

S A R U P T A N N E R I E S L T D .

**ANNUAL REPORT
AND
ACCOUNTS
1999-2000**

P.O. Ramdaspora, JALANDHAR-144003, PUNJAB, (INDIA).

SARUP TANNERIES LIMITED

DIRECTORS	:	Mrs BALJIT BAWA, CHAIRPERSON BAWA ATAMJIT SINGH Mrs. MANJIT BAWA Mr. G.S. BEDI BAWA SIMERJIT SINGH
AUDITORS	:	M/s. Y.K. SUD & CO. DURGANIWAS OPP. FRIENDS CINEMA JALANDHAR - 144 001
LEGAL ADVISOR	:	Mr. V.K. SAREEN 7, NEW RAJENDRA NAGAR POLICE LINES ROAD, JALANDHAR
REGISTERED OFFICE AND FACTORY	:	P.O. RAMDASPURA JALANDHAR - 144 003
OTHER FACTORY	:	PLOT NO. 141 LEATHER COMPLEX KAPURTHALA ROAD JALANDHAR
BANKERS	:	PUNJAB & SIND BANK I.B.D. BRANCH NEHRU GARDEN ROAD JALANDHAR - 144 001

SARUP TANNERIES LIMITED

NOTICE OF THE ANNUAL GENERAL MEETING

The TWENTY FIRST ANNUAL GENERAL MEETING of SARUP TANNERIES LIMITED will be held at the Registered Office of the company at P.O. Ramdaspora, Jalandhar on Friday, the 29th day of September 2000 at 10.30 am to transact the following business:-

ORDINARY BUSINESS

- 1 To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000, the Profit & Loss Account for the year ended on that date and the Report of the Auditors and Directors thereon.
- 2 To note the payment of interim dividend on shares and to declare it as final dividend for the year 1999-2000.
- 3 To appoint a Director in place of Bawa Atamjit Singh who retires by rotation and, being eligible, offers himself for re-appointment.
- 4 To appoint a Director in place of Mrs. Manjit Bawa who retires by rotation and, being eligible, offers herself for re- appointment.
- 5 To appoint Statutory Auditors by passing the following ordinary resolution with or without modifications:-

"RESOLVED THAT pursuant to the provisions of Section 224A of the Companies Act, 1956, Messrs Y.K.Sud & Company, Chartered Accountants, 6, Durga Niwas, Civil Lines, Jalandhar, be and are hereby appointed as statutory auditors of the company for the year ending 31st March, 2001 and to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

RESOLVED FURTHER THAT the Auditors be paid such remuneration as may be agreed upon between the Board of Directors and the Auditors."

SPECIAL BUSINESS

6. To consider and, if thought fit to pass with or without modification, the following resolution as on Ordinary Resolution.

Resolved that Bawa Simerjit Singh is reappointed as the Director of the Company for the next five years from the conclusion of this twenty first Annual General Meeting. He is entitled to remuneration as per detail given below subject to the provisions of schedule XIII to the Companies Act 1956.

 - a) Salary

Rs 14500 (fourteen thousand five hundred) per month with such annual increment as the board may decide from year to year.
 - b) Perquisites

Perquisites mentioned at part A, B and C will be in addition to salary perquisites in Part 'A' will however, be restricted to an amount equal to annual Salary or Rs. 450000/- (Rs. Four Lacs Fifty Thousand) per annum, whichever is less.

PART - A

- a) Company owned accommodation by deduction 10% (ten percent) of salary of the Joint Managing Director,
- b) In case the company cannot provide its own accommodation expenditure on hiring unfurnished accommodation will be subject to this ceiling of 50% (fifty percent) of salary, over and above 10% (ten percent) payable to the Managing Director, or
- c) In case no accommodation is provided by the company. House Rent allowance subject to the salary in (b) above provision of gas, electricity, water & furnishing, to be value as per the income tax rules, 1962 subject to a ceiling of 10% (ten percent) of salary.

MEDICAL REIMBURSEMENT

Expenses incurred for self and family, the total cost of which to the company shall not exceed one months salary per year or three months salary in period of three years.

LEAVE TRAVELL CONCESSION :-

For self and family once in a year incurred in accordance with the Rules of the Company.

SARUP TANNERIES LIMITED**CLUB FEES:-**

Fees of club subject to a maximum of two clubs, except admission and life membership fees.

PERSONEL ACCIDENT INSURANCE:-

Premium not exceeding Rs. 1000/- per annum.

PART - B**PROVIDENT FUND/SUPERANNUATION FUND/ANNUITY FUND-**

Company's Contribution to provident Fund Superannuation Fund, or Annuity Fund will not be considered or included for the computation of ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act 1961.

