

SARUP INDUSTRIES LIMITED

(Formerly Sarup Tanneries Limited)

<p>33rd ANNUAL REPORT AND ACCOUNTS 2011-12</p>

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

GREEN INITIATIVE

IN LINE WITH THE INITIATIVES TAKEN BY MCA, SARUP INDUSTRIES LIMITED PROPOSES TO SEND DOCUMENTS SUCH AS NOTICES OF GENERAL MEETING(S), OTHER NOTICES, ANNUAL REPORT AND ALL OTHER COMMUNICATIONS TO ITS SHAREHOLDERS THROUGH ELECTRONIC MODE I.E. ON THE E-MAIL ADDRESS PROVIDED BY YOU. IN CASE THERE IS ANY CHANGE IN YOUR E-MAIL ID OR ANY OTHER DETAILS, PLEASE E-MAIL US THE DETAILS AT OR WRITE TO US AT:

SARUP INDUSTRIES LIMITED, P.O. RAMDASPURA, JALANDHAR-144003

E-mail: - shareholders@bawastl.com, Ph: - 0181-2271556/7/8

WE SINCERELY LOOK FORWARD TO YOUR SUPPORT IN THIS INITIATIVE.

Table of Contents

	Page no.
Corporate Information	3
Notice of Annual General Meeting	4
Directors' Report	8
Management Discussion & Analysis Report	15
Corporate Governance (Clause 49)	18
Compliance Certificate	26
Auditors' Report	32
Balance Sheet	37
Profit & Loss Account	39
Cash Flow Statement	41
Notes to Financial Statements	43
Balance Sheet Abstract	59
Attendance Slip	61

COMPANY INFORMATION

MANAGING DIRECTOR

Mr. ATAMJIT SINGH BAWA

AUDIT COMMITTEE

COL. GURCHARAN SINGH Chairman
Mr. G.S. BEDI
Mr. ASHWANI KUMAR ARORA

REMUNERATION COMMITTEE

COL. GURCHARAN SINGH Chairman
COL. SURAT SINGH BAJWA
Mr. G.S. BEDI

INVESTOR'S GRIEVANCE COMMITTEE

COL. GURCHARAN SINGH Chairman
Mr. ATAMJIT SINGH BAWA
Mr. SIMERJIT SINGH BAWA

AUDITORS

M/S Y.K. SUD & CO.
Ambika Towers
JALANDHAR-144001

LEGAL ADVISOR

Mr. V.K. SAREEN
7-NEW RAJENDRA NAGAR
POLICE LINES ROAD, JALANDHAR.

**COMPANY SECRETARY
& LEGAL ADVISOR**

CS AMIT KUMAR

CHIEF FINANCIAL OFFICER

Mr. ASHWANI KUMAR ARORA

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
D-153 A, 1st Floor, Okhla Industrial
Area Phase- I, New Delhi- 110020

REGISTERED OFFICE

P.O. RAMDASPURA
JALANDHAR-144003

PLANT LOCATIONS

- (1) UNIT AT P.O.RAMDASPURA,
JALANDHAR
- (2) PLOT NO.141, LEATHER COMPLEX,
KAPURTHALA ROAD, JALANDHAR
- (3) UNIT No V, VILL SHYAMPUR
TAHLIWAL, UNA, (H.P.)

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the **THIRTY THIRD (33rd) ANNUAL GENERAL MEETING** of the shareholders of SARUP INDUSTRIES LIMITED (Formerly SARUP TANNERIES LIMITED) will be held on **Friday, September 28th , 2012 at 10.30 A.M.** at Registered Office of the Company at P.O Ramdaspora, Jalandhar, to transact the following business:-

ORDINARY BUSINESS

1. To consider and adopt the Audited Profit & Loss Account and Cash Flow Statement for the year ended March 31, 2012, the Balance Sheet as at that date, the Auditors' Report thereon, the Directors' Report along with Management Discussion and Analysis Report and the Compliance Certificate.
2. To declare dividend for the financial year ended March 31, 2012.
3. To appoint a Director in Place of Ms. Manjit Bawa, who retires by rotation and, being eligible, offers herself for reappointment.
4. To appoint a Director in place of Mr. Gurcharan Singh, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Col. Surat Singh Bajwa, who retires by rotation and, being eligible, offers himself for reappointment.
6. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, and to authorize the Board of Directors of the Company to fix their remuneration. M/s. Y.K.Sud & Co., Chartered Accountants, the retiring Auditors, are eligible for re-appointment.

NOTES

- i. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON POLL, TO VOTE INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING.
- ii. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.

- iii. The Register of Members and Share Transfer Books of the Company will be closed from September 24, 2012 to September 28, 2012 (both days inclusive) for ascertaining the names of the shareholders to whom the dividend which if declared at the Annual General Meeting is payable. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd., for this purpose.
- iv. Those Members who have so far not encashed their dividend warrants for the below mentioned financial years, may claim or approach the Company for the payment thereof as the same will be transferred to the **‘Investor Education and Protection Fund’** of the Central Government, pursuant to Section 205C of the Companies Act, 1956 on the respective dates mentioned there against. Please note that as per Section 205C of the Companies Act, 1956, no claim shall lie against the Company or the aforesaid Fund in respect of individual amounts which remain unclaimed or unpaid for a period of seven years from the date the dividend became due for payment and no payment shall be made in respect of such claims.

Dividend for the Financial Year ended	Due date for Transfer
31.03.2005	29th October, 2012
31.03.2006	28th October, 2013
31.03.2007	26th October, 2014
31.03.2008	29th October, 2015
31.03.2009	29th October, 2016
31.03.2010	29th October, 2017
31.03.2011	29th October, 2018

Shareholders are, therefore, requested to check up and send their claims, if any, for the relevant years from 2004-05 onwards before the respective amounts become due for transfer to the above fund.

- v. Members holding shares in electronic form are requested to intimate any change in their address or bank mandates to their Depository Participants with whom they are maintaining their Demat Accounts immediately. Members holding shares in physical form are requested to advise any changes of address immediately to Registered Office of the Company or to M/s Skyline Financial Services Pvt. Limited.
- vi. As per the provisions of Section 109(A) of the Companies Act, 1956 member(s) who are holding Equity Shares in the Company may nominate in the prescribed manner, a person on whom the shares will vest in the event of death of the holder(s). Member(s) desiring to make such a nomination are requested to send the prescribed Form-2B either to the Company or its R&T Agent.

- vii. Members are requested to send in their queries at least a week in advance to the Finance Head at the Registered Office of the Company to facilitate clarifications during the meeting.

Date: 31 August, 2012
Place: Jalandhar

By Order of the Board of Directors

Sd/-
Atamjit Singh Bawa
Managing Director

Director's Report

To the Shareholders,

Your Directors have pleasure in submitting the 33rd Annual Report along with the Audited Accounts for the year ended March 31, 2012.

Industry Overview

Leather Industry occupies a place of prominence in the Indian economy in view of its massive potential for employment, growth and exports. There has been increasing emphasis on its planned development, aimed at optimum utilisation of available raw materials for maximising the returns, particularly from exports. The leather industrial sector comprises of:

- a) Tanneries (where raw hides and skins are converted into leather)
- b) Factories transforming leather into a variety of consumer products such as footwear, garments and outerwear, and assorted leather goods such as wallets, passport cases, key chains, handbags and brief cases.

Apart from the quality of raw material, the process of its conversion into leather and, later, of the design, product development and process of manufacture, of products play a key role in adding value to it.

The Indian leather industry, one the most vibrant sector of the country's economy, is well-structured and spans various segments, such as tanning and finishing, footwear and footwear components, leather garments, leather goods, including saddles and harness. Well recognized in the international market, the Indian leather goods constitute about 7 per cent of India's export earnings. Besides being a significant earner of foreign exchange, the leather industry generates employment, ensuring jobs for over 2.5 million people, with 75 per cent of the production from small and cottage sectors. India, with an output of Rs. 186.56 billion and exports of Rs. 125.46 billion, is placed third, while developed markets such as the US are major consumers of leather products. It is now poised for a big leap to double its global share from the present 3%. The industry covers a vast spectrum of inputs, activities, skills and products i.e. livestock, hides and skins, tanning, leather products and exports. The Indian Leather Industry is growing by leaps and bounds.

Present Financials & Company Affairs

During the Year under review your company has achieved the figures of Rs.5174.52 Lacs in respect of sales for the year. Your Company has registered a profit before tax of Rs. 215.81 lacs. There was a drop in profit mainly due to the increase in interest expenses.

PROPOSED TRANSFER TO RESERVES

In terms of section 217 (1) (b) of the companies act, 1956 for the financial year ending March 31, 2012, the Company had transferred Rs.50 lacs to the General Reserve.

