

SARUP INDUSTRIES LIMITED

34th ANNUAL REPORT AND ACCOUNTS 2012-2013

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.

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

BANKERS

(1) STATE BANK OF INDIA
SCB, CIVIL LINES,
JALANDHAR-144001

(2) STATE BANK OF INDIA
MEHATPUR BRANCH, UNA. H.P.

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

REGISTRAR & TRANSFER AGENTS

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

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COMPANY SECRETARY

CS AMIT KUMAR

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 FOURTH (34th) ANNUAL GENERAL MEETING** of the members of SARUP INDUSTRIES LIMITED will be held on **Friday, 27th Day of September, 2013, at 10.30 A.M.** at Registered Office of the Company at P.O Ramdasपुरा, Jalandhar, for the transaction of the following businesses: -

ORDINARY BUSINESS

1. To consider and adopt the Accounts of the Company for the financial year ended on 31st March, 2013, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend for the financial year ended March 31, 2013.
3. To appoint a Director in Place of Mr. Ashwani Arora, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. G.S. Bedi, 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 admission slips to the AGM. Duplicate admission slips and/or copies of the Annual Report and Accounts will not be provided at the AGM venue.
- iii. The Register of Members and Share Transfer Books of the Company will be closed from 23rd September, 2013 to 27th September, 2013 (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
31.03.2006	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
31.03.2012	28th October, 2019

Shareholders are, therefore, requested to check up and send their claims, if any, for the relevant years from 2005-06 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 registrar 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.

By Order of the Board of Directors

Place: Jalandhar
Date: 31.08.2013

Atamjit Singh Bawa
Managing Director

Report of the Directors

Your Directors submit their Report for the financial year ended 31st March, 2013.

Industry Overview

The Leather industry is bestowed with an affluence of raw materials as India is endowed with 21% of world cattle & buffalo and 11% of world goat & sheep population. Added to this are the strengths of skilled manpower, innovative technology, increasing industry compliance to international environmental standards, and the dedicated support of the allied industries.

The Council for Leather Exports (CLE) has organized series of interaction meetings in the regions to discuss on the Mega Leather Cluster and create awareness amongst the industry and motivated the industry to take steps to establish MLC. As per information on the current status (Jan 2013), proposals are being prepared by the SPVs for establishing six Mega Leather Clusters in various parts of the country 3 in Uttar Pradesh (Ramaipur, Sandila & Agra), 1 in Haryana (Mewat), 1 in Andhra Pradesh (Tada Mandal), 1 in Tamil Nadu (Perambalur).

The Government of India has appointed CSIR-CLRI as Project Management Consultant (PMC) to assist the Department of Industrial Policy & Promotion, Government of India in all matters concerning the Mega Leather Clusters. The CLE is coordinating with SPVs, professional agencies of the SPVs, CLRI, and Department of IPP in regard to the establishment of Mega Leather Clusters.

As per the database of the DIPP, the Government of India has sanctioned total grant of ₹ 37.73 Cr during the Tenth Plan, ₹ 240.94 Cr during the Eleventh Plan, and ₹ 43.57 Cr were sanctioned till-date during the current Twelfth Plan. As such, the total investment grant of ₹ 322.24 Cr has been sanctioned to the leather industrial units under IDLS Scheme.

With the implementation of various industrial developmental programmes as well as export promotional activities; and keeping in view the past performance, and industry's inherent strengths of skilled manpower, innovative technology, increasing industry compliance to international environmental standards, and dedicated support of the allied industries, the Indian leather industry aims to augment the production, thereby enhance export, and resultantly create additional employment opportunities for overall one million people.

Review of Operations

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

	(Fig In ₹ Lacs)	
	Year ended March 31st, 2013	Year ended March 31st, 2012
Sales of products and services	4140.89	5174.52
Other Income	261.34	144.29
Total Income	4402.23	5318.81
Total Expenditure other than Interest and Depreciation	3983.24	4753.01
Profit before Interest, Depreciation and Tax	418.99	565.80
Depreciation and Amortization Expenses	139.48	156.71
Profit before Interest and Tax	279.51	409.09
Finance Cost (net)	175.83	193.28
Profit before Tax	103.68	215.81
Provision for Current Tax	20.74	35.95
Provision for Deferred Tax	0	0
Net Profit	82.94	179.86
Adjustments in respect of prior years	0.16	0.17
Surplus brought forward	661.82	588.65
Profit after Tax available for appropriation	744.92	768.68
Your Directors recommend appropriation as under:		
Proposed Dividend on Equity Shares	48.79	48.79
Dividend Tax on Proposed Dividend	7.91	7.91
Transfer to General Reserve	15.00	50.00
Income Tax /TDS/ wealth Tax Provision	0	0.16
Surplus Carried Forward	673.22	661.82
Total Appropriation	744.92	768.68

PRESENT FINANCIALS & COMPANY AFFAIRS

During the Year under review your company has achieved the figures of ₹ 4140.89 Lacs in respect of sales for the year. Your Company has registered a profit before tax of ₹ 103.68 lacs.

