

SARUP TANNERIES LIMITED

ANNUAL REPORT AND ACCOUNTS 2009-2010

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

SARUP TANNERIES LIMITED

DIRECTORS	: : : : : : : :	BAWA ATAMJIT SINGH MRS. MANJIT BAWA MR. G.S. BEDI BAWA SIMERJIT SINGH COL. GURCHARAN SINGH (RETD.) COL SURAT SINGH BAJWA (RETD.) MR. ASHWANI KUMAR ARORA
AUDITORS	: :	M/S. Y.K. SUD & CO. DURGA NIWAS CIVIL LINES, 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.) (3) UNIT NO. V, VILL. SHYAMPUR, TAHLIWAL, UNA (H.P.) (4) UNIT NO. VI, AGRA MATHURA ROAD RUNKUTA, AGRA (U.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 **THIRTY FIRST ANNUAL GENERAL MEETING** of **SARUP TANNERIES LIMITED** will be held at the Registered Office of the company at P.O. Ramdaspora, Jalandhar on Wednesday, the **29th day of September 2010** at 10.30 AM to transact the following business:

ORDINARY BUSINESS

- 1 To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010, the Profit & Loss Account for the year ended on that date and the Report of the Auditors and Directors thereon.
- 2 To declare dividend for the year 2009-2010.
- 3 To appoint a Director in place of Col. Gurcharan Singh, who retires by rotation and, being eligible, offers him self for re-appointment.
- 4 To appoint a Director in place of Mrs. Manjit Bawa, who retires by rotation and, being eligible, offers her self for re-appointment.
- 5 To appoint a Director in place of Col. Surat 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, 2011 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.

7. To consider if thought fit to pass with or without modification(s) the following resolution as Ordinary resolution

"RESOLVED that subject to the provisions of Sec 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956 (as amended from time to time or any statutory modifications or re-enactment thereof, for the time being in force) and subject to approval of the members of the company in general meeting, consent of Board of Directors be and is hereby accorded to the reappointment of Mr. Ashwani Kumar Arora as Executive Director for a period of 5 years w.e.f. from 29th September 2010 on remuneration package and other terms and conditions duly approved by remuneration committee in the explanatory statement.

The Board is further authorized to vary, alter, increase, expand, enhance, enlarge or widen the remuneration and perquisites, including the monetary value thereof as amended from time to time or any statutory modification re-enactment thereof for the time being in force and as may be agreed between Mr. Ashwani Kumar Arora and the Board of Directors"

8. To consider if thought fit to pass with or without modification(s) the following resolution as Ordinary resolution

"RESOLVED that subject to the provisions of Sec 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956 (as amended from time to time or any statutory modifications or re-enactment thereof, for the time being in force) and subject to approval of the members of the company in general meeting, consent of Board of Directors be and is hereby accorded to the reappointment of Bawa Atamjit Singh as Managing Director of the Company for a period of 5 years with effect from October 1, 2010

on remuneration package and other terms and conditions duly approved by remuneration committee in the explanatory statement

The Board is further authorized to vary, alter, increase, expand, enhance, enlarge or widen the remuneration and perquisites, including the monetary value thereof as amended from time to time or any statutory modification re-enactment thereof for the time being in force and as may be agreed between Mr. Bawa Atamjit Singh and the Board of Directors"

9. To consider if thought fit to pass with or without modification(s) the following resolution as Ordinary resolution

"RESOLVED that subject to the provisions of Sec 198,269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956(as amended from time to time or any statutory modifications or re-enactment thereof, for the time being in force) and subject to approval of the members of the company in general meeting, consent of Board of Directors be and is hereby accorded to the reappointment of Mr. Simerjit Singh as Executive Director of the Company for a period of 5 years with effect from October 1, 2010 on remuneration package and other terms and conditions duly approved by remuneration committee in the explanatory statement

The Board is further authorized to vary, alter, increase, expand, enhance, enlarge or widen the remuneration and perquisites, including the monetary value thereof as amended from time to time or any statutory modification re-enactment thereof for the time being in force and as may be agreed between Mr. Simerjit Singh and the Board of Directors"

Place: Jalandhar
Date: August 31, 2010

By order of Board of Director
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 2010 and the Profit & Loss Account for the year ended on that date together with the Directors' & Auditors Report are enclosed.
- III Members are requested to notify changes in their address, if any, quoting their folio number to the Registered Office of the Company.
- IV Members are requested to bring the copy of their Annual Report with them at the Annual General Meeting.
- V Shareholders desiring any information as regards the Accounts are requested to write to the company at least seven working days prior to the meeting so as to enable the management to keep the information ready.
- VI The Register of Members and share transfer books of the company shall remain closed from 25th September 2010 to 29th September 2010 (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 2002-2003 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 2002-03 onwards before the respective amounts become due for transfer to the above fund.
- VIII The provisions of section 109 and 109 B 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 the nominee(s). Every person who becomes the nominee, by virtue of section 109 A, may upon the production of such evidence, as may be required by the Board, elect either to get himself registered as the holder of securities or to make such transfer as the case may be as the deceased holder could have made.
- IX Information under clause 49 of listing agreement with the stock exchange, Mumbai in respect of Directors seeking appointment/ reappointment at the annual general meeting is given hereunder:
 - a) Col. Gurcharan Singh retires by rotation in the forthcoming Annual General Meeting and being eligible offers himself for reappointment that has been appointed as independent non executive director of the company.
 - b) Mrs. Manjit Bawa retires by rotation in the forthcoming Annual General Meeting and being eligible offers himself for reappointment that has been appointed as non executive director of the company.
 - c) Col. Surat Singh Bajwa retires by rotation in the forthcoming Annual General Meeting and being eligible offers himself for reappointment that has been appointed as independent non executive director of the company.

Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956:

ITEM NO. 7**Re-appointment of Ashwani Kumar Arora as Executive Director**

Mr. Arora is a qualified Chartered Accountant with 15 years of experience in finance and administration. The company shall be benefited by his vast experience and expert knowledge in the field.

