MIRZA INTERNATIONAL LIMITED

ANNUAL REPORT 2012-13

Chairman's Message

Dear Shareholders,
It has been a year now we last communicated and I again feel pleasure in presenting before you the Annual Report of your Company for the Financial Year 2012-13.

Mr. Irshad Mirza
Chairman
(Padamshree Awardee)

Today, India's key weakness lies with its Current Account Deficit and this makes India more vulnerable to volatile FII flows. The rupee has depreciated considerably and this sharp fall in the rupee leaves India in precarious position. India has to get its house in order to encourage more FDI. The recent recommendations of the Government to review and open up various sectoral caps on FDI is laudable. The advantage here is that the foreign shareholders will be allowed to bring in more capital into the Country and this would help in expansion and growth. Recently, many of us have become perennial pessimists. Yes, the Indian economy is struggling on many grounds whether it is getting its infrastructure in place, policy uncertainties, corruption scandals, coalition politics and of course, growing uncertainties with the impending general elections of 2014. Yet we need to keep reminding ourselves that the fundamentals of Indian economy are very much intact—a young population; growing middle class; rising aspirations; better job opportunities; and rising disposable incomes.

The year 2012-13 was a challenging year for us both in terms of macro and micro economic factors. There were various bottlenecks that we faced during the year but ultimately, we achieved another landmark this year and I am happy to inform you that your Company has crossed the turnover of ` 600 crores, mainly attributed to our customer oriented marketing strategy and high quality products. Despite the fact that during the year, our tanning operations remained disturbed almost for two months by the orders of the State Government due to Mahakumbh in Allahabad and also for the sluggish demand in European and American markets. Had it been favorable market conditions worldwide, we could have achieved more remarkable figures this year.

Nevertheless, I am happy to inform you that your Company is on its consistent growth track as reflecting in our incremental turnover and revenue. Market size is expanding day by day and expansion is the only strategy by which we can cater this growing opportunity of larger customer base. Not only in forex generation terms, we also feel happy to be part of Industry which provide jobs mainly to skilled / semi- skilled young and dynamic persons belonging to poor and weaker sections of Society.

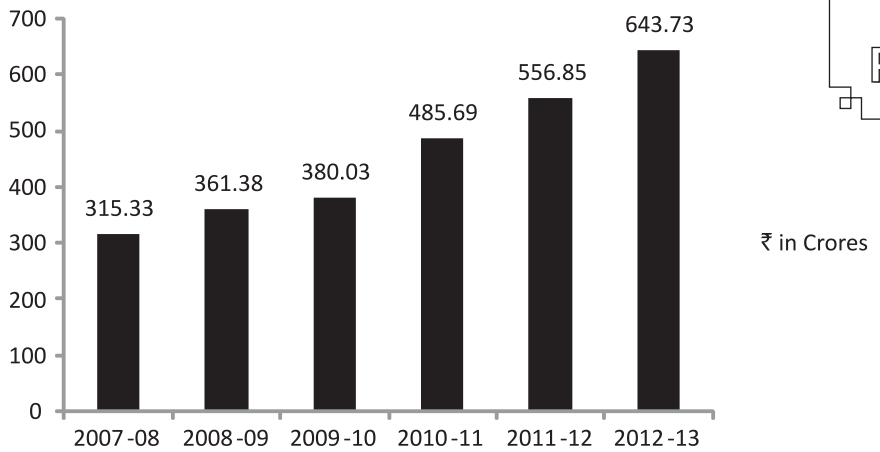
Lastly I would like to thank all our shareholders for keeping confidence in us. From the core of my heart, I acknowledge that it is your confidence which keeps us motivating to perform better and compete with our past results and encourage to achieve better results in future. I also express my gratitude to the Board of Directors for their planning, to our employees for its execution and to our Banker Punjab National Bank for always keeping us with sufficient funds at right time for smooth functioning. I am limiting my words with positive look for the future.

Thanking You
Yours sincerely,

Irshad Mirza

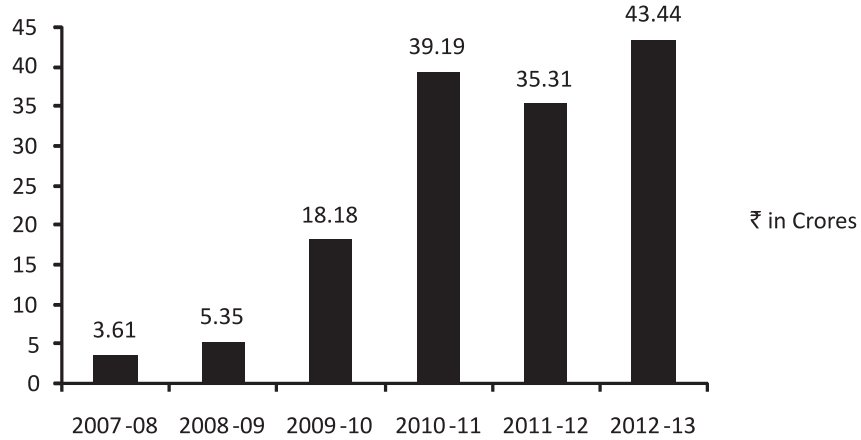
Board of Directors	Mr. Irshad Mirza, Chairman Mr. Rashid Ahmed Mirza, Managing Director Mr. Shahid Ahmad Mirza, Whole-time Director Mr. Tauseef Ahmad Mirza, Whole-time Director Mr. Tasneef Ahmad Mirza, Whole-time Director Mr. N.P. Upadhyay, Whole-time Director Dr. Yashvir Singh Mr. Pashupati Nath Kapoor Mr. Qazi Noorus Salam Mr. Sudhindra Jain Mr. Subhash Sapra Mr. Islamul Haq
Company Secretary	Mr. D.C. Pandey V.P. (Accounts) & Company Secretary
Auditors	M/s. Khamesra Bhatia & Mehrotra, Chartered Accountants
Cost Auditors	Mr. A.K. Srivastava Cost Accountant
Secretarial Auditors	M/s. Savita Jyoti Associates Company Secretaries
Bankers	Punjab National Bank, The Mall, Kanpur – 208 001
Registered Office	14/6, Civil Lines, Kanpur – 208 001
Corporate & Marketing Office	A-7, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi – 110 044
Works	Kanpur – Unnao Link Road, Magarwara, Unnao – 209 801 Kanpur – Unnao Link Road, Sahjani, Unnao – 209 801 C-4, 5, 36 & 37, Sector-59, Noida 201 303 UPSIDC Industrial Area, Site II, Unnao – 209 801 1A, Sector Ecotech-I, Extension-I, Greater Noida – 201 308
Registrar & Share Transfer Agents	M/s Karvy Computershare Pvt. Ltd. “Karvy House”, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad – 500 034
Website	www.mirza.co.in
E-mail ID for Investors	dcpandey@redtapeindia.com

GROSS INCOME

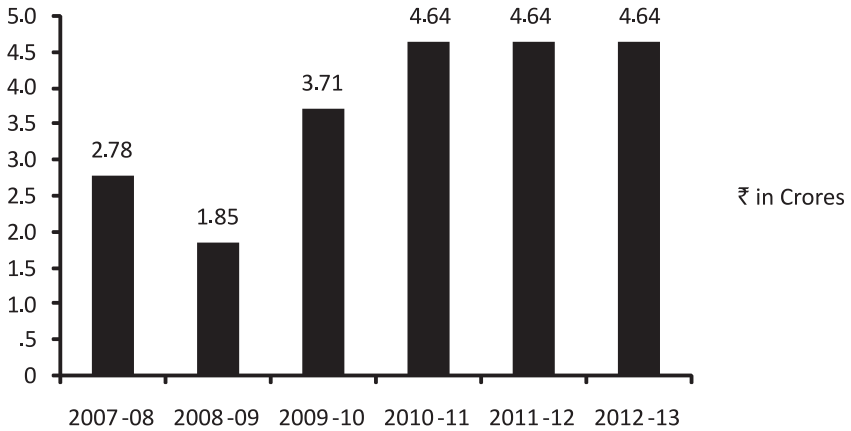


CONSISTENT PERFORMANCE

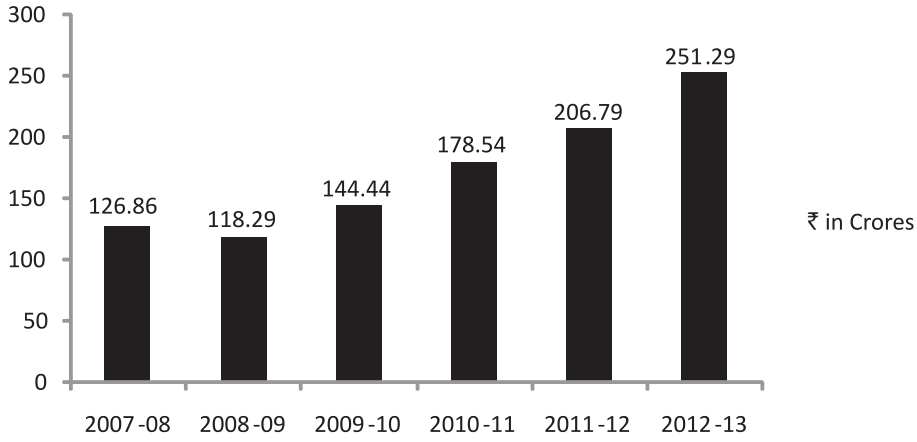
PROFIT AFTER TAX



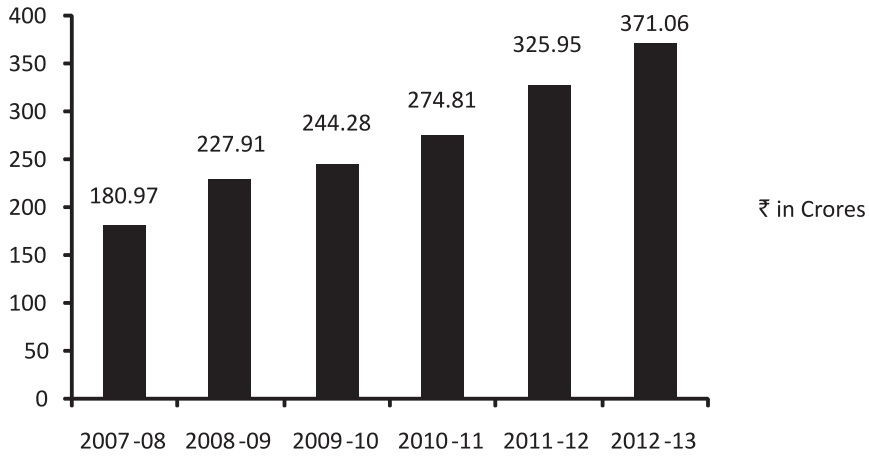
DIVIDEND



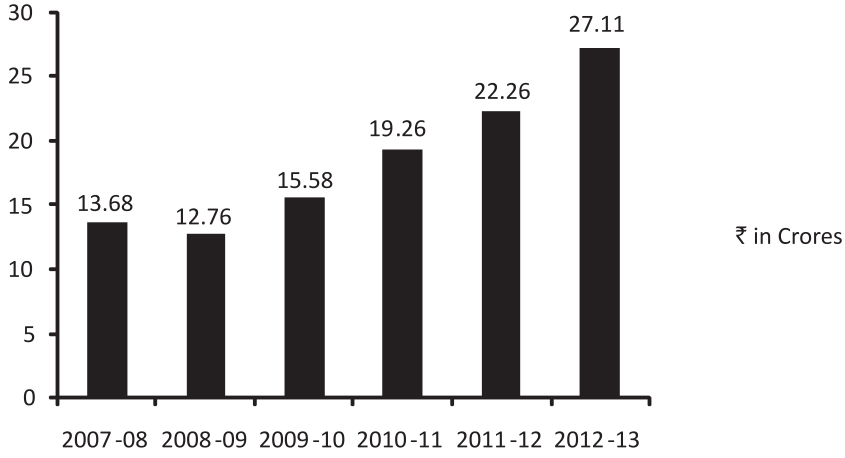
NET WORTH



GROSS FIXED ASSETS



BOOK VALUE PER SHARE



Important Communication to Members

The Ministry of Corporate Affairs has taken a
'Green Initiative in the Corporate Governance'
by
allowing paperless compliances by the Companies
and has issued circulars stating that service of
notice/documents including Annual Report can be
sent by e-mail to its members. To support this
green initiative of the Government in full measure,
members who have not registered their e-mail
addresses, so far, are requested to register their
e-mail addresses, in respect of
electronic holding with the Depository through their
concerned Depository Participants.

Members who hold shares in physical form are
requested to send their e-mail addresses to Karvy
Computershare Private Limited, Plot No. 17-24
Vittal Rao Nagar, Madhapur, Hyderabad-500081

CAUTIONARY STATEMENT

Statements in this annual report describing the company's objectives, projections, estimates and expectations may be forward looking statements with in the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the international trade, exchange rate fluctuations, significant changes in economic environment, slow down in infrastructure sector etc.

