

SARUP INDUSTRIES LIMITED

34th ANNUAL REPORT AND ACCOUNTS 2012-2013

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.

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

BANKERS

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

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

AUDITORS

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

LEGAL ADVISOR

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

REGISTRAR & TRANSFER AGENTS

SKY LINE FINANCIAL SERVICES PVT LTD
D-153 A, 1st Floor, Okhla Industrial
Area Phase- I, New Delhi- 110020

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COMPANY SECRETARY

CS AMIT KUMAR

REGISTERED OFFICE

P.O. RAMDASPURA
JALANDHAR-144003

PLANT LOCATIONS

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

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **THIRTY FOURTH (34th) ANNUAL GENERAL MEETING** of the members of SARUP INDUSTRIES LIMITED will be held on **Friday, 27th Day of September, 2013, at 10.30 A.M.** at Registered Office of the Company at P.O Ramdasapura, Jalandhar, for the transaction of the following businesses: -

ORDINARY BUSINESS

1. To consider and adopt the Accounts of the Company for the financial year ended on 31st March, 2013, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend for the financial year ended March 31, 2013.
3. To appoint a Director in Place of Mr. Ashwani Arora, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. G.S. Bedi, 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 admission slips to the AGM. Duplicate admission slips and/or copies of the Annual Report and Accounts will not be provided at the AGM venue.
- iii. The Register of Members and Share Transfer Books of the Company will be closed from 23rd September, 2013 to 27th September, 2013 (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
31.03.2006	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
31.03.2012	28th October, 2019

Shareholders are, therefore, requested to check up and send their claims, if any, for the relevant years from 2005-06 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 registrar 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.

By Order of the Board of Directors

Place: Jalandhar
Date: 31.08.2013

Atamjit Singh Bawa
Managing Director

Report of the Directors

Your Directors submit their Report for the financial year ended 31st March, 2013.

Industry Overview

The Leather industry is bestowed with an affluence of raw materials as India is endowed with 21% of world cattle & buffalo and 11% of world goat & sheep population. Added to this are the strengths of skilled manpower, innovative technology, increasing industry compliance to international environmental standards, and the dedicated support of the allied industries.

The Council for Leather Exports (CLE) has organized series of interaction meetings in the regions to discuss on the Mega Leather Cluster and create awareness amongst the industry and motivated the industry to take steps to establish MLC. As per information on the current status (Jan 2013), proposals are being prepared by the SPVs for establishing six Mega Leather Clusters in various parts of the country 3 in Uttar Pradesh (Ramaipur, Sandila & Agra), 1 in Haryana (Mewat), 1 in Andhra Pradesh (Tada Mandal), 1 in Tamil Nadu (Perambalur).

The Government of India has appointed CSIR-CLRI as Project Management Consultant (PMC) to assist the Department of Industrial Policy & Promotion, Government of India in all matters concerning the Mega Leather Clusters. The CLE is coordinating with SPVs, professional agencies of the SPVs, CLRI, and Department of IPP in regard to the establishment of Mega Leather Clusters.

As per the database of the DIPP, the Government of India has sanctioned total grant of ₹ 37.73 Cr during the Tenth Plan, ₹ 240.94 Cr during the Eleventh Plan, and ₹ 43.57 Cr were sanctioned till-date during the current Twelfth Plan. As such, the total investment grant of ₹ 322.24 Cr has been sanctioned to the leather industrial units under IDLS Scheme.

With the implementation of various industrial developmental programmes as well as export promotional activities; and keeping in view the past performance, and industry's inherent strengths of skilled manpower, innovative technology, increasing industry compliance to international environmental standards, and dedicated support of the allied industries, the Indian leather industry aims to augment the production, thereby enhance export, and resultantly create additional employment opportunities for overall one million people.

Review of Operations

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

	(Fig In ₹ Lacs)	
	Year ended March 31st, 2013	Year ended March 31st, 2012
Sales of products and services	4140.89	5174.52
Other Income	261.34	144.29
Total Income	4402.23	5318.81
Total Expenditure other than Interest and Depreciation	3983.24	4753.01
Profit before Interest, Depreciation and Tax	418.99	565.80
Depreciation and Amortization Expenses	139.48	156.71
Profit before Interest and Tax	279.51	409.09
Finance Cost (net)	175.83	193.28
Profit before Tax	103.68	215.81
Provision for Current Tax	20.74	35.95
Provision for Deferred Tax	0	0
Net Profit	82.94	179.86
Adjustments in respect of prior years	0.16	0.17
Surplus brought forward	661.82	588.65
Profit after Tax available for appropriation	744.92	768.68
Your Directors recommend appropriation as under:		
Proposed Dividend on Equity Shares	48.79	48.79
Dividend Tax on Proposed Dividend	7.91	7.91
Transfer to General Reserve	15.00	50.00
Income Tax /TDS/ wealth Tax Provision	0	0.16
Surplus Carried Forward	673.22	661.82
Total Appropriation	744.92	768.68

PRESENT FINANCIALS & COMPANY AFFAIRS

During the Year under review your company has achieved the figures of ₹ 4140.89 Lacs in respect of sales for the year. Your Company has registered a profit before tax of ₹ 103.68 lacs.

BUSINESS OPERATIONS

In the financial year 2012-13, the Global Economy faced fresh downside risks that continue in light of renewed setbacks in the Euro area and continued risks of excessive fiscal consolidation in the United States. Current state of Indian economy makes it necessary for the government to put in place a robust and implementable plan of action for its revival. The economy has

experienced a consistent fall in GDP growth, alarmingly high levels of twin deficits i.e. Current Account Deficit (CAD) and Fiscal Deficit as well as worrying volatility in the inflow of foreign investments. Though inflationary pressure has receded in the last quarter of 2012, it still remains above the target level. This along with other worrying economic indicators has put the Indian economy in a challenging pathway in the short term.

PROPOSED TRANSFER TO RESERVES

In terms of section 217 (1) (b) of the Companies Act, 1956 for the Financial Year ending March 31, 2013, the Company had transferred ₹ 15 lacs to the General Reserve.

DIVIDEND

The Directors recommended dividend of ₹ 1.50/- (15%) per share on Equity shares for the year ended 31st March 2013, which will attract dividend tax of ₹ 7.91 Lacs. The total payout will be ₹ 48.79 Lacs and tax thereon ₹ 7.91 Lacs.

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 per the Governments directives, the Company's cost records for the year ended 31st March, 2012 has been audited by M/s Khushwinder Kumar & Associates, Cost Accountants (FRN. 000102) who was appointed by the Board with the approval of the Central Government.

