

SARUP INDUSTRIES LIMITED

35th ANNUAL REPORT AND ACCOUNTS 2013-2014

CIN: L19113PB1979PLC004014

Regd off: - P.O. Ramdaspora, JALANDHAR- 144003, Punjab (INDIA)

GO GREEN!

DEAR SHAREHOLDERS,

YOU ARE HEREBY REQUESTED TO FURNISH YOUR E-MAIL ADDRESS TO US BY SENDING AND E-MAIL ID TO shareholders@bawastl.com QUOTING YOUR FOLIO NUMBER/DEPOSITORY PARTICIPANT ID AND CLIENT ID OR REGISTER YOUR E-MAIL ADDRESS WITH YOUR RESPECTIVE DEPOSITORY PARTICIPANT.

THEREAFTER, THE E-MAIL ADDRESSES AVAILABLE IN OUR RECORDS OR WITH YOUR DEPOSITORY PARTICIPANT SHALL BE DEEMED TO BE YOUR REGISTERED E-MAIL ADDRESS FOR SERVING NOTICES/DOCUMENTS, ETC. INCLUDING THOSE COVERED UNDER THE COMPANIES ACT, 2013 (THE ACT). IN THE EVENT OF ANY CHANGE IN YOUR E-MAIL ADDRESS FOR RECEIVING FUTURE COMMUNICATION/DOCUMENTS, YOU ARE REQUESTED TO UPDATE THE SAME WITH US OR YOUR DEPOSITORY PARTICIPANT.

WE SINCERELY LOOK FORWARD TO YOUR SUPPORT IN THIS INITIATIVE.

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

SKYLINE FINANCIAL SERVICES PVT LTD

D-153 A, 1ST FLOOR, OKHLA INDUSTRIAL

AREA PHASE - I

NEW DELHI- 110020

Contents

	Page No.
<i>Corporate Information</i>	3
<i>Notice of Annual General Meeting</i>	4
<i>E-Voting Instructions & Information</i>	8
<i>Directors' Report</i>	12
<i>Management Discussion & Analysis Report</i>	17
<i>Corporate Governance (Clause 49)</i>	19
<i>Compliance Certificate</i>	27
<i>Auditors' Report</i>	30
<i>Balance Sheet</i>	35
<i>Profit & Loss Account</i>	37
<i>Notes to Financial Statements</i>	38
<i>Cash Flow Statement</i>	55
<i>Attendance Slip/ Proxy Form</i>	59

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 **35th (Thirty Fifth)** Annual General Meeting of the Members of Sarup Industries Limited will be held at registered office of the Company at P.O. Ramdaspora, Jalandhar-144003, Punjab on **Monday, the 29th day of September, 2014 at 10.30 a.m.** for the transaction of the following businesses:

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at March 31st, 2014 and statement of Profit and Loss for the financial year ended on March 31st, 2014 and Reports of the Directors and Auditors thereon.
2. To declare dividend for the financial year ended 31st March, 2014.
3. To appoint a Director in place of Smt. Manjit Bawa (DIN: 00851617) who retires by rotation and, being eligible, offers himself for re-election.
4. To appoint Auditors to hold office from the conclusion of this Meeting, for 3 (Three) consecutive years till the conclusion of the 38th Annual General Meeting of the Company in the Calendar year 2017 and in this regard, to consider and, if thought fit, to pass, with or without modification (s), the following resolution as an Ordinary Resolution

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and of the Companies (Audit & Auditors) Rules, 2014, M/s Y.K. Sud & Co. (Firm Registration No. 16875), Chartered Accountants, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting, for three consecutive years until the conclusion of the 38th Annual General Meeting of the Company in the calendar year 2017, subject to ratification by the shareholders annually, at such remuneration as shall be fixed by the Board of Directors of the Company.”

Special Business

5. Appointment of Col. Gurcharan Singh as Independent Director

To Consider and, thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Col. Gurcharan Singh (DIN:02425153) an Independent Director and in respect of whom the Company has received notice under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) year up to the conclusion of the 40th AGM of the Company.”

6. Appointment of Col. Surat Singh Bajwa as Independent Director

To Consider and, thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Col. Surat Singh Bajwa (DIN:00377832) an Independent Director and in respect of whom the Company has received notice under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) year up to the conclusion of the 40th AGM of the Company.”

7. Appointment of Sh. Gurendra Singh Bedi as Independent Director

To Consider and, thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sh. Gurendra Singh Bedi (DIN:02442047) an Independent Director and in respect of whom the Company has received notice under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) year up to the conclusion of the 40th AGM of the Company.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Special Resolution**

“RESOLVED THAT in supersession of the Ordinary Resolution adopted at the 27th Annual General Meeting held on 29th September, 2006 and pursuant to the provisions of Section 180(1) (a) and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to Board of Directors (hereinafter called the “Board”) which term shall be deemed to include any committee thereof, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or person(s) to mortgage and/or charge any of its movable and/or immovable properties wherever situated both present and future or to sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of the undertaking(s) and to create a mortgage and/or charge, on such terms and conditions at such time(s) and in such form and manner, and in such ranking as to priority as the Board in its absolute discretion thinks fit on the whole or substantially the whole of the Company’s any one or more of the undertakings of the Company in favour of any bank(s) or body/bodies corporate or person(s), whether shareholders of the Company or not, together with interest, cost, charges and expenses thereon for amount not exceeding ₹ 100 Crore (Rupees One hundred Crore) over and above the aggregate of the paid up share capital and free reserves of the Company.