The Board has decided to re-appoint as Executive Director of the company for a period of 5 years w.e.f. 29 September 2010. The package offered to him is within the ceiling prescribed under Schedule XIII for the Companies Act, 1956 which has been approved by the Remuneration Committee in their meeting under:

- (a) Salary: 31100/- (Rupees Thirty One Thousand One Hundred only) per month in the scale of 30000-35000.
- (b) Allowances : As Per Company Rule

ITEM NO. 8 and 9

ReAppointment of Bawa Atamjit Singh as Managing Director

Bawa Atamjit Singh was appointed as the Managing Director of the company w.e.f. 01.10.2005 in the Annual General Meeting held on September 30, 2005 for next 5 year and his tenure expires on the 30.09.2010. Bawa Atamjit Singh is managing the whole of the affairs of the company. He has technical and administrative experience of more than 25 year in the company. He is proposed to be reappointed as a Managing Director of the company w.e.f. 1.10.2010 for next 5 years The package offered to him is within the ceiling prescribed under Schedule XIII for the Companies Act, 1956 which has been approved by the Remuneration Committee as under:

- (a) Salary: 16500/- (Rupees Sixteen Thousand Five Hundred only) per month in the scale of 16000-20000.
- (b) Perquisites : Perquisites mentioned at part A, B and C will be in addition to salary.

Re-appointment of Bawa Simerjit Singh as Executive Director

Bawa Simerjit Singh was reappointed as a whole time director w.e.f. 01.10.2005 for a period of 5 years and his tenure expires on the 30.09.2010. He has attained expertise in designing & developement of shoes and also in marketing activities. He has done a shoe-designing course from ARS Sutoria, Institute Technico Interuazionale Arte Calzaturiera, Milan Italy and has done practical training with leading shoe manufacturers in Europe. He is rendering excellent services in product designing & development to the Company for the last many years. He is proposed to be reappointed as a Whole Time Director of the company w.e.f. 1.10.2010 for next 5 years. The package offered to him is within the ceiling prescribed under Schedule XIII for the Companies Act, 1956 which has been approved by the Remuneration Committee as under:

- (a) Salary: 21,300/- (Rs. Twenty One Thousand Three Hundred Only) per month in the scale of 20000-25000.
- (b) Perquisites : Perquisites mentioned at part A, B and C will be in addition to salary.

PART-A

- a) Company owned furnished accommodation. Cost of furnishing will be treated as per Income tax rules, 1962
- b) In case the company cannot provide its own accommodation expenditure on hiring unfurnished accommodation will be subject to the ceiling of 50% (fifty percent) of salary over and above 10 % (ten percent) payable by the Director. or
- c) In case no accommodation is provided by the company. House Rent allowance, subject to salary in (b) above. Provisions of gas, electricity, water & furnishing, to be value as per the Income tax rules, 1962 subject to a ceiling of 10% (ten percent) of salary.

MEDICAL REIMBURSEMENT

Expenses incurred for self and family, the total cost of which to the company shall not exceed one-month salary per year or three months salary in period of three year

LEAVE TRAVELL CONCESSION

For self and family once in a year incurred in accordance with the Rule of the Company

CLUB FEES

Fees of club subject to a maximum of two clubs, except admission and life membership fees.

PERSONEL ACCIDENT INSURANCE

Premium not exceeding Rs. 1000/- per annum.

MEETING FEES

As may be prescribed by the Board from time to time.

PART - B**PROVIDENT FUND/ SUPERANNUATION FUND/ ANNUITY FUND**

Company's contribution to provident fund Super Annuation Fund, or Annuity Fund will not be considered or included for the computation of ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act 1961.

GRATUITY

Gratuity payable shall not exceed one half month's salary for each completed year of service subject to limits as may be prescribed by the Income Tax Act and Rules.

PART - C**CAR**

a) Free use of car with driver, however the use of office car for private purpose will be billed by the company and/or

b) In the event of using his own car for official purposes, reimbursement of expenses insured thereon

TELEPHONE

The company will provide bill free telephone facility at residence, however personal long distance calls will be billed by the company.

MINIMUM REMUNERATION:

In the event of loss or inadequacy of profits in any financial year, shall be paid remuneration and be granted the perquisites, as per the provisions contained in Schedule XIII to the Companies Act, 1956, as amended from time to time or any statutory modifications or re-enactment thereof, for the time being in force.

The Board of Directors are further authorized to vary, alter, increase, expand, enhance, enlarge or widen the remuneration and perquisites, including the monetary value thereof to the extent specified in Schedule XIII to the Companies Act, 1956, as amended from time to time or any statutory modifications or re-enactment thereof, for the time being in force and as may be agreed between the Board of Directors and Mr. Bawa Atamjit Singh and Mr. Bawa Simerjit Singh and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this resolution. Bawa Atamjit Singh, Bawa Simerjit Singh and Mrs. Manjit Bawa are deemed to be interested in this resolution.

By order of Board for
Sarup Tanneries Ltd.

Place: Jalandhar
Date: August 31, 2010

BAWAATAMJIT SINGH
Managing Director

DIRECTORS REPORT

Dear Shareholders,

Your Directors are pleased to present the 31st Annual Report together with the Audited Accounts for the year ended 31st March 2010.

FINANCIAL RESULTS

	Current Year ended 31.3.2010 (Fig. In Lacs)	Previous Year ended 31.3.2009
INCOME & PROFITS		
Sales & Other Income	3766.25	4262.09
Profit before Interest	303.77	376.89
Interest	99.93	99.89
Depreciation	95.68	93.82
	108.16	183.18
Exceptional Item (Loss)	0.00	0.00
	108.16	183.18
Profit before tax	108.16	183.18
Less: Provision for Taxation - Current	(18.35)	(25.15)
- Deferred	(4.40)	10.99
Profit after tax	85.41	169.02
Surplus b/d	477.16	411.83
Others	0.00	0.00
Balance of P&L B/F	562.57	580.85
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	0.00	7.40
Transfer to General Reserve	30.00	50.00
Income Tax & Tds Adj/ Wealth Tax Prov.	0.29	0.63
SURPLUS CARRIED TO BALANCE SHEET	486.62	477.16
	562.57	580.85

OPERATING PERFORMANCE

It is heartening to note that the company has started operation of its manufacturing unit at V. Shympura, Tahliwal H.P. in March 2010. With the operation of this unit, the company foresees substantial increase in turnover and profits in the year to come. The unit has been equipped with latest technology to meet the norms of International companies. The company has also established a new manufacturing unit at Agra for export of its products. The commercial production of Agra Unit has commenced in April 2010.