Review of Operations

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

(Fig. In Rs. Lacs)

	Year ended March 31st, 2012	Year ended March 31st, 2011
Sales of products and services	5174.52	5946.72
Other Income	144.29	222.50
Total Income	5318.81	6169.22
Total Expenditure other than Interest and Depreciation	4753.01	5598.93
Profit before Interest, Depreciation and Tax	565.80	570.29
Depreciation and Amortization Expenses	156.71	173.38
Profit before Interest and Tax	409.09	396.91
Finance Cost (net)	193.28	146.39
Profit before Tax	215.81	250.52
Provision for Current Tax	35.95	41.28
Provision for Deferred Tax		
Net Profit	179.86	209.23
Adjustments in respect of prior years	-	-
Surplus brought forward	588.65	486.62
Profit after Tax available for appropriation	768.51	695.85
Your Directors recommend appropriation as under:		
Proposed Dividend on Equity Shares	48.78	48.78
Dividend Tax on Proposed Dividend	7.91	8.28
Transfer to General Reserve	50.00	50.00
Income Tax /TDS/ wealth Tax Provision	0.16	0.14
Surplus Carried Forward	661.66	588.65
Total Appropriation	768.51	695.85

DIVIDEND

The Directors recommended dividend of Rs. 1.50/- (15%) per share on Equity shares for the year ended 31st March 2012, which will attract dividend tax of Rs. 7.91 Lacs. The total payout will be Rs. 48.78 Lacs and tax thereon Rs.7.91 Lacs.

MATERIAL CHANGES AND INFORMATION

a) Name Change of Company

In terms of Section 217 (1) (d) we are feeling pleasure to inform you that the name of your Company has been changed from Sarup Tanneries Limited to Sarup Industries Limited. Henceforth your Company be now known as Sarup Industries Limited. As the Special Resolution has been passed and all the statutory compliances have been made.

b) Change of Main Objects

We are feeling pleasure to inform you that we have shifted the other objects to our main objects in the Memorandum of your Company. This also worthwhile to mention here that we are now in the final process of carried out the pending construction of Metropolitan Mall Project in Jalandhar.

c) Closure of Unit at Agra

Unit of Agra at Mathura Road, Runkuta, has now been out of operation. The main reason for closing the unit was as it was uneconomical and controlling and supervision was difficult over its operations.

STATUTORY INFORMATION:

Information pursuant to Section 217(2A) of the Companies Act, 1956, read with the Companies (Disclosures of particulars in the Report of Board of Directors) Rules, 1988, is given as under which forms part of this Report.

There is no employee whose particulars are required to be given under section 217(2A) of the Companies Act, 1956 and the Companies (particulars of employees) Rules, 1975.

AUDITORS

You are requested to appoint Auditors for the current year and to authorise the Board to fix their remuneration. The retiring auditors, Y.K. Sud & co., Chartered Accountants, are eligible for reappointment. A certificate from the Auditors has been received to the effect that their

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

DEPOSITS

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

APPOINTMENT OF COST AUDITOR

As in consequence of the Order dated 24th January, 2012 issued by Ministry of Corporate Affairs your Company is not falling under the Relevant Chapter for audit of cost records. So no appointment will be made of Cost Auditor.

COMPLIANCE CERTIFICATE

In accordance with the requirement of the section 383A of the Companies Act, 1956, a Compliance Certificate for the financial year 2011-12 from M/s Dinesh Gupta & Co., Practicing Company Secretaries, Jalandhar has been attached.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE AND OUTGO

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE

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

AUDITORS' REPORT

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

RESEARCH AND DEVELOPMENT

Your Company is proud to announce that our R&D activities have resulted in the launch of four new. As this year comes to a close, we will be on the cusp of developing our first premium grade derivative. Improvement of existing processes and the endeavor to develop new processes and technologies will be an ongoing activity. So too, will be our efforts to manufacture premium quality products from quality grade raw materials.

VOLUNTARY DELISTING OF THE COMPANY'S ORDINARY SHARES FROM CERTAIN STOCK EXCHANGES

The Company's application for delisting of ordinary shares is pending with The Delhi Stock Exchange Association Ltd.

PAYMENT OF LISTING FEE

The stocks of the Company are available for trading in dematerialized shape on the stock exchange. The equity shares of the Company are listed on Bombay Stock Exchange and that the annual fees for the year 2012-13 has been duly paid.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) That in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- b) That such accounting policies have been selected and applied consistently, and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company, for preventing and detecting fraud and other irregularities;

- d) That the annual accounts have been prepared on a going concern basis. The Directors of your Company further confirm that proper systems are in place to ensure compliance of all laws applicable to the Company.

ACKNOWLEDGEMENTS

Your Directors wish to express their deep sense of appreciation for the committed services of all the employees of the Company. They place on record their appreciation for the support and co-operation your Company has been receiving from its Bankers, Customers, Distributors, Dealers, suppliers and other business partners. Your Directors also take this opportunity to thank all stakeholders, banks, regulatory and government authorities for their continued support. As we continue to grow and expand, we look forward to sharing our success in the years ahead with all our stakeholders.

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

Place: Jalandhar
Date: 31.08.2012

Sd-
Manjit Bawa
Chairperson

Sd-
Atamjit Singh Bawa
Managing Director

ANNEXURE 'A' to DIRECTORS' REPORT

Forming Part of the Directors' Report

Information pursuant to Section 217(1) (e) of the Companies Act, 1956, read with the companies (disclosure of particulars in the report of the board of directors) rules, 1988 in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo.

A. Conservation of Energy

1) Energy Conservation measures undertaken:

- I. Introduction of additional machinery with improved technology.
- II. 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.

2) Additional investments and proposals:

- I. There are no pre-planned investment proposals to mention here.
- II. No additional investment or proposal is there for reduction of consumption of energy.
- III. Company is trying to reduce its expenses of energy consumption.
- IV. Expenditure on power and fuel during the year under review is Rs.81.62 lacs as compared to Rs. 111.23 during year ending March 31, 2011.

B. Technology Absorption, Adaptation & Innovation

1) Efforts, in brief made towards absorption:

- I. The Company has proposed to replaced the old Window Air Conditioners in Administrative building are replaced by duct able type split AC Units which will reduce the power Consumption to a great extent.
- II. The Company is using the modern technology in the manufacturing process. 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.

ANNEXURE 'B' to DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRIAL REVIEW

To embark on a journey of success one needs the tools of preparedness, foresight and strategy. These lead to the path of growth and high quality operation. It is imperative to combine these three forces in an industry.

The distinct advantages of the Footwear & Leather industry in India, highlighted in the Report are low costs; variety & abundance of raw material; quality consciousness and back up; R & D facilities with extension support enables India as a significant participant in the world Footwear & Leather market. As per the current scenario; the Footwear & Leather Industry in India is spread largely over unorganized sector, comprising tanning & finishing, footwear & footwear components, leather garments, leather goods including saddlery & harness, etc.

Though the Leather Industry, especially the Footwear industry has made a strong contribution to the Indian economy, India's share in global trade remains low, however being a labour intensive industry, its contribution to employment is significant.

In a recent study carried out by NMCC, it was highlighted that total employment in this sector would amount to 2.5 million (30 percent of which are women).

STRENGTHS

The leather industry can benefit from several characteristics of the Indian Market and the corresponding advantages they offer.

- Availability of low cost skilled labour
- Abundance of raw material
- Availability of supporting institutions
- Large and growing domestic market
- Government Regulation
- Government Support in the form of various subsidy schemes
- Several leather goods have been de-reserved from the small Scale Sector

WEAKNESSES

- Low level of modernization and up gradation of technology, and the integration of developed technology is very slow.
- Low level of labour productivity due to inadequate formal training / unskilled labour.

- Horizontal growth of tanneries.
- Less number of organised product manufacturers.
- Lack of modern finishing facilities for leather.
- Highly unhygienic environment.
- Unawareness of international standards by many players as maximum number of leather
- Industries are SMEs.
- Difficulties in accessing to testing, designing and technical services.
- Environmental problems.

OPPORTUNITIES

- Abundant scope to supply finished leather to multinationals setting up shop in India.
- Growing fashion consciousness globally.
- Use of information technology and decision support software to help eliminate the length of the production cycle for different products
- Product diversification - There is lot of scope for diversification into other products, namely, leather garments, goods etc.
- Growing international and domestic markets.

