



REED TAPPE

ANNUAL REPORT 2010-11



MIRZA INTERNATIONAL LIMITED



An Exterior view of newly setup Unit at Greater Noida



Shop floor veiw of newly setup Unit at Greater Noida



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

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.

**Registrar & Share
Transfer Agents**

M/s Karvy Computershare Pvt. Ltd.
"Karvy House", 46, Avenue 4,
Street No. 1, Banjara Hills,
Hyderabad – 500 034

Website

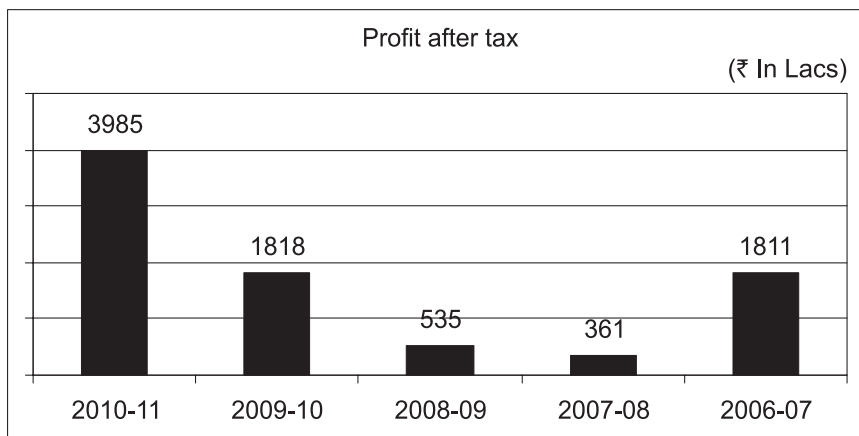
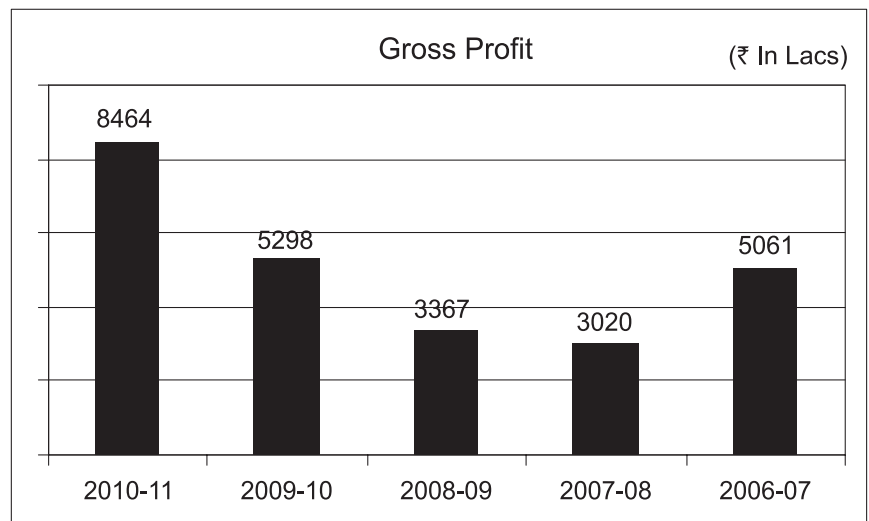
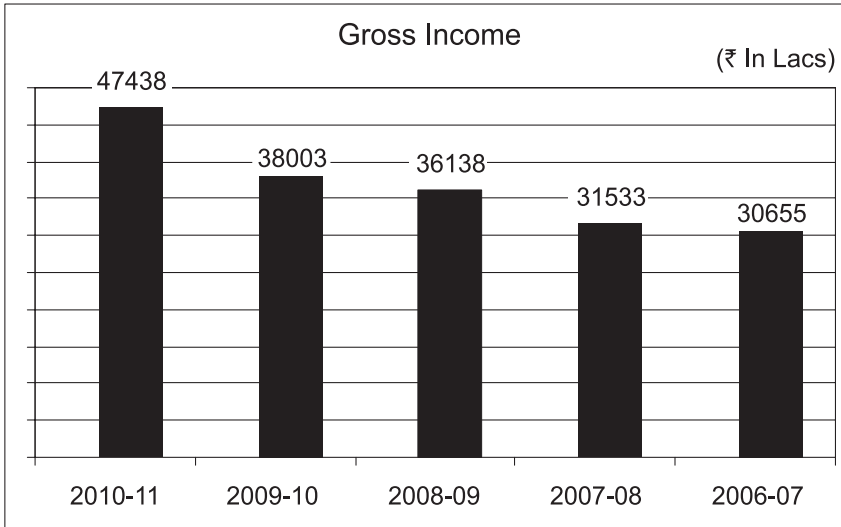
www.mirza.co.in

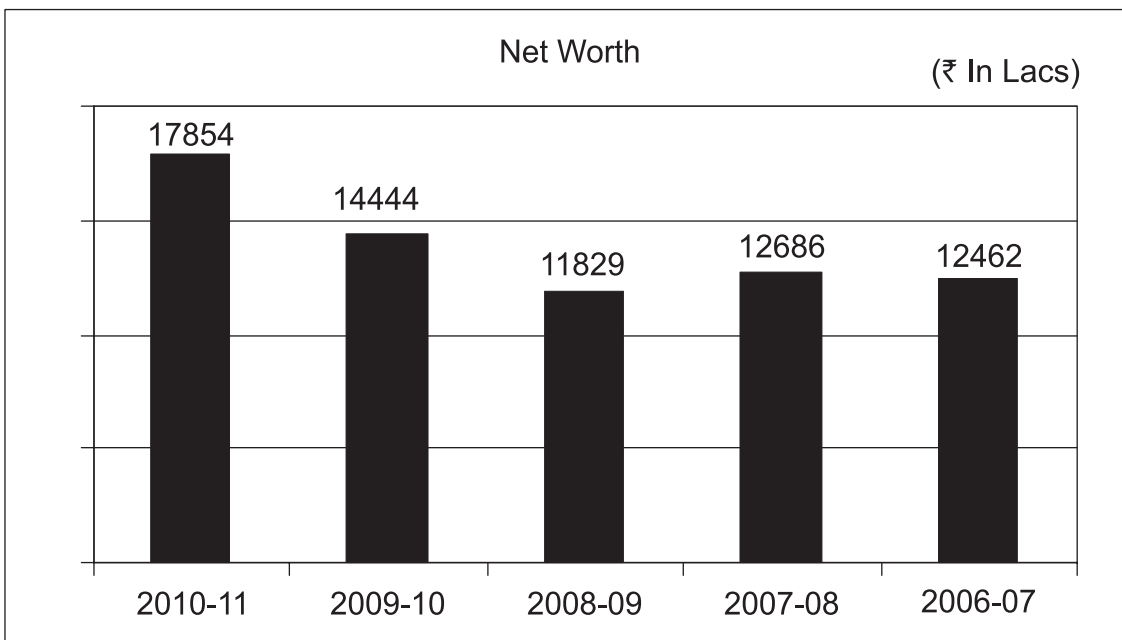
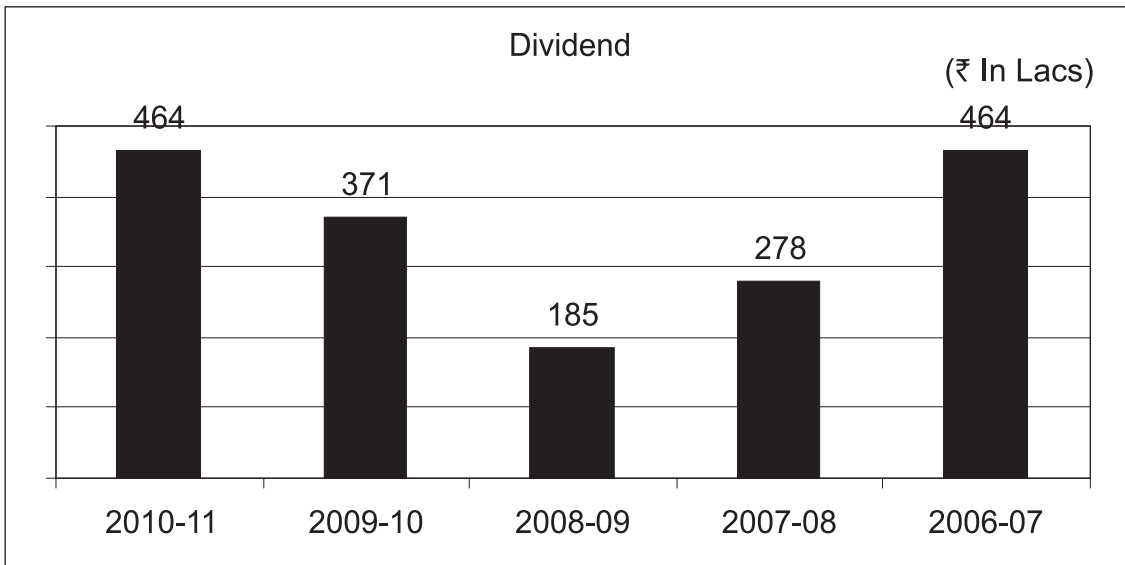
E-mail ID for Investors

dcpandey@redtapeindia.com



**CONSISTENT
PERFORMANCE**





**AWARDS & CERTIFICATIONS**

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



Chairman's Message



Mr. Irshad Mirza, Chairman

Dear Shareholders,

The Indian economy has emerged rapidly from the slowdown caused by the global financial crisis of 2007-09 and remains one of the fastest growing economies of the world. Financial and economic event over the year, however, have increased concerns about the sustainability of growth momentum. According to me, three concerns are likely to persist during 2011-12: high inflation, fiscal stress and current account deficit. The impact of each of these is likely to be felt with varying intensity during the course of 2011-12.