GRATUITY

Gratuity payable shall not exceed one half month's salary for each completed year of service subject to a ceiling of Rs. 350 000 or such other limits as may be prescribed by the Income tax Act and Rules.

PART - C**CAR :-**

- a) Free use of car with driver. However the use of office car for private purpose will be billed by the company and/or
- b) In the event of his using his own car for official purposes, reimbursement of expenses incurred thereon.

TELEPHONE:-

Free telephone facility at residence. However, Personal long distance calls will be billed by the company. The remuneration aforesaid, as far as salary alone is concerned, shall be subject to a cut of 10% in the event of loss or inadequacy of profits during the tenure of appointment of Bawa Simerjit Singh.

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

Item No.6

Mr. Bawa Simerjit Singh has been reappointed as a Director of the company for a term of five years from the conclusion of the Twenty First Annual General Meeting.

He has attained expertise in designing & development of shoes and also in marketing activities. He has done a shoe designing course from ARS Sutoria, Institute Technico Interuazionale Arte Calzaturiera, Milan Italy and has done practical training with leading shoe manufacturers in Europe. He is rendering excellent services in product designing & development to the company for the last many years.

His appointment in being confirmed on the remuneration as stated in the resolution which is as per the provisions of Schedule XIII to the Companies Act, 1956.

By Order of the Board
for **SARUP TANNERIES LIMITED**

Place: Jalandhar
Dated: 18th August, 2000

Bawa Atamjit Singh
Jt. Managing Director

SARUP TANNERIES LIMITED

NOTES

- i A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS BEHALF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY MAY BE SENT IN THE FORM ENCLOSED AND IN ORDER TO BE EFFECTIVE MUST REACH THE REGISTERED OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- ii Balance Sheet as at 31st March, 2000 and the Profit & Loss Account for the year ended on that date together with the Directors' & Auditors Report are enclosed.
- iii The Company has paid an interim dividend on ordinary shares for the year ended 31st March, 2000 to ordinary shareholders whose names appeared on the register of members of the company as of 25th May, 2000 (being the record date fixed therefore).
- iv The Register of Members and share transfer books of the company shall remain closed from 20th September 2000 to 29th September 2000 (both days inclusive) for the purpose of determining entitlement of dividend as may be declared by the company.
- v The unclaimed dividends upto the company's financial year 1994-95 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed their dividend warrants for the said years are requested to claim the amount from Registrar of Companies, (Punjab, H.P and Chandigarh), Garha Road, Jalandhar (Punjab).

Persuant to sections 205A to 205C of the Companies Act, 1956, any money transferred to the unpaid dividend account which remains unpaid or unclaimed for a period 7 years from the date of such transfer shall be transferred by the company to the fund called Investor Education and Protection Fund to be set up by the Central Government. Accordingly, the unpaid/unclaimed dividend for the years 1995-96 onwards will become transferable at the end of seven years respectively, to the said Investor Education and Protection Fund and no claims shall be against the fund or the company in respect of individual amounts thereafter. Shareholders are, therefore, requested to check up and send their claims, if any, for the relevant years from 1995-96 onwards before the respective amounts become due for transfer to the above fund.
- vi Members are requested to notify changes in their address, if any, quoting their folio number to the Registered Office of the Company.
- vii Members are requested to bring the copy of their Annual Report with them at the Annual General Meeting.
- viii Shareholders desiring any information as regards the Accounts are requested to write to the company at an early date so as to enable the management to keep the information ready.

By Order of the Board
for SARUP TANNERIES LIMITED

Place: Jalandhar
Dated: 28th July, 2000

Bawa Atamjit Singh
Jt. Managing Director

SARUP TANNERIES LIMITED**DIRECTORS REPORT**

Dear Shareholders,

Your Directors are pleased to present the Twenty First Annual Report together with the Audited Accounts for the year ended 31st March, 2000.