In respect of Financial Year 2012-13 order No F No. 52/26/2010 dated 24.01.2012 your Company is not liable to Cost Audit. However the compliance of the Cost Audit records will be done and for which certification from Cost Auditor will be processed.

Appointment of the Cost Auditor M/s Khushwinder Kumar & Associates, Cost Accountants (FRN. 000102) has been approved by the Board and in process of approval from Central Government as per orders dated 6th November, 2012.

COMPLIANCE CERTIFICATE

In accordance with the requirement of the section 383A of the Companies Act, 1956, a Compliance Certificate for the financial year 2012-13 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

The Company believes that technological obsolescence is a reality. Only progressive research and development will help us to measure up to future challenges and opportunities. We invest in and encourage continuous innovation. During the year under review, expenditure on research and development is not significant in relation to the nature and size of operations of your Company. 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 exchanges. The equity shares of the Company are listed on Bombay Stock Exchange and that the annual fees for the year 2013-14 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.

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

Place: Jalandhar
Date: 31.08.2013

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: -

All business units continued their efforts to improve energy usage efficiencies and increase contributions from renewable sources of energy.

- I. Improvement in energy usage efficiencies of lighting systems by changing over to higher efficiency lighting solutions such as CFLs and LEDs
- II. Adequate measures have been taken to reduce energy consumption whenever possible by using energy efficient equipments

2) Additional investments and proposals:

- I. Replacement of existing lighting systems with higher efficiency systems and maximize natural day lighting
- II. Company is trying to reduce its expenses of energy consumption.
- III. Expenditure on power and fuel during the year ending 31st March, 2013 under review is ₹ 79.53 lacs as compared to ₹ 81.62 lacs during year ending March 31, 2012.

B. Technology Absorption, Adaptation & Innovation

Efforts, in brief made towards absorption:

Induction of contemporary technology and continuous improvement projects across businesses towards reducing process variability, cycle time and wastage while enhancing manufacturing productivity. 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

Indian Leather Industry plays a vital role in the growth of the economy. Jalandhar is the major leather cluster in Punjab, with tanning as well as leather garment and goods manufacturing as the major production activities.

The domestic market for leather products (footwear, leather goods and accessories) is also an important factor which needs to be projected properly abroad to attract the leading global players to invest in India. 1.20 million People of the country and rising affluence class of population presents a huge retail opportunity which no one would like to ignore. This factor has to be capitalized.

Though we can look back with satisfaction the milestones achieved by the Indian leather industry in the last two decades in various core areas namely capacity modernization and technological upgrades human resources development, infrastructure, the fact is that our share in the global import of leather & leather products is only around 3%. Thus, we need to make optimum use of our advantages namely largest livestock population, abundant manpower and industry friendly policies so as to further increase our global share. Indian leather industry has earned a reputation for itself as a reliable supplier of high quality items.

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

STRENGTHS

- Abundance of Human resource
- Policy Support from the Government
- Large and growing domestic market
- Easily Accessible Raw Material
- Government Support in the form of various subsidy schemes

WEAKNESSES

- Dependence on Imported Machines and Components.
- Inadequate Internal Demand
- High Degree of Subjectivity in Quality Assessment and Grading
- Environmental problems
- Insufficient Enterprising Attitude of the Industry

OPPORTUNITIES

- Incentive from the Government
- Rising potential in the domestic market
- Use of e-commerce in direct marketing
- Use of information technology and decision support software to help eliminate the length of the production cycle for different products
- Growing fashion consciousness globally as well as market

THREATS

- Stricter international standards
- High competition from East European countries and other Asian countries
- Major part of the industry is unorganized
- Lack of communication facilities and skills

OUTLOOK

The footwear sector has matured from the level of the manual footwear manufacturing method to the automated footwear manufacturing systems. Footwear production units are installed with world class machines. Manned by skilled technicians, these machines help to turn any new innovative idea into reality. Support systems created for the sector have indeed served the footwear industry well. India has a well developed footwear component manufacturing industry. The future growth of the footwear industry in India will continue to be market-driven, and oriented towards EU and US markets. With technology and quality of the footwear improving year after year, Indian Footwear industry is stamping its class and expertise in the global footwear trade.

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 ₹ 4140.89 Lacs for the year ending 31st March, 2013.

ENVIRONMENT PROTECTION

The tanning industry aims to achieve environmental protection objectives such as waste reduction, recycling and recuperation of secondary raw materials. 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. To remain competitive in the global market place, leather producers must exploit more efficiently their raw materials and avoid wasting collagenous material (hides and skins) that constitutes valuable raw material for other

industries and agriculture. Wasting raw materials creates waste which has high adverse environmental and cost implications. By-products should be either reused/recycled or converted into new, higher value products.

RISK MANAGEMENT

Risk management is a central part of firm's strategic management. It is the process whereby firm methodically address the risks attaching to its activities with the goal of achieving sustained benefit within each activity and across the portfolio of all activities. The focus of good risk management is the identification and treatment of these risks. Our objective is to add maximum sustainable value to all the activities of the Company. It encourages the understanding of the potential upside and downside of all those factors which can affect the Company. It increases the probability of success, and reduces both the probability of failure and the uncertainty of achieving the firm's overall objectives. Procedures for the Risk Effective Measurement have been taken and implemented.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

Administrative controls, which include but are not limited to the plan of organization and records that are concerned with the decision processes leading to the Management's authorization of transactions. Accounting controls comprise the plan of organization, procedures and records that are concerned with safeguarding of assets and the reliability of financial records designed to provide reasonable assurance that the transactions are recorded and executed in accordance with the general and /or specific authorization of the Management, recording of transactions to ensure the preparation of financial statements in conformity with the accounting principles.

CAUTIONARY STATEMENT

Statements in this management discussion and analysis describing the Company's views about the industry, objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. The Company undertakes no obligations to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such statements. Readers are cautioned as not to place undue reliance on the forward-looking statements as they speak only as of their dates. Actual results might differ substantially or materially from those expressed or implied.

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

Your Company believes that strong companies are built on the foundation of good governance practices. Corporate Governance encompasses the effective management of relationships among constituents of the ecosystem - shareholders, management, staff members, customers, vendors, governments, regulatory authorities and community at large. Good corporate governance implemented in your Company on practical basis. Your Company is conscious of its responsibility as a good corporate citizen and is committed to a high standard of Corporate Governance practices.