BUSINESS OPERATIONS

In the financial year 2012-13, the Global Economy faced fresh downside risks that continue in light of renewed setbacks in the Euro area and continued risks of excessive fiscal consolidation in the United States. Current state of Indian economy makes it necessary for the government to put in place a robust and implementable plan of action for its revival. The economy has

experienced a consistent fall in GDP growth, alarmingly high levels of twin deficits i.e. Current Account Deficit (CAD) and Fiscal Deficit as well as worrying volatility in the inflow of foreign investments. Though inflationary pressure has receded in the last quarter of 2012, it still remains above the target level. This along with other worrying economic indicators has put the Indian economy in a challenging pathway in the short term.

PROPOSED TRANSFER TO RESERVES

In terms of section 217 (1) (b) of the Companies Act, 1956 for the Financial Year ending March 31, 2013, the Company had transferred ₹ 15 lacs to the General Reserve.

DIVIDEND

The Directors recommended dividend of ₹ 1.50/- (15%) per share on Equity shares for the year ended 31st March 2013, which will attract dividend tax of ₹ 7.91 Lacs. The total payout will be ₹ 48.79 Lacs and tax thereon ₹ 7.91 Lacs.

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 reappointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

DEPOSITS

Your Company has not accepted/ invited any Deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

APPOINTMENT OF COST AUDITOR

As per the Governments directives, the Company's cost records for the year ended 31st March, 2012 has been audited by M/s Khushwinder Kumar & Associates, Cost Accountants (FRN. 000102) who was appointed by the Board with the approval of the Central Government.

In respect of Financial Year 2012-13 order No F No. 52/26/2010 dated 24.01.2012 your Company is not liable to Cost Audit. However the compliance of the Cost Audit records will be done and for which certification from Cost Auditor will be processed.

Appointment of the Cost Auditor M/s Khushwinder Kumar & Associates, Cost Accountants (FRN. 000102) has been approved by the Board and in process of approval from Central Government as per orders dated 6th November, 2012.

COMPLIANCE CERTIFICATE

In accordance with the requirement of the section 383A of the Companies Act, 1956, a Compliance Certificate for the financial year 2012-13 from M/s Dinesh Gupta & Co., Practicing Company Secretaries, Jalandhar has been attached.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE AND OUTGO

Information relating to energy conservation, foreign exchange earned and spent and research and development activities undertaken by the Company in accordance with the provisions of Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are given in **ANNEXURE "A"** to the Directors' Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report is annexed as **ANNEXURE "B"** along with Auditors' Certificate regarding Compliance of the Conditions of Corporate Governance is given as part of this Annual Report.

CORPORATE GOVERNANCE

As required by the existing clause 49 of the Listing Agreements with the Stock Exchanges, a detailed report on Corporate Governance is included in the Annual Report. The Auditors have certified the Company's compliance of the requirements of Corporate Governance in terms of Clause 49 of the Listing Agreement and the same is annexed as **ANNEXURE "C"** to the Report on Corporate Governance.

AUDITORS' REPORT

The observations of the Auditors in their report are self-Explanatory and/or explained suitably in the Notes to the Accounts.

RESEARCH AND DEVELOPMENT

The Company believes that technological obsolescence is a reality. Only progressive research and development will help us to measure up to future challenges and opportunities. We invest in and encourage continuous innovation. During the year under review, expenditure on research and development is not significant in relation to the nature and size of operations of your Company. Improvement of existing processes and the endeavor to develop new processes and technologies will be an ongoing activity. So too, will be our efforts to manufacture premium quality products from quality grade raw materials.

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.

PAYMENT OF LISTING FEE

The stocks of the Company are available for trading in dematerialized shape on the stock exchanges. The equity shares of the Company are listed on Bombay Stock Exchange and that the annual fees for the year 2013-14 has been duly paid.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions contained in Section 217(2AA) of the Companies Act, 1956, the Directors of your Company confirm:

- a) That in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- b) That such accounting policies have been selected and applied consistently, and such judgments and estimates have been made 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 or loss of the Company for that period;
- c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company, for preventing and detecting fraud and other irregularities;
- d) That the annual accounts have been prepared on a going concern basis. The Directors of your Company further confirm that proper systems are in place to ensure compliance of all laws applicable to the Company.

ACKNOWLEDGEMENTS

Your Directors wish to express their deep sense of appreciation for the committed services of all the employees of the Company. They place on record their appreciation for the support and co-operation your Company has been receiving from its Bankers, Customers, Distributors, Dealers, suppliers and other business partners.

**By Order of the Board
For Sarup Industries Limited**

Place: Jalandhar
Date: 31.08.2013

Sd-
Manjit Bawa
Chairperson

Sd-
Atamjit Singh Bawa
Managing Director