AWARDS & CERTIFICATIONS

	NAME OF AWARD	YEAR	PRESENTED BY
1.	First Place in Leather Footwear	2011-12	Council for Leather Exports
2.	First Place in Leather Footwear (Above ₹ 100 Crores)	2010-11	Council for Leather Exports
3.	First Place in Leather Footwear (Above ₹ 100 Crores)	2009-10	Council for Leather Exports
4.	Award for Excellence for Outstanding Export Performance	2008-09	Government of U.P.
5.	First Place in Leather Footwear (Above US$ 15 Million)	2008-09	Council for Leather Exports
6.	Doyen of Leather Industry Award to our Chairman, Mr. Irshad Mirza for development of Leather Industry	2007-08	Council for Leather Exports
7.	Export Award for Overall Export & Plaque (First Prize) for Footwear Export	2006-07	Council for Leather Exports
8.	Shoppers' Stop Pinnacle Awards	2007	Best Brand – Footwear
9.	BVMSR III Consumer Awards	2007	Category : Fashion & Specialities – Shoes
10.	Shoppers' Stop Pinnacle Awards	2006	Best Brand – Footwear
11.	Dun & Bradstreet American Express Corporate Award	2006	Dun & Bradstreet American Express
12.	Best Exporter & Award for Excellence	2005-06	Government of U.P.
13.	Certificate of Merit	2005-06	National Productivity Council
14.	Excellence Award for Innovative Export Marketing	2005	Merchants' Chamber of Uttar Pradesh
15.	Award for Excellence	2004-05	Government of U.P.
16.	Best Overall Export Award Gold Trophy	2004-05	Council for Leather Export
17.	Best Export Performance Award in Leather Footwear (Above $ 15 Million)	2004-05	Council for Leather Export
18.	Best Export Award	2004-05	Indian Footwear Components Manufacturers Assn.
19.	Export Promotion Award	2004-05	Export Promotion Bureau, Govt. of U.P.
20.	Brand Promotion Award for "Red Tape & Oaktrak" Brand	2004-05	Council for Leather Export
21.	IFCOMA Excellence Award for greatest contribution towards Indian Footwear Industry	2004	Indian Footwear Compnents Manufacturer Assn.
22.	PNB Expo Gold Card Award in recognition of outstanding Export performance	2004 (for 3 years)	Punjab National Bank
23.	Award for Best Performance Silver Trophy (Overall Export)	2003-04	Council for Leather Exports
24.	Export Award (1st Prize)	2002-03	Export Promotion Bureau, Govt. of U.P.
25.	National Integration Award	2001	Janyog Newspaper
26.	State Export Award (1st Prize)	1999-2000	Export Promotion Bureau, Govt. of U.P.
27.	Samman / Award	1998-99	Central Excise & Customs, Govt. of India
28.	Best Export Performance in Finished Leather	1998-99	Council for Leather Exports
29.	Certificate of Merit for Leather Footwear (Above $ 5 Million)	1998-99	Council for Leather Exports

DIRECTORS' REPORT

Dear Shareholders,

The Directors of your company have pleasure in presenting the Thirty-fourth Annual Report together with the Audited accounts of the Company for the year ended 31st March, 2013.

FINANCIAL RESULTS:

The financial performance of the Company for the year ended March 31, 2013 is summarized below:-

(₹ in crores)

	2012-13	2011-12
TOTAL REVENUE	**643.73**	556.85
Earning before Finance Costs, Depreciation and amortisation expenses & Taxes	**115.88**	87.82
Less: Finance Costs	**31.57**	27.20
Depreciation & Amortisation Expenses	**19.92**	15.27
Add: Extra-Ordinary Items- (Profit on sale of investment in Associate Company)	**–**	6.21
Profit before Tax	**64.39**	51.56
Less: Provision for Taxes	**20.95**	16.25
Profit after Tax	**43.44**	35.31
Add: Balance in Profit & Loss A/c	**117.04**	91.12
	160.48	126.43
Less: Appropriations		
Transfer to General Reserves	**4.50**	4.00
Dividend on Equity Shares	**4.64**	4.64
Tax on Dividend	**0.79**	0.75
Closing Balance	**150.55**	117.04
	160.48	126.43

PERFORMANCE OF THE COMPANY:

Your Directors are pleased to inform the improved performance of your Company for the financial year ended on March 31, 2013 and the following highlights evidence the performance during the said period:

- The revenue from operations increased by 16%.
- The EBITDA increased to ₹ 115.88 Crores as against ₹ 87.82 Crores in the last year.
- Export increased to ₹ 428.29 Crores from ₹ 362.22 Crores, showing growth of 18.24%.
- Revenue from Domestic Market increased to ₹ 154.57 Crores from 145.37 Crores showing a growth of 6%.
- Profit before tax increased to ₹ 64.39 Crores from ₹ 51.56 Crores, showing a growth of 25%.
- Cash Profit increased to ₹ 63.36 Crores from ₹ 50.58 Crores, showing increase of 25%.
- Net profit increased to ₹ 43.44 Crores from ₹ 35.31 Crores, showing increase of 24%.

DIVIDEND

Considering the shareholders aspirations, the Board of Directors has recommended a Dividend of ₹ 0.50 (25%) per Equity share of ₹ 2/- each for the year ended 31st March, 2013. The said dividend, if approved, will absorb ₹ 5.43 Crores (including Dividend Distribution Tax).

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments

Leather Industry has a special place in the economy of the country. The leather industry is spread in different segments, namely, tanning & finishing, footwear & footwear components, leather garments, leather goods including saddlery & harness, etc.

Today, Leather Industry is considered among major contributory in India's growth factors. It acts as catalyst to reduce Fiscal deficit of the country by emerging as one of the biggest forex earner along with providing employment opportunities to skilled / semi skilled young Indian population. The leather industry is an employment generating sector, providing jobs to 2.5 million people, mostly from the weaker sections of the society. The down stream industries of leather sector such as shoes, garments and leather goods factories have provided large employment opportunities for women. Woman employment is predominant in leather products sector with about 30% share.

Government of India, keeping in view the importance of Industry in India's growth policy, banned the export of raw or semi finished leather in 1991-92 and allowed only finished leather for export resulting into conversion of tanner to product maker thus creating actual creation of wealth both for Industry and producer. During this year also, Finance Minister, while presenting Union Budget, reduced duty on import of specified machineries for manufacture of leather & leather goods from 7.5 % to 5% showing their sign of concern for further development of leather Industry.

India achieved an export performance close to US $ 5 billion mark for the first time in 2012-13 and hopeful to achieve positive growth this year too. The provisional data for the period April-May 2013 vis-a-vis April-May 2012 available with Council for Leather Exports (CLE) indicates that our export have performed quite well showing a positive growth of about 9.5% during this period.

Opportunities and Threats

Opportunities

Sky is the limit for opportunity. The changes across the countries have shown that India has a huge window of opportunities to move up the ladder in leather market as developed economies face financial crunches and labour shortages. China is seeing structural changes with local governments increasing minimum wages, especially in export belt concentrated around southern China, as well as encouraging move to develop high tech manufacturing sectors like electronics, telecommunications etc. which can pay higher wages to workers. This has added the pressure

for labour intensive industries such as leather products. Thus, labour arbitrage provides a significant opportunity for migration of capacities to India, provided FDI is actively facilitated. Also, Buyers across the developed world are seeking to develop the alternate sourcing locations as part of their risk management strategies. India can create large capacities to match this demand.

Various favorable factors are

- abundant scope to supply finished leather to multinationals setting up shops in India;
- growing fashion consciousness globally and in domestic market;
- large raw material base;
- rising potential in the domestic market;
- export / production capacity of Indian exporters;
- Government support to industry;
- use of e-commerce in direct marketing and use of information technology and support softwares for efficient production cycle;
- ready availability of highly skilled and cheap manpower.

Further, MIL also recognized growing trend among youth for branded products and our marketing team is catering to this opportunity being reflected by our incremental turnover.

Threats, Risks & Concerns

Along with numerous opportunities, there also exists threats to the Industry from several factors which if remain ignorant can damage the Industry as a whole. Major of amongst them are:

- the resurgence of the recession in the Europe, being a major and traditional market for us, is a cause of concern for the industry;
- entry of Multinationals in domestic market;
- stricter international standards;
- major part of industry is unorganized;
- lack of skilled labour;
- non-tariff barriers - developing countries are resorting to more and more non-tariff barriers indirectly;
- high inflation coupled with higher commodities and raw hide prices;
- rising interest rates.

MIL is also exposed to above risks and have to follow its Risk Management Policy by hedging the risks associated with exchange rates fluctuations. To meet working capital requirements and to fund the capital expenditure plans, **MIL** borrows fund from Banks and hence is exposed to upward movement in interest rates.

Outlook

In order to benchmark Indian Leather Industry against the best practices of international leather Industry, major factors limiting the growth of firms in the leather industry need to be addressed. The decisive factors are: access to capital, high per capita cost, availability of skilled labour, taxation and regulations, stable currency, global competition and high employee cost. At the macro level, the key constraints of the leather industry, particularly in its shift to a high value chain segment, is quality of raw materials, absence of an institutional mechanism for design, inability of Indian producers to build the brand despite a huge domestic markets and technology gaps. There is a need for huge capacity addition to meet future demand but currently there is a quantity, quality and qualification mismatch.

India has developed itself into one of the major leather, footwear and leather goods producing country in the globe with the largest livestock, positive investment framework and excellent industrial infrastructure. India is the second largest shoe producer of the world with advantage of product cost.

Segment wise Performance

The Company's business segments are primarily Shoe Division and Tannery Division. During the year under review, the Shoe Division revenue was ₹ 557.31 Crores as against ₹ 491.14 Crores in the previous year and Tannery Division revenue was ₹ 169.53 Crores as against ₹ 144.03 crores in the previous year.

Internal control systems and their adequacy

MIL has established adequate internal control procedures, commensurate with the nature of its business and size of its operations. To provide reasonable assurance that assets are safeguarded against loss or damage and that accounting records are reliable for preparing financial statement, management maintain a system of accounting and controls, including an internal audit process. Internal control are evaluated by the internal Audit Department and supported by Management reviews. All audit observations and follow up actions there on are tracked for resolution by the internal Audit function and reported to Audit Committee.

Human Resources

MIL recognizes human resources as its main asset and it is our constant endeavor to induct more and more number of intellectual and skilled labour in the Organization. Various Human Resources Policies are framed and implemented for the development of the employees as well as the organization. The Company has a strength of about 2518 employees as on March 31, 2013.

Corporate Social Responsibility

MIL is committed to high standards of Corporate Social Responsibility (CSR). The Company believes that business growth should propel community growth and create value for all stakeholders. The Company focuses on inclusive growth by fostering social capital through health. **MIL** has established by funding **AZAD MULTISPECIALITY HOSPITAL AND RESEARCH CENTRE LTD** (A Non Profit Organization, registered under Section 25 of the Companies Act, 1956) and has undertaken several initiatives focused on improving health care access to the community. The Camp for Free Eye Check up and operations for IOL (Intra Ocular Lens) was conducted successfully, providing great relief to poor masses of the nearby villages. MIRZA FOUNDATION,

a Society registered under the Act, is designed to promote and support employment and local economic development through vocational training, and development of soft skills. A Vocational Training Institute is being run by the MIRZA FOUNDATION, providing skill education to unemployed youths, mostly belonging to Scheduled Castes and Other Backward Class, who are being absorbed in Units situated in nearby areas, thus, improving socio-economic condition and environmental development.

FIXED DEPOSITS

The company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956 during the year under review.

EXPORTS

During the year under review, the exports amounted to ₹ 428.29 Crores as against ₹ 362.22 Crores in the previous year showing a growth of 18.24%

DOMESTIC SALES

MIL has penetrated into the best of international fashion markets and is today a respected quality statement in its sphere of operations. Company's flagship brand **'REDTAPE'** enjoys customer's admiration and confidence and is one of the highest selling brand in Men's footwear market.

Keeping in view the lifestyles changes (rising middle class population, increasing investment in supermarkets, hypermarkets and organized retail sector, resulting in greater demand for sophisticated and attractive quality products), your Company is also marketing the apparels and leather accessories under the Brand **'REDTAPE'** through its own Retail outlets and franchisees Retail shops. Visitor's list of www.redtape.com is also increasing day by day resulting into increase of domestic turnover beyond ₹ 100 crores. MIL has 72 retails outlets of **REDTAPE** across the country which is scheduled to increase upto 150 over a period of 3 years across India.

DIRECTORATE

In accordance with the provisions of the Companies Act, 1956 and the Article of Association of the Company, Mr. Q.N. Salam, Mr. Shahid Ahmad Mirza, and Mr. Tauseef Ahmad Mirza, Directors of the Company, are to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment and your directors have recommended for the same.

AUDITORS & AUDITORS' REPORT

M/s Khamesra Bhatia & Mehrotra, Chartered Accountants (Firm Registration No. 001410C), Auditors of the Company will retire at the conclusion of the forthcoming Annual General Meeting and are recommended by the Board of Directors for reappointment. Certificate from the said Auditors has been obtained to the effect that their reappointment, if made, would be within the limits specified under Section 224 (IB) of the Companies Act, 1956.

The Auditors' Report to the members on the accounts of the Company for the year ended 31st March, 2013 does not contain any qualification.

COST AUDIT

As per the government directives, the Company's cost records in respect of PVC/TPR Sole and Rubber Sole for the year ended 31st March, 2013 are being audited by Cost Auditor, Mr. A.K. Srivastava, Cost Accountant (Membership No. 10467) who was appointed by the Board with the approval of Central Government. Cost Audit Report for the FY 2011-12 was filled on 11.04.2013, with in stipulated time. The Cost Audit Report for the F.Y. 2012-13 shall also be filed within prescribed time.

