



MIRZA INTERNATIONAL LIMITED

ANNUAL REPORT 2011-12



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



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. Yashveer 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

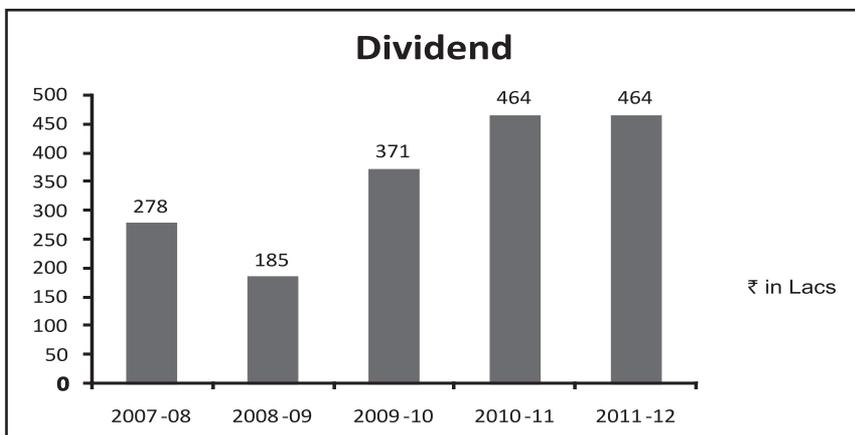
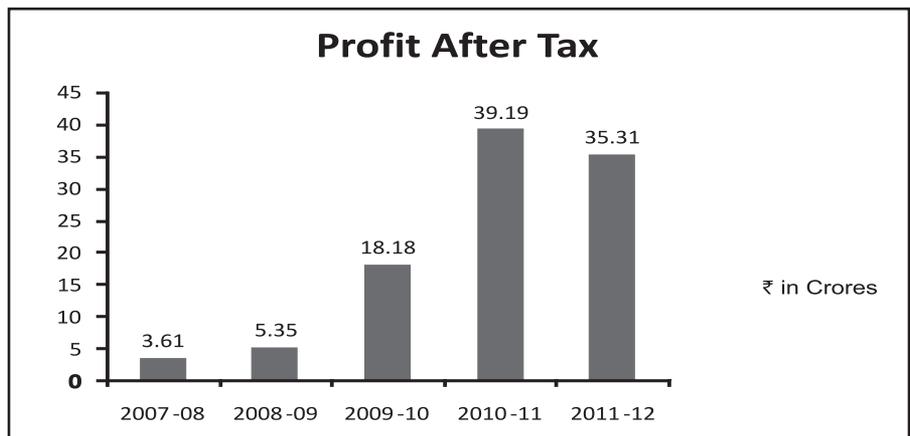
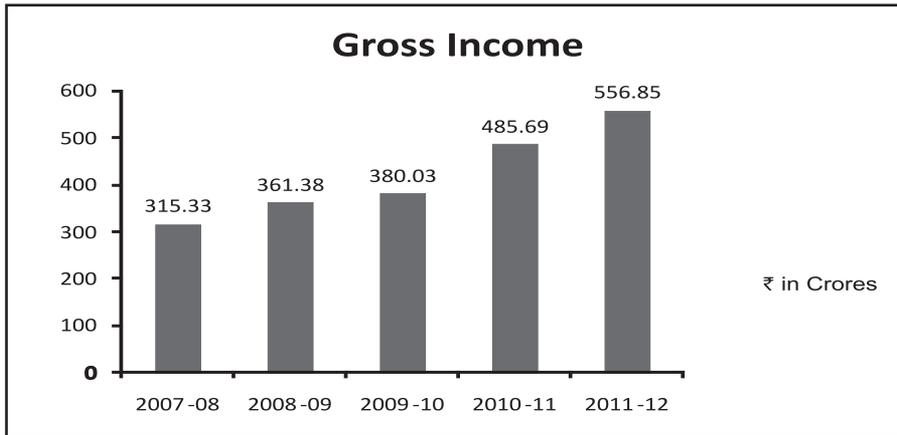
www.mirza.co.in

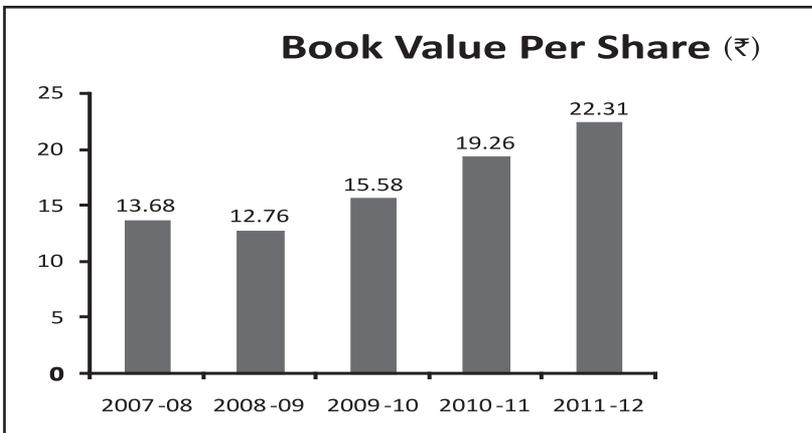
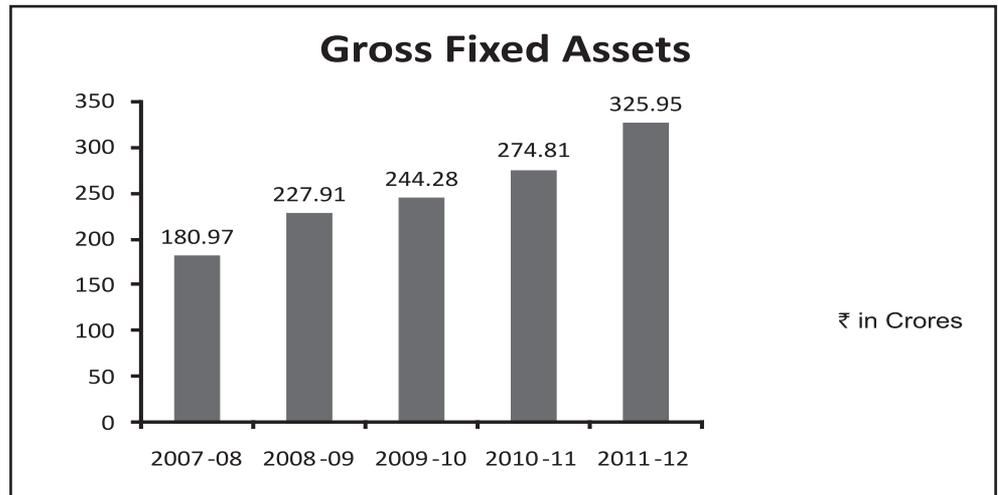
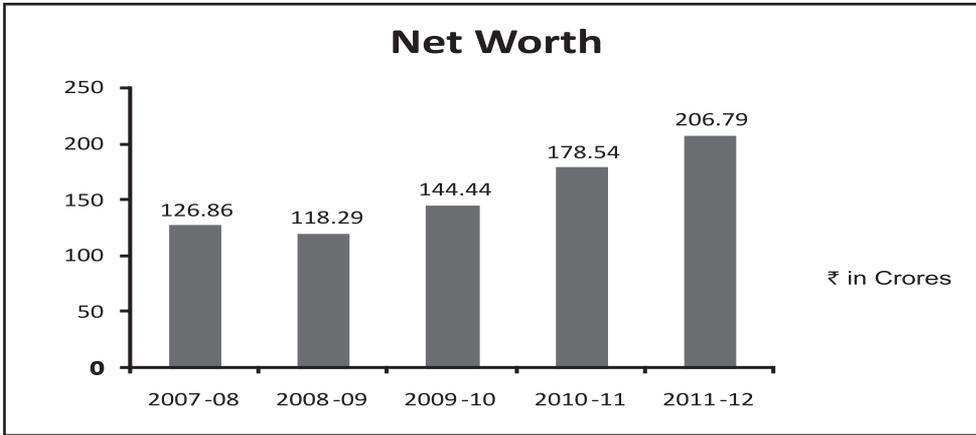
E-mail ID for Investors

dcpandey@redtapeindia.com



**CONSISTENT
PERFORMANCE**





AWARDS & CERTIFICATIONS

NAME OF AWARD	YEAR	PRESENTED BY
1. First Place in Leather Footwear (Above Rs. 100 Crores)	2010-11	Council for Leather Exports
2. Second Place in Overall Exports	2010-11	Council for Leather Exports
3. First Place in Leather Footwear (Above Rs. 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 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 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 Components 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



Chairman's Message



Mr. Irshad Mirza, Chairman

Dear Shareholders,

It gives me pleasure to place before you the Annual Report of Your Company for the financial year 2011-12.

It was a challenge to us to sustain growth both in business and profitability of the Company, in the back drop of global slowdown and its impact on Indian economy. I am sure, you will appreciate that your Company has done fairly well in both these important parameters during 2011-12. During the year, global demand experienced a slowdown due to the concerns in the European market and moderate recovery in the US economy. Growth also slowed down in emerging and developing economies, reflecting the combined impact of higher inflation, monetary tightening and slowdown in global growth.

After an impressive growth of 8.4% in the preceding two financial years, India's economic growth has seen a moderation in the financial year 2011-12 and estimated to grow at 6.9%. The moderated growth is largely due to the deceleration in Industrial performance. India's macro economic environment has been impacted by the concerns emerging from higher inflation, rising interest rates, fall in investments, higher fiscal and current account deficit, rising oil prices, depreciation in rupee, putting pressure on the growth of the economy.