THREATS

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

OUTLOOK

We expect the future outlook of the leather production and exports to be really promising. Gearing up for the future, we have the key success factors necessary to withstand the winds of change. The encouragement provided to build a highly skilled and creative research and development team, which is reinforced by the state-of-the-art infrastructure. Our well-recognized market presence. Streamlined and efficient manufacturing capabilities, which boosts of technical prowess, high quality production and cost effectiveness. Also a well monitored marketing and distribution network, which is aimed at attaining brand equity among our wide-reaching customer base.

ANALYSIS OF FINANCIAL CONDITION & RESULTS

During the year under review your Company has performed well. However due to slight decrease in export order the benefits available for exports can not be availed off up to the optimum level. Your Company has registered Revenue from operations of Rs. 5101.11 Lacs for the year ending 31st March, 2012.

ENVIRONMENT PROTECTION

Environment protection is integral part for any industry. Your Company has adopted various measures in order to achieve the desired environmental level not only to comply with the Environmental Laws but also taking into consideration the Eco friendly atmosphere. Your Company is always working on it as priority In order to meet the additional expenditure; Government of India is assisting the common effluent treatment plants by capital grants up to 75% of investment cost which will meet the recent legal requirement. Company is committed to achieve high level of efficiency by lowering down the impact of industrial wastage on the environment.

RISK MANAGEMENT

Risk refers to events which hinder the achievement of business objectives and the occurrence of which is uncertain, and Risk Management refers to a series of measures to recognize, confirm, evaluate and prioritize risks and, by establishing measures to respond to such risks in advance, to prevent the occurrence of or reduce such risks, or to minimize the damage caused when such risks occur.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

Your Company has a proper and adequate system of internal controls to ensure that its assets are safeguarded and protected against loss and from unauthorized use and to ensure that transactions are authorized, recorded, and reported correctly. The internal control systems are supplemented by internal audits, periodic reviews by management.

CAUTIONARY STATEMENT

Some of the statements in this management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in industry, significant changes in political and economic environment in India and abroad, tax laws, import duties, litigation and labour relations.

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

Place: Jalandhar
Date: 31.08.2012

Sd-
Manjit Bawa
Chairperson

Sd-
Atamjit Singh Bawa
Managing Director

REPORT ON CORPORATE GOVERNANCE
ANNEXURE “C”

Clause 49 of the listing agreement with the Indian Stock Exchanges stipulates the norms and disclosure standards that have to be followed on the Corporate Governance front by listed Indian companies.

The Company's Philosophy

The Company's philosophy of corporate governance is to achieve business excellence by enhancing the long term welfare of all its stakeholders. Your Company Sarup Industries Limited believes that corporate governance is about creating outperforming organisations, i.e. organisations that consistently succeed in the market-place against competition and thereby enhance the value for all its stakeholders.

Board of Directors

The Board functions as a full Board and it meets at regular intervals. The meetings of the Board of Directors are normally held at its registered office of the Company. Meetings are scheduled well in advance and after adequate notice. The Board meets at least once in a quarter to review the quarterly performance and the financial results.

Composition and Category of Directors and attendance at the Board Meetings

The Composition of the Board is in conformity with Clause 49 of the Listing Agreement with the Stock Exchanges. Composition of the Board of Directors

Executive Directors - 3, Non Executive Directors- 4, Total -7

The Board of Directors duly met 12 (Twelve) times on April 01, 2011, May 25, 2011, June 02, 2011, July 21, 2011, July 29, 2011, August 24,, 2011, September 2, 2011, October 1, 2011, October 29, 2011, November 15, 2011, December 22, 2011, January 31, 2012

Board meetings held and Directors' attendance record

Attendance of Directors:-

Sr No.	Name of the Director	Designation & Category	No. of Board Meetings in the year	
			Held	Attended
1.	Mr Atamjit Singh Bawa	Managing Director	12	12
2.	Ms. Manjit Bawa	Chairman-Non Executive	12	12
3.	Mr. Simerjit Singh Bawa	Whole Time Director	12	12
4.	Col. Gurcharan Singh	Independent-Non Executive	12	12
5.	Mr. G.S. Bedi	Independent-Non Executive	12	0
6.	Col. Surat Singh Bajwa	Independent-Non Executive	12	12
7.	Mr Ashwani Kumar Arora	Whole Time Director	12	12

Committees of the Board

a) Audit Committee

The Board has constituted Audit Committee in accordance with the requirements of Clause 49 of the Listing Agreement with Stock Exchanges. The terms of reference of Audit Committee include the powers set out in Clause 49 II (C) and role stipulated in Clause 49 II (D) of the Listing Agreement.

The Audit Committee of the Company performs the following functions:-

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment/removal of external auditor, fixation of audit fees and approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the board for approval with particular reference to:
 - i) Change, if any, in accounting policies and practices and reasons for the same.
 - ii) Major accounting entries involving estimates based on exercise of judgement by the management.
 - iii) Significant adjustments made in the financial statements arising out of audit findings.
 - iv) Compliance with listing and other requirements relating to financial statements.
 - v) Disclosure of any related party transactions.
- Reviewing with the management, the quarterly financial statement before submission to the Board for approval.

Members of the audit committee and the number of meetings attended by each director for the financial year 2011 - 2012

Sr No	Name	Designation	Category	Meetings	
				Held	Attended
1	Mr. Gurcharan Singh	Chairman	Independent Non Executive	4	4
2	Mr. G.S. Bedi	Member	Independent Non Executive	4	0
3	Mr. Ashwani Kumar Arora	Member	Whole Time Director	4	4

Meetings of the Audit 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 4 (Four) times during the year 2011-12 on May 20, 2011, July 26, 2011, October 22, 2011 and January 24, 2012.

b) Remuneration Committee & Policy**Terms of Reference**

The Company has constituted a Remuneration Committee in accordance with the requirements specified under the provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The functions of the Committee include recommendation of appointments to the Board, evaluation of the performance of the whole time Directors on predetermined parameters, recommendation to the Board of the remuneration.

One meeting of this Committee took place on August 19, 2011. Attendance of the directors:-

Sr No	Name	Designation	Category	Meetings	
				Held	Attended
1	Mr G.S. Bedi	Chairman	Independent Non Executive	1	0
2	Mr Gurcharan Singh	Member	Independent Non Executive	1	1
3	Col. Surat Singh Bajwa	Member	Independent Non Executive	1	1

c) Investor's Grievances committee**Terms of reference**

The functions and powers of the Committee include approval of transfers, transmissions, transpositions, splitting, consolidation of shares, issue of duplicate certificates and demat / remat requests within the purview of the guidelines issued by SEBI and Listing Agreement besides review and redressal of shareholders' and investors' complaints.

The committee looks into the redressal of investors complaints. Mr. Atamjit Singh Bawa, Mr. Simerjit Singh Bawa and Col. Gurcharan Singh comprise this committee. Two meeting of this Committee took place on June 21, 2011 and November 23, 2011. Attendance of the directors:-

Sr No	Name	Designation	Category	Meetings	
				Held	Attended
1	Mr 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

Name and designation of Compliance Officer: Kamal Chauhan

DISCLOSURES

a) Materially significant related party transaction that may have potential conflict of interests of Company at large

Necessary disclosures under the Accounting Standards 18 relating to the related Party transactions form part of the accounts for the year 2011-12.

b) Details of Non-compliance

There has not been any non-compliance by the Company and no penalties or strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets.

c) Declaration by Managing Director

The declaration by the Managing Director stating that all the Board Members and senior management personnel have affirmed their compliance with the laid down code of conduct for the year ended March 31, 2012, is annexed to the Corporate Governance Report.

SHAREHOLDERS AND MEANS OF COMMUNICATION

i) Disclosures regarding appointment or re-appointment of Directors

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Ms. Manjit Bawa, 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. Ms. Manjit Bawa is qualified GEC, Nem Castle on Tyne U.K. Having wide experience in industry and rendering her services to the company since 1994.

Her Versatile experience in administrative work is great contribution for the growth of the Company.

2. Col. Gurcharan Singh is qualified BA, Graduate from Institute of Defence Management, Secunderabad, A.P. He is having over 12 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 16 year experience in private sector in areas of Production and Administration.

(ii) Communication to shareholders

All vital information relating to the Company and its performance, including quarterly results, official press releases are posted on the web site of the Company. The Company's web-site address is www.lotusbawa.in The quarterly and annual results of the Company's performance are published in leading English dailies like Economic Times, and in vernacular language (Punjabi) in Ajit etc. The quarterly results of the Company are also available on the websites of BSE Limited. The site is www.bseindia.com.

(iii) Share transfer

The Company has outsourced its share transfer function to M/s. Skyline Financial Services (P) Ltd., which is registered with the SEBI as a Registrar and Transfer Agent.