FINANCIAL RESULTS

		Current Year ended 31.3.2000	Previous Year ended 31.3.99 (Fig.in Lacs)
<u>INCOME & PROFITS</u>			
Sales & Other Income		3375.37	3441.85
Profit before Interest	(a)	546.33	569.44
Interest		15.66	12.61
Depreciation		112.17	121.75
	(b)	127.83	134.36
Profit before tax	(a)-(b)	418.50	435.08
Less: Provision for Taxation		112.29	68.41
Profit after tax		306.21	366.67
Surplus b/d		607.42	467.42
Others		7.85	0.05
Available for Appropriation		921.48	834.14
<u>APPROPRIATION</u>			
Proposed Dividend		-	81.31
Interim Dividend		81.31	-
Dividend Tax on Proposed Dividend		-	8.13
Dividend Tax on Interim Dividend		8.13	-
Transfer to General Reserve		150.00	130.00
Income Tax / Wealth Tax Paid/Adj.		4.24	7.29
SURPLUS CARRIED TO BALANCE SHEET		677.80	607.41
		921.48	834.14

At their meeting held at regd. office. The director announced an interim dividend at Rs. 2.50 /- per share (25 %) for the year 1999-2000. The interim dividend was paid to all the shareholders in May 2000. The amount of dividend and the tax thereon aggregated to Rs. 89.46 lacs. The directors do not recommend any additional dividend and the interim dividend already paid should be taken as final dividend for the year ended March 31, 2000.

The earning per share for the year 1999-2000 was Rs. 9.41 and cash earning per share was Rs 12.86.

Energy conservation has remained an area of high priority for the company. The deployment of latest technology in the manufacturing process helped the company in controlling and saving the energy consumption. Employee awareness has also been increased through constant guidance.

The Auditors of the company Messrs Y.K.Sud & Co., have retired and offer themselves for re-appointment.

Bawa Atamjit Singh and Mrs Manjit Bawa retired by rotation and, being eligible, offer themselves for re-appointment.

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The employees of the company has worked with dedication and commitment during the year and have made an excellent contribution to achieve the high level of profitability. The Board wishes to record its deep appreciation to all employees of the company. The Board also wishes to place on record their thanks to the Bankers and suppliers for the trust and confidence reposed and to the Customers for their valuable patronage. A statement related to company subsidiary company, Sarup Footwear Assembly Corporation pursuant to section 212 of the companies Act 1956 is attached to the balance sheet.

There is no employee whose particulars are required to be given under section 217(2A) of the Companies Act, 1956 and the Companies(particulars of employees) Rules, 1975.

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosures of particulars in the Report of Board of Directors) Rules, 1988, is given in Annexure-A annexed hereto, forms part of this Report.

The equity share of the Company are listed on the following Stock Exchanges and that the annual fees for the year 2000-2001 has been duly paid.

The Ludhiana Stock Exchange Association Limited, Feroze Gandhi Market, Ludhiana - 141 001

The Stock Exchange Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001

The Delhi Stock Exchange Association Limited, 3 & 4/4B, Asaf Ali Road, New Delhi - 110 002

for & on BEHALF OF THE BOARD

Place: Jalandhar
Dated: 28th July, 2000

B. BAWA
CHAIRPERSON

ANNEXURE TO DIRECTOR'S REPORT

Statement pursuant to section 217(1)(e) read with the Companies(Disclosure of particulars in the Report of Directors) Rules, 1988 and forming part of the Directors Report for the year ended 31st March, 2000.

A. CONSERVATION OF ENERGY

- All the machinery used is subject to a strict repair and maintenance schedule. Further, the maintenance department has been instructed to take every step necessary for energy conservation.
- No additional investment or proposal is there for reduction of consumption of energy.
- Cost of production of goods has come down.

B. TECHNOLOGY ABSORPTION

Research & Development (R&D)

The company has not formally established a Research & Development wing.

Efforts in brief	The company is using the modern technology in the manufacturing process.
Benefits derived as a	Improvement in the quality of the result of above products manufactured
Information regarding during last 5 years	Imported technology has been technology imported introduced in upper and complete shoe section. The technologies has been fully absorbed.

C. DETAILS OF IMPORT OF TECHNOLOGY

During the year no fresh technology has been imported but for the normal repair and maintenance items.

D) FOREIGN EXCHANGE EARNINGS AND OUTGO

Detail in item 7 & 8 of Schedule 20.

SARUP TANNERIES LIMITED**AUDITORS' REPORT TO THE MEMBERS**

To the Members: We report that we have audited the Balance Sheet of M/S Sarup Tanneries Limited, P.O.Ramdaspora, Jalandhar 144003, as at 31st March, 2000 signed by us under reference to this report, and the relative Profit & Loss Account for the year ended on that date, which are in agreement with the books of accounts.

In our opinion and to the best of our information and according to the explanations given to us, the said balance sheet and profit and loss account together with the notes thereon and attached thereto, give a true and fair view of the state of the Company's affairs as at 31st March, 2000 and its profit for the year ended on that date.

We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for our audit. In our opinion, proper books of accounts has been kept as required by law so far as appears from our examination of the books.