As Mirza International Ltd. (MIL) completes its 33rd year, our footprints extends across all major developed market of the world. It is only because of our increasing customer base, earned for high quality products that we have crossed a remarkable turnover figure of Rs 500 Crores since incorporation. It is a happy moment for all our shareholders that your Company is constantly moving on growth track. But it is not an end instead more challenges being created alongwith oppurtunities. This is the first landmark in our journey and we have lot more other landmarks waiting to be achieved with the same enthusiasm and morale.

REDTAPE is indeed a very well entrenched and well respected brand in its category, not just among consumers but trade as well. Your Company is highly encouraged by the brand image, strength and leadership in the market and will continue its unrelenting endeavor to satisfy consumers with the best products in terms of style, design, comfort, fit and quality. In anticipation of growing demand, the Company has substantially expanded its installed production capacity. And with ongoing addition of new buildings, infrastructure and facilities, the installed capacity is scalable and can be ramped up with incremental machinery to meet the expected healthy growth in demand.

Last but not the least, I would like to thank all the shareholders of MIL for their continuous support and faith. I take this opportunity to express my gratitude to the Board of Directors for their policy creation, to Bankers for their support and also to our employees for their continuous hard work and looking forward to have this in future as well.

With best wishes,

Irshad Mirza

DIRECTORS' REPORT

Dear Shareholders,

The Directors of the Company hereby present the Thirty Third Annual Report together with Audited Accounts of the company for the year ended 31st March, 2012.

FINANCIAL RESULTS

The financial performance of the Company for the year ended March 31, 2012 is summarised below:

	(₹ in Crores)	
	2011-2012	2010-2011
Total Revenue	556.85	485.69
Earning before Finance Costs, Depreciation and Amortisation Expenses & Taxes	87.82	84.16
Less: Finance Costs	27.20	17.43
Depreciation & Amortisation Expenses	15.27	13.13
Add: Extra Ordinary Items- (Profit on sale of investment in Associate Company)	6.21	-
(Profit on sale of one unit)	-	3.89
Profit before Tax	51.56	57.49
Less: Provision for Taxes	16.25	18.30
Profit after Tax	35.31	39.19
Add: Balance in Profit & Loss A/c	91.12	61.34
	126.43	100.53
Less: Appropriations:		
Transfer to General Reserve	4.00	4.00
Proposed Dividend- Equity Shares	4.64	4.64
Dividend on Tax	0.75	0.77
Closing Balance	117.04	91.12
	126.43	100.53

PERFORMANCE OF THE COMPANY

FY 2011-12 was the challenging year for your Company as global economy in general, and Euro Zone in particular, witnessed lower economic growth coupled with rising inflation fueled by higher interest rates and higher oil prices. Company's margin were impacted due to higher cost of major input items like raw hide and chemicals and also on account of increased cost of finance. But despite such stringent external challenges, your Company performed reasonably well and the highlights of the performance are as under:

- The revenue from operations increased by 15% to ₹ 556.85 Crores.
- The EBITDA increased to ₹ 87.82 Crores as against ₹ 84.16 Crores in the last year.
- Export increased by 16% to ₹ 362.22 Crores.
- The revenue from Domestic Market increased by 22% to ₹ 145.02 Crores.
- The Profit before Tax decreased by 12 % to ₹ 51.56 Crores.
- The Cash Profit decreased by 5 % to ₹ 50.24 Crores.
- The Net Profit decreased by 11 % to ₹ 35.31 Crores.

DIVIDEND

Considering the shareholders aspirations and keeping in view the ongoing expansion plan of the Company, Directors have recommended a dividend of ₹ 0.50 (25%) per Equity Shares of ₹ 2/- each for the year ended 31st March, 2012. The said dividend, if approved, will absorb ₹ 5.39 Crores (including ₹ 0.75 Crores towards dividend tax).

EXPANSION PROGRAMME

As stated in our previous report, the plan to enhance the existing production capacities are at advanced stage of implementation. The production at newly set up ultra modern Shoe Unit of Greater Noida was started and capacities at other Shoe Unit are also being enhanced as planned. This will further augment the overall production volume and also efficiency levels to improve profitability.

DISINVESTMENT IN MIRZA (UK) LTD.

During the year 2011-12, the Company has disinvested its entire stake in Mirza (UK) Ltd. and earned net gain of ₹ 6.21 Crores.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments

In India, Leather Industry occupies a valuable place among all the industries of the economy. This sector is known for its high export earnings and generation of employment opportunities to about 2.5 million people of the country. The Government policies on leather and leather export products started changing from 1974 and priorities were given for export of value added goods. From the year 1991 onwards only finished leather were exported and export of raw or semi finished leather was banned. Many tanners started setting up factories for manufacturing leather products after 1991-92 like shoe uppers, shoes, garments and leather goods. Similarly many shoe and garment manufacturers began to seek backward linkage, by taking on lease or setting up tanneries. This is a unique development in India, a tanner becoming product maker and the product sector setting up tanneries or leasing out tanneries. At the same, as incentive to the exporters, the import duties on capital goods have been reduced. Until 2002, the leather sector was reserved for small scale sector and this may have prevented Foreign Direct Investment (FDI) in this sector. Today, the Indian Leather Industry is the second largest producer of footwear and leather garments in the world with growing domestic market for footwear and leather articles which shall lead to further growth and development of the sector.

Export of Leather and Leather products have registered a positive growth in rupee as well as in dollar terms. As per officially notified DGCI&S export data, export of leather and leather products for the first eleven month of 2011-12 i.e. April, 11-February, 12 touched US\$ 4508.21 mn as against the export of US\$ 3558.23 mn during the same period in previous year.

Opportunities, Threats, Risks & Concerns

Opportunities

Among the major producers of finished leather in the world, the Indian Leather Industry has a long tradition of supplying high quality leather for the global market. Indian tanning industry produces over 2 billion square feet of leather per annum. There has been emphasis by Government on its planned development,



aimed at optimum utilisation of available raw materials for maximising the returns, particularly from exports. The exports of leather and leather products gained momentum during the past two decades. The Industry has the tanning capacity to fulfill 10% of global leather requirements. Your Company is one of the fastest growing Company among the Leather Industry of India. Our brand REDTAPE has its recognition in major Countries of EU, USA etc. We further believe that there is lot of opportunities in Leather Industries thanks to the Foreign Trade Policy, of Govt. of India as inducting leather sector as a 'Focus Sector'. Further, growing fashion consciousness globally and growing international and domestic markets for leather products also enhances the business opportunities for this Industry. This is where the opportunities lies for us.

The Leather and Footwear Sector has been identified by the Government as one of the areas where India could be globally competitive. The Department of Industrial Policy & Promotion (DIPP), Government of India, as part of the Industrial Leather Development Programme (ILDPP) has notified Mega Cluster Development Scheme and has allocated an amount of Rs. 600 Crores to support the leather industry by establishing new Greenfield clusters at various parts of the country to create world class infrastructure and assist the entrepreneurs to set up units with modern infrastructure, latest technology. The Scheme would enhance the competitiveness by increased productivity and by higher unit value realizations. The Hon'ble Union Minister for Commerce, Industry and Textiles announced the Annual supplement 2012-13 to the Foreign Trade Policy 2009-14, incorporating a number of further incentives made available to Leather Industry and to reduce transaction cost to the exporters and augmenting foreign currency inflow to banks which in turn would facilitate their foreign currency loans to exporters.

Threats, risks & concerns

Apart from numerous opportunities for this sectors, there also lies challenges, risks & concerns. The performance of global competitors in leather and leather products indicates that there are at least 5 countries viz, China, Indonesia, Thailand, Vietnam and Brazil, which are more competitive than India. The weakening of the Eurozone is also a matter of concern for Export Industry though it had not adversely effected us yet. Fast Changing fashion trends are difficult to adapt for the Indian Leather Industry. The major international footwear brands have commenced operations in India realizing that Indian Market is likely to emerge as one of the largest market in the World in the next few decades. FDI approvals are being given in single/multi brand Retail operations. Besides above, the challenges on account of higher commodity prices, high inflation in general and rising interest rates are the factors of threat to Indian Players. The lingering recessionary trends in our traditional market of Europe threatens to significantly affect our export growth this year (2012-13) and hence, there is need to provide additional support to the industry immediately so as to cope-up with the challenging times ahead.

MIL is subject to risks arising from interest rate fluctuations. MIL borrows funds in the domestic market to meet the long-term and short-term funding requirements for its operations and funding its growth initiatives. A majority of the MIL's borrowings are floating rate debt and hence are exposed to upward movement in interest rates.

Changes in the rupee value in foreign exchange market may have a negative impact on MIL's operations and financial conditions. As such, exchange rate fluctuation is also a area of concern for us and we have to enter into forward contracts in order to hedge the risk associated with this market.

Segment wise Performance

The Company's business segment is primarily Shoe Division and Tannery Division. During the year under review, the Shoe Division revenue was Rs. 494.32 Crores and Tannery Division revenue was Rs. 144.24 Crores.

Outlook

Indian Economy is estimated to grow by 6.9 %. The GDP is expected to be about 7.6 % for the next financial year 2012-13. The slowdown in the rate of investments and the poor performance by the industrial sector were the major factors for the decline in the rate of GDP of the country. Inflation slowly marked in December 2011 and January 2012 after sustained inflationary pressures over the last two years. Food prices increase were pushing inflation initially, but core inflation has been the main component of overall inflation since September 2010. While food prices fell in December and January, core inflation still remained elevated. Monetary policy was tightened by the Reserve Bank of India (RBI) to control inflation and curb inflationary expectations. The growth rate of investment in the economy is estimated to have registered a significant decline during the current year. The year witnessed a sharp increase in interest rates that resulted in higher costs of borrowings, and other rising costs affecting profitability and, thereby, internal accruals that could be used to finance investment.

