

SARUP TANNERIES LIMITED

ANNUAL REPORT AND ACCOUNTS 2010-2011

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

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COMPANY INFORMATION

MANAGING DIRECTOR

Mr. ATAMJIT SINGH BAWA

CHAIRPERSON

Mrs. MANJIT BAWA

CHIEF FINANCIAL OFFICER

Mr. ASHWANI KUMAR ARORA

AUDIT COMMITTEE

COL. GURCHARAN SINGH Chairman

Mr. G.S. BEDI

Mr. ASHWANI KUMAR ARORA

REMUNERATION COMMITTEE

COL. GURCHARN SINGH Chairman

COL. SURAT SINGH BAWA

Mr. G.S. BEDI

INVESTOR'S GRIEVANCE COMMITTEE

COL. GURCHARAN SINGH Chairman

Mr. ATAMJIT SINGH BAWA

Mr. SIMERJIT SINGH BAWA

AUDITORS

M/S Y.K. SUD & CO.

DURGA NIWAS, CIVIL LINES

JALANDHAR-144001

LEGAL ADVISOR

Mr. V.K. SAREEN

7-NEW RAJENDRA NAGAR

POLICE LINES ROAD, JALANDHAR.

BANKERS

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

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

REGISTRAR & TRANSFER AGENTS

SKY LINE FINANCIAL SERVICES PVT. LTD.
123-VINOBA PURI, LAJPAT NAGAR-II
NEW DELHI-110024

REGISTERED OFFICE

P.O. RAMDASPURA
JALANDHAR-144003

PLANT LOCATIONS

- (1) UNIT AT P.O. RAMDASPURA,
JALANDHAR
- (2) PLOT NO. 141, LEATHER COMPLEX,
KAPURTHALA ROAD, JALANDHAR.
- (3) VILL SHYAMPUR,
TAHLIWAL, UNA, (H.P.)
- (4) AGRA MATHURA ROAD
RUNKUTA, AGRA (U.P.)

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the **THIRTY SECOND ANNUAL GENERAL MEETING** of **SARUP TANNERIES LIMITED** will be held at the Registered Office of the Company at P.O. Ramdasपुरा, Jalandhar on **September 29, 2011** at 10:30 AM to transact the following business:

ORDINARY BUSINESS

- 1 To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011, the Profit & Loss Account for the year ended on that date and the Report of the Auditors and Directors thereon alongwith the Compliance Certificate.
- 2 To declare dividend for the year 2010-11.
- 3 To appoint a Director in place of Mr. G.S. Bedi, who retires by rotation and, being eligible, offers him self for re-appointment.
- 4 To appoint a Director in place of Col. Gurcharan Singh, who retires by rotation and, being eligible, offers him self for re-appointment.
- 5 To appoint a Director in place of Col. Surat Singh Bajwa, who retires by rotation and, being eligible, offers him self for re-appointment.
- 6 To appoint M/s. Y.K. Sud & Co. Chartered Accountants, the retiring Auditors as Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and authorize the Board to fix their remuneration.

SPECIAL BUSINESS

1. **To Consider and if thought fit to pass with or without modification the following resolution as special resolution:**

"Resolved that subject to the provisions of Section 17 of the Companies Act, 1956, the Object Clause of the Memorandum of Association of Company be and is hereby altered as follows:

a. Deleting existing sub Clause 3,4,5,6 & 7 in other Objects Clause III(C) and inserting the same as new sub Clause 4,5,6,7&8 respectively after existing sub clause 3 of III(A) and consequently renumbering the existing sub clause 8 of clause III(c) as sub Clause 3,of Clause III(C)

(4) To carry on all or any of the business of hotel, restaurant, refreshment, beer-house and lodging-house keepers, milk and snack bar keepers, bakers, confectioners, potters, manufacturers of mineral and other drinks and wine, beer and spirit merchants.

(5) To carry on all of the business of civil and structural engineers, builders and contractors, decorators, electricians and cabinet makers, merchants and dealers in timber, hardware and other building requisites.

- (6) To carry on all the business of manufacturing, producing, procuring, marketing, buying, selling, converting and otherwise dealing in alloy steel of all kinds and to set up works for precisions and continuous castings with the help of arc or induction, furnaces, rerollers of ferrous and non ferrous metals and traders in scrap of iron and steel and other ferrous and non ferrous metals.
- (7) To carry on the business of Builders, colonizers, real estate developers and to set up Special Economic Zone, Industrial and Technological Parks, Multiplexes, Shopping Malls, Hotels, Banquets Restaurants, Bars, Fast Food Centers and deals in all kinds of infrastructure development.
- (8) To carry on the business of Contractors, sub- contractors, civil and mechanical engineers, structural designers , consultant, construction supervisors, interior decorators, furnishers sanitary and wood workers in all types works connected with lands, building and road for railways, P.W.D, or municipal Committees and corporation or any other mode from any other mode from any other contractor or builder for any type of construction activity electrification and wiring and to compose building plants, prepare construction estimates ,projects and projects reports and to carry on the business of real estate deal in all kinds of movable and immovable properties.
- b. Inserting following new sub clauses 9 and 10 in clause III (A) of the Memorandum of Association as main objects:
9. To carry on the business of export & import and to act as agent, trader or otherwise deal in all kinds of merchandise, edible oils, de-oiled and oiled cakes, Soya bean, ground nut oil seeds, other oil bearing sub-stances, steel, cotton yarn, synthetic yarn, blended yarn, chemicals, metals, textiles, capital goods, automobiles, consumer durables, commodities, agro products, precious metals, electronic goods, machines, paper, cement, building and construction material, fibers, leather articles, garments, foot wear, watches, furniture, electrical goods and accessories, foods, hydrocarbons, oil derivatives and other articles, goods capable of being imported, exported and traded.
10. To set up, run, develop, sponsor, manage or otherwise undertake various activities in relation to special economic zones, science and technology parks, industry parks, IT parks, business parks and such other establishments or organizations as are currently geographically defined enclaves established for the purpose of promoting exports or technical know-how or for any other purposes, in designated areas defined by the government at national and state level or otherwise in any place.
- c. by insertion of following new sub clauses 4 and 5 to Other Object Clause III(C) of Memorandum of Association as 'Other Objects'
4. To promote, form, incorporate, establish or otherwise procure or concur or sponsor or aid in promoting, constituting, extension of, forming and likewise any entity including but not limited to firms, funds, associations, institutions, ventures, trust, entrepreneurial development projects, business ventures or partnerships or companies (ancillary, subsidiaries, holding, associate or group companies, parent, joint stock or other form of company), cooperative and other societies

universities, educational and training institutions, schools and hospitals or any other entities as deemed desirable, for the purpose of carrying out any business or for acquiring or undertaking all or any of the property, rights and liabilities of the company or of the entities as specified above, and for prosecution of execution of undertakings, works, projects or enterprises of any description, in India or elsewhere, or for any other purpose which is directly or indirectly intended to benefit the company and to place guarantee, underwrite, subscribe for or otherwise acquire or dispose off all or any part of the shares, debentures or other securities or interest etc. in such companies or associations or firms or funds or partnerships or in any other company or association.