During the first quarter of the year, the company was hit by ongoing acute global recession and th production went down drastically. However, the company managed to get the orders in the next quarter and as such the sales of the company has recovered during the year and decreased only by 11.63% from Rs. 3766.25 Lacs during the year ended on March 31, 2010 as against to Rs. 4262.09 Lacs during the year ended on March, 31, 2009

Due to huge expansion there has been a huge increase in labour cost on account of deployment of new work force at new units and increase in skilled workforce at the existing units to meet the requirement of new line of business in the new units. As such the expenditure on employees has increased from Rs. 712 lacs to Rs. 834 lacs. However with the increase in turnover the labour component will come down and the profitability of the company would increase in long run. The Net Profit of the company due to the above factors have shown a decline which accounted for Rs. 108.16 lacs during the year ended on 31st March 2010 as against Rs. 183.18 Lacs in the previous year. The Earning per share as on March 31, 2010 is Rs. 2.63.

DIVIDEND

The Board of Directors have proposed a dividend at Rs.1.20 per share (12%) for the year 2009-10. 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

Mrs. Manjit Bawa, Col. Gurcharan Singh and Col. Surat Singh Bajwa retire by rotation and being eligible offer themselves for reappointment.

Energy conservation has remained an area of high priority for the company. Your company uses the latest technology in the manufacturing process which is help in the saving of the consumption of the energy which will ultimately help in reducing the cost to the some extent and benefited for the customer. Your company also take steps for the awareness among the employees through training sessions regarding the energy saving.

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 Meenu & Associates as Cost Auditor for the year 2010-11 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, a Certificate from M/s Dinesh Gupta & Co., Practicing Company Secretaries, Jalandhar have been certifying that all legal requirements, in respect of the company for the year ended 31st March 2010 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 confirms 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 loss 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 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 equity share of the Company are listed on Bombay Stock Exchange and that the annual fees for the year 2010-2011 has been duly paid.

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

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: May 29 2010

Bawa Atamjit Singh
Managing Director

Manjit Kaur
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 2010.

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.
- (d) Expenditure on power and fuel during the year under review was Rs. 64.83 lacs as compare to Rs. 50.82 lacs for the last year due huge power cuts and increase in tariff in electricity.

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.,
P.O. Ramdaspora,
Jalandhar.

We have examined the registers, records, books and papers of M/s Sarup Tanneries Ltd., (the Company) as required to be maintained under the Companies Act, 1956 (The act) and the rule made there under and also the reasons contained in the Memorandum and Article of associations of the company for the financial year ended 31st March 2010. 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, 2010, 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 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, compliance regarding number of members is required.
4. The Board of Directors duly met **TEN** times on April 10, 2009, May 31, 2009, June 29, 2009, July 29, 2009, August 31, 2009, September 30, 2009, October 31, 2009, November 30, 2009, January 31, 2010 and March 17, 2010. 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 25, 2009 to September 29, 2009. Necessary compliance of section 154 was made.
6. The Annual General Meeting for the financial year ended on 31st March 2009 was held on September 29, 2009 after giving due notice dated August 31st 2009 to the members of the company and 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.

SARUP TANNERIES LIMITED

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 20th October, 2009
- (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 new managing director/whole time director/manager during the financial year.
16. The Company has not made any appointment of sole-selling agent during the year.
17. The company was not required to obtain any approval of Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The company has not issued any shares/debentures or any other securities during the financial year under scrutiny.
20. The company has not bought back any shares during the financial year ending 31st March 2010.
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, 2010 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.

SARUP TANNERIES LIMITED

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: May 29, 2010
Place: Jalandhar

**Annexure 'A' Part Of Compliance Certificate
for the year ended on March 31, 2010**

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 2010:

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. 29-09-2009	159	27-11-2009	Yes	NA
2	Balance Sheet as on 31.03.09	220	23-10-2009	Yes	NA
3	Compliance Report as on 31.03.2009	383A	23-10-2009	Yes	NA
4	Form 23B		08-09-2009	Yes	NA
5	Cost Audit Report		24.09.2009	Yes	NA
6	Form 23C	233B(2)	12.05.2009	Yes	NA

Date: May 29, 2010
Place: Jalandhar

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

MANAGEMENT DISCUSSION AND ANALYSIS

Industry, Structure & Development

Leather Industry occupies a place of prominence in the Indian economy in view of its massive potential for employment, growth and exports. There has been increasing emphasis on its planned development, aimed at optimum utilization of available raw materials for maximizing the returns, particularly from exports. Leather industry has been one of the traditional industries operating in India and is essentially located in certain states, but dispersed as cottage industries in rural areas. Indian leather industry is both in the organized as well as unorganized sectors. The predominant decentralized nature and small size makes it difficult to change this industry. As small scale, cottage and artisan sector account for over 75% of the total production it was technologically very under developed in design, manufacturing, packing, and logistics. This makes it necessary to be careful while designing solutions for over coming the weak technological base. The global competition has been the major driver that forced the leather industry to upgrade its technological base. Though traditionally, the Indian leather industry has been an exporter of tanned hides and skins, it has, in the early seventies, set its sights on becoming a major player in the leather products segments. Over the period of the last twenty years and particularly so in the last ten years, it has become the fourth largest foreign exchange earner in the country. The industry has become an area of export thrust with footwear having been identified as an area of extreme focus. Exports from the leather sector accounted for 4.4 per cent of India's total exports in 2000-01. The industry uses primarily indigenous natural resources with little dependence on imported resources. India is endowed with 10% of the world raw material and export constitutes about 2% of the world trade. It employs 2.5 million persons. In this paper the case of transformation of leather production using an Information and Communication Technology (ICT) platform is presented. The transformation involves improving production process, introducing new technologies and leveraging the Internet. Leather industry in India occupies a place of prominence in Indian economy in view of its massive potential for employment, growth and exports.

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. There has been increasing emphasis on its planned development, aimed at optimum utilization of available raw materials for maximizing the returns, particularly from exports. Shoes manufactured in India wear brand name like Florsheim, Gabor, Clarks, Salamander and St. Michael'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

Strength of India in the footwear sector originates from its command on reliable supply of resources in the form of raw hides and skins, quality finished leather, large installed capacities for production of finished leather & footwear, large human capital with expertise and technology base, skilled manpower and relatively low cost labor, proven strength to produce footwear for global brand leaders and acquired technology competence, particularly for mid and high priced footwear segments. Resource strength of India in the form of materials and skilled manpower is a comparative advantage for the country.