Internal Control System and Their Adequacy

The Company has proper internal control system as required by the norms of the Industry it belongs to and it consistently monitors them to have better management and control over the working and performance of the company. The Internal Audit of the same is duly conducted and reviewed by the Statutory Auditors and the Audit committee.

Risk Management

The Company's organisational structure has well defined Risk Management Policy. The Key Managerial Personnels are responsible to formulate, assess and review the key risk factors and accordingly generate the risk management policies for present and future performance.

Human Resources

The Company recognizes human resources as its strength and welfare of the work force is one of its key consideration to look upon. Various Human Resource Policies are framed and implemented for the development of the employees as well as the organisation. The Company has a staff strength of about 2611 employees consisting of persons well qualified and trained in their respective fields.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility has always been a priority for the Company. It works and always takes into consideration its social responsibilities. The Company has always contributed to the development of the socio-economic environment by conducting several camps, fares, rallies etc. One of the group company Azad Multispeciality Hospitals and Research Centre Limited is now a Company registered under Section 25 of the Companies Act 1956 which is specifically for the charitable and religious purposes. Mirza Foundation, a society registered for social and charitable welfare purposes is another part of the Company which contributes to the CSR by providing medical relief and provide vocational training to the poor and needy section of the Society.



As part of environment sustainability and compliance of the green initiative taken up by the Ministry of Corporate Affairs, the Company has started sending the annual report and other communications with the shareholders through electronic mode.

PUBLIC DEPOSITS

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

EXPORTS

During the year under review, the exports amounted to Rs 362.22 Crores as against Rs. 312.38 Crores in the previous year showing the growth of 16%.

DOMESTIC SALES

We are standing on the threshold of a retail revolution and witnessing a fast changing retail landscape. The Indian footwear market too is set to experience the phenomenal growth. There is a huge Domestic Demand for the footwear. It is all about India's '**Emerging Story**'- the Indian customer has aspiration for acquiring the 'Best Product' and this has fuelled the growth of consumption in India and it will continue to propel. The enlightened customer wants to buy good products, understand what comfort is, understands what quality is and has ability to pay for it. That is changing landscape of the Indian retail today.

MIL has entered and is successful in making a good position in the domestic Fashion Market. The Company is striving to meet the best standards for its product not only at national level but also in the International market. Company's brand '**REDTAPE**' has now acquired a remarkable place in minds of its customers. The Brand not only provides Footwear for men but has now developed a range of leather shoes for ladies, kids and citizens of various age groups. The Company has 70 retail outlets of **REDTAPE** and has planned to achieve a target of about 150 stores over a period of 3 years across India. The online store of the brand i.e. www.redtape.com are also getting a huge response from its customers.

DIRECTORATE

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Tasneef Ahmad Mirza, Mr. P.N. Kapoor, Mr. Sudhindra Jain, Directors of the Company, retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment and your directors recommended the same.

AUDITORS

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 being eligible offer themselves for re-appointment.

The Company has received letters from them to the effect that their reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for reappointment within the meaning of Section 226 of the said Act.

AUDITORS REPORT

Auditors in their Report have not made any adverse observation and hence does not call for any further comments.

COST AUDIT

As per the governments directives, the Company's cost records in respect of PVC/TPR Sole and Rubber Sole for the year ended 31st March, 2012 are being audited by Mr. A. K. Srivastava, Cost Accountant (M. No. 10467) who was appointed by the Board with the approval of the Central Government. Cost Audit Report for the F.Y. 2010-11 was filed on 26.09.2011. The Cost Audit Report for the F.Y. 2011-12 shall be filed within 180 days from the commencement of the F.Y. 2012-13.

PARTICULARS OF EMPLOYEES

A statement of Particular 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 Director's 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.

DIRECTORS' 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, 2012, applicable accounting standards had 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, 2012 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 unstinted support and the confidence they have placed in their ability to make MIL a great success.

For and on behalf of the Board

Place : Kanpur
Date : July 28, 2012

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 2011-12 have been :-

- 1) Energy efficient motors were provided in place of old one.
- 2) Saving of power cost by installing solar energy lighting system for entire boundary wall of Greater Noida Unit.
- 3) Old asbestos sheets of Tannery Units were replaced by Transparent Fibre Sheet thereby needs of electricity for lighting was eliminated.
- 4) Steam leak reduction- Steam Leakage Survey was carried out across the Factories. Identified source of leakages and arrested.
- 5) Use of Compact Fluorescent Lamps (CFL) in place of the conventional lighting to reduce power consumption .
- 6) Conservation of energy by using bricks made of fly ash in place of clay to get better insulation properties.
- 7) Replacement of old small sized Tanning Drums with highly energy efficient big size Tanning Drums.

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 company's 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 ₹ 362.22 Crores mainly on account of exports. The foreign exchange outgo was ₹ 4.74 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, 2012.

Name	Designation	Gross Remuneration (₹)	Qualification	Experience (Years)	Date of Commencement of Employment	Age (Years)	Particulars of Previous Employment
Mr. Rashid Ahmed Mirza	Managing Director	1,25,24,148	Diploma in Leather Technology, London	36	05.09.1979	56	Promoter
Mr. Shahid Ahmad Mirza	Whole-time Director	98,52,863	Diploma in Leather Goods Technology U.K.	33	06.09.1979	55	Promoter
Mr. Tauseef Ahmad Mirza	Whole-time Director	1,15,34,543	Diploma in Shoe Technology, London	23	06.09.1989	43	Promoter
Mr. Tasneef Ahmad Mirza	Whole-time Director	90,88,574	Degree in Leather Technology, London	15	01.01.1997	40	Promoter

Notes:

1. All appointments are on 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 : July 28, 2012

IRSHAD MIRZA
Chairman

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on Corporate Governance

Corporate Governance is all about follow up of ethical standards and fair transparency with the stakeholders including investors, customers, regulatory authorities and also with competitors. Mirza International Limited recognizes the need of the sustainable development and green environment alongwith satisfying the expectations of shareholders who contributed their hard earned money with us. Corporate Governance is always at the heart of Company's policies and it is always our endeavour to support and follow up the Government efforts for encouraging the e-Governance in Company's commercial activities. Company's management is always vigilant about the follow up of various government's laws and regulations including Companies Act, 1956, Income Tax Act, 1961, Central Excise and Custom Act etc. and also making transparent and fair disclosures to regulatory bodies like SEBI, Stock Exchanges etc. so as to inform shareholders and public about the corporate actions of the Company. Further, company also recognizes that Corporate Social Responsibility is the core area where we further needs to invest more in order to create the supportive environment for continuous and uninterrupted business operations.

In our move to support the Green Governance initiative, Company sent the Annual Reports in soft copy format to the shareholders who had registered their e-mail ids with us and consented to receive the copies of Annual Report in soft copy format. Further, support of shareholders are also required to carry out e-Governance process more effectively.

Our disclosures always seek to attain the best practices in Corporate Governance. We also endeavour to enhance long-term shareholder value and respect minority rights in all our business decisions.

2. Board of Directors:

In compliance of the listing agreement, the Board structure of Company 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, 2011, July 28, 2011, October 25, 2011 and February 06, 2012. 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 during the year and at the last Annual General Meeting, as also number of Directorships and Committee Memberships/ Chairmanships as on 31st March, 2012 are as follows:

Name of Directors	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	3	Y	3	-	1
2. Mr. Rashid A. Mirza	Managing Director/Promoter	4	1	N	4	-	-
3. Mr. Shahid A. Mirza	Executive Director/Promoter	4	3	Y	-	-	-
4. Mr. Tauseef A. Mirza	Executive Director/Promoter	4	2	N	-	-	-
5. Mr. Tasneef A. Mirza	Executive Director/Promoter	4	3	Y	2	-	1
6. Mr. N.P. Upadhyay	Executive Director	4	3	N	-	-	-
7. Mr. Q.N. Salam	Non-Executive/Independent Director	4	4	Y	-	1	1
8. Mr. Islamul Haq	Non-Executive/Independent Director	4	3	N	1	-	-
9. Mr. P.N. Kapoor	Non-Executive/Independent Director	4	3	Y	-	1	1
10. Dr. Yashveer Singh	Non-Executive/Independent Director	4	3	Y	-	-	-
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	1

Notes:

- 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.
- No. of equity shares held by non-executive directors as on 31st March, 2012 are : Mr. Subhash Sapra- 1000; Mr. P.N. Kapoor - Nil; Mr. Islamul Haq - Nil; Mr. Sudhindra Jain - Nil; Mr. Q.N. Salam - Nil; Dr. Yashveer Singh - 1000.
- For the purpose of the above, directorship in other public limited Companies 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. Tasneef Ahmad Mirza, Mr. P.N. Kapoor and Mr. Sudhindra Jain, 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.

Further, brief resume of Dr. Yashveer Singh is also separately annexed and forms part of the report with respect to his nomination for regularisation in the proposed Annual General Meeting.

3. Committees of the Board:

A. Audit Committee

During the year, four meetings of the Committee were held on May 28, 2011, July 28, 2011, October 25, 2011 and February 06, 2012.

