

# **SARUP TANNERIES LTD.**

## **ANNUAL REPORT AND ACCOUNTS 2008-2009**

**P.O. Ramdaspora, JALANDHAR - 144 003, PUNJAB, (INDIA)**

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.

**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 transect 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 25<sup>th</sup> September 2009 to 29<sup>th</sup> 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 has 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 30<sup>th</sup> 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
<b>INCOME &amp; PROFITS</b>		
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
<b>SURPLUS CARRIED TO BALANCE SHEET</b>	<b>477.16</b>	<b>411.83</b>
	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.

### **ACKNOWLEDGEMENT**

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 K. Jawa  
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 31<sup>st</sup> 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 31<sup>st</sup> March 2008 was held on September 26, 2008 after giving due notice dated August 20<sup>th</sup> 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.



- (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 31<sup>st</sup> 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.

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.

**Annexure 'A' Part Of Compliance Certificate  
for the year ended on March 31, 2009**

**Registers Maintained by the Company:**

**Statutory Registers**

1. Register of Members u/s 150
2. Minutes Book of Directors
3. Minutes Book of Shareholders
4. Register of Directors u/s 303
5. Books of Accounts u/s 209
6. Register of Charges
7. Register of Director's Shareholding
8. Register of Contracts
9. Register u/s 301 of the Act
10. Register of Investment u/s 49
11. Register of Securities Bought Back under Section 77A
12. Foreign Registers of Members or Debenture Holders under Section 157
13. Minutes Book of Class Meeting/ Creditors Meeting
14. Register of Renewed and Duplicate Certificates under Rule 7 of the Companies (Issue of Share Certificates) Rules, 1960
15. Register of Destruction of Records/ Documents

**Annexure 'B' Part of Compliance Certificate**

Forms and returns as filed by the company with ROC, Regional Director, Central Government or other authorities during the financial year ending on 31st March 2009:

Sr. No	Return	Filed under section	Date of filing	Whether filed within prescribed time	If delay in filing whether requisite additional fees paid
1	Annual Return dt. 26-09-2008	159	25-12-2008	No	Yes
2	Balance Sheet as on 31.03.08	220	26-10-2008	Yes	NA
3	Form 23 C	233 B(2)	08-05-2008 & Revised on 19-12-2008	Yes	NA
4	Cost Audit Report		27-09-2008	Yes	NA
5	Form 8	125	21-11-2008	Yes	NA
6	Form 17	138	01-05-2008	Yes	NA
7	Form 17	138	01-05-2008	Yes	NA
8	Form 17	138	01-05-2008	Yes	NA
9	Form 17	138	01-05-2008	Yes	NA
10	Form 17	138	01-05-2008	Yes	NA
11	Form 17	138	01-05-2008	Yes	NA
12	Form 17	138	01-05-2008	Yes	NA
13	Form 17	138	01-05-2008	Yes	NA
14	Form 17	138	01-05-2008	Yes	NA
15	Form 17	138	01-05-2008	Yes	NA
16	Form 17	138	01-05-2008	Yes	NA
17	Form 17	138	01-05-2008	Yes	NA
18	Form 17	138	01-05-2008	Yes	NA
19	Form 1		07-01-2009	Yes	NA

Dated : June 29, 2009

Place : Jalandhar.

DINESH GUPTA

(Company Secretary)

FCS NO.3462, CSP NO. 1947

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry, Structure & Development

The Indian footwear industry is provided with institutional infrastructure support through premier institutions like Central Leather Research Institute, Chennai, Footwear Design & Development Institute, Noida, National Institute of Fashion Technology, New Delhi, etc in the areas of technological development, design and product development and human resource development.

The availability of abundant raw material base, large domestic market and the opportunity to cater to world markets makes India an attractive destination for technology and investments.

Leather industry in India occupies a place of prominence in 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 utilization of available raw materials for maximizing the returns, particularly from exports.

The major production centers in India are as follows:

#### Southern Region

Tamil Nadu	Chennai, Ambur, Ranipet, Vaniyambadi, Trichy, Dindigul
Andhra Pradesh	Hyderabad
Karnataka	Bangalore

#### Northern Region

Punjab	Jalandhar
Delhi	Delhi

#### Eastern Region

West Bengal	Calcutta
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#### Central Region

Uttar Pradesh	Kanpur, Agra
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#### Western Region

Maharashtra	Mumbai (Bombay)
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Shoes manufactured in India wear brand name like Florsheim, Gabor, Clarks, Salamander and St. Micheal's. As part of its effort to play a lead role in the global trade Indian leather industry is focusing on key deliverables innovative designs, consistency superior quality and delivery schedules.

### OPPORTUNITIES AND THREATS

The footwear sector has matured from the level of manual footwear manufacturing methods to automated footwear manufacturing systems. Many units are equipped with In-house Design Studios incorporating state-of-the-art CAD systems having 3D Shoe Design packages that are intuitive and easy to use. Many Indian footwear factories have also acquired the ISO 9000, ISO 14000 as well as the SA 8000 certifications. Excellent facilities for Physical and Chemical testing exist with the laboratories having tie-ups with leading international agencies like SATRA, UK and PFI, Germany. Many international buyers are shifting their focus in India for import of leather footwear. India has not just the cost advantage but also the highly skilled labourers and designers. A 13-member delegation from the American Apparel & Footwear Association, which visited Tamil Nadu and other parts of India has predicted a bright future for the footwear export trade to the US. Particularly impressive for them were the skills displayed by the footwear industry in the country. The delegation also had Fawn Evenson, vice-president of AAFA, who had taken active interest in making the mission happen. The delegation has representatives of well-known US brands - Timberland Company, New Balance, Wolverine Worldwide etc. India has potential threat from china, which is the largest exporter of footwear in the world.

**Competitiveness in the production of footwear**

The National Manufacturing Competitiveness Council (NMCC) has identified the sector as one of the twelve focus manufacturing sectors in terms of competitiveness and untapped potential in the country.

The sector is one of the top eight foreign exchange earners of the country worth Rs. 10000 Crores per annum and accounting for 2.5 percent of the global leather related trade of Rs. 387200 Crores. An estimated 15 percent of total purchase of leading global brands in footwear, garments, leather goods & accessories in Europe and 10% of global supply in outsourced from India.

Competitiveness in the production stages of the chain has been addressed, in many instances, through the promotion of collective efficiency by enterprises operating within clusters and industrial districts as discussed in other sections of the paper. The design and managing of different types of marketing and distribution global chains represent the challenge of the present decade to stay competitive in a fast changing world.

**Internal Control Systems and their Adequacy**

Your Company firmly believes that a strong Internal Control framework is essential for good Corporate Governance and that freedom of management should be exercised within the framework of proper checks and balances. The company has in place adequate internal control systems and procedures commensurate with the size and nature of business.

Your company has a strong Internal Audit function at the Corporate level which carries out risk focused audits across all activities of the company and identifies areas where risk management processes need to be improved. The audit committee of the Board provides valuable suggestions and strategic guidance on internal controls and ensures that the recommendations of the Internal Audit are implemented effectively.

**Safety Management:**

Your Company and its employees are conscious of their commitment to conduct business by adopting best safety practices in handling equipment and material. Your Company adopts best safety practices at par with Indian and international standards.