Auditor's Certificate on Corporate Governance:

As stipulated in Clause 49 of the Listing Agreement, the auditor's certificate regarding compliance of conditions of corporate governance is annexed to the Directors' Report.

General Shareholder Information

i) Date of incorporation	27th July, 1979
ii) Registered office	P.O. Ramdaspora Jalandhar – 144003
iii) Date and Time of Annual General Meeting	September 28, 2012
iv) Venue of Annual General Meeting	P.O. Ramdaspora, Jalandhar
v) Financial Calendar	
Financial reporting for first Qtr. ending June 30, 2012	End of July 2012

Financial reporting for 2nd Qtr. ending Sept 30, 2012 End of October 2012

Financial reporting for 3rd Qtr. ending Dec 31, 2012 End of January 2013

Financial reporting for 4th Qtr. ending March 31, 2013 End of May 2013

vi) Date of Book closing for dividend 24th September 2012 to 28th September 2012

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 2012-2013 has been paid to the Stock Exchange, Mumbai.

ix) Scrip Code (BSE) - 514412
x) ISIN Code (NSDL) - INE 305D0101 9
xi) Registrar and Transfer Agents Skyline Financial Services Pvt. Ltd.
D-153 A, 1st Floor, Okhla Industrial Area
Phase- I, New Delhi- 110020
xii) Contact Person Mr. Parveen Kumar, Tele: 011-26812683

Distribution of shareholding as on 31st March, 2012

Share /Deb. Holding	Share/Deb. Holders (Nos.)	% to total number	Share/ debenture physical	NSDL	CDSL	Total (Value)	%age
Up to 500	2092	92.53	122948	105441	44310	272699	8.38
501-1000	73	3.23	10700	30672	17014	58386	1.80
1001-2000	33	1.46	5200	29558	11199	45957	1.41
2001-3000	24	1.06	10600	31203	17415	59218	1.82
3001-4000	6	0.27	3100	15055	3500	21655	0.67
4001-5000	7	0.31	0	19331	14266	33597	1.03
5001-10000	11	0.49	11700	60096	7674	79470	2.44
10001 & Above	15	0.66	15600	2621418	44400	2681418	82.44

STOCK DATA

Following Table gives the monthly high and low prices and volumes of equity shares of the Company at BSE for the year ended March 31, 2012.

Stock Exchange: Bombay Stock Exchange,
Company: Sarup Industries Limited,

Scrip Code: 514412,
For the Period: April 2011 to March 2012

Month	High (Rs)	Low (Rs)	Volume (No. of Shares)
April 11	40.5	32.75	32,771
May 11	42	32.15	19,593
Jun 11	48	35	25,308
Jul 11	43.7	32.65	15,426
Aug 11	39.45	27	23,118
Sep 11	39	32.1	30,653
Oct 11	40	34.3	19,320
Nov 11	39.15	23.8	40,417
Dec 11	34.7	27	8,211
Jan 12	33.6	26	6,745
Feb 12	34.4	30.05	26,971
Mar 12	36.2	29.35	43,043

Share Transfer

Share transfers and related operations for the Company are conducted by Skyline Financial Services Pvt. Ltd., which is registered with the SEBI as a Registrar. Share transfer is normally affected within the maximum period of 30 days from the date of receipt, if all the required documentation is submitted.

Annual General Meetings

(a) The last three Annual General Meetings were held as under: -

Financial Year Ended	Date	Day	Time	Venue
31 st March 2011	29 th September, 2011	Thursday	10:30 AM	P.O. Ramdasapura, Jalandhar
31 st March 2010	29 th September, 2010	Wednesday	10:30 AM	P.O. Ramdasapura, Jalandhar
31 st March 2009	29 th September, 2009	Tuesday	10:30 AM	P.O. Ramdasapura, Jalandhar

Special Resolution: In the AGM for year ending 31st March, 2011 two Special Resolutions was passed Detail of which is as under:-

1. Special Resolution for change of Objects of the Company as per provisions contained under the Companies Act, 1956
2. Special Resolution passed for affecting the name change of the Company from Sarup Tanneries Limited to Sarup Industries Limited as per provisions contained under the Companies Act, 1956.

Location Address

Sarup Industries Limited, P.O. Ramdaspora, Jalandhar- 144003, Punjab
Ph: 0181-2271556/7 E mail: accounts@bawastl.com

Address for Correspondence:

In line with the requirement of Clause 47(f) of the Listing Agreement, Company has designated an email ID shareholders@bawastl.com exclusively for the purposed of registering complaints by investors. The Shareholders may address their correspondence to:

Company Office (Regd)

Amit Kumar, Company Secretary
Sarup Industries Limited
P.O. Ramdaspora,
Jalandhar-144003, Punjab
Phone Nos: 0181-2271556/7/8
Email: shareholders@bawastl.com

Registrars and Transfer Agent

Skyline Financial Services Pvt. Ltd.
D-153 A, 1st Floor, Okhla Industrial Area
Phase- I, New Delhi- 110020
Phone Nos: 011-26812683
E mail: parveen@skylinerta.com

Declaration by Managing Director

I, Atamjit Singh Bawa, Managing Director of Sarup Industries Limited (SIL), hereby confirm pursuant to Clause 49(1) (D) of the listing agreement that:

The Board of Directors of SIL has laid down a code of conduct for all Board members and senior management of the Company. All the Board members and senior management personnel have affirmed their compliance with the said code of conduct for the year ended March 31, 2012.

Jalandhar, 31st August, 2012

Atamjit Singh Bawa
Managing Director

CEO / CFO CERTIFICATION

The Managing Director and Chief Financial Officer (as CFO) have submitted the certificate to the Board of Directors as required under Clause 49 of the Listing Agreement for the year ended 31st March 2012 and same was took on record by the Board.

For & on behalf of Board of Directors

Place: Jalandhar
Dated: May 29, 2012

Bawa Atamjit Singh
Managing Director

Ashwani Kumar Arora
Chief Financial Officer

COMPLIANCE CERTIFICATE

To
The Members,
Sarup Industries Ltd.,
P.O. Ramdaspora,
Jalandhar

CIN Number: - L19113PB1979PLC004014
Nominal Capital: - Rs. 4, 00, 00,000/-
Registration number: - 004014

We have examined the registers, records, books and papers of M/s Sarup Industries Ltd., (the Company) as required to be maintained under the Companies Act, 1956 (The act) and the rules made there under and also the reasons contained in the Memorandum and Article of associations of the company for the financial year ended March 31, 2012. 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, representatives , and after examining Auditor's report as on March 31, 2012, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries there have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies, Regional Directors, Central Government, Company Law Board or other authorities within the times prescribed under the act and the rules made there under.
3. The company being a Public limited company, this clause is not applicable to it.
4. The Board of Directors duly met 12 (Twelve) times on April 01, 2011, May 25, 2011, June 02, 2011, July 21, 2011, July 29, 2011, August 24,, 2011, September 2, 2011, October 1, 2011, October 29, 2011, November 15, 2011, December 22, 2011, January 31, 2012 in respect of which management certifies that proper notices 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, 2011 to September 29, 2011 and necessary compliance of section 154 was made.
6. The Annual General Meeting for the financial year ended on March 31, 2011 was held on September 29, 2011 after giving due notice dated September 2, 2011 to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the year under scrutiny.

8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the act.
9. The Company has not entered into any contract pursuant to the provisions of section 297 of the Act.
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 issued Duplicate Share Certificate during the financial year and complied with the provisions of the Act.
13. During the year 2011-12, the management certifies that the company:
 - (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, 2011 in a separate Bank account on October 18, 2011.
 - (iii) The company has posted cheques for dividend to all members within a period of thirty days from the date of declaration of such dividend.
 - (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 seven years to "INVESTOR EDUCATION AND PROTECTION FUND" on December 12, 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. The company has not appointed any Managing Director / Whole time Director / Manager during the financial year.
16. The Company has not made any appointment of Sole-Selling Agent during the year.
17. During the financial year the company has obtained all the necessary approvals of Central Government required for the Change of Name of the Company as per the provisions of The Act.

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.
20. The company has not bought back any shares during the financial year ending March 31, 2012.
21. The company has not redeemed any preference 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.
27. The company has altered the provisions of the memorandum with respect to the object of the company during the year.
28. The company has 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 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 within the provisions of Sec 418 of the Companies Act 1956.