5. To acquire, establish, construct, run, manage, set up, sponsor or run schools, colleges, training and/or coaching and/or guidance sectors, institutions, universities, research centres, music and/or dance and/or art centres, hobby classes and such other establishments in relation to education, research, training and allied purposes in India or else where in all modes and in all the fields as deem suitable and to provide such facilities thereat as deemed expedient.

Resolved Further That Mr. Bawa Atamjit Singh, Managing Director of the Company be and is hereby authorized to do all such acts, deeds and other steps as may be necessary to give effect to the above resolution."

2. **To Consider and if thought fit to pass with or without modifications the following as a special resolution.**

"RESOLVED THAT pursuant to the provisions of Section 21 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956, if any, and subject to approval of Central Government the name of the Company be changed from "Sarup Tanneries Limited" to "Sarup Industries Limited" and accordingly the name 'Sarup Industries Limited', wherever it appears in the Memorandum of Association, Articles of Association, Documents, letter heads etc. of the Company, be substituted by the new name Sarup Industries Limited.

RESOLVED FURTHER THAT Mr. Bawa Atamjit Singh, Managing Director be and is hereby authorized to do all such acts, deeds and such other steps as may be thought necessary to give effect to the above resolution."

3. **To Consider and if thought fit to pass with or without modification the following resolution as ordinary resolution:**

"RESOLVED THAT pursuant to the provisions of Section 383A of the Companies Act, 1956 read with the Companies (Compliance Certificate) Rules, 2001 and other applicable provisions, if any, M/s Dinesh Gupta & Co., Company Secretaries, Jalandhar, be and are hereby reappointed for the purpose of issuance of Compliance Certificate, to hold office from date of this meeting until the conclusion of next Annual General Meeting of the Company and the Board of Directors of the Company be and is hereby authorized to fix their remuneration."

Place: Jalandhar

Date: September 2, 2011

For and On behalf of Board

BAWA ATAMJIT 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/her 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 not less than 48 hours before the commencement of the meeting.
- II Balance Sheet as at March 31, 2011 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 September 25, 2011 to September 29, 2011 (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 2003-04 onwards will become transferable at the end of seven years respectively, to the said Investor Education and Protection Fund and no claims shall stand 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 2003-04 onwards before the respective amounts become due for transfer to the above fund.
- VIII The provisions of section 109 A 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) Sh. G.S Bedi 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) 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.

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 and 8

Your Company is planning to diversify from its existing activities by entering into joint venture with EMAAR MGF Land Limited for setting up of the biggest Malls at Jalandhar .It is planning to further expand its business by entering into new sectors. Therefore your Company proposes to delete the mentioned clauses from its "other objects"and to include them in the "main objects" and to insert new sub clause 9 and 10 to the main object in order to enable the Company to explore its new proposed sectors. The Board of Directors in their meeting approved the insertion of the proposed objects in its Memorandum of Association. The company is also inserting clause 4 & 5 in the other object clause. The amendment is now put forward for your approval.

Further the existing name 'Sarup Tanneries Limited' does not reflect the true nature of proposed activities of the Company. Thus, your Company proposes the new name "Sarup Industries Limited" as it is more conducive to the present and future objects. The Company has received the approval from Registrar of Companies for the availability of the proposed new name vide letter dated September 2, 2011. Now it is put forth for approval of your good self at the annual general meeting.

None of the directors are interested in the resolutions.

ITEM NO. 9

In terms of the provisions of section 383A of the Companies Act, 1956, M/s Dinesh Gupta & Co., Company Secretaries, are proposed to be reappointed for the purpose of issuance of Compliance Certificate for the financial year ended on March 31, 2012.

None of the Directors are interested in this resolution.

For and On behalf of Board

Place: Jalandhar
Date: September 2, 2011

BAWA ATAMJIT SINGH
Managing Director

DIRECTORS REPORT

Dear Shareholders,
Your Directors are pleased to present the 32nd Annual Report together with the Audited Accounts for the year ending March 31, 2011.

FINANCIAL RESULTS

	Current Year ending 31.3.2011	Previous Year ending 31.3.2010 (Fig. in Lacs)
INCOME & PROFITS		
Sales & Other Income	6259.90	3766.25
Profit before Interest	570.29	303.77
Interest	146.39	99.93
Depreciation	173.38	95.68
Profit before tax	250.52	108.16
Provision for Taxation - Current	(49.90)	(18.35)
- Deferred	8.61	(4.40)
Profit after tax	209.23	85.41
Surplus b/d	486.62	477.16
Others	0.00	0.00
Balance of P&L B/F	695.85	562.57
Proposed Dividend	48.78	39.03
Dividend Tax on Proposed Dividend	8.28	6.63
Transfer to General Reserve	50.00	30.00
Income Tax & Tds Adj/ Wealth Tax Prov.	0.14	0.29
SURPLUS CARRIED TO BALANCE SHEET	588.65	486.62
	695.85	562.57

OPERATING PERFORMANCE

The Company has established new units which are equipped with latest technology and with the introduction of these new units the Company has achieved a significant growth in its sales. The Una unit of the company which came into operations at the fag end of the last year achieved more than 50% capacity after initial hiccups and would achieve more than 80% capacity during the current year. The total sales of the Company during the year ending March 31, 2011 were Rs. Rs.59.46 crores as compared to the total sales of Rs 36.14 crores for the year ending March 31, 2010 registering a growth of 64.54%. Domestic sales increased by 39.52% and overseas sales increased by 173.61%. The overseas sales have shown a remarkable growth during the last year and the Company hopes to keep the pace during the current year also.

The operating performance and profitability of the Company has shown significant increase over the last year. the Company has earned a Profit before Tax of Rs. 250.52 Lacs during the year ending on March 31, 2011 as against Rs. 108.16 Lacs in the previous year registering a growth of 131.63%. The Net Profit of the company has in chorus increased to Rs. 209.23 lacs as against Rs. 85.41 lacs a tremendous increase of 144.97%. The rise in depreciation is consequent to the operation of the Una Unit. The Earning per share as on March 31, 2011 is Rs. 6.43.

Due to the continuous and ongoing process of improving business practices being adopted by your Company in all areas of its operations, there has been improvement in manufacturing, credit management, retail, labour - management relationship, training and development, team building,

on comfort and choice of our valued customers. The Company continues to focus on improving its collections by introducing a fresh range regularly and outsourcing some parts to get better margins. In order to improve quality, our factories have been specialized to make footwear of particular quality and Brand. which is known for its durability and comfort.

Your Directors feels pleasure in announcing that overall turnover of the Company has increased by 64.54% and the credit for this goes to every employee who has worked so hard in reaching this milestone. Your Company has been consistently showing improved results in each quarter and we are now in a position to take calculated business risks to focus on volume growth and to make a deeper penetration in the market place and to diversify business in other sectors also.