**Risk Management**

The Company shall lay down procedures to inform Board Members about the risk assessment and minimization procedures. These procedures shall be reviewed to ensure that executive management controls risk through means of a properly defined framework. Your Company has a comprehensive risk management policy. The risk management policy inter alia provides for review of the risk assessment and minimization procedure, laying down procedure, laying down procedure to inform the Board in the matter and for periodical review of the procedure to ensure that executive controls the risk through properly defined framework. Proceeds from public issues, right issues, preferential issues, etc., If any capital is raised through an issue, the company needs to disclose to the Audit Committee, the uses/ applications of fund on a quarterly basis. Further, on an annual basis, the company shall prepare a statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and place it before the audit committee. This statement shall be certified by the statutory auditors of the Company. During the year under review, the company has not raised any proceeds from public issue, right issue for preferential issue.

Your company in order to meet the risks and concerns is taking all necessary initiatives. The company keeps on view demand patterns, control energy consumption, reduce the operating cost and monitor the parameters on a weekly basis.

**Human Resources Development**

Employees are vital to the company. Your company has created a favorable work environment for the employees, which further help in increasing the production and ultimately leads to increase in the profitability of the company.

The Sarup Tanneries Vision, having been co-created by its people, speaks of creating value for all its stakeholders. It is a strong belief that this creation of value depends on the professional and personal well-being of its people. In keeping with the demands of the future. It is a strategic priority at the Sarup Tanneries Group to be an employer of choice in everywhere in which the Group operates. And this requires focused efforts to recruit, train and retain skills on an ongoing basis. A good recruitment methodology demands that there is continual emphasis on developing and improving this area. To ensure a continued availability of a technically competent bench strength of Engineers and Business Managers for the future, the management is continuously trying to attract the best talent.

**Environmental Protection**

Environment is the great matter of concern for the company. Company over the last few years has tried its *best to conserve the environment. Company is always keen to make new policies for the environment and* company regularly monitor all the policies made in this matter. Company is committed to achieve high level of efficiency by lowering down the impact of industrial wastage on the environment.

**Investors Relations**

The redressal of investors' grievances with a view to ensure zero complaints at any given point of time is the continued priority of your company. The Shareholders/Investors Grievances Committee, which is the sub Committee of the Board of Directors of he Company meets at regular interval to review the status of investor's grievances and offer valuable guidance.

**Cautionary Statement**

Statement in the Management Discussions and Analysis describing the company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include economic conditions affecting demand/supply and price conditions in the domestic overseas markets in which company operates.

On behalf of the Board

Place: Jalandhar  
Dated: June 29, 2009

Bawa Atamjit Singh  
Managing Director

Manjit Bawa  
Chairperson

**Auditor's Report**

1. We have audited the attached Balance Sheet of SARUP TANNERIES LIMITED, as at 31st March, 2009 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. 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 a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the companies (Auditor's Report) order, 2003 issued by the central government of India in terms of section 227 (4A) of the companies act 1956. We enclosed in annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.

Further to our comments in the annexure refers to in paragraphs in 1 & 2 above, we state that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of the books of accounts;
- (c) The Balance Sheet, profit & 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 and profit & loss account read together with notes thereon and cash flow statement of the company comply with the Accounting Standards as referred in Sub-Section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;
- (e) As per information and explanations given to us, none of the directors of the company are disqualified from being appointed as a director under 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 explanations given to us, the said accounts, read together with Significant Accounting Policies and Notes forming part of Accounts, give the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India,
- (i) in case of Balance Sheet, of the state of the affairs of the company as at 31<sup>st</sup> March 2009.
- (ii) In case of Profit and Loss Account, of the Loss of the Company for the year ended on that date and
- (iii) In the case of cash flow statement of the cash flows for the year ended on that date.

**Annexure refers to in paragraph 3 of the report of even date of the auditors to the members M/s Sarup Tanneries Limited.**

1. (a) The company has maintained proper records showing full particulars, including quantitative details situation of fixed assets.
- (b) The fixed assets were physically verified by the management at reasonable interval, the discrepancies noticed on physical verification were not material and the same has been properly dealt with in the books of account.
- (c) According to information and explanation given to us, the company has not disposed off substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
2. (a) The stock of finished goods, stores, spare parts and raw materials have been physically verified by the management at reasonable intervals.
- (b) The procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) In our opinion and according to the information and explanation given to us the Company is maintaining proper record of inventory. As explained to us there were no material discrepancies have been noticed on physical verification of stocks as compared to book records.
3. (a) The company has not granted or taken any loans, secured or unsecured from the companies, firms or other parties listed in the register maintained under section 301 of the Act. In terms of section 370(6) of companies Act 1956 provisions of the section 370 are not applicable to the company.
- (b) The rate of interest and other terms and conditions of unsecured loans granted to companies listed in the register maintained under section 301 of the Companies Act 1956 are prima facie not prejudicial to the interest of the Company. The company has not granted any loan, secured or unsecured to other parties listed in the said register.
- (c) In respect of loans and advances in the nature of loans given by the company, the parties have repaid the principal amounts as stipulated and have also been regular in the payment of interest, where applicable.
- (d) There are no overdue amounts in respect of transactions listed in clause (a) above.
4. There are adequate internal control procedures commensurate with the size of the company, and the nature of its business for the purchase of inventory, Fixed Assets and sale of goods. During the course of our audit, we have not observed any failure to correct major weakness in internal control procedures.
5. (a) The transactions of purchase of goods and materials and sale of goods, material and services made in pursuance of contracts or arrangements entered in the register maintained under the section 301 of Companies Act – 1956.
- (b) In our opinion and according to the information and explanations given to us the transactions in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevalent market prices at the relevant time.
6. The company has not accepted any deposit from the public. Thus provisions of section 58A & 58AA of the Companies Act 1956 are not applicable. No. order has been passed by Company Law Board.
7. The Company has an internal audit system commensurate with the size and nature of its business.
8. The books of accounts maintained pursuant to the Rules made by the Central Govt. for the maintenance of cost records under section 209 (i) (d) of the Companies Act 1956 have broadly been reviewed by us and prima facie, the prescribed accounts and records have been made and maintained.
9. (a) The Company is regular in depositing provident Fund dues and Employees State Insurance dues with the appropriate authorities. No undisputed amounts payable in respect of Investor Education Protection Fund, Income Tax, Wealth Tax, Sale Tax, Custom



Duty and Excise Duty were outstanding as at 31<sup>st</sup> March 2009 for a period of more than six months from the date they become payable.

- (b) There are no dues pending in regard to Sale Tax / Custom Tax / Wealth Tax/ Income Tax / Excise Duty / Cess Duty, on account of any disputes with respective department.
10. The company has no accumulated losses and has not incurred any cash loss in the financial year under audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to banks, financial institution, and banks.
12. According to the information and explanations given to us the company has not granted any loans and advances on the basis of security by way of pledge of shares, debenture and other securities.
13. In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund/ society, therefore the provisions of clause 4 (xiii) of the Companies (Auditor's report) order, 2003 are not applicable to the company.
14. Based on our examination of records and evaluation of related internal control we are of the opinion that proper records have been maintained of the transaction and contracts and timely entries have been made there in respect of companies activities relating to trading/dealing in shares, securities and other investments and these have been held by the company in its own name.
15. The company has not given a guarantee for loans taken by another company from Financial Institution.
16. In our opinion and according to the information and explanation given to us, the term loans have been applied for the purpose for which they were raised.
17. In our opinion and according to the information and explanation given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment. Further, no long term funds have been used for short term investment.
18. According to the information and explanation given to us the company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.
19. According to the information and explanations given to us, the company has not issued any secured debentures during the year.
20. The Company has not raised any money by way of a public issue during the year, Therefore the provisions of clause 4(xx) of the Companies (Auditor's report) order 2003 are not applicable to the company.
21. According to the information and explanations given to us no fraud on or by the company has been noticed or reported during the period covered by our audit.

