

SARUP TANNERIES LTD.

ANNUAL REPORT AND ACCOUNTS 2008-2009

P.O. Ramdaspura, JALANDHAR - 144 003, 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. ASHWANI KUMAR ARORA
AUDITORS	:	M/S. Y.K. SUD & CO. DURGA NIWAS 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 JALANDHAR-144 003.
OTHER FACTORIES	:	(1) PLOT NO. 141, LEATHER COMPLEX, KAPURTHALA ROAD, JALANDHAR. 2) UNIT NO. IV, VILL. DHEROWAL, P.O. MAJHOLI, DISTT. SOLAN (H.P.)
BANKERS	:	STATE BANK OF INDIA SCB, CIVIL LINES, JALANDHAR-144 001
	:	STATE BANK OF INDIA MEHATPUR, BRANCH UNA.

SARUP TANNERIES LIMITED

NOTICE OF THE ANNUAL GENERAL MEETING

The **THIRTYTH 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 **29th day of September 2009** 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 2009, the Profit & Loss Account for the year ended on that date and the Report of the Auditors and Directors and Compliance Certificate thereon.
- 2 To declare dividend for the year 2008-2009.
- 3 To appoint a Director in place of Mr. Gurendra Singh Bedi, who retires by rotation and, being eligible, offers him self for re-appointment.
- 4 To appoint a Director in place of Mr. Ashwani Kumar Arora, who retires by rotation and, being eligible, offers him self for re-appointment.
- 5 To appoint a Director in place of Mr. Simerjit Singh Bawa, who retires by rotation and, being eligible, offers him self for re-appointment.
- 6 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, M/S 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, 2010 and to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration to be decided by Board of directors of the Company.

Place: Jalandhar
Date: August 31, 2009

By order of Board of Directors
for Sarup Tanneries Ltd.,

BAWAATAMJIT SINGH
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 2009 and the Profit & Loss Account for the year ended on that date together with the Directors' & Auditors Report are enclosed.
- III Members are requested to notify changes in their address, if any, quoting their folio number to the Registered Office of the Company.
- IV Members are requested to bring the copy of their Annual Report with them at the Annual General Meeting.
- V 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.
- VI The Register of Members and share transfer books of the company shall remain closed from 25th September 2009 to 29th September 2009 (both days inclusive) for the purpose of determining entitlement of dividend as may be declared by the company.
- VII 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 2001-2002 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 2001-02 onwards before the respective amounts become due for transfer to the above fund.
- VIII The provisions of section 109A and 109B of the companies Act, 1956 have extended the nomination and transmission facility to the shareholders of a company. The shareholders can avail the above facility by furnishing to the company the particulars of their nominee(s). Every person who becomes the nominee, by virtue of section 109A, may upon the production of such evidence, as may be required by the Board, elect either to get himself registered. as the holder of securities or to make such transfer as the case may be as the deceased holder could have made.
- IX Information under clause 49 of listing agreement with the stock exchange, Mumbai in respect of Directors seeking appointment/reappointment at the Annual General Meeting is given hereunder:-
 - a) Sh. Gurendra Singh Bedi retires by rotation in forthcoming Annual General Meeting and being eligible offers himself for reappointment the has been appointed as independent non executive director of the company.
 - b) Sh. Ashwani Kumar Arora retire by rotation in forthcoming Annual General Meeting and being eligible offer himself for reappointment. Mr. Arora is Qualified chartered accountant with 16 years of experience in finance and administration. In view of his such experience, he has been appointed as executive director of the company.
 - c) Sh. Simerjit Singh Bawa retire by rotation in forthcoming Annual General Meeting and being eligible offer himself for reappointment. He has vast experience in shoe manufacturing and marketing. Keep in view of his experience, and technical skills, he has been appointed as executive director of the company.

Place: Jalandhar
Date: August 31, 2009

By order of Board for
Sarup Tanneries Ltd.

BAWA ATAMJIT SINGH
Managing Director

SARUP TANNERIES LIMITED**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors are pleased to present the 30th Annual Report together with the Audited Accounts for the year ended 31st March 2009.