The Composition of the Committee as on 31st March, 2012 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	3
Mr. Subhash Sapra, Member	Independent, Non-Executive	B.Tech in Mechanical Engineering	3
Mr. Irshad Mirza	Executive	B.Sc., Leather Technologist	3

The Composition of the Committee 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 shareholder / investor's grievances. The Committee met 4 times during the year. The constitution and functioning of the Committee is given below:

Name of Members	Nature of Directorship in the Company	Total meetings held during the tenure of the member	Meetings attended
Mr. P.N. Kapoor (Chairman)	Independent	4	3
Mr. Sudhindra Jain	Independent	4	4
Mr. Tasneef A. Mirza	Executive	4	3
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 57 complaints all of which were resolved to the satisfaction of the shareholders. Further, 98.91% of the equity shares of the Company are held in dematerialised form & the handling of physical shares is minimal

C. Remuneration Committee :

The Remuneration Committee comprising of Independent Directors, recommends 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, 2011 and October 25, 2011. 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, 2012 is Rs. 2,00,000 detailed as : 1) Mr. Q.N. Salam - Rs. 40,000/-; 2) Mr. P.N. Kapoor - Rs. 30,000/-; 3) Dr. Yashveer Singh - Rs. 30,000/-; 4) Mr. Subhash Sapra - Rs. 30,000/-; 5) Mr. Islamul Haq - Rs. 30,000/-; 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	8,68,943
Mr. Rashid Ahmed Mirza	Managing Director	1,20,00,000	5,24,149
Mr. Shahid Ahmad Mirza	Whole-time Director	97,50,000	1,02,863
Mr. Tauseef Ahmad Mirza	Whole-time Director	1,12,50,000	2,84,544
Mr. Tasneef Ahmad Mirza	Whole-time Director	90,00,000	88,575
Mr. N.P Upadhyay	Whole-time Director	25,50,000	62,098

*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
2008-09	26.09.2009	Annual General Meeting	Auditorium of Council for Leather Exports, Nawabganj, HBTI Campus, Kanpur	1:00 P.M
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	Auditorium of Council for Leather Exports, Nawabganj, HBTI Campus, Kanpur	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
26 th September, 2009	No business requiring Special Resolution was transacted at the AGM.
29 th September, 2010	Appointment of Mr. Faraz Mirza as Vice-President (Production) under section 314 of Companies Act, 1956.
08 th September, 2011	<ul style="list-style-type: none"> • Re-appointment of Mr. Irshad Mirza as Executive Chairman of the Company for the period of 3 years w.e.f. 01.10.2011. • Re-appointment 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 3 years 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



Details of Resolution Passed Through Postal Ballot Process:

There was no resolution passed through postal ballot during the past financial year.

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 32 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 : 29th, September, 2012 (Saturday)
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, 2012
Second Quarter Results : Fourth week of October, 2012
Third Quarter Results : Fourth week of January, 2013
Results for the quarter/year ending on March 31st, 2013 : Fourth week of May, 2013
- Book Closure Date : From 20 September, 2012 to 29th September, 2012 (Both Days Inclusive)
- Dividend Payment Date : 3rd October, 2012; Dividend : 0.50 per share (25%)
- Listing of Equity Shares : Bombay Stock Exchange, Mumbai.
National Stock Exchange of India Ltd., Mumbai.
Uttar Pradesh 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 2012-2013 has been paid to all the above Stock Exchanges.

Market Price Data :

The closing market price of equity share on 31st March, 2012 (last trading day of the year) was Rs. 18.60 on NSE & Rs. 18.60 on BSE.

MONTH	National Stock Exchange			Bombay Stock Exchange		
	HIGH	LOW	TOTAL MONTHLY VOLUME OF SHARES	HIGH	LOW	TOTAL MONTHLY VOLUME OF SHARES
April' 11	26.15	21.90	3064600	26.10	22.20	1824023
May' 11	24.80	20.95	2128114	24.85	21.05	1303473
June' 11	24.10	21.00	2377773	24.20	20.40	1219193
July' 11	23.90	21.30	2498569	23.85	21.50	1143953
August.' 11	21.95	16.20	1197580	22.00	16.00	828987
September' 11	21.85	17.05	3806263	21.80	17.10	2045398
October' 11	21.70	18.50	1559585	21.00	18.10	742953
November' 11	20.70	16.20	1654730	20.80	16.25	775846
December' 11	18.75	16.00	1595004	17.95	16.00	702630
January' 12	21.20	16.85	2778546	21.20	16.80	1683241
February' 12	25.65	18.75	5199402	23.50	18.70	2907951
March' 12	21.20	16.80	1795281	21.15	17.75	936168



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 28th May, 2012 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, 2012

Category	Number of shares	Percentage of shares
1. Promoters Holding		
a) Indian Promoters	59950981	64.67
b) Foreign Promoters	1205000	1.30
Sub Total	61155981	65.97
2. Non Promoters Holding		
a) Mutual Funds & UTI	5500	0.01
b) Banks, FIs, Insurance Cos	39060	0.04
c) FII's	0	0
Sub Total	44560	0.05
3. Others		
a) Private Corporate Bodies	3739639	4.03
b) Individual/ HUF	27128496	29.26
c) NRI's / OCBs	552389	0.60
d) Clearing Members / Trust	84935	0.09
Sub Total	31505459	33.98
GRAND TOTAL	92706000	100.00

Note:- 1757389 equity shares, being held by Foreign Promoters / FIIs / NRIs / OCBs / Foreign collaborators and Foreign Nationals representing 1.90 % of share capital.

Distribution Schedule as on 31st March, 2012:

Category		Shareholders		Nominal Value	
From	To	Number	% of cases	Amount (₹)	Amount %
1	5000	25510	94.07	24817496	13.39
5001	10000	915	3.37	7040946	3.81
10001	20000	370	1.36	5525340	2.98
20001	30000	111	0.41	2816994	1.52
30001	40000	53	0.20	1910688	1.03
40001	50000	22	0.08	982954	0.53
50001	100000	61	0.22	4411990	2.38
100001 & Above		76	0.28	137905592	74.38
Total		27118	100.00	185412000	100.00

12. Share Transfer System:

Your company is providing facility 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 and 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, 2012, a total of 9,16,95,133 out of a total 9,27,06,000 equity shares of the company constituting 98.91 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. K Sreedharamurthy, Manager. Ph. No. 040-23420815-28, Email id.: sreedharamurthy@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 in 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 Practising Company Secretary Ms. Savita Jyoti 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-201 308

18. Unpaid Dividend:

Pursuant to Section 205C of the Companies Act, 1956, the company had transferred unpaid interim and unpaid final dividend for the year 2003-04 and unpaid interim dividend for the year 2004-05 respectively 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 2011-12.

Place : Kanpur

RASHID AHMED MIRZA

Date : May 28, 2012

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 2012, 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 state that no investor grievance is pending for a period exceeding one month as per the records maintained by the Share Transfer and investor grievance committee.

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

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

Place: Kanpur
Date : May 28, 2012

ANAND SAXENA
Partner
M. No. 075801

AUDITORS' REPORT

To the Members of Mirza International Limited

1. We have audited the attached Balance Sheet of **MIRZA INTERNATIONAL LIMITED** as at March 31, 2012 and also the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003, as amended, issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, 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 Accounts as required by law, have been kept by the Company, so far it appears from the examination of the said books.

- (c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- (d) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- (e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act., 1956 as on 31st March, 2012
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - ii) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

ANAND SAXENA
Partner
M.No. 075801

Place : Kanpur
Date : May 28th, 2012

Annexure to the Auditors' Report

Referred to in paragraph 3 of our report of even date,

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge, belief and opinion we state that:

- (i) (a) The Company has maintained proper books / records to show full particulars including quantitative details and situations of its fixed assets.
- (b) 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) Inventory has been physically verified by the management. In our opinion, frequency of verification is reasonable.
- (b) 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) The Company is maintaining proper records of inventory. As explained to us, the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) (a) The Company has neither granted nor taken any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the companies Act, 1956. Consequently, paragraph 4 (iii) (a), (b), (c), (d), (e), (f), (g) of the Companies (Auditor's Report) Order 2003 are not applicable.

- (iv) There are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- (v) (a) The particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 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) Company has not accepted any Public deposits during the year. Therefore the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
- (vii) The Company has an internal audit system commensurate with the size and nature of its business.
- (viii) 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) The Company is generally regular in depositing undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, Service Tax, custom duty and cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) No undisputed amounts payable in respect of provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess were in arrears, as at 31st March 2012 for a period of more than six months from the date they became payable.
- (c) There is no amount in respect of provident fund, investor education protection fund, employees' state insurance, income Tax, sales Tax, wealth Tax, service tax, Custom Duty Excise Duty and cess, which have not been deposited on account of any dispute. However in case of sales tax and income tax, demands aggregating ₹ 669.65 lacs have not been deposited on account of disputes as detailed below:

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) The Company has not defaulted in repayment of dues to financial institution, bank or debenture holders.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintain under section 301 of the Act, during the year.
- (xix) The Company has not issued any debentures during the year. Therefore provisions of Clause 4(xix) of the order are not applicable to the Company.
- (xx) The Company has not raised any money from the public during the year under audit.
- (xxi) In our opinion and according to the information and explanation given to us, no material fraud on or by the Company has been noticed are reported during the year.