PARTICULARS OF EMPLOYEES

A statement of Particulars of employees as specified under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, is set out in the Annexure forming part of the Directors' Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

The Particulars as prescribed under 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 set out in Annexure forming part of the Directors Report.

DIRECTOR RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

i. That in the preparation of the annual accounts for the financial year ended 31st March, 2013 applicable accounting standards have been followed along with proper explanation relating to material departures.

ii. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for that period.

iii. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv. That the Directors had prepared the annual accounts for the financial year ended 31st March, 2013 on a 'going concern basis'.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their gratitude to the bankers, employees, suppliers and the Shareholders and various government departments for their support and co-operation.

For and on behalf of the Board

Place : Kanpur
Date : 30th July, 2013

IRSHAD MIRZA
Chairman

ANNEXURES TO THE DIRECTORS' REPORT

STATEMENT AS REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES ACT (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

Conservation of Energy:

Energy Conservation measures taken during the year:

Major energy conservation measures carried out during the year 2012-13 have been:-

1. Energy efficient motors were provided in place of old one resulting to saving in power consumption.
2. Installation of new types of Tanning Drums and Paddles for the process of Wet Blue and Dying, to reduce power and water consumption.
3. Installation of new Power Factor Control Panel to improve the Power Factor to reduce the power consumption.
4. Steam leak reduction-steam leakage survey was carried out across the factories. Identified source of leakages and arrested.
5. Use of Compact Fluoresent Lamps(CFL) in place of the conventional lighting to reduce power consumption.

Research and Development (R&D)

Research and Technology and innovation continue to be one of the key focus area to drive growth. In addition to developing new design, pattern and styles of Companys' product it also works on building new capabilities. To support this, Company avails services of qualified and experienced professionals/consultants.

Technology Absorption, Adaptation and Innovation

The Company develops in-house Technology and is not dependent on any outside Technology/Source.

Foreign Exchange Earnings and outgo

During the year, the foreign exchange earned was ₹ 428.29 Crores mainly on account of exports. The foreign exchange outgo was ₹ 5.63 Crores.

STATEMENT OF PARTICULARS UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2013.

Names	Designation	Gross Remuneration ₹	Qualification	Experience	Date of Commencement of employment	Age	Particulars of Previous Employment
Mr. Rashid Ahmed Mirza	Managing Director	1,45,83,683	Diploma in Leather Technology, London	37	05.09.1979	57	Promoter
Mr. Shahid Ahmad Mirza	Whole-time Director	1,19,11,593	Diploma in Leather Goods Technology U.K.	34	06.09.1979	56	Promoter
Mr. Tauseef Ahmad Mirza	Whole-time Director	1,38,63,441	Diploma in Shoe Technology London.	24	06.09.1989	44	Promoter
Mr. Tasneef Ahmad Mirza	Whole-time Director	1,10,34,835	Degree in Leather Technology, London	16	01.01.1997	41	Promoter

Notes:

1. All appointments are made on the contractual basis.
2. Mr. Rashid Ahmed Mirza, Mr. Shahid Ahmad Mirza, Mr. Tauseef Ahmad Mirza, and Mr. Tasneef Ahmad Mirza being brothers and sons of Mr. Irshad Mirza, Chairman (Executive) of the Company, are related to each other within the meaning of Companies Act, 1956.
3. Remuneration includes salary and Perquisites as per rules of the Company and recorded under the Income Tax Act, 1961.

For and on behalf of the Board

Place : Kanpur
Date : 30th July, 2013

IRSHAD MIRZA
Chairman

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance

Corporate Governance essentially is the system by which Companies are directed and controlled by the management in the best interest of the stakeholders and others. Good corporate governance involves a commitment of a company to run its businesses in a legal, ethical and transparent manner - a dedication that must come from the very top and permeate throughout the organisation. Corporate Governance is a way of life, rather than a mere legal compulsion. It further inspires & strengthens investor's confidence & commitment to the Company.

The Company, through its Board & Committees endeavours to strike & deliver the highest governing standards for the benefit of its stakeholders. Through the governance mechanism in the Company, the Board alongwith its Committees undertakes its fiduciary responsibilities to all its stakeholders by ensuring transparency, fairplay, accountability and independence in its decision making.

The Company is in full compliance with the requirements of Corporate Governance under Clause 49 of the Listing Agreement with Stock Exchanges.

Further, the Company believes that the good Corporate Governance practices enable the management to direct and control the affairs of the company in an efficient manner and to achieve the goal of maximising value for its stakeholders.

2. Board of Directors

In compliance of the listing agreement, the Board consists of twelve directors having six Directors as Non-executive Independent Directors and six directors as Whole-Time Executive Directors including Chairman & Managing Director of the company. The Board is headed by Mr. Irshad Mirza, as Executive Chairman.

Number of Board Meetings:

During the year, Board met four times on May 28, 2012, July 28, 2012, October 30, 2012 and February 06, 2013. The maximum time gap between any two consecutive meetings was not more than 4 months.

Directors Attendance Record and Directorship Held:

The Composition and category of the Directors on Board, their attendance at the Board Meetings held during the year and at the last Annual General Meeting, as also number of Directorships and Committee Memberships/ Chairmanships as on 31st March, 2013 are as follows:

Name of Director	Category of Directorship	No. of Board Meetings Held	No.of Board Meetings Attended	Last A.G.M. Attended	Other Director-ship	Other Committee	
						Chairman-ship	Member-ship
1. Mr. Irshad Mirza	Chairman (Executive)/ Promoter	4	4	Y	4	–	1
2. Mr. Rashid A. Mirza	Managing Director/ Promoter	4	2	N	3	–	–
3. Mr. Shahid A. Mirza	Executive Director / Promoter	4	2	Y	–	–	–
4. Mr. Tauseef A. Mirza	Executive Director / Promoter	4	1	N	–	–	–
5. Mr. Tasneef A. Mirza	Executive Director / Promoter	4	1	N	3	–	1
6. Mr. N.P. Upadhyay	Executive Director	4	4	Y	–	–	–
7. Mr. Q.N. Salam	Non-Executive/ Independent Director	4	4	Y	–	1	1
8. Mr. Islamul Haq	Non-Executive/ Independent Director	4	4	Y	–	–	–
9. Mr. P.N. Kapoor	Non-Executive/ Independent Director	4	4	Y	–	1	1
10. Dr. Yashvir Singh	Non-Executive/ Independent Director	4	1	N	–	–	–
11. Mr. Subhash Sapra	Non-Executive/ Independent Director	4	3	Y	–	–	1
12. Mr. Sudhindra Jain	Non-Executive/ Independent Director	4	4	Y	–	1	1

Notes:

1. Mr. Irshad Mirza, Chairman is father of Mr. Rashid Ahmed Mirza, Managing Director, Mr. Shahid Ahmad Mirza, Mr. Tauseef Ahmad Mirza & Mr. Tasneef Ahmad Mirza, whole-time directors of the Company.
2. No. of equity shares held by non-executive directors as on 31st March, 2013 are : Mr. Subhash Sapra- 1000; Mr. P.N. Kapoor – Nil; Mr. Islamul Haq – Nil; Mr. Sudhindra Jain – Nil; Mr. Q.N. Salam – Nil; Dr. Yashvir Singh – 1000.
3. For the purpose of the above, directorship in other public limited Companies only are considered.
4. For the purpose of the above, membership / chairmanship in the Audit Committee and Shareholders' Grievance Committee only are considered.

Disclosures regarding appointment/re-appointment of Directors

As per section 255 read with section 256 of Companies Act, 1956, two-third of the Directors should retire by rotation. One-third of these Directors are required to retire every year and if eligible, they can offer themselves for re-appointment. Accordingly, Mr. Shahid Ahmad Mirza, Mr. Tauseef Ahmad Mirza and Mr. Q.N. Salam, Directors of the company will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. A brief resume of the Directors to be appointed /eligible for re-appointment is separately annexed and forms part of the report.

3. Committees of The Board:

A. Audit Committee

During the year, four meetings of the Committee were held on May 28, 2012, July 28, 2012, October 30, 2012 and February 06, 2013.

The Composition of the Committee as on 31st March, 2013 as well as particulars of attendance at the Committee during the year are given in the table below:

Name & Designation	Category of Directorship	Qualification	No. of Meetings attended
Mr. Sudhindra Jain, Chairman	Independent, Non- Executive	Chartered Accountant	4
Mr. P.N. Kapoor, Member	Independent, Non-Executive	B.Tech (Mech), IIT & M.S. (Mech), Chicago	4
Mr. Subhash Sapra, Member	Independent, Non-Executive	B.Tech in Mechanical Engineering	3
Mr. Irshad Mirza	Executive Chairman	B.Sc., Leather Technologist	4

The Composition of the Committee is complied with the requirement of Clause 49 of Listing Agreement and Section 292A of the Companies Act, 1956.

The Chairman of the Committee attended the Annual General Meeting of the Company.

The Company Secretary acts as the Secretary to the Audit Committee.

B. Share Transfer and Investors' Grievance Committee

The Share Transfer & Investors' Grievance Committee, as a sub-committee of the Board, inter alia, reviews shareholders / investors grievances. The Committee met 4 times during the year. The constitution and functioning of the Committee is as given below:

Name of Member	Nature of Directorship in the Company	Total meeting held during the tenure of the member	Meetings attended
Mr.P.N.Kapoor, (Chairman)	Independent	4	4
Mr. Sudhindra Jain	Independent	4	4
Mr. Tasneef Ahmad Mirza	Independent	4	1
Mr. Q.N. Salam	Independent	4	4

Mr. D.C. Pandey, Company Secretary of the Company is acting as the Secretary of Share Transfer & Investors' Grievance Committee.

During the year under review, Company received 40 complaints all of which were resolved to the satisfaction of the shareholders.

C. Remuneration Committee

The role of Remuneration Committee which is comprising of Independent Directors is to recommend to the Board, the compensation terms of Executive Directors and its responsibilities include: a) Framing and implementing on behalf of the Board and on behalf of the shareholders, credible and transparent policy on remuneration of Executive Directors; b) Considering, approving and recommending to the Board the changes in designation and increase in salary of the Executive Directors; c) Ensuring that remuneration policy is good enough to attract, retain and motivate the Directors; d) Bringing about objectivity in determining the remuneration package while striking a balance between the interest of the company and the shareholders. The present composition of the Committee consists of four directors and Mr. Q.N. Salam, Independent Director heads the Committee as Chairman. During the year, the Committee met on May 28, 2012 and October 30, 2012. The constitution of the Committee and attendance at its meetings are as under:

Name of Members	Nature of Directorship in the Company	Total meetings held during the tenure of the member	Meetings attended
Mr. Q.N. Salam (Chairman)	Independent	2	2
Mr. P.N. Kapoor	Independent	2	2
Mr. Subhash Sapra	Independent	2	1
Mr. Islamul Haq	Independent	2	1

4. Remuneration Policy

The remuneration paid to the executive directors of the company is decided by the board of directors on the recommendation of the remuneration committee subject to the approval of Shareholders / Central Government, wherever required. The existing remuneration policy of the company is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing industry practice:

A. Non-Executive Directors

Non-Executive Directors are paid sitting fees for attending the meetings of the Board of Directors within the prescribed limits. The Sitting fees paid to them for the year ended 31st March, 2013 is Rs. 2,00,000 detailed as : 1) Mr. Q.N. Salam - Rs. 40,000/-; 2) Mr. P.N. Kapoor - Rs. 40,000/-; 3) Dr. Yashveer Singh - Rs. 10,000/-; 4) Mr. Subhash Sapra - Rs. 30,000/-; 5) Mr. Islamul Haq - Rs. 40,000/-; 6) Mr. Sudhindra Jain - Rs. 40,000/-.

B. Executive Directors

The remuneration committee makes annual appraisal of the performance of the executive directors based on a detailed performance evaluation and recommends the remuneration payable to them, within the parameters approved by the shareholders and the Central Government, to the board for their approval.

As per terms of appointment, remuneration paid to the Directors during the year and approved by the remuneration committee is as under:

Name of the Directors	Designation	Salary ₹	Perquisites ₹
Mr. Irshad Mirza*	Chairman (Executive)	NIL	5,19,229
Mr. Rashid Ahmad Mirza	Managing Director	1,44,00,000	1,83,683
Mr. Shahid Ahmad Mirza	Whole-time Director	1,17,00,000	2,11,593
Mr. Tauseef Ahmad Mirza	Whole-time Director	1,35,00,000	3,63,441
Mr. Tasneef Ahmad Mirza	Whole-time Director	1,08,00,000	2,34,835
Mr. N.P Upadhyay	Whole-time Director	30,00,000	36,135

*Mr. Irshad Mirza, Chairman of the Company has not drawn any salary.

5. General Body Meetings

The last three Annual General Meetings were held as under:

Year	Date	Type of Meeting	Venue	Time
2009-10	29.09.2010	Annual General Meeting	Auditorium of council for Leather Exports, Nawabganj, HBTI Campus, Kanpur.	01:00 P.M.
2010-11	08.09.2011	Annual General Meeting	--do--	01:00 P.M.
2011-12	29.09.2012	Annual General Meeting	--do--	01:00 P.M.

