

SARUP INDUSTRIES LIMITED

(Formerly Sarup Tanneries Limited)

<p>33rd ANNUAL REPORT AND ACCOUNTS 2011-12</p>
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Regd off: - P.O. Ramdaspora, JALANDHAR- 144003, Punjab (INDIA)

GREEN INITIATIVE

IN LINE WITH THE INITIATIVES TAKEN BY MCA, SARUP INDUSTRIES LIMITED PROPOSES TO SEND DOCUMENTS SUCH AS NOTICES OF GENERAL MEETING(S), OTHER NOTICES, ANNUAL REPORT AND ALL OTHER COMMUNICATIONS TO ITS SHAREHOLDERS THROUGH ELECTRONIC MODE I.E. ON THE E-MAIL ADDRESS PROVIDED BY YOU. IN CASE THERE IS ANY CHANGE IN YOUR E-MAIL ID OR ANY OTHER DETAILS, PLEASE E-MAIL US THE DETAILS AT OR WRITE TO US AT:

SARUP INDUSTRIES LIMITED, P.O. RAMDASPURA, JALANDHAR-144003

E-mail: - shareholders@bawastl.com, Ph: - 0181-2271556/7/8

WE SINCERELY LOOK FORWARD TO YOUR SUPPORT IN THIS INITIATIVE.

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COMPANY INFORMATION

MANAGING DIRECTOR

Mr. ATAMJIT SINGH BAWA

AUDIT COMMITTEE

COL. GURCHARAN SINGH Chairman
Mr. G.S. BEDI
Mr. ASHWANI KUMAR ARORA

REMUNERATION COMMITTEE

COL. GURCHARAN SINGH Chairman
COL. SURAT SINGH BAJWA
Mr. G.S. BEDI

INVESTOR'S GRIEVANCE COMMITTEE

COL. GURCHARAN SINGH Chairman
Mr. ATAMJIT SINGH BAWA
Mr. SIMERJIT SINGH BAWA

AUDITORS

M/S Y.K. SUD & CO.
Ambika Towers
JALANDHAR-144001

LEGAL ADVISOR

Mr. V.K. SAREEN
7-NEW RAJENDRA NAGAR
POLICE LINES ROAD, JALANDHAR.

**COMPANY SECRETARY
& LEGAL ADVISOR**

CS AMIT KUMAR

CHIEF FINANCIAL OFFICER

Mr. ASHWANI KUMAR ARORA

BANKERS

- (1) STATE BANK OF INDIA
SCB, CIVIL LINES,
JALANDHAR-144001
- (2) STATE BANK OF INDIA
MEHATPUR BRANCH, UNA. H.P.

REGISTRAR & TRANSFER AGENTS

SKY LINE FINANCIAL SERVICES PVT LTD
D-153 A, 1st Floor, Okhla Industrial
Area Phase- I, New Delhi- 110020

REGISTERED OFFICE

P.O. RAMDASPURA
JALANDHAR-144003

PLANT LOCATIONS

- (1) UNIT AT P.O.RAMDASPURA,
JALANDHAR
- (2) PLOT NO.141, LEATHER COMPLEX,
KAPURTHALA ROAD, JALANDHAR
- (3) UNIT No V, VILL SHYAMPUR
TAHLIWAL, UNA, (H.P.)

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the **THIRTY THIRD (33rd) ANNUAL GENERAL MEETING** of the shareholders of SARUP INDUSTRIES LIMITED (Formerly SARUP TANNERIES LIMITED) will be held on **Friday, September 28th , 2012 at 10.30 A.M.** at Registered Office of the Company at P.O Ramdaspora, Jalandhar, to transact the following business:-

ORDINARY BUSINESS

1. To consider and adopt the Audited Profit & Loss Account and Cash Flow Statement for the year ended March 31, 2012, the Balance Sheet as at that date, the Auditors' Report thereon, the Directors' Report along with Management Discussion and Analysis Report and the Compliance Certificate.
2. To declare dividend for the financial year ended March 31, 2012.
3. To appoint a Director in Place of Ms. Manjit Bawa, who retires by rotation and, being eligible, offers herself for reappointment.
4. To appoint a Director in place of Mr. Gurcharan Singh, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Col. Surat Singh Bajwa, who retires by rotation and, being eligible, offers himself for reappointment.
6. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, and to authorize the Board of Directors of the Company to fix their remuneration. M/s. Y.K.Sud & Co., Chartered Accountants, the retiring Auditors, are eligible for re-appointment.