FINANCIAL RESULTS

	Current Year ended 31.3.2009	(Fig. In Lacs) Previous Year ended 31.3.2008
INCOME & PROFITS		
Sales & Other Income	4262.09	3747.55
Profit before Interest	376.89	328.63
Interest	99.89	68.77
Depreciation	93.82	99.19
	183.18	160.67
Exceptional Item (Loss)	0.00	0.00
	183.18	160.67
Profit before tax	183.18	160.67
Less: Provision for Taxation	- Current - Deferred	21.70 (12.51)
	25.15 (10.99)	
Profit after tax	169.02	151.48
Surplus b/d	411.83	359.07
Others	0.00	0.00
Balance of P&L B/F	580.85	510.55
Proposed Dividend	39.03	39.03
Income Tax Provisions of Pr. Year		
Interim Dividend		
Dividend Tax on Proposed Dividend	6.63	6.63
Dividend Tax on Interim Dividend	0.00	0.00
Adjustment of advance tax	7.40	22.92
Transfer to General Reserve	50.00	30.00
Income Tax & Tds Adj/ Wealth Tax Prov.	0.63	0.14
SURPLUS CARRIED TO BALANCE SHEET	477.16	411.83
	580.85	510.55

OPERATING PERFORMANCE

Your Company have registered total sale of Rs. 4209.19 Lacs in the year ended on 31 March 2009 as compared to last year, which was Rs. 3653.87 Lacs registering a growth of 15.20%.

Your Company has earned a Net Profit of Rs. 169.02 Lacs after tax during the year ended on 31st March 2009 as against Rs. 151.48 Lacs in the previous year registering a growth of 11.58%. The Earning per share as on March 31, 2009 is Rs.5.20 and cash earning per share is Rs.8.08%

The construction of new unit at Village Shyampura, District Una Jalandhar is under completion and the commercial production shall commence in the current financial year. The new unit shall have an installed capacity of 700,000 pairs per annum. The company will receive tremendous tax benefits which will substantially increase the profitability.

DIVIDEND

The Board of Directors have proposed a dividend at Rs. 1.20 per share (12%) for the year 2008-09. The

amount of dividend and corporate dividend tax thereon will aggregate of Rs.45.66 Lacs. The dividend is tax free in the hands of shareholders.

DIRECTORS

Mr. Gurendra Singh Bedi, Mr. Ashwani Kumar Arora and Mr. Simerjit Singh Bawa retire by rotation and being eligible offer themselves for reappointment.

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 M/s Y.K. Sud & Co., retires at the forth-coming annual general meeting and offer themselves for re-appointment. The Board commends their reappointment. The Note referred to in Auditor's Report are self-explanatory and do not require any further comments.

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.

APPOINTMENT OF COST AUDITOR

The Board has appointed M/s Verma, Verma & Associates as Cost Auditor for the year 2009-10 in pursuance of sections 233-B of the Companies Act, 1956.

COMPLIANCE CERTIFICATE

In accordance with the requirement of the section 383A of the Companies Act, 1956 M/s Dinesh Gupta & Co., Practicing Company Secretaries, Jalandhar have Certified that all legal requirements, in respect of the company for the year ended 31st March 2009 have been complied with

CORPORATE GOVERNANCE

Pursuant to clause 49 of the listing agreements with Stock Exchanges, a Management Discussion and Analysis, Corporate Governance Report, Managing Director's and Auditor's Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual 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 profit 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) the Directors had prepared the annual accounts on a "going concern basis".

The stocks of the company are available for the trading in dematerialized shape on the stock exchanges.

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

SARUP TANNERIES LIMITED

The equity share of the Company are listed on Bombay Stock Exchange and that the annual fees for the year 2009-2010 has been duly paid.

VOLUNTARY DELISTING OF THE COMPANY'S ORDINARY SHARES FROM CERTAIN STOCK EXCHANGES

The company's application for delisting of ordinary shares is pending with The Delhi Stock Exchange Association Ltd.

AKNOWLEDGEMENT

The employees of the company have 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.

On behalf of the Board

Place: Jalandhar
Dated: June 29, 2009

Bawa Atamjit Singh
Managing Director

Manjit Kawa
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 2009.