For Khamesra Bhatia & Mehrotra
Chartered Accountants
(Registration No. 001410C)

ANAND SAXENA
Partner
M.No. 075801

Place : Kanpur
Date : May 28, 2012

Related to	Authority where Case is pending	Financial Year	Disputed Amount (in Lacs)
EntryTax/ Trade Tax	Hon'ble Allahabad High Court	1999-2000, 2000-01, 2003-04, 2004-05 2005-6, 2006-07	40.90
Commercial/ Trade Tax	Hon'ble Allahabad High Court	2007-08	24.55
Income Tax	Income Tax Appellate Tribunal, Tribunal	2007-08 relevant to A Y 2008-09	604.20
Total			669.65

BALANCE SHEET AS AT 31ST MARCH

	Note No.	2012	(₹ in Lacs) 2011
I EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	1	1854	1854
(b) Reserves and surplus	2	18825	16001
2 Non-current liabilities			
(a) Long-term borrowings	3	4586	3517
(b) Deferred tax liabilities (Net)	4	1830	1740
(c) Other Long term liabilities	5	173	112
(d) Long-term provisions	6	434	384
3 Current liabilities			
(a) Short-term borrowings	7	10240	8394
(b) Trade payables	8	3444	3022
(c) Other current liabilities	9	3775	2410
(d) Short-term provisions	10	715	681
TOTAL		<u>45876</u>	<u>38115</u>
II. ASSETS			
Non-current assets			
1 (a) Fixed assets	11		
(i) Tangible assets		22477	18778
(ii) Capital work-in-progress		1652	1584
(b) Non-current investments	12	70	100
(c) Long-term loans and advances	13	633	422
2 Current assets			
(a) Inventories	14	12744	10472
(b) Trade receivables	15	3696	3122
(c) Cash and cash equivalents	16	1197	480
(d) Short-term loans and advances	17	455	314
(e) Other current assets	18	2952	2843
TOTAL		<u>45876</u>	<u>38115</u>
Notes on Financial Statements	1-36		
Significant Accounting Policies	37		

The Notes referred to above form an integral part of the accounts.
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

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
TAUSEEF AHMAD MIRZA
ISLAMUL HAQ
SUDHINDRA JAIN

} Directors

Place : Kanpur
Date : May 28, 2012

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH

	Note No.	2012	2011
(₹ in Lacs)			
I. Revenue from operations	19	55653	48444
II. Other income	20	32	125
III. Total Revenue (I + II)		55685	48569
IV. Expenses:			
Cost of materials consumed	21	21391	17654
Purchases of Stock-in-Trade		13241	11984
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	22	(1813)	(1684)
Employee benefits expense	23	2884	2489
Finance costs	24	2720	1743
Depreciation and amortization expense	25	1527	1313
Other expenses	26	11200	9643
Total Expenses		51150	43142
V. Profit before Prior Period and Extraordinary items and tax (III-IV)		4535	5427
VI. Prior Year Adjustment - Depreciation		-	(67)
VII. Profit before extraordinary items and tax (V - VI)		4535	5360
VIII. Extraordinary Items - Profit on Sale of Investment in Associate Co.		621	-
Profit on sale of Fixed Assets		-	389
IX. Profit before tax (VII- VIII)		5156	5749
X Tax expense:			
(1) Current tax		1536	1819
(2) Deferred tax		89	11
XI Profit for the period (IX - X)		3531	3919
XII Earnings per equity share: (₹ per share)	27	3.81	4.23
(Basic & Diluted)			
Notes on Financial Statements	1-36		
Significant Accounting Policies	37		

The Notes referred to above form an integral part of the accounts.
This is the Profit & Loss Statement 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 28, 2012

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

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ISLAMUL HAQ
SUDHINDRA JAIN

} Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH

	2012	2011
		(₹ in Lacs)
(A) CASH FROM OPERATING ACTIVITIES		
Net Profit before Tax & Extra-ordinary Items	4535	5427
Adjustment For		
Add :		
Loss on sale of Fixed Assets	46	75
Depreciation	1527	1296
Interest	2720	1743
	<u>4292</u>	<u>3114</u>
Less :		
Interest Income	12	107
Dividend Received	0	5
Income from Govt. Grant	13	9
Operating Profit before Working Capital Changes	<u>8802</u>	<u>8420</u>
Adjustment For		
Trade & other Receivables	(574)	115
Inventory	(2273)	(2554)
Trade Payables	286	(41)
Others	195	(283)
Cash Generated from Operations	<u>6436</u>	<u>5657</u>
Direct Taxes Paid	(1440)	(2045)
Cash flow before extra ordinary items	<u>4996</u>	<u>3612</u>
Net Cash from Operating Activity	4996	3612
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(5385)	(4548)
Sale of Fixed Assets	99	631
Purchase of Investment	(35)	(10)
Sale of Investment	664	-
Interest Received	12	107
Dividend Income	0	5
Government Grant Received	38	-
Net Cash used in Investing Activities	<u>(4607)</u>	<u>(3815)</u>
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Paid	(475)	(373)
Dividend Tax Paid	(77)	(62)
Borrowing from bank	1904	1804
Proceeds from Term Loan	3100	2000
Repayment of Term Loan	(1125)	(1122)
Interest paid	(3000)	(1743)
Net cash used in financing activities	<u>327</u>	<u>505</u>
Net Increase in Cash & Equivalents	717	301
Cash & Equivalent as on 01.04.2011 (Opening Balance)	480	179
Cash & Equivalent as on 31.03.2012 (Closing Balance)	1197	480

Notes on Financial Statements Note No. 1-36 Significant Accounting Policies Note 37

This is the cash flow statement 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
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ISLAMUL HAQ
SUDHINDRA JAIN

} Directors

Place : Kanpur
Date : 28.05.2012

Note 1 : SHARE CAPITAL

	As at 31 March 2012		As at 31 March 2011	
	Number	₹ in Lacs	Number	₹ in Lacs
Authorised				
Equity Shares of Rs. 2/- each	225000000	4500	225000000	4500
	<u>225000000</u>	<u>4500</u>	<u>225000000</u>	<u>4500</u>
Issued, Subscribed & Paid Up :				
Equity Shares of Rs. 2/- each fully paid up	92706000	1854	92706000	1854
Total	<u>92706000</u>	<u>1854</u>	<u>92706000</u>	<u>1854</u>

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		Preference Shares	
	Number	₹ in Lacs	Number	₹ in Lacs
Shares outstanding at the beginning of the year	92706000	1854	-	-
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
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 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
IRSHAD MIRZA	7193541	7.76%	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%	7268850	7.84%

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

Particulars	Year (Aggregate No. of Shares)				
	2011-12	2010-11	2009-10	2008-09	2007-08
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Fully paid up by way of bonus shares	-	-	-	-	-
Shares bought back	-	-	-	-	-

Note 1.4: Details of Calls Unpaid

	₹ in Lacs	
	2012	2011
By Directors	-	-
By Officers	-	-
By Others	-	-

Note 1.5:

Particulars	As at 31 March 2012		As at 31 March 2011	
	₹ in Lacs	Per share ₹	₹ in Lacs	Per share ₹
Dividend proposed to be distributed to equity shareholders	464	0.50	464	0.50

(₹ in Lacs)

Note 2 : RESERVES & SURPLUS

	As at 31 March 2012	As at 31 March 2011
a. Securities Premium Account		
Opening Balance	5	5
Closing Balance	<u>5</u>	<u>5</u>
b. IDLS Fund		
Opening Balance	232	91
(+) Acrued during the year	-	150
(-) Transferred to Statement of Profit & Loss	<u>(13)</u>	<u>(9)</u>
Closing Balance	<u>219</u>	<u>232</u>
c. Foreign Currency Translation Reserve		
Opening Balance	25	25
(-) Written Back in Current Year	<u>(25)</u>	-
Closing Balance	<u>-</u>	<u>25</u>
d. Hedging Reserve		
Opening Balance	(98)	11
(-) Additions	<u>(130)</u>	<u>(109)</u>
Closing Balance	<u>(228)</u>	<u>(98)</u>
e. General Reserve		
Opening Balance	6725	6325
(+) Additions	<u>400</u>	<u>400</u>
Closing Balance	<u>7125</u>	<u>6725</u>
f. Surplus		
Opening balance	9112	6134
(+) Net Profit for the current year	3531	3919
(-) Proposed Dividend	464	464
(-) Tax on Dividend	75	77
(-) Transfer to General Reserve	<u>400</u>	<u>400</u>
Closing Balance	<u>11704</u>	<u>9112</u>
Total	<u><u>18825</u></u>	<u><u>16001</u></u>

Note 3 : LONG TERM BORROWINGS

(₹ in Lacs)

	As at 31 March 2012		As at 31 March 2011	
	Non-Current	Current	Non-Current	Current
Term Loans				
Secured				
From Bank*	4538	2108	3475	1165
From Bank (Auto Loan)#	9	33	42	34
From others (Auto Loan)#	<u>39</u>	<u>22</u>	-	-
Total	<u><u>4586</u></u>	<u><u>2163</u></u>	<u><u>3517</u></u>	<u><u>1199</u></u>

* 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 and Unit No.6 at Plot No.1A Sector Ecotech-1, Greater Noida Industrial Area, Gautam Budh Nagar, U.P. These are guaranteed by Directors (Total Guarantee provided by directors are of ₹ 338.75 crores).

Secured against the assets purchased under the arrangements.

Maturity Profile Current Year :

Term Loans from Banks	1-2 years	2-3 years	3-4 years
Secured			
Term Loan	1250	2250	1038
Auto Loan	<u>9</u>	<u>-</u>	<u>-</u>
Total	<u><u>1259</u></u>	<u><u>2250</u></u>	<u><u>1038</u></u>
Term Loans from Others			
Secured			
Auto Loan	<u>24</u>	<u>15</u>	<u>-</u>
Total	<u><u>24</u></u>	<u><u>15</u></u>	<u><u>-</u></u>

Note 4 : DEFERRED TAX LIABILITIES

(₹ in Lacs)

	As at 31 March 2012	As at 31 March 2011
A. Liabilities:		
Depreciation	1997	1890
B. Assets:		
Expenses allowable for Tax when Paid	167	150
Total (A - B)	<u>1830</u>	<u>1740</u>

Note 5 : OTHER LONG TERM LIABILITIES

(₹ in Lacs)

	As at 31 March 2012	As at 31 March 2011
Deposits (Security Deposit From Franchises)	173	112
Total	<u>173</u>	<u>112</u>

Note 6 : LONG TERM PROVISIONS

(₹ in Lacs)

	As at 31 March 2012	As at 31 March 2011
Provision for employee benefits		
Gratuity (unfunded)	434	384
Total	<u>434</u>	<u>384</u>

Note 7 : SHORT TERM BORROWINGS

(₹ in Lacs)

	As at 31 March 2012	As at 31 March 2011
Secured*		
Loans repayable on demand		
From banks	10,240	8,394
Total	<u>10,240</u>	<u>8,394</u>