For Y.K.Sud & Co.  
Chartered Accountant  
Prop.

Place : Jalandhar  
Date : 29<sup>th</sup> June.2009

## REPORT ON CORPORATE GOVERNANCE

**1. Corporate Governance Philosophy & Practices**

**Corporate governance** is the set of processes, customs, policies, laws, and institutions affecting the way a corporation (or company) is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the corporation is governed. The principal stakeholders are the shareholders/members, management, and the board of directors. Other stakeholders include labour (employees), customers, creditors (e.g., banks, bond holders), suppliers, regulators, and the community at large.

This report on Corporate Governance has been introduced by SEBI for promoting and raising the standards of corporate governance among listed companies in India. Sarup Tanneries Ltd. looks on Corporate Governance as a necessary tool for achieving all round business excellence. The company believes that Corporate Governance represents the value, ethical and the moral frameworks under which the business decisions are taken in a corporation. In its mission towards enhancing the stakeholder value, your company adopts the highest standards of value creation, accountability, professionalism, social responsiveness and ethical business practices as a self-disciplining code for corporate governance.

The Company's corporate governance philosophy encourage doing things right and doing the right things which are the basic tenets of good corporate governance.

Recognizing that good corporate governance begins with a company's own internal policies and practices your company is focusing on a wide spectrum of activities, through a combination of good practices and legal compliances in a manner that would spell corporate fairness, transparency and accountability. Your company focuses on developing and implementing robust control systems and procedures to enable optimum returns to all stakeholders.

Your Company complies with the requirement of clause 49 of the listing Agreement regarding Corporate Governance. A report on the implementation of the code of corporate governance introduced by the securities and Exchange Board of India and incorporated in the listing agreement is given below

**2. Board of Directors**

The Company is managed by the optimum combination of executive and non-executive directors. The Board approves and reviews strategy and oversees the actions and results of management to ensure that the long term objectives of maximizing profit and enhancing stakeholder value is met with.

**Composition of the Board of Directors**

<b>Directors</b>	<b>Number</b>
Executive	3
Non - Executive	4
Total	7

Our Board of Directors met 9 times during the period under review on the following dates: -

- (i) 30<sup>th</sup> April, 2008
- (ii) 25<sup>th</sup> June, 2008
- (iii) 31<sup>st</sup> July, 2008
- (iv) 20<sup>th</sup> August, 2008
- (v) 3<sup>rd</sup> September, 2008
- (vi) 31<sup>st</sup> October, 2008
- (vii) 15<sup>th</sup> December, 2008
- (viii) 31<sup>st</sup> January, 2009
- (ix) 28<sup>th</sup> February, 2009

## SARUP TANNERIES LIMITED

Attendance record of Director the Board Meeting and Annual General Meeting during the year 2008-09.

Name	Designation	In Person	Last AGM Attendance
S. Atamjit Singh Bawa	Managing Director	Yes	Yes
Mrs. Manjit Bawa	Chairman & Non Executive Director	Yes	Yes
S. Simirjit Singh Bawa	Executive Director	Yes	Yes
Mr. G.S. Bedi	Non Executive Independent Director	No	No
Col. Gurcharan Singh	Non Executive Independent Director	Yes	Yes
Col. Surat Singh Bajwa	Non Executive Independent Director	Yes	Yes
Mr. Ashwani Kumar Arora	Executive Director	Yes	Yes

Director	Total number of ## committee membership held as on 31.3.2009	Total no. of Director # held as on 31.3.2009 Executive
<b>Executive</b>		
S. Atamjit S. Bawa	One	Nil
S. Simerjit S. Bawa	One	Nil
Mr. Ashwani Kumar Arora	One	Nil
<b>Non Executive</b>		
Col. Gurcharan Singh	Three	Nil
Mr. G.S. Bedi	Two	Nil
Col. Surat Singh Bawa	One	Nil
Mrs. Manjit Bawa	Nil	Nil

# Excludes Directors of Private Limited Companies, foreign Companies and Alternate Directorship

## Excludes Membership in Private Limited Companies, Foreign Companies and Companies of section 25 of the companies.

### 3. Code of Conduct

The Board shall lay down a code of conduct for all Board members and senior management of the company. All Board members and senior management personnel shall affirm compliance with the code on an annual basis.

The Board of Director play an important role in ensuring good governance and have laid down the Code of Conduct ("the Code") applicable to all Board Members and Senior Management of the Company.

### Declaration

As required under clause 49 I (D) (ii) of the revised clause 49 of the listing agreement, a declaration signed by the Managing Director of the company that all the Board Members and Senior Management Personnel

have affirmed compliance with the provisions of the Code of Conduct for Board Members and Senior Management Personnel during the financial year ending 31.03.2009 is placed below:

" This is to declare that all the Board Members and Senior Management Personnel of the Company have furnished the Annual Compliance Report affirming that they have fully complied with the provisions of the Code of Conduct for the Board Members and the Senior Management Personnel of the company during the financial year ending 31.03.2009".

For Sarup Tanneries Limited  
**Bawa Atamjit Singh**  
 Managing Director

#### **4. Audit Committee**

The Company has a qualified and independent Audit Committee, which has reconstituted in the meeting of board of directors, held on December 29, 2005 at registered office of the Company. Col. Gurcharan Singh has been appointed as Chairman of the Committee, who is a non-executive director, independent director, as required by clause 49. Mr. G.S.Bedi & Mr. Ashwani Kumar Arora are the other two members constituting the committee

Members of the audit committee and the number of meetings attended by each director for the financial year 2008 - 2009.

<b>Name</b>	<b>Designation</b>	<b>Meetings Attendance</b>
Col. Gurcharan Singh	Chairman	5
Mr. G. S. Bedi	Member	NIL
Mr. Ashwani Kumar Arora	Member	5

#### **Power of the Committee**

1. To investigate any activity within its term of reference.
2. To obtain outside legal or other professional advice, if necessary
3. To secure attendance of outsiders with relevant expertise, if it considers necessary.
4. To ensure that the financial statement is correct, sufficient and credible.
5. To recommend the appointment and removal of external auditor.
6. To ensure compliance of accounting standards.
7. To ensure compliance with stock exchange and legal requirement concerning financial statements.

#### **Functions of the Committee**

1. Reviewing with management the annual financial statements before submission to the Board focusing primarily on
  1. Any changes in accounting policies and practices
  2. Major accounting entries based on exercise of judgment by management.
  3. Qualification in draft audit report.
  4. Significant adjustments arising out of audit.
  5. The going concern assumption.
  6. Compliance with accounting standards.
  7. Compliance with stock exchange and legal requirements concerning financial statements.
  8. Any related party transaction i.e. transactions of the company of material nature, with promoters on the management, their subsidiaries or relatives etc that may have potential conflict with the interests of company at large.
2. Reviewing with the management external and internal audits, on the adequacy of internal control systems.
3. Reviewing the adequacy of internal audit function including the structure of the internal audit department staffing and seniority of the official handling the department, reporting structure coverage and frequency of internal audit.
4. Discussion with internal auditors on any significant findings and follow up there on.