NOTES

- i. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON POLL, TO VOTE INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING.
- ii. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.

- iii. The Register of Members and Share Transfer Books of the Company will be closed from September 24, 2012 to September 28, 2012 (both days inclusive) for ascertaining the names of the shareholders to whom the dividend which if declared at the Annual General Meeting is payable. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd., for this purpose.
- iv. Those Members who have so far not encashed their dividend warrants for the below mentioned financial years, may claim or approach the Company for the payment thereof as the same will be transferred to the **‘Investor Education and Protection Fund’** of the Central Government, pursuant to Section 205C of the Companies Act, 1956 on the respective dates mentioned there against. Please note that as per Section 205C of the Companies Act, 1956, no claim shall lie against the Company or the aforesaid Fund in respect of individual amounts which remain unclaimed or unpaid for a period of seven years from the date the dividend became due for payment and no payment shall be made in respect of such claims.

Dividend for the Financial Year ended	Due date for Transfer
31.03.2005	29th October, 2012
31.03.2006	28th October, 2013
31.03.2007	26th October, 2014
31.03.2008	29th October, 2015
31.03.2009	29th October, 2016
31.03.2010	29th October, 2017
31.03.2011	29th October, 2018

Shareholders are, therefore, requested to check up and send their claims, if any, for the relevant years from 2004-05 onwards before the respective amounts become due for transfer to the above fund.

- v. Members holding shares in electronic form are requested to intimate any change in their address or bank mandates to their Depository Participants with whom they are maintaining their Demat Accounts immediately. Members holding shares in physical form are requested to advise any changes of address immediately to Registered Office of the Company or to M/s Skyline Financial Services Pvt. Limited.
- vi. As per the provisions of Section 109(A) of the Companies Act, 1956 member(s) who are holding Equity Shares in the Company may nominate in the prescribed manner, a person on whom the shares will vest in the event of death of the holder(s). Member(s) desiring to make such a nomination are requested to send the prescribed Form-2B either to the Company or its R&T Agent.

- vii. Members are requested to send in their queries at least a week in advance to the Finance Head at the Registered Office of the Company to facilitate clarifications during the meeting.

Date: 31 August, 2012
Place: Jalandhar

By Order of the Board of Directors

Sd/-
Atamjit Singh Bawa
Managing Director

Director's Report

To the Shareholders,

Your Directors have pleasure in submitting the 33rd Annual Report along with the Audited Accounts for the year ended March 31, 2012.

Industry Overview

Leather Industry occupies a place of prominence in the Indian economy in view of its massive potential for employment, growth and exports. There has been increasing emphasis on its planned development, aimed at optimum utilisation of available raw materials for maximising the returns, particularly from exports. The leather industrial sector comprises of:

- a) Tanneries (where raw hides and skins are converted into leather)
- b) Factories transforming leather into a variety of consumer products such as footwear, garments and outerwear, and assorted leather goods such as wallets, passport cases, key chains, handbags and brief cases.

Apart from the quality of raw material, the process of its conversion into leather and, later, of the design, product development and process of manufacture, of products play a key role in adding value to it.