As required by the Manufacturing & Other Companies (Auditor's Report) Order, 1988, issued by the Central Government and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:

1. The company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. As explained to us, the company undertakes physical verification of fixed assets on an ongoing basis to be completed every two years and accordingly noted during the year between the book recorded and the assets physically verified during the year.
2. The fixed assets of the company have not been revalued during the year.
3. The physical verification has been conducted by the management after reasonable intervals in respect of finished goods, major value of stores, spare parts and raw materials of the company.
4. In our opinion, Company follows reasonable and adequate procedures of physical verification of stocks, considering size of the company and nature of its business.
5. The discrepancies between the physical stocks and the book stocks have been properly adjusted in the books of accounts wherever considered appropriate.
6. In our opinion, valuation of stocks is fair and proper, in accordance with normally accepted accounting principles and is on the same basis as in the previous year.
7. The company has not taken any loan from companies, firms or other parties listed in the Register maintained as under section 301 and section 370(1B) of the Companies Act, 1956.
8. The company has not granted any loans, secured or unsecured, to companies, firms and other parties as listed in the register maintained under section 301 and section 370(1B) of the Companies Act, 1956.
9. The company has given Loan & Advances of in the nature of Loans to employees, The repayment of the principal amount as regionally stipulated or reviced hav been regular. No interest is chargeable on such advances.
10. In our opinion, and according to the best of our information and explanation given to us, there are generally adequate internal control procedures, commensurate with the size of the company and nature of its business, for the purchase of major value stores, raw materials components, plant and machinery, equipment and other assets and for the sales of goods.
11. On the basis of the information and explanation given and out best checks of the records the company has purchased goods and material and sold material and services exceeding Rs. 50,000 in value for each type

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of, from firms, companies, in which Directors are interested as per the Register maintained under section 301 of the Companies Act 1956, at the fair market price.

12. As explained to us; the unserviceability of stores and raw materials was determined periodically and adequate provisions have been considered in the accounts, wherever required.
13. The company has not received any deposit from the Public covered under section 5BA of the Companies Act, 1956.
14. In our opinion, reasonable records have been maintained by the Company, for the sale and disposal of production scrap. The company has no by-products.
15. In our opinion, the company has an internal audit system, commensurate with the size and nature of its business.
16. The Central Government has prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and the same has been maintained.
17. According to the records of the company, provident fund deducted and Employees State Insurance dues have been regularly deposited during the year, to the appropriate authorities. To the best of our information, there were no arrears of provident fund and employees state insurance.
18. There are no undisputed amounts payable in respect of income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty outstanding since more than six months as on year end.
19. No personal expenses have been charged to revenue account.
20. The Company is not a sick industrial company within the meaning of clause(c) of sub-section(i) of Section 3 of the Sick Industrial Companies (special Provisions) Act, 1985(1) of 1985.
21. No service activities have been undertaken by the company.
22. In relation to trading activity of the company, we have been explained that there were no damaged goods during the year.

for Y.K.Sud & Co.
Chartered Accountants

Dated : 28th July 2000
Place : Jalandhar

(Y.K.SUD)
Proprietor

SARUP TANNERIES LIMITED**BALANCE SHEET AS AT 31ST MARCH, 2000**

	SCHEDUL	AS AT 31.3.2000	AS AT 31.3.99
(RUPEES IN LAKHS)			
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	325.24	325.24
Reserves & Surplus	2	2011.80	1791.41
		2337.04	2116.65
LOAN FUNDS			
Loans	3	198.97	149.65
Total funds employed		2536.01	2266.30
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	6	1669.24	1569.56
Less: Depreciation		801.61	693.21
Net Block		867.63	876.35
Investments (Quoted)		90.75	3.08
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	4	1180.64	895.16
Sundry Debtors	5	511.00	669.16
Cash and Bank Balances	7	322.75	231.94
Loans and Advances	8	226.59	167.64
		2240.98	1963.90
Less: Current Liabilities & Provisions			
Current Liabilities	9	492.32	452.15
Provisions	10	201.73	157.85
Net Current Assets		1546.93	1353.90
MISCELLANEOUS EXPENDITURE	11	30.70	32.97
Total Funds Employed (a+b+c+d)		2536.01	2266.30
SIGNIFICANT ACCOUNTING POLICIES			
NOTES TO ACCOUNTS			
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As per our report attached
For Y.K. Sud & Co.
Chartered Acctt.
Y.K.SUD
Proprietor

Sukhdev Singh Dhanjal
Manager(Account)

Baljit Bawa
Chairperson

Manjit Bawa
Director

Bawa Atamjit Singh
Jt. Managing Director

Place: Jalandhar
Dated: 28th July, 2000

Bawa Simerjit Singh
Director

G.S.Bedi
Director