5. Reviewing the finding of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
6. Discussion with external auditors before the audit commences nature and scope of audit discussion to ascertain any area of concern.
7. Reviewing the company's financial and risk management policies.
8. Investigate the reasons for substantial defaults in the payment to the shareholders ( in case of non-payment of declared dividends) and creditors.

**5. Meetings of the Committee**

As per clause 49 of Listing Agreement, the Audit Committee should meet at least four times in a year and not more than four months shall elapse between two meetings. The Audit Committee of your Company has met five times during the year 2008-2009 on 29<sup>th</sup> April 2008, 30<sup>th</sup> July 2008, 19<sup>th</sup> August, 2008, 30<sup>th</sup> October 2008, 30<sup>th</sup> January 2009.

**6. Remuneration Committee**

The Remuneration Committee of the board has been constituted by Board of Directors in its meeting held on August 06, 2005 with Col. Surat Singh Bajwa, Mr. G.S. Bedi, Col. Gurcharan Singh, as its members (all independent non executive Directors). One meeting of this committee took place on 31<sup>st</sup> July, 2008

The purpose for which the Committee has been formed:

- (a) To determine and recommend to the Board of Directors the remuneration Package of the Managing Director and the whole time Directors.
- (b) To approve in the event of loss or inadequate profits in any years the minimum Remuneration payable to the Managing Director and the Whole time Directors Within the limits and subject to the parameters as prescribed in Schedule XIII of the Companies Act, 1956.

**7. Investor's Grievances Committee**

The committee looks into the redressal of investors complaints. Mr. Atamjit Singh Bawa, Mr. Simerjit Singh Bawa and Col. Gurcharan Singh comprises this committee.

The chairman of the committee is Col. Gurcharan Singh, a non-executive director. The Committee met 4 times during the year 2008-2009 on 30<sup>th</sup> April 2008, 31<sup>st</sup> July 2008, 31<sup>st</sup> October 2008, 31<sup>st</sup> January 2009. During the financial year 2008-09 the company had received 23 complaints relating to transfer of shares, payment of dividend etc. The company has duly replied all the complaints.

**8. Means of Communication**

Quarterly provisional financial results and half yearly financial results subjected to limited review of the company are published in one widely circulated English newspaper and a vernacular (Punjabi) newspaper. The results are also promptly forwarded to stock exchange in which shares of the company are listed.

**9. Disclosure**

1. Disclosure on materially significant related party transactions that may have potential Conflict with the interest of the company at large :

Necessary disclosures under the Accounting Standards 18 relating to the related Party transactions form part of the accounts for the year 2008-09.

2. Details of non-compliance by the company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during last year: Nil

3. In preparation of financial statements for the year 2008-09, the company has not adopted an accounting treatment which is different from that prescribed in the Accounting standard, in respect of any transaction.

**10. General Shareholders Information**

- i) Date of incorporation  
ii) Registered office

27<sup>th</sup> July, 1979

P.O.Ramdaspora  
Jalandhar – 144003

- lii) Date and Time of Annual General Meeting  
iv) Venue of Annual General Meeting  
v) Financial Calendar

29th September 2009, 10.30 AM  
P.O.Ramdaspora, Jalandhar

- Financial reporting for first Qtr. ending June 30,2009  
Financial reporting for 2nd Qtr. ending Sept 30,2009  
Financial reporting for 3rd Qtr. ending Dec 31,2009  
Financial reporting for 4th Qtr. ending March 31,2010

End of July 2009  
End of October 2009  
End of January 2010  
End of April 2010

- vi) Date of Book closing for dividend

**25 Sept to 29 Sept 2009**

- vii) Dividend Dispatch date

within 30 days

- viii) Listing on Stock Exchange

Shares are listed in Mumbai Stock Exchange, Delhi Stock Exchange -Company have already applied for Delisting Matter is pending with Delhi Stock Exchange. The listing fee for the year 2009-10 which is Rs. 10,000 each has been paid to the Stock Exchange, Mumbai.

- ix) Scrip Code (BSE) - 514412

- x) ISIN Code (NSDL) - INE 305D01019

- xi) Registrar and Transfer Agents Skyline Financial Services Pvt. Ltd.  
123-Vinoba Puri, Lajpat Nagar-II,  
New Delhi - 110 024

- xii) Contact Person Mr. Parveen Aggarwal, Tele: 6833501

- xiii) Share Transfer System

The shares sent for transfer in physical form are registered and return within a period of thirty days from the date of receipt of the documents, provided all documents are valued and complete in all.

- xiv) Distribution of shareholding

Share /Deb. Holding	Share/Deb. Holders (Nos.)	% to total number	Share/ debenture physical	NSDL	CDSL	Total (Value)	%age
Upto 500	2168	92.33	140123.00	113368.00	39218.00	292709.00	9.00
501-1000	80	3.41	14200.00	34040.00	15874.00	64114.00	1.97
1001-2000	34	1.45	8300.00	36521.00	6897.00	51718.00	1.59
2001-3000	22	0.94	10600.00	32042.00	9715.00	52357.00	1.61
3001-4000	7	0.30	6600.00	13662.00	3358.00	23620.00	0.73
4001-5000	8	0.34	5000.00	32422.00	0.00	37422.00	1.15
5001-10000	15	0.64	11700.00	61017.00	31673.00	104390.00	3.21
10001 & Above	14	0.60	2434100.00	111253.00	80717.00	2626070.00	80.74
	2348	100.00	2630623.00	434325.00	187452.00	3252400.00	100.00

xv) Particulars of Past Three Annual General Meetings				
AGM	Year	Venue	Date	Time
29 <sup>th</sup>	2007-2008	P.O. Ramdaspora Jalandhar	26th Sept, 2008	10:30AM
28 <sup>th</sup>	2006-2007	P.O. Ramdaspora Jalandhar	28 <sup>th</sup> Sept., 2007	10.30 AM
27 <sup>th</sup>	2005-2006	P.O Ramdaspora Jalandhar	29 <sup>th</sup> Sept, 2006	10.30 AM

xvi) Dematerialization of Shares : The equity shares of your company has been compulsorily traded in dematerialised form. AS on 31st March 2009 total of 621777 equity shares representing 19.12% of the equity share capital have been dematerialized. In this particular year 2008-09 total of 3200 equity shares have been dematerialized.

xvii) Stock Price Data - Stock Exchange, Mumbai  
Scrip Code: 514412 Company : SARUP TANNERIES For the Period : April 2008 to March 2009

Month	High Price	Low Price	No. of Shares
April 2008	35.50	24.75	8316
May 2008	34.75	27.85	11755
June 2008	35.15	27.60	16474
July 2008	36.25	26.00	12457
August 2008	39.70	30.05	19562
September 2008	52.65	37.05	120502
October 2008	44.35	21.20	37417
November 2008	26.85	21.15	29835
December 2008	30.35	23.70	8013
January 2009	35.85	27.60	17485
February 2009	35.70	28.25	10579
March 2009	36.85	25.75	68206

xiv) Location  
The Company headquarters and corporate office are located at Jalandhar.

xv) Address for Correspondence

Sarup Tanneries Ltd.  
P.O. Ramdaspora,  
Jalandhar - 144 003  
Punjab.  
Phone : 0181-2271556, 2271557, 2271558  
E-Mail : [accounts@bawastl.com](mailto:accounts@bawastl.com)

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE TO THE MEMBERS OF  
SARUP TANNERIES LIMITED.**

To The Member of  
SARUP TANNERIES LIMITED

We have examined the compliance of conditions of corporate governance by SARUP TANNERIES LIMITED for the year ended 31<sup>st</sup> March 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The Compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation there of, adopted by the company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and the management. We certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India. We have to state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the investor's Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Fo Y.K.Sud & Co.  
Chartered Accountant

Y.K. Sud.  
Prop.

