

SARUP TANNERIES LTD.

**ANNUAL REPORT
AND
ACCOUNTS
2000-2001**



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

SARUP TANNERIES LIMITED

DIRECTORS	:	Mrs. BALJIT BAWA, CHAIRPERSON
	:	BAWAATAMJIT SINGH
	:	Mrs. MANJIT BAWA
	:	Mr. G. S. BEDI
	:	BAWASIMERJIT 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
REGISTRED 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



NOTICE OF THE ANNUAL GENERAL MEETING

The TWENTY SECOND ANNUAL GENERAL MEETING of SARUP TANNERIES LIMITED will be held at the Registered Office of the company at P.O.Ramdaspora, Jalandhar on Saturday, the 29th day of September 2001 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, 2001, 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 2000-2001.
- 3 To appoint a Director in place of Mrs. Baljit Bawa who retires by rotation and, being eligible, offers himself for re-appointment.
- 4 To appoint a Director in place of Mrs. G.S. Bedi 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, 2002 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."

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

Place: Jalandhar
Dated: 18th August, 2001

Bawa Atamjit Singh
Jt. Managing Director

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 AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- ii Balance Sheet as at 31st March, 2001 and the Profit & Loss Account for the year ended on that date together with the Directors' & Auditors Report are enclosed.
- iii The Register of Members and share transfer books of the company shall remain closed from 20th September 2001 to 29th September 2001 (both days inclusive) for the purpose of determining entitlement of dividend as may be declared by the company.
- iv 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).
Pursuant 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.
- v Members are requested to notify changes in their address, if any, quoting their folio number to the Registered Office of the Company.
- vi Members are requested to bring the copy of their Annual Report with them at the Annual General Meeting.
- vii 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.

SARUP TANNERIES LIMITED**DIRECTORS REPORT**

Dear Shareholders,

Your Directors are pleased to present the Twenty Second Annual Report together with the Audited Accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS

		Current Year ended 31.3.2001	Previous Year ended 31.3.2000 (Fig.in Lacs)
INCOME & PROFITS			
Sales & Other Income		3260.03	3375.37
Profit before Interest	(a)	429.15	546.33
Interest		23.18	15.66
Depreciation		99.29	112.17
	(b)	122.47	127.83
Profit before tax	(a)-(b)	306.68	418.50
Less: Provision for Taxation		91.71	112.29
Profit after tax		214.97	306.21
Surplus b/fd		677.80	607.42
Others		4.15	7.85
Available for Appropriation		896.92	921.48
APPROPRIATION			
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		120.00	150.00
Income Tax / Wealth Tax Paid/Adj.		-	4.24
SURPLUS CARRIED TO BALANCE SHEET		687.48	677.80
		896.92	921.48

At their meeting held at regd. office. The director recommended a dividend at Rs. 2.50 /- per share (25 %) for the year 2000-2001. The amount of dividend and the tax thereon aggregated to Rs. 89.44 lacs.

The earning per share for the year 2000-2001 was Rs. 6.60 and cash earning per share was Rs 9.66.

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.

SARUP TANNERIES LIMITED

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.

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 Company has not been facing any problem in relation to Y2K switchover.

The equity share of the Company are listed on the following Stock Exchanges and that the annual fees for the year 2001-2002 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

Place: Jalandhar
Dated: 30th July, 2001

for & on BEHALF OF THE BOARD
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, 2001.

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**

We have examined the attached Balance Sheet of Sarup Tanneries Limited P.O.Ramdaspora Jalandhat as at 31st March 2001 and also the Profit and Loss Account annexed thereto for the year ended on that date, which are in agreement with the Company's books of account.