As I mentioned earlier, high and persisting inflation has emerged as a significant risk factor in sustaining India's growth. Initially confined to high food prices, which has persisted despite good monsoon, inflationary pressures are spilling over to other non-food segments, including manufactured products. Commodities prices had increased on prospects of higher growth in developed markets and in the latter parts of the year, so have crude prices. In general, higher global metals and commodity prices have contributed to rising inputs costs for India, which may be progressively passed on to the consumers.

The second stress point has been a high fiscal deficit which had increased as a result of the fiscal stimulus introduced to counter the effects of financial crisis. Persisting high fiscal deficit have effect of increasing interest rates, due to consequent market borrowings by the government, thereby squeezing private investments.

The Third concern was a high current account deficit, particularly in the context of weakening capital flows. The current account deficit was a manifestation of strong domestic demand (which fuelled imports) and global weakness (which kept exports performance moderate). However, a strong rebound in India's exports over the past couple of months has considerably reduced the pressure, but India's overall balance of payment remains weaker than expected, putting pressure on the Rupee.

I am pleased to mention here that your Company has reported another successful performance in the year 2010-11, underpinned by the healthy growth of both turnover and profits. Your Company has demonstrated the full potential of its manufacturing assets, management capacities, high quality of products by achieving record turnover, gross profit and net profits. This shows the reflection of strong customers support enjoyed by the Company across the market world wide. I believe the Company is truly well positioned to capitalize on emerging opportunities across the economy and therefore, continue to deliver value to its shareholders.

Now, before finishing my words, I would like to express my gratitude to the Shareholders, Board of Directors, Bankers, Suppliers, Employees and all Govt Departments for their support and confidence shown on us and I look forward to have same support in future for the further growth of the Company.

With best wishes,

Irshad Mirza

DIRECTORS' REPORT

Dear Shareholders,

The Directors of your Company have pleasure in presenting the Thirty-Second Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS

	(₹ in Crores)	
	2010-2011	2009-2010
Gross Income	474.38	380.03
Profit before Interest, Depreciation & Taxes	84.64	52.98
Less: Interest	17.43	13.97
Less: Depreciation	12.96	11.40
Add: Extra Ordinary Items (Profit on Sale of one Unit)	3.90	–
Profit before tax	58.15	27.61
Provision for Taxes	18.30	9.43
Profit after Tax	39.85	18.18
Appropriations		
Dividend – Equity Shares	4.64	3.71
Corporate Dividend Tax	0.77	0.62
Transfer to General Reserve	4.00	2.00

PERFORMANCE OF THE COMPANY

Your Directors are pleased to inform the improved performance of your Company for the financial year ended on March 31, 2011 and the following highlights evidence the performance during the said period:

- The Sales and the Other Income reached to ₹ 474.38 Crores witnessing a magnificent growth of 25% as Compared to ₹ 380.03 Crores in the previous year.
- The Revenue from the Export Sales amounted to ₹ 316.45 Crores showing a growth of 20% as against ₹ 264.05 Crores in the previous year.
- The EBITDA rose by 60% to ₹ 84.64 (excluding extra ordinary items) Crores as compared ₹ 52.98 Crores in the last year.
- The Profit Before Tax showed a remarkable growth of 111% and achieved a level of ₹ 58.15 Crores as against ₹ 27.61 Crores in the previous year.
- The Cash Profit increased by 79% to ₹ 52.81 Crores as compared to ₹ 29.58 Crores.
- The Net Profit reached to ₹ 39.85 Crores as compared to ₹ 18.18 Crores in the last year showing a healthy growth of 119%.

DIVIDEND

Considering the improved profitability, your Directors have recommended a dividend of ₹ 0.50 (25%) per Equity Share of ₹ 2/- each for the year ended 31st March, 2011 as against ₹ 0.40

(20%) per Equity Share in the previous year. If approved, the dividend will absorb ₹ 5.41 Crores (including ₹ 0.77 Crores towards dividend tax).

TRANSFER TO RESERVE

As on March 31, 2011, an amount of ₹ 4.00 Crores was transferred to General Reserve as against ₹ 2.00 Crores in the previous year.

EXPANSION PROGRAMME

Keeping in view the increasing demand of Company's product in the global market Company started the production activity at newly set up Shoe Factory at Greater Noida (Unit 6). This will take the present installed capacity of 4.8 million pairs per annum to 6.0 million pairs per annum over the next three years and will further augment the Company's turnover and overall profitability.

The Unit 6 of the Company will be an eco-friendly unit having green building concept for construction. The bricks used in the building are made of fly ash waste from power plants and sand (thereby helping in preserving topography of the area and ecology). They are not only cheaper than clay bricks but also have better insulation properties. The Building walls are double insulated to keep the Building cool as the production halls are constructed having east-west orientation. This will help in keeping the buildings cool with minimum forced cooling equipment and thus, saving precious energy cost. The entire boundary wall has solar energy lighting system again to save energy cost. It is proposed to have a solar energy electricity generation plant of 25kw for entire lighting needs to further save the energy cost.

SALE OF ASSETS OF UNIT 4

During the year 2008-09, the Company had closed down its small Shoe Factory (Unit 4), situated at Sector 5, NOIDA, to achieve the benefits of reorganisation. This unit of the Company was situated on a comparatively smaller size of plot where operations of the Unit could not be expanded to an economical / cost effective level on account of paucity of space. The Company has passed resolution through postal ballot, authorising Board of Directors for the sale of the assets of Unit 4 and accordingly, during the year the assets of the Unit 4 were sold out and a profit of ₹ 372.21 Lacs (net of taxes) are earned. The closure/ sale of the Unit 4 has not affected adversely to the overall production as the expanded capacity of shoes was created in New Unit 5 of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments

The Indian Leather Industry is serving as a major contributor to the Indian Economy, through its export earnings and employment generation potential. In the 1950s and 1960s the industry was exporting mainly raw hides & skins and semi processed leathers. However, during 1970s the Government of India laid emphasis on export of value added leather products. As a result, the export of value added leather products and footwear began to increase slowly. The 1980s saw the transition phase of the industry from being a supplier of raw materials to an exporter of high quality leather products and footwear and value added leather products



constituting a significant share of about 65%. The 1990s witnessed implementation of long term programme coupled with economic liberation programme implemented by Government provided the required filling for the industry.

Opportunities,Threats, Risks & Concerns

The growth path of the leather industry continued in the first decade of 21st Century and several landmark initiatives were taken by the Government which includes recognition of leather sector as a "Focus Sector" in Foreign Trade Policy 2004-09 and 2009-14 , implementation of Indian Development programme (ILDIP) in the 10th and 11th plan and de-reservation of the Leather Sector. The long term planning have also led to the establishment of world class institutions like Central Leather Research Institute, Footwear Design and Development Institute, MSME-Development Institutes and Central Footwear Training Institutes at various centers, which are rendering yeoman services in the area of skill development. Thus, the success of the leather industry can be attributed to various long term and short term plans implemented by the Government of India.

Though Indian Leather Industry has achieved significant growth, the share of Indian Leather Sector in the global imports of leather and leather products is only 2.94%. The Leather Industry definitely has the potential to double its export performance in the coming years. The Department of Commerce, Ministry of Commerce and Industry has fixed a target of USD 8.5 billions for the Indian Leather Sector, to be achieved by 2013-14. The Industry has to achieve an annual growth of about 26% (as against the present level of about 10.5%) in order to achieve this target. Another opportunity of India is in store as China has indicated a change in strategy with the focus there being on reducing growth rate thereby signaling that exports are not going to be as important. However, there are challenges on account of higher commodity prices, high food inflation and rising interest rates, coupled with lack of infrastructure facilities and the rise of low cost economies like Vietnam, Bangladesh etc. have posted a threat to the Indian players.

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 ₹ 420.87 Crores and Tannery Division revenue was ₹ 123.39 Crores.

Outlook

With the aim of availing the huge potential opportunities, your Directors are consistently moving towards value enhancement. The upward trend of Exports are likely to continue. However, to contain inflation, Reserve Bank of India has gradually started tightening monetary policy. This has resulted in much larger increase in Bank's Cost of Funds. Consequently, Banks have progressively increased their lending rates and we expect the margins to come under pressure going forward.

Internal Control System and Their Adequacy

The Company has an adequate internal control system, commensurate with the size and nature of its business. The system is supported by documented policies, guidelines and procedures to monitor business and operational performance which are aimed at ensuring business integrity and promoting operational efficiency. The reports of internal auditors are regularly reviewed at Audit Committee Meetings.

Risk Management

As part of the Company's efforts to strengthen Corporate Governance, the Board of Directors have formulated a Risk Management Policy, which puts in place a risk management structure with clear definition of roles and responsibilities, as well as a risk portfolio involving a continuous process of risk identification, risk assessment, control assessment and risk monitoring, review and communication. The Company aims to:

- Identify, assess and manage existing as well as new risks in a planned and coordinated manner;
- Develop and foster a culture within the organization that encourage all staff to identify risk and associated opportunities and respond to them with appropriate actions.

Human Resources

The Company recognizes human resources as its strength and hence welfare activities form an integral part of your Company's strategy for growth. No man-days were lost due to strike, lock out etc. As on 31st March, 2011, your Company had a staff strength of 2166 employees consisting of persons well qualified in technical and managerial skills and having the requisite competence required for their tasks. Your Company follows a philosophy of fair compensation to its employees.

CORPORATE SOCIAL RESPONSIBILITY

As a socially responsible organisation, the MIRZA Group has contributed not only to economic well being of the Communities it interacts with, but has also enhanced their social well being and development. Since its inception, the MIRZA Group has always been engaged in activities, which add value to the community around it.