* 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 338.75 crores)

Note 8 : TRADE PAYABLE

(₹ in Lacs)

	As at 31 March 2012	As at 31 March 2011
Micro, Small and Medium Enterprises *	-	-
Others	3444	3022
Total	<u>3444</u>	<u>3022</u>

* 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 2012, to any Micro, Small & Medium Enterprises. This information is based on data available with the Company. The details of amounts outstanding to Micro, Small and Medium Enterprises are based on information available with the Company

	As at 31 March 2012	As at 31 March 2011
Particulars		
Principal amount due and remaining unpaid	-	-
Interest due on above and the unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable in succeeding years	-	-
Total	<u>-</u>	<u>-</u>

Note 9 : OTHER CURRENT LIABILITIES

	As at 31 March 2012	(₹ in Lacs) As at 31 March 2011
(a) Current maturities of long-term debt (Refer Note No. 3)		
Term Loans from banks	2070	1159
Term Loans from Others	22	-
(b) Interest accrued and due on borrowings	71	40
(c) Unpaid dividends*	24	35
(d) Other payables		
Commission Payable	38	33
Outstanding Liabilities #	72	64
Salary Payable	196	106
Bonus Payable	147	141
Unpaid Commission on Foreign Sales	432	514
Duties & Taxes	247	90
Notional dues to bankers on account of outstanding	229	98
Installment payable (Land at Unnao, U-5)	-	27
Guarantee Commission payable	196	12
Sundry Debtors (Advance Received From Customers)	31	91
Total	3775	2410

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

Outstanding Liabilities majorly include Employee Benefits payable of Rs.28 Lacs(Previous Year Rs. 20 Lacs) & Export Expenses payable Rs.12 Lacs (Previous Year Rs. 16 Lacs)

Note 10 : SHORT TERM PROVISIONS

	As at 31 March 2012	(₹ in Lacs) As at 31 March 2011
(a) Provision for employee benefits		
Gratuity (Unfunded)	44	42
(b) Others		
Proposed Dividend	464	464
Tax on Dividend	75	77
Excised Duty on Finished Goods	125	92
Audit Fees Payable	7	6
Total	715	681

Note 11 : FIXED ASSETS

Fixed Assets	GROSS BLOCK					ACCUMULATED DEPRECIATION				NET BLOCK		
	Balance as at 1st April 2011	Additions/ (Disposals)	Acquired through Business Combinations	Deductions/ Adjustments	Balance as at 31 March 2012	Balance as at 1st March 2011	Depreciation charge for the year	Adjustment due to revaluations	on disposals	Balance as at 31 March 2012	Balance as at 31 March 2012	Balance as at 31st March 2011
(a) Tangible Assets												
Land Freehold	739	-	-	(1)	738	-	-	-	-	-	738	739
Land Leasehold	2685	-	-	-	2685	92	34	-	-	126	2559	2593
Buildings	5340	2472	-	-	7812	1087	204	-	-	1291	6521	4253
Machinery	12961	2097	-	145	14913	4471	666	-	71	5066	9847	8490
Effluent Treatment Plant	62	30	-	-	92	32	3	-	-	35	57	30
Tools & Shoe Lasts	2182	306	-	37	2451	1207	384	-	12	1579	872	975
Furniture and Fixtures & Electrical Installation	1809	159	-	-	1968	790	118	-	-	908	1060	1019
Vehicles	772	205	-	75	902	185	79	-	29	235	667	587
Computers	931	103	-	-	1034	839	39	-	-	878	156	92
Total	27481	5372	-	256	32595	8703	1527	-	112	10118	22477	18778
(b) Capital Work In Progress											1652	1584

Note 12 : NON CURRENT INVESTMENTS

	As at 31 March 2012	As at 31 March 2011
		(₹in Lacs)
Trade Investments (Refer A below)		
Investment in Equity instruments	49	89
Other Investments (Refer B below)		
Other non-current investments	21	11
Total	70	100
		(₹in Lacs)
	As at 31 March 2012	As at 31 March 2011
Aggregate amount of quoted investments	1	1
Aggregate Market Value of Quoted Investments	2	2
Aggregate amount of unquoted investments	69	99

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
			2012	2011			2012	2011	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Investment in Equity Instruments									
	Equity Shares of GBP 100 each in Mirza UK Ltd.*	Associate	-	900	Unquoted	Fully paid	-	6530400	Yes
	Industrial Infrastructure Services (India) Ltd.	Others	240000	240000	Unquoted	Fully paid	2400000	2400000	Yes
	Kanpur Unnao Leather Cluster Development Co. Ltd.	Others	250000	-	Unquoted	Fully paid	2500000	-	Yes
Total							49,00,000	89,30,400	

* The Company has disinvested its entire stake of 900 Share comprising of 45% of the shareholding in Associate Co. Mirza (UK) Ltd. by participating in buy back of shares during the year for a total consideration of GBP 8,10,000 on 16/12/2011

B. 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
			2012	2011			2012	2011	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Other non-current investments									
	Shares of J.P. Associates Ltd.	Others	2000	2000	Quoted	Fully paid	27283	27283	Yes
	Shares of Sarup Tannery Ltd.	Others	500	500	Quoted	Fully paid	30900	30900	Yes
	Shares of Super House Ltd.	Others	150	150	Quoted	Fully paid	9425	9425	Yes
	Shares of Super Tannery Ltd.	Others	1000	1000	Quoted	Fully paid	6200	6200	Yes
	Azad Multi Speciality Hospital & Research Centre Limited (Sec.25 Co.)	Associate	200000	100000	Unquoted	Fully paid	2000000	1000000	Yes
Total							20,73,808	10,73,808	

Note 13 : LONG TERM LOANS AND ADVANCES

	As at 31 March 2012	As at 31 March 2011
		(₹in Lacs)
Unsecured, considered good		
a. Capital Advances		
Advance for Capital Goods	327	103
	<u>327</u>	<u>103</u>
b. Security Deposits		
Security Deposit - Rent	114	95
Security Deposit - Others	117	111
c. IDLS Subsidy Receivable	75	113
Total	633	422

Note 14 : INVENTORIES

Inventories *	As at 31 March 2012	As at 31 March 2011
		(₹ in Lacs)
a. Raw Materials and components	4047	3718
b. Work-in-progress	3284	2102
c. Finished goods	4760	4169
Goods-in transit	<u>45</u>	<u>5</u>
d. Stores and spares	283	222
e. Others		
Excise Duty on Finished Goods	125	92
Cenvat Credit Receivable	<u>200</u>	<u>164</u>
Total	<u>12744</u>	<u>10472</u>

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

Note 15 : TRADE RECEIVABLES

	As at 31 March 2012	As at 31 March 2011
		(₹ in Lacs)
Unsecured, considered good		
Trade receivables outstanding for a period less than six months from the date they are due for payment	3506	2882
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	<u>190</u>	<u>240</u>
Total	<u>3696</u>	<u>3122</u>

Trade Receivable stated above include debts due by:

Particulars	As at 31 March 2012	As at 31 March 2011
		(₹ in Lacs)
Firm in which director is a partner *	-	162
Private Company in which director is a member	360	-

* Either severally or jointly

Note 16 : CASH AND CASH EQUIVALENTS

	As at 31 March 2012	As at 31 March 2011
		(₹ in Lacs)
a. Balances with banks	1136	422
This includes:		
Earmarked Balances (Unpaid dividend accounts)	26	42
Margin money	600	-
Fixed Deposits	121	29
c. Cash in hand	<u>61</u>	<u>58</u>
Total	<u>1197</u>	<u>480</u>

Note 17 : SHORT-TERM LOANS AND ADVANCES

	As at 31 March 2012	As at 31 March 2011
		(₹ in Lacs)
Others(Unsecured, considered good)		
IDLS Subsidy Receivable	38	38
Duties & Taxes	14	16
Sundry Creditors (Advance to Supplier)	<u>403</u>	<u>260</u>
Total	<u>455</u>	<u>314</u>

Note 18 : OTHER CURRENT ASSETS

	As at 31 March 2012	(₹ in Lacs) As at 31 March 2011
Incentive Receivable (Export)	1010	754
Advance Income Tax (Net of Provision)	1000	1096
Duty Drawback Receivable	256	194
Prepaid Expenses	235	200
Vat Refundable	224	215
Focus Product Licence	25	300
Loans & Advances to Employees	67	46
Discount Receivable	63	-
D.E.P.B. Licence Receivable	29	22
Others*	43	16
Total	2952	2843

* The amount majorly includes Claims Receivable of ₹ 31 Lacs (Previous Year Nil)

Note 19 : REVENUE FROM OPERATIONS

Particulars	For the year ended 31 March 2012	(₹ in Lacs) For the year ended 31 March 2011
Sale of products	50759	43196
Other operating revenues#	4929	5284
Less:		
Excise duty	35	36
Total	55653	48444

#Other Operating Revenues majorly includes Revenue from export incentives.