As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, in our opinion and on the basis of such checks of the books and records as we considered appropriate and according to the information and explanations given to us during the course of the audit, we state on the matters specified in paragraphs 4 and 5 of the said Order as under :

- i. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. The fixed assets were physically verified by the management at reasonable intervals. The discrepancies noticed on physical verification were not material and the same have been properly dealt with the books of account.
- ii. None of the Fixed Assets have been revalued during the year.
- iii. The stock of finished goods, stores, spare parts and raw materials have been physically verified by the management at reasonable intervals. Stocks lying with third parties and in transit have been verified by the management with reference to the confirmations received/subsequent receipt of goods.
- iv. The procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- v. As explained to us there were No material discrepancies have been noticed on physical verification of stocks as compared to book records.
- vi. On the basis of our examination of stock records, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- vii. The company has not taken by loans, secured or unsecured from the companies, firms or other parties listed in the register maintained under section 301 of the Act. In terms of Section 370(6) of Companies Act, 1956 provisions of the Section 370 are not applicable to the company.
- viii. 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, other than interest free loan given to its subsidiary company M/s.Sarup Footwear Assembly Corporation. Attention is invited to note "11" of Notes to Accounts. In our opinion having regard to long term involvement with this company and considering the explanations given to us in this regard the terms and conditions of the above are not prima facie prejudicial to the interest of the company.
- ix. In respect of loans and advances in the nature of loan given by the Company, the employees have repaid the principal amounts as stipulated and no interest is chargeable on such advances.
- x. There are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
- xi. The transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50000/- or more in respect of each party have been made at

prices which are reasonable, having regard to prevailing market prices for such goods, materials and services or the prices at which transactions for similar goods or services have been made with other parties.

- xii. The Company has a regular procedure the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provisions have been made in the accounts for the loss arising on the items so determined.
- xiii. The Company has not received any deposits covered under section 58A of the Companies Act 1956.
- xiv. The company has maintained reasonable records for the sale and disposal of realisable scrap. The company has no by-products.
- xv. The company has an internal audit system commensurate with the size and nature of its business.
- xvi. The books of account maintained pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 have broadly been reviewed and prima facie, the prescribed accounts and records have been made and maintained. However, these are not required to be examined by us in detail with a view to determine whether they are accurate or complete.
- xvii. The Company is regular in depositing Provident Fund dues and Employees State Insurance dues with the appropriate authorities.
- xviii. No undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs duty and Excise duty were outstanding as at 31st March 2001 for a period of more than six months from the date they become payable.
- xix. No personal expenses of employees or directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
- xx. The company is not a Sick Industrial Company within the meaning of clause (o) of sub-Section(1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- xxi. No service activity has been under taken by the company during the year.
- xxii. In respect of trading activities, we have been explained that there were no damaged goods during the year. Further to the above, 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.

In our opinion, the Balance Sheet and Profit and Loss Account have been prepared in compliance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India referred to in section 211 (3C) of the Companies Act 1956 of India ("The Act").

On the basis of confirmations received from the directors and taken on record by the Board of Directors, none of the director is disqualified from being appointed as a director as on the dates certified by the director under section 274(1)(g) of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanation given to us, the said accounts together with notes thereon gives the information required by the Companies Act, 1956 in the manner so required and the Balance Sheet and the Profit and Loss Account give a true and fair view, of the state of the Company's affairs as at the close of the year and of the profit for the year respectively.

for **Y.K.Sud & Co.**
Chartered Accountants
(Y.K.SUD)
Proprietor

Dated : 30th July 2001
Place : Jalandhar

SARUP TANNERIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2001

	SCHEDULE	AS AT 31.3.2001	AS AT 31.3.2000
(RUPEES IN LAKHS)			
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	325.24	325.24
Reserves & Surplus	2	2141.48	2011.80
		2466.72	2337.04
LOAN FUNDS			
Loans	3	131.12	198.97
Total funds employed		2597.84	2536.01
		=====	=====
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	6	1858.57	1669.24
Less: Depreciation		895.42	801.61
Net Block		963.15	867.63
Investments (Quoted)		84.61	90.75
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	4	1250.18	1180.64
Sundry Debtors	5	692.67	511.00
Cash and Bank Balances	7	129.96	322.75
Loans and Advances	8	388.53	226.59
		2461.34	2240.98
Less: Current Liabilities & Provisions			
Current Liabilities	9	648.53	492.32
Provisions	10	291.15	201.73
Net Current Assets		1521.66	1546.93
MISCELLANEOUS EXPENDITURE	11	28.42	30.70
Total Funds Employed (a+b+c+d)		2597.84	2536.01
		=====	=====
SIGNIFICANT ACCOUNTING POLICIES	19		
NOTES TO ACCOUNTS			

