



DIRECTORS' REPORT

To
The Shareholders,
Superhouse Limited,
Kanpur.

The Board of Directors are pleased to present the Company's Thirty Eighth Annual Report and the Company's audited financial statements (standalone and consolidated) for the financial year ended March 31, 2018

Financial Results

The Company's financial performance for the year ended March 31, 2018 is summarised below:-

	STANDALONE		CONSOLIDATED	
	2017-18 ₹ Lakhs	2016-17 ₹ Lakhs	2017-18 ₹ Lakhs	2016-17 ₹ Lakhs
Profit Before Tax	1953.94	1939.59	2485.92	1569.67
Less: Current Tax	582.39	577.31	644.41	573.92
Deferred Tax	82.10	60.70	78.36	158.54
Profit for the year	1289.45	1301.58	1763.15	837.21
Add: Other Comprehensive Income	8.89	(11.85)	8.89	(11.85)
Total Comprehensive Income for the year	1298.34	1289.73	1772.04	825.36
Less: Total Comprehensive Income attributable to Non Controlling Interest	-	-	-	-
Total Comprehensive Income attributable to owners of the Company	1298.34	1289.73	1772.04	825.36
Add: Balance in Profit and Loss Account (Adjusted)	12628.39	11737.70	14584.95	14210.34
Add: Transferred from Capital Reserve Account	-	-	-	-
Add: Transferred from Revaluation Reserve	-	-	-	-
Add: Transferred from Share in Reserve of Associates	-	-	190.35	155.88
Add: Transferred from Share Based Payments Reserve	-	-	-	-
Less: On account of Amalgamation / Divestment of Stake	-	-	-	-
Sub-Total	12628.39	11737.70	14775.30	14366.22
Less: Appropriation	-	-	-	-
Transferred to Statutory Reserve	-	-	-	-
Transferred to General Reserve	-	200.00	0	200.00
Transferred to Capital Redemption Reserve	-	-	-	-
Transferred to Debenture Redemption Reserve	-	-	-	-
Dividend on Equity Shares	110.25	165.38	150.12	165.38
Tax on Dividend	24.44	33.66	30.55	33.66
Closing Balance (including Other Comprehensive Income)	13794.04	12628.39	16366.67	14792.54

Dividend and Reserves:-

Your Directors are pleased to recommend a final dividend of Rs. 1.00 per equity share (previous year Rs.1.00 per equity share) on the equity share capital of the company for the financial year ended 31st March, 2018. The cash outflow on account of dividend on equity capital will be Rs.132.69 lacs (previous year Rs. 199.04 lacs) including dividend distribution tax of Rs. 22.44 lacs (previous year Rs.33.66 lacs). During the year under review, your company transferred a sum of Rs Nil to General Reserve (Previous year Rs 2.00 crores).

Financial Performance:-

The company has achieved the sales and other Income of Rs 576.21 crores against Rs. 595.83 crores reported last year. The Profit before tax was Rs 19.54 crores and profit after tax was Rs. 12.89 crores during the year under review as compared to Rs. 19.40 crores and Rs.13.02 crores, respectively, during previous year. Earnings per share marginally decreased from Rs 11.81 per share during the previous year to Rs. 11.70 per share during the year under review.

Export Awards:-

The company received Best Export Award in Non-Leather Harness/Saddles/Bridles for 2016-17. The company also received the Brand Creation Award for its brand SILVER STREET.

Credit Rating :-

During the year under review, the Company has sustained the Credit Rating

"ICRA BB+" assigned by ICRA, to its Long Term Bank facilities. Further, the Rating of "ICRA A2" assigned to the Short Term Bank facilities of your Company has also been reaffirmed.

Material changes affecting the company:

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

Subsidiary Companies, Joint Venture and Associate Companies:-

The company is having seven subsidiary companies namely M/s Superhouse (UK) Limited, M/s Superhouse (USA) International Inc, M/s Superhouse Middle East FZC, M/s Briggs Industrial Footwear Limited, UK, M/s Linea De Seguridad S.L.U. Spain, M/s Superhouse GmbH, Germany and LA Compagnie Francaise De Protection SARL and five Associates namely M/s Unnao Tanneries Pollution Control Company, M/s Steven Construction Limited, M/s Amin International Limited, M/s Knowledgehouse Limited and M/s Creemos International Limited. There is no joint venture of the company. During the year, no company becomes or ceased to be company's subsidiaries, joint venture or Associates Company, except LA Compagnie Francaise DE Protection SARL become subsidiary of the company during the year.