With changing lifestyles and increasing affluence, domestic demand for footwear is projected to grow at a faster rate than has been seen. There are already many new domestic brands of footwear and many foreign brands such as Nike, Adidas, Puma, Reebok, Florsheim, Rockport, etc. have also been able to enter the market.

OPPORTUNITIES:-

- ☐ Abundant scope to supply finished leather to multinationals setting up shop in India.
- ☐ Growing fashion consciousness globally.
- ☐ Use of information technology and decision support software to help eliminate the length of the

production cycle for different products

- ☐ Product diversification - There is lot of scope for diversification into other products, namely, leather garments, goods etc.
- ☐ Growing international and domestic markets.
- ☐ Exposure to newer markets through Fairs/ BSMs
- ☐ Retain customers through quality supplies and timely deliveries
- ☐ Aim to present the customer with new designs, infrastructure, country & company profiles.
- ☐ Use of modern technology
- ☐ Exhibit strengths in manufacturing, for example, strengths in classic shoe manufacturing, hand crafting etc.
- ☐ De-reservation of the footwear sector.

THREATS:-

- ☐ Entry of multinationals in domestic market.
- ☐ Stiff competition from other countries. (The performance of global competitors in leather and leather products indicates that there are at least 5 countries viz, China, Indonesia, Thailand, Vietnam and Brazil, which are more competitive than India.)
- ☐ Non- tariff barriers - Developing countries are resorting to more and more non – tariff barriers indirectly.
- ☐ Improving quality to adapt the stricter international standards.
- ☐ Fast changing fashion trends are difficult to adapt for the Indian leather industries.
- ☐ Limited scope for mobilising funds through private placements and public issues, as many businesses are family-owned

Internal Control Systems and their Adequacy

The Company has proper and adequate systems of internal control to ensure protection of assets, proper financial & operating functions and compliance with the policies, procedures, applicable Acts and Rules. The Company's internal controls are supplemented by sound internal audit practices. The Audit Committee at their meeting regularly review the financial, operating, internal audit & compliance reports to improve performance. The heads of various monitoring/ operating cells are present for the audit committee meetings to answer queries raised by the Audit Committee.

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

Risk is an integral part of the business process. To enhance the risk management process, the company has mapped the risks. A system has been formulated based on Balanced score card with appropriate measures and accountabilities to indemnify, access prioritize and mitigate the risks. Reports generated from the system are monitored regularly to ensure that appropriate corrective actions are taken.

Human Resources Development

The company strives to maintain healthy and harmonious relationships with all its employees. Efforts are ongoing to build and renew the relationship with the workforce.

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 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 the Company meets at regular interval to review the status of investor's grievances and offer valuable guidance.

Cautionary Statement

Management Discussion and Analysis forming part of this report is in compliance with corporate governance standards incorporated in the listing agreement with the stock exchanges and such statements may be forward-looking with in 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 and overseas markets in which the Company Operates, changes in the Government regulations, tax laws and other statutes and other incidental factors

On behalf of the Board

Place: Jalandhar
Dated: May, 29, 2010

Bawa Atamjit Singh
Managing Director

Manjit Kaur
Chairperson

Auditor's Report

1. We have audited the attached Balance Sheet of SARUP TANNERIES LIMITED, as at 31st March, 2010 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 31st March 2010.
- (ii) In case of Profit and Loss Account, of the Loss of the Company for the year ended on that date.
- (iii) In the case of cash flow statement of the cash flows for the year ended on that date.

For Y.K.Sud & Co.
Chartered Accountant

Prop.

Place : Jalandhar
Date : 29th May.2010

**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 31st March 2010 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 : 29th May.2010

REPORT ON CORPORATE GOVERNANCE

1. Corporate Governance Philosophy & Practices

Your company reaffirms its commitment to the good corporate governance practices. 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

Directors	Number
Executive	3
Non - Executive	4
Total	7

Our Board of Directors met 10 times during the period under review on the following dates: -

- (i) 10th April, 2009
- (ii) 31st May, 2009
- (iii) 29th June, 2009
- (iv) 31st July, 2009
- (v) 31st August, 2009
- (vi) 30th September, 2009
- (vii) 31st October, 2009
- (viii) 30th November, 2009
- (ix) 28th January, 2010
- (x) 17th March, 2010

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 31.03.2010 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 31.03.2010".

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 2009 - 2010.

Name	Designation	Meetings Attendance
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 2009-2010 on 29th June 2009, 31st July 2009, 31st October 2009, 28th January 2010.

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 29th June 2009

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 Director 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. Simerji 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 2009-2010 on 30th April 2009, 31st July 2009, 31st October 2009, 28th January 2010.

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 2009-10.

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 2009-10, 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

27th July, 1979

ii) Registered office

P.O.Ramdaspora
Jalandhar - 144003

iii) Date and Time of Annual General Meeting

29th September 2010, 10.30 AM
P.O.Ramdaspora, Jalandhar

iv) Venue of Annual General Meeting

v) Financial Calendar

Financial reporting for first Qtr. ending June 30, 2010
Financial reporting for 2nd Qtr. ending Sept 30, 2010
Financial reporting for 3rd Qtr. ending Dec 31, 2010
Financial reporting for 4th Qtr. ending March 31, 2011

End of July 2010

End of October 2010

End of January 2011

End of May 2011

vi) Date of Book closing for dividend

25 Sept to 29 Sept 2010
within 30 days

vii) Dividend Dispatch date

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 2009-2010 and 2010-11 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

Mr. Parveen Aggarwal, Tele: 6833501

xii) Contact Person

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

Distribution of shareholding as on 31st March 2010
Nominal Value of each Share/unit: Rs. 10