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

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	9	9
2.	Ms. Manjit Bawa	Chairman-Non Executive	9	9
3.	Mr. Simerjit Singh Bawa	Whole Time Director	9	9
4.	Col. Gurcharan Singh	Independent-Non Executive	9	9
5.	Mr. G.S. Bedi	Independent-Non Executive	9	0
6.	Col. Surat Singh Bajwa	Independent-Non Executive	9	9
7.	Mr Ashwani Kumar Arora	Director	9	9

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

Sr No.	Date of Board Meeting	Sr No.	Date of Board Meeting
1	2nd April, 2012	6	11th December, 2012
2	29th May, 2012	7	7th January, 2013
3	30th July, 2012	8	12th February, 2013
4	31st August, 2012	9	19th March, 2013
5	8th November, 2012		

Committees of the Board

a) Audit Committee

The Board has constituted Audit Committee in accordance with the requirements of Section 292A of the Companies Act 1956 and 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 2012 – 2013

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	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 2012-13 on 25th May 2012, 23rd July 2012, 8th November, 2012, and 9th February, 2013.

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 22nd October, 2012. 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 7th April, 2012, 25th May 2012, 11th July, 2012, and 30th November, 2012. Attendance of the directors:-

Sr No	Name	Designation	Category	Meetings	
				Held	Attended
1	Mr Gurcharan Singh	Chairman	Independent Non Executive	4	4
2	Mr. Atamjit Singh Bawa	Member	Managing Director	4	4
3	Mr. Simerjit Singh Bawa	Member	Whole Time Director	4	4

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 2012-13.

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, 2013, is annexed to the Corporate Governance Report.

SHAREHOLDERS AND MEANS OF COMMUNICATION

a) 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, Mr. Ashwani Kumar Arora, Sh. G.S. Bedi 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. Ashwani Kumar Arora has experience of 18 years in finance and general administration. Rich experience in spearheading entire gamut of Accounting & Finance operations inclusive of financial planning, project financing, budgeting, accounting systems, audit, costing and taxation.
2. G.S. Bedi is qualified and senior managerial level person and having more than 13 year experience as Chief Executive Officer (CEO) in Private Sector, Controlling & Co-ordinations of all departments including accounts & finance.
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 or Nava Zmana 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	27 th September, 2013
iv) Venue of Annual General Meeting	P.O. Ramdaspora, Jalandhar – 144003
v) Financial Calendar	

Financial reporting for first Qtr. ending June 30, 2013	End of July 2013
Financial reporting for 2nd Qtr. ending Sept 30, 2013	End of October 2013
Financial reporting for 3rd Qtr. ending Dec 31, 2013	End of January 2014
Financial reporting for 4th Qtr. ending March 31, 2014	End of May 2014

vi) Date of Book closing for dividend	23 rd September, 2013 to 27 th September, 2013
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 2013-2014 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, 2013

Share /Deb. Holding	Share/Deb. Holders (Nos.)	% to total number	Share/debenture physical	NSDL	CDSL	Total (Value)	%age
Up to 500	2035	92.50	120623	100490	38953	260066	8.00
501-1000	70	3.18	11225	28521	16367	56113	1.73
1001-2000	34	1.55	5200	29038	13223	47461	1.46
2001-3000	22	1.00	10600	26530	17466	54596	1.68
3001-4000	6	0.27	3100	11055	6199	20354	0.63
4001-5000	8	0.36	0.00	24048	14266	38314	1.18
5001-10000	10	0.45	11700	43151	14148	68999	2.12
10001 & Above	15	0.68	15600	2666497	24400	2706497	83.22

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, 2013.

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

Scrip Code: 514412,
For the Period: April 2012 to March 2013

Month	High	Low	No. of Shares
Apr-12	34.90	30.20	45,396
May-12	34.00	29.20	5,007
Jun-12	32.30	28.00	12,266
Jul-12	31.45	29.05	6,935
Aug-12	31.60	29.50	4,748
Sep-12	33.00	29.50	6,738
Oct-12	33.60	28.65	14,661
Nov-12	32.80	29.00	14,545
Dec-12	33.60	29.55	3,944
Jan-13	37.35	29.05	19,081
Feb-13	37.25	32.00	11,427
Mar-13	35.45	30.75	21,935

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 15 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 2012	28 th September, 2012	Friday	10:30 AM	P.O. Ramdasapura, Jalandhar
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

Special Resolution: In the AGM for year ending 31st March, 2011 two Special Resolutions were 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 (INDIA)
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 (Registered)

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

A. Declaration regarding compliance with the Code of Conduct by Board Members and Senior Management personnel pursuant to Clause 49(1)(D)(ii) of the Listing agreement

This is to certify that as per Clause 49 of the Listing Agreement:

1. The Code of Conduct has been laid down for all the Board Members and Senior Management and other employees of the Company.
2. The Code of Conduct has been posted on the website of the Company.
3. The Board Members and Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for the year 2012-13.

Date: 31.08.2013
Place: Jalandhar

Sd/-
Atamjit Singh Bawa
Managing Director

B. Certificate by Chief executive officer and Chief Financial officer on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement

To,
The Board of Directors,
Sarup Industries Limited

We hereby certify that for the financial year 2012-13:

1. We have reviewed the financial statements and the cash flow statement and that to the best of our knowledge and belief:
 - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) 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 regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2012-13 which are fraudulent, illegal or violate the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee those deficiencies, if any, of which we are aware, in the design or operation of the internal control systems and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit Committee:
 - significant changes, if any, in internal control over financial reporting during this year;
 - significant changes, if any, in accounting policies during this year 2012-13 and that the same have been disclosed in the notes to the financial statements; and
 - Instances of significant fraud of which we are 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 & on behalf of Board of Directors

Sd/-

Sd/-

Place: Jalandhar
Dated: 31.08.2013

Bawa Atamjit Singh
Managing Director

Ashwani Kumar Arora
Chief Financial Officer

COMPLIANCE CERTIFICATE

(Pursuant to proviso to sub section (1) of Section 383 A of The Companies Act, 1956 and Rule 3(1) of the Companies (Compliance Certificate) Rules 2001)

To

The Members
Sarup Industries Limited
P.O. Ramdaspora
Jalandhar

CIN: - L19113PB1979PLC004014

Nominal Capital: -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 provisions contained in the Memorandum and Articles of Association of the company for the financial year ended March 31, 2013. 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, 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 therein 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 Director, Central Government, Company Law Board or other authorities within the time 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 **9 (Nine)** times on April 02, 2012, April 29, 2012, July 30, 2012, August 31, 2012, November 08, 2012, December 11, 2012, January 07, 2013, February 12, 2013 and March 19, 2013 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 in the Minute Book maintained for the purpose and signed.
5. The Company closed its Register of Members from September 24, 2012 to September 28, 2012 and necessary compliance of section 154 was made.
6. The Annual General Meeting for the financial year ended on March 31, 2012 was held on September 28, 2012 after giving due notice dated August 31, 2012 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 Management certifies that the company has not entered into any transactions falling within the purview of Section 297 of the Act.