Date: May 29, 2012

Place: Jalandhar

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

Annexure 'A' Part of Compliance Certificate for the year ended on March 31, 2012

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 March 31, 2012:

Sarup Industries Limited (Formerly Sarup Tanneries Limited)

Sr No	E Form Filed	Filed Under Section	Date of Filing	Filed within Time	If Delay, Additional Fees paid
1	Form 1 INV	Rule 3 of IEPF Rules	08.04.2011	yes	NA
2	Form 23 C	233 B (2)	26.07.2011	yes	NA
3	Form 23 C	233 B (2)	26.07.2011	yes	NA
4	Form 23 D	233 B	11.09.2011	yes	NA
5	Form DIN4	DIN Rules	06.09.2011	yes	NA
6	Form 1A	20 & 21	31.08.2011	yes	NA
7	Form 1A	20 & 21	01.09.2011	yes	NA
8	Form 23	17(1), 18(1),21	22.10.2011	yes	NA
9	Form 1B	21	30.10.2011	yes	NA
10	Form 66	383 A	23.10.2011	yes	NA
11	Form 20B	159	14.11.2011	yes	NA
12	Form 8	125	26.12.2011	yes	NA
13	Form 23 AC XBRL	220	31.12.2011	yes	NA
14	Form 23 ACA XBRL	220	31.12.2011	yes	NA
15	Form 8	125	28.01.2012	yes	NA

Date: May 29, 2012

Place: Jalandhar

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

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To The Member of

SARUP INDUSTRIES LIMITED

We have examined the compliance of conditions of corporate governance by SARUP TANNERIES LIMITED for the year ended 31st March 2012 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.

Place: Jalandhar
Date: May 29, 2012

For Y.K.Sud & Co.
Chartered Accountant
Sd/-
Y.K. Sud.
Prop.

AUDITORS' REPORT

1. We have audited the attached balance sheet of SARUP INDUSTRIES LIMITED, AS AT 31st MARCH, 2012 and also the Profit and Loss Accounts for year ended on that date annexed thereto. These financial statements are the responsibility of the company 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 statement. 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.
3. 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 statement on the matters specified in paragraphs 4&5 of the said order.
4. 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 accounts 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 accounts read together with notes thereon and cash flow statement of company comply with the accounting standards as referred in sub-section (3C) of sections 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 directors 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 2012.
- (ii) In case of profit and loss Accounts, of the loss company for the year ended on the date.
- (iii) In the case of cash flow statement of the cash flow for the year ended on that date.

Sd/-
For Y.K. Sud & Co .
Chartered Accountant

PLACE: JALANDHAR
Date: 29th May, 2012

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

1 (a) The company has maintained proper record 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 parts of its fixed assets during the year and the going concern status of the company is not affected.

2 (a) Stock of finished goods, stores spare parts and raw materials have been physically verified by the managements 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 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 record.

3 (a) The company has not granted any loans , secured or unsecured to companies, firm or other parties listed in the register maintained under section 301 of the act 1956. Therefore the provisions of clause 4(iii)(b)(c) and (d) of the order are not applicable to the company.

(b) The company has not taken any loans, secured or unsecured from companies, firm or other parties listed in the register maintained under section 301 of the act 1956. Therefore the provisions of clause 4(iii)(f) and (g) of the order are not applicable to the company.

4 There are adequate internal control procedures commensurate with the size of company and 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 material 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 arrangement 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 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 rule 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 record 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, Sale Tax, Custom Duty and Excise Duty were outstanding as 31st March 2012 for a period of more than six months from the date they become payable.

(b) There are no dues pending in regard to Sale Tax/ Custom Tax/ Wealth Tax / Income Tax / Excise Duty / Cess Duty, on account of any disputes with respective department.

10. The company has no accumulated losses and has not incurred any cash loss in the financial Year under audit and in the immediately preceding financial Year.

11. In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to bank, 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 chit fund or a nidhi / mutual benefit fund s /Society, therefore the provisions of clause 4 (Xiii) of the companies (Auditor's Report) order, 2003 are not applicable to the Company.
14. Based on our examination of record and evaluation of related internal control we are of the opinion that proper records 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 Companies Act 1956.
19. According to the information and explanation 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.

Sd/-
For Y.K. Sud & Co .
Chartered Accountant

PLACE: JALANDHAR
Date: 29th May, 2012

Balance Sheet as at 31 March, 2012

Particulars		Note No.	As at 31 March, 2012	As at 31 March, 2011
			AMOUNT(IN RS.)	AMOUNT(IN Rs.)
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	3	32,524,000	32,524,000
	(b) Reserves and surplus	4	237,090,738	224,773,558
	(c) Money received against share warrants		-	-
			269,614,738	257,297,558
2	Share application money pending allotment			
3	Non-current liabilities			
	(a) Long-term borrowings	5	28,964,910	42,628,567
	(b) Deferred tax liabilities (net)		210,730	935,956
	(c) Other long-term liabilities	6	16,162,987	16,262,987
	(d) Long-term provisions		-	-
			45,338,627	59,827,510
4	Current liabilities			
	(a) Short-term borrowings	7	69,646,166	29,795,506
	(b) Trade payables	8	68,242,865	84,381,765
	(c) Other current liabilities	9	39,629,973	49,134,528
	(d) Short-term provisions	10	21,151,511	18,016,207
			198,670,515	181,328,006
	TOTAL		513,623,880	498,453,074

B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	11	132,559,973	147,787,758
	(ii) Intangible assets		-	-
	(iii) Capital work-in-progress		686,114	-
	(iv) Intangible assets under development		-	-
	(v) Fixed assets held for sale		-	-
			133,246,087	147,787,758
	(b) Non-current investments		6,000,179	6,001,579
	(c) Deferred tax assets (net)		-	-
	(d) Long-term loans and advances	12	1,818,076	2,272,191
	(e) Other non-current assets	13	339,128	566,688
			8,157,383	8,840,458
2	Current assets			
	(a) Current investments		-	-
	(b) Inventories	14	200,818,070	194,323,970
	(c) Trade receivables	15	98,550,426	86,854,544
	(d) Cash and cash equivalents	16	36,827,884	20,070,016
	(e) Short-term loans and advances	17	16,059,158	19,211,754
	(f) Other current assets	18	19,964,872	21,364,574
			372,220,410	341,824,858
			513,623,880	498,453,074
	TOTAL			
In terms of our report attached.				
For Y.K. Sud & Co;		For and on behalf of the Board of Directors		
Chartered Accountants				
Sd/		Sd/-		Sd/-
-				
(Prop.)		Atamjit Singh Bawa		Simerjit Singh Bawa
		Managing Director		Director
Place : JALANDHAR				
Date : 29.05.2012		Sd/-		Sd/-
		Col Surat Singh Bajwa		Manjit Bawa
		Director		Director

Note See accompanying notes forming part of the financial statements

Statement of Profit and Loss for the year ended 31 March, 2012

	Particulars	Note No.	For the year ended 31 March, 2012	For the year ended 31 March, 2011
A	CONTINUING OPERATIONS			
1	Revenue from operations (Net)	19	530,111,180	615,735,405
2	Other income	20	1,770,468	1,185,926
3	Total revenue (1+2)		531,881,648	616,921,331
4	Expenses			
	(a) Cost of materials consumed	21 a	303,815,237	349,935,246
	(b) Purchases of stock-in-trade		265,024	251,692
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	21 b	(2,434,999)	9,564,741
	(d) Employee benefits expense	22	109,502,783	117,568,674
	(e) Finance costs	23	19,328,018	14,639,118
	(f) Depreciation and amortisation expense		15,670,781	17,338,051
	(g) Other expenses	24	64,154,006	82,571,590
	Total expenses		510,300,850	591,869,112
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		21,580,798	25,052,219
6	Exceptional items		-	-
7	Profit / (Loss) before extraordinary items and tax (5 ± 6)		21,580,798	25,052,219
8	Extraordinary items		-	-
9	Profit / (Loss) before tax (7 ± 8)		21,580,798	25,052,219
10	Tax expense:			
	(a) Current tax expense for current year		4,336,300	5,003,553
	(b) (Less): MAT credit (where applicable)			
	(c) Current tax expense relating to prior years		20,000	-
	(d) Net current tax expense		4,356,300	5,003,553
	(e) Deferred tax		-	-
11	Profit / (Loss) from continuing operations (9 ± 10)		17,224,498	20,048,666

	DISCONTINUING OPERATIONS			
1	Profit / (Loss) from discontinuing operations			
2			-	-
C	TOTAL OPERATIONS			
1				
3	Profit / (Loss) for the year (11 ± 12)		17,224,498	20,048,666
1				
4	Earnings per share (of Rs 10/- each):			
	(a) Basic		5.53	6.43
	(b) Diluted		5.53	6.43
1				
5	Earnings per share (excluding extraordinary items) (of Rs 10/- each):			
	(a) Basic		5.53	6.43
	(b) Diluted		5.53	6.43
	See accompanying notes forming part of the financial statements			
In terms of our report attached.				
For Y.K. Sud & Co;				
Chartered Accountants		For and on Behalf of the Board of Directors		
Sd/-				
Prop.				
		Sd/-		Sd/-
		Atamjit Singh Bawa		Simerjit Singh Bawa
		Managing Director		Director
Place : JALANDHAR		Sd/-		Sd/-
Date : 29.05.2012		Col Surat Singh Bajwa		Manjit Bawa
		Director		Director