Share /Deb. Holding	Share/Deb. Holders (Nos.)	% to total number	Share/debenture physical	NSDL	CDSL	Total (Value)	%age
Upto 500	2051	91.81	134498	103011	34054	271563	8.35
501-1000	84	3.76	13500	35563	19198	68261	2.10
1001-2000	33	1.48	6300	33360	7782	47442	1.46
2001-3000	22	0.98	10600	35236	9974	55810	1.72
3001-4000	5	0.22	3100	11055	3500	17655	0.54
4001-5000	8	0.36	0	29119	9461	38580	1.19
5001-10000	14	0.63	11700	63296	19788	94784	2.91
10001 & Above	17	0.76	2434100	152681	71524	2658305	81.73
	2234	100.00	2613798	463321	175281	3252400	100.00

xv) Particulars of Past Three Annual General Meetings

AGM	Year	Venue	Date	Time
30 th	2008-2009	P.O. Ramdaspora Jalandhar	29th Sept, 2009	10:30AM
29 th	2007-2008	P.O. Ramdaspora Jalandhar	26 th Sept., 2008	10.30 AM
28 th	2006-2007	P.O Ramdaspora Jalandhar	28 th Sept, 2007	10.30 AM

xvi) Dematerialization of Shares :- The equity share of the company has been compulsorily traded in the dematerialized form. As on 31st March 2010, total of 638602 equity share represent 19.63% of the equity share capital have been dematerialized. In this particular year 2009-10 total of 16825 equity share have been dematerialized.

xvii) Stock Price Data - Stock Exchange, Mumbai

Scrip Code : 514412 Company : SARUP TANNER For the period : April 2009 to March 2010

Month	High Price	Low Price	No. of Shares
Apr-09	35.75	27.95	25097
May-09	43.4	27.3	148428
Jun-09	37.85	27.7	41019
Jul-09	31.6	26	13267
Aug-09	34.25	27	18655
Sep-09	35.7	29.65	44579
Oct-09	32.5	27.1	22247
Nov-09	36.9	28	33735
Dec-09	61.9	30	453842
Jan-10	65	46.75	189573
Feb-10	55	43.25	65228
Mar-10	50	33.25	85459

xvii) Location

The Company headquarters and corporate office are located at Jalandhar.

xiv) Address for Correspondence

Sarup Tanneries Ltd.
P.O. Ramdaspora,
Jalandhar - 144 003, Punjab.
Phone : 0181-2271556, 2271557, 2271558
E-Mail : accounts@bawastil.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 31st March 2010 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.

For Y.K.Sud & Co.
Chartered Accountant

Y.K. Sud.
Prop.

Place:- Jalandhar
Date : 29th May 2010

SARUP TANNERIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

	SCHEDULE	AS AT 31.3.2010	AS AT 31.3.2009 (Rs. in Lakhs)
SOURCES OF FUNDS			
SHARHOLDERS FUNDS			
Share Capital	1	325.24	325.24
Reserves & Suplus	2	2095.72	2056.25
		2420.96	2381.49
LOAN FUND			
Loans	3	1316.50	1044.02
Total Funds employed		3737.46	3425.51
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross block	6	3109.39	2664.41
Less: Depreciation		1590.00	1546.96
Net Block		1519.39	1117.45
Investments (Quoted)		47.51	65.02
CURRENT ASSETS, LOANS & ADVANCES			
Investories	4	2135.48	1880.93
Sundry Debtors	5	770.96	729.88
Cash and Bank Balances	7	211.44	314.74
Loans and Advances	8	299.71	273.05
		3417.59	3198.60
Less : Current Liabilities & Provisiosons			
Current Liabilities	9	1118.00	851.22
Provisions	10	119.01	107.47
Net Current Assets		2180.58	2239.91
Deferred Tax Liabilities		(17.96)	(7.09)
MISCELLANEOUS EXPENDITURE	11	7.94	10.22
Total Funds Employed		3737.46	3425.51
SIGNIFICANT ACCOUNTING POLICES	19		
NOTES TO ACCOUNTS	20		
As per our report attached			
For Y.K. Sud & Co. Chartered Acctt. Y.K. SUD Proprietor	Ashwani Kumar Arora Director Manjit Bawa Director	Atamjit Singh Bawa Managing Director Col Surat Singh Bajwa Director	
Place : Jalandhar Dated 29.05.2010	Bawa Simerjit Singh Director	Col Gurcharan Singh Director	

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	SCHEDULE	AS AT 31.3.2010	AS AT 31.3.2009 (Rs. in Lakhs)
INCOME		3614.06	4209.19
Sales		152.19	52.90
Other Income	12	72.84	(50.32)
Increase/(Decrease) in stock	13		
TOTAL-A		3839.09	4211.77
EXPENDITURE		2119.92	2454.83
Consumption of Raw Materials		834.01	712.23
Payment to & Provision for Employees	14	183.97	171.62
Other Manufacturing Expenses	15	18.30	27.6
Excise Duty	16	379.12	468.60
Administrative & Selling Expenses		99.93	99.89
Interest	17		
	18		
TOTAL-B		3635.25	3934.77
PROFIT BEFORE DEPRECIATION AND TAXATION (A-B)		203.84	277.00
Less depreciation		95.68	93.82
PROFIT BEFORE PROVISION OF TAXATION		108.16	183.18
PROVISION FOR TAXATION- Current		18.35	25.15
-Deferred		4.40	(10.99)
		85.41	169.02
PROFIT FOR THE YEAR		477.16	411.83
Add: Income Tax Refund (Previous Year)			
Add : Balance Brought Forward from Previous Year			
Prov. For Wealth Tax written Back			
PROFIT AVAILABLE FOR APPROPRIATION		562.57	580.85
APPROPRIATION		39.03	39.03
PROPOSED DIVIDEND		0.29	0.63
Provision for Wealth Tax		0.00	7.40
Adjustments of advance Tax		6.63	6.63
DIVIDEND TAX		30.00	50.00
GENERAL RESERVE		486.62	477.16
BALANCE CARRIED TO BALANCE SHEET		562.57	580.85

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

Ashwani Kumar Arora
Director

Manjit Bawa
Director

Place : Jalandhar
Dated 29.05.2010

Bawa Simerjit Singh
Director

Atamjit Singh Bawa
Managing Director

Col Surat Singh Bajwa
Director

Col Gurcharan Singh
Director

SCHEDULES TO BALANCE SHEET AS AT 31.3.2010

	AS AT 31.3.2010	AS AT 31.3.2009 (Rs. in Lakhs)
SCHEDULE 1		
SHARE CAPITAL		
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
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Reserve		
Share Premium Account	273.45	273.45
General Reserve		
As per last Balance Sheet	1275.28	1225.28
Add Transfer during the year	30.00	50.00
	1305.28	1275.28
CAPITAL SUBSIDY		
	30.36	30.36
Profit and Loss Account Appro.	486.63	477.16
	2095.72	2056.25
SCHEDULE 3		
LOANS		
Secured		
From State Bank of India		
Cash Credit ,Pre & Post Shipment (Secured by hypothecation of Inventories and book debts)	624.19	425.49
Term Loan	273.79	145.21
ICICI (Secured against Car loan)	0.90	1.54
HDFC (secured against car)	54.85	65.37
Unsecured Loan from Directors	362.77	406.41
	1316.50	1044.02
SCHEDULE 4		
INVENTORIES (As certified by the management)		
Finished Goods (at cost or market price whichever is lower)	1442.81	1401.90
Raw Materials (at cost) (including in transit)	578.98	460.27
Packing Materials, Stores and Spares (at cost)	13.69	18.76
	2135.48	1880.93
SCHEDULE 5		
SUNDRY DEBTORS (Unsecured, considered good)		
Debts outstanding for a period exceeding six months	463.37	476.11
Others	301.52	251.96
Incentive Receivable	6.07	1.81
	770.96	729.88

