
SARUP TANNERIES LTD.

**ANNUAL REPORT
AND
ACCOUNTS
2001-2002**

Report  junction.com

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 |
| 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 |

SARUP TANNERIES LIMITED**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 Monday, the 30th day of September 2002 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, 2002, 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 2001-2002.
- 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 Bawa Simerjit Singh 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, 2003 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: 19th August, 2002

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, 2002 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 21st September 2002 to 30th September 2002 (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 Third Annual Report together with the Audited Accounts for the year ended 31st March, 2002.

FINANCIAL RESULTS

| | | Current Year ended 31.3.2002 | Previous Year ended 31.3.2001 (Fig.in Lacs) |
|------------------------------------|---------|---------------------------------|---|
| <u>INCOME & PROFITS</u> | | | |
| Sales & Other Income | | 2802.91 | 3260.03 |
| Profit before Interest | (a) | 225.33 | 429.15 |
| Interest | | 8.81 | 23.18 |
| Depreciation | | 110.05 | 99.29 |
| | (b) | 118.86 | 122.47 |
| Profit before tax | (a)-(b) | 106.47 | 306.68 |
| Less: Provision for Taxation | | 32.92 | 91.71 |
| Profit after tax | | 73.55 | 214.97 |
| Surplus b/fd | | 687.48 | 677.80 |
| Others | | 17.08 | 4.15 |
| Available for Appropriation | | 778.11 | 896.92 |
| <u>APPROPRIATION</u> | | | |
| Proposed Dividend | | 65.05 | 81.31 |
| Income Tax Provisions of Pr. Years | | 6.36 | - |
| Interim Dividend | | - | - |
| Dividend Tax on Proposed Dividend | | - | 8.13 |
| Dividend Tax on Interim Dividend | | - | - |
| Transfer to General Reserve | | 50.00 | 120.00 |
| Income Tax / Wealth Tax Paid/Adj. | | - | - |
| SURPLUS CARRIED TO BALANCE SHEET | | 656.70 | 687.48 |
| | | 778.11 | 896.92 |

At their meeting held at regd. office. The director recommended a dividend at Rs. 2.00 /- per share (20 %) for the year 2001-2002. The amount of dividend and the tax thereon aggregated to Rs. 65.05 lacs.

The earning per share for the year 2001-2002 was Rs. 2.26 and cash earning per share was Rs 5.64.

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 Bawa Simerjit Singh 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.

The wholly owned subsidiary (WOS) of the company, M/s Sarup Footwear Assembly Corporation at Lawrance (USA) has stopped functioning in the financial year ended on 31st March 2002 pursuant to consequences of September 11 happenings in USA. All the records of the WOS are also lying with the auditors abroad. The company has already applied to the Company Law Board for receiving exemption of lying his accounts of subsidiary along with the holding company for approval and the permission is still awaited.

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 company has already taken steps to get the stocks of the company dematerialised. We are hopeful that by the time of holding this Annual General Meeting the stocks of the company might be available for the trading in dematerialised shape on the stock exchange.

The equity share of the Company are listed on the following Stock Exchanges and that the annual fees for the year 2002-2003 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, 2002

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 2002 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 land 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