DIVIDEND

Due to the significant performance, the Board of Directors are pleased to proposed a dividend at Rs. 1.50 per share (15%) for the year 2010-11 as against 12% in the year 2009-10.

DIRECTORS

Mr. G S Bedi, Col. Gurcharan Singh and Col. Surat Singh Bajwa retire by rotation and being eligible offer themselves for reappointment.

ENERGY CONSERVATION

Energy conservation has remained an area of high priority for the Company. Your Company uses the latest technology in the manufacturing process which helps in the saving in the consumption of energy which will ultimately help in reducing the cost to some extent. The Company is also taking steps for the awareness among the employees through training sessions regarding energy saving. A separate explanation under this section has been annexed to this report.

AUDITORS

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 recommends their reappointment. The Auditors have not found any material deviation in operations and accounting records. The Notes to Accounts forming part of the financial statements are self explanatory and need no further explanation.

STATUTORY INFORMATION:

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.

PUBLIC DEPOSITS

During the year under review, your company has neither invited nor accepted any fixed deposits from the public.

APPOINTMENT OF COST AUDITOR

The Board has appointed M/s Khushwinder Kumar & Associates as Cost Auditor for the year 2011-12 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 compliance certificate for the financial year 2010-11 from M/s Dinesh Gupta & Co., Practicing Company Secretaries, Jalandhar has been attached.

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.

TRANSFER TO RESERVES IN TERMS OF SECTION 217 (1)(B) OF THE COMPANIES ACT, 1956

For the financial year ending March 31, 2011, the Company had transferred Rs.50 lacs to the General Reserve.

Change of Name of the Company

The Board of Directors in their meeting held on Sept2, 2011, has proposed to change the name of the company from "Sarup Tanneries Ltd." to "Sarup Industries Ltd.," keeping in view the expansion and diversification plans put in place. The new name will reflect the diverse activities of the company. The proposal is put before the shareholders for their approval subject to the approval of Central Government.

DISCLOSURES UNDER SECTION 217(1)(D) OF THE COMPANIES ACT, 1956

Except as disclosed elsewhere in this report, there have been no material changes and commitments which can affect the financial position of the Company occurred between the end of the financial year of the Company and date of this report.

SOCIAL RESPONSIBILITY

The Company conducts its business in a way that creates social, environmental and economic benefits to the communities in which it operates and the Company has always been earnest for contributing towards the betterment of society through various welfare initiatives viz. Environment Protection, providing education, skill development and healthcare for the underprivileged section of the society. The company is taken major initiatives for keeping its workplace free from environmental hazards and also at public place.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the Provision of 217 (2AA) of the Company Act, 1956, Yours Directors state:

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any
- (ii) that the directors 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 or loss of the Company for that period;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis

The stocks of the Company are available for trading in dematerialized shape on the stock exchanges.

The equity shares of the Company are listed on Bombay Stock Exchange and that the annual fees for the year 2011-12 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: Sept., 2, 2011

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 2011.

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) Company is trying to reduce its expenses of energy consumption.
- (d) Expenditure on power and fuel during the year under review was Rs. 111.23 lacs as compare to Rs. 64.83 lacs during year ending March 31, 2010

**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

The information relating to foreign exchange earnings and outgo is provided under Notes to the Balance Sheet and Profit and Loss Account

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 2011. 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, 2011. 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 with in 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 **Eleven** times on April 27, 2010, May 29, 2010, June 18, 2010, July 31, 2010, August 25, 2010, August 31, 2010, September 30, 2010, October 30, 2010, November 27, 2010, January 31, 2011 and February 28, 2011. 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, 2010 to September 29, 2010 and necessary compliance of section 154 was made.
6. The Annual General Meeting for the financial year ended on 31st March 2010 was held on September 29, 2010 after giving due notice dated August 31st 2010 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 entered into contract pursuant to the provisions of section 297 of the Act.
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 on September 29, 2010 in a separate bank account on November 8, 2010
- (iii) The company has posted Cheques for dividend declared on September 29, 2010 to all members on November 8, 2010 and that all unclaimed dividend has been transferred to unpaid dividend account of the company on November 9, 2010.
- (iv) That the company has transferred the amounts due during the year in unpaid dividend account which have remained unclaimed or unpaid for a period of 7 years to "INVESTOR EDUCATION AND PROTECTION FUND" on March 29, 2011.
- (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. During the year 2010-11 the Company has appointed Mr. Bawa Atamjit Singh as Managing Director, Mr. Bawa Simerjit Singh as Whole Time Director and Mr. Ashwani Arora as Whole Time Director in compliance with the provisions of Section 269 and schedule XIII of the Companies act, 1956.
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 2011.
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, 2011 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.

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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. The management certifies that no prosecution initiated against or show cause notice received by the Company for alleged offences under the Act and also no fines and penalties or any other punishment imposed on the Company
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: September 2, 2011
Place: Jalandhar

**Annexure 'A' Part Of Compliance Certificate
for the year ended on March 31, 2011**

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 2011:

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. 29-09-2010	159	29.11.2010	Yes	NA
2	Balance Sheet and P&L as on 31.03.10	220	29.10.2010	Yes	NA
3	Compliance Report as on 31.03.2010	383A	29.10.2010	Yes	NA
4	Form 23 C	233 B	11.05.2010	Yes	NA
5	Form 8	125	27.09.2010	Yes	NA
6	Form 23 D	233 B	26.05.2010	Yes	NA
7	Form 25 C	269 (2)	26.02.2011	No	Yes
8	Form 25 C	269 (2)	26.02.2011	No	Yes
9	Form 25 C	269 (2)	26.02.2011	No	Yes
10	Form 23	192	26.02.2011	No	Yes

Date: September 2, 2011
Place: Jalandhar

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

MANAGEMENT DISCUSSION AND ANALYSIS

Industry, Structure & Development

The leather industry in India holds a very prominent place in the Indian economy. The leather and leather products industry is one of the oldest manufacturing industries in India. It provides employment to about 2.5 million people in the country.

The industry has a massive potential for providing more employment, growth, and exports. Recently, the exports of leather and leather products have gained massive momentum. The exports of Indian leather goods have registered phenomenal growth. This is mainly because great emphasis has been placed on the planned development of the leather industry and at the optimal utilization of available raw materials.

Over the years the leather industry in India has undergone drastic change from being a mere exporter of raw materials in the early 60's and 70's to now becoming an exporter of finished, value-added leather products. The main reason behind the transformation is the several policy initiatives taken by the government of India. The proactive government initiatives have yielded quick and improved results. Thanks to the government efforts today, the Indian leather industry has attained a prominent place in the Indian export and has made the industry one of the top 7 industries that earns foreign exchange for the country.