Note 19.1 : EARNING IN FOREIGN EXCHANGE

Particulars	For the year ended 31 March 2012	(₹ in Lacs) For the year ended 31 March 2011
FOB value of exports	36222	31238

Note 20 : OTHER INCOME

Particulars	For the year ended 31 March 2012	(₹ in Lacs) For the year ended 31 March 2011
Interest Income	13	107
Dividend Income	-	5
Other non-operating income(net)	19	13
Total	32	125

Note 21 : COST OF MATERIALS CONSUMED

Particulars	For the year ended 31 March 2012	(₹ in Lacs) For the year ended 31 March 2011
Hides & Finished Leather	9216	6577
Chemicals	3814	3618
Others	8029	7150
Stores & Spares	332	309
Total	21391	17654

Note 21.1 : VALUE OF RAW MATERIAL CONSUMED

Particulars	For the year ended 31 March 2012		For the year ended 31 March 2011	
	%	₹ in Lacs	%	₹ in Lacs
Imported	25.27%	5406	29.35%	5182
Indigenous	74.73%	15985	70.65%	12472
Total		21391		17654

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

Particulars	(₹ in Lacs)	
	For the year ended 31 March 2012	For the year ended 31 March 2011
Raw Materials and Stock-in-Trade	4108	5158
Stores, Chemicals and Packing Materials	235	152
Capital Goods	1491	1319
Total	5834	6629

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

Particulars	(₹ in Lacs)	
	For the year ended 31 March 2012	For the year ended 31 March 2011
Inventories (at close)		
Finished Goods	4805	4174
Stock-in-Process	3284	2102
Inventories (at commencement)		
Finished Goods	4174	2458
Stock-in-Process	2102	2134
Total	(1813)	(1684)

Note 23 : EMPLOYEE BENEFIT EXPENSES

Particulars	(₹ in Lacs)	
	For the year ended 31 March 2012	For the year ended 31 March 2011
Salaries and Wages	2411	2057
Contribution to Provident and Other Funds	194	170
Gratuity to Employees	78	84
Staff Welfare Expenses	201	178
Total	2884	2489

Note 23.1 : Employee benefits

The Company is providing the following benefits to their employees :

- Gratuity
- Provident Fund
- Leave Encashment

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

Particulars	Gratuity (Unfunded) 31 March 2012	Gratuity (Unfunded) 31 March 2011
Discount	8.50%	8.25%
Rate of increase in compensation levels	5.00%	5.00%
Expected average remaining working lives of employees (years)	20.51	20.93

Net Asset/(liability) recognized in the Balance Sheet – 1 April 2011

Particulars	(₹ in Lacs)	
Funded Status		
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 Account
year ended**

	31st March 2012	31st March 2011 (₹ in Lacs)
A Components of employer expense		
1 Current Service Cost	36	32
2 Interest Cost	36	30
3 Expected return on plan assets	-	-
4 Curtailment cost/(credit)	-	-
5 Settlement cost/(credit)	-	-
6 Amortization of Past Service cost	-	-
7 Actuarial Losses/(Gains)	6	22
8 Total expense recognized in the Statement of Profit & Loss	<u>78</u>	<u>84</u>
B Actual Contribution and Benefits Payments for period ended		
1 Actual benefit payment	26	24
2 Actual Contributions	26	24

Net asset/(liability) recognized in balance sheet
Funded Status

	31st March 2012	31st March 2011 (₹ 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)
1 Net assets/(liability) recognized in balance sheet at beginning of period	(426)	(365)
2 Employer expense	78	84
3 Employer Contribution	(26)	(24)
4 Net asset/(Liability) recognized in balance sheet at end of the period	(479)	(426)

**Reconciliation of Defined Benefit Obligation and Fair Value of Assets Over
the year ending**
A Change in Defined Benefit Obligations

	31st March 2012	31st March 2011 (₹ in Lacs)
1 Present Value of DBO at beginning of Period	426	365
2 Current Service Cost	36	33
3 Interest Cost	36	30
4 Curtailment cost/(credit)	-	-
5 Settlement cost/(credit)	-	-
6 Employee contribution	-	-
7 Plan amendments	-	-
8 Acquisitions	-	-
9 Actuarial (gains)/losses	6	22
10 Benefits paid	(26)	(24)
11 Present Value of DBO at the end of period	479	426

B Change in Fair value of Assets

	31st March 2012	31st March 2011 (₹ in Lacs)
1 Plan assets at beginning of period	-	-
2 Actual return on plan assets	-	-
3 Actual Company contribution	26	24
4 Employee contribution	-	-
5 Benefits paid	(26)	(24)
6 Plan assets at the end of period	-	-

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

Note 24 : FINANCE COST

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011 (₹ in Lacs)
Interest & Bank Charges	2720	1743
Total	<u>2720</u>	<u>1743</u>

Note 25 : Depreciation and Amortisation Expenses

Particulars	(₹ in Lacs)	
	For the year ended 31 March 2012	For the year ended 31 March 2011
Depreciation Expenses	1493	1296
Leasehold Land Amortisation	34	17
Total	1527	1313

Note 26 : OTHER EXPENSES

Particulars	(₹ in Lacs)	
	For the year ended 31 March 2012	For the year ended 31 March 2011
Processing Charges	3759	3592
Commission	1799	1015
Freight and Transport	1403	1353
Power and Fuel	1330	1221
Advertising and Sales Promotion	708	564
Rent	366	252
Vehicle Running & Maintenance	349	283
Repair and Maintenance (other than building & machinery)	203	184
Travelling & Conveyance Expenses	187	179
Insurance	157	160
Security Expenses	152	111
Postage & Courier	146	122
Telephone & Telex	100	96
Legal & Professional Charges	98	121
Rates and Taxes, excluding taxes on income	93	68
Repairs to machinery	78	73
Repairs to buildings	76	79
Printing & Stationery	69	61
Donation and Subscription	57	12
Loss on Sale of Fixed Assets	46	75
Miscellaneous Expenses	17	16
Audit Fees	7	6
Total	11200	9643

Note 26.1 : EXPENDITURE IN FOREIGN CURRENCY

Particulars	(₹ in Lacs)	
	For the year ended 31 March 2012	For the year ended 31 March 2011
Commission on Export Sales	422	365
Foreign Travelling Expenses	47	32
Overseas Trade Fair Expenses	5	-
Total	474	397

Note 27 : EARNINGS PER SHARE (EPS)

Particulars	(₹ in Lacs)	
	For the year ended 31 March 2012	For the year ended 31 March 2011
(i) Net Profit after tax as per statement of Profit and Loss attributable to Equity Shareholders (₹ in crore)	3531	3919
(ii) Weighted Average number of equity shares used as denominator for calculating EPS	92706000	92706000
(iii) Basic and Diluted Earnings per share (₹)	3.81	4.23
(iv) Face Value per equity share (₹)	2	2



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

Particulars	2012	(₹ in Lacs) 2011
A BILLS DISCOUNTED	10614	10708
B IMPORT DUTY PAYBLE	103	293
In case of non-fulfillment of export obligation under EPCG Scheme(not yet due)		
C BANK GUARANANTEES/LETTER OF CREDITS	25	140
D Two cases of employees are pending at Industrial Tribunal II,Lucknow	Indeterminate	Indeterminate
One case of employee is pending at Labour Court,Noida		
E Deficiency in stamp duty demanded by state revenue authorities for purchase of land at Hapur. Out of this the Company has deposited Rs 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 pass fresh order for releasing Rs. 14.66 Lacs deposited by the Company. The case is now pending with Asst. Commissioner Stamps, Ghaziabad	15	15
F COUNTER GUARANTEE	339	232
Given by the Company to its directors against their guarantee given to bank		
G DEMANDS RAISED		
(I) ENTRY TAX,COMMERCIAL TAX DEPARTMENT	41	41
(II) INCOME TAX, ITAT LUCKNOW	604	644
(III) TRADE TAX,COMMERCIAL TAX DEPARTMENT	25	25
II. COMMITMENT		
A CAPITAL EXPENDITURE (Net of fund already deployed)	3506	686
B UNCLAIMED DIVIDEND	27	44

Note 29 : PAYMENTS TO THE AUDITOR AS

	For the year ended 31 March 2012	(₹ in Lacs) For the year ended 31 March 2011
a. For Audit Fee	7	6
b. For taxation matters	-	-
c. For Company law matters	-	-
d. For management services	-	-
e. For other services	-	-
f. For reimbursement of expenses	-	-
Total	<u>7</u>	<u>6</u>

Note 30 : SEGMENT REPORTING
SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2012

Information about Primary Business Segments

(₹ in Lacs)

	SHOE DIVISION	TANNERY DIVISION	UN- ALLOCATED	TOTAL
External	49432 (43169)	6224 (5247)	29 (153)	55685 (48569)
Inter - Segment	-	8200 (7141)	- -	8200 (7141)
Total Revenue	49432 (43169)	14424 (12388)	29 (153)	63885 (55710)
Result				
Segment Result (Profit before Interest & Tax)	9628 (8569)	164 (445)	29 (153)	9821 (9167)
Less: Interest Expenses	-	-	(2720) (1743)	(2720) (1743)
Unallocated Expenditure net of unallocated income	-	-	(2566) (1997)	(2566) (1997)
Extra ordinary item – Profit on Sale of Investment	-	-	621 (389)	621 (389)
Profit before Taxation	9628 (8569)	164 (445)	(4636) (3198)	5156 (5816)
Provision for Taxation	-	-	(1625) (1830)	(1625) (1830)
Net Profit	9628 (8569)	164 (445)	(6261) (5028)	3531 (3986)
Other Information				
Segment Assets	30701 (27678)	12288 (8402)	2887 (2034)	45876 (38115)
Segment Liabilities	15295 (14260)	7970 (4259)	1932 (1741)	25197 (20260)
Capital Expenditure	4427 (2434)	666 (903)	279 (315)	5372 (3652)
Depreciation	1241 (1054)	179 (151)	107 (108)	1527 1313

Information about Secondary Business Segments

(₹ in Lacs)

Revenue by Geographical Market	WITHIN INDIA	OUTSIDE INDIA*	TOTAL
External	14258 (11668)	41427 (36900)	55685 (48569)
Inter Segment	-	-	-
Total	14258 (11668)	41427 36900	55685 48569
Carrying amount of segment assets	45876 (38115)	-	45876 (38115)
Additions to Fixed Assets	5372 (3652)	-	5372 (3652)

* 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

Particulars	(₹ in Lacs)	
	For the year ended 31 March 2012	For the year ended 31 March 2011
No. of Non Resident Shareholders	-	-
Number of Equity Shares held by them	-	-
Amount of Dividend Paid (Gross)	-	-
Tax Deducted at Source	-	-
Year to which Dividend relates	-	-