Details of Special Resolution passed in the last three Annual General Meeting is given hereunder:

Date of Annual General Meeting	Particulars of Special Resolutions passed In the last Three Annual General Meetings
29th September, 2010	Appointment of Mr. Faraz Mirza as Vice-President (Production) under section 314 of Companies Act, 1956.
08th September, 2011	• Re-appointment of Mr. Irshad Mirza as Executive Chairman of the Company for the peiod of 3 years w.e.f. 01.10.2011. • Re-apoointment of Mr. Rashid Ahmed Mirza as Managing Director of the Company on increased remuneration for the period of 3 years w.e.f. 01.10.2011. • Re-appointment of Mr. Shahid Ahmad Mirza, Mr. Tauseef Ahmad Mirza, Mr. Tasneef Ahmad Mirza and Mr. N.P. Upadhyay as Whole-Time Directors of the Company on increased remuneration for the period of 3 years w.e.f. 01.10.2011. • Re-appointment of Mr. Shuja Mirza as Vice-President (Marketing) of the Company on increased remuneration for the period of 3years w.e.f. 01.10.2011 • Re-appointment of Ms. Ramsha Mirza as Manager (Garments) of the Company on remuneration as decided by the Board w.e.f. 01.03.2011
29th September, 2012	Appointment of Dr. Yashvir Singh as Independent director of the Company.

Details of Resolution Passed Through Postal Ballot Process:

Following resolutions were passed through postal ballot during the past financial year.

- To alter the Object Clause No. 2 of Memorandum of Association.
- To induct as Item No. 42 in the Incidental or Ancillary Objects to attainment of Main Object in its Memorandum of Association
- To induct in the Other Objects Item No. 08 in its Memorandum of Association.

6. Disclosures:

- There are no materially significant transactions made by the company with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have a potential conflict with the interest of the Company at large. Transactions with the related parties are disclosed in Notes to the Accounts in the Annual Report.
- During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any other statutory authority for non-compliance of any matter related to the capital markets.
- The Code of Business Conduct adopted by the Company has been posted on the website of the Company. The members of the Board and senior management of the Company have submitted their affirmation on compliance with the Code of Business Conduct for the effective period.
- The Company has complied with all the mandatory requirements and adopted part of the non-mandatory requirements of Clause 49 of the Listing Agreement.
- Transactions with related parties are disclosed in detail in Note 23 annexed to the financial statements for the year. Adequate care was taken to ensure that the potential conflict of interest did not harm the interest of the Company at large.

7. General Shareholders Information :

- Annual General Meeting : Date : 28th September, 2013
  Time : 01:00 P.M.
  Venue : Auditorium of Council for Leather Exports, HBTI, Nawabganj, Kanpur
- Financial Calendar : April – March
- Board Meetings (Tentative)
  First Quarter Results : Fourth week of July, 2013
  Second Quarter Results : Fourth week of October, 2013
  Third Quarter Results : Fourth week of January, 2014
  Results for the quarter/year ending on Mar 31st ,2014 : Fourth week of May, 2014
- Book Closure Date : From 19th September, 2013 to 28th September, 2013
- Dividend Payment Date : 3rd October, 2013; Dividend @ 0.50 paise per share
- Listing of Equity Shares : BSE, Mumbai.
  National Stock Exchange of India Ltd., Mumbai.
  U. P. Stock Exchange Association Ltd., Kanpur

Stock Code:

Trading Symbol (Physical) : BSE 526642; NSE MIRZAINT
Demat ISIN No. in NSDL & CDS(I)L : INE771A01026
Corporate Identity Number (CIN) : L19129UP1979PLC004821

Annual Listing fees for the year 2013-2014 has been duly paid to all the Stock Exchanges.

Market Price Data:

The closing market price of equity share on 31st March, 2013 (last trading day of the year) was ₹ 18.25 on NSE & ₹ 18.45 on BSE.

	National Stock Exchange			Bombay Stock Exchange		
Month	**High ₹**	**Low ₹**	**TOTAL NO. MONTHLY VOLUME OF SHARES**	**High ₹**	**Low ₹**	**TOTAL NO. MONTHLY VOLUME OF SHARES**
April' 12	23.9	18.55	2196382	23.5	18.5	1065789
May' 12	20.95	17.45	1571974	20.9	17.35	753609
June' 12	20.75	17.1	2458962	22	17.05	1099520
July' 12	20.85	18.2	1689624	20.85	18.2	800490
August.' 12	20.25	17	2490950	20.2	17	1281894
September' 12	19.4	17.1	2149719	19.5	17.05	947124
October' 12	20.4	17.1	2167360	20.4	17.5	996793
November' 12	26.85	18.7	11240191	26.85	18.65	5931682
December' 12	25.7	23.4	2326863	25.5	23.2	758085
January' 13	25.65	23.2	1543560	25.7	23.2	653348
February' 13	23.95	19.35	1008528	23.85	19.45	403894
March' 13	20.9	17.45	929307	20.75	17.5	352980

8. CEO/CFO Certification :

In terms of the requirements of Clause 49(V) of the Listing Agreement, the CEO and CFO have submitted necessary certificate to the Board at its meeting held on 25th May, 2013 stating the particulars specified under the said clause.

9. Means Of Communication :

- The Quarterly and Annual results are published in widely circulating national & local dailies such as Financial Express and Dainik Aaj (in Hindi). These are not sent individually to the shareholders.
- The Company's results and other related information are displayed on the Company's web site- www.mirza co.in.
- Management Discussion and Analysis Report forms part of Directors' Report.

10. REGISTRAR & TRANSFER AGENTS :

KARVY COMPUTERSHARE PVT. LTD.
17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500081
Phone: 040-23420815-28, Fax No.: 040-23420814

11. Shareholding Pattern & Distribution Schedule as on 31st March 2013:

Category			Number of Shares	% of Shares
1.	**Promoters Holding**			
	a)	Indian Promoters	60155981	64.89
	b)	Foreign Promoters	1000000	1.08
		Sub Total	61155981	65.97
2.	**Non Promoters Holding**			
	a)	Mutual Funds & UTI	5500	0.01
	b)	Banks, FIs, Insurance Cos	41500	0.04
	c)	FII 's	0	0
		Sub Total	47000	0.05
3.	**Others**			
	a)	Private Corporate Bodies	3575819	3.86
	b)	Individual/ HUF	26975521	29.1
	c)	NRI 's / OCBs	888647	0.96
	d)	Clearing Members / Trust	63032	0.07
		Sub Total	31503019	33.98
	GRAND TOTAL		92706000	100.00

Note:- 18,88,687 equity shares, being held by Foreign Promoters / FIIs / NRIs / OCBs / Foreign collaborators and Foreign Nationals representing 2.04 % of share capital.

Distribution Schedule as on 31st March, 2013:

Category		Shareholders			Nominal Value
From	**To**	**Number**	**% of Cases**	**Amount (₹)**	**Amount (%)**
1	5000	24547	93.67	23907166	12.90
5001	10000	936	3.57	7208954	3.89
10001	20000	389	1.48	5885804	3.17
20001	30000	112	0.43	2878358	1.55
30001	40000	51	0.19	1865108	1.01
40001	50000	33	0.13	1482770	0.80
50001	100000	63	0.24	4642852	2.50
100001 & above		76	0.29	137540988	74.18
Total		**26207**	**100.00**	**185412000**	**100.00**

12. Share Transfer System :

Your company is providing facilities of common agency for all the work related to share registry in terms of both physical and electronic at a single point by our Registrar & Share Transfer Agent i.e. Karvy Computershare Pvt. Ltd., Hyderabad. Presently, the share transfers which are received in physical form are processed and the share certificates returned within a period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects.

13. Dematerialisation of shares and liquidity:

The Company's equity shares are included in the list of companies whose scrip have been mandated by Securities Exchange Board of India for settlement only in dematerialised form by all investors. The company has signed agreements with National Securities Depositories Ltd. and Central Depositories Services (India) Ltd to offer depository services to its shareholders. As on 31st March, 2013, a total of 9,17,05,133 out of a total 9,27,06,000 equity shares of the company constituting 98.92 percent of share capital stand dematerialised. The processing activities of De-mat requests are normally confirmed within an average of 15 days.

14. **Address for Correspondence:**
Shareholders correspondence should be addressed to our Registrar & Share Transfer Agents at the address mentioned above. Contact Persons: Mr. S.D Prabhakar, Assistant General Manager. Ph. No. 040-44655190,09177401115 Email id.: Prabhakar@karvy.com. Shareholders may also contact Mr. D.C. Pandey, Company Secretary at the Registered Office of the Company for any assistance Ph . 0512-2530775
Email id: dcpandey@redtapeindia.com.
Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.

15. **Secretarial Audit for reconciliation of Capital:**
In compliance of SEBI circular, your company has engaged Mrs. Savita Jyoti, Practising Company Secretary to certify and conduct audit relating to reconciliation of total capital held with Depositories, viz, NSDL and CDSL and in physical form with the total issued/ paid up capital. The certificate given by her is submitted to the Stock Exchanges where the securities of the company are listed within 30 days of the end of each quarter.The company also obtains from a Practising Company Secretary half yearly certificate of compliance as required under Clause 47 (c) of Listing Agreement and files the same immediately with Stock Exchanges.

16. **Outstanding GDRs /ADRs / Warrants or any convertible instruments conversion date and likely impact on equity:** Not applicable

17. **Works Locations of the company:**
    - Kanpur- Unnao Link Road, Magarwara, Unnao- 209 801
    - Kanpur-Unnao Link Road, Shajani, Unnao- 209 801
    - Plot No. C-4, 5, 36 & 37, Sector-59, NOIDA-201 303
    - UPSIDC Industrial Area , Site II, Unnao- 209 801
    - Plot No. 1A, Ecotech-1, Extn. 1, Greater Noida

18. **Unpaid Dividend:**
Pursuant to Section 205C of the Companies Act, 1956, the company had transferred unpaid final dividend for the year 2004-05 to the Investor Education & Protection Fund of the Central Government during the year.

19. **Electronic Clearing Service:**
The Company has availed ECS facility for distribution of dividend to the shareholders.

DECLARATION

As per Clause 49 of the Listing Agreement with the Stock Exchanges, this is to confirm that all Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct of the Company for the financial year 2012-13.

Place : Kanpur
Date : May 25, 2013

Rashid Ahmed Mirza
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Board of Directors,

Mirza International Limited.

We have examined the compliance of conditions of Corporate Governance by Mirza International Limited ("the Company") for the year ended on 31st March 2013, as stipulated in Clause 49 of the Listing Agreement of the company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Company's 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 materially complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For Khamesra Bhatia & Mehrotra
Chartered Accountants
(Firm Registration No. 00410C)

Place : Kanpur
Date : May 25, 2013

ANAND SAXENA
Partner
M. No. 075801

INDEPENDENT AUDITORS' REPORT

To the Members of
Mirza International Limited.

Report on the Financial Statement

We have audited the accompanying financial statements of Mirza International Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("theOrder") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
   a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
   c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
   e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
   f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For Khamesra Bhatia & Mehrotra.
Chartered Accountants
FRN:001410C

Anand Saxena
(Partner)
M No. :075801

Place: Kanpur
Date: May 25, 2013

The Annexure to Independent Auditors' Report

Referred to in paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements of the Our Report of even date

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

(i) (a) The Company has maintained proper books / records to show full particulars including quantitative details and situations of its fixed assets.

(b) As explained to us, all the assets of the company have been physically verified by the management using a regular program of verification by rotation, which, in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.

(c) Fixed assets disposed off during the year were not substantial and such sale has not affected the going concern of the company.

(ii) (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.

(iii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has neither taken nor granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c), iii (d), iii (e), iii (f), iii (g) of the order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.

(v) a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.

b) The transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act 1956 are made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.

(vii) As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.

(viii) As We have broadly reviewed the books of accounts relating to materials, labour, and other items of cost maintained by the Company pursuant to the rules made by the Central Government, for the maintenance of cost records under clause (d) of subsection (1) of section 209 of the Companies Act,1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.

(ix) (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us there were no undisputed outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes except the following

Related To	Authority where Case is pending	Financial Year	Disputed Amount remaining unpaid (Rs. in Lacs)
Entry Tax/ Trade tax	Hon'ble High Court	1999-2000	4.06
Entry Tax/ Trade tax	Hon'ble Supreme Court	2000-2001, 2003-2004, 2004-2005	20.18
Income Tax	Income Tax Appellate Tribunal	2007-08 relevant to AY 2008-09	603.62
Service Tax	Commissioner (Appeals), Central Excise & Service Tax, Kanpur	FY 2004-05 & 2005-06	2.77
	TOTAL		**630.63**

(x) The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.

(xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.

(xiv) According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.

(xvi) In our opinion, the term loan raised by the company during the year has been applied for the purpose for which it was raised.

(xvii) Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.

(xviii) Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.

(xix) The Company has no outstanding debentures during the period under audit.

(xx) The Company has not raised any money by public issue during the year.