As a part of its commitments to CSR initiatives, your Company, during the year, made available medical and educational assistance to economically disadvantaged and socially weaker section of the society by distribution of School Uniforms, School Bags and Books to School going children in association with the District Administration Authorities.

In the area of health care, the Company organised free Eye Camps jointly with Rotary Club, Kanpur and MIRZA FOUNDATION, (a society registered for Charitable and Social Welfare purposes) and successfully performed Cornea operations of poor and weaker section of society. On yet another project, Company distributed blankets to poors to protect them from the severe winter.

Your Company has also been one of the contributory to fund for setting up a Multi Speciality Hospital and Research Centre in association with MIRZA FOUNDATION and other Industry Partners for the welfare of poor & weaker section of society.

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

Your Company has achieved approximately seventy percent of its total revenue from exports. During the year, Company achieved an export turnover of ₹ 357.69 Crores as compared to ₹ 295.55 Crores during the previous year.



DOMESTIC SALES

Your Company enjoys leadership position in the segment in which its products are represented. Company's brand '**REDTAPE**' enjoys customers' admiration and confidence and is one of the highest selling brand in Men's footwear market. The Company's flagship brand '**REDTAPE**' online outlet www.redtape.com is also getting huge response from customers.

Keeping in view the lifestyle changes (rising middle class population, increasing investment in supermarkets, hypermarkets and organised retail sector, resulting in greater demand for sophisticated and attractive high quality products), your Company has also started the marketing of apparels and leather accessories under the Brand "REDTAPE" through its own Retail Outlets and franchisees Retail Shops. This will further add to improved value enhancement for the Company.

DIRECTORATE

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Narendra Prasad Upadhyay, Mr. Subhash Sapra, and Mr. Islamul Haq, Directors of the Company, retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

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.

AUDITORS REPORT

The notes to the accounts referred in the Auditors Report are self-explanatory and therefore, do not call for any further comments on the Auditors Report under Section 217(3) of the Companies Act, 1956. In respect of observations made by the Auditors in their report, the notes to accounts referred in the Auditor's Report, adequately explain the auditor's observations.

COST AUDIT

As per the government directives, the Company's cost records in respect of Footwear for the year ended 31st March, 2011 are being audited by Cost Auditor, Mr. A.K. Srivastava, Cost Accountant (Membership No.10467) who was appointed by the Board with the approval of Central Government. Cost Audit Report for the F. Y . 2009-10 was filed on 18.10.2010. Further the Cost Audit Report for F. Y. 2010-11 shall be filed on or before the due date as per the said provisions i.e. 30.09.2011.

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 Directors' Report.

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

The particulars as prescribed under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 are set out in Annexure forming part of the Directors Report.

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, 2011, 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, 2011 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 : May 28, 2011

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 2010-11 have been :-

- 1) Installation of capacitor on HT circuit, leading to improvement in power factor.
- 2) Energy efficient motors were provided in place of old one.
- 3) Saving of power cost by installing solar energy lighting system for entire boundary wall of Greater Noida Unit.
- 4) Old asbestos sheets of Tannery Units were replaced by Transparent Fibre Sheet thereby needs of electricity for lighting was eliminated.
- 5) Steam leak reduction-Steam Leakage Survey was carried out across the Factories. Identified source of leakages and arrested.
- 6) Use of Compact Fluorescent Lamps (CFL) in place of the conventional lighting to reduce power consumption.
- 7) Conservation of energy by using bricks made of fly ash in place of clay to get better insulation properties.
- 8) A Solar energy generation plant of 25 KW is proposed to be installed for the entire lighting needs of newly set up Shoe Factory (Unit 6) at Greater Noida.

Research and Development (R&D)

The Company is committed to continue its efforts in Research and Development. Our Research and Development activities will help us to gear up for future opportunities. Each Unit of the Company has got its own Research and Development Department to exercise control over quality and technical upgradation. New designs and patterns for Shoe Uppers and Shoes are created in line with the Customers demand and liking.

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 ₹ 312.38 Crores mainly on account of exports. The foreign exchange outgo was ₹ 4.24 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, 2011.

Name	Designation	Gross Remuneration (₹)	Qualification	Experience (Years)	Date of Commencement of Employment	Age (Years)	Particulars of Previous Employment
Mr. Rashid Ahmed Mirza	Managing Director	97,73,678.00	Diploma in Leather Technology, London	35	05.09.1979	55	Promoter
Mr. Shahid Ahmad Mirza	Whole-time Director	78,73,009.00	Diploma in Leather Goods Technology U.K.	32	06.09.1979	54	Promoter
Mr. Tauseef Ahmad Mirza	Whole-time Director	91,51,393.00	Diploma in Shoe Technology, London	22	06.09.1989	42	Promoter
Mr. Tasneef Ahmad Mirza	Whole-time Director	75,07,767.00	Degree in Management from, USA	14	01.01.1997	39	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 : May 28, 2011

IRSHAD MIRZA
Chairman

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on Corporate Governance

Corporate Governance is all about commitments and followup of ethical business values. It is all about how an organisation is managed with respect to various corporate laws including Companies Act, 1956, Income Tax Act, 1961, Central Excise Act, 1944, Sales Tax Act etc. and also dealing with the shareholders values and the most important one which is not an act in itself but shows Company's policies and the manner in which it deals with various stakeholders including the society. Accordingly, timely and accurate disclosure of various corporate disclosures regarding the financial results, management changes, future actions and the governance of the Company is an important part of Corporate Governance.

The Company recognises that transparency, disclosure, financial controls and accountability are the pillars of any good system of Corporate Governance. It is the Company's endeavour to attain highest level of governance to enhance the stakeholder's value.

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:

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 22, 2010, August 06, 2010, October 30, 2010 and January 29, 2011. 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, 2011 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	4	Y	4	-	1
2. Mr. Rashid A. Mirza	Managing Director/Promoter	4	1	N	3	-	-
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	4	Y	-	-	-
7. Mr. Q.N. Salam	Non-Executive/Independent Director	4	4	Y	-	-	1
8. Mr. Islamul Haq	Non-Executive/Independent Director	4	3	Y	1	-	-
9. Mr. P.N. Kapoor	Non-Executive/Independent Director	4	3	Y	-	1	1
10. Dr. Yashveer Singh	Non-Executive/Independent Director	4	4	N	-	-	-
11. Mr. Subhash Sapra	Non-Executive/Independent Director	4	3	N	-	-	1
12. Mr. Sudhindra Jain	Non-Executive/Independent Director	4	4	Y	3	1	1

Notes:

1. Mr. Irshad Mirza, Chairman is father of Mr. Rashid Ahmed Mirza, Managing Director, Mr. Shahid Ahmad Mirza, Mr. Tauseef Ahmad Mirza & Mr. Tasneef Ahmad Mirza, Whole-time Directors of the Company.
2. No. of equity shares held by non-executive directors as on 31st March, 2011 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.
3. For the purpose of the above, directorship in other public limited Companies only are considered.
4. For the purpose of the above, membership / chairmanship in the Audit Committee and Shareholders' Grievance Committee only are considered.

Disclosures regarding appointment/re-appointment of Directors

As per section 255 read with section 256 of Companies Act, 1956, two-third of the Directors should retire by rotation. One-third of these Directors are required to retire every year and if eligible, they can offer themselves for re-appointment. Accordingly, Mr. Narendra Prasad Upadhyay, Mr. Subhash Sapra and Mr. Islamul Haq, directors of the company will retire by rotation at the



ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. A brief resume of the Directors to be appointed /eligible for re-appointment is separately annexed and forms part of the report.

3. Committees Of The Board:

A. Audit Committee

During the year, four meetings of the Committee were held on May 22, 2010, August 06, 2010, October 30, 2010 and January 29, 2011. The Composition of the Committee as on 31st March, 2011 as well as particulars of attendance at the Committee during the year are given in the table below:

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

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	Independent	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 30 complaints all of which were resolved to the satisfaction of the shareholders. Further, 98.71% 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 for three times on May 22, 2010, October 30, 2010 and January 29, 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	3	3
Mr. P.N. Kapoor	Independent	3	2
Mr. Subhash Sapra	Independent	3	3
Mr. Islamul Haq	Independent	3	2



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. 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, 2011 is ₹ 2,10,000 detailed as : 1) Mr. Q.N. Salam - ₹ 40,000/-; 2) Mr. P.N. Kapoor - ₹ 30,000/-; 3) Dr. Yashveer Singh - ₹ 40,000/-; 4) Mr. Subhash Sapra - ₹ 30,000/-; 5) Mr. Islamul Haq - ₹ 30,000/-; 6) Mr. Sudhindra Jain - ₹ 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)	3,39,095
Mr. Rashid Ahmed Mirza	Managing Director	97,73,678
Mr. Shahid Ahmad Mirza	Whole-time Director	78,73,009
Mr. Tauseef Ahmad Mirza	Whole-time Director	91,51,393
Mr. Tasneef Ahmad Mirza	Whole-time Director	75,07,767
Mr. N.P Upadhyay	Whole-time Director	27,29,214

*Mr. Irshad Mirza, Chairman of the Company has not drawn any Salary but has been paid Guarantee Commission of ₹ 58,00,000/- in consideration of extending his personal guarantee for the Credit Facilities enjoyed by the Company from its bankers.