10. The company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview 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 2012-13, the management certifies that the company:
 - i. has duly delivered all certificates on lodgment thereof for transfer of Shares made during the year in accordance with provisions of the Act.
 - ii. has deposited the amount of dividend declared on September 28, 2012 in a separate Bank account on October 08, 2012.
 - iii. has posted cheques for dividend to all members within a period of thirty days from the date of declaration of such dividend.
 - iv. company has transferred the amount of Rs. 190471.80 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"
 - v. 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 financial year under review.
15. The company has not appointed any Managing Director / Whole time Director / Manager during the financial year under scrutiny.
16. This Para is not applicable as the Company has not made any appointment of Sole-Selling Agent during the period under consideration.
17. According to the documents produced to us for verification and explanation given by the management, 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.
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 said financial year.
20. The company has not bought back any shares during the financial year ending March 31, 2013. Therefore this para is not applicable as the Company has not issued any such Securities.
21. The company has not redeemed any preference shares/ debentures during the year under review. Therefore, this para is not applicable as the company has not issued any such security.

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 and 58 AA of the Companies Act, 1956 during the financial year under consideration.
24. The amount borrowed by company from directors, banks and others during the financial ending March 31, 2013 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 of Association with respect to situation of the company's registered office from one State to another during the period under scrutiny.
27. The company has not altered the provisions of the Memorandum of Association with respect to the object of the company during the said financial year.
28. The company has not altered the provisions of the Memorandum of Association with respect to name of the company during the financial year under scrutiny.
29. The company has not altered the provisions of the Memorandum of Association with respect to share capital of the company during the financial year under certification.
30. The company has not altered its Articles of Association during the year under review.
31. The Management certifies that no prosecution has been initiated against or show cause notice has been received by the company for any offence under the Act and also no fines and penalties or any other punishment imposed on the company.
32. The company has not received any money on security from its employees during the year under certification, and therefore the provisions of section 417(1) of the Act are not attracted.
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 19, 2013
Place: Jalandhar

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

PART OF COMPLIANCE CERTIFICATE
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2013

ANNEXURE 'A'

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 u/s 301 of the Act
9. Register of Contracts
10. Register of renewed and duplicate certificates under Rule 7 of the Companies (Issue of Share Certificates) Rules, 1960

ANNEXURE 'B'

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, 2013:

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 2001	20.04.2012	Yes	NA
2	Form 23 B	224 (1A)	18.07.2012	Yes	NA
3	Form 32	Section-284	29.08.2012	Yes	NA
4	Form 66	383 A	27.10.2012	Yes	NA
5	Form 20 B	Sec 159	27.11.2012	Yes	NA
6	Form 23 B	224 (1A)	11.12.2012	Yes	NA
8	Form 23 AC XBRL	220	12.01.2013	Yes	NA
9	Form 23 ACA XBRL	220	12.01.2013	Yes	NA
10	Form 1 XBRL	Sec 233 B (4)	23.01.2013	Yes	NA
11	Form 1 INV	Rule 3 of IEPF Rules 2001	11.02.2013	Yes	NA

Date: May 19, 2013

Place: Jalandhar

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

**CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER CLAUSE 49 OF THE
LISTING AGREEMENT WITH THE STOCK EXCHANGES IN INDIA**

CERTIFICATE

To The Member of

SARUP INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by SARUP INDUSTRIES LIMITED for the year ended 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, 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, 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: 29th May, 2013

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, 2013 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 2013.
- 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.

PLACE: JALANDHAR
Date: 29th May, 2013

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

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 ant 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 2013 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.

PLACE: JALANDHAR
Date: 29th May, 2013

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

Balance Sheet as at 31 March, 2013

		Amt. In ₹	
Particulars	Note No.	As at 31 March, 2013	As at 31 March, 2012
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	32,524,000	32,524,000
(b) Reserves and surplus	4	239,730,043	237,090,738
(c) Money received against share warrants		-	-
		272,254,043	269,614,738
2 Share application money pending allotment			
3 Non-current liabilities			
(a) Long-term borrowings	5	21,759,398	28,964,910
(b) Deferred tax liabilities (net)		211,405	210,730
(c) Other long-term liabilities	6	16,162,987	16,162,987
(d) Long-term provisions		-	-
		38,133,790	45,338,627
4 Current liabilities			
(a) Short-term borrowings	7	115,371,692	69,646,166
(b) Trade payables	8	67,108,116	68,242,865
(c) Other current liabilities	9	26,323,979	40,593,718
(d) Short-term provisions	10	23,209,676	21,151,511
		232,013,463	199,634,260
TOTAL		542,401,296	514,587,625

B	ASSETS			
	1 Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	11	124,086,374	132,559,973
	(ii) Intangible assets		-	-
	(iii) Capital work-in-progress		1,983,637	686,114
	(iv) Intangible assets under development		-	-
	(v) Fixed assets held for sale		-	-
			126,070,011	133,246,087
	(b) Non-current investments	12	4,279,064	6,000,179
	(c) Deferred tax assets (net)		-	-
	(d) Long-term loans and advances	13	2,328,076	1,818,076
	(e) Other non-current assets	14	111,568	339,128
			6,718,708	8,157,383
2	Current assets			
	(a) Current investments		-	-
	(b) Inventories	15	202,636,169	200,818,070
	(c) Trade receivables	16	120,125,402	98,550,426
	(d) Cash and cash equivalents	17	40,748,255	37,791,629
	(e) Short-term loans and advances	18	18,039,403	16,059,158
	(f) Other current assets	19	28,063,348	19,964,872
			409,612,577	373,184,155
	TOTAL		542,401,296	514,587,625
	See accompanying notes forming part of the financial statements			

In terms of our report attached.

For Y.K. Sud & Co;

Chartered Accountants

Sd/-

(Prop.)