Since India adopted the globalization and liberalized economic policies in 1991, the leather industry has flourished consistently in several ways and has contributed heavily to the Indian exchequer. Though the industry has developed, it still has great potential for more growth and investments. Investing in Indian leather industry is particularly advantageous because the industry is poised to grow further and achieve a major share in the global trading market.

The government of India in its Foreign Trade Policy for 2000-2009 has identified the leather sector as a focus sector in view of its immense potential for export growth and generation of employment generation prospects.

Investment opportunities in the leather industry lie in different segments related to the industry, which include tanning and finishing of leather products, manufacturing of leather garments, manufacturing of leather footwear and footwear parts, and manufacturing of leather goods, such as harness and saddlery amongst a host of other opportunities.

Amongst all the industries mentioned above the footwear industry in particular holds greater potential for investments in India. India produces approximately 700 million pairs of leather footwear every year and accounts for an 18% share of the total Indian leather export.

After footwear manufacturing of leather goods promise great investment opportunity. Manufacturing of leather products, such as wallets, travel wares, belts, and handbags offer great returns on investment.

India is one of the best destinations in the world for investing in the leather industry because India is endowed with abundant raw materials required for the industry to grow. India has a huge population of cattle. India accounts for 21% of the world's cattle and buffalo and 11% of the world's goat and sheep population. Apart from the easy availability of raw materials, investors are able to enjoy an easy and abundant supply of skilled manpower, world-class technology, competent and favorable environmental standards, and the devoted support of allied industries.

Several leading international leather goods manufacturing brand names, such as Hugo Boss, Tommy Hilfiger, Versace, Guess, and DKNY, have invested in India and are engaged in sourcing leather goods from India.

India is one of the fastest emerging economies today. With the government encouraging foreign investments in India, it has become easier for foreign companies to foray into the Indian Markets.

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. 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.

Industry Analysis

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 labour, 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, Reebok, Florsheim, Rockport, etc. have also been able to explore the market.

STRENGTHS

- Existence of more than sufficient productive capacity in tanning.
- Easy availability of low cost of labour.
- Exposure to export markets.
- Presence of qualified leather technologists in the field.
- Comfortable availability of raw materials and other inputs.
- Massive institutional support for technical services, designing, manpower development and marketing.
- Exporter-friendly government policies.
- Well-established linkages with buyers in EU and USA.

OPPORTUNITIES

- Abundant scope to supply finished leather to multinationals setting up shops 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, bags, belts, wallets 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 mobilizing 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. Internal Control Systems are implemented to safeguard the Company's assets from loss or damage, to keep constant check on the cost structure, to prevent revenue leakages, to provide adequate financial and accounting controls and implement accounting standards.

Outlook

Your Company shall continue to aggressively pursue to increase its turnover which will further increase margins. This endeavor is expected to result in ample opportunities in future where your Company can perform significantly. The shopping mall of the company would give a swing to its profitability. With other diverse plans, the company is hopeful to have meteoric rise in the coming future through hard end efforts of its key personnel and valued employees and workers.

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

Managing various types of risks is an inherent part of 'Sarup Tanneries' business. Business and revenue growth have to be viewed in the context of the risks implicit in your Company's business strategy. 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 revitalization of Human Resource Management practices has immensely contributed towards the resurgence that your Company has witnessed over the last few years. 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

Bawa Atamjit Singh

Manjit Kaur

Dated: Sept., 2, 2011

Managing Director

Chairperson

Auditor's Report

1. We have audited the attached Balance Sheet of SARUP TANNERIES LIMITED, as at 31st March, 2011 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 2011.
- (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.

For Y.K.Sud & Co.
Chartered Accountant

Prop.

Place : Jalandhar
Date : 25th May.2011

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 any loans, secured or unsecured from the companies, firms or other parties listed in the register maintained under section 301 of the Act. Therefore the provisions of clause 4(iii) (b) (c) and (d) of the order 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.
- 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 2011 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.

SARUP TANNERIES LIMITED

- 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, t h e r e f o r e 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 : 25th May, 2011

REPORT ON CORPORATE GOVERNANCE

1. Corporate Governance Philosophy & Practices

Corporate Governance is based on the principle of fairness, equity, transparency, accountability and dissemination of information. In 'Sarup Tanneries', we believe that a high standard of Corporate Governance is the essence of business growth and investor confidence. The Company aims at to set the highest standards of governance, meticulously pursue them and thereby maximize value for its shareholders and fairness to its customers, employees and public at large.

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 11 times during the period under review on the following dates: -

- (i) 27th April, 2010
- (ii) 29th May, 2010
- (iii) 18th June, 2010
- (iv) 31st July, 2010
- (v) 25th August, 2010
- (vi) 31st August, 2010
- (vii) 30th September, 2010
- (viii) 30th October, 2010
- (ix) 27th November, 2010
- (x) 31st January, 2011
- (xi) 28th February, 2011

ATTENDANCE OF DIRECTORS:

	Name of Director	Category	Board Meetings	
			Held	Attended
1	Mr. Bawa Atamjit Singh	Managing Director	11	11
2	Mrs. Manjit Bawa	Chairman-Non Executive	11	11
3	Mr. Bawa Simerjit Singh	Whole Time Director	11	11
4	Col. Gurcharan Singh (Retd.)	Independent-Non Executive	11	11
5	Col. Surat Singh Bajwa	Independent-Non Executive	11	11
6	Mr. Ashwani Kumar Arora	Whole Time Director	11	11
7	Mr. G.S Bedi	Independent-Non Executive	11	0

Appointment / Re-appointment of Directors

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. G. S. Bedi, Col. Gurcharan Singh and Col. Surat Singh Bajwa will retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment. The brief profile of the above named Directors seeking re-appointment is given below:

1. Mr. G.S. Bedi is qualified Bsc (Engg), Elec. Having wide experience in industry and rendering his services to the company since 1984.
2. Col. Gurcharan Singh is qualified BA, Graduate from Institute of Defence Management, Secunderabad, A.P. He is having over 11 year of experience as CEO in private sector.
3. Col. Surat Singh Bajwa is qualified B.A. and Master in Business Administration and he is having over 14 year experience in private sector in areas of Production and Administration

3. Code of Conduct

The Board of Directors of the Company has laid a code of conduct for Directors and the senior management. All Directors and designated personnel in the senior management have affirmed compliance with the code for the year under review. A declaration to this effect duly signed by Mr. Bawa Atamjit Singh, Managing Director is annexed to this report.

Details of Directors seeking appointment / re-appointment as required under Clause 49 of the Listing Agreement is given as an Annexure to the Notice.

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 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 2010 - 2011.

	Name	Designation	Category	Meetings	
				Held	Attended
1	Col. Gurcharan Singh	Chairman	Independent-Non Executive	4	4
2	Mr. G.S. Bedi	Member	Independent-Non Executive	4	0
3	Mr. Ashwani Arora	Member	Whole Time Director	4	4

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 or 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.

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 5 times during the year 2010-11 on April 6, 2010, May 20, 2010, July 29, 2010, October 28, 2010 and January 25, 2011.