(xxi) Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For Khamesra Bhatia & Mehrotra.
Chartered Accountants
FRN:001410C
Anand Saxena
(Partner)
M.No. :075801

Place: Kanpur
Date: May 25, 2013

BALANCE SHEET AS AT 31ST MARCH

(₹ in Lacs)

Particular	Note No.	2013	2012
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	**1854**	1854
(b) Reserves and surplus	2	**23275**	18825
2 Non-current liabilities			
(a) Long-term borrowings	3	**5038**	4586
(b) Deferred tax liabilities (Net)	4	**1898**	1830
(c) Other Long term liabilities	5	**203**	173
(d) Long-term provisions	6	**483**	434
3 Current liabilities			
(a) Short-term borrowings	7	**10402**	10240
(b) Trade payables	8	**4850**	3444
(c) Other current liabilities	9	**1833**	3775
(d) Short-term provisions	10	**759**	715
TOTAL		**50595**	45876
II. ASSETS			
Non-current assets			
1 (a) Fixed assets	11		
(i) Tangible assets		**25161**	22477
(ii) Capital work-in-progress		**2984**	1652
(b) Non-current investments	12	**70**	70
(c) Long-term loans and advances	13	**471**	633
2 Current assets			
(a) Inventories	14	**13830**	12744
(b) Trade receivables	15	**3255**	3696
(c) Cash and cash equivalents	16	**387**	1197
(d) Short-term loans and advances	17	**165**	455
(e) Other current assets	18	**4272**	2952
TOTAL		**50595**	45876
Notes on Financial Statements	1-35		
Significant Accounting Policies	36		

The Notes referred to above form an integral part of the Financial Statements.
This is the Balance Sheet referred to in our report of even date attached.

For Khamesra Bhatia & Mehrotra
Chartered Accountants
(FRN 001410C)

IRSHAD MIRZA
Chairman

RASHID AHMED MIRZA
Managing Director

N.P. UPADHYAY
TASNEEF AHMAD MIRZA
SHAHID AHMAD MIRZA
SUBHASH SAPRA
Q.N. SALAM
P.N. KAPOOR
YASHVIR SINGH
SUDHINDRA JAIN
Directors

CA Anand Saxena
Partner
M.No. 075801

D.C. Pandey
V.P. (Accounts) &
Company Secretary

Place : Kanpur
Date : May 25, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH

(₹ in Lacs)

	Particular	Note No.	2013	2012
I.	**Revenue from operations**	19	**64340**	55653
II.	Other income	20	**33**	32
III.	**Total Revenue (I + II)**		**64373**	55685
IV.	Expenses:			
	Cost of materials consumed	21	**22903**	21391
	Purchases of Stock-in-Trade		**15298**	13241
	Changes in inventories of finished goods work-in-progress and Stock-in-Trade	22	**(1182)**	(1813)
	Employee benefits expense	23	**3286**	2884
	Finance costs	24	**3157**	2720
	Depreciation and amortization expense	25	**1992**	1527
	Other expenses	26	**12480**	11200
	Total Expenses		**57934**	51150
V.	**Profit before Extraordinary items and tax (III-IV)**		**6439**	4535
VI.	Extraordinary Items - Profit on Sale of Investment in Associate Co.		**–**	621
VII.	**Profit before tax (V- VI)**		**6439**	5156
VIII.	Tax expense:			
	(1) Current tax		**2027**	1536
	(2) Deferred tax		**68**	89
IX	Profit for the Year (VII - VIII)		**4344**	3531
X	**Earnings per equity share (₹):**	27	**4.69**	3.81
	(Basic & Diluted)			
	Notes on Financial Statements	1-35		
	Significant Accounting Policies	36		

The Notes referred to above form an integral part of the Financial Statements.
This is the Balance Sheet referred to in our report of even date attached.

For Khamesra Bhatia & Mehrotra
Chartered Accountants
(FRN 001410C)

IRSHAD MIRZA
Chairman

RASHID AHMED MIRZA
Managing Director

CA Anand Saxena
Partner
M.No. 075801

Place : Kanpur
Date : May 25, 2013

D.C. Pandey
V.P. (Accounts) &
Company Secretary

N.P. UPADHYAY
TASNEEF AHMAD MIRZA
SHAHID AHMAD MIRZA
SUBHASH SAPRA
Q.N. SALAM
P.N. KAPOOR
YASHVIR SINGH
SUDHINDRA JAIN
Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH

(₹ in Lacs)

	Particular	2013	2012
(A)	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before Tax & Extra-ordinary Items	**6439**	4535
	Adjustment For		
	Add :		
	Loss on sale of Fixed Assets	**43**	46
	Depreciation	**1992**	1527
	Interest	**3157**	2720
		5192	4292
	Less :		
	Interest Income	**14**	12
	Income from Govt. Grant	**13**	13
	Operating Profit before Working Capital Changes	**11604**	8802
	Adjustment For		
	Trade & other Receivables	**442**	(574)
	Inventory	**(1085)**	(2273)
	Trade Payables	**1289**	286
	Others	**(1461)**	195
	Cash Generated from Operations	**10789**	6436
	Direct Taxes Paid	**(1850)**	(1440)
	Cash flow before extra ordinary items	**8939**	4996
	Net Cash from Operating Activity	**8939**	4996
(B)	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets	**(6069)**	(5385)
	Sales of Fixed Assets	**245**	99
	Purchase of Investment	**0**	(35)
	Sale of Investment	**0**	664
	Interest Received	**14**	12
	Government Grant Received	**0**	38
	Net Cash used in Investing Activities	**(5810)**	(4607)
(C)	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Dividend Paid	**(460)**	(475)
	Dividend Tax Paid	**(75)**	(77)
	Borrowing from bank	**77**	1904
	Proceeds from Term Loan	**1900**	3100
	Repayment of Term Loan	**(2225)**	(1125)
	Interest paid	**(3157)**	(3000)
	Net cash used in financing activities	**(3940)**	327
	Net Increase/(Decrease) in Cash & Equivalents	**(811)**	717
	Cash & Equivalent as on 01.04.2012 (Opening Balance)	**1197**	480
	Cash & Equivalent as on 31.03.2013 (Closing Balance)	**386**	1197

Notes on Financial Statements: Note No. 1-35 ; Significant Accounting Policies Note No. 36

The Notes referred to above form an integral part of the Financial Statements.
This is the Balance Sheet referred to in our report of even date attached.

For Khamesra Bhatia & Mehrotra
Chartered Accountants
(FRN 001410C)

IRSHAD MIRZA
Chairman

RASHID AHMED MIRZA
Managing Director

N.P. UPADHYAY
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SUDHINDRA JAIN
Directors

CA Anand Saxena
Partner
M.No. 075801

D.C. Pandey
V.P. (Accounts) &
Company Secretary

Place : Kanpur
Date : May 25, 2013

Note 1 : SHARE CAPITAL

Share Capital	As at 31 March 2013		As at 31 March 2012	
	Number	**₹ in Lacs**	Number	₹ in Lacs
Authorised				
Equity Shares of ₹ 2/- each	**225000000**	**4500**	225000000	4500
	225000000	**4500**	225000000	4500
Issued, Subscribed & Paid up				
Equity Shares of ₹ 2/- each fully paid up	**92706000**	**1854**	92706000	1854
Total	**92706000**	**1854**	92706000	1854

Note 1.1 : The reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	Equity Shares	
	Number	₹ in Lacs
Shares outstanding at the beginning of the year	92706000	1854
Shares Issued during the year	NIL	NIL
Shares bought back during the year	NIL	NIL
Shares outstanding at the end of the year	92706000	1854

Note 1.2 : The details of Shareholders holding more than 5% shares:

Name of Shareholder	As at 31 March 2013		As at 31 March 2012	
	No. of Shares held	**% of Holding**	No. of Shares held	% of Holding
IRSHAD MIRZA	**6793541**	**7.33%**	7193541	7.76%
TAUSEEF AHMAD MIRZA	**6944000**	**7.49%**	6944000	7.49%
TASNEEF AHMAD MIRZA	**7728650**	**8.34%**	7728650	8.34%
YASMIN MIRZA	**11300850**	**12.19%**	11300850	12.19%

Note 1.3 : Details of shares alloted/bought back during the previous five years immediately preceding the date of Balance Sheet:

Company has not issued any shares as fully paid up pursuant to contracts without payment being received in Cash or by way of shares allotted as fully paid up as by way of Bonus Shares and has not bought back any shares during the period of five years immediately preceding the date of this Balance Sheet.

Note 1.4 : Rights, Preferences and restrictions attached to Shares:

The Company has only one class of Equity Shares having a par value of ₹ 2/- each. Each shareholder is entitled to one vote per share held. The Dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend. In the event of liquidation of the Company, the Equity Shareholders are eligible to receive remaining assets of the Company, after distributing all the preferential amounts, in the proportion of their Shareholding.

Note 1.5 : Disclosure pursuant to Note no. 6(U) of Part I of Schedule VI to the Companies Act, 1956

Particulars	As at 31 March 2013		As at 31 March 2012	
	₹ in Lacs	**Per share ₹**	₹ in Lacs	Per share ₹
Dividend proposed to be distributed to equity shareholders	**464**	**0.50**	464	0.50

Note 2 : RESERVES AND SURPLUS

(₹ in Lacs)

		As at 31 March 2013	As at 31 March 2012
a.	**Securities Premium Reserve**		
	Balance at the beginning of the year	**5**	5
	Add : Securities premium credited on Share issue	**–**	–
	Balance at the end of the year	**5**	5
b.	**IDLS Fund**		
	Balance at the beginning of the year	**219**	232
	Transferred to Profit & Loss Account	**(13)**	(13)
	Balance at the end of the year	**206**	219
c.	**Foreign Currency Translation Reserve**		
	Balance at the beginning of the year	**–**	25
	Written Back during the Year	**–**	(25)
	Balance at the end of the year	**–**	–
d.	**Hedging Reserve**		
	Balance at the beginning of the year	**(228)**	(98)
	Additions during the year (Net)	**662**	(130)
	Balance at the end of the year	**434**	(228)
e.	**General Reserve**		
	Balance at the beginning of the year	**7125**	6725
	Transfer during the year (Net)	**450**	400
	Balance at the end of the year	**7575**	7125
f.	**Surplus in Statement of Profit and Loss**		
	Balance at the beginning of the year	**11704**	9112
	Net Profit for the current year	**4344**	3531
	Proposed Dividends ₹ 0.50 per share, (previous year ₹ 0.50 per share)	**(464)**	(464)
	Dividend Distribution Tax	**(79)**	(75)
	Transfer to General Reserve	**(450)**	(400)
	Balance at the end of the year	**15055**	11704
	Total Reserve and Surplus	**23275**	18825

Note 3 : LONG TERM BORROWINGS

	As at 31 March 2013		As at 31 March 2012	
	Non-Current	**Current**	Non-Current	Current
Term loans				
Secured *				
From Banks	**5000**	**1250**	4538	2108
From Banks (Auto Loan)#	**23**	**26**	9	33
From Others (Auto Loan)#	**15**	**24**	39	22
Total	**5038**	**1300**	4586	2163

* Secured by 1st Charge on Fixed Assets, created out of various Term Loans and block of assets charged to the bank from time to time for Term Loans and extension of charge on all current assets. Equitable mortgage of Land, Building, Plant & Machinery at Co's Unit No.1 & 2, Kanpur Unnao Link Road, Unnao, Unit No.3- C -4,5, 36 & 37 Sector 59, NOIDA, Unit No.6 at Plot No.1A Sector Ecotech-1, Greater NOIDA Industrial Area, Gautam Budh Nagar, U.P.

All the above secured Loans are guaranteed by Directors (Total Guarantee provided by directors are of ₹ 339 (339) crores)

\# Secured against the assets purchased under the arrangements.

Maturity Profile Current Year:

	1 - 2 years	2 - 3 years	3 - 4 years
Term Loans from Banks			
Secured			
Term Loan	2250	2750	–
Auto Loan	18	5	–
Total	2268	2755	–
Term Loans from Others			
Secured			
Auto Loan	15	–	–
Total	15	–	–

Note 4 : DEFERRED TAX LIABILITIES

(₹ in Lacs)

		As at 31 March 2013	As at 31 March 2012
	A. Liabilities:		
	Depreciation	**2084**	1997
	B. Assets:		
	Expenses allowable for Tax when Paid	**186**	167
	Total (A - B)	**1898**	1830
Note 5 :	**OTHER LONG TERM LIABILITIES**		
	Deposits (Security Deposit From Franchises)	**203**	173
	Total	**203**	173
Note 6 :	**LONG TERM PROVISIONS**		
	Provision for employee benefits		
	Gratuity (unfunded)	**483**	434
	Total	**483**	434
Note 7 :	**SHORT TERM BORROWINGS**		
	Secured*		
	Loans repayable on demand		
	From Banks	**10402**	10240
	Total	**10402**	10240

* Secured By 1st Charge by way of Hypothecation on entire current assets, present & future including entire stocks of raw materials, stock in process, finished goods, stock-in-transit, domestic Book Debts , Loans and advances or any other security required for the purpose of execution of export orders received, lying in the company's godowns, warehouses or shipping agents' custody waiting dispatch / shipment / and / or in transit etc.

All the above secured Loans are guaranteed by Directors (Total Guarantee provided by directors are of Rs 339 crores (Previous year 339 crores))

Note 8 :	**TRADE PAYABLE**		
	Micro, Small and Medium Enterprises *	**–**	–
	Others	**4850**	3444
	Total	**4850**	3444

* The Company does not owe any dues outstanding for more than the period specified in Micro Small & Medium Enterprises Development Act, 2006 as at 31st March 2013, to any Micro and Small & Medium Enterprises. This information is based on data available with the company.