Place:- Jalandhar  
Date : 29<sup>th</sup> June.2009



**SARUP TANNERIES LIMITED**

**BALANCE SHEET AS AT 31ST MARCH, 2009**

	SCHEDULE	AS AT 31.3.2009	AS AT 31.3.2008 (Rs. in Lakhs)
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	325.24	325.24
Reserves & Surplus	2	2056.25	1940.92
		<hr/>	<hr/>
		2381.49	2266.16
<b>LOAN FUND</b>			
Loans	3	1044.02	768.21
		<hr/>	<hr/>
Total funds employed.		3425.51	3034.37
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross block	6	2664.41	2288.92
Less: Depreciation		1546.96	1464.60
		<hr/>	<hr/>
Net Block		1117.45	824.32
Investments (Quoted)		65.02	65.02
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	4	1880.93	1954.74
Sundry Debtors	5	729.88	671.68
Cash and Bank Balances	7	314.74	149.45
Loans and Advances	8	273.05	295.18
		<hr/>	<hr/>
		3198.60	3071.05
Less: Current liabilities & Provisions			
Current Liabilities	9	851.22	838.60
Provisions	10	107.47	81.83
		<hr/>	<hr/>
Net Current Assets		2239.91	2150.62
Deferred Tax Liabilities		(7.09)	(18.08)
MISCELLANEOUS EXPENDITURE	11	10.22	12.49
		<hr/>	<hr/>
Total Funds Employed (a+b+c+d)		3425.51	3034.37
<b>SIGNIFICANT ACCOUNTING POLICES</b>			
NOTES TO ACCOUNTS	19		
As per our report attached	20		
<hr/>			
For Y.K. Sud & Co. Chartered Acctt. Y.K. SUD Proprietor	Ashwani Kumar Arora Director	Atamjit Singh Managing Director	
Place : Jalandhar Dated : 29.06.2009	Manjit Bawa Director	Col Surat Singh Bajwa Director	
	Bawa Simerjit Singh Director	Col Gurcharan Singh Director	

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	SCHEDULE	AS AT 31.3.2009	AS AT 31.3.2008 (Rs. in Lakhs)
<b>INCOME</b>			
Sales		4209.19	3653.87
Other Income	12	52.90	93.68
Increase/(Decrease) in stock	13	(50.32)	(17.50)
<b>TOTAL - A</b>		<b>4211.77</b>	<b>3730.05</b>
<b>EXPENDITURE</b>			
Consumption of Raw Materials	14	2454.83	2196.59
Payment to & Provision for Employees	15	712.23	602.21
Other Manufacturing Expenses	16	171.62	148.42
Excise Duty		27.60	37.62
Administrative & Selling Expenses	17	468.60	416.58
Interest	18	99.89	68.77
<b>TOTAL - B</b>		<b>3934.77</b>	<b>3470.19</b>
<b>PROFIT BEFORE DEPRECIATION AND TAXATION (A- B)</b>		<b>277.00</b>	<b>259.86</b>
Less Depreciation		93.82	99.19
<b>PROFIT BEFORE PROVISION OF TAXATION</b>		<b>183.18</b>	<b>160.67</b>
PROVISION FOR TAXATION - Current		25.15	21.70
- Deferred		(10.99)	(12.51)
<b>PROFIT FOR THE YEAR</b>		<b>169.02</b>	<b>151.48</b>
Add: Income Tax Refund ( Previous Year )			
Add: Balance Brought Forward from Previous Year		411.83	359.07
Prov. For Wealth Tax written Back			
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>580.85</b>	<b>510.55</b>
<b>APPROPRIATION</b>			
PROPOSED DIVIDEND		39.03	39.03
Provision for Wealth Tax		0.63	0.14
Adjustments of advance Tax		7.40	22.92
DIVIDEND TAX		6.63	6.63
GENERAL RESERVE		50.00	30.00
BALANCE CARRIED TO BALANCE SHEET		477.16	411.83
		<b>580.85</b>	<b>510.55</b>

**For Y.K. Sud & Co.**  
Chartered Acctt.  
**Y.K. SUD**  
Proprietor

Place : Jalandhar  
Dated : 29.06.2009

**Ashwani Kumar Arora**  
Director

**Manjit Bawa**  
Director

**Bawa Simerjit Singh**  
Director

**Atamjit Singh**  
Managing Director

**Col Surat Singh Bajwa**  
Director

**Col Gurcharan Singh**  
Director

## SCHEDULES TO BALANCE SHEET AS AT 31.3.2009

	AS AT 31.3.2009	AS AT 31.3.2008 (Rs. in Lakhs)
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
Authorised		
40,00,000 Equity Shares of Rs 10/- each		
Issued Subscribed and Paid Up		
32,52,400 Equity Shares of Rs 10/- each	325.24	325.24
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
Share Premium Account	273.45	273.45
<b>General Reserve</b>		
As per last Balance Sheet	1225.28	1195.28
Add Transfer during the year	50.00	30.00
	1275.28	1225.28
<b>CAPITAL SUBSIDY</b>	30.36	30.36
Profit and Loss Account Appro.	477.16	411.83
	2056.25	1940.92
<b>SCHEDULE 3</b>		
<b>LOANS</b>		
<b>Secured</b>		
<b>From State Bank of India</b>		
Cash Credit ,Pre & Post Shipment (Secured by hypothecation of Inventories and book debts)	425.49	317.95
Term Loan	145.21	42.65
ABN AMRO (Secured against Car)	0.00	2.39
ICICI (Secured against Car loan)	1.54	2.87
HDFC (secured against car)	65.37	15.16
Unsecured Loan from Directors	406.41	387.19
	1044.02	768.21
<b>SCHEDULE 4</b>		
Inventories (As certified by the management)		
Finished Goods (at cost or market price whichever is lower)	1401.90	1422.65
Raw Materials (at cost) (including in transit)	460.27	520.76
Packing Materials, Stores and Spares (at cost)	18.76	11.33
	1880.93	1954.74
<b>SCHEDULE 5</b>		
<b>SUNDRY DEBTORS (Unsecured, considered good)</b>		
Debts outstanding for a period exceeding six months	476.11	487.93
Others	251.96	179.48
Incentive Receivable	1.81	4.27
	729.88	671.68

# SARUP TANNERIES LIMITED

## SCHEDULE 6 FIXED ASSETS

(Rs. in Lakhs)