For and on behalf of the Board of Directors

Smt Manjit Bawa

Director

Sh Atamjit Singh Bawa

Managing Director

Jalandhar, 29th May, 2013

Statement of Profit and Loss for the year ended 31 March, 2013

		Amt. In ₹		
	Particulars	Note No.	For the year ended 31 March, 2013	For the year ended 31 March, 2012
A	CONTINUING OPERATIONS			
1	Revenue from operations (Net)	20	438,381,710	530,111,180
2	Other income	21	1,841,062	1,770,468
3	Total revenue (1+2)		440,222,772	531,881,648
4	Expenses			
	(a) Cost of materials consumed	22. a	240,363,043	303,815,237
	(b) Purchases of stock-in-trade	22. b	-	265,024
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22. c	(12,804,700)	(2,434,999)
	(d) Employee benefits expense	23	105,900,954	109,502,783
	(e) Finance costs	24	17,582,556	19,328,018
	(f) Depreciation and amortisation expense		13,948,317	15,670,781
	(g) Other expenses	25	64,864,425	64,154,006
	Total expenses		429,854,595	510,300,850
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		10,368,177	21,580,798
6	Exceptional items		-	-
7	Profit / (Loss) before extraordinary items and tax (5 ± 6)		10,368,177.00	21,580,798.00
8	Extraordinary items		-	-
9	Profit / (Loss) before tax (7 ± 8)		10,368,177.00	21,580,798.00
10	Tax expense:			
	(a) Current tax expense for current year		2,074,465	4,336,300
	(b) (Less): MAT credit (where applicable)		-	20,000
	(c) Current tax expense relating to prior years		-	-
	(d) Net current tax expense		2,074,465	4,356,300
	(e) Deferred tax		-	-
11	Profit / (Loss) from continuing operations (9 ± 10)		8,293,712	17,224,498
B	DISCONTINUING OPERATIONS			
12	Profit / (Loss) from discontinuing operations		-	-
C	TOTAL OPERATIONS			
13	Profit / (Loss) for the year (11 ± 12)		8,293,712.00	17,224,498.00

14	Earnings per share (of Rs 10/- each):			
	(a) Basic		2.55	5.53
	(b) Diluted		2.55	5.53
15	Earnings per share (excluding extraordinary items) (of Rs 10/- each):			
	(a) Basic		2.55	5.53
	(b) Diluted		2.55	5.53
	See accompanying notes forming part of the financial statements			
<p>In terms of our report attached.</p> <p>For Y.K. Sud & Co; Chartered Accountants</p> <p>Prop. Jalandhar, 29th May, 2013</p>				
<p>For and on behalf of the Board of Directors</p> <p>Sd/- Atamjit Singh Bawa Managing Director</p> <p>Sd/- Manjit Bawa Director</p>				

Cash Flow Statement for the year ended 31 March, 2013

Particulars	For the year ended 31 March, 2013		For the year ended 31 March, 2012	
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		10368177		21580798
<u>Adjustments for:</u>				
Depreciation and amortisation	13948317		15670781	
Amortisation of share issue expenses and discount on shares	227560		227560	
(Profit) / loss on sale / write off of assets	3000		2017693	
Finance costs	17582556		19328108	
Interest income	-1253467		-1758094	
Dividend income	-4500		-12375	
Net (gain) / loss on sale of investments	0		796	
Liabilities / provisions no longer required written back	16300	30519766	17487	35491956
Operating profit / (loss) before working capital changes		40887943		57072754
<u>Changes in working capital:</u>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	-1818099		-6494100	
Trade receivables	-21574977		-11695882	
Short-term loans and advances	145290		8396646	
Long-term loans and advances	-510000		454115	
Other current assets	-8098476		1399702	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	-1134749		-16138900	
Other current liabilities	-14269739		-9504555	
Other long-term liabilities	0		-100000	
Short-term provisions	2058165	-45202585	-1163553	-34846527
Cash generated from operations		(4,314,642.00)		22,226,227.00
Net income tax (paid) / refunds		-4200000		-5244050
Net cash flow from / (used in) operating activities (A)		(8,514,642.00)		16,982,177.00
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	-10308886		-6646117	
Proceeds from sale of fixed assets	3533645		3499314	
Purchase of Long term Investment	0		0	
Proceeds From The Sale of Long Term Investment	1721115		604	
Interest Received	1253467		1758094	
Dividend received	4500	-3796159	12375	-1375730
Net cash flow from / (used in) investing activities (B)		-3796159		-1375730

C. Cash flow from financing activities				
Repayment of long-term borrowings	-7205512		-13663657	
Net increase / (decrease) in working capital borrowings	45725526		39850660	
Repayment of other short-term borrowings	0		0	
Finance cost	-17582556		-19328108	
Dividends paid	-4878600		-4878600	
Tax on dividend	-791431		-828874	
Net cash flow from / (used in) financing activities (C)		15267427		1151421
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		2956626		16757868
Cash and cash equivalents at the beginning of the year		37791629		20070016
Cash and cash equivalents at the end of the year		40748255		36827884
(a) Cash on hand		48532		72243
(b) Cheques, drafts on hand		0		806062
(c) Balances With Banks (i) Current Account		32520091		1353962
(ii) EEFC Account		0		24260
(d) FDRs With Schedule Banks		8179632		34571357
		40748255		36827884
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/-	
Jalandhar, 29th May, 2013		Atamjit Singh Bawa	Manjit Bawa	
		Managing Director	Director	

Notes Forming part of the financial statements

Note 1 Significant Accounting Policies

- 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.
- The company generally follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

Note 2 Significant Accounting Policies

Fixed Assets and Depreciation

All assets are stated at cost of acquisition, less accumulated depreciation. In the case of fixed assets acquired for new projects/ expansion interest cost on borrowings and other related expenses incurred up to the date of completion of projects are capitalised. Depreciation on

fixed assets is provided on written down value at the rates and in the manner prescribed in Schedule XIV of the Companies Act.

Foreign Exchange Transaction/Export Sales

Transaction denominated in foreign currencies is normally recorded at the exchange rates prevailing at the time of transaction.

Investments: - Investments are stated at Cost.

Note 3 Share Capital

Particulars	As at 31.03.2013		As at 31.03.2012	
	No of Shares	Amt. In ₹	No of Shares	Amt. In ₹
(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	32,524,000
(c) Subscribed and fully paid up				
Equity Shares of Rs. 10/- each	3,252,400	32,524,000	3,252,400	32,524,000

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

Particulars	Opening Balance	Fresh Issue	Buy Back	Closing Balance
Equity Shares with Voting rights				
Year Ended 31.03.2013				
Number of Shares	3252400	-	-	3252400
Amount (Rs.)	32524000	-	-	32524000
Year Ended 31.03.2012				
Number of Shares	3252400	-	-	3252400
Amount (Rs.)	32524000	-	-	32524000

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Not Applicable

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

Class of shares / Name of shareholder	As at 31 March, 2013		As at 31 March, 2012	
	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	1531754	47.10	1531754	47.10
2. Manjit Bawa	400100	12.30	400100	12.30
3. Simerjit Singh Bawa	486646	14.96	486646	14.96