SCHEDULE A OF FIXED ASSETS FORMING AN INTEGRAL PART OF BALANCE SHEET AS ON 31.03.10 (Rs. in Lakhs)

S.No.	Particulars	Rate	Cost Block		Depreciation Block		Net Block				
			Cost 01-04-09	Addition	Sale/Trfd	Total of Cost	Dep upto 01-04-09	WDV during the yr	WDV 31-03-10	WDV 31-03-09	
1	Land	0.00 %	94.53	153.72	-	248.25	94.77	5.42	0.00	248.25	94.53
2	Building	10.00 %	140.71	190.74	-	331.45	94.77	34.40	0.00	331.26	45.95
3	Plant & Machinery	13.91 %	1225.03	270.11	23.95	1471.19	985.93	11.31	0.84	1009.03	239.10
4	Air Conditioners	15.71 %	15.71	0.19	-	15.91	11.31	0.64	-	11.96	3.96
5	Cars	25.89 %	171.72	40.14	8.04	219.90	113.82	41.108	5.20	55.16	78.54
6	Generators	13.91 %	27.02	7.27	1.38	35.67	32.91	21.48	1.13	21.92	10.99
7	Fans	13.91 %	8.29	0.41	-	8.70	7.37	0.13	-	60.50	1.19
8	Typewriters	13.91 %	0.42	-	-	0.42	0.00	0.00	0.00	0.39	0.03
9	Electric Installation	13.91 %	28.78	19.72	-	48.50	22.85	0.94	-	23.79	5.94
10	Furniture & Fixture	18.10 %	56.88	0.53	-	57.40	44.23	2.37	-	46.60	10.80
11	Cycle & Rickshaw	20.00 %	0.19	-	-	0.19	0.18	0.00	-	0.18	0.00
12	Scooter	25.89 %	1.30	-	-	1.30	1.29	0.00	-	1.29	0.01
13	Calculators	13.91 %	0.51	-	-	0.51	0.50	0.00	-	0.50	0.01
14	Weighing Machine	13.91 %	2.04	0.28	-	2.32	1.54	0.07	-	1.87	0.70
15	Fire Extinguisher	13.91 %	2.40	-	-	2.40	1.77	0.09	-	1.85	0.54
16	Refrigerators	13.91 %	1.35	-	-	1.35	1.16	0.03	-	1.19	0.16
17	Time Recorder	13.91 %	1.28	0.90	-	2.18	0.66	0.11	-	0.77	1.41
18	Photo Copier	13.91 %	2.69	-	-	2.69	2.26	0.06	-	2.32	0.37
19	Intercom	13.91 %	0.29	-	-	0.29	0.27	0.00	-	0.27	0.01
20	Television & Camera	13.91 %	1.11	-	-	1.11	0.89	0.06	-	0.75	0.42
21	Shoe Lasts	13.91 %	98.81	4.46	-	103.27	92.10	5.39	-	97.49	6.71
22	Transformer	13.91 %	15.43	-	-	15.43	13.32	2.08	-	13.51	1.82
23	Computer	40.00 %	20.64	2.99	-	23.63	16.50	0.29	-	18.58	5.05
24	Lawn Machine	13.91 %	0.54	-	-	0.54	0.48	0.01	-	0.49	0.05
25	Tube Well	10.00 %	3.62	-	-	3.62	2.41	0.12	-	2.53	1.10
26	Wooden Drums	13.91 %	10.25	-	-	10.25	8.99	0.17	-	9.17	1.08
27	Air Compressor	13.91 %	0.49	-	-	0.49	0.43	0.01	-	0.44	0.06
28	Boiler	30.00 %	10.36	0.31	-	10.67	8.63	0.26	-	8.89	2.27
29	Tractor	30.00 %	1.55	-	-	1.55	1.53	0.00	-	1.54	0.01
30	Moulds & Dies	30.00 %	62.81	-	-	62.81	52.68	3.04	-	55.72	7.09
31	Car (Imported)	25.89 %	36.06	-	36.06	72.12	35.16	0.00	35.16	0.00	0.90
32	Fax Machine	13.91 %	0.28	-	-	0.28	0.25	0.01	-	0.25	0.04
33	Telephone & Cellular Phone	13.91 %	3.01	0.15	-	3.16	1.81	0.21	-	1.82	1.40
34	Building (W)	5.00 %	241.40	-	-	241.40	28.55	10.64	-	39.19	202.20
35	Air Conditioner (W)	13.91 %	6.81	-	-	6.81	1.92	0.68	-	2.60	4.88
36	Furniture & Fixtures (W)	18.10 %	20.39	-	-	20.39	7.28	2.37	-	9.85	10.37
37	Electric Installation (W)	10.00 %	7.49	-	-	7.49	1.56	0.59	-	2.19	5.93
38	Tube Well (W)	10.00 %	0.80	-	-	0.80	0.17	0.06	-	0.23	0.57
39	Kitchen Equipment (Guest House)	18.10 %	5.67	-	-	5.67	2.38	0.78	-	3.15	3.51
40	Projector	13.91 %	0.10	-	-	0.10	0.08	0.00	-	0.08	0.02
41	Furniture, Fixture & Fitting	13.91 %	45.18	6.03	-	51.21	29.65	2.85	-	32.50	18.66
42	Inverter	13.91 %	0.17	-	-	0.17	0.07	0.01	-	0.08	0.10
43	Motor Cycle	25.89 %	1.44	0.85	-	2.29	0.41	0.28	-	0.69	1.80
44	Music System	13.91 %	0.37	-	-	0.37	0.11	0.04	-	0.15	1.03
45	Leasehold Improvements	18.10 %	5.89	3.30	-	9.19	0.53	1.00	-	1.62	7.66
46	Microwave	13.91 %	0.05	-	-	0.05	0.02	0.00	-	0.02	0.03
47	Water Cooler	13.91 %	0.00	0.53	-	0.53	-	0.03	-	0.03	0.00
48	Building Under Const.	0.00 %	0.00	1.30	0.00	1.30	-	-	-	-	1.30
49	Pollution Control Equipment	13.91 %	0.00	5.90	0.00	5.90	-	-	-	-	5.90
50	Capital work in Progress	0.00 %	333.56	102.77	262.60	698.93	-	0.04	-	0.04	-
			2684.41	770.00	332.02	3786.43	1546.96	95.62	52.64	1590.00	1519.39
	Previous year		2288.92	449.325	74.03	2864.41	1464.60	93.81	11.46	154.96	1117.46
											824.32