S NO.	PARTICULARS	COST 01-04-08	ADDITION	SALES / trfd	TOTAL OF COST	DEP.UPTO 1-4-08	W/OFF DURING THE YEAR	W/BACK	TOTAL DEP	WDV 31-03-09	WDV 31-3-08
1	LAND	94.53			94.53					94.53	94.53
2	BUILDING	133.53	7.18		140.71	90.03	4.74		94.77	45.95	43.50
3	BUILDING U/C	3.65	3.53	7.18							3.65
4	PLANT & MACHINERY	1204.41	20.62		1225.03	948.24	37.69		985.93	239.10	256.17
5	AIR CONDITIONERS	15.06	0.65		15.71	10.62	0.69		11.31	4.40	4.45
6	CARS	70.18	63.40	15.85	117.72	41.18	11.46	11.46	41.18	76.54	28.99
7	GENERATORS	27.02			27.02	20.93	0.85		21.78	5.24	6.09
8	FANS	8.08	0.21		8.29	7.23	0.14		7.37	0.92	0.85
9	TYPEWRITERS	0.42			0.42	0.38	0.01		0.39	0.03	0.04
10	ELECTRIC INSTALLATIONS	28.78			28.78	21.89	0.96		22.85	5.94	6.90
11	FURNITURE & FIXTURE	56.76	1.90		58.66	42.15	2.86		45.01	13.65	14.61
12	CYCLE & RICKSHAW	0.19			0.19	0.18			0.18	0.01	0.01
13	SCOOTER	1.30			1.30	1.29			1.29	0.01	0.01
14	CALCULATORS	0.51			0.51	0.50			0.50	0.01	0.01
15	WEIGHING MACHINE	1.87	0.17		2.04	1.48	0.06		1.54	0.50	0.39
16	FIRE EXTINGUISHER	2.28	0.12		2.40	1.67	0.10		1.77	0.63	0.61
17	REFRIGERATORS	1.35			1.35	1.13	0.03		1.16	0.19	0.22
18	TIME RECORDER	1.28			1.28	0.56	0.10		0.66	0.62	0.72
19	PHOTO COPIER	2.69			2.69	2.19	0.07		2.26	0.43	0.50
20	INTERCOM	0.29			0.29	0.27	0.00		0.27	0.02	0.02
21	TELEVISION & CAMERA	1.11			1.11	0.62	0.07		0.69	0.42	0.49
22	SHOE LASTS	93.95	4.86		98.81	86.16	5.94		92.10	6.71	7.79
23	TRANSFORMER	15.43			15.43	12.98	0.34		13.32	2.11	2.45
24	COMPUTER	17.33	3.32		20.64	14.71	1.79		16.50	4.14	2.61
25	LAWN MACHINE	0.54			0.54	0.47	0.01		0.48	0.06	0.06
26	TUBEWELL	3.62			3.62	2.27	0.14		2.41	1.22	1.35
27	WOODEN DRUMS	10.25			10.25	8.79	0.20		8.99	1.25	1.46
28	AIR COMPRESSOR	0.49			0.49	0.42	0.01		0.43	0.06	0.07
29	BOILER	10.36			10.36	8.36	0.28		8.63	1.72	2.00
30	TRACTOR	1.55			1.55	1.53	0.00		1.53	0.01	0.02
31	MOULDS & DIES	61.85	0.97		62.81	48.52	4.15		52.68	10.13	13.32
32	CAR (IMPORTED)	36.06			36.06	34.84	0.32		35.16	0.90	1.22
33	FAX MACHINE	0.28			0.28	0.24	0.01		0.25	0.04	0.04
34	TELEPHONE & CELLULAR PHONE	2.63	0.38		3.01	1.43	0.18		1.61	1.40	1.20
35	BUILDING (W)	241.40			241.40	17.35	11.20		28.55	212.85	224.05
36	AIR CONDITIONERS (W)	6.81			6.81	1.13	0.79		1.92	4.88	5.67
37	FURNITURE & FIXTURE (W)	20.39			20.39	4.39	2.90		7.28	13.10	16.00
38	ELECTRIC INSTALLATIONS (W)	7.49			7.49	0.90	0.66		1.56	5.93	6.59
39	TUBEWELL (W)	0.80			0.80	0.10	0.07		0.17	0.64	0.71
40	KITCHEN EQUIPMENT (GUEST HOUSE)	6.67			6.67	1.44	0.95		2.38	4.29	5.24
41	PROJECTOR	0.10			0.10	0.08	0.00		0.08	0.02	0.02
42	FURNITURE, FIXTURE & FITTING	43.40			43.40	25.67	3.21		28.87	14.52	17.73
43	INVERTER	0.17			0.17	0.05	0.02		0.07	0.10	0.11
44	MOTOR CYCLE	0.66	0.78		1.44	0.15	0.26		0.41	1.03	0.51
45	MUSIC SYSTEM	0.37			0.37	0.07	0.04		0.11	0.26	0.30
46	LEASEHOLD IMPROVEMENTS		5.89		5.89		0.53		0.53	5.36	
47	MICROWAVE	0.05			0.05	0.01	0.01		0.02	0.03	0.04
48	CAPITAL WORK IN PROGRESS	51.00	335.56	51.00	335.56					335.56	51.00
Total		2288.92	449.52	74.03	2664.41	1464.60	93.81	11.46	1546.96	1117.46	824.32
Previous year		2238.20	74.58	23.86	2288.92	1375.19	99.19	9.78	1464.60	824.32	863.01

NOTE:1)

100% Depreciation has been provided on addition to Shoe Lasts amounts to Rs. 70825.45/- being cost of each item is less than Rs. 5000/-

## SCHEDULES AS AT 31.3.2009

AS AT 31.3.2009	AS AT 31.3.2008 (Rs. in Lakhs)
--------------------	--------------------------------------

**SCHEDULE 7****CASH AND BANK BALANCES**

Cash in Hand	0.80	1.35
Balances with Banks:		
in Current Accounts	21.74	18.51
in Deposit Accounts	259.20	84.27
Cheques in hand	33.00	45.32
	<u>314.74</u>	<u>149.45</u>

**SCHEDULE 8****LOANS & ADVANCES (Unsecured, Considered Good)**

Advances Recoverable in cash or in kind or for value to be received and/or to be adjusted	199.15	227.74
Advance income Tax/Wealth Tax	62.20	59.94
Advance Fringe Benefit Tax	11.70	7.5
	<u>273.05</u>	<u>295.18</u>

**SCHEDULE 9****CURRENT LAIBILITIES**

Accounts Payable	437.57	390.35
Other Liabilities	413.65	448.25
	<u>851.22</u>	<u>838.60</u>

**SCHEDULE 10****PROVISIONS**

INCOME TAX	49.68	28.68
FRINGE BENEFIT TAX	11.50	7.35
WEALTH TAX	0.63	0.14
PROPOSED DIVIDEND	39.03	39.03
DIVIDEND TAX	6.63	6.63
	<u>107.47</u>	<u>81.83</u>

**SCHEDULE 11****MISCELLANEOUS EXPENDITURE**

PRELIMINARY EXPENSES		
PUBLIC ISSUE EXPENSES	9.15	11.19
DEFERRED REVENUE EXPANDITURE	1.07	1.30
	<u>10.22</u>	<u>12.49</u>

