....
(Name of the Proxy in Block Letters)
.....
(Signature of Member(s) Proxy)

*Applicable for share holders holding shares in Electronic Form.

A member or his/her duly appointment Proxy wishing to attend the meeting must complete this Admission Slip and hand it over at the entrance.

.....(TEAR HERE).....

SUPER TANNERY LIMITED

Registered Office : 187/170, Jajmau Road, KANPUR - 208 010.

PROXY FORM

I/We of being a member/members
of the above named Company, hereby appoint Mr./Mrs./Miss
of or failing him/her
Mr./Mrs./Miss of
..... as my/our Proxy to attend and vote for
me/us on my/our behalf at the 28th Annual General Meeting of the Company to be held on Friday, the 28th September, 2012
at 8.00 a.m. and/or at any adjournment thereof.

Signed this day of 2012.

Folio No. DPID*

Client ID* No. of Shares

*Applicable for share holders holding shares in Electronic Form.

Please affix
Re. 1/-
Revenue
Stamp

NOTES: A member intending to appoint a Proxy should complete the Proxy Form and deposit it at the Company's Registered Office, at least 48 hours before the meeting.

Shivani Press

BOOK - POST

If undelivered, please return to :
Super Tannery Limited
187/170, Jajmau Road,
Jajmau,
Kanpur-208 010.