RESOLVED FURTHER THAT the securities to be created by the Company aforesaid may rank prior/pari passu /subservient with/to the mortgages and/or charges already created or to be created by the Company as may be agreed to between the concerned parties.”

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Special Resolution**

RESOLVED THAT in supersession of the Ordinary Resolution adopted at the 27th Annual General Meeting held on 29th September, 2006 and pursuant to the provisions of Section 180(1) (c) and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to Board of Directors to borrow moneys in excess of the aggregate of the paid up capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from the temporary loans obtained/to be obtained from the Company's Banker in the ordinary course of business, shall not be in excess of ₹ 100 Crore (Rupees One hundred Crore) over and above the aggregate of the paid up share capital and free reserves of the Company.”

10. To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ('AGM') MAY APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS BEHALF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY AT P.O. RAMDASPURA, JALANDHAR-144003, NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE AGM I.E. BY 10.30 A.M. ON MONDAY 29TH SEPTEMBER, 2014**
2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
3. The Explanatory Statement pursuant to section 102 of the Companies Act, 2013 is annexed hereto.

4. In case of joint holders attending the meeting, only such joint holder who is in higher in the order of names will be entitled to vote.
5. The Register of Members and Share Transfer Books of the Company will be closed from 22nd September, 2014 to 29th September, 2014 (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.
6. Subject to the provisions of the Companies Act, 2013, dividend as recommended by the Board of Directors, if declared at the meeting, will be paid within a period of 30 days from the date of declaration.
7. 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 124 of the Companies Act, 2013 on the respective dates mentioned there against. Please note that as per Section 124 of the Companies Act, 2013, 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	Dividend for the Financial Year ended	Due date for Transfer
31.03.2007	26th October, 2014	31.03.2011	29th October, 2018
31.03.2008	29th October, 2015	31.03.2012	28th October, 2019
31.03.2009	29th October, 2016	31.03.2013	28th October, 2020
31.03.2010	29th October, 2017		

Shareholders are, therefore, requested to check up and send their claims, if any, for the relevant years from 2006-07 onwards before the respective amounts become due for transfer to the above fund.

8. 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 De-Mat 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.
9. As per the provisions of Section 72 of Companies Act, 2013 and Rules made there under provides for Nomination by the shareholders of the Company in the prescribed form(s).
10. 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.
11. Members are requested to bring their attendance slips to the AGM. Duplicate admission slips and/or copies of the Annual Report and Accounts will not be provided at the AGM venue.

E-Voting Instructions & Information

1. In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company has engaged the services of NSDL to provide the facility of electronic voting ('e-voting') in respect of the Resolutions proposed at this AGM. The Board of Directors of the Company has appointed Mr. Rahul Sharma, Chartered Accountant, as the Scrutinizer for this purpose.
2. The Notice of the 35th Annual General Meeting (AGM) of the Company inter-alia indicating the process and manner of e-voting is being sent to all the Members.
3. NSDL shall be sending the User ID and Password; to those members whose shareholding is in the dematerialized format and whose email addresses are registered with the Company/Depository Participants. For members who have not registered their email address, can use the details as provided in this document.
4. Open the internet browser and type the following URL: www.evoting.nsdl.com
5. Click on Shareholder-Login
6. Put User ID and Password as provided in this document and click Login. If you are already registered with NSDL for e-voting then you can use your existing User ID and Password for the Login.
7. If you are logging in for the first time, the Password change menu will appear. Change the Password with new Password of your choice. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
8. Once the e-voting home page opens, click on e-voting: Active Voting Cycles.
9. Select "EVEN (Electronic Voting Event Number)" of SARUP INDUSTRIES LIMITED.
10. Once you enter the Cast Vote page will open. Now you are ready for e-voting.
11. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
12. Upon confirmation, the message "Vote cast successfully" will be displayed.
13. Once you have voted on the resolution, you will not be allowed to modify your vote.

A. In case of Members who receive the Notice by post:

User ID and initial password is provided in the separate sheet.

B. Members already registered with NSDL for e-voting can use their existing user ID and password for Login.

Thereafter please follow the steps as per instruction given overleaf on separate sheet, to cast your vote.

