

SARUP TANNERIES LTD.

**ANNUAL REPORT
AND
ACCOUNTS
2003-2004**

Report  Junction.com

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

SARUP TANNERIES LIMITED

DIRECTORS : BAWA ATAMJIT SINGH
: Mrs. MANJIT BAWA
: Mr. G.S. BEDI
: BAWA SIMERJIT SINGH
: Col. GURCHARAN SINGH (Retd.)
: Col. SURAT SINGH BAJWA (Retd.)
: Mr. SHAM SUNDER AGGARWAL

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 : P.O. RAMDASPURA
AND FACTORY : 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 FIFTH ANNUAL GENERAL MEETING of SARUP TANNERIES LIMITED will be held at the Registered Office of the company at P.O. Ramdaspora, Jalandhar on Wednesday, the 29th day of September 2004 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, 2004, 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 2003-2004.
- 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, 2005 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

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

Resolved that Bawa Atamjit Singh will continue as the Joint Managing Director of the company. 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. 11000/- (Eleven Thousand) per month.
- 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, which is less.

PART - A

- a) Company owned accommodation by deduction by deduction 10% (ten percent) of salary of the Joint Managing Director, OR
- b) In case the company cannot provide its own accommodation expenditure on hiring unfurnished accommodation will be subject to the ceiling of 50% (fifty percent) of salary. over and above 10 % (ten percent) payable by the Managing Director. or
- c) In case no accommodation is provided by the company. House Rent allowance subject to salary in (b) above provisions 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 year

LEAVE TRAVELL CONCESSION

For self and family once in a year incurred in accordance with the Rule 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 her using her own car for official purposes, reimbursement of expenses insured 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 Atamjit Singh.

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

Resolved that Mrs Manjit Bawa will continue as wholetime Director on terms & conditions as per detail given below subject to the provisions of schedule XIII to the companies Act 1956.

- a) Salary : Rs. 7500/- (Seven Thousand Five Hundred) per month.
- b) Perquisites : Perquisites mentioned at part 'A' will however, be restricted to an amount equal to annual salary or Rs. 450000/- (Rs. Four Lacs Fifty Thousand per annum, which is less.

PART - A

- a) Company owned accommodation by deduction by deduction 10% (ten percent) of salary of the whole time Director, OR
- b) In case the company cannot provide its own accommodation expenditure on hiring unfurnished accommodation will be subject to the ceiling of 50% (fifty percent) of salary. over and above 10 % (ten percent) payable by the whole Director. or
- c) In case no accommodation is provided by the company. House Rent allowance subject to salary in (b) above provisions 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 year

LEAVE TRAVELL CONCESSION

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

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 her using her own car for official purposes, reimbursement of expenses insured 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 Mrs Manjit Bawa .

place : Jalandhar
Date : 16th Aug 2004

By order of Board of Director
For Sarup Tanneries Ltd.
BAWA ATAMJIT SINGH
Joint 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, 2004 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 2004 to 29th September 2004 (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 least seven working days 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

1. Mr. Atamjit Singh Bawa was appointed as Joint Managing Director and his term going to expire at the conclusion of the 25th Annual General Meeting. Mr. Atamjit Singh Bawa is effectively looking after the operation of the company. His appointment has been reconfirmed for the next five years on the existing remuneration as per provisions of schedule XIII to the Company Act 1956.
2. Mrs Manjit Bawa was appointed as whole time Director for the company and her term going to expire on the conclusion of the 25th Annual General Meeting. Mrs Manjit Bawa is looking after the production and marketing aspect. Her appointment has been reconfirmed for the next five years on the existing remuneration as per provisions of schedule XIII to the Company Act 1956.

DIRECTORS REPORT

Dear Shareholders,

Your Directors are pleased to present the Twenty Fifth Annual Report together with the Audited Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS

		Current Year ended 31.3.2004	Previous Year ended 31.3.2003 (Fig.in Lacs)
INCOME & PROFITS			
Sales & Other Income		2790.46	3061.32
Profit before Interest	(a)	236.16	259.72
Interest		69.45	51.32
Depreciation		83.33	101.04
	(b)	152.78	152.36
Profit before tax	(a)-(b)	83.38	107.36
Less: Provision for Taxation - Current		33.85	42.57
- Deferred		(2.54)	(3.91)
Profit after tax		52.07	68.70
Surplus b/fd		664.09	662.21
Others		34.57	7.55
Available for Appropriation		750.73	738.46
APPROPRIATION			
Proposed Dividend		45.53	55.29
Income Tax Provisions of Pr. Year		35.60	-
Interim Dividend		-	-
Dividend Tax on Proposed Dividend		6.01	7.08
Dividend Tax on Interim Dividend		-	-
Transfer to General Reserve		10.00	12.00
Income Tax / Wealth Tax Paid/Adj.		-	-
SURPLUS CARRIED TO BALANCE SHEET		653.59	664.09
		750.73	738.46

At their meeting held at regd. office. The director recommended a dividend at Rs. 1.40 /- per share (14 %) for the year 2003-2004. The amount of dividend and the tax thereon aggregated to Rs. 51.54 lacs.

The earning per share for the year 2003-2004 was Rs. 1.52 and cash earning per share was Rs 4.08.

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 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 laying 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

Pursuant to the Sec 217(2AA) of the Companies (Amendment) Act, 2000 the Director confirm that :

- (i) 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 Director 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 other irregularities.
- (iv) 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 2004-2005 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 2004

for & on BEHALF OF THE BOARD
BAWA ATAMJIT SINGH
Joint Managing Director

SARUP TANNERIES LIMITED**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, 2004.

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.

prices which are reasonable, having regard to prevailing market prices for such goods, materials and ce.

SARUP TANNERIES LIMITED**AUDITORS' REPORT**

We have audited the attached Balance Sheet of Sarup Tanneries Limited P.O.Ramdaspora Jalandhat as at 31st March 2004 and also the Profit and Loss Account annexed there to for the year ended on that date, which are in agreement with the Company's books of account. These financial statements are responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on test basis, evidence supporting the amounts and disclosures in the financial statements made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required the Companies (Auditor's report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of section 227 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

Further to our comments in the annexures referred to in paragraph 3 above we report that :

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion proper "books of account as required by law have been kept by the company so far as appears from our examination of those books.
- c) The balance sheet profit and loss account and cash flow statement dealt with by this report are in agreement with the books of accounts.
- d) In our opinion the balance sheet profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Company Act 1956.
- e) On the basis of the written representations received from the Directors as on 31st March 2004 and taken on record by the Board of Directors, We report that none of the directors are disqualified as on 31st March 2004 from being appointed as a Director in terms of clause (G) of sub-section (1) of section 274 of the Companies Act 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us the said accounts read together with the significant accounting policies and other notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India :
 - i) In the case of balance sheet, of the state of affairs of the Company as at 31st March 2004.
 - ii) In the case profit and loss account, of the profit for year ended on that date : and
 - iii) In the case of cash flow statements, of the cash flows for the year ended on that date.
- ia) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.