Sarup Industries Limited (Formerly Sarup Tanneries Limited)

Cash Flow Statement for the year ended 31 March, 2012

Particulars	For the year ended 31 March, 2012		For the year ended 31 March, 2011	
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		21580798		25052219
<u>Adjustments for:</u>				
Depreciation and amortisation	15,670,781		17338051	
Amortisation of share issue expenses and discount on shares	227560		227560	
(Profit) / loss on sale / write off of assets	2017693		0	
Finance costs	19328108		14639118	
Interest income	-1758094		-1185927	
Dividend income	-12375		0	
Net (gain) / loss on sale of investments	796		-48076	
Liabilities / provisions no longer required written back	17487	35491956	0	30,970,726
Operating profit / (loss) before working capital changes		57,072,754		56,022,945
<u>Changes in working capital:</u>				
Adjustments for (increase) / decrease in operating assets:				
Inventories	-6494100		19223650	
Trade receivables	-11695882		-10365176	
Short-term loans and advances	8396646		-1649545	
Long-term loans and advances	454115		-57000	
Other current assets	1399702		-4666012	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	-16138900		16007251	
Other current liabilities	-9504555		7151024	
Other long-term liabilities	-100000		0	
Short-term provisions	-1163553	-34846527	15417363	41061555
Cash generated from operations		22,226,227		97,084,500
Net income tax (paid) / refunds		-5244050		-4395785
Net cash flow from / (used in) operating activities (A)		16,982,177		92,688,715
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	-6646117		-13187061	
Proceeds from sale of fixed assets	3499314		798076	
Purchase of Long term Investment	0		-2000000	
Proceeds From The Sale of Long Term Investment	604		0	
Interest Received	1758094		1185927	
Dividend received	12375	-1375730	0	-13203058
Net cash flow from / (used in) investing activities (B)		-1375730		-13203058

Sarup Industries Limited (Formerly Sarup Tanneries Limited)

C. Cash flow from financing activities				
Repayment of long-term borrowings	-13663657		-47164673	
Net increase / (decrease) in working capital borrowings	39850660		17941617	
Repayment of other short-term borrowings	0		-30600000	
Finance cost	-19328108		-14639118	
Dividends paid	-4878600		-4566303	
Tax on dividend	-828874	1151421	0	-79028477
Net cash flow from / (used in) financing activities (C)		1151421		-79028477
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		16,757,868		457,180
Cash and cash equivalents at the beginning of the year		20070016		18253387
Cash and cash equivalents at the end of the year		36827884		18710567
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet		-		18710567
Cash and cash equivalents at the end of the year		36827884		18710567
In terms of our report attached.				
For Y.K. Sud & Co;		For and on behalf of the Board of Directors		
Chartered Accountants				
Prop.	Sd/-	Sd/-		
	Atamjit Singh Bawa	Simerjit Singh Bawa		
	Managing Director	Director		
Place : JALANDHAR	Sd/-	Sd/-		
Date : 29.05.2012	Col Surat Singh Bajwa	Manjit Bawa		
	Director	Director		

Notes Forming part of the financial statements

Note 3 Share Capital

Particulars	As at 31.03.2012		As at 31.03.2011	
	No of Shares	Rupees	No of Shares	Rupees
(a) Authorized				
Equity Shares of Rs. 10/- Each	4,000,000	40,000,000	4,000,000	40,000,000
(b) Issued				
Equity Shares of Rs. 10/- each	3,252,400	32,524,000	3,252,400	3,254,000
(c) Subscribed and fully paid up				
Equity Shares of Rs. 10/- each	3,252,400	32,524,000	3,252,400	3,254,000

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the

Particulars	Opening Balance	Fresh Issue	Buy Back	Closing Balance
Equity Shares with Voting rights				
Year Ended 31.03.2012				
Number of Shares	3,252,400	-	-	3,252,400
Amount (Rs.)	32,524,000	-	-	32,524,000
Year Ended 31.03.2011				
Number of Shares	3,252,400	-	-	3,252,400
Amount (Rs.)	32,524,000	-	-	32,524,000

(ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
1. Atamjit Singh Bawa	1,531,754	47.10	1,531,754	47.10
2. Manjit Bawa	400,100	12.30	400,100	12.30
3. Simerjit Singh Bawa	486,646	14.96	486,646	14.96

Note 4 Reserves & Surplus

Amt. In Rs.

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Capital reserve		
Opening balance	3,035,800	3,035,800
Closing Balance	3,035,800	3,035,800
(b) Securities premium account		
Opening balance	27,345,000	27,345,000
Closing Balance	27,345,000	27,345,000
(c) General reserve		
Opening balance	135,527,787	130,527,787
Add: Transferred from surplus in Statement of Profit and Loss	5,000,000	5,000,000
Closing balance	140,527,787	135,527,787
(d) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	58,864,971	48,662,766
Add: Profit / (Loss) for the year	17,224,498	20,048,666
Provision w/back	37,487	
Deferred tax liability w/back	725,226	861,013
Less: Dividends proposed to be distributed to equity shareholders (RS 1.50 per share)	4,878,600	4,878,600
Tax on Dividend	791,431	828,874
Transferred to General Reserve	5,000,000	5,000,000
Closing Balance	66,182,151	58,864,971
Total (a+b+c+d)	237,090,738	224,773,558

Note5 Long Term Borrowings

Amt. In Rs.

Particulars	As at 31 March, 2012	As at 31 March, 2011
a) Term Loans		
From banks		
Secured	26,136,000	36,355,000
Deposits		
Unsecured	2,828,910	6,273,567

Sarup Industries Limited (Formerly Sarup Tanneries Limited)

Total	28,964,910	42,628,567
--------------	-------------------	-------------------

(i) Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings:

Particulars	Terms of Repayment	As at 31 March, 2012	As at 31 March, 2012	As at 31 March, 2011	As at 31 March, 2011
		Secured	Unsecured	Secured	Unsecured
<u>Term loans from banks:</u>					
HDFC Bank	Secured against Honda Car	-		45,316	
HDFC Bank	Secured against BMW Car	764,219		1,930,937	
HDFC Bank	Secured against Vista Car	-		120,528	
Tata Motors Limited	Secured against Tempo	196,196		354,287	
ICIC Bank	Secured against car	-		13,568	
HDFC Bank	Secured against Indigo Car	321,341		-	
HDFC Bank	Secured against Indigo Car	282,093		-	
Kotak Mahindra Prime Ltd.	Secured against car	139,931		-	
State Bank of India	Secured against Machinery	-		34,034	
State Bank of India	Secured against Building & Machinery	18,827,658		84,566	
State Bank of India	Secured against building & Machinery	5,604,562		2,706,368	
State Bank of India	Secured against building & Machinery	-		31,065,396	
Total - Term loans from banks		26,136,000		36,355,000	

Sarup Industries Limited (Formerly Sarup Tanneries Limited)

Particulars	Terms of Repayment	As at 31 March, 2012	As at 31 March, 2012	As at 31 March, 2011	As at 31 March, 2011
Loans and advances from related parties:					
From Directors			2,828,910		6,273,566
Total - Loans and advances from related parties			2,828,910		6,273,566

(ii) The Company has not defaulted in repayment of loans and interest that has become payable during the year.

Note 6 Other long-term liabilities

Particulars	Amt. In Rs.	
	As at 31 March, 2012	As at 31 March, 2011
(i) Trade / security deposits received	16,162,987	16,262,987
Total	16,162,987	16,262,987

Note 7 Short-term borrowings

Particulars	Amt. In Rs.	
	As at 31 March, 2012	As at 31 March, 2011
(a) Loans repayable on demand		
From banks		
Secured	69,646,166	29,795,506
Unsecured	-	-
Total	69,646,166	29,795,506

Sarup Industries Limited (Formerly Sarup Tanneries Limited)

(i) Details of security for the secured short-term borrowings:

Particulars	Amt. In Rs.	
	As at 31 March, 2012	As at 31 March, 2011
<u>Loans repayable on demand</u>		
<u>from banks:</u>		
State Bank of India (PCA)	7,629,726	18,190
State Bank of India	2,990,284	1,434,171
State bank of India	4,416,146	1,012,443
State Bank of India(Buyers Credit)	27,453,429	24,556,216
Punjab National Bank (Buyers Credit)	17,020,574	-
 TERM LOANS REPAYABLE WITHIN ONE YEAR		
 HDFC Bank	69,905	285,000
HDFC Bank	1,524,000	1,524,000
HDFC Bank	141,213	148,800
Tata Motors Ltd.	216,024	216,024
Kotak Mahindra	180,000	-
HDFC Bank	168,384	-
HDFC Bank	147,816	
State Bank of India	6,008,665	480,662
State Bank of India	1,680,000	120,000
Total - from banks	69,646,166	29,795,506

(ii) Details of short-term borrowings guaranteed by some of the directors or others:

Particulars	Amt. In Rs.	
	As at 31 March, 2012	As at 31 March, 2011
Loans repayable on demand from banks	59,510,159	27,021,020
Total	59,510,159	27,021,020

Note 8 Trade Payables

Amt. In Rs.