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 August 17, 2010.

	Name	Designation	Category	Meetings	
				Held	Attended
1	Mr. G. S Bedi	Chairman	Independent-Non Executive	1	0
2	Col. Surat Singh Baiwa	Member	Independent-Non Executive	1	1
3	Col. Gurcharan Singh	Member	Independent-Non Executive	1	1

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, Executive Directors 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 comprise this committee.

	Name	Designation	Category	Meetings	
				Held	Attended
1	Col. Gurcharan Singh	Chairman	Independent-Non Executive	1	1
2	Mr. Atamjit Singh Bawa	Member	Managing Director	1	1
3	Mr. Simerjit Singh Bawa	Member	Whole Time Director	1	1

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 2010-11.
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 2010-11, the Company has not adopted an accounting treatment which is different from that prescribed in the Accounting standard, in respect of any transaction.
4. It is affirmed that no personnel has been denied access to the audit committee.

10. General Shareholders Information

- i) Date of incorporation 27th July, 1979
- ii) Registered office P.O.Ramdasapura
Jalandhar – 144003
- ii) Date and Time of Annual General Meeting September 29, 2011
- iv) Venue of Annual General Meeting P.O.Ramdasapura, Jalandhar
- v) Financial Calendar
 - Financial reporting for first Qtr. ending June 30, 2011 End of July 2011
 - Financial reporting for 2nd Qtr. ending Sept 30, 2011 End of October 2011
 - Financial reporting for 3rd Qtr. ending Dec 31, 2011 End of January 2012
 - Financial reporting for 4th Qtr. ending March 31, 2012 End of April 2012
- vi) Date of Book closing for dividend **Sept 25 to Sept 29, 2011**
- vii) Dividend Dispatch date within 30 days
- viii) Listing on Stock Exchange

Shares are listed in Mumbai Stock Exchange, Delhi Stock Exchange. Company has already applied for Delisting which is pending with Delhi Stock Exchange. The listing fee for the year 2010-2011 and 2011-12 has been paid to the Stock Exchange, Mumbai.

- ix) Scrip Code (BSE) - 514412
- x) ISIN Code (NSDL) - INE 305D0101 3
- 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: 011-30857575

- xiii) Share Transfer System
The shares sent for transfer in physical form are registered and returned within a period of thirty days from the date of receipt of the documents, provided all documents are complete in all respects.

- xiv) Distribution of shareholding

Distribution of shareholding as on **March 31, 2011**
Nominal Value of each Share/unit: Rs. 10

Share Deb. Holding	Share Holders (Nos.)	% to total number	Share Physical	NSDL	CDSL	Total (Value)	%age
Upto 500	2120	91.77	126998	105075	48366	280439	8.62
501-1000	80	3.46	12300	31529	20546	64375	1.96
1001- 2000	36	1.56	5200	28888	16940	51028	1.57
2001- 3000	29	1.26	10600	39368	21867	71835	2.21
3001- 4000	7	0.30	3100	11055	10395	24550	0.75
4001- 5000	9	0.39	0	23562	18400	41962	1.29
5001- 10000	12	0.52	11700	71410	0	83110	2.56
10001 & Above	17	0.74	2434100	146359	54642	2635101	81.02

xv) Particulars of Past Three Annual General Meetings

i.	AGM	Year	Venue	Date	Time
	31st	2009-10	P.O. Ramdaspora, Jalandhar.	Sept., 29, 2010	10:30 AM
	30th	2008-2009	P.O. Ramdaspora, Jalandhar.	Sept. 29, 2009	10:30 AM
	29th	2007-2008	P.O. Ramdaspora, Jalandhar.	Sept. 26, 2008	10:30 AM
	ii.	Whether any special resolutions passed in the previous 3 AGMs-Nil			
	iii.	Whether any special resolution passed last year through postal ballot – details of voting pattern-NIL			

xvi) **Stock Price Data - Stock Exchange, Mumbai**

Scrip Code: 514412 **Company:** SARUP TANNER **For the Period:** April 2010 to March 2011

Month	High Price	Low Price	No. of Shares
Apr 10	63.50	43.65	83,892
May 10	55.90	31.70	30,513
Jun 10	48.60	32.75	42,973
Jul 10	56.85	33.00	82,052
Aug 10	63.50	44.70	2,64,529
Sep 10	61.70	51.25	79,839
Oct 10	57.95	47.00	62,375
Nov 10	64.70	47.00	1,65,356
Dec 10	52.45	41.25	33,658
Jan 11	55.00	34.00	26,523
Feb 11	41.65	31.00	21,810
Mar 11	39.70	28.60	82,208

xvii) Location

The Company headquarters and corporate office are located at Jalandhar.

xviii) Address for Correspondence

Sarup Tanneries Ltd.
P.O.Ramdasapura,
Jalandhar - 144 003
Punjab.

Phone: 0181-2271556, 2271557, 2271558
E-Mail: accounts@bawastl.com

Compliance with Clause 49 of the Listing Agreement

The Company has been in compliance with all the requirements specified under the revised Clause 49.

DECLARATION

A Code of Conduct for the Directors and Senior Management Personnel has already been approved by the Board of Directors of the Company. As stipulated under the provisions of sub-clause I(D) (ii) of Clause 49 of the Listing Agreement with stock exchanges, all the Directors and the designated personnel in the Senior Management of the Company have affirmed compliance with the said code for the financial year ended March 31, 2011.

COMPLIANCE CERTIFICATE AS PER CLAUSE -49 (V) OF THE LISTING AGREEMENT

We have reviewed financial statements and the cash flow statement for the year 2010-2011 and that to the best of our knowledge and belief.

- 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- 2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulation;
- 3) No transaction entered into by the Company during the above said period, which is fraudulent, illegal or violative of the company's code of conduct.

Further, we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial statements and we have disclosed the auditors and the Audit Committee, wherever applicable.

- 1) Deficiencies in the design or operation of internal controls, if any which came to our notice and the steps we have taken or propose to take to rectify these deficiencies;
- 2) Significant changes in internal control over financial reporting during the year 2010-2011;
- 3) Significant changes in accounting policies during the year 2010-2011 and that the same have been disclosed in the notes to the financial statements;
- 4) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Sarup Tanneries Limited

