
SARUP TANNERIES LTD.

ANNUAL REPORT AND ACCOUNTS 2002-2003

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P.O. Ramdaspora, JALANDHAR - 144 003, 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

NOTICE OF THE ANNUAL GENERAL MEETING

The TWENTY FOURTH ANNUAL GENERAL MEETING of SARUP TANNERIES LIMITED will be held at the Registered Office of the company at P.O. Ramdaspora, Jalandhar on Tuesday, the 30th day of September 2003 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, 2003, the Profit & Loss Account for the year ended on that date and the Report of the Auditors and Directors thereon.
- 2 To declare final dividend for the year 2002-2003.
- 3 To appoint a Director in place of Mrs Manjit Bawa who retires by rotation and, being eligible, offers herself for re-appointment.
- 4 To appoint a Director in place of Mr. G.S. Bedi who retires by rotation and, being eligible, offers himself 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, 2004 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, if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution " Resolved that Col. Gurcharan Singh (retd)., who was appointed as an additional director by the Board under section 257 of the Company's Act 1956 and who holds office only upto the date of this annual general meeting & in respect of whom the company has received a notice in writing under section 257 of the Company Act 1956 from a member signifying his intention to propose him as a candidate for the office of a director of the company he and is hereby appointed as a director of the company.
7. To consider, if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution " Resolved that Col. Surat Singh Bajwa, (retd), who was appointed as an additional director by the Board under section 257 of the Company's Act 1956 and who holds office only upto the date of this annual general meeting & in respect of whom the company has received a notice in writing under section 257 of the Company Act 1956 from a member signifying his intention to propose him as a candidate for the office of a director of the company he and is hereby appointed as a director of the company.
8. To consider, if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution " Resolved that Mr. Sham Sunder Aggarwal, who was appointed as an additional director by the Board under section 257 of the Company's Act 1956 and who holds office only upto the date of this annual general meeting & in respect of whom the company has received a notice in writing under section 257 of the Company Act 1956 from a member signifying his intention to propose him as a candidate for the office of a director of the company he and is hereby appointed as a director of the company.
9. To consider if thought fit to pass with or without modification(s) the following resolution as special resolution. " Resolved that approval of the members be and is hereby accorded to get the equity shares of the company delisted from Delhi Stock Exchange Association Ltd, New Delhi and the Ludhiana Stock Exchange Association Ltd. Ludhiana.
Resolved further that the Board of Directors be and is hereby authorised to do all such acts, deeds matters and things as may be necessary or expedient for giving effect to the above resolution and to do all other ancillary and consequential matter thereto"

By Order of the Board
for **SARUP TANNERIES LIMITED**
Bawa Atamjit Singh
Jt. Managing Director

Place: Jalandhar
Dated: 19th August, 2003

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, 2003 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 2003 to 30th September 2003 (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 Member 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 to the Accounts are requested to write to the company at least seven working day prior to the meeting so as to enable the management to keep the information ready.

Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956 in respect of Items No. 6 to 9

Item No. 6 of the Resolution

Col Gurcharan Singh retired as Colonel from army after putting in service of more than 30 years. After retirement he remained closely associated with leather industry in the field of administration and technology for the last 12 years. Due to his vast experience in the relevant field he has been appointed as the director of the company.

Item No. 7 of the Resolution

Col Surat Singh Bajwa retired as Colonel from army after putting in service of more than 30 years. After retirement he remained closely associated with leather industry in the field of administration and Financial for the last 12 years. Due to his vast experience in the relevant field he has been appointed as the director of the company.

Item No. 8 of the Resolution

Mr. S.S. Aggarwal is chartered accountant who is practising since more than 10 years. In view of his experience in dealing with various issues relating to the , taxation matter is proposed to be appointed as the Director of the company.

Item No. 9 of the Resolution

Presently the equity shares of the company are listed on stock exchange number (BSE). The Delhi Stock Exchange Association Ltd (DSE), Ludhiana Stock Exchange Association Ltd. (LSE). As the trading in equity shares of the company at DSE and LSE is almost negligible, it is proposed to get the equity shares of the company delisted from DSE and LSE and your approval is solicit accordingly.