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		2012	2012	2011	2011
1	Purchase				
	Mayfair Leather Export Ltd.	267	6 Cr.	1683	15 Cr.
	Genesis International U-I	1606	133 Cr.	2003	-
	Genesis International U-II	3051	127 Cr.	1898	-
	Euro Footwear Ltd.	6988	335 Cr.	5039	233 Cr.
	Gemini Products Ltd.	320	5 Cr.	248	12 Cr.
	Shoemac Leather Tech Eng. Ltd.	78	-	92	3 Cr.
	Mirza UK Ltd.	268	82 Cr.	523	-
2	Jobwork Paid				
	Mars International	150	12 Dr.	170	9 Cr.
3	Rent & Maintenance charges Paid				
	Mrs. Jamil Ara Begum	7	2 Cr.	5	-
	Mrs Sabiha Hussain	3	-	3	-
	Mr. Irshad Mirza	6	9 Cr.	6	-
4	Sales				
	Euro Footwear Ltd.	2186	-	1931	-
	Mirza (UK) Ltd.	19852	360 Dr.	19364	71 Cr.
	Genesis International – I	189	-	193	6 Dr.
	Genesis International – II	832	-	946	156 Dr.
	Mayfair Leather Export Ltd.	6	-	478	-
5	Jobwork Received				
	Euro Footwear Ltd.	16	-	26	-
6	Guarantee Commission				
	Mr. Irshad Mirza	67	9 Cr.	58	12 Cr.
	Mr. Rashid Ahmed Mirza	67	47 Cr.	-	-
	Mr. Shahid Ahmed Mirza	67	47 Cr.	-	-
	Mr. Tauseef Ahmed Mirza	67	47 Cr.	-	-
	Mr. Tasneef Ahmed Mirza	67	45 Cr.	-	-
7	Salaries				
	Shuja Mirza	42	6 Cr.	36	-
	Faraz Mirza	20	7 Cr.	4	-
	Ramsha Mirza	2	-	-	-
8	Managerial Remuneration	465	71 Cr.	374	-
9	Sitting Fee	2	-	2	-
10	Rent Received				
	Shoemac Engineering Ltd.	1	-	4	2 Dr.
11	Sale of Investment				
	Mirza UK Ltd.	664	-	-	-
12	Purchase of Investment				
	Azad Multispeciality Hospital	10	20	-	-

Note 33 :

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

Particulars	(₹ in Lacs)	
	31 March 2012	31 March 2011
Salary	446	360
Perquisites	19	14
Sitting Fees	2	2
Guarantee Commission	336	58
Total	803	434

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, 2012 .
- B** There was outstanding Income Tax demand of ₹ 581.85 lakhs pertaining to various assessment years, which arose due to Direct Taxes (Amendment) Act. 2005. Appeals of the cases related to Assessment year 1999-2000, 2002-03, 2003-04 & 2004-05 have been allowed by the Hon'ble CIT (Appeals) and demands of ₹ 412.79 lakhs are dropped against the Company and due refund orders are passed by the department. A demand of ₹ 604.20 Lakhs relating to Assessment year 2008-09 is pending before appellate authorities of the department.

Note 35 : FORWARD CONTRACTS

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

- Forward contracts EURO INR 38.52 lakhs (54.54 lakhs) Sell Hedging
 Forward contracts GBP INR 120.45 lakhs (96.74 lakhs) Sell Hedging
 Forward contracts USD INR 22.20 lakhs (NIL) Sell Hedging

NOTE 36 : Presentation and disclosure of financial statements:

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

Note 37 :
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.

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**
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 and options to hedge its exposure to movements in foreign exchange rates. These foreign exchange forward contracts and options are not used for trading or speculation purposes. The accounting policies for forwards contracts and options are based on whether they meet the criteria for designation as effective cash flow hedges. To designate a forward contract of option 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 of options that are designated as effective cash flow hedges, the gain or loss from the effective portion of the hedge is recorded and reported 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. The gain/loss on options designated as effective. Cash flow hedges are included along with the underlying hedged fore casted transactions. The Company recognizes gains or losses from change in fair values of forward contracts and options that are not designated as effective cash flow hedge for accounting purposes in the profit and loss account in the period the fair value changes occur.
- (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 prorata 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**
Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. (Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.)

The Notes referred to above form an integral part of the accounts.

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 28, 2012

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
TAUSEEF AHMAD MIRZA
ISLAMUL HAQ
SUDHINDRA JAIN

Directors



MIRZA INTERNATIONAL LIMITED

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

NOTICE

NOTICE is hereby given that the thirty-third Annual General Meeting of the members of the Company will be held on 29th September, 2012, Saturday, 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, 2012, 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. Tasneef Ahmad Mirza, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a director in place of Mr. P.N. Kapoor, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a director in place of Mr. Sudhindra Jain, 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."

SPECIAL BUSINESS:-

7. To consider and if thought fit to pass, with or without modification(s), the following resolution as **Ordinary Resolution**:
"**RESOLVED THAT** Dr.Yashvir Singh, who was appointed as the Additional Director of the Company and who holds office up to the date of this Annual General Meeting pursuant to Section 260 of the Companies Act,1956 be and is hereby appointed as the Director of the Company liable to retire by rotation".

By Order of the Board
For MIRZA INTERNATIONAL LIMITED
(D.C. Pandey)
Vice-President (Accounts) &
Company Secretary

Place : Kanpur
Date : 28th July, 2012

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 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 20/09/2012 to 29/09/2012 (both days inclusive).
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to Special Business to be transacted at the Meeting as set out in the Notice is annexed hereto.
4. Dividend, if declared at the meeting will be paid to those Shareholders, whose names appear in the Register of Members of the Company on 29/09/2012 or in the Register of Beneficial owners maintained by the depositories as at the close of their business hours before 20/09/2012.
5. Unclaimed Dividends pertaining to the financial years 2004-2005 (Final), 2005-2006 & 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 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
Final Dividend 2004-2005 paid in September 2005	26/10/2012
Final Dividend 2005-2006 paid in November 2006	20/10/2013
Final Dividend 2006-2007 paid in September 2007	25/10/2014

6. 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.

7. The members are requested to:
- Bring their copy of the Attendance Slip duly filled in with them at the Annual General Meeting;
 - Inform any change in their address/ mandate/ bank details;
 - Consider dematerialisation of equity shares held by them;
 - Approach the Company for consolidation of folios, if physical shareholdings are under multiple folios;
 - 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;
 - 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. The details required to be given in pursuance of Clause 49 of the listing agreement in case of directors being appointed/re-appointed are as under:-

Name of Director	Mr. Tasneef Ahmad Mirza	Mr. Sudhindra Jain	Mr. P. N. Kapoor	Dr. Yashvir Singh
Age	40 years	56 years	74 years	65 years
Qualification	Degree in Leather Technology, London	M.Com., LL.B, FCA ;	B.Tech (Mech) IIT & M.S. (Mech) Chicago, USA	M.Sc., M. Phil, PhD
Date of Appointment	1st January, 1997	30th July, 2008	8th July, 1994	6th February, 2012
Expertise	Industrialist & Leather Technologist having good experience in his line of business and looking after operations of the Tannery Division.	Practicing Chartered Accountant having rich & varied experience of around 30 Years in the field of Finance, Taxation & Accounting.	Having rich & varied experience of around 44 years in the engineering industry and business in India and abroad.	He is a Scientist having experience of more than two decades in industry, Government Bodies and Institutions.
Other Directorships	Shoemax Engineering Ltd, Shoemac Leather Tech Engineers Ltd., Emgee Projects Pvt. Ltd, Mirza Holdings Pvt. Ltd., Red Tape International Pvt. Ltd., Azad Multispeciality Hospitals & Research Centre Ltd, Mirza Agrotech Pvt Ltd.;	Rajdhani Leasing and Industries Limited;	-	-
Chairman/Membership of Committees	-	Mirza International Ltd. Audit Committee-Chairman, Share Transfer and Investors' Grievance Committee-Member	Mirza International Ltd. Audit Committee-Member, Share Transfer and Investors' Grievance Committee-Chairman, Remuneration Committee-Member;	-
Shareholding in the Company	7728650 Equity Shares of Rs 2/- each.	-	-	1000 Equity Shares of Rs. 2/- each.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 7

In compliance of MCA Circular No. 4/2012 and to regularise the details of Dr. Yashvir Singh in DIN database of Ministry of Corporate Affairs, the Board of Directors have accepted his resignation as Independent Director of the Company, having DIN 00049360 and appointed him as the Additional Director of the Company with DIN 01479900 at their meeting held on 06th February, 2012. The Company has received a notice from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Dr. Yashvir Singh as a Director of the Company. The Board commends the resolution for acceptance.

None of the Directors except Dr. Yashvir Singh is concerned in the said resolution.

By Order of the Board
For MIRZA INTERNATIONAL LIMITED
(D.C. Pandey)
Vice-President (Accounts) &
Company Secretary

Place : Kanpur
Date : July 28, 2012



MIRZA INTERNATIONAL LIMITED

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

33RD ANNUAL GENERAL MEETING

ATTENDANCE SLIP

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

I hereby record my presence at the 33rd Annual General Meeting of the Company at Auditorium of Council for Leather Exports, HBTI Campus, Nawabganj, Kanpur on Saturday, 29th September, 2012

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

33RD 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 33rd Annual General Meeting to be held on Saturday, 29th September,
2012 at 1 P.M. or at any adjournment thereof.

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

Signed this day of 2012.

.....
(Signature)

Affix a
Re.1/-
Revenue
Stamp

** 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.



The REDTAPE Retail shop: Recently opened at R Mall, Mulund West, Mumbai



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