## SCHEDULES AS AT 31.3.2009

	AS AT 31.3.2009	AS AT 31.3.2008 (Rs. in Lakhs)
<b>SCHEDULE 12</b>		
<b>OTHER INCOME</b>		
Duty Drawback	35.77	77.92
Interest received	14.74	7.71
Exchange diff	0	0.26
Profit on sale of share	0	7.68
Other Misc Income	0.33	0.04
Dividend	0.02	0.03
Profit on Sale of assets	2.04	0.04
	<hr/> 52.90	<hr/> 93.68
<b>SCHEDULE 13</b>		
<b>INCREASE/(DECREASE) IN STOCK</b>		
Opening Stock	1433.98	1451.48
Closing Stock	1383.66	1433.98
	<hr/> (50.32)	<hr/> (17.50)
<b>SCHEDULE 14</b>		
<b>CONSUMPTION OF RAW MATERIALS</b>		
Opening Stock	520.76	465.18
Add: Purchases	2431.34	2252.17
	<hr/> 2952.10	<hr/> 2717.35
Less: Closing Stock	497.27	520.76
	<hr/> 2454.83	<hr/> 2196.59
<b>SCHEDULE 15</b>		
<b>PAYMENT TO AND PROVISION FOR EMPLOYEES</b>		
Salaries, Wages, Bonus, and Gratuity	627.35	522.58
Contribution to provident and other Funds	77.30	71.87
Employees Welfare Expenses	7.58	7.76
	<hr/> 712.23	<hr/> 602.21
<b>SCHEDULE 16</b>		
<b>OTHER MANUFACTURING EXPENSES</b>		
Consumption of Stores and Spares	46.48	48.79
Power & Fuel	50.82	46.83
<b>Repair and Maintenance</b>		
Building	26.37	17.3
Plant and Machinery	11.18	7.13
Others	36.77	28.37
	<hr/> 171.62	<hr/> 148.42

**SARUP TANNERIES LIMITED**
**SCHEDULES AS AT 31.3.2009**

	AS AT 31.3.2009	AS AT 31.3.2008 (Rs. in Lakhs)
<b>SCHEDULE 17</b>		
<b>ADMINISTRATIVE/ SELLING EXPENSES</b>		
Rent	50.05	41.65
Fees and Taxes	4.42	4.17
Insurance	4.71	4.17
Travelling and Conveyance	23.75	32.47
Vehicle Running Expenses	15.58	13.78
Printing & Stationary	6.35	4.13
Postage & Telephone	19.11	14.46
Auditors' remuneration		
Audit Fee	0.81	0.56
Tax Audit Fee	0.13	0.11
Bank Charges	23.26	18.38
Freight, Packing, & forwarding expenses	157.31	132.34
Commission on Sales	72.80	70.86
Donation	2.53	1.24
Legal and Professional fees	27.35	21.17
Samples	0.06	0.52
Advertisement & Publicity	10.21	17.4
Office Maintenance	1.87	2.17
Entertainment Expenses	1.40	1.26
Sales Promotion expenses	8.25	5.61
Directors' remuneration	8.08	6.34
Preliminary expenses written off	2.28	2.28
Miscellaneous expenses	9.99	6.86
Rebate & Discount	2.90	0.92
Additional Sales Tax	0.87	0.41
Security service Charges	14.53	13.31
Loss on Sales of Assets	0.00	0.01
	<hr/> 468.60	<hr/> 416.58

**SCHEDULE 18**
**INTEREST ON TERM LOAN & OTHERS**

99.89	68.77
<hr/> 99.89	<hr/> 68.77

**SCHEDULE 19**  
**SIGNIFICANT ACCOUNTING POLICIES**  
**Basic of Preparation of Financial Statement**

- a) The financial statement have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the company.
- b) The Company generally follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

**Fixed Assets and Depreciation**

- a) All fixed assests are stated at cost of acquisition, less accumulated depreciation. In the case of Fixed Assets acquired for new projects/expansion, interest cost on borrowings and other related expenses incurred upto the date of completion of projects are capitalised.
- b) Depreciation on fixed assets is provided on written down value at the rates and in the manner prescribed in Schedule XIV of the Company Act 1956.

**Foreign Exchange Transaction / Export Sales:** Transaction denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

**Investment:** Investment are stated at cost.

**Inventories:** Inventories are valued at cost except for finished goods and by-product. Finished goods lying in the Bonded warehouse are valued at lower of cost or market value without addition excise duty as per Sec 145A of Income Tax Act 1961 and by product are valued at net realizable value.

**Excise Duty:** Excise Duty has been accounted on the basis of payments made in respect of goods cleared.

**Gratuities:** The Company has taken out a gratuity policy with LIC for future payment of gratuity liability to employees, provided annual premium as determined by LIC is paid. The scheme is maintained by LIC.

**SCHEDULE 20**

**NOTES ON ACCOUNTS**

1. a) The previous year's figures have been reworked, regrouped, and reclassified wherever necessary.  
 b) Figures have been presented in Lacs of rupees with two decimals.  
 c) Provision of Deferred Tax has been provided in accordance with the Accounting Standard 22- Accounting for Taxation on Income issued by The Institute of Chartered Accountants of India.
2. a) The Company has been advised that the computation of net profits for the purposes of Directors remuneration under section 349 of the companies Act 1956 need not be enumerated since no commission has been paid to the Directors. Fixed monthly remuneratin has been paid to the director as per Schedule XIII to the Companies Act 1956  
 b) Director's remuneration Rs. 8.08 Lacs.



# SARUP TANNERIES LIMITED

## 3. Details of Capacity and Production in pairs ( previous year's in brackets)

	CAPACITY LICENSED	INSTALLED	PRODUCTION
Leather Shoe Uppers	600000	600000	444066 (428597)
Shoe	600000	600000	625419 (509571)

	CURRENT YEAR QUANTITY Prs.	VALUE in lacs	PREVIOUS YEAR QUANTITY Prs.	VALUE in lacs
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### 4. Detail of Turnover

Shoe Upper	47644 Prs.	192.30	119679 Prs.	803.01
Shoes	640896 Prs.	3883.76	492387 Prs	2843.07
Other Materials		133.13		7.79
		4209.19		3653.87

### 5. Raw Mat.Consum.

Leather,Shoe	50420 Pcs.	242.51	99813 pcs.	489.18
Upper		639.05		475.72
Grindries		1476.59		1182.41
Chemicals		68.66		28.72
Freight, Job Charges etc.		28.02		20.56
		2454.83		2196.59

### 6.Closing Stocks of Raw Mat. and Finished Goods

Finished Leather	20598 Pcs	129.49	16509 Pcs.	123.82
Semi Finished Leather	10810 Pcs	48.09	20753 Pcs.	123.55
Chemicals		14.32		4.13
Grindries		268.37		269.26
Work in Process	15220 Pcs	60.04	16797Pcs.	60.66
Finished Stock	186833 Pcs	1341.86	218486 Pcs.	1361.99
Packing Materials		12.90		3.83
Consumables Stores		5.86		7.50
		1880.93		1954.74

### 7. F.O.B.Value of Exports

401.23 779.06

### 8. C.I.F.Value of Imports

Raw Material	357.99	430.97
Consumable Store	1.59	0.15
Machinery & Spare Parts	162.07	1.65
Shoes / Shoe Upper	658.55	573.78
	1180.20	1006.55

### 9. Expenditure in foreign

#### Currency - paid

Travelling	3.07	2.63
	3.07	2.63

### 10.Contingent Liablilites

(i) Letter of Credit opened for imports	119.03	170.73
(ii) Bank Gurantee	4.50	1.20

11. There was no impairment loss on Fixed Assets on the Basis of review carried out by the management in Accordance with the accounting standard 28 issued by the Institute of Chartered Accountants of India.