Ashwani Kumar Arora
Chief Financial Officer

Bawa Atamjit Singh
Managing Director

Place : Jalandhar
Date : 2, Sept., 2011

**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 2011 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 : Sept., 2, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	SCHEDULE	AS AT 31.3.2011	AS AT 31.3.2010 (Rs. in Lakhs)
SOURCES OF FUNDS			
SHARHOLDERS FUNDS			
Share Capital	1	325.24	325.24
Reserves & Suplus	2	2247.74	2095.72
		<u>2572.98</u>	<u>2420.96</u>
LOAN FUND			
Loans	3	718.25	1316.50
		<u>3291.23</u>	<u>3737.46</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross block	6	3241.26	3109.39
Less: Depreciation		1763.38	1590.00
		<u>1477.88</u>	<u>1519.39</u>
Net Block		1477.88	1519.39
Investments (Quoted)		60.01	47.51
CURRENT ASSETS, LOANS & ADVANCES			
Investories	4	1943.24	2135.48
Sundry Debtors	5	936.88	770.96
Cash and Bank Balances	7	200.69	211.44
Loans and Advances	8	360.14	299.71
		<u>3440.95</u>	<u>3417.59</u>
Less : Current Liabilities & Provisiosons			
Current Liabilities	9	1503.76	1118.00
Provisions	10	180.16	119.01
		<u>1757.03</u>	<u>2180.58</u>
Net Current Assets		1757.03	2180.58
Deferred Tax Liabilities		(9.36)	(17.96)
MISCELLANEOUS EXPENDITURE	11	5.67	7.94
		<u>3291.23</u>	<u>3737.46</u>
Total Funds Employed		<u>3291.23</u>	<u>3737.46</u>
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 25.05.2011

Bawa Simerjit Singh
Director

Col Gurcharan Singh
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE	AS AT 31.3.2011	AS AT 31.3.2010 (Rs. in Lakhs)
INCOME			
Sales		5946.72	3614.06
Other Income	12	222.5	152.19
Increase/(Decrease) in stock	13	(95.65)	72.84
TOTAL-A		6073.57	3839.09
EXPENDITURE			
Consumption of Raw Materials	14	3469.49	2119.92
Payment to & Provision for Employees	15	1175.69	834.01
Other Manufacturing Expenses	16	261.17	183.97
Excise Duty		8.80	18.30
Administrative & Selling Expenses	17	588.13	379.12
Interest	18	146.39	99.93
TOTAL-B		5649.67	3635.25
PROFIT BEFORE DEPRECIATION AND TAXATION (A-B)		423.90	203.84
Less depreciation		173.38	95.68
PROFIT BEFORE PROVISION OF TAXATION		250.52	108.16
PROVISION FOR TAXATION- Current		49.90	18.35
-Deferred		(8.62)	4.40
PROFIT FOR THE YEAR		209.24	85.41
Add: Income Tax Refund (Previous Year)		--	--
Add : Balance Brought Forward from Previous Year		486.62	477.16
Prov. For Wealth Tax written Back		--	--
PROFIT AVAILABLE FOR APPROPRIATION		695.86	562.57
APPROPRIATION			
PROPOSED DIVIDEND		48.79	39.03
Provision for Wealth Tax		0.13	0.29
Adjustments of advance Tax		0.00	0.00
DIVIDEND TAX		8.29	6.63
GENERAL RESERVE		50.00	30.00
BALANCE CARRIED TO BALANCE SHEET		588.65	486.62
		695.86	562.57
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 25.05.2011	Bawa Simerjit Singh Director	Col Gurcharan Singh Director	

SCHEDULES TO BALANCE SHEET AS AT 31.3.2011

	AS AT 31.3.2011	AS AT 31.3.2010 (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 Balance Sheet	1305.28	1275.28
Add Transfer During the Year	50.00	30.00
	1355.28	1305.28
Capital Subsidy	30.36	30.36
Profit and Loss Account Appro.	588.65	486.63
	2247.74	2095.72
SCHEDULE 3		
LOANS		
Secured		
From State Bank of India		
Cash Credit, Pre & Post Shipment (Secured by hypothecation of Inventories and book debts	585.65	624.19
Term Loan	29.46	273.79
ICICI (Secured against Car Loan)	0.14	0.90
HDFC (Secured against Car)	40.55	54.85
Tata Motors Ltd (Secured Against Vehicle)	5.70	0.00
Unsecured Loan from Directors	56.76	362.77
	718.26	1316.50
SCHEDULE 4		
INVENTORIES (As certified by management)		
Finished Goods (at cost or market price whichever is lower)	1320.62	1442.81
Raw Materials (at cost including in transit)	582.39	678.98
Packing Material, Stores and Spares (at cost)	40.23	13.69
	1943.24	2135.48
SCHEDULE 5		
SUNDRY DEBTORS (Unsecured Considered Good)		
Debts Outstanding for a period exceeding 6 Months	383.83	463.37
Others	484.72	301.52
Incentive Receivable	68.33	6.07
	936.88	770.96

M/S SARUP TANNERIES LIMITED, P.O. RAMDASPURA, JALANDHAR
 SCHEDULE A OF FIXED ASSETS FORMING AN INTEGRAL PART OF BALANCE SHEET AS ON 31.03.11 (Rs. in Lakhs)