Note 4 Reserves & Surplus			Amt. in ₹
Particulars	As at 31 March, 2013	As at 31 March, 2012	
(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	140,527,787	135,527,787	
Add: Transferred from surplus in Statement of Profit and Loss	1,500,000	5,000,000	
Closing balance	142,027,787	140,527,787	
(d) Surplus / (Deficit) in Statement of Profit and Loss			
Opening balance	66,182,151	58,864,971	
Add: Profit / (Loss) for the year	8,293,036	17,224,498	
Provision w/back	16,300	37,487	
Deffered tax liability w/back	-	725,226	
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	791,431	
Transfrred to General Reserve	1,500,000	5,000,000	
Closing Balance	67,321,456	66,182,151	
Total (a+b+c+d)	239,730,043	237,090,738	

Note 5 Long Term Borrowings

Particulars	As at 31 March, 2013	As at 31 March, 2012
a) Term Loans From banks		
Secured	19,760,438	26,136,000
b) Deposits		
Unsecured	1,998,960	2,828,910
Total	21,759,398	28,964,910

(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, 2013	As at 31 March, 2013	As at 31 March, 2012	As at 31 March, 2012
		Secured	Unsecured	Secured	Unsecured
<u>Term loans from banks:</u>					
HDFC Bank	Secured against BMW Car	-		764,219	
Tata Motors Limited	Secured against Tempo	18,614		196,196	
HDFC Bank	Secured against Indigo Car	209,765		321,341	
HDFC Bank	Secured against Indigo Car	184,145		282,093	
Kotak Mahindra Prime Ltd.	Secured against car	4,120		139,931	
State Bank of India	Secured against Machinery				
State Bank of India	OTL A/c (Secured against Machinery)	2,529,953		-	
State Bank of India	Secured against Building & Machinery	12,925,644		18,827,658	
State Bank of India	Secured against building & Machinery	3,888,197		5,604,562	
Total - Term loans from banks		19,760,438		26,136,000	

Particulars	Terms of Repayment	As at 31 March, 2013	As at 31 March, 2013	As at 31 March, 2012	As at 31 March, 2012
		Secured	Unsecured	Secured	Unsecured
<u>Loans and advances from related parties:</u> From Directors			1,998,960		2,828,910
Total - Loans and advances from related parties			1,998,960		2,828,910

(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 ₹	
	As at 31 March, 2013	As at 31 March, 2012
(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 ₹	
	As at 31 March, 2013	As at 31 March, 2012
(a) Loans repayable on demand From banks		
Secured	115,371,692	69,646,166
Unsecured	-	-
Total	115,371,692	69,646,166

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

Particulars	As at 31 March, 2013	As at 31 March, 2012
Loans repayable on demand from banks	106,008,360	59,510,159
Total	106,008,360	59,510,159

Note 8 Trade Payables

Amt. In ₹

Particulars	As at 31 March, 2013	As at 31 March, 2012
Trade payables:		
Acceptances	67,108,116	68,242,865
Total	67,108,116	68,242,865

Note 9 Other Current Liabilities

Amt. In ₹

Particulars	As at 31 March, 2013	As at 31 March, 2012
(a) Unpaid Dividend	1,028,044	963,745
(b) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	381,305	402,109
(ii) Advances from customers	7,521,245	12,772,875
(iii) Expenses Payable	13,888,435	16,359,951
(iv) Cheques issued but not yet presented	3,504,950	10,095,038
Total	26,323,979	40,593,718

Note 10 Short-term provisions

Amt. In ₹

Particulars	As at 31 March, 2013	As at 31 March, 2012
Provision for Tax		
(i) Provision for tax	17,539,645	15,465,180
(ii) Provision for proposed equity dividend	4,878,600	4,878,600
(iii) Provision for tax on proposed dividends	791,431	791,431
(iv) Provision - wealth tax	-	16,300
Total	23,209,676	21,151,511

Note 11 Fixed Assets										Amt. In ₹	
Tangible assets	Cost			Depreciation/Amortisation/Diminution					Net block		
	Balance as at 1 April, 2012	Additions	Disposals	Balance as at 31 March, 2013	Upto 1 April, 2012	Depreciation / amortisation expense for	Eliminated on disposal of assets	Upto 31 March, 2013	Balance as at 31 March, 2013	Balance as at 31 March, 2012	
Land	24,824,780			24,824,780	0			0	24,824,780	24,824,780	
Building Factory	35,385,850	565,391		35,951,241	14,657,898	2,085,990		16,743,888	19,207,353	20,727,952	
Building residential	24,164,914			24,164,914	5,893,187	913,586		6,806,773	17,358,141	18,271,727	
Plant & Equipments	181,806,483	6,713,034	3,526,645	184,992,872	128,225,549	7,616,244		135,841,793	49,151,079	53,580,934	
Furniture and Fixtures	13,996,750	51,034		14,047,784	10,623,962	615,084		11,239,046	2,808,738	3,372,788	
Vehicles	12,722,110			12,722,110	7,492,314	1,373,637		8,865,951	3,856,159	5,229,796	
Office equipment	5,684,535	49,592	30,000	5,704,127	3,885,654	252,793	20,000	4,118,447	1,585,680	1,798,881	
Leasehold improvements (owned)	901,661	18,000		919,661	391,274	95,236		486,510	433,151	510,387	
Electric installation	6,620,627			6,620,627	3,374,419	434,648		3,809,067	2,811,560	3,246,208	
Computers	2,641,148	128,741		2,769,889	2,256,218	179,084		2,435,302	334,587	384,930	
Tubewell	442,841			442,841	307,720	13,512		321,232	121,609	135,121	
Moulds and dies	6,496,269	1,462,666		7,958,935	6,019,800	362,942		6,382,742	1,576,193	476,469	
Creache	0	3,480		3,480	0	282		282	3,198	0	
Scanner	0	19,425		19,425	0	5,279		5,279	14,146	0	
Total	315,687,968	9,011,363	3,556,645	321,142,686	183,127,995	13,948,317	20,000	197,056,312	124,086,374	132,559,973	