5. General Body Meetings :

The last three Annual General Meetings were held as under:

Year	Date	Type of Meeting	Venue	Time
2007-08	25.09.2008	Annual General Meeting	Auditorium of Council for Leather Exports, Nawabganj, HBTI Campus, Kanpur	11:00 A.M.
2008-09	26.09.2009	Annual General Meeting	Auditorium of Council for Leather Exports, Nawabganj, HBTI Campus, Kanpur	01:00 P.M.
2009-10	29.09.2010	Annual General Meeting	Auditorium of Council for Leather Exports, Nawabganj, HBTI Campus, Kanpur	01:00 P.M

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

Date of Annual General Meeting	Particulars of Special Resolutions passed in the last Three Annual General Meetings
25 th September, 2008	<ul style="list-style-type: none"> Appointment of Mr. Irshad Mirza as Chairman (Executive) of the Company for a period of 3 Years w.e.f. 1st October, 2008. Appointment and remuneration of Mr. Rashid Ahmed Mirza as Managing Director, Mr. Shahid Ahmad Mirza, Mr. Tauseef Ahmad Mirza & Mr. Tasneef Ahmad Mirza as whole-time directors for a period of 3 Years w.e.f. 1st October, 2008 subject to approval of Central Government. Appointment and remuneration of Mr. N.P. Upadhyay as whole-time director for a period of 3 Years w.e.f. 1st October, 2008.
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.

Details of Resolution Passed Through Postal Ballot Process:

There is no resolution to be passed through postal ballot process at the ensuing Annual General Meeting.

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 III (E) of Schedule 20 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 : 8th September, 2011 (Thursday)
Time : 1 P.M.
Venue : Auditorium of Council for Leather Exports, HBTI, Nawabganj, Kanpur
- Financial Calendar : April - March
- Board Meetings (Tentative):
First Quarter Results : Last week of July, 2011
Second Quarter Results : Fourth week of Oct., 2011
Third Quarter Results : Fourth week of Jan., 2012
Results for the quarter/year ending on March 31st, 2011 : Fourth week of May, 2012
- Book Closure Date : From 01st September, 2011 to 08th September, 2011 (Both Days Inclusive)
- Dividend Payment Date : 12th September, 2011; 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: MIRZAIN**
- Demat ISIN No. in NSDL & CDS(I) : **INE771A01026**
- Corporate Identity Number (CIN) : **L19129UP1979PLC004821**

Annual Listing fees for the year 2011-2012 has been duly paid to all the above Stock Exchanges.

Market Price Data :

MONTH	National Stock Exchange			Bombay Stock Exchange		
	HIGH	LOW	TOTAL MONTHLY VOLUME OF SHARES	HIGH	LOW	TOTAL MONTHLY VOLUME OF SHARES
April' 10	16.70	14.60	47,29,641	16.70	14.90	33,48,502
May' 10	15.80	13.35	23,21,041	15.85	13.30	13,72,703
June' 10	15.85	13.55	25,28,536	17.00	13.65	13,37,864
July' 10	16.20	14.60	28,46,054	16.20	14.60	19,73,794
August.' 10	17.40	14.80	84,63,447	17.40	14.75	57,76,968
September' 10	17.70	15.75	72,54,571	17.65	15.70	47,79,562
October' 10	17.15	15.65	27,73,159	17.40	15.60	20,93,543
November' 10	28.10	16.25	3,47,18,888	28.10	16.50	2,04,41,360
December' 10	24.95	18.70	24,30,535	25.00	18.65	17,95,323
January' 11	24.90	20.45	13,02,901	24.85	20.40	11,39,937
February' 11	22.90	17.85	13,62,960	23.10	17.80	85,60,505
March' 11	24.00	18.40	21,29,707	24.40	18.00	11,95,593

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, 2011 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, 2011

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	36500	0.04
c) FII's	0	0
Sub Total	42000	0.05
3. Others		
a) Private Corporate Bodies	5280219	5.70
b) Individual/ HUF	25591607	27.60
c) NRI's / OCBs	413071	0.44
d) Clearing Members / Trust	223122	0.24
Sub Total	31508019	33.98
GRAND TOTAL	92706000	100.00

Note:- 1618071 equity shares, being held by Foreign Promoters / FIIs / NRIs / OCBs / Foreign collaborators and Foreign Nationals representing 1.75 % of share capital.

Distribution Schedule as on 31st March, 2011:

Category		Shareholders		Nominal Value	
From	To	Number	% of cases	Amount (₹)	Amount %
1	5000	25256	94.16	2,51,79,696	13.58
5001	10000	897	3.34	68,83,424	3.71
10001	20000	355	1.32	53,81,370	2.90
20001	30000	97	0.36	24,28,282	1.31
30001	40000	52	0.19	18,81,894	1.01
40001	50000	30	0.12	13,55,142	0.73
50001	100000	67	0.25	48,48,270	2.61
100001 & Above		69	0.26	13,74,53,922	74.13
Total		26823	100.00	18,54,12,000	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 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, 2011, a total of 9,15,06,608 out of a total 9,27,06,000 equity shares of the company constituting 98.71 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 a Practising Company Secretary half yearly certificate of compliance as required under Clause 47 (c) of Listing Agreement and files the same immediately with Stock Exchanges.

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

17. Works Locations of the Company:

- ❖ Kanpur- Unnao Link Road, Magarwara, Unnao- 209 801
- ❖ Kanpur-Unnao Link Road, Shajani, Unnao- 209 801
- ❖ Plot No. C-4, 5, 36 & 37, Sector-59, NOIDA-201 303
- ❖ UPSIDC Industrial Area , Site II, Unnao- 209 801
- ❖ 1A, Sector Ecotech-I, Extension-I, Greater Noida-201 303

18. Unpaid Dividend:

Pursuant to Section 205C of the Companies Act, 1956, the Company had transferred unpaid interim dividend and unpaid final dividend for the year 2002-03 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 2010-11.

Place : Kanpur
Date : May 28, 2011

RASHID AHMED MIRZA
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Board of Directors,
Mirza International Limited.

We have examined the compliance of conditions of Corporate Governance by Mirza International Limited ("the Company") for the year ended on 31st March 2011, 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 explanation 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, 2011

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, 2011 and also the Profit and Loss Account 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. The company has changed its accounting policy with respect to the amortization of leasehold lands & charging of lease rent as mentioned in Accounting Policy no. 3(b) & 5 respectively, in the schedule of the Significant Accounting Policies to bring the same in the line with the provisions of Accounting Standard (AS-6), 'Depreciation Accounting' issued under the Companies (Accounting Standards) Rules 2006.

The change has affected the disclosed profit/loss and assets/liabilities of the company as under:

As a result of change in the policy, the cumulative amortization charged with respect to Leasehold lands, lease rent paid for the earlier years is ₹ 50.76 lacs, ₹ 15.88 lacs respectively & for the current year is ₹ 17.08 lacs & ₹ 8.39 lacs respectively. As a result of these changes profit for the year and Fixed Assets of the Company have been understated by ₹ 92.11 lacs.

4. 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 paragraph 4 and 5 of the said Order.

5. Further to our comments in the Annexure referred to in paragraph (4) 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 and Profit and Loss Account dealt with by this report are in agreement with the Books of Accounts.
 - (d) In our opinion, the Balance Sheet and Profit and Loss Account 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 2011.
 - (f) In our opinion and to the best of our information and according to the explanation 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, 2011;
 - ii) In the case of the Profit and Loss Account of the Company of the profit of the Company for the year ended on that date; and
 - iii) In case of Cash Flow statement, of the cash flows for the year ended on that date.

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

ANAND SAXENA
Partner
M.No. 075801

Place : Kanpur
Date : May 28th, 2011

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

- (c) Fixed assets disposed off during the year were not substantial and such sale has not affected the going concern of the company.
- (ii) (a) 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 book records were not material and have been properly dealt with in the books of account.



- (iii) 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) In our opinion and according to the information and explanation given to us, 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) According to the information and explanations given to us, we are of the opinion that 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) In our opinion and according to the information and explanation given to us, 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) In our opinion and according to the information and explanation given to us, company has not accepted any Public Deposits during the year. Therefore the provision 5 of Clause (vi) of paragraph 4 of the Order are not applicable of the company.
- (vii) In our opinion, 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) According to information & explanations given to us and the records of the company examined by us, in our opinion, 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) According to the information and explanations given to us and the records of the company examined by us, in our opinion, 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 2011 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us and the records of the company examined by us, in our opinion, 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

₹ 709.63 lacs have not been deposited on account of disputes as detailed below:

Related to	Authority where Case is pending	Financial Year	Disputed Amount (₹ in Lacs)
EntryTax/ Trade Tax	Hon'ble Allahabad High Court	1999-00, 2000-01, 2003-04, 2004-05 2005-06, 2006-07	40.90
Commercial/ Trade Tax	Hon'ble Allahabad High Court	2007-08	24.55
Income Tax	DCIT-6 Kanpur	1997-98	3.50
Income Tax	Income Tax Appellate Tribunal, Luacknow	1998-99 & 2003-04	209.23
Income Tax	CIT (Appeals), (Kanpur)	2001-02 & 2002-03	431.45
Total			709.63

- (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.
- (xiii) In our opinion and according to information and explanations given to us the company is not a chit fund or a nidhi or mutual benefit fund/society. Accordingly, the provisions of clause 4 (xiii) of the Order are not applicable to the company.
- (xiv) According to information and explanations given to us the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the company.
- (xv) On the basis of records examined by us and information provided by the management, we are of the opinion that the company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, the term loan raised by the company during the year has been applied for the purpose for which it was raised.
- (xvii) According to information and explanation given to us and on overall examination of Balance Sheet and Cash Flows of the Company, we are of the opinion that there are not funds raised on short term basis that have been used for long term basis.
- (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, 2011