The Company will make available the annual accounts of subsidiaries and the related information to any member of the Company who may be interested in obtaining the same. The annual accounts of subsidiaries will also be kept for



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

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

Consolidated Financial Statement:-

In accordance with the provisions of the Companies Act, 2013 ("the Act") and Ind AS 110 - Consolidated Financial Statements read with Ind AS 28 - investments in Associates, the audited consolidated financial statement are provided in the Annual Report.

Secretarial Standards :-

The Directors state that applicable Secretarial Standards, i.e. SS-1, SS-2 and SS-3 relating to 'Meetings of the Board of Directors', 'General Meetings' and 'Dividend', respectively, have been duly followed by the Company.

Directors' Responsibility Statement:-

Your Directors state that:

- in the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a 'going concern' basis;
- the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Management Discussion and Analysis:-

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

Corporate Governance:-

During the year under review, the company has taken necessary steps to comply with the requirements of the Corporate Governance Code and a Report on the Corporate Governance forms part of this Report.

The requisite certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance is attached to the report on Corporate Governance.

Internal Financial Controls:-

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

Corporate Social Responsibility:-

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

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

To attain its Corporate Social Responsibility (CSR) objectives in a professional

and integrated manner the company has identified the promotion of Education Healthcare and Environment Sustainability as its focus areas.

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

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

In Environmental Sustainability, the endeavors of the company are:- 1. To ensure environmental sustainability by adopting best ecological practices and encouraging conservation/judicious use of water and other natural re-sources. 2. To use environment friendly and safe process in production. 3. To create a positive fast print within the society by creating inclusive and enabling infrastructure/environment for livable communities. 4. To run primary and secondary treatment plants for the disposal of effluent waste.

During the year, the Company has made the provision of Rs. 76.15 lacs (around 2% of the average net profit of last three financial years) for CSR expenditure. However, the actual expenditure of Rs. 24.50 lacs incurred during the year under review. Reason for not spending 2% of the average net profit of the last three financial years, are given in Annexure-I to this report.

Directors and Key Managerial Personnel:-

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

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

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

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

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

Performance Evaluation:-

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

Contracts and Arrangements with Related Parties:-

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

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

There were no materially significant related party transactions which could have potential conflict with interest of the Company at large.



Your Directors draw attention of the members to Note 48 to the financial statement which sets out related party disclosures.

Meetings of the Board:-

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

Risk Management:-

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

Vigil Mechanism:-

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

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

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

Extract of Annual Return:-

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

Particulars of Employees and Related Disclosures:-

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

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

Conservation of Energy:-

Your Company is engaged in the manufacture of Finished Leathers, Leather Goods and Textile Garments and consumption of energy in these industries is not significant as compared to that of in other industries. However, the Company is making continuous efforts to conserve energy wherever possible by economizing on the use of power and fuel in factories and offices. The company is using electricity and generators as sources of energy. The company has not made specific additional investment for the reduction of consumption of energy.

Technology Absorption:-

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

The company has incurred revenue expenditure of Rs. 42.02 lacs which are 0.07% of total turnover for the Research and Development Activities during the year as compared to Rs. 60.74 lacs which were 0.10% of total turnover incurred during the previous year.

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

Foreign Exchange Earnings & Outgo:-

Your company continues to enjoy the status of a Government of India Recognized Trading House. Continuous efforts are being made to identify the new markets. The company earned Foreign Exchange of Rs 43535.43 lacs during the year in comparison to previous year of Rs. 45288.16 lacs. During the year, the total Foreign Exchange outgo was Rs. 6147.01 lacs as compared to Rs. 8267.96 lacs during the preceding financial year.

Statutory Auditors:-

M/s. Rajeev Prem and Associates, Chartered Accountants were appointed as Auditors of the Company, for a term of 5 (five) consecutive years, at the Annual General Meeting held on September, 29, 2017. They have confirmed that they are not disqualified from continuing as Auditors of the Company.

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

Secretarial Auditor:-

The Board has appointed Mr. Gautam Kumar Banthia, Practicing Company Secretary, to conduct Secretarial Audit for the financial year 2017-18. The Secretarial Audit Report for the financial year ended March 31, 2018 is annexed herewith, marked as Annexure V to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Audit Committee:-

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

General:-

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

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
4. The Company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.
5. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries, except Mr. Mukhtarul Amin, Chairman and Managing Director of the company received remuneration/commission of Rs. 10.22 lacs from M/s Briggs Industrial Footwear Limited, U. K., subsidiary of the company during the year (previous year Nil).
6. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
7. No fraud was reported by the auditors under sub-section (12) of Section 143.

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

Acknowledgement:-

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

For and on behalf of the Board

Place : KANPUR
Date : 9th July, 2018

MUKHTARUL AMIN
Chairman