Particulars	As at 31 March, 2012	As at 31 March, 2011
Trade payables:		
Acceptances	68,242,865	84,381,765
Total	68,242,865	84,381,765

Note 9 Other Current Laibilities

Amt. In Rs.

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	402,109	368,703
(ii) Advances from customers	12,772,875	6,988,180
(iii) Expenses Payable	16,359,951	16,025,578
(iv) Cheques issued but not yet presented	10,095,038	25,752,067
Total	39,629,973	49,134,528

Note 10 Short-term provisions

Amt. In Rs.

Particulars	As at 31 March, 2012	As at 31 March, 2011
Provision for Tax		
(i) Provision for tax	15,465,180	12,295,180
(ii) Provision for proposed equity dividend	4,878,600	4,878,600
(iii) Provision for tax on proposed dividends	791,431	828,874
(iv) Provision - wealth tax	16,300	13,553
Total	21,151,511	18,016,207

Sarup Industries Limited (Formerly Sarup Tanneries Limited)

Note 11(A)- Fixed Assets										Amt. In Rs.
Tangible assets	Cost				Depreciation/Amortisation/Diminution				Net block	
	Balance as at 1 April, 2011	Additions	Disposals	Balance as at 31 March, 2012	Upto 1 April, 2011	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Upto 31 March, 2012	Balance as at 31 March, 2012	Balance as at 31 March, 2011
Land	24,824,780	-	-	24,824,780					24,824,780	24,824,780
Building Factory	34,983,850	402,000	-	35,385,850	12,397,005	2,260,893	-	14,657,898	20,727,952	22,586,845
Building residential	24,164,914	-	-	24,164,914	4,931,517	961,670	-	5,893,187	18,271,727	19,233,397
Plant & Equipments	181,713,243	3,289,090	3,195,850	181,806,483	119,280,177	8,945,372	-	128,225,549	53,580,933	62,433,065
Furniture and Fixtures	14,013,913	12,837	30,000	13,996,750	9,955,892	674,070	6,000	10,623,962	3,372,789	4,058,022
Vehicles	12,742,867	1,827,813	1,848,570	12,722,110	7,581,941	1,511,702	1,601,329	7,492,314	5,229,797	5,160,927
Office equipment	5,441,281	243,254	-	5,684,535	3,604,919	280,735	-	3,885,654	1,798,880	1,836,361
Leasehold improvements (owned)	3,285,659	8,350	2,392,348	901,661	621,254	112,452	342,432	391,274	510,387	2,664,405
Electric installation	6,620,627	-	-	6,620,627	2,871,726	502,693	-	3,374,419	3,246,207	3,748,900
Computers	2,503,198	137,950	-	2,641,148	2,046,518	209,700	-	2,256,218	384,930	456,680
Tubewell	442,841	-	-	442,841	292,707	15,013	-	307,720	135,121	150,134
Moulds and dies	6,457,560	38,709	-	6,496,269	5,823,319	196,481	-	6,019,800	476,470	634,242
Total	317,194,733	5,960,003	7,466,768	315,687,968	169,406,975	15,670,781	1,949,761	183,127,995	132,559,973	147,787,758

Note 12 Long-term loans and advances

Particulars	Amt. In Rs.	
	As at 31 March, 2012	As at 31 March, 2011
Security deposits		
Unsecured, considered good	1,818,076	2,272,191
Doubtful	-	-
	1,818,076	2,272,191
Less: Provision for doubtful deposits	-	-
Total	1,818,076	2,272,191

Note 13 Other non-current assets

Amt. In Rs.

Particulars	As at 31 March, 2012	As at 31 March, 2011
Unamortised expenses	303,708	507,508
Others (deferred revenue expenses)	35,420	59,180
Total	339,128	566,688

Note 14 Inventories

(At lower of cost or net realisable value)

Amt. In Rs.

Particulars	As at 31 March, 2012	As at 31 March, 2011
Raw materials	62,298,153	58,239,051
Work-in-progress	8,841,027	10,124,280
Finished goods (other than those acquired for trading)	127,727,888	121,938,035
Stores and spares	547,342	2,463,195
Others - Packing Material	<u>1,403,660</u>	<u>1,559,408</u>
Total	200,818,070	194,323,969

Note 15 Trade receivables**Amt. In Rs.**

Particulars	As at 31 March, 2012	As at 31 March, 2011
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	40,481,817	38,382,695
Doubtful	-	-
	40,481,817	38,382,695
Less: Provision for doubtful trade receivables	-	-
	40,481,817	38,382,695
Other Trade receivables		
Unsecured, considered good	58,068,609	48,471,849
Doubtful	-	-
	58,068,609	48,471,849
Less: Provision for doubtful trade receivables	-	-
	58,068,609	48,471,849
Total	98,550,426	86,854,544

Note 16 Cash and cash equivalents**Amt. In Rs.**

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Cash on hand	72,243	225,398
(b) Cheques, drafts on hand	806,062	1,359,448
(c) Balances with banks		
(i) In current accounts	1,353,962	1,812,866
(ii) In EEFC accounts	24,260	1,920,274
(iii) In deposit accounts	34,571,357	14,752,030
Total	36,827,884	20,070,016

Note 17 Short-term loans and advances**Amt. In Rs.**

Particulars	As at 31 March, 2012	As at 31 March, 2011
Loans and advances to related parties		
Unsecured, considered good	13,553,160	16,551,572
Doubtful	-	-
	13,553,160	16,551,572
Loans and advances to employees		
Unsecured, considered good	818,793	762,145
Doubtful	-	-
	818,793	762,145
Prepaid expenses - Unsecured, considered good	201,511	130,140
Balances with government authorities		
(i) CENVAT credit receivable	940,931	1,018,896
(ii) VAT credit receivable	544,579	749,001
(iii) PLA	184	
	1,687,205	1,898,037
Total	16,059,158	19,211,754

Note 18 Other current assets**Amt. In Rs.**

Particulars	As at 31 March, 2012	As at 31 March, 2011
Advance income tax	18,780,829	14,531,063
Others (INCENTIVE RECEIVABLE)	1,184,043	6,833,511
Total	19,964,872	21,364,574

Note 19 Revenue from operations**Amt. In Rs.**

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Sale of products(Refer note i below)	517,451,565	594,671,982
Other operating revenues(Refer note ii below)	12,659,615	21,063,423
	530,111,180	615,735,405

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
(Note i) Sale of products comprises		
<u>Manufactured goods</u>		
Shoes and shoes upper	517,451,565	594,671,982
Leather	-	-
Total - Sale of manufactured goods	517,451,565	594,671,982
(Note ii) Other operating revenues comprise:		
Duty drawback and other export incentives	9,315,311	18,808,984
Others	3,344,304	2,254,439
Total - Other operating revenues	12,659,615	21,063,423

Note 20 Other income

Amt. In Rs.

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Interest income	1,758,093	1,185,926
Dividend income:	12,375	-
Total	1,770,468	1,185,926

Note 21.a Cost of materials consumed

Amt. In Rs.

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Opening stock	58,239,051	67,897,961
Add: Purchases	307,874,339	340,276,336
Less: Closing stock	366,113,390	408,174,297
	62,298,153	58,239,051
Cost of material consumed	303,815,237	349,935,246

Amt. In Rs.

Note 21.b Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
<u>Inventories at the end of the year:</u>		
Finished goods	129,678,890	125,960,638
Work-in-progress	8,841,027	10,124,280
	138,519,917	136,084,918
<u>Inventories at the beginning of the year:</u>		
Finished goods	125,960,638	130,026,334
Work-in-progress	10,124,280	15,623,325
	136,084,918	145,649,659
Net (increase) / decrease	(2,434,999)	9,564,741

Note 22 Employee benefits expense

Amt. In Rs.