**12. Taxes on Income:**

- (i) Current tax is measured and the amount expected to be paid to taxation authorities using the applicable tax rates and tax laws.
- (ii) Deferred tax assets & liabilities are measured using tax rates & tax laws that has been announced upto the balance sheet date. Deferred assets & Liabilities are recognised for the future tax consequences consequences attributable to timing difference between taxable income and accounting income.
13. The Company is in the business of manufacturing & dealing in footwear only which is in context to accounting standard (AS=17) "Segment Reporting" issued by the institute of Chartered Accountant of India is the only business segment.

**14. Related Party Transaction**

Disclosure of related party transaction in accordance with Accounting Standard 18 (A.S. 18) "Related Party Disclosure" issued by the institute of Chartered Accounting of India. In sub head transaction.

Party	Relationship	Name of Transaction	Volume (Rs.)
Bawa Skin Company	Common key Managerial Personnel	Rent Paid	372000.00
Bawa Skin Company	Common key Managerial Personnel	Sale	7200.00

15. As per the information available with the company there are no dues outstanding including interest as on 31st March 2009 to Small, Medium and Micro enterprises, as defined under Micro, Small and Medium enterprises Development Act, 2006.
16. There are no amounts due and outstanding to be credited to Investor Education Protection Fund

**For Y.K. Sud & Co.**  
**Chartered Acctt.**  
**Y.K. SUD**  
**Proprietor**

**Place : Jalandhar**  
**Dated : 29.06.2009**

**Ashwani Kumar Arora**  
**Director**

**Manjit Bawa**  
**Director**

**Bawa Simerjit Singh**  
**Director**

**Atamjit Singh**  
**Managing Director**

**Col Surat Singh Bajwa**  
**Director**

**Col Gurcharan Singh**  
**Director**

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

## I Registration Details

Registration No.	004014	State Code	16
Balance Sheet Date	31.03.2009		

## II Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III Position of Mobilisation and Deployment of Funds  
(Amount in Rs. Thousands)

Total Liabilities	342551	Total Assets	342551
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## Source of Funds

Paid up Capital	32524	Reserve & Surplus	205625
Secured Loans	63761	Unsecured Loans	40641

## Application of Funds

Net Fixed Assets	111745	Investments	6502
Net Current Assets	223991	Misc Expenditure	1022
Accumulated Losses	NIL	Deferred Tax Assets	(709)

## IV Performance of Company (Amounts in Rs. Thousands)

Turnover/ Other Income	426209	Total Expenditures	407891
Profit/Loss before tax	18318	Profit/Loss after tax	16902
Earning per share	5.20	Dividend rate (%age)	12

## V Generic Names of three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	Product Description
6401.11	Shoes
6401.91	Shoe uppers
4101.00	Leather

Ashwani Kumar Arora  
Director

Atamjit Singh  
Managing Director

Manjit Bawa  
Director

Col Surat Singh Bajwa  
Director

Place : Jalandhar  
Dated : 29.06.2009

Bawa Simerjit Singh  
Director

Col Gurcharan Singh  
Director

# SARUP TANNERIES LIMITED

## Cash Flow Statement for the Year Ended 31st March, 2009

	2008-09	2007-08 (Rs. in Lakhs)
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before tax and extraordinary items	183.18	160.67
Adjustments for :		
Depreciation	93.82	99.19
Preliminary Expenses	2.28	2.28
Interest/ Dividend Income	(14.76)	(7.74)
Interest Expenses	99.89	68.77
Profit on sale of Fixed Assets	(2.04)	(0.03)
Profit on sale of shares	0.00	(7.68)
	<u>179.19</u>	<u>154.79</u>
Operating Profit before Working Capital Changes	362.37	315.46
Adjustment for :		
Trade & Other Receivables	(13.51)	90.57
Inventories	73.81	(38.09)
Trade Payables & Other liabilities	<u>12.62</u>	<u>(92.07)</u>
	72.92	(39.59)
Cash generated from Operations	435.29	275.87
Less:		
Direct Taxes Paid	(17.78)	(32.86)
<b>Net Cash from Operating Activities</b>	<u>417.51</u>	<u>243.01</u>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets & Capital WIP	(391.34)	(62.43)
Sale/Adv. For sale of Fixed Assets	6.43	1.96
Sale of Investments	0.00	8.50
Dividend Received	0.02	0.03
Purchase of Investment	0.00	(25.00)
Interest Received	14.74	7.70
	<u>(370.15)</u>	<u>(69.24)</u>
<b>C. Cash Flow from Financing Activities</b>		
Loans raised from W/C	107.54	(122.90)
Term loan raised	149.05	50.25
UnSecured Loans Raised	19.22	(6.00)
Interest Paid	(99.89)	(68.77)
Dividend Paid	(45.66)	(45.66)
	<u>130.26</u>	<u>(193.08)</u>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents:</b>		
Opening Balance of Cash and Cash Equivalents	104.12	123.43
Closing Balance of Cash and Cash Equivalents	<u>281.74</u>	<u>104.12</u>
	177.62	(19.31)
<b>TOTAL OF(A+B+C)</b>	<u>177.62</u>	<u>(19.31)</u>

For Y.K. Sud & Co.  
Chartered Acctt.  
Y.K. SUD  
Proprietor

Ashwani Kumar Arora  
Director

Manjit Bawa  
Director

Bawa Simerjit Singh  
Director

Atamjit Singh  
Managing Director

Col Surat Singh Bajwa  
Director

Col Gurcharan Singh  
Director

Place : Jalandhar  
Dated : 29.06.2009

**AUDITOR'S CERTIFICATE**

We have examined the aforesaid Cash Flow Statement of Sarup Tanneries Ltd, for the year ended 31<sup>st</sup> March 2009. The statement has been prepared by Company in accordance with the requirements of clause 32 of the listing agreement with the stock exchanges and is based on and an agreement with the corresponding profit & loss account and balance sheet of the company covered by our report of even date to the member of the company.

For Y.K.Sud & Co.  
Chartered Accountant

(Y.K.Sud)  
Prop.

Place : Jalandhar  
Date : 29<sup>th</sup> June.2009

**ATTENDANCE SLIP**

**SARUP TANNERIES LIMITED**

Registered Office : P.O. Ramdasapura, Jalandhar - 144 003

PLEASE FILL IN ATTENDANCE SLIP AND HAND OVER AT THE ENTRANCE OF THE MEETING HALL. Joint shareholders may obtain additional Attendance Slip on request.

NAME AND ADDRESS OF THE SHAREHOLDER

No. of Share held :

Folio No. :

I hereby record my presence at the 30th ANNUAL GENERAL MEETING of Company held on Tuesday 29th, September 2009 at 10.30 a.m. at SARUP TANNERIES LIMITED, P.O. Ramdasapura, Jalandhar.

SIGNATURE OF THE SHAREHOLDER/PROXY

Strike out whichever is not applicable

..... TEAR HERE .....

PROXY FORM

**SARUP TANNERIES LIMITED**

Registered Office : P.O. Ramdasapura, JALANDHAR - 144 003

Folio No. :

I/We.....

of.....being a member / members of SARUP TANNERIES LIMITED hereby  
appoint ..... of  
.....or falling him  
..... as my/our proxy to  
vote for me/us and on my/our behalf at the 30th Annual Meeting to be held on Tuesday 29th, September  
2009 at 10.30 a.m. or at any adjournment thereof :

Signed this ..... day of ..... 2009

Affix a  
Rs. 1/-  
Revenue  
Stamp

NOTE : The proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.

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