SARUP TANNERIES LIMITED**DIRECTORS REPORT**

Dear Shareholders,

Your Directors are pleased to present the Twenty Fourth Annual Report together with the Audited Accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS

		Current Year ended 31.3.2003	Previous Year ended 31.3.2002 (Fig.in Lacs)
<u>INCOME & PROFITS</u>			
Sales & Other Income		3061.32	2802.91
Profit before Interest	(a)	259.72	225.33
Interest		51.32	8.81
Depreciation		101.04	110.05
	(b)	152.36	118.86
Profit before tax	(a)-(b)	107.36	106.47
Less: Provision for Taxation - Current		42.57	32.92
- Deferred		(3.91)	(5.51)
Profit after tax		68.70	79.06
Surplus b/fd		662.21	687.48
Others		7.55	17.08
Available for Appropriation		738.46	783.62
<u>APPROPRIATION</u>			
Proposed Dividend		55.29	65.05
Income Tax Provisions of Pr. Year			6.36
Interim Dividend			-
Dividend Tax on Proposed Dividend		7.08	-
Dividend Tax on Interim Dividend			-
Transfer to General Reserve		12.00	50.00
Income Tax / Wealth Tax Paid/Adj.			
SURPLUS CARRIED TO BALANCE SHEET		664.09	662.21
		738.46	783.62

At their meeting held at regd. office. The director recommended a dividend at Rs. 1.70 /- per share (17 %) for the year 2002-2003. The amount of dividend and the tax thereon aggregated to Rs. 62.37 lacs.

The earning per share for the year 2002-2003 was Rs. 2.11 and cash earning per share was Rs 5.26.

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. Mrs Manjit Bawa and Mr. G.S. Bedi 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.

Directors Responsibility Statement

(i) The Directors confirm that, in preparation of the Balance Sheet and the Profit & Loss Account of the Company the applicable accounting standards had been followed along with proper explanation relating to material departures

(ii) The Directors had 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 at the end of the financial year and of the loss of the Company for that period.

(iii) 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 annual accounts on a going concern basis.

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 2003-2004 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: Jaandhar

Dated: 30th July, 2003

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, 2003.

A. CONSERVATION OF ENERGY

- (a) 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.
- (b) No additional investment or proposal is there for reduction of consumption of energy.
- (c) 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.

REPORT ON CORPORATE GOVERNANCE**1. Corporate Governance Philosophy & Practice**

This report on Corporate Governance has been introduced by SEBI for promoting and raising the standards of corporate governance among listed companies in India. Sarup Tanneries Ltd. looks on Corporate Governance as a necessary tool for achieving all round business excellence reflected in enhanced shareholder value, with compromising on the needs and interest of other stakeholders.

Recognising that good corporate governance begins with a company's own internal policies and practices your company is focusing on a wide spectrum of activities, through a combination of good practices and legal compliances in a manner that would spell corporate fairness, transparency and accountability. Your company focuses on developing and implementing robust control systems and procedures to enable optimum returns to all stakeholders.

Your company complies with the requirement of clause 49 of the listing Agreement regarding Corporate Governance

A report on the implementation of the code of corporate governance introduced by the securities and Exchange Board of India and incorporated in the listing agreement is given below

2. Board of Directors

The Company is managed by the Chair-person and Jt. Managing Director and Executive Directors. The Board approves and reviews strategy and oversees the actions and results of management to ensure that the long term objectives of maximising profit and enhancing stackholder value is met with.

Composition of the Board of Directors

Directors	Number
Executive	4
Non - Executive	1
Total	5

Our Board of Directors met 4 times during the period under review on the following dates :-

- (i) 29th April 2002
- (ii) 30th July 2002
- (iii) 30th October 2002
- (iv) 31st January 2003

SARUP TANNERIES LIMITED

Attendance record of Director attending the Board Meeting and Annual General Meeting during the year 2002 - 2003

Name	Designation	In Person	Last AGM Attendance
Mrs. Baljit Bawa	Chairperson	Yes	Yes
S. Atamjit Singh Bawa	Jt. Managing Director	Yes	Yes
Mrs. Manjit Bawa	Executive Director	Yes	Yes
S. Simerjit Singh Bawa	Executive Director	Yes	Yes
Mr. G.S Bedi	Non-Executive Independent Director	Yes	Yes

Director	Total number of ## Committee membership held as on 31.03.2003	Total no. of Director # held as on 31.02.2003
Executive		
Mrs Baljit Bawa	Nil	Nil
S.Atamjit S.Bawa	Two	Nil
Mrs. Manjit Bawa	Nil	Nil
Mr. Simerjit S. Bawa	One	Nil
Non - Executive		
Mr. G.S. Bedi	One	Nil

Excludes Directors of private Limited Companies, Foreign Companies and Alternate Directorship

Excludes Memberships in Private Limited Companies, Foreign Companies and Companies of section 25 of the Companies.