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 is using the modern technology in the manufacturing process. The company has imported technology, which has been introduced in the upper shoe section. As a result there has been a marked improvement in the quality of the products manufactured by the company besides lowering the cost of production. The technology 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 Schedule 20

COMPLIANCE CERTIFICATE

To
The Members,
Sarup Tanneries Ltd.,

We have examined the registers, records, books and papers of M/s Sarup Tanneries Ltd., (the Company) as required to be maintained under the Companies Act, 1956 (The act) and the rule made there under and also the reasons contained in the Memorandum and Article of associations of the company for the financial year ended 31st March 2009. In our opinion and to the best of our information and according to the examination carried out by us and explanation furnished to us by the company its officers and agents, as on March 31, 2009, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries there have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies, Regional Directors, Central Government, Company Law Board or other authorities within the times prescribed under the act and the rules made there under.
3. The company, being a Public limited company, comment regarding number of members is not required.
4. The Board of Directors duly met **NINE** times on April 30, 2008, June 25, 2008, July 31, 2008, August 20, 2008, September 3, 2008, October 31, 2008, December 15, 2008, and January 31, 2009, February 28, 2009. The management certifies that proper notices in respect of the Board Meetings have been given. The proceedings of Board Meeting have been properly recorded and signed.
5. The Company closed its Register of Members from September 22, 2008 to September 26, 2008 and necessary compliance of section 154 was made.
6. The Annual General Meeting for the financial year ended on 31st March 2008 was held on September 26, 2008 after giving due notice dated August 20th 2008 to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the year under scrutiny.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the act.
9. The Company has not entered into any contract pursuant to the provisions of section 297 of the Act. As such the company was not required to make any compliance under that section.
10. The company has made necessary entries in the register maintained under sec 301 of the Act.
11. As there were no instances falling within the preview of section 314 of the Act, the company was not required to obtain any approvals from the Board of directors, members or Central Government.
12. The company has not issued any duplicate share certificate during the financial year.
13. (i) The company has duly delivered all certificates on lodgment thereof for transfer of Shares made during the year in accordance with provisions of the Act.
(ii) The company has deposited the amount of dividend declared in a separate Bank A/c on October 18, 2008.

SARUP TANNERIES LIMITED

- (iii) The company has posted Cheques for dividend to all members within a period of thirty days from the date of declaration and that all unclaimed dividend has been transferred to unpaid dividend account of the company.
- (iv) The Management certifies that the company has transferred the amounts in unpaid dividend account, unclaimed deposits, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for more than for the period of seven years to "INVESTOR EDUCATION AND PROTECTION FUND".
- (v) The company has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancies during the year.
15. The company has not appointed any managing director/whole time director/manager during the financial year.
16. The Company has not made any appointment of sole-selling agent during the year.
17. The company was not required to obtain any approval of Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The company has not issued any shares/debentures or any other securities during the financial year under scrutiny.
20. The company has not bought back any shares during the financial year ending 31st March 2009.
21. The company has not redeemed any shares/ debentures during the year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The amount borrowed by company from directors, banks and others during the financial ending March 31, 2009 is within the borrowing limits of the company and that necessary resolutions as per section 293(1)(d) of the Act had been passed in duly convened Annual General Meeting.
25. That the company has not made loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in register kept for the purpose.
26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one State to another during the year.
27. The company has not altered the provisions of the memorandum with respect to the object of the company during the year.
28. The company has not altered the provisions of the memorandum with respect to name of the company during the year.

SARUP TANNERIES LIMITED

29. The company has not altered the provisions of the memorandum with respect to share capital of the company during the year.
30. The company has not altered its articles of association during the year.
31. As per the information available on record and verified by the company we, certify that there was/were no prosecutions initiated against or show cause notice received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year for offences under the Act.
32. The company has not received any security from its employees during the year under certification, as per provisions of section 417(1) of the Act.
33. This para is not applicable as the company does not have its own Provident Fund Scheme with in the provisions of Sec 418 of the Companies Act 1956.

DINESH GUPTA
(Company Secretary)
FCS NO.3462, CSP NO. 1947

Date : June 29, 2009
Place : Jalandhar.

Report  Junction.com