The Indian leather industry, one the most vibrant sector of the country's economy, is well-structured and spans various segments, such as tanning and finishing, footwear and footwear components, leather garments, leather goods, including saddles and harness. Well recognized in the international market, the Indian leather goods constitute about 7 per cent of India's export earnings. Besides being a significant earner of foreign exchange, the leather industry generates employment, ensuring jobs for over 2.5 million people, with 75 per cent of the production from small and cottage sectors. India, with an output of Rs. 186.56 billion and exports of Rs. 125.46 billion, is placed third, while developed markets such as the US are major consumers of leather products. It is now poised for a big leap to double its global share from the present 3%. The industry covers a vast spectrum of inputs, activities, skills and products i.e. livestock, hides and skins, tanning, leather products and exports. The Indian Leather Industry is growing by leaps and bounds.

Present Financials & Company Affairs

During the Year under review your company has achieved the figures of Rs.5174.52 Lacs in respect of sales for the year. Your Company has registered a profit before tax of Rs. 215.81 lacs. There was a drop in profit mainly due to the increase in interest expenses.

PROPOSED TRANSFER TO RESERVES

In terms of section 217 (1) (b) of the companies act, 1956 for the financial year ending March 31, 2012, the Company had transferred Rs.50 lacs to the General Reserve.

Review of Operations

Your Company's performance during the year as compared with that during the previous year is Summarized below: -

(Fig. In Rs. Lacs)

	Year ended March 31st, 2012	Year ended March 31st, 2011
Sales of products and services	5174.52	5946.72
Other Income	144.29	222.50
Total Income	5318.81	6169.22
Total Expenditure other than Interest and Depreciation	4753.01	5598.93
Profit before Interest, Depreciation and Tax	565.80	570.29
Depreciation and Amortization Expenses	156.71	173.38
Profit before Interest and Tax	409.09	396.91
Finance Cost (net)	193.28	146.39
Profit before Tax	215.81	250.52
Provision for Current Tax	35.95	41.28
Provision for Deferred Tax		
Net Profit	179.86	209.23
Adjustments in respect of prior years	-	-
Surplus brought forward	588.65	486.62
Profit after Tax available for appropriation	768.51	695.85
Your Directors recommend appropriation as under:		
Proposed Dividend on Equity Shares	48.78	48.78
Dividend Tax on Proposed Dividend	7.91	8.28
Transfer to General Reserve	50.00	50.00
Income Tax /TDS/ wealth Tax Provision	0.16	0.14
Surplus Carried Forward	661.66	588.65
Total Appropriation	768.51	695.85

DIVIDEND

The Directors recommended dividend of Rs. 1.50/- (15%) per share on Equity shares for the year ended 31st March 2012, which will attract dividend tax of Rs. 7.91 Lacs. The total payout will be Rs. 48.78 Lacs and tax thereon Rs.7.91 Lacs.

MATERIAL CHANGES AND INFORMATION

a) Name Change of Company

In terms of Section 217 (1) (d) we are feeling pleasure to inform you that the name of your Company has been changed from Sarup Tanneries Limited to Sarup Industries Limited. Henceforth your Company be now known as Sarup Industries Limited. As the Special Resolution has been passed and all the statutory compliances have been made.

b) Change of Main Objects

We are feeling pleasure to inform you that we have shifted the other objects to our main objects in the Memorandum of your Company. This also worthwhile to mention here that we are now in the final process of carried out the pending construction of Metropolitan Mall Project in Jalandhar.

c) Closure of Unit at Agra

Unit of Agra at Mathura Road, Runkuta, has now been out of operation. The main reason for closing the unit was as it was uneconomical and controlling and supervision was difficult over its operations.

STATUTORY INFORMATION:

Information pursuant to Section 217(2A) of the Companies Act, 1956, read with the Companies (Disclosures of particulars in the Report of Board of Directors) Rules, 1988, is given as under which forms part of this Report.

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.

AUDITORS

You are requested to appoint Auditors for the current year and to authorise the Board to fix their remuneration. The retiring auditors, Y.K. Sud & co., Chartered Accountants, are eligible for reappointment. A certificate from the Auditors has been received to the effect that their