BALANCE SHEET AS AT 31ST MARCH

	Schedule	2011 ₹	2010 ₹
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	18,54,12,000	18,54,12,000
Reserves and Surplus	2	<u>1,59,99,75,990</u>	<u>1,25,90,24,510</u>
		1,78,53,87,990	1,44,44,36,510
Deferred Tax	3	17,40,93,000	17,30,00,000
Loan Funds			
Secured Loans	4	<u>1,31,09,24,395</u>	<u>1,04,26,73,967</u>
		1,31,09,24,395	1,04,26,73,967
Total		<u>3,27,04,05,385</u>	<u>2,66,01,10,477</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	2,74,81,40,059	2,44,28,32,545
Less: Depreciation		<u>87,02,57,742</u>	<u>76,22,26,437</u>
Net Block		1,87,78,82,317	1,68,06,06,108
Capital Work in Progress		<u>15,84,42,844</u>	<u>5,15,02,271</u>
		2,03,63,25,161	1,73,21,08,379
Investments	6	1,00,04,208	90,04,208
Current Assets, Loans and Advances			
Inventories	7	1,04,71,89,176	79,17,74,460
Sundry Debtors	8	31,22,09,138	32,36,74,269
Cash and Bank Balances	9	4,79,88,624	1,79,37,641
Other Current Assets	10	23,16,41,629	17,81,43,545
Loans and Advances	11	<u>12,60,25,906</u>	<u>6,86,00,469</u>
		1,76,50,54,474	1,38,01,30,384
Less : Current Liabilities & Provisions			
Current Liabilities	12A	43,45,69,969	37,53,85,711
Provisions	12B	<u>10,64,08,489</u>	<u>8,57,46,783</u>
Net Current Assets		1,22,40,76,016	91,89,97,890
Total :		<u>3,27,04,05,385</u>	<u>2,66,01,10,477</u>
Significant Accounting Policies	19		
Contingent Liabilities & Notes	20		
Balance Sheet Abstract and Company Profile	21		

The schedules 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
(Firm Regn. No. 001410C)

IRSHAD MIRZA
Chairman

RASHID AHMED MIRZA
Managing Director

Anand Saxena
Partner
M.No. 075801

Place : Kanpur
Date : May 28, 2011

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
YASHVEER SINGH
ISLAMUL HAQ
SUDHINDRA JAIN

} Directors

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH

	Schedule	2011 ₹	2010 ₹
INCOME			
Income from Operations	13	4,72,84,87,069	3,78,89,30,632
Other Income	14	1,52,82,419	1,13,75,551
		<u>4,74,37,69,488</u>	<u>3,80,03,06,183</u>
EXPENDITURE			
(Increase) / Decrease In Stock	15	(16,84,26,914)	4,55,76,707
Material Consumed	16	2,96,39,19,392	2,19,29,44,678
Other Expenses	17	1,10,18,62,796	1,03,20,28,840
Interest	18	17,43,07,772	13,96,81,014
Depreciation		12,95,75,033	11,40,01,792
		<u>4,20,12,38,079</u>	<u>3,52,42,33,031</u>
Profit Before Tax & Extra Ordinary Items		54,25,31,409	27,60,73,152
Extra Ordinary Item - Profit on Sale of One Unit		3,89,38,140	-
Profit Before Tax		58,14,69,549	27,60,73,152
Provision for Taxation - Current		18,15,00,000	9,30,00,000
Provision for Taxation - Deferred (Net)		10,93,000	8,00,000
Provision for Taxation - Wealth Tax		3,91,400	5,22,940
Profit After Tax		39,84,85,149	18,17,50,212
Prior Period Adjustment :			
(Less)/Add Depreciation		(66,64,106)	60,76,308
Surplus From Last Year		61,34,01,218	48,88,16,021
Amount Available for Appropriation		<u>1,00,52,22,261</u>	<u>67,66,42,541</u>
APPROPRIATIONS			
Transfer to General Reserve		4,00,00,000	2,00,00,000
Dividend on Equity Shares		4,63,53,000	3,70,82,400
Tax on Dividend		76,98,654	61,58,923
Balance carried to Balance Sheet		91,11,70,607	61,34,01,218
		<u>1,00,52,22,261</u>	<u>67,66,42,541</u>
Earning Per Share (Refer Note F of Part II of Schedule 20)		4.23	2.03
Significant Accounting Policies	19		
Contingent Liabilities & Notes	20		
Balance Sheet Abstract and Company Profile	21		

The schedules referred to above form an integral part of the accounts.
This is the Profit & Loss Account referred to in our report of even date attached.

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

IRSHAD MIRZA
Chairman

RASHID AHMED MIRZA
Managing Director

Anand Saxena
Partner
M.No. 075801

Place : Kanpur
Date : May 28, 2011

D.C. PANDEY
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N.P. UPADHYAY
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P.N. KAPOOR
YASHVEER SINGH
ISLAMUL HAQ
SUDHINDRA JAIN

} Directors

	2011 ₹	2010 ₹
Schedule 1 : SHARE CAPITAL		
Authorised		
22,50,00,000 (22,50,00,000). Equity Shares of Rs. 2/- each	45,00,00,000	45,00,00,000
	45,00,00,000	45,00,00,000
Issued, Subscribed & Paid Up :		
9,27,06,000 (9,27,06,000). Equity Shares of Rs. 2/- each fully paid up	18,54,12,000	18,54,12,000
	18,54,12,000	18,54,12,000

Notes :

Out of 9,27,06,000 Equity Shares of ₹ 2/- each above

- 9400 Equity Shares of ₹100/- each issued for consideration other than cash on 04.10.1979
- Equity Shares of ₹100/- each subdivided into 10 equity shares of ₹10/- each vide resolution passed in Extra Ordinary General Meeting held on 30.11.1992
- 10,20,000 equity shares of ₹10/- each issued under a Public issue on 24.11.1994
- 1,50,59,200 Equity shares issued as bonus shares by capitalisation of reserves on 04.11.1992, 25.08.1993, 15.02.1997 and 08.04.2000
- 22,50,000 equity shares of ₹10/- each issued to shareholders of erstwhile Leather Trends Pvt Ltd. pursuant to Scheme of Amalgamation.
- Composition of Authorised Capital of the Company was changed by converting 20,00,000 Preference shares of ₹ 100/- each and 2,50,00,000 Equity shares of ₹ 10/- each into 22,50,00,000 (Twenty two crore fifty lacs) equity shares of ₹ 2/- each vide resolution passed in the extra ordinary general meeting held on 29.03.2007

Schedule 2 : RESERVES & SURPLUS
General Reserve

As per Last Balance Sheet	63,24,68,042	61,24,68,042
Add : Transferred from P&L Account	4,00,00,000	2,00,00,000
	67,24,68,042	63,24,68,042

Share Premium Account

Gross Premium	5,17,650	5,17,650
Less : Calls in Arrears	(41,645)	(51,101)
	4,76,005	4,66,549

ID L S Subsidy

As per Last Balance Sheet	91,28,169	97,21,958
Add Accrued During the Year	1,50,00,000	-
Less: Transferred to Profit & Loss Account	(8,90,664)	(5,93,789)
	2,32,37,505	91,28,169

Foreign Currency Translation Reserve

As per Last Balance Sheet	24,69,752	24,69,752
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Hedging Reserve

As per Last Balance Sheet	10,90,780	(11,64,47,719)
Additions during the year (Net)	(1,09,36,701)	11,75,38,499
	(98,45,921)	10,90,780

Profit and Loss Account

Balance as Per Profit & Loss Account	91,11,70,607	61,34,01,218
	1,59,99,75,990	1,25,90,24,510

Schedule 3 : DEFERRED TAX
A. Liabilities:

Depreciation	18,89,72,000	18,58,59,000
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B. Assets:

Expenses allowable for Tax when paid	1,48,79,000	1,28,59,000
Deferred Tax (A-B)	17,40,93,000	17,30,00,000

Schedule 4 : SECURED LOANS
From Bank:

(The Loans are secured by hypothecation of all the stocks & current assets of the company and are further collaterally secured by charge on the fixed assets at Head Office and Factories at Magarwara, Sahajani, Noida and at Greater Noida and guaranteed by some of the directors of the Company)

Term Loans	47,15,71,279	38,37,30,830
Export Packing credit	66,76,15,762	61,78,71,944
Cash Credit	17,17,37,354	4,10,71,193
	1,31,09,24,395	1,04,26,73,967