Note 9 :	**OTHER CURRENT LIABILITIES**		
	(a) Current maturities of long-term debt (Refer Note No. 3)		
	Term Loans from banks	**1276**	2070
	Term Loans from Others	**24**	22
	(b) Interest accrued and due on borrowings	**–**	71
	(c) Unpaid dividends *	**28**	24
	(d) Other payables		
	Commission Payable	**–**	38
	Outstanding Liabilities #	**99**	72
	Salary Payable	**128**	196
	Bonus Payable	**156**	147
	Unpaid Commission on Foreign Sales	**304**	432
	Duties & Taxes	**162**	247
	Notional dues to bankers on account of outstanding forward contracts	**(434)**	229
	Guarantee Commission payable	**64**	196
	Sundry Debtors (Advance Received From Customers)	**26**	31
	Total	**1833**	3775

* These Figures do not include any amounts due and outstanding, to be credited to Investors Education & Protection Fund.

\# Outstanding Liabilities include Employee Benefits payable of ₹ 31.58 Lacs (Previous Year ₹ 28 Lacs) & Export Expenses payable ₹ 7.49 Lacs (Previous Year ₹ 12 Lacs).

Note 10 : SHORT TERM PROVISIONS

(₹ in Lacs)

	As at 31 March 2013	As at 31 March 2012
(a) Provision for employee benefits		
Gratuity (Unfunded)	**53**	44
(b) Others		
Proposed Dividend	**464**	464
Tax on Dividend	**79**	75
Excise Duty on Finished Goods	**155**	125
Audit Fees Payable	**8**	7
Total	**759**	715

Note 11 : FIXED ASSETS

Fixed Assets	Gross Block					Accumulated Depreciation					Net Block	
	Balance as at 1st April 2012	Additions/ (Disposals)	Acquired through business combinations	Deductions/ Adjustments	Balance as at 31 March 2013	Balance as at 1st April 2012	Depreciation charge for the year	Adjustment due to revaluations	On disposals	Balance as at 31st March 2013	Balance as at 31 March 2013	Balance as at 31st March 2012
a Tangible Assets												
Land Freehold	738	–	–	3	**735**	–	–	–	–	**–**	**735**	738
Land Leasehold	2685	–	–	–	**2685**	126	34	–	–	**160**	**2525**	2559
Buildings	7812	1672	–	–	**9484**	1291	280	–	–	**1571**	**7913**	6521
Machinery	14913	2568	–	173	**17308**	5066	1063	–	66	**6063**	**11245**	9847
Effluent Treatment Plant	92	–	–	–	**92**	35	4	–	–	**39**	**53**	57
Tools & Shoe Lasts	2451	281	–	24	**2708**	1579	358	–	9	**1928**	**780**	872
Furniture and Fixtures & Electrical Installation	1968	204	–	34	**2138**	908	127	–	3	**1032**	**1106**	1060
Vehicles	902	205	–	219	**888**	235	81	–	87	**229**	**659**	667
Computers	1034	34	–	–	**1068**	878	45	–	–	**923**	**145**	156
Total	**32595**	**4964**	**–**	**453**	**37106**	**10118**	**1992**	**–**	**165**	**11945**	**25161**	**22477**
b Capital Work In Progress											**2984**	1652
Previous Year : Tangible Assets	(27481)	(5372)	(–)	(256)	**(32595)**	(8703)	(1527)	(–)	(112)	**(10118)**	**(22477)**	(18778)
Capital W.I.P.											**(1652)**	(1584)

Note 12 : NON CURRENT INVESTMENTS

Particulars	As at 31 March 2013	As at 31 March 2012
Trade Investments (Refer A below)		
Investment in Equity instruments	**49**	49
Other Investments (Refer B below)		
Other non-current investments	**21**	21
Total	**70**	70

Particulars	As at 31 March 2013	As at 31 March 2012
Aggregate amount of quoted investments	**1**	1
Aggregate Market Value of Quoted Investments	**2**	2
Aggregate amount of unquoted investments	**69**	69

A. Details of Trade Investments

Sr. No.	Name of the Body Corporate	Subsidiary/ Associate/ JV/ Controlled Entity/ Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Amount (₹)		Whether stated at Cost Yes / No
			2013	2012			**2013**	2012	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Investment in Equity Instruments								
1.	Industrial Infrastructure Services (India) Ltd.	Others	**240000**	240000	Unquoted	Fully paid	**2400000**	2400000	Yes
2.	Kanpur Unnao Leather Cluster Development Co. Ltd.	Others	**250000**	250000	Unquoted	Fully paid	**2500000**	2500000	Yes
	Total						**4900000**	4900000	

B. Details of Other Investments

Sr. No.	Name of the Body Corporate	Subsidiary/ Associate/ JV/ Controlled Entity/ Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Amount (₹)		Whether stated at Cost Yes / No
			2013	2012			**2013**	2012	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Other non-current investments								
1.	Shares of J.P.Associates Ltd.	Others	**2000**	2000	Quoted	Fully paid	**27283**	27283	Yes
2.	Shares of Sarup Tannery Ltd.	Others	**500**	500	Quoted	Fully paid	**30900**	30900	Yes
3.	Shares of Super House Ltd.	Others	**150**	150	Quoted	Fully paid	**9425**	9425	Yes
4.	Shares of Super Tannery Ltd.	Others	**1000**	1000	Quoted	Fully paid	**6200**	6200	Yes
5.	Azad Multi Specialty Hospital & Research Centre (Sec.25 Co.)	Associate	**200000**	200000	Unquoted	Fully paid	**2000000**	2000000	Yes
	Total						**2073808**	2073808	

Note 13 : LONG TERM LOANS AND ADVANCES

(₹ in Lacs)

		As at 31 March 2013		As at 31 March 2012	
Unsecured, considered good					
a. Capital Advances					
Advance for Capital Goods			**148**		327
b. Security Deposits					
Security Deposit - Rent		**146**		114	
Security Deposit - Others		**139**	**285**	117	231
c. IDLS Subsidy Receivable			**38**		75
	Total		**471**		633

Note 14 : INVENTORIES *

Inventories *					
a. Raw Materials and components			**4009**		4047
b. Work-in-progress			**3475**		3284
c. Finished goods		**5793**		4760	
Goods-in transit		**3**	**5796**	45	4805
d. Stores and spares			**281**		283
e. Others					
Excise Duty on Finished Goods		**155**		125	
Cenvat Credit Receivable		**114**	**269**	200	325
	Total		**13830**		12744

* For mode of valuation refer Significant Accounting Policies (8).

Note 15 : TRADE RECEIVABLES

(₹ in Lacs)

	As at 31 March 2013	As at 31 March 2012
Unsecured, considered good		
Trade receivables outstanding for a period less than six months from the date they are due for payment	**3092**	3506
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	**163**	190
Total	**3255**	3696

Note 16 : CASH AND CASH EQUIVALENTS

(₹ in Lacs)

		As at 31 March 2013		As at 31 March 2012
a. Balances with banks			308	1136
This includes:				
Earmarked Balances (Unpaid dividend accounts)	28		26	
Margin money	0		600	
Fixed Deposits	155		121	
b. Cash in hand			79	61
Total			387	1197

Note 17 : SHORT-TERM LOANS AND ADVANCES

Others (Unsecured, considered good)		
IDLS Subsidy Receivable	37	38
Duties & Taxes	15	14
Sundry Creditors (Advances to Suppliers)	113	403
Total	165	455

Note 18 : OTHER CURRENT ASSETS

Incentive Receivable (Export)	1351	1010
Advance Income Tax (Net of Provision)	823	1000
Duty Drawback Receivable	1141	256
Prepaid Expenses	341	235
Vat Refundable	374	224
Focus Product Licence Receivable	114	25
Loans & Advances to Employees	79	67
Discount Receivable A/c	–	63
D.E.P.B. Licence Receivable	–	29
Others	49	43
Total	4272	2952

Note 19 : REVENUE FROM OPERATIONS

Particulars	**For the year ended 31 March 2013**	For the year ended 31 March 2012
Sale of products	58286	50759
Other operating revenues*	6206	4929
Less:		
Excise duty	152	35
Total	64340	55653

* Other Operating Revenues majorly includes Revenue from Export Incentives.

Note 19.1 : EARNING IN FOREIGN EXCHANGE

FOB value of exports	42829	36222

Note 20 : OTHER INCOME

Interest Income	14	13
Other non-operating income (net)	19	19
Total	33	32

Note 21 : COST OF MATERIALS CONSUMED

Hides & Finished Leather	9508	9216
Chemicals	3596	3814
Others	9427	8029
Stores & Spares	372	332
Total	22903	21391

Note 21.1 : VALUE OF RAW MATERIAL CONSUMED

(₹ in Lacs)

Particulars	For the year ended 31 March 2013		For the year ended 31 March 2012	
Imported	**22.56%**	**5167**	25.27%	5406
Indigenous	**77.44%**	**17736**	74.73%	15985
Total		**22903**		21391

Note 21.2 : VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF

Raw Materials and Stock-in-Trade		**4215**		4108
Stores, Chemicals and Packing Materials		**952**		235
Capital Goods		**2350**		1491
Total		**7517**		5834

Note 22 : CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK-IN-PROCESS

Inventories (at end of the year)				
Finished Goods	**5796**		4805	
Stock-in-Process	**3475**	**9271**	3284	8089
Inventories (at beginning of the year)				
Finished Goods	**4805**		4174	
Stock-in-Process	**3284**	**8089**	2102	6276
Total		**(1182)**		(1813)

Note 23 : EMPLOYEE BENEFIT EXPENSES

Salaries and Wages	**2752**	2411
Contribution to Provident and Other Funds	**216**	194
Gratuity to Employees	**92**	78
Staff Welfare Expenses	**226**	201
Total	**3286**	2884

Note 23.1 : Employee benefits :

The Company is providing the following benefits to their employees :

a) Gratuity

b) Provident Fund

c) Leave encashment

Actuarial valuation of gratuity has been done with the following assumptions.

Particulars	Gratuity (Unfunded) March 31, 2013	Gratuity (Unfunded) March 31, 2012
Discount Rate	**8.25%**	8.50%
Rate of increase in compensation levels	**5.00%**	5.00%
Expected average remaining working lives of employees (years)	**20.08**	20.51

Net Asset/(liability) recognized in the Balance Sheet as on 1st April,

	Particulars	2013	2012
A	**Funded Status**	**(₹ in Lacs)**	(₹ in Lacs)
1	Present value of Defined Benefit Obligation	**479**	426
2	Fair value of Plan assets	**–**	–
3	Funded status Surplus/(Deficit)	**(479)**	(426)
4	Effect of balance Sheet asset limit	**–**	–
5	Unrecognized Past Service Cost	**–**	–
6	**Net asset/(liability) recognized in balance sheet**	**(479)**	(426)

Total Expense recognized in the Statement of Profit & Loss for the year ended 31st March

	Particulars	2013	2012
A	**Components of employer expense**	**(₹ in Lacs)**	(₹ in Lacs)
1	Current Service Cost	**39**	36
2	Interest Cost	**39**	36
3	Expected return on plan assets	**–**	–
4	Curtailment cost/(credit)	**–**	–
5	Settlement cost/(credit)	**–**	–
6	Amortization of Past Service cost	**–**	–
7	Actuarial Losses/(Gains)	**14**	6
8	**Total expense recognized in the Statement of Profit & Loss**	**92**	78
B	**Actual Contribution and Benefits Payments for period ended 31st March**		
1	Actual benefit payment	**35**	26
2	Actual Contributions	**35**	26

Net asset/(liability) recognized in balance sheet as on 31st March

		2013	2012
A	**Funded Status**		
1	Present value of Defined Benefit Obligation	**536**	479
2	Fair value of Plan assets	**–**	–
3	Funded status (Surplus/(Deficit)	**(536)**	(479)
4	Effect of balance Sheet asset limit	**–**	–
5	Unrecognized Past Service Cost	**–**	–
6	**Net asset/(liability) recognized in balance sheet**	**(536)**	(479)
1	Net assets/(liability) recognized in balance sheet at beginning of period	**(479)**	(426)
2	Employer expense	**92**	78
3	Employer Contribution	**35**	26
4	Net asset/(Liability) recognized in balance sheet at end of the period	**(536)**	(479)

Reconciliation of Defined Benefit Obligation and Fair Value of Assets Over the year ending 31st March

		2013	2012
A	**Change in Defined Benefit Obligations**	**(₹ in Lacs)**	(₹ in Lacs)
1	Present Value of DBO at beginning of Period	**479**	426
2	Current Service Cost	**39**	36
3	Interest Cost	**39**	36
4	Curtailment cost/(credit)	**–**	–
5	Settlement cost/(credit)	**–**	–
6	Employee contribution	**–**	–
7	Plan amendments	**–**	–
8	Acquisitions	**–**	–
9	Actuarial (gains)/losses	**14**	6
10	Benefits paid	**(35)**	(26)
11	Present Value of DBO at the end of period	**536**	479
B	**Change in Fair value of Assets**		
1	Plan assets at beginning of period	**–**	–
2	Actual return on plan assets	**–**	–
3	Actual Company contribution	**35**	26
4	Employee contribution	**–**	–
5	Benefits paid	**(35)**	(26)
6	Plan assets at the end of period	**–**	–