C. In case of any queries, you may refer to the Frequently Asked Questions for Shareholders and e-voting User Manual for Shareholders available under the Downloads section of NSDL's e-voting website www.evoting.nsdl.com You may also address your queries relating to e-voting to the e-mail ID shareholders@bawastl.com

D. The period for e-voting starts at IST 9.00 a.m. on Thursday, 18th September, 2014 and ends at IST 6.00 p.m. on Saturday, 20th September, 2014.

E-voting shall be disabled by NSDL at IST 6.00 p.m. on 20th September, 2014.

E. General Information

- (a) Every Client ID No. / Folio No. shall have one e-vote, irrespective of the number of joint holders.
- (b) Voting rights shall be reckoned on the paid-up value of shares registered in the name of the Member as on Thursday, 14th August, 2014 (Record Date for E-Voting).
- (c) E-voting right cannot be exercised by a proxy.
- (d) Corporate and institutional shareholders (companies, trusts, societies etc.) are required to send a scanned copy (in PDF / JPG format) of the relevant Board Resolution / appropriate authorisation, with the specimen signature(s) of the authorised signatory (ies) duly attested, to the Scrutinizer through e-mail at rahul.sharma323@gmail.com with a copy marked to NSDL's e-mail ID evoting@nsdl.co.in.
- (e) **The Results of the e-voting will be declared on or after the date of the AGM i.e. Monday, 29th September, 2014.** The declared Results, alongwith the Scrutinizer's Report, will be available on the Company's corporate website **www.lotusbawa.in** under the section '**Investor Relations**' and on the website of NSDL; such Results will also be forwarded to the Stock Exchanges where the Company's shares are listed

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Annexed to the Notice convening the 35th (Thirty Fifth) Annual General Meeting to be held on Monday, 29th September, 2014.

Item No. 5, 6 & 7

The company had appointed each of Col. Gurcharan Singh, Col. Surat Singh Bajwa and Sh. G.S. Bedi as Independent Directors of the Company pursuant to clause 49 of the Listing Agreement.

In accordance with Section 149 and 152 read with Schedule IV of the Companies Act, 2013 that have come into effect from 1 April 2014 and subsequent notification by the Ministry of Corporate Affairs vide its General circular no.14/2014 dated 9 June, 2014, the Company is required to appoint its Independent Directors, including its existing Independent Directors in accordance with the provisions of the Companies Act, 2013 before 31 March 2015. Further, pursuant to the above provisions, the term of such Independent Directors is not liable to determination by rotation.

The Company has received from each of Col. Gurcharan Singh, Col. Surat Singh Bajwa and Sh. G.S. Bedi (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; (ii) intimation in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that they are not disqualified in accordance with sub-section (2) of Section 164 of the Companies Act, 2013 and (iii) declaration that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

A copy of the draft letter of appointment setting out the terms and conditions of appointment of Col. Gurcharan Singh, Col. Surat Singh Bajwa and Sh. G.S. Bedi is available for inspection, without any fee, by the members at the Company's registered office during normal hours on working days up to the date of the AGM.

Col. Gurcharan Singh, Col. Surat Singh Bajwa and Sh. G.S. Bedi are interested in the resolutions set out respectively at Item Nos. 5, 6 & 7 of the Notice with regard to their respective appointments.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions. The Board recommends the resolutions set forth in the Item Nos. 5, 6 & 7 of the Notice for approval of the members.

Item No. 8

The members of the Company at their 27th Annual General Meeting held on 29th September, 2006 approved by way of an ordinary Resolution under Section 293(1) (a) of the Companies Act, 1956, the Company accorded consent to the Board of Directors for creating mortgage or charge on its movable or immovable properties for an amount not exceeding ₹ 100 Crore (Rupees One hundred Crore). Section 180(1) (a) of the Companies Act, 2013 requires that the Board of Directors shall not create mortgage or charge on its movable or immovable properties, except with the consent of the members accorded by way of a special resolution.

It is therefore, necessary for the members to pass a Special Resolution under Section 180(1) (a) and other applicable provisions of the Companies Act, 2013, as set out at item no. 8 of the notice, to enable the Board of Directors to create mortgage or charge on its movable or immovable properties, approval of members is being sought.

None of the Directors and/or Key Managerial personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at item no.8

Item No. 9

The members of the Company at their 27th Annual General Meeting held on 29th September, 2006 approved by way of an ordinary Resolution under Section 293(1) (d) of the Companies Act, 1956 borrowings over and above the aggregate of paid up share capital of the company and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ₹ 100 Crore (Rupees One hundred Crore). Section 180(1)(c) of the Companies Act, 2013 requires that the Board of Directors shall not borrow money in excess of the paid up capital and free reserves, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, except with the consent of the Company accorded by way of a special resolution.

It is therefore, necessary for the members to pass a Special Resolution under Section 180(1) (c) and other applicable provisions of the Companies Act, 2013, as set out at item no. 9 of the notice, to enable to the board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money up to ₹ 100 Crore (Rupees One hundred Crore) in excess of the aggregate of the paid up share capital and free reserves of the Company.

None of the Directors and/or Key Managerial personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at item no.9.