Schedule 5 : FIXED ASSETS

PARTICULARS	GROSS BLOCK (₹)			DEPRECIATION (₹)			NET BLOCK (₹)			
	As on 01.04.2010	Additions during the year	Deduction/ Sale	As on 31.03.2011	Up to 31.03.2010	For the year	Deduction/ Sale	Up to 31.03.2011	As on 31.03.2011	As on 31.03.2010
Land & Development (Free Hold)	3,94,49,507	3,44,95,915	-	7,39,45,422	-	-	-	-	7,39,45,422	3,94,49,507
Buildings	43,98,29,340	9,42,16,305	-	53,40,45,645	9,41,54,958	1,45,83,410	-	10,87,38,368	42,53,07,277	34,56,74,382
Machinery	116,95,70,607	15,73,01,042	3,08,11,391	129,60,60,258	41,06,22,245	5,89,49,215	2,24,86,354	44,70,85,106	84,89,75,152	75,89,48,362
Effluent Treatment Plant	46,61,298	15,67,574	-	62,28,872	29,58,674	2,46,232	-	32,04,906	30,23,966	17,02,624
Tools & Shoe Lasts	19,28,28,412	2,60,45,511	6,77,878	21,81,96,045	8,75,83,594	3,37,74,175	6,75,778	12,06,81,991	9,75,14,054	10,52,44,818
Furniture, Fittings & Electrical Installation	16,04,73,606	2,08,36,588	4,17,515	18,08,92,679	6,84,12,422	1,05,59,691	4,405	7,89,67,708	10,19,24,971	9,20,61,184
Motor Vehicles	6,03,86,212	2,41,02,065	72,79,503	7,72,08,774	1,65,60,702	64,03,886	44,73,288	1,84,91,300	5,87,17,474	4,38,25,510
Computers	9,00,17,256	30,80,430	-	9,30,97,686	7,88,18,445	50,58,424	-	8,38,76,869	92,20,817	1,11,98,811
UNIT-4										
Land & Development	1,30,05,277	-	1,30,05,277	-	-	-	-	-	-	1,30,05,277
Building	60,30,461	-	60,30,461	-	18,88,432	-	18,88,432	-	-	41,42,029
Electrical Installation	16,76,589	-	16,76,589	-	12,26,965	-	12,26,965	-	-	4,49,624
Total:	2,17,79,28,565	36,16,45,430	5,98,98,614	2,47,96,75,381	76,22,26,437	12,95,75,033	3,07,55,222	86,10,46,248	1,61,86,29,133	1,41,57,02,128
Land & Development (Lease Hold)	26,49,03,980	35,60,698	-	26,84,64,678	-	92,11,494	-	92,11,494	25,92,53,184	26,49,03,980
Grand Total:	2,44,28,32,545	36,52,06,128	5,98,98,614	2,74,81,40,059	76,22,26,437	13,87,86,527	3,07,55,222	87,02,57,742	1,87,78,82,317	1,68,06,06,108
Figures for the previous year ₹	(2,27,91,20,064)	(21,26,46,675)	(4,89,34,194)	(2,44,28,32,545)	(66,16,71,197)	(11,40,01,792)	(1,34,46,552)	(76,22,26,437)	(1,68,06,06,108)	

CAPITAL WORK IN PROGRESS

2011	2010
15,84,42,844	5,15,02,271

Notes

Opening and Closing Balances have been regrouped wherever necessary.
Assets of the Unit-4 have been sold out during the year.

	2011 ₹	2010 ₹
Schedule 6 : INVESTMENTS		
TRADE INVESTMENTS [(Unquoted) valued at cost] LONG TERM		
900 (900) Equity Shares of GBP 100 each in Mirza UK Ltd. (Formerly known as MCF Trading (UK) Ltd.)	65,30,400	65,30,400
240000 (240000) Equity Shares of ₹ 10/- each in Industrial Infrastructure Services (India) Ltd.	24,00,000	24,00,000
Aggregate value of unquoted Investment (at cost)	89,30,400	89,30,400
NON TRADE INVESTMENTS Quoted (Valued at cost) - LONG TERM		
QUOTED:-		
2000 (2000) Shares of J.P. Associates Ltd. of ₹ 2/- each fully Paid up	27,283	27,283
500 (500) Shares of Sarup Tannery Ltd. of ₹10/- each fully Paid up	30,900	30,900
150 (150) Shares of Super House Ltd. ₹10/- each fully Paid up	9,425	9,425
1000 (1000) Shares of Super Tannery Ltd. of ₹ 2/- each fully Paid up	6,200	6,200
UNQUOTED:-	73,808	73,808
Azad Multi Speciality Hospital & Research Centre (P) Ltd. (Share Application Money Pending for Allotment)	10,00,000	-
TOTAL INVESTMENTS	10,004,208	90,04,208
Aggregate Market Value of Quoted Investments	2,11,008	3,33,323
Schedule 7 : INVENTORIES		
Stores & Spares	2,22,38,084	2,17,10,815
Raw Materials	37,17,96,019	29,33,74,589
Work In Progress	21,02,15,268	21,34,36,193
Finished Goods	41,74,02,040	24,57,54,201
Excise Duty on Finished Goods	91,60,492	54,89,794
Modvat Credit Receivable	1,63,77,273	1,20,08,868
	1,04,71,89,176	79,17,74,460
Schedule 8 : SUNDRY DEBTORS		
(Unsecured Considered Good)		
Over Six Months	2,40,24,206	3,81,67,276
Others	28,81,84,932	28,55,06,993
	31,22,09,138	32,36,74,269
Schedule 9 : CASH & BANK BALANCES		
Cash in Hand	58,22,533	31,52,286
Balances with Scheduled Banks		
Current Accounts	3,92,84,591	81,08,155
Deposit Accounts	28,81,500	66,77,200
	4,79,88,624	1,79,37,641
Schedule 10 : OTHER CURRENT ASSETS		
Accrued Interest	6,067	51,557
Duty Draw Back Receivable	1,93,76,589	3,10,45,827
Income Tax (Net of Provisions)		
Tax Payment	77,56,71,866	
Tax Provision	67,10,33,380	
Duty Entitlement Pass Book	22,27,590	28,97,533
Incentive Receivable	7,54,15,437	5,04,97,485
Focus Product License (In Hand)	2,99,77,451	31,33,083
Due from Banker	0	84,95,000
	23,16,41,629	17,81,43,545
Schedule 11 : LOANS AND ADVANCES		
(Unsecured Considered Good)		
Advances recoverable in cash or in kind or for value to be received	10,57,77,079	5,32,48,600
Security Deposit	2,02,48,827	1,53,51,869
	12,60,25,906	6,86,00,469

	2011 ₹	2010 ₹
Schedule 12 : CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
Sundry Creditors	30,34,20,901	24,77,52,686
Outstanding Liabilities	11,77,69,480	12,49,67,425
Notional dues to bankers on account of outstanding forward contracts	98,45,921	(10,90,780)
Unclaimed Dividend	35,33,667	37,56,380
	<u>43,45,69,969</u>	<u>37,53,85,711</u>
B. Provisions		
Provision for Gratuity	4,26,25,541	3,65,43,166
Audit Fee	5,70,802	4,72,500
Proposed Dividend	4,63,53,000	3,70,82,400
Tax on Dividend	76,98,654	61,58,923
Excise Duty on Finished Goods	91,60,492	54,89,794
	<u>10,64,08,489</u>	<u>8,57,46,783</u>
Schedule 13 : INCOME FROM OPERATIONS		
Export Sales	3,16,44,68,644	2,64,05,44,489
Inland Sales (less Excise Duty ₹ 35,91,900 Previous Year 60,37,274)	1,15,15,48,015	83,34,11,719
Export Incentive	41,24,70,410	31,49,74,424
	<u>4,72,84,87,069</u>	<u>3,78,89,30,632</u>
Schedule 14 : OTHER INCOME		
Interest Income	1,06,67,934	83,68,580
Dividend from Trade Investments	4,80,000	0
Dividend from Non Trade Investments	3,750	1,860
Other Income	41,30,735	30,05,111
	<u>1,52,82,419</u>	<u>1,13,75,551</u>
Schedule 15 : (INCREASE)/DECREASE IN STOCK		
Closing Stock		
Finished Goods	41,74,02,040	24,57,54,201
Work In Progress	21,02,15,268	21,34,36,193
	<u>62,76,17,308</u>	<u>45,91,90,394</u>
Opening Stock		
Finished Goods	24,57,54,201	24,19,60,961
Work in Progress	21,34,36,193	26,28,06,140
	<u>45,91,90,394</u>	<u>50,47,67,101</u>
(Increase)/Decrease in Stock	<u>(16,84,26,914)</u>	<u>4,55,76,707</u>

Schedule 16 : MATERIAL CONSUMED
FOR THE YEAR ENDED 31ST MARCH, 2011

	Opening Stock (₹)	Purchases (₹)	Closing Stock (₹)	Consumption (₹)
A. Raw Materials				
Hides & Finished Leather	4,95,39,410	67,96,95,714	7,14,91,866	65,77,43,258
	(6,45,98,078)	(38,79,39,187)	(4,95,39,410)	(40,29,97,855)
Chemicals	4,05,38,344	36,53,62,395	4,41,11,786	36,17,88,953
	(4,01,84,526)	(25,71,19,527)	(4,05,38,344)	(25,67,65,709)
Others	20,19,61,538	77,00,63,130	25,69,80,969	71,50,43,699
	(19,10,95,919)	(66,65,94,026)	(20,19,61,538)	(65,57,28,407)
B. Purchase of Finished Goods	-	1,19,84,30,090	-	1,19,84,30,090
	(-)	(85,83,69,219)	(-)	(85,83,69,219)
Total (A+B)	<u>29,20,39,292</u>	<u>3,01,35,51,329</u>	<u>37,25,84,621</u>	<u>2,93,30,06,000</u>
	(29,58,78,523)	(2,17,00,21,959)	(29,20,39,292)	(2,17,38,61,190)
C. Stores & Spares				
Stores & Spares	1,98,78,950	2,90,84,167	1,80,49,725	3,09,13,392
	(1,73,60,729)	(2,16,01,709)	(1,98,78,950)	(1,90,83,488)
Total (A+B+C)	<u>31,19,18,242</u>	<u>3,04,26,35,496</u>	<u>39,06,34,346</u>	<u>2,96,39,19,392</u>
	(31,32,39,252)	(2,19,16,23,668)	(31,19,18,242)	(2,19,29,44,678)