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

Atamjit Singh
Jt. Managing Director

Place: Jalandhar
Dated: 30th July, 2001

Bawa Simerjit Singh
Director

G.S.Bedi
Director

SARUP TANNERIES LIMITED**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001**

	SCHEDUL	AS AT 31.3.2001 (RUPEES IN LAKHS)	AS AT 31.3.2000 (RUPEES IN LAKHS)
INCOME			
Sales		3136.97	3188.55
Other Income	12	123.06	188.82
Increase/(Decrease) in stock	13	137.42	138.87
TOTAL - A		3397.45	3514.24
		=====	=====
EXPENDITURE			
Consumption of Raw Materials	14	1811.24	1959.86
Payment to & Provision for Employees	15	394.45	371.05
Other Manufacturing Expenses	16	84.17	85.90
Excise Duty		303.00	218.64
Administrative & Selling Expenses	17	375.44	332.46
Interest	18	23.18	15.66
TOTAL - B		2991.48	2983.57
		=====	=====
PROFIT BEFORE DEPRECIATION AND TAXATION (A-B)		405.97	530.67
Less Depreciation		99.29	112.17
PROFIT BEFORE PROVISION OF TAXATION		306.68	418.50
PROVISION FOR TAXATION		91.71	112.29
		=====	=====
PROFIT FOR THE YEAR		214.97	306.21
Add: Income Tax Refund (Previous Years)		4.15	7.85
Add: Balance Brought Forward from Previous Year		677.80	607.42
		=====	=====
PROFIT AVAILABLE FOR APPROPRIATION		896.92	921.48
APPROPRIATION			
INCOME TAX PROVISSON (PREVIOUS YEAR)			4.24
PROPOSED DIVIDEND		81.31	-
INTERIM DIVIDEND		-	81.31
DIVIDEND TAX		8.13	8.13
GENERAL RESERVE		120.00	150.00
BALANCE CARRIED TO BALANCE SHEET		687.48	677.80
		=====	=====
SIGNIFICANT ACCOUNTING POLICIES	19		
NOTES TO ACCOUNTS	20		

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

Atamjit Singh
Jt. Managing Director

Place: Jalandhar
Dated: 30th July, 2001

Bawa Simerjit Singh
Director

G.S.Bedi
Director

SARUP TANNERIES LIMITED**SCHEDULES TO BALANCE SHEET AS AT 31.3.2001**

	AS AT 31.3.2001	AS AT 31.3.2000 (RUPEES IN LAKHS)
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
40,00,000 Equity Shares of Rs 10/- each	400.00	400.00
Issued, Subscribed and Paid Up		
32,52,400 Equity Shares of Rs 10/- each	325.24	325.24
	=====	=====
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Reserve		
Share Premium Account	273.45	273.45
General Reserve		
As per last Balance Sheet	1004.03	854.03
Add: Transfer during the year	146.16	150.00
	1150.19	1004.03
CAPITAL SUBSIDY	30.36	30.36
Investment Allowance Reserve (Utilised)	-	26.16
Profit and Loss Account	687.48	677.80
	2141.48	2011.80
	=====	=====
SCHEDULE 3		
LOANS		
Secured		
From Punjab & Sind Bank		
Working Capital - Pre-Shipment/		
Post Shipment (Secured by hypothecation		
of Inventories and book debts)	131.12	198.97
	131.12	198.97
	=====	=====
SCHEDULE 4		
Inventories (As certified by the management)		
Finished Goods (at cost or market price		
whichever is lower)	721.98	584.37
Raw Materials (at cost) (including in transit)	517.06	584.94
Packing Materials, Stores and Spares (at cost)	11.14	11.33
	1250.18	1180.64
	=====	=====
SCHEDULE 5		
SUNDRY DEBTORS (Unsecured, considered good		
Debts outstanding for a period exceeding six months	201.09	62.74
Others	491.58	448.26
	692.67	511.00