Note 24 : FINANCE COST

(₹ in Lacs)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Interest & Bank Charges	**3157**	2720
Total	**3157**	2720

Note 25 : DEPRECIATION AND AMORTISATION EXPENSES

Depreciation Expenses	**1958**	1493
Leasehold Land Amortisation	**34**	34
Total	**1992**	1527

Note 26 : OTHER EXPENSES

Processing Charges	**3960**	3759
Commission	**1649**	1442
Freight and Transport	**1618**	1403
Power and Fuel	**1560**	1330
Advertising and Sales Promotion	**1119**	1065
Rent	**413**	366
Vehicle Running & Maintenance	**378**	349
Repair and Maintenance (other than building & machinery)	**200**	203
Travelling & Conveyance Expenses	**220**	187
Insurance	**189**	157
Security Expenses	**215**	152
Postage & Courier Charges	**177**	146
Telephone & Telex	**106**	100
Legal & Professional Charges	**131**	98
Rates and Taxes, excluding taxes on income	**183**	93
Repairs to machinery	**67**	78
Repairs to buildings	**105**	76
Printing & Stationery	**75**	69
Donation and Subscription	**28**	57
Loss on Sale of Fixed Assets	**43**	46
Miscellaneous Expenses	**35**	17
Audit Fees	**9**	7
Total	**12480**	11200

Note 26.1 : EXPENDITURE IN FOREIGN CURRENCY

Commission on Export Sales	**478**	422
Foreign Travelling Expenses	**72**	47
Overseas Trade Fair Expenses	**13**	5
Total	**563**	474

Note 27 : EARNINGS PER SHARE (EPS)

(I) Net Profit after tax as per statement of Profit and Loss attributable to Equity Shareholders	**4344**	3531
(ii) Weighted Average number of equity shares used as denominator for calculating EPS	**92706000**	92706000
(iii) Basic and Diluted Earnings per share (₹)	**4.69**	3.81
(iv) Face Value per equity share (₹)	**2**	2

Note 28 : CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(₹ in Lacs)

	Particulars	As at 31 March 2013	As at 31 March 2012
A	BILLS DISCOUNTED	**14656**	10614
B	IMPORT DUTY PAYABLE	**350**	103
	In case of non-fulfillment of export obligation under EPCG Scheme (not yet due)		
C	BANK GUARANTEES / LETTER OF CREDITS	**1153**	25
D	Two cases of employees are pending at Industrial Tribunal II, Lucknow	**Indeterminate**	Indeterminate
	One case of employee is pending at Labour Court, Lucknow	**Indeterminate**	
	One case of employee is pending at D.L.C. office, Lucknow	**Indeterminate**	
	One case of employee is pending at Labour Court, Noida	**Indeterminate**	
	One case of employee is pending at A.L.C. office, Unnao	**Indeterminate**	
E	Deficiency in stamp duty demanded by state revenue authorities for purchase of land at Hapur was ₹ 44 lakhs. Out of this the Company has deposited ₹ 14.67 Lacs as per Interim order of Hon'ble Allahabad High Court. The court remanded the case to the Collector Stamps, Ghaziabad with the instruction to re-assess the case. The case is now pending with Asst. Commissioner Stamps, Ghaziabad	**30**	30
F	COUNTER GUARANTEE	**33900**	33900
	Given by the Company to its directors against their guarantees given to bank		
G	DEMAND RAISED		
	(I) ENTRY TAX, Pending at Hon'ble High Court & Supreme Court	**20**	41
	(II) INCOME TAX, Pending before CIT (Appeals)	**604**	604
	(III) TRADE TAX	**NIL**	25
	(IV) SERVICE TAX - 2004-05, 2005-06 Pending before Commissioner (Appeals)	**3**	–
	(V) SERVICE TAX - F.Y. 2007-08 PAID Pending before Commissioner (Appeals)	**15**	–
II	COMMITMENT		
	A CAPITAL EXPENDITURE (Net of fund already deployed)	**1920**	3506
	B UNCLAIMED DIVIDEND	**28**	27

Note 29 : Disclosure pursuant to Note no. 5(i)(g) of Part II of Schedule VI to the Companies Act, 1956

	Payments to the auditor as	For the year ended 31 March 2013	For the year ended 31 March 2012
a.	For Audit Fee	**9**	7
b.	For taxation matters	**–**	–
c.	For company law matters	**–**	–
d.	For management services	**–**	–
e.	For other services	**–**	–
f.	For reimbursement of expenses	**–**	–
	Total	**9**	7

Note 30 : SEGMENT REPORTING

Segment Information for the Year ended 31st March, 2013

Information about Primary Business Segments

(₹ in Lacs)

	DIVISION		UN-ALLOCATED	TOTAL
	SHOE	TANNERY		
External	**56623** **(49432)**	**7717** **(6224)**	33 (29)	64373 (55685)
Inter - Segment	**–** **–**	**9304** **(8200)**	– –	9304 (8200)
Total Revenue	**56623** **(49432)**	**17021** **(14424)**	33 (29)	73677 (63885)
Result Segment Result (Profit before Interest & Tax)	**11675** **(9628)**	**195** **(164)**	33 (29)	11903 (9821)
Less: Interest Expenses	**–** **–**	**–** **–**	(3157) (2720)	(3157) (2720)
Unallocated Expenditure net of unallocated income	**–** **–**	**–** **–**	(2306) (2566)	(2306) (2566)
Extra ordinary item – Profit on Sale of Investment	**–** **–**	**–** **–**	– (621)	– (621)
Profit before Taxation	**11675** **(9628)**	**195** **(164)**	(5430) (4636)	6440 (5156)
Provision for Taxation	**–** **–**	**–** **–**	(2095) (1625)	(2095) (1625)
Net Profit	**11675** **(9628)**	**195** **(164)**	(7525) (6261)	4345 (3531)
Other Information Segment Assets	**33327** **(30701)**	**14918** **(12288)**	2348 (2887)	50593 (45876)
Segment Liabilities	**13122** **(15295)**	**10444** **(7970)**	1898 (1932)	25464 (25197)
Capital Expenditure	**2584** **(4427)**	**2058** **(666)**	(131) (279)	4511 (5372)
Depreciation	**1638** **(1241)**	**253** **(179)**	101 (107)	1992 (1527)

Information about Secondary Business Segments

Revenue by Geographical Market	**WITHIN INDIA**	OUTSIDE INDIA*	TOTAL
External	**15987** **(14258)**	48386 (41427)	64373 (55685)
Inter Segment	**–** **–**	– –	– –
Total	**15987** **(14258)**	48386 (41427)	64373 (55685)
Carrying amount of segment assets	**50592** **(45876)**	– –	50592 (45876)
Additions to Fixed Assets	**4511** **(5372)**	– –	4511 (5372)

* Includes Export incentive received on Export

Notes :

(i) The Company is organized into two main business segments, namely:
Tannery Division - Manufacturing Finished Leather from Raw Hides & Wet Blue.
Shoe Division - Manufacturing Finished Leather Shoes.
Segments have been identified and reported considering the distinct nature of products and differing risks and returns accruing there from, the organization structure, and the internal financial reporting systems.

(ii) Segment Revenue in each of the above business segments primarily includes domestic and export sales, export incentives and other miscellaneous income. It also includes inter Segment transfers priced at cost plus a predetermined rate of profit.

(iii) The Segment Revenue in the geographical segments considered for disclosure are as follows:
(a) Revenue within India includes sales to customers located within India and earnings in India.
(b) Revenue outside India includes sales to customers located outside India and earnings outside India.

(iv) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

Note 31 : REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND : NIL

Note 32 : RELATED PARTY TRANSACTIONS

S. No.	Particulars	Volume of Transactions (₹ In Lacs)	Outstanding (₹ In Lacs)	Volume of Transactions (₹ In Lacs)	Outstanding (₹ In Lacs)
For the year ended 31st March		**2013**	**2013**	2012	2012
1	**Purchase**				
	Genesis International U-I	**1745**	**350 (Cr)**	1606	133 (Cr)
	Genesis International U- II	**3458**	**339 (Cr)**	3051	127 (Cr)
	Euro Footwear Ltd.	**7640**	**588 (Cr)**	6988	335 (Cr)
	Gemini Products Ltd.	**154**	**–**	320	5 (Cr)
	Gempack Enterprises	**318**	**37 (Cr)**		
	Shoemac Leather Tech Eng. Ltd.	**44**	**2 (Cr)**	78	–
	Mirza UK Ltd.	**–**	**–**	268	82 (Cr)
	Mayfair Leather Export Ltd.	**–**	**6 (Cr)**	267	6 (Cr)
2	**Jobwork Paid**				
	Mars International	**197**	**6 (Cr)**	150	12 (Dr)
3	**Rent & Maintenance charges Paid**				
	Mr. Irshad Mirza	**6**	**13 (Cr)**	6	9 (Cr)
	Mrs. Jamil Ara Begum	**7**	**–**	7	2 (Cr)
	Mrs Sabiha Hussain	**3**	**1 (Cr)**	3	–
	Ms Sarah Mirza	**1**	**–**	–	–
	Shoe Max Engineering Ltd., Kanpur	**2**	**2 (Dr)**	–	–
4	**Sales**				
	Euro Footwear Ltd.	**2577**	**–**	2186	–
	Mirza (UK) Ltd.	**24574**	**599 (Dr)**	19852	360 (Dr)
	Genesis International – I	**138**	**–**	189	–
	Genesis International – II	**674**	**–**	832	–
	Mayfair Leather Export Ltd.	**–**	**–**	6	–
5	**Jobwork Received**				
	Euro Footwear Ltd.	**16**	**–**	16	–
6	**Guarantee Commission**				
	Mr. Irshad Mirza	**63**	**13 (Cr)**	67	9 (Cr)
	Mr. Rashid Ahmed Mirza	**63**	**13 (Cr)**	67	47 (Cr)
	Mr. Shahid Ahmad Mirza	**63**	**13 (Cr)**	67	47 (Cr)
	Mr. Tauseef Ahmad Mirza	**63**	**13 (Cr)**	67	47 (Cr)
	Mr. Tasneef Ahmad Mirza	**63**	**13 (Cr)**	67	45 (Cr)
7	**Salaries**				
	Shuja Mirza	**48**	**–**	42	6 (Cr)
	Faraz Mirza	**30**	**–**	20	7 (Cr)
	Ramsha Mirza	**–**	**–**	2	–
8	**Managerial Remuneration**				
	Directors Remuneration & Perquisites	**547**	**20 (Cr)**	465	71 (Cr)
9	**Sitting Fee**	**2**	**–**	2	–
10	**Rent Recd.**				
	Shoemax Engineering Ltd.	**–**	**–**	1	–
11	**Sale of Investment**				
	Mirza UK Ltd.	**–**	**–**	664	–
12	**Investment Made**				
	Azad Multispeciality Hospital	**–**	**–**	10	20 (Dr)
13	**Sale of Motor Vehicle**				
	Gemini Products Ltd., Knp.	**2**	**–**	–	–
14	**Donation**				
	Mirza Foundation	**10**	**–**	–	–

NOTE 33 : Following payments to Directors are included in various heads of expenditure :

Particulars	2013 (₹ in Lacs)	2012 (₹ in Lacs)
Salary	**534**	446
Perquisites	**13**	19
Sitting Fees	**2**	2
Guarantee Commission	**315**	336
Total	**864**	803

NOTE 34: Income Tax

A) The Company has recognized and accounted for cumulative net deferred tax liability in accordance with Accounting Standard (AS-22) issued by the Institute of Chartered Accountants of India, "Accounting for Taxes on Income" in respect of net aggregate timing differences as on 31st March, 2013.

B) There were Income Tax demands aggregating to ₹ 581.85 lakhs pertaining to various assessment years, which arose due to Direct Taxes (Amendment) Act, 2006. These demands have been adjusted by the department against the refunds due to the company, pertaining to various assessment years. The department / company went into Appeals before the Hon'ble Income Tax Appellate Tribunal (ITAT). Hon'ble ITAT has remanded the case back to Assessing officer in view of Hon'ble Supreme Court judgement in Topman Exports which nullifies the demands against the company. However Appeal order effect is yet to be given. Further, another demand of ₹ 614.67 lakhs relating to assessment year 2008-09 is pending before appellate authorities of the department. Out of ₹ 614.67 lakhs, ₹ 11.06 lakhs has been adjusted by the department against the refunds due to the company pertaining to various assessment years.

NOTE 35 : FORWARD CONTRACTS

Following are the outstanding forward exchange contracts entered into by the Company

Forward contracts EURO INR 47.16 lakhs (38.52 lakhs) Sell Hedging.

Forward contracts GBP INR 103.07 lakhs (120.45 lakhs) Sell Hedging.

Forward contracts USD INR 43.94 lakhs (22.20 lakhs) Sell Hedging.

NOTE 36 : SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of Accounting

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, other pronouncements of the Institute of Chartered Accountants of India (ICAI), and the relevant provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India, to the extent applicable .

(B) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reported period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual result could differ from those estimates. Any revision to financial estimates is recognized prospectively in the financial statements when revised.

(C) Fixed Assets

(a) Fixed assets of the company are valued at cost which include allocation / apportionment of direct and indirect expenses incurred in relation to such fixed assets . The said cost is not reduced by specific Grants/ subsidy received against the assets.