	2011		2010
	₹		₹
Schedule 17 : OTHER EXPENSES			
Salaries, Wages & Bonus	20,57,47,564		18,00,09,736
Contribution to Provident and Other Funds	1,25,17,027		1,02,46,730
Workman & Staff Welfare Expenses	1,78,08,053		1,31,28,499
Provision / Payment For E.S.I.	45,32,190		39,20,090
Gratuity	84,32,639		88,55,806
Rent, Rates & Taxes	3,19,68,136		1,70,42,797
Printing & Stationery	60,93,873		53,35,523
Travelling Expenses	1,79,43,669		1,76,61,515
Telephone & Telex	95,52,770		89,78,007
Processing Charges Paid	35,92,01,071		25,68,58,069
Repairs & Maintenance			
(a) Plant & Machinery	72,81,115	52,07,980	
(b) Building	80,45,839	84,85,625	
(c) Others	<u>1,83,14,623</u>	<u>1,30,52,958</u>	2,67,46,563
Power & Fuel	12,20,85,625		10,37,36,802
Insurance	1,59,79,142		1,27,61,708
Legal & Professional Charges	1,20,95,175		64,96,254
Vehicle Running & Maintenance	2,82,93,630		2,07,15,831
Security Expenses	1,10,95,500		85,09,148
Freight & Transport	13,52,69,930		9,26,42,439
Advertisement & Sales Promotion	5,63,43,325		5,07,44,555
Commission	10,14,98,261		9,90,51,526
Foreign Exchange Fluctuation	(11,31,21,393)		6,02,91,694
Postage & Courier	1,22,24,013		1,15,80,933
Donation & Subscription	11,90,205		47,99,573
Audit Fees	5,75,000		5,25,000
Miscellaneous Expenses	16,88,879		1,68,901
Leasehold Land Amortisation	17,08,691		-
Loss / (Profit) on sale of fixed assets (Net)	<u>74,98,244</u>		<u>1,12,21,141</u>
	<u><u>1,10,18,62,796</u></u>		<u><u>1,03,20,28,840</u></u>
Schedule 18 : INTEREST			
On Term Loan	4,07,08,748		3,78,47,257
On Working Capital & Other Charges	<u>13,35,99,024</u>		<u>10,18,33,757</u>
	<u><u>17,43,07,772</u></u>		<u><u>13,96,81,014</u></u>

Schedule 19 : SIGNIFICANT ACCOUNTING POLICIES
(1) Basis of Accounting

- (a) 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) 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.

(2) 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.

(3) Depreciation

- 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.

(4) Borrowing Cost

- (a) 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.



- (5) **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.
- (6) **Investments**
Long term investments are valued at cost.
The Cost of Investments made in Foreign Currency is translated at rates prevailing on the Balance Sheet date unless temporary in nature and gain/loss if any is accumulated in Foreign Currency Translation Reserve.
Diminution in the value of Long Term Investments is recognized only if the same is, in the opinion of the management, of a permanent nature.
- (7) **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.
- (8) **Foreign Currency Transactions**
All foreign Currency transaction of purchase and sales are recorded at exchange rate prevailing on the date of the transaction. The difference between the rate prevailing on the date of the transaction and on the date of settlement as also on translation of Current Assets and Current Liabilities at the end of the year is recognized as Income or expense as the case may be.
- (9) **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
- (10) **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.
- (11) **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.
- (12) **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.
- (13) **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.
- (14) **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.
- (15) **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.
- (16) **Events Occurring after the Balance Sheet date:**
It is the Company's Policy to take in to account the impact of any significant event that occurs after the Balance Sheet date but before the finalization of accounts.
- (17) **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 prorsata 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.
- (18) **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.)

Schedule 20 : CONTINGENT LIABILITIES & NOTES
I. Contingent Liabilities

- a) Bills discounted with the Company's bankers- ₹ 10708 Lacs (₹ 7760 Lacs).
- b) Import duty payable in case of non-fulfillment of export obligation under EPCG Scheme(not yet due) - ₹ 293 Lacs (₹ 98 Lacs).
- c) Bank guarantees / LCs issued by the company's bankers outstanding at the balance sheet date – ₹ 139.5 Lacs (₹ 110 Lacs).
- d) Out of Labour cases of 158 employees pending during last year, 157 has been dropped by the labour department Noida. However one case is still pending - amount indeterminable. 6 (5) cases pending at industrial Tribunal – II Lucknow amount indeterminable. One case pending at labour court Kanpur -Amount indeterminable.
- e) Deficiency in stamp duty demanded by state revenue authorities for purchase of land at Hapur - ₹ 44.05 Lacs. Out of this the company has deposited ₹ 14.67 Lacs as per Interim order of Hon'ble Allahabad High Court. The court remanded the case to the collector stamps, Ghaziabad with the instruction to pass fresh order for releasing ₹ 14.67 Lacs deposited by the company. The case is now pending with Asst. Commissioner stamps, Ghaziabad
- f) Counter guarantee given by the company to its directors against their guarantee given to bank – ₹ 232 Crores (₹ 227 Crores).
- g) Demands raised by the authorities contested at various levels:-
 - i) Entry tax – ₹ 65.45 Lacs (₹ 65.45 Lacs)
 - ii) Income tax – ₹ 644.18 Lacs (₹ 1118.60 Lacs) (Detail at Note L)

II. Notes

- A) Capital Commitments net of funds already deployed – ₹ 686 Lacs (₹ 720 Lacs).
- B) Unclaimed Dividend ₹ 44.47 Lacs (₹ 42.35 Lacs) includes dividend retained by the Company in exercise of its lien on unpaid calls ₹ 9.10 Lacs (₹7.70 Lacs).
- C) Amount of Interest capitalized during the year ₹ 14.25 Lacs (₹ 130.61 Lacs).

D) SEGMENT REPORTING

Segment Information for the Year ended 31st March, 2011

- (I) Information about Primary Business Segments

	(₹ in lacs)			
	Shoe Division	Tannery Division	Unallocated	Total
Revenue				
External	42086.94 (34671.88)	5197.93 (3217.42)	152.82 (113.76)	47437.69 (38003.06)
Inter - Segment	- -	7141.00 (6052.79)	- -	7141.00 (6052.79)
Total Revenue	42086.94 (34671.88)	12338.93 (9270.21)	152.82 (113.76)	54578.69 (44055.85)
Result				
Segment Result (Profit before Interest & Tax)	8568.82 (6034.77)	445.45 (385.81)	152.83 -	9167.10 (6420.58)
Less: Interest Expenses	-	-	(1743.08) (1396.81)	(1743.08) (1396.81)
Unallocated Expenditure net of unallocated income	-	-	(2002.62) (2263.04)	(2002.62) (2263.04)
Extra ordinary item – Profit on Sale of U – IV	-	-	389.38 (-)	389.38 (-)
Profit before Taxation	8568.82 (6034.77)	445.45 (385.81)	(3203.49) (3659.85)	5810.78 (2760.73)
Provision for Taxation	-	-	(1825.93) (940.23)	(1825.93) (940.23)
Net Profit	8568.82 (6034.77)	445.45 (385.81)	(5029.42) (4600.08)	3984.85 (1820.50)
Other Information				
Segment Assets	27677.13 (22587.82)	8402.38 (6558.56)	2034.33 (2066.05)	38113.84 (31212.43)
Segment Liabilities	14259.65 (11620.73)	4259.38 (3534.95)	1740.93 (1612.39)	20259.96 (16768.07)
Capital Expenditure	2434.31 (1714.62)	902.73 (147.30)	315.02 (264.55)	3652.06 (2126.47)
Depreciation	1036.93 (898.94)	150.95 (142.07)	107.87 (99.01)	1295.75 (1140.02)



(II) Information about Secondary Business Segments Revenue by Geographical Market (₹ in Lacs)

	Within India	Outside India*	Total
External	11668.30 (8447.87)	35769.39 (29555.19)	47437.69 (38003.06)
Inter Segment	—	—	—
Total	11668.30 (8447.87)	35769.39 (29555.19)	47437.69 (38003.06)
Carrying amount of segment assets	38113.84 (31212.43)	-	38113.84 (31212.43)
Additions to Fixed Assets	3652.06 (2126.47)	-	3652.06 (2126.47)

* Includes Export incentive received on Export

(III) Notes :

(i) The Company is organised 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 organisation 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.

E) Related Party Disclosures

Related Party Disclosures, as required by AS-18, "Related Party Disclosures", are given below:

1. Relationships:

- (i) Associate Company : Mirza (UK) Ltd.
- (ii) Key Management personnel & Relatives : Mr Irshad Mirza (Chairman), Mr Rashid A. Mirza (Managing Director), Mr Shahid A. Mirza, Mr Tauseef A. Mirza, Mr Tasneef A. Mirza, Mr N.P. Upadhyay (Whole Time Directors), Mr Shuja Mirza (Vice President-Marketing), Mr Faraz Mirza (Vice President-Production), Ms. Ramsha Mirza (Manager Garments).
- (iii) Related Companies : Euro Footwear Ltd, Shoemax Engg. Ltd, Achee Shoes Pvt. Ltd., Emgee Projects Pvt. Ltd. Mirza Holdings Pvt. Ltd., Mirza Agrotech Pvt. Ltd., Genesis Infra Projects Pvt. Ltd., Gemini Products Limited, Red Tape International Pvt. Ltd., Shoemac Leather Tech Engineers Ltd., Mayfair Leather Exports Ltd., Azad Multispeciality Hospital & Reserch Centre Pvt. Ltd.
- (iv) Related Parties/Firms : Mrs Jamil Ara Begum, Mrs Sabiha Hussain, Mirza Projects, Genesis International, Mars International, Genesis Developers, Genesis River View Resorts, LLP.