NOTE: 1) 100% Depreciation has been provided on addition to Shoe Lasts Amounts to Rs. 167004.39/- being cost of each item is less than Rs. 5000/-

SCHEDULES TO BALANCE SHEET AS AT 31.3.2010

	AS AT 31.3.2010	AS AT 31.3.2009 (Rs. in Lakhs)
SCHEDULE 7		
CASH AND BANK BALANCES	1.49	0.80
Cash in Hand		
Balances with Scheduled Banks:	26.02	21.74
in Current Accounts	154.73	259.20
in Deposit Accounts	29.20	33.00
Cheques in hand	<u>211.44</u>	<u>314.74</u>
SCHEDULE 8		
LOANS & ADVANCES (Unsecured, Considered Good)		
Advances Recoverable in cash or in kind or for value	197.78	199.15
to be received and/or to be adjusted	90.23	62.20
Advance income Tax/Wealth Tax	11.70	11.70
Advance Fringe Benefit Tax	<u>299.71</u>	<u>273.05</u>
SCHEDULE 9		
CURRENT LAIBILITIES	683.75	437.57
Accounts Payable	434.25	413.65
Other Liabilities	<u>1118.00</u>	<u>851.22</u>
SCHEDULE 10		
PROVISIONS	61.56	49.68
INCOME TAX	11.50	11.50
FRINGE BENEFIT TAX	0.29	0.63
WEALTH TAX	39.03	39.03
PROPOSED DIVIDEND	6.63	6.63
DIVIDEND TAX	<u>119.01</u>	<u>107.47</u>
SCHEDULE 11		
MISCELLANEOUS EXPENDITURE		
PRELIMINARY EXPENSES	7.11	9.15
PUBLIC ISSUE EXPENSES	0.83	1.07
DEFERRED REVENUE EXPANDITURE	<u>7.94</u>	<u>10.22</u>

SCHEDULES TO BALANCE SHEET AS AT 31.3.2010

	AS AT 31.3.2010	AS AT 31.3.2009 (Rs. in Lakhs)
SCHEDULE 12		
OTHER INCOME	49.40	35.77
Duty Drawback	18.86	14.74
Interest received	2.05	0.00
Exchange diff	1.67	0.00
Profit on sale of share	72.09	0.33
Other Misc Income	0.05	0.02
Dividend	8.07	2.04
Profit on Sale of assets	152.19	52.90

SCHEDULE 13
INCREASE/(DECREASE) IN STOCK

Opening Stock	1383.66	1433.98
Closing Stock	1456.50	1383.66
	72.84	(50.32)

SCHEDULE 14
CONSUMPTION OF RAW MATERIALS

Opening Stock	497.27	520.76
Add: Purchases	2301.63	2431.34
	2798.90	2952.10
Less: Closing Stock	678.98	497.27
	2119.92	2454.83

SCHEDULE 15
PAYMENT TO AND PROVISION FOR EMPLOYEES

Salaries, Wages, Bonus, and Gratuity	737.24	627.35
Contribution to provident and other Funds	90.07	77.30
Employees Welfare Expenses	6.70	7.58
	834.01	712.23

SCHEDULE 16
OTHER MANUFACTURING EXPENSES

Consumption of Stores and Spares	28.64	46.48
Power & Fuel	64.83	50.82
Repair and Maintenance	14.78	26.37
Building	14.73	11.18
Plant and Machinery	60.99	36.77
Others	183.97	171.62

SCHEDULES TO BALANCE SHEET AS AT 31.3.3010

	AS AT 31.3.2010	AS AT 31.3.2009 (Rs. in Lakhs)
SCHEDULE 17		
ADMINISTRATIVE/ SELLING EXPENSES		
Rent	51.81	50.05
Fees and Taxes	8.88	4.42
Insurance	5.91	4.71
Travelling and Conveyance	12.17	23.75
Vehicle Running Expenses	12.93	15.58
Printing & Stationary	5.42	6.35
Postage & Telephone	15.24	19.11
Auditors' remuneration		
Audit Fee	0.81	0.81
Tax Audit Fee	0.13	0.13
Bank Charges	6.66	23.26
Freight, Packing, & forwarding expenses	125.37	157.31
Commission on Sales	45.35	72.80
Donation	1.70	2.53
Legal and Professional fees	17.47	27.35
Samples	0.04	0.06
Advertisement & Publicity	11.65	10.21
Office Maintenance	0.70	1.87
Entertainment Expenses	1.23	1.40
Sales Promotion expenses	4.97	8.25
Directors' remuneration	8.58	8.08
Preliminary expenses written off	2.28	2.28
Miscellaneous expenses	11.45	9.99
Rebate & Discount	4.67	2.90
Additional Sales Tax	0.30	0.87
Security service Charges	14.98	14.53
Service Tax	0.42	0.00
Bad Debts	7.84	0.00
Fine & Penalties	0.16	0.00
	379.12	468.61
SCHEDULE 18		
INTEREST ON TERM LOAN & OTHERS	99.93	99.89
	99.93	99.89

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 assets 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 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.

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-According 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 remuneration has been paid to the directors as per Schedule XIII to the Companies Act 1956.
 - b) Director's remuneration Rs. 8.58 Lacs.