(b) Lease hold land is capitalized with the lease premium paid,direct expenses/interest allocable to it till it is put to use.

(D) Depreciation & Amortization

a) Depreciation on fixed assets including assets acquired on lease is provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

b) Lease hold land are amortised over the useful life remaining from the date, it put to use.

(E) Borrowing Cost

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets. Borrowing costs comprise of interest and other costs incurred in connection with borrowing of funds.

(F) Leased Assets

Assets acquired under finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payment at the inception of the leased term and disclosed as leased assets. Lease payments are apportioned between the finance charges and the reduction of the leased liability so as to achieve a constant rate of interest on the remaining balance of the liability.

(G) Investments

Long term investments are valued at cost.

The Cost of Investments made in Foreign Currency is translated at rates prevailing on the Balance Sheet date unless temporary in nature and gain/loss if any is accumulated in Foreign Currency Translation Reserve.

Diminution in the value of Long Term Investments is recognized only if the same is, in the opinion of the management, of a permanent nature.

(H) Inventories

Inventories are valued at the lower of Historic cost or the Net Realisable Value. Costs are determined as under:

a. Bought Out Items : On First in First Out (FIFO) method except raw hides (valued at six months average purchase price incase of Indigenous hides and full year weighted average price in case of imported hides). In respect of bought out items where CENVAT CREDIT is permitted excise duty is excluded from purchase price for determining the cost.

b. Goods In Process : At cost plus estimated value addition/cost of conversion at each major stage of production.

c. Finished Goods : At direct cost plus allocation of all overheads (including interest on working capital) other than Marketing, Selling & Distribution Expenses and Interest on Term Loan / Debentures.

(I) Foreign Currency Transactions

(a) All foreign Currency transaction of purchase and sales are recorded at exchange rate prevailing on the date of the transaction. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the statement of Profit & Loss except in case of long term liabilities, where they relates to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

(J) Derivative instruments and hedge accounting

The Company uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. These foreign exchange forward contracts are not used for trading or speculation purposes. The accounting policies for forwards contracts are based on whether they meet the criteria for designation as effective cash flow hedges. To designate a forward contract as an effective cash flow hedge, the Company objectively evaluates with appropriate supporting documentation at the inception of the each contract whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. Effective hedge is generally measured by comparing the cumulative change in the fair value of the hedge contract with a cumulative change in the fair value of the hedged item.

For forward contracts that are designated as effective cash flow hedges, the gain or loss from the effective portion of the hedge is recorded and reported directly in the shareholders' fund (under the head "Hedging Reserve") and are reclassified into the profit and loss account upon the occurrence of the hedged transactions.

(K) Revenue Recognition :

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. It includes sale of goods, export incentives etc. Revenue arising from the use by others of enterprises resources yielding interest, dividends, are recognized on the following basis :

a) Interest income is recognized on time proportion basis taking in to account the amount outstanding and rate applicable.

b) Dividend for investment is recognized when right to receive is established.

(L) Receivables

Receivables are disclosed at Indian currency equivalent of actually invoiced values. Receivables covered by bills of exchange purchased by the Company's bankers are neither shown as assets nor liabilities. Contingent liability in the event of non payment of the same is reflected in the Notes to the Accounts.

(M) Retirement Benefits :

The Company makes regular contributions to Provident Fund and these are charged to revenue. The liability of the Company for gratuity is actuarially valued at each year end and based on such year end valuation , the liability for gratuity is provided in the books of the Company. The company, as a policy, doesn't encourage accumulation of earned leave and discharges its liability on a year to year basis.

(N) Income Tax:

Provision for Income Tax comprises of Current Tax, i.e. tax on the taxable income computed for the year as per Tax laws and the net change in the deferred tax assets / liability of the company during the current year. Deferred tax assets/ liabilities are recognized on the basis of timing difference in Tax treatment of Revenue Item. The timing differences are subjected to the extant provision of law and enacted tax rates in force to determine the Deferred Tax Asset / liability. While a deferred tax liability is recognized when computed, the management exercises prudence and conservatism while recognizing deferred Tax Assets.

(O) Earnings Per Share:

Earnings per share is calculated in accordance with the procedure laid out in the relevant Accounting Standard (AS-20) issued by The Institute of Chartered Accountants of India.

(P) Contingent Losses/ Liabilities:

Contingent losses & / or consequential contingent liabilities are disclosed in the notes to the accounts, where the company is reasonably assured that no loss / liability will arise but where the possibility of a loss/ liability does exist.

(Q) Events Occurring after the Balance Sheet date:

It is the Company's Policy to take in to the account the impact of any significant event that occurs after the Balance Sheet date but before the finalization of accounts.

(R) Government Grants:

Government Grants in respect of Fixed Assets are accounted for as deferred Income by crediting the same to a specific reserve. The reserve to these Grants is diminished every year by a prorate portion of the depreciation of the assets, to amortise the grant over due life of the assets. Where the Grants carry conditions of specific performance, the contingent aspect is disclosed in due notes to the accounts.

(S) Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is increased/ reversed where there has been change in the estimate of recoverable value. The recoverable value is the higher of the assets' net selling price and value in use.

(T) Figures are previous year have been regrouped/rearranged wherever necessary to make them comparable with the figures of current year.

For Khamesra Bhatia & Mehrotra
Chartered Accountants
(FRN 001410C)

CA Anand Saxena
Partner
M.No. 075801

Place : Kanpur
Date : May 25, 2013

IRSHAD MIRZA
Chairman

D.C. Pandey
V.P. (Accounts) &
Company Secretary

RASHID AHMED MIRZA
Managing Director

N.P. UPADHYAY
TASNEEF AHMAD MIRZA
SHAHID AHMAD MIRZA
SUBHASH SAPRA
Q.N. SALAM
P.N. KAPOOR
YASHVIR SINGH
SUDHINDRA JAIN
} *Directors*

MIRZA INTERNATIONAL LIMITED

Registered Office: 14/6, Civil Lines, Kanpur-208001

NOTICE

NOTICE is hereby given that the thirty-fourth Annual General Meeting of the members of the Company will be held on Saturday, 28th September, 2013 at 1.00 P.M. at the Auditorium of Council for Leather Exports, HBTI Campus, Nawabganj, Kanpur-208002 to transact the following businesses:-

ORDINARY BUSINESS:-

1. To consider and adopt the audited Balance Sheet as on 31st March, 2013, the Statement of Profit and Loss for the year ended on that date together with the Reports of the Auditors and Directors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Shahid Ahmad Mirza, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a director in place of Mr.Tauseef Ahmad Mirza, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a director in place of Mr. Q.N. Salam, who retires by rotation and being eligible offers himself for reappointment.
6. To consider and if thought fit, to pass with or without modification(s), the following as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to Section 224 of the Companies Act, 1956, M/s. Khamesra Bhatia & Mehrotra, Chartered Accountants (FRN: 001410C), the retiring Statutory Auditors of the Company, be re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

By Order of the Board
For MIRZA INTERNATIONAL LIMITED

(D.C. Pandey)
Vice-President (A/cs) &
Company Secretary

Place : Kanpur
Date : 30th July, 2013

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE, INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT TO BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, must be received by the Company not less than Forty- Eight hours before the commencement of the Meeting.
2. The Register of members and Share Transfer Books of the Company will remain closed from 19/09/2013 to 28/09/2013 (both days inclusive).
3. Dividend, if declared at the meeting will be paid to those Shareholders, whose names appear in the Register of Members of the Company on 28/09/2013 or in the Register of Beneficial owners maintained by the depositories as at the close of their business hours before 19/09/2013.
4. Unclaimed Dividends pertaining to the financial years 2005-2006 (Final) and 2006-2007, 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 dates mentioned below. Those Members who have so far not encashed these dividend warrants or dividend warrants for the above mentioned financial years and onwards, may claim or approach our Registrar viz. Karvy Computershare Pvt. Ltd., Plot no. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad-500081 or the Company for the payment thereof.

Dividend Period	Due Date for Transfer
Dividend (Final) 2005-2006 paid in September 2006	20/10/2013
Dividend (Final) 2006-2007 paid in September 2007	25/10/2014

5. 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.
6. Members desirous of obtaining any information concerning accounts or operation of the company are requested to write to the company at least 10 days before the date of Annual General Meeting so as to enable the management to keep the information ready.

7. The members are requested to:
   a) Bring their copy of the Attendance Slip duly filled in with them at the Annual General Meeting;
   b) Inform any change in their address/ mandate/ bank details;
   c) Consider dematerialisation of equity shares held by them;
   d) Approach the Company for consolidation of folios, if physical shareholdings are under multiple folios;
   e) Send to the Company duly filled in form for appointment of nominee for the Shares held. The prescribed format for appointment of nominee will be made available on request;
   f) To submit copies of their Permanent Account Number (PAN) Card alongwith share transfer request.
8. The documents referred to in the Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays, between 11:00 a.m. to 1:00 p.m. upto the date of Annual General Meeting.
9. Securities and Exchange Board of India (SEBI) vide its circular dated 21st March, 2013, has mandated that for making cash payment to the investors, Companies whose securities are listed on the stock exchanges shall use any RBI approved electronic mode of payment such as ECS, RECS, NECS, NEFT etc. The Companies and the Registrar and Share Transfer Agents are required to seek relevant bank details of shareholders from Depositories for making cash payment of dividends in electronic mode. It is also mandatory to print the bank details on the physical instrument if the payment is made in physical mode. Accordingly, shareholders are requested to provide/update or amend (as the case may be) their bank details with the respective Depository Participant for the shares held in demat mode and with the Registrar and Share Transfer Agent for physical shares.
10. The details required to be given in pursuance of Clause 49 of the listing agreement in case of directors being appointment re-appointed are as under:

Name of Director	Mr. Shahid Ahmad Mirza	Mr. Tauseef Ahmad Mirza	Mr. Q.N. Salam
Age	56 years	44 years	68 years
Qualification	Diploma in Leather Goods Technology U.K	Diploma in Shoe Technolgy London	Senior Advocate
Date of Appointment	6th September 1979	6th September, 1989	8th July, 1994
Expertise	Leather Technologist having rich & vast hands on experience of more than three decades in the leather goods and overall in-charge of Shoe Division of the Unit I of the Company.	Leather and Shoe Technologist having good experience in his line of business. Looking after core operations of the Company including manufacturing/marketing of high quality Shoes.	Having rich & varied experience of around 44 years in the Legal Profession.
Other Directorships	Emgee Projects Pvt. Ltd, Mirza Holdings Pvt. Ltd., Red Tape International LLP.,Achee Shoes LLP, Genesis Infraprojects Pvt. Ltd.Genesis River View Resorts LLP.	Emgee Projects Pvt. Ltd., Mirza Holdings Pvt. Ltd, Genesis Infraprojects Pvt. Ltd., Genesis River View Resorts LLP.	–
Chairman/ Membership of Committees	–	–	Share Transfer & Investors' Grievance Committee- Member, Remuneration Committee- Chairman.
Shareholding in the Company	4295750 Equity Shares of ₹ 2/- each.	6944000 Equity Shares of ₹ 2/-.	NIL

By Order of the Board
For MIRZA INTERNATIONAL LIMITED

(D.C. Pandey)
Vice-President (A/Cs) &
Company Secretary

Place : Kanpur
Date : 30th July, 2013

MIRZA INTERNATIONAL LIMITED

Registered Office : 14/6, Civil Lines, Kanpur - 208 001

34th ANNUAL GENERAL MEETING

ATTENDANCE SLIP

Master Folio:	DP ID** :
No. of Shares :	Client ID** :

I hereby record my presence at the 34th Annual General Meeting of the Company at Auditorium of Council for Leather Exports, HBTI Campus, Nawabganj, Kanpur on Saturday, 28th September, 2013

I am a shareholder of the Company*

I am a Proxy/Authorised Representative of the shareholder(s)*

My name is _____

(Surname) (First Name) (Second Name)

* Please strike off any one which is not applicable.

** Applicable for shareholders holding shares in electronic form.

Note : 1) Shareholder/Proxy wishing to attend the meeting must bring the Attendance Slip at the meeting and hand over the same at the entrance, duly signed.

2) No gifts would be given to Shareholders for attending the AGM, as per SEBI instructions.

TEAR HERE

MIRZA INTERNATIONAL LIMITED

Registered Office : 14/6, Civil Lines, Kanpur - 208 001

34th ANNUAL GENERAL MEETING

PROXY

I / We ..... of

..... in

the district of ..... being a member/members of MIRZA INTERNATIONAL LIMITED

hereby appoint ..... of .....

or failing him/her ..... as my/our proxy to attend and vote for me/us and on my/our behalf at the 34th Annual General Meeting to be held on Saturday, 28th September, 2013 at 1 P.M. or at any adjournment thereof.

Master Folio :	DP ID** :
No. of Shares :	Client ID** :

Affix a Re. 1/- Revenue Stamp

Signed this day of 2013.

.....
(Signature)

** Applicable for shareholders holding shares in electronic form.

Note: The Proxy must be deposited at the Registered Office of the Company at 14/6, Civil Lines, Kanpur not less than 48 hours before the time for holding the Meeting.

BOOK POST

Registered Office:
14/6, Civil Lines, Kanpur - 208 001

Corporate and Marketing Office:
A-7, Mohan Co-operative Industrial Estate,
Mathura Road, New Delhi - 110 044

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