S.No.	Particulars	Rate	Cost 01-04-10		Addition	Cost Block		Sale/Trfd	Depreciation Block		Net Block	
			Cost	%		Total of Cost	Dec upto 01-04-10		W/cff during the yr.	W/cff	WDV 31-03-11	WDV 31-03-10
1	Land	0.00%	248.25			248.25					248.25	248.25
2	Building	10.00%	331.45		18.39	349.84	100.19		23.78		123.97	225.87
3	Plant & Machinery	13.91%	1477.08		213.24	1690.32	1009.06		87.29		1096.36	231.26
4	Air Conditioners	13.91%	15.91		1.93	17.84	11.95		0.78		12.73	5.11
5	Cars	25.89%	113.82		0.10	113.92	55.16		15.21		70.37	43.55
6	Generators	13.91%	32.91		1.63	34.55	21.92		1.74		23.66	58.66
7	Fans	13.91%	8.70		0.34	9.03	7.50		0.21		7.71	10.88
8	Typewriters	13.91%	0.42			0.42	0.39		0.00		0.40	1.19
9	Electric Installation	13.91%	48.50		13.09	61.59	23.79		5.11		28.90	32.69
10	Furniture & Fixture	18.10%	65.16		5.96	70.72	47.59		3.95		51.55	24.71
11	Cycan & Rickshaw	20.00%	0.19			0.19	0.00		0.00		0.19	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		0.01		0.51	0.01
14	Waigting Machine	13.91%	2.32			2.32	1.61		0.10		1.71	0.61
15	Fire Extinguisher	13.91%	2.40		2.24	4.64	1.85		0.15		2.01	2.63
16	Refrigerators	13.91%	1.35			1.35	1.19		0.02		1.21	0.14
17	Time Recorder	13.91%	1.82			1.82	0.77		0.14		0.92	1.04
18	Photo Copier	13.91%	2.69			2.69	2.32		0.05		2.37	0.32
19	Intercom	13.91%	0.29			0.29	0.27		0.00		0.27	0.01
20	Television & Camera	13.91%	1.11		0.08	1.19	0.75		0.05		0.80	0.36
21	Shoe Lasts	13.91%	103.27		5.71	108.98	97.49		5.01		102.50	5.48
22	Transformer	13.91%	15.43		2.60	18.03	13.61		0.61		14.22	3.81
23	Computer	40.00%	23.63		2.16	25.80	18.58		2.65		21.23	4.57
24	Lawn Machine	13.91%	0.54			0.54	0.49		0.01		0.50	0.05
25	Tubewell	10.00%	3.62			3.62	2.53		0.09		2.62	1.00
26	Wooden Drums	13.91%	10.25		1.42	11.67	9.17		0.24		9.41	2.26
27	Air Compressor	13.91%	0.49			0.49	0.44		0.01		0.45	0.04
28	Boiler	13.91%	11.16		4.96	16.12	8.89		0.69		9.58	6.54
29	Tractor	30.00%	1.55			1.55	1.54		0.00		1.054	0.01
30	Moulds & Dies	30.00%	62.81		1.76	64.58	55.72		2.52		58.23	6.34
31	Fax Machine	13.91%	0.28			0.28	0.25		0.00		0.26	0.03
32	Telephone & Cellular Phone	13.91%	3.16		0.14	3.31	1.82		0.21		2.02	1.26
33	Building (W)	5.00%	241.40		0.25	241.65	39.19		10.12		49.32	192.33
34	Air Conditioner (W)	13.91%	6.81			6.81	2.60		0.58		3.19	3.62
35	Furniture & Fixture (W)	18.10%	20.39			20.39	9.65		1.94		11.60	8.79
36	Electric Installations (W)	10.00%	7.49			7.49	2.16		0.53		2.69	4.80
37	Tubewell (W)	10.00%	0.80			0.80	0.25		0.07		0.30	0.50
38	Kitchen Equipment (Guest House)	16.10%	6.67			6.67	3.16		0.64		3.80	2.88
39	Projector	13.91%	0.10			0.10	0.08		0.00		0.08	0.02
40	Furniture, Fixture & Fitting	18.10%	43.40			43.40	31.50		2.15		33.66	9.74
41	Inventer	13.91%	0.17			0.17	0.08		0.01		0.09	0.07
42	Motor Cycle	25.89%	2.29		0.05	2.33	0.69		0.42		1.11	1.22
43	Music System	13.91%	0.37			0.37	0.15		0.03		0.18	0.19
44	Leasehold Improvements	18.10%	9.18		23.67	32.86	1.62		4.59		6.21	26.64
45	Water Cooler	13.91%	0.53		0.98	1.51	0.03		0.20		0.23	1.28
46	Tempo A/C	30.00%	8.14			8.14	0.02		0.00		1.32	6.82
47	Microwave	13.91%	0.05			0.05	0.02		0.00		0.03	0.03
48	Building Under Construction	0.00%	1.30		10.73	12.03						1.30
49	Punching Machine	13.91%	0.37			0.37	0.00		0.05		0.05	0.31
50	EPABX System	13.91%			0.29	0.29	0.04		0.04		0.04	0.25
51	Factory Equipments	13.91%			0.15	0.15			0.02		0.02	0.13
52	Capital Work in Progress	0.00%	175.73			175.73						175.73
			3109.39		319.63	3241.26	1590.00		173.38	0.00	1763.38	1477.88
			2664.41		770.00	3109.39	1546.96		95.68	52.64	1590.00	1519.39

NOTE: 1) 100% Depreciation has been provided on addition to Shoe Lasts Amounts to Rs. 405565/- being cost of each item is less than Rs. 5000/-

SCHEDULES TO BALANCE SHEET AS AT 31.3.3011

	AS AT 31.3.2011	AS AT 31.3.2010 (Rs. in Lakhs)
SCHEDULE 7		
CASH & BANK BALANCE		
Cash In Hand	2.25	1.49
Balance with Scheduled banks :		
in Current Accounts	37.33	26.02
in Deposit Accounts	147.52	154.75
Cheques in Hand	13.59	29.20
	<u>200.69</u>	<u>211.44</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	214.84	197.78
Advance Income Tax/Wealth Tax	133.61	90.23
Advance Fringe Benefit Tax	11.70	11.70
	<u>360.15</u>	<u>299.71</u>
SCHEDULE 9		
CURRENT LIABILITIES		
Accounts Payable	843.82	683.75
Other Liabilities	659.95	434.25
	<u>1503.76</u>	<u>1118.00</u>
SCHEDULE 10		
PROVISIONS		
Income Tax	111.45	61.56
Fringe Benefit Tax	11.50	11.50
Wealth tax	0.14	0.29
Proposed Dividend	48.77	39.03
Dividend Tax	8.29	6.63
	<u>180.15</u>	<u>119.01</u>
SCHEDULE 11		
MISCELLANEOUS EXPENDITURE		
Preliminary Expenses		
Public Issue Expenses	5.07	7.11
Deffered Revenue Expenditure	0.60	0.83
	<u>5.67</u>	<u>7.94</u>

SCHEDULES TO BALANCE SHEET AS AT 31.3.2011

	AS AT 31.3.2011	AS AT 31.3.2010 (Rs. in Lakhs)
SCHEDULE 12		
OTHER INCOME		
Duty Drawback	188.09	49.40
Interest Received	11.86	18.86
Exchange Diff	0.45	2.05
Profit on sale of Share	0.48	1.67
Other Misc Income	21.62	72.09
Dividend	0.00	0.05*
Profit on sale of Assets	0.00	8.07
	<u>222.50</u>	<u>152.19</u>
SCHEDULE 13		
INCREASE /DECREASE IN STOCK		
Opening Stock	(1456.50)	(1383.66)
Closing Stock	1360.85	1456.50
	<u>(95.65)</u>	<u>72.84</u>
SCHEDULE 14		
CONSUMPTION OF RAW MATERIAL		
Opening Stock	678.98	497.27
Add : Purchases	3372.90	2301.63
	<u>4051.88</u>	<u>2798.90</u>
Less : Closing Stock	582.39	678.98
	<u>3469.49</u>	<u>2119.92</u>
SCHEDULE 15		
PAYMENT TO AND PROVISION FOR EMPLOYEES		
Salaries, Wages, Bonus and Gratuity	1030.83	737.24
Contribution to provident and other Funds	124.59	90.07
Employees Welfare Expenses	20.27	6.70
	<u>1175.69</u>	<u>834.01</u>
SCHEDULE 16		
OTHER MANUFACTURING EXPENSES		
Consumption of Stores & Spares	70.93	28.64
Power & Fuel	111.23	64.83
Repair & Maintenance		
Building	8.40	14.78
Plant and Machinery	15.76	14.73
Others	54.85	60.99
	<u>261.17</u>	<u>183.97</u>