Note 12 Non-current investments

Particulars	As at 31 March, 2013			As at 31 March, 2012		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
1) Investment in equity instruments (give details separately for fully / partly paid up instruments)						
(i) of other entities						
1600 Shares of Rs. Each fully paid up in DSQ	321,893	-	321,893	321,893	-	321,893
Shares of Each fully paid up in Modern Syntex Ltd.		18,000	18,000	-	18,000	18,000
Shares of ₹ Each fully paid up in Pentamedia	496,820	-	496,820	496,820	-	496,820
Shares Each fully paid up in Polaris Financial	1,105,265	-	1,105,265	1,105,265	-	1,105,265
Share of Rs. Each in Punjab Iron & Steel Co. Ltd	-	15,058	15,058	-	15,058	15,058
Shares of Rs. Each in Software Solutions India	-	633,276	633,276	-	633,276	633,276
Shares of Rs. Each in Square D Software	1,221,867	-	1,221,867	1,221,867	-	1,221,867
Shares of Rs. Each in Star Precession	-	15,000	15,000	-	15,000	15,000
Shares of Rs. Each in Star Thapar Milk Products	-	3,000	3,000	-	3,000	3,000
Shares of Rs. Each in Umred Agro	-	170,000	170,000	-	170,000	170,000
2) Investment in mutual funds (give details)						
(As at 31.3.2011) Units of SBI Magnum Scheme (G)	200,000	-	200,000	-	1,000,000	1,000,000
(As at 31-3-2011) Units of HDFC Top 200(G)	78,885	-	78,885	-	1,000,000	1,000,000
Total	3,424,730	854,334	4,279,064	3,145,845	2,854,334	6,000,179

Note 13 Long-term loans and advances

Particulars	Amt. In ₹	
	As at 31 March, 2013	As at 31 March, 2012
(b) Security deposits		
Unsecured, considered good	2,328,076	1,818,076
Doubtful	0	0
Less: Provision for doubtful deposits	2,328,076	1,818,076
	0	0
Total	2,328,076.00	1,818,076.00

Note 14 Other non-current assets**Amt. In ₹**

Particulars	As at 31 March, 2013	As at 31 March, 2012
Unamortised expenses	99,908	303,708
Others (deferred revenue expenses)	11,660	35,420
Total	111,568	339,128

Note 15 Inventories

(At lower of cost or net realisable value)

Amt. In ₹

Particulars	As at 31 March, 2013	As at 31 March, 2012
Raw materials	49,587,844	62,298,153
Work-in-progress	34,985,263	8,841,027
Finished goods (other than those acquired for trading)	116,339,354	127,727,888
Stores and spares	720,234	547,342
Others - Packing Material	1,003,474	1,403,660
Total	202,636,169	200,818,070

Note 16 Trade receivables**Amt. In ₹**

Particulars	As at 31 March, 2013	As at 31 March, 2012
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	39,968,198	40,481,817
Doubtful	-	-
	39,968,198	40,481,817
Less: Provision for doubtful trade receivables	-	-
	39,968,198	40,481,817
Other Trade receivables		
Unsecured, considered good	80,157,204	58,068,609
Doubtful	-	-
	80,157,204	58,068,609
Less: Provision for doubtful trade receivables	-	-
	80,157,204	58,068,609
Total	120,125,402	98,550,426

Note 17 Cash and cash equivalents**Amt. In ₹**

Particulars	As at 31 March, 2013	As at 31 March, 2012
(a) Cash on hand	48,532	72,243
(b) Cheques, drafts on hand	-	806,062
(c) Balances with banks		
(i) In current accounts	31,492,047	1,353,962
(ii) In EEFC accounts	-	24,260
(iii) In deposit accounts	8,179,632	34,571,357
(iv) Unpaid dividend Accounts	1,028,044	963,745
Total	40,748,255	37,791,629

Note 18 Short-term loans and advances**Amt. In ₹**

Particulars	As at 31 March, 2013	As at 31 March, 2012
(a) Loans and advances to employees		
Unsecured, considered good	844,236	818,793
Doubtful	-	-
	844,236	818,793
(b) Prepaid expenses - Unsecured, considered good	174,120	201,511
(c) Balances with government authorities		
(i) CENVAT credit receivable	213,397	940,931
(ii) VAT credit receivable	293,486	544,579
(iii) PLA	253	184
	681,256	1,687,205
(d) Others		
Unsecured Considered Good	16,513,911	13,553,160
Total	18,039,403	16,059,158

Note 19 Other current assets**Amt. In ₹**

Particulars	As at 31 March, 2013	As at 31 March, 2012
Capital Subsidy receivables	3,107,245.00	-
Advance income tax	23,169,627	18,780,829
Others (INCENTIVE RECEIVABLE)	1,386,476	1,184,043
VAT Refund	400,000	-
Total	28,063,348	19,964,872

Note 20 Revenue from operations**Amt. In ₹**

Particulars	As at 31 March, 2013	As at 31 March, 2012
Sale of products(Refer note i below)	414,089,627	517,451,565
Other operating revenues(Refer note ii below)	24,292,083	12,659,615
	438,381,710	530,111,180

Particulars	As at 31 March, 2013	As at 31 March, 2012
(Note i) Sale of products comprises <u>Manufactured goods</u>		
Shoes and shoes upper	414,089,627	517,451,565
Leather	-	-
Total - Sale of manufactured goods	414,089,627	517,451,565
(Note ii) Other operating revenues comprise:		
Duty drawback and other export incentives	5,701,162	9,315,311
Others	18,590,921	3,344,304
Total - Other operating revenues	24,292,083	12,659,615

Note 21 Other Income**Amt. In ₹**

Particulars	As at 31 March, 2013	As at 31 March, 2012
Interest income	1,253,467	1,758,093
Dividend income:	4,500	12,375
Other Non Operating Income	583,095	-
Total	1,841,062	1,770,468

Note 22.a Cost of materials consumed**Amt. In ₹**

Particulars	As at 31 March, 2013	As at 31 March, 2012
Opening stock	62,298,153	58,239,051
Add: Purchases	229,376,442	307,874,339
	291,674,595	366,113,390
Less: Closing stock	51,311,552	62,298,153
Cost of material consumed	240,363,043	303,815,237

Note 22. b Purchase of Traded Goods

Amt. In ₹

Particulars	As at 31 March, 2013	As at 31 March, 2012
Traded Goods	-	265,024.00
Total	-	265,024.00

Note 22.c Changes in inventories of finished goods, work-in-progress and stock-in-trade

Amt. In ₹

Particulars	As at 31 March, 2013	As at 31 March, 2012
<u>Inventories at the end of the year:</u>		
Finished goods	116,339,354	129,678,890
Work-in-progress	34,985,263	8,841,027
	151,324,617	138,519,917
<u>Inventories at the beginning 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
Net (increase) / decrease	(12,804,700)	(2,434,999)