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Salaries and wages	75,946,780	80,774,079
Contributions to provident and other funds	13,089,899	15,628,135
Bonus	6,379,362	6,394,273
Allowances	7,752,462	6,296,308
Leave encashment	2,436,780	2,361,280
Ex-gratia	2,110,367	3,998,193
Family planning	84,158	89,744
Staff welfare expenses	1,702,975	2,026,662
Total	109,502,783	117,568,674

Note 23 Finance costs

Amt. In Rs.

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Interest expense on Borrowings	19,328,018	14,639,118
Total	19,328,018	14,639,118

Sarup Industries Limited (Formerly Sarup Tanneries Limited)

Note 24 Other expenses

Amt. In Rs.

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Consumption of stores and spare parts	2,997,196	3,336,529
Consumption of packing materials	18,560,130	18,503,183
Excise Duty (net)	458,319	879,571
Power and fuel	8,162,321	11,122,916
Rent including lease rentals	2,875,589	4,901,207
Repairs and maintenance - Buildings	827,234	840,390
Repairs and maintenance - Machinery	1,024,361	1,576,362
Repairs and maintenance - Others	4,309,115	6,988,258
Insurance	544,314	495,470
Rates and taxes	1,070,428	1,713,490
Communication	1,497,593	1,559,086
Travelling and conveyance	2,164,775	1,861,815
Printing and stationery	411,254	469,441
Freight and forwarding	2,430,232	5,538,157
Sales commission	5,042,319	6,671,238
Sales discount	195,423	493,243
Business promotion :Sales Promotion	499,310	368,290
Advertisement	945,978	1,220,285
Donations and contributions	177,282	197,511
	1,169,144	3,586,800
Legal and professional		
Payments to auditors	128,905	93,755
Bad trade and other receivables, loans and advances written off	-	3,066,167
Amortisation of share issue expenses and discount on shares	227,560	227,560
Loss on fixed assets sold / scrapped / written off	2,017,693	-
Prior period items (net)		278,289
Miscellaneous expenses		
Canteen Subsidy	728,837	685,633
Bank Charges	2,262,780	2,008,312
Entertainment Expenses	145,597	158,277
AGM Expenses	54,365	113,461
Festival Expenses	187,115	330,252
Fines & Penalties	98,410	40,000

Sarup Industries Limited (Formerly Sarup Tanneries Limited)

Service Tax	196,696	95,298
Security Service Charges	1,657,545	1,944,481
Books & Periodicals	14,355	12,010
Additional Sales Tax		113,023
Other Misc. Expense	1,071,831	1,081,830
Total	64,154,006	82,571,590

NOTE-25 Additional Information to the financial Statement

(a) CIF value of imports

Particulars	For the year ended 31 March, 20X2	
Raw materials	82,248,596	0.27%
Components	32,710	0.01 %
Total	82,281,306	

(b) Details of consumption of imported and indigenous items

Particulars		For the year ended 31 March, 2012	
		Rupees	%
<u>Imported</u>			
Raw materials	Current year	82,248,596	0.27
	Previous Year	(69,687,385)	(0.20)
Components	Current year	32,710	0.01
	Previous Year	(81,766)	(0.02)
<u>Indigenous</u>			
Raw materials	Current year	221,566,641	0.73
	Previous Year	280,247,861	(0.80)
Components	Current year	2,964,486	0.99
	Previous Year	3,254,763	(0.98)

Sarup Industries Limited (Formerly Sarup Tanneries Limited)

(c)Earnings in foreign exchange		Amt. In Rs.	
Particular	For the year ended 31 March, 2012	For the year ended 31 March, 2011	
Export of goods calculated on FOB basis	82,870,796	184,535,760	

Note 26 Earnings per share

Amt. In Rs. (Except Shares)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Net profit / (loss) for the year from continuing operations	17,987,212	20,909,679
Weighted average number of equity shares	3,252,400	3,252,400
Par value per share	10.00	10.00
Earnings per share from continuing operations - Basic	5.53	6.43

Note 27 Deferred tax Assets/Liability

Amt in Rs.

Particulars	As at 31 March, 2012	As at 31 March, 2011
Deferred tax (liability) / asset		
<u>Tax effect of items constituting deferred tax liability</u>		
On difference between book balance and tax balance of fixed assets	275,317	1,229,547
Tax effect of items constituting deferred tax liability	275,317	1,229,547
<u>Tax effect of items constituting deferred tax assets</u>		
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	64,587	331,534
Tax effect of items constituting deferred tax assets	64,587	331,534
Net deferred tax liability / (asset)	210,730	898,013

Note 28

The Company is in the business of manufacturing and dealing in footwear only which is in context to Accounting Standard

AS 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India is the only business segment.

Note 29

Related Party Transaction

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

Party	Relationship	Nature of transaction	Volume(Rs.)
Bawa Skin Co.	Common KMP	Rent Paid	540,000

Note 30

As per the information available with the Company there are no dues outstanding including interest as on 31st March, 2012 to small, medium and micro enterprises, as defined under Micro Small and Medium enterprises Development Act, 2006

Note 31

There are no amounts due and outstanding to be credited to Investor Education Protection Fund.

Note 32

The Contingent Liabilities as per AS 29 of ICAI are as under

Bank Guarantee (Rs.)	6,549,539
Letter of Credit (Rs.)	3,126,355

Note 33

The previous year's figures have been reworked, regrouped and reclassified wherever necessary.

Note 34

Director's Remuneration Rs. 9.46 Lacs.

Balance Sheet Abstract & Company's General Business Profile**I Registration Details**

Registration No.	4014	State code	16
Balance Sheet date	31.03.2012		

II Capital raised During the Year (Amt in Rs. Thousands)

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

III Position of Mobilisation & Deployment of Funds (Amt in Rs. Thousands)

Total Liabilities	513623	Total Assets	513623
-------------------	--------	--------------	--------

Sources of Funds

Paid up capital	32524	Reserves & Surplus	237090
Secured Loans	26136	Unsecured Loans	2828

Application of Funds

Net Fixed Assets	133246	Misc Expenditure	6417
Investments	6000	Accumulated Losses	NIL
Net Current Assets			

IV Performance of Company (Amt in Rs. Thousands Except EPS & Rate of dividend)

Turnover	530111	Total Expenditure	510300
Profit/ (Loss) before tax	21581	Profit/ (Loss) after tax	17224
Earning per Share Rs.	5.53	Dividend Rate	15%

V Generic Names of Three Principle 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

AUDITORS' CERTIFICATE

We have examined the aforesaid Cash Flow Statement of Sarup Industries Ltd, for the year ended 31st March 2012. 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.

Place: Jalandhar
Date: 29-05-2012

Sd/-
For Y.K.Sud & Co.
Chartered Accountant

ATTENDANCE SLIP

SARUP INDUSTRIES LIMITED

Regd. Office: P.O. Ramdaspura, Jalandhar-144003, Punjab

PLEASE FILL IN ATTENDANCE SLIP AND HANDOVER AT THE ENTRANCE OF THE MEETING HALL.

Folio No.
Client ID No.....
DP ID No

Name & Address of Shareholder:
No. of Shares held:

I hereby record my presence at the 33rd (THIRTY THIRD) ANNUAL GENERAL MEETING of the Company to be held on Friday, September 28th, 2012 at 10.30 a.m. at Sarup Industries Limited, P.O. Ramdaspura, Jalandhar.

.....
Member's/Proxy's Signature
(To be signed at the time of handing over this slip)

Notes:

1. Shareholder/Proxy holder wishing to attend the Meeting must bring the Attendance Slip to the Meeting and hand-over at the entrance duly signed.
2. Shareholder/Proxy holder should bring his/her copy of the Notice for reference at the Meeting.

-----Tear Here-----

PROXY FORM

SARUP INDUSTRIES LIMITED

Regd. Office: P.O. Ramdaspura, Jalandhar-144003, Punjab

Folio No.
Client ID No.....
DP ID No

I/We

.....of.....
..... being a member/members of the abovementioned
Company, hereby appoint..... or failing him.....as my/our
proxy to vote for me/us on my/our behalf at the 33rd (THIRTY THIRD) ANNUAL GENERAL MEETING of the
Company to be held on Friday, September 28th, 2012, 2012 at 10.30 a.m. at Sarup Industries Limited, P.O.
Ramdaspura, Jalandhar and at any adjournment thereof. This form is to be used in favour of the resolution(s)
...../ against the resolution(s)

Unless otherwise instructed the proxy will act as he thinks fit.

Signed this day of2012
Signature of the member.....

Affix a
Re.1/-
Revenue
Stamp

Note: Proxy Forms must reach the Company's Registered Office not less than 48 hours before the Meeting.