SCHEDULES TO BALANCE SHEET AS AT 31.3.3011

	AS AT 31.3.2011	AS AT 31.3.2010 (Rs. in Lakhs)
SCHEDULE 17		
ADMINISTRATIVE EXPENSES		
Rent	49.01	51.81
Fees & Taxes	17.13	8.88
Insurance	4.95	5.91
Travelling & Conveyance	18.62	12.17
Vehicle Running Expenses	14.22	12.93
Printing & Stationery	4.69	5.42
Postage & Telephone	15.59	15.24
Auditor's Remuneration "		
Audit Fee	0.81	0.81
Tax Audit Fee	0.13	0.13
Bank Charges	20.08	6.66
Freight, Packing & Forwarding Expenses	240.41	125.37
Commission on Sales	66.71	45.35
Donation	1.98	1.70
Legal and Professional Fees	35.87	17.47
Samples	0.00	0.04
Advertisement & Publicity	12.20	11.65
Office Maintenance	0.81	0.70
Entertainment Expenses	1.58	1.23
Sales Promotion Expenses	3.68	4.97
Director's Remuneration	9.38	8.58
Preliminary Expenses Written off	2.28	2.28
Miscellaneous expenses	7.71	11.45
Rebate and Discount	4.93	4.67
Additional Service Charges	1.13	0.30
Security Service Charges	19.44	14.98
Service Tax	3.74	0.42
Bad Debts	30.66	7.84
Fine & Penalties	0.40	0.16
	<u>588.14</u>	<u>379.12</u>
SCHEDULE 18		
INTEREST ON TERM LOANS AND OTHERS	146.39	99.93

**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 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.

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-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. 9.38 Lacs.

SARUP TANNERIES LIMITED

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

	CAPACITY LICENCED	INSTALLED	PRODUCTION
Leather Shoe Uppers	900000	900000	821850 (584080)
Shoe	1500000	1500000	702437 (567018)

	CURRENT YEAR QUANTITY Prs.	Value in Lacs.	PREVIOUS YEAR QUANTITY Prs.	Value in Lacs
4 Detail of Turnover				
Shoe Upper	204361 Prs	1060.90	36152 Prs	264.78
Shoes	715379 Prs	4093.58	564033 Prs	2922.72
Other Material		792.24		426.56
		<u>5946.72</u>		<u>3614.06</u>
5 Raw Material Consumed				
Leather, shoes etc.	80908 Pcs	623.03	51378 Pcs	237.59
Uppers		368.68		151.22
Grinderies		2059.18		1523.70
Chemicals		354.16		145.58
Freight, Job & Cutting charges		64.44		61.83
		<u>3469.49</u>		<u>2119.93</u>
6 Closing Stock of Raw Material & Finished Goods				
Finished Leather	32214 Pcs	257.07	29612 Pcs	224.46
Semi Finished Leather	7260 Pcs	35.56	21372 Pcs	102.99
Chemicals		25.72		19.81
Grinderies		264.04		331.73
Work In Progress	30796 Prs	101.24	48753 Prs	156.23
Finished Stock	149354 Prs	1219.38	167011 Prs	1286.57
Packing Material		15.59		9.43
Consumable Stores		24.63		4.26
		<u>1943.24</u>		<u>2135.48</u>
7 FOB Value of Exports		1780.35		660.72
8 CIF Value of Imports				
Raw Material		312.99		226.15
Consumable Stores		0.82		3.70
Machinery & Spare Parts		34.40		91.02
Shoe/Shoe Uppers		383.88		160.25
		<u>732.09</u>		<u>481.12</u>
9 Expenditures in Foreign Currency - Paid				
Travelling		3.63		1.52
Commission		10.98		0.00
		<u>14.61</u>		<u>1.52</u>
10 Contingent Liabilities				
i Letter of Credit opened for Import		223.43		249.48
ii Bank Guarantee		444.49		10.60

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 (A.A.=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	480000.00
Bawa Skin Company	Common Key Managerial Personnel	Purchase	1057616.00

15. As per the information available with the company there are not dues outstanding including interest as on 31st March 2011 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**

**Atamjit Singh Bawa
Managing Director**

**Manjit Bawa
Director**

**Col Surat Singh Bajwa
Director**

**Place : Jalandhar
Dated 25.05.2011**

**Bawa Simerjit Singh
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	31.03.2011		

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	329123	Total Assets	329123
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Source of Funds

Paid up Capital	32524	Reserve & Surplus	224773
Secured Loans	66150	Unsecured Loans	5676

Application of Funds

Net Fixed Assets	147787	Investments	6001
Net Current Assets	175704	Misc. Expenditure	567
Accumulated Losses	nil	Deferred Tax Assets	(936)

IV Performance of Company (Amount in Rs. Thousands)

Turnover/Other Income	598112	Total Expenditures	57307
Profit/Loss before tax	25052	Profit/Loss after tax	20924
Earning per share	6.43	Dividend rate (%age)	15

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 25.05.2011

Bawa Simerjit Singh
Director

Col Gurcharan Singh
Director

Cash Flow Statement for the Year Ended 31st March, 2011

	2010-11	2009-10
A. Cash Flow from Operating Activities		
Net Profit before tax and extraordinary items	250.52	108.16
Adjustments for :		
Depreciation	173.38	95.68
Preliminary Expenses	2.28	2.28
Interest Income	(11.86)	(18.86)
Interest Expenses	146.39	99.93
Profit on sale of Fixed Assets	-	(8.07)
Profit on sale of shares	(0.48)	(1.68)
Operating Profit before Working Capital Changes	560.23	277.44
Adjustment for		
Trade & Other Receivables	(167.37)	(39.68)
Inventories	192.24	(254.54)
Trade Payables & Other liabilities	385.76	266.78
Cash generated from Operations	970.845	250.00
Less:		
Direct Taxes Paid	(43.95)	(24.58)
Net Cash from Operating Activities	926.895	225.42
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(131.87)	(514.41)
Sale/Adv. For sale of Fixed Assets		
Sale of Investments	7.96	24.85
Dividend Received		19.17
Purchase of Investment	(20.00)	0.05
Interest Received	11.86	18.82
C. Cash Flow from Financing Activities	(132.03)	(451.52)
Loans raised from W/C	179.42	141.52
Term loan raised	(471.65)	174.60
UnSecured Loans Raised	(306.00)	(43.64)
Interest Paid	(146.33)	(99.93)
Dividend Paid	(45.66)	(45.66)
Net Increase/(Decrease) in Cash and Cash Equivalents:	(790.28)	126.89
Opening Balance of Cash and Cash Equivalents	182.53	281.74
Closing Balance of Cash and Cash Equivalents	187.11	182.53
	4.57	(99.21)
TOTAL OF(A+B+C)	4.57	(99.21)

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 25.05.2011

Bawa Simerjit Singh
Director

Col Gurcharan Singh
Director

AUDITOR'S CERTIFICATE

We have examined the aforesaid Cash Flow Statement of Sarup Tanneries Ltd, for the year ended 31st March 2011. 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 : 25th May 2011

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 Shares held

Folio No :	
------------	--

I hereby record my presence at the 32nd ANNUAL GENERAL MEETING of Company held on Thursday 29th September 2011 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	
----------	--

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 32nd Annual Meeting to be held on Thursday 29th September 2011 at 10.30 a.m. or at any adjournment thereof

Signed this day of 2011

Affix a Rs. 1/- Revenue stamp
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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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