Note 23 Employee benefits expense

Amt. In ₹

Particulars	As at 31 March, 2013	As at 31 March, 2012
Salaries and wages	73,024,204	75,946,780
Contributions to provident and other funds	12,569,199	13,089,899
Bonus	4,916,712	6,379,362
Allowances	8,933,585	7,752,462
Leave encashment	2,602,191	2,436,780
Ex-gratia	1,941,179	2,110,367
Canteen Subsidy	446,870	728,837
Family planning	81,806	84,158
Staff welfare expenses	1,385,208	1,702,975
Total	105,900,954	110,231,620

Note 24 Finance costs

Amt. In ₹

Particulars	As at 31 March, 2013	As at 31 March, 2012
Interest expense on Borrowings	17,582,556	19,328,018
Total	17,582,556	19,328,018

Note 25 Other expenses

Particulars	Amt. In ₹	
	As at 31 March, 2013	As at 31 March, 2012
Consumption of stores and spare parts	2,084,575	2,997,196
Other Manufacturing Expenses	7,257,759	-
Consumption of packing materials	13,953,112	18,560,130
Excise Duty (net)	1,909,627	458,319
Power and fuel	7,953,517	8,162,321
Rent including lease rentals	1,731,205	2,875,589
Repairs and maintenance - Buildings	513,331	827,234
Repairs and maintenance - Machinery	1,009,796	1,024,361
Repairs and maintenance - Others	4,334,277	4,309,115
Insurance	538,113	544,314
Rates and taxes	1,445,054	1,070,428
Postage, Telegram and Telephone	1,650,462	1,497,593
Travelling and conveyance	1,586,293	2,164,775
Printing and stationery	382,463	411,254
Freight and forwarding	3,985,784	2,430,232
Sales commission	7,615,376	5,042,319
Sales discount	-	195,423
Business promotion :Sales Promotion	200,591	499,310
Advertisement	500,146	945,978
Donations and contributions	116,385	177,282
Legal and professional	1,185,629	1,169,144
Payments to auditors	112,360	128,905
Bad trade and other receivables, loans and advances written off		-
Amortisation of share issue expenses and discount on shares	227,560	227,560
Loss on fixed assets sold / scrapped / written off	3,000	2,017,693
Prior period items (net)		-
Miscellaneous expenses		
Bank Charges	1,710,395	2,262,780
Entertainment Expenses	103,656	145,597
AGM Expenses	68,830	54,365
Festival Expenses	340,223	187,115
Fines & Penalties		98,410
Service Tax	374,719	196,696
Security Service Charges	1,753,215	1,657,545
Books & Periodicals	7,585	14,355
Additional Sales Tax		-
Other Misc. Expense	209,387	1,071,831
Total	64,864,425	63,425,169

NOTE-26 Additional Information to the Financial Statement**(a) CIF value of imports**

Particulars	Amt. In ₹	
	As at 31 March, 2013	As at 31 March, 2012
Raw materials	45,564,142	82,248,596
Components	10,466	32,710
Total	45,574,608	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	45,564,142	0.19
	Previous Year	82,248,596	0.27
Components	Current year	10,446	0.01
	Previous Year	32,710	0.01
<u>Indigenous</u>			
Raw materials	Current year	194,798,901	0.81
	Previous Year	221,566,641	0.73
Components	Current year	2,074,129	0.99
	Previous Year	2,964,486	0.99

(c) Earnings in foreign exchange

Particular	Amt. In ₹	
	As at 31 March, 2013	As at 31 March, 2012
Export of goods calculated on FOB basis	60,416,029	82,870,796

Note 27 Earnings per share **Amt. In ₹ (Except Shares)**

Particulars	As at 31 March, 2013	As at 31 March, 2012
Net profit / (loss) for the year from continuing operations	8,293,711	17,987,212
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	2.55	5.53

Note 28 Deferred tax Assets/Liability**Amt. In ₹**

Particulars	As at 31 March, 2013	As at 31 March, 2012
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	293,901	275,317
Tax effect of items constituting deferred tax liability	293,901	275,317
<u>Tax effect of items constituting deferred tax assets</u>		
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	82,496	64,587
Tax effect of items constituting deferred tax assets	82,496	64,587
Net deferred tax liability / (asset)	211,405	210,730

Note 29

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 30

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(₹)
Bawa Skin Co.	Common KMP	Rent Paid	579,000
Bawa Skin Co.	Common KMP	Purchase	618,325

Note 31

As per the information available with the Company there are no dues outstanding including interest as on 31st March, 2013 to small, medium and micro enterprises, as defined under Micro Small and Medium enterprises Development Act, 2006.

Note 32

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

Note 33

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

Bank Guarantee (₹)	6,549,539
Letter of Credit (₹)	2,811,190

Note 34

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

Note 35

Director's Remuneration Rs. 5.01 Lacs

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

Registration No.	4014	State code	16
Balance Sheet date	31.03.2013		

II Capital raised During the

<u>Year</u>	<u>(Amt in ₹ Thousands)</u>		
Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL
Preferential Issue	NIL		

III Position of Mobilisation & Deployment of

<u>Funds</u>	<u>(Amt in ₹ Thousands)</u>		
Total Liabilities	542401	Total Assets	542401
Sources of Funds			
Paid up capital	32524	Reserves & Surplus	239730
Secured Loans	19760	Unsecured Loans	1999
Application of Funds			
Net Fixed Assets	124086	Misc Expenditure	209
Investments	4279	Accumulated Losses	NIL
Net Current Assets	177599		

IV Performance of Company

	<u>(Amt in ₹ Thousands)</u>	<u>Except EPS & Rate of dividend)</u>	
Turnover	438381	Total Expenditure	429854
Profit/ (Loss) before tax	10368	Profit/ (Loss) after tax	8293
Earning per Share Rs.	2.55	Dividend Rate	15%

V Generic Names of Three Principle Products/Services of Company (as per monetary terms)

Item Code No ITC Code	Product Description
6403.1990	Shoes
6406.1090	Shoe Uppers
4107.1900	Leather

ATTENDANCE SLIP

SARUP INDUSTRIES LIMITED

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

PLEASE FILL IN ATTENDANCE SLIP & HANDOVER AT THE ENTRANCE OF THE MEETING VENUE

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

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

I hereby record my presence at the 34th (THIRTY FOURTH) ANNUAL GENERAL MEETING of the Company to be held on **Friday, 27th Day of September, 2013, at 10.30 A.M.** at Sarup Industries Limited, P.O. Ramdaspora, 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. Ramdaspora, 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 34th (THIRTY FOURTH) ANNUAL GENERAL MEETING of the
Company to be held on **Friday, 27th Day of September, 2013, at 10.30 A.M.** at Sarup Industries Limited, P.O.
Ramdaspora, 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 of2013
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.