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

	CAPACITY INSTALLED	PRODUCTION
Leather Shoe Uppers	900000	584080 (444066)
Shoe	1500000	567018 (625419)

CURRENT YEAR QUANTITY Prs.	Value in Lacs	PREVIOUS YEAR QUANTITY Prs.	Value in Lacs
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4. Detail of Turnover

Shoe Upper	36152 Prs.	264.78	47644 Prs.	192.30
Shoes	564033 Prs.	2922.72	640896 Prs	3883.76
Other Materials		426.56		133.13
		<u>3614.06</u>		<u>4209.19</u>

5. Raw Mat.Consum.

Leather,Shoe	51378 Pcs.	237.59	50420 pcs.	242.51
Upper		151.22		639.05
Grindries		1523.70		1476.59
Chemicals		145.58		66.66
Freight, Job Charges etc.		61.83		28.02
		<u>2119.92</u>		<u>2454.83</u>

6. Closing Stocks of Raw Mat. And Finished Goods

Finished Leather	29612 Pcs	224.46	20598 Pcs.	129.49
Semi Finished Leather	21372 Pcs	102.99	10810 Pcs.	48.09
Chemicals		19.81		14.32
Grindries		331.72		268.37
Work in Process	48753 Pcs	156.23	15220 Pcs.	60.04
Finished Stock	167011 Pcs	1286.58	186833 Pcs.	1341.86
Packing Materials		9.43		12.90
Consumables Stores		4.26		5.86
		<u>2135.48</u>		<u>1880.93</u>

7. F.O.B.Value of Exports

660.72 401.23

8. C.I.F.Value of Imports

Raw Material	226.15	357.99
Consumable Store	3.70	1.59
Machinery & Spare Parts	91.02	162.07
Shoes / Shoe Upper	160.25	658.55
	<u>481.12</u>	<u>1180.20</u>

9. Expenditure in foreign

Currency - paid		
Travelling	1.52	3.07
	<u>1.52</u>	<u>3.07</u>

10. Contingent Liabilities

(i) Letter of Credit opened for imports	249.48	119.03
(ii) Bank Guarantee	10.60	4.50

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 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	396000.00
Bawa Skin Company	Common Key Managerial Personnel	Sale	948064.00

15. As per the information available with the company there are not dues outstanding including interest as on 31st March 2010 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

Ashwani Kumar Arora
Director

Manjit Bawa
Director

Place : Jalandhar
Dated 29.05.2010

Bawa Simerjit Singh
Director

Atamjit Singh Bawa
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	Sate Code	16
Balance Sheet Date	31.03.2010		

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	373746	Total Assets	373746
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Source of Funds

Paid up Capital	32524	Reserve & Surplus	209572
Secured Loans	95373	Unsecured Loans	36277

Application of Funds

Net Fixed Assets	151939	Investments	4751
Net Current Assets	218058	Misc. Expenditure	794
Accumulated Losses	nil	Deffered Tax Assets	(1796)

IV Performance of Company (Amount in Rs. Thousands)

Turnover/Other Income	376625	Total Expenditures	365809
Profit/Loss before tax	10816	Profit/Loss after tax	8541
Earning per share	2.63	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
4101.90	Leather

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

Ashwani Kumar Arora
Director

Atamjit Singh Bawa
Managing Director

Manjit Bawa
Director

Col Surat Singh Bajwa
Director

Place : Jalandhar
Dated 29.05.2010

Bawa Simerjit Singh
Director

Col Gurcharan Singh
Director

SARUP TANNERIES LIMITED

Cash Flow Statement for the Year Ended 31st March, 2010

	2009-10	2008-09
A. Cash Flow from Operating Activities		
Net Profit before tax and extraordinary items	108.18	183.18
Adjustments for :		
Depreciation	95.68	93.82
Preliminary Expenses	2.28	2.28
Interest/ Dividend Income	(18.86)	(14.76)
Interest Expenses	99.93	99.89
Profit on sale of Fixed Assets	(8.07)	(2.04)
Profit on sale of shares	(1.68)	0.00
	169.28	179.19
Operating Profit before Working Capital Changes	277.44	362.37
Adjustment for :		
Trade & Other Receivables	(39.68)	(13.51)
Inventories	(254.54)	73.81
Trade Payables & Other liabilities	266.78	12.82
	(27.44)	72.92
Cash generated from Operations	250.00	435.29
Less: Direct Taxes Paid	(24.58)	(17.76)
Net Cash from Operating Activities	<u>225.42</u>	<u>417.51</u>
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets & Capital WIP	(514.41)	(391.34)
Sale/Adv. For sale of Fixed Assets	24.85	6.43
Sale of Investments	19.17	0.00
Dividend Received	0.05	0.02
Interest Received	18.82	14.74
	(451.52)	(370.15)
C. Cash Flow from Financing Activities		
Loans raised from W/C	141.52	107.54
Term loan raised	174.80	149.05
UnSecured Loans Raised	(43.64)	19.22
Interest Paid	(99.93)	(99.89)
Dividend Paid	(45.68)	(45.66)
	126.89	130.26
Net Increase/(Decrease) in Cash and Cash Equivalents:		
Opening Balance of Cash and Cash Equivalents	281.74	104.12
Closing Balance of Cash and Cash Equivalents	<u>182.53</u>	<u>281.74</u>
	(99.21)	177.62
TOTAL OF(A+B+C)	<u>(99.21)</u>	<u>177.62</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 Bawa
Managing Director

Col Surat Singh Bajwa
Director

Col Gurcharan Singh
Director

Place : Jalandhar
Dated 29.05.2010

AUDITOR'S CERTIFICATE

We have examined the aforesaid Cash Flow Statement of Sarup Tanners Ltd, for the year ended 31st March 2010. The statement has been prepared 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 : 29th May 2010

NOTES

ATTENDANCE SLIP

SARUP TANNERIES LIMITED

Registered Office : P.O. Ramdaspora, 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 31st ANNUAL GENERAL MEETING of Company held on Wednesday 29th September 2010 at 10.30 a.m. at SARUP TANNERIES LIMITED, P.O. Ramdaspora, Jalandhar.

SIGNATURE OF THE SHAREHOLDER/PROXY

Strike out whichever is not applicable

TEAR HERE.....PROXY FORM

SARUP TANNERIES LIMITED

Registered Office : P.O. Ramdaspora, 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 31st Annual Meeting to be held on Wednesday 29th
September 2010 at 10.30 a.m. or at any adjournment there of :

Signed this.....day of.....2010

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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