2. The details of transactions carried out with the related parties in the ordinary course of business are as follows:

	Volume of Transactions (₹) 2011	Outstanding (₹) 2011	Volume of Transactions (₹) 2010	Outstanding (₹) 2010
1 Purchase				
Mayfair Leather Exports Ltd.	16,83,28,077	14,70,748 CR.	14,00,92,796	—
Genesis International U-I	20,02,57,813	—	25,09,39,066	32,11,793 CR
Genesis International U- II	18,97,79,051	—	—	—
Euro Footwear Ltd.	50,38,60,179	2,32,97,893 CR.	36,58,25,663	2,54,86,952 CR
Gemini Products Ltd.	2,48,44,956	12,21,905 CR.	2,44,02,864	6,86,884 DR
Shoemax Engineering Ltd.	40,061	—	31,765	—
Shoemac Leather Tech Eng. Ltd.	92,09,123	2,78,862 CR.	23,89,436	5,00,000 DR
Mirza UK Ltd.	5,22,63,046	—	88,03,974	—
2 Jobwork Paid				
Mars International	1,70,33,051	9,23,530 CR.	1,44,93,176	4,30,267 DR
3 Rent & Maintenance Charges Paid				
Mrs. Jamil Ara Begum	5,40,000	38,735 CR.	5,40,000	—
Mrs. Sabiha Hussain	3,00,000	23,722 CR.	3,00,000	—
Mr. Irshad Mirza	6,00,000	—	—	—
4 Sales				
Euro Footwear Ltd.	19,30,73,697	—	13,43,60,546	—
Mirza (UK) Ltd.	1,93,64,44,871	71,28,140 CR.	1,84,16,23,348	75,26,870 DR
Genesis International – I	1,93,27,141	5,49,913 DR.	11,37,10,900	1,28,79,674 DR
Genesis International – II	9,45,54,499	1,56,12,613 DR.	—	—
Mayfair Leather Export Ltd.	4,77,91,916	—	4,41,19,522	54,51,280 DR
Gemini Products Ltd.	—	—	7,34,031	—
5 Jobwork Received				
Euro Footwear Ltd.	26,35,491	—	15,82,215	—
Mayfair Leather Export Ltd.	30,400	—	1,13,265	—
6 Gurantee Commission Paid				
Irshad Mirza	58,00,000	12,11,947 CR.	56,75,000	—
7 Salary Paid				
Shuja Mirza	36,00,000	—	34,33,649	—
Faraz Mirza	4,36,000	—	—	—
Ramsha Mirza	40,000	—	—	—
8 Managerial Remuneration	3,73,74,157	—	3,33,68,172	—
9 Rent Recd.				
Shoemax Engineering Ltd.	3,60,000	1,62,000 DR.	2,64,000	—
10 Commission on Export Sales				
Mirza (UK) Ltd.	—	1,65,57,423	1,65,57,423	1,65,57,423

F) Earnings Per Share

Number of Issued equity Shares as on 01.04.2010	9,27,06,000
Number of Issued equity Shares as on 31.03.2011	9,27,06,000
Weighted Average Number of Issued equity Shares during the year	—
Net Profit after tax before Extra Ordinary items for the year	₹ 35,28,82,903
Not Profit after tax and Extra Ordinary Items for year	₹ 39,18,21,043
Dividend payable to holders of issued preference shares	—
Net Profit available for Equity Shareholders	₹ 39,18,21,043
Basic Earnings Per Share before Extra Ordinary Items	₹ 3.81
Basic Earnings Per Share after Extra Ordinary Items	₹ 4.23
Effect of Outstanding securities / Instruments having EPS dilutive potential	—
Diluted Earnings per Share before Extra Ordinary Items	₹ 3.81
Diluted Earnings per Share after Extra Ordinary Items	₹ 4.23

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

	2011 ₹	2010 ₹
Salary	3,60,00,000	3,21,00,000
Perquisites	13,74,157	12,68,172
Sitting Fees	2,10,000	1,90,000
Guarantee Commission	58,00,000	56,75,000
	4,33,84,157	3,92,33,172



- H) Bills discounted include bills of ₹ 8931 Lacs (₹ 6824 Lacs) drawn on Mirza (UK) Ltd.
- I) Sundry Debtors include dues from the following companies under the same management arising under the normal course of business.

	Outstanding as on 31.03.2011	Maximum amount outstanding at any time during the year
	(₹)	(₹)
Mirza (UK) Ltd.	—	6,25,60,904
J) Payment to Statutory Auditors	2011	2010
Audit Fees	5,00,000	4,50,000
Tax Audit Fees	75,000	75,000

K) Income Tax

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, 2011.

- L) There was outstanding Income Tax demand of ₹ 1108.85 lakhs pertaining to various assessment years, which arose due to Direct Taxes (Amendment) Act, 2006. Appeals of the cases related to Assessment Year 2000-01 & 2001-02 have been allowed by the Hon'ble CIT (Appeals) and demands of ₹ 468.16 Lacs are dropped against the company and due refund orders are passed by the department. Balance demand of ₹ 640.68 Lacs relating to various Assessment years are pending before appellate authorities of the department.
- M) Exchange fluctuation Difference of ₹ 1131.21 Lacs (₹ 602.92 Lacs) consists of Profit on cancellation of Forward Contracts (net) ₹ 0.60 Lacs (Loss of ₹ 782.30 Lacs), and profit on exchange fluctuation on export/import/others ₹ 1130.61 Lacs. (₹ 179.38 Lacs)
- N) 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 2011, to any Micro and Small & Medium Enterprises. This information is based on data available with the company.
- O) Following are the outstanding forward exchange contracts entered into by the Company
- Forward contracts EURO INR 54.54 lakhs (NIL) Sell Hedging
 - Forward contracts GBP INR 96.74 lakhs (NIL) Sell Hedging
 - Forward contracts USD INR NIL (35.12 lakhs) Sell Hedging
 - Forward contracts GBP USD NIL (6.5 lakhs) Sell Hedging

P) Employee benefits :

The Company is providing the following benefits to their employees :

- a) Gratuity
- b) Provident Fund
- c) Leave encashment

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

Particulars	Gratuity (Unfunded) 31.03.2011	Gratuity (Unfunded) 31.03.2010
Discount	8.25%	8.00%
Rate of increase in compensation levels	5.00%	5.00%
Expected average remaining working lives of employees (years)	20.93	21.43
Total Expense recognized in the Statement of Profit & Loss Account		
	31.03.2011	31.03.2010
A Components of employer expense	₹	₹
1 Current Service Cost	32,60,069	29,06,012
2 Interest Cost	30,14,811	24,90,535
3 Expected return on plan assets	-	-
4 Curtailment cost/(credit)	-	-
5 Settlement cost/(credit)	-	-
6 Amortization of Past Service cost	-	-
7 Actuarial Losses/(Gains)	21,57,759	34,59,259
8 Total expense recognized in the Statement of Profit & Loss	84,32,639	88,55,806
	31.03.2011	31.03.2010
B Actual Contribution and Benefits Payments for period ended	₹	₹
1 Actual benefit payment	23,50,264	21,83,731
2 Actual Contributions	23,50,264	-

		31.03.2011	31.03.2010
Net asset/(liability) recognized in balance sheet		₹	₹
Funded Status			
1	Present value of Defined Benefit Obligation	4,26,25,541	3,65,43,166
2	Fair value of Plan assets	-	-
3	Funded status (Surplus/(Deficit)	(4,26,25,541)	(3,65,43,166)
4	Effect of balance Sheet asset limit	-	-
5	Unrecognized Past Service Cost	-	-
6	Net asset/(liability) recognized in balance sheet	(4,26,25,541)	(3,65,43,166)
1	Net assets/(liability) recognized in balance sheet at beginning of period	(3,65,43,166)	(2,98,71,091)
2	Employer expense	84,32,639	88,55,806
3	Employer Contribution	(23,50,264)	21,83,731
4	Net asset/(Liability) recognized in balance sheet at end of the period	(4,26,25,541)	(3,65,43,166)

Reconciliation of Defined Benefit Obligation and Fair Value of Assets Over the year ending 31st March 2011

A Change in Defined Benefit Obligations

1	Present Value of DBO at beginning of Period	3,65,43,166	2,98,71,091
2	Current Service Cost	32,60,069	29,06,012
3	Interest Cost	30,14,811	24,90,535
4	Curtailement cost/(credit)	-	-
5	Settlement cost/(credit)	-	-
6	Employee contribution	-	-
7	Plan amendments	-	-
8	Acquisitions	-	-
9	Actuarial (gains)/losses	21,57,759	34,59,259
10	Benefits paid	(23,50,264)	21,83,731
11	Present Value of DBO at the end of period	4,26,25,541	3,65,43,166

B Change in Fair value of Assets

1	Plan assets at beginning of period	-	-
2	Actual return on plan assets	-	-
3	Actual Company contribution	23,50,264	21,83,731
4	Employee contribution	-	-
5	Benefits paid	23,50,264	21,83,731
6	Plan assets at the end of period	-	-

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

R) INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3, 4C AND 4D OF PART - II OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

I. DETAILS REGARDING OPENING STOCK, PRODUCTION, PURCHASE, TURNOVER AND CLOSING STOCK

Sl. No.	Class of Goods	Unit	Opening Stock		Production	Purchase		Turnover/Issue		Closing Stock	
			Qty.	Value (₹)		Qty.	Qty.	Value (₹)	Qty.	Value (₹)	Qty.
1	Chrome Leather	Sq.Mtr.	95,970	5,93,95,923	*7,56,427	—	—	6,71,518	50,80,82,216	1,80,879	13,50,55,152
			(80,278)	(5,82,63,056)	(4,72,781)	—	—	(4,57,089)	(31,87,57,927)	(95,970)	(5,93,95,923)
2	Footwear	Pair	2,63,411	15,30,20,318	31,03,933	18,31,990	1,15,54,30,102	48,59,139	3,67,73,16,315	3,40,195	23,99,71,982
			(2,49,408)	(14,29,52,012)	(28,45,576)	(14,06,974)	(83,36,07,705)	(42,38,547)	(3,03,86,47,769)	(2,63,411)	(15,30,20,318)
3	Shoe Uppers	Pair	30,447	58,33,730	32,65,560	—	—	3245062	2,34,68,999	50,945	1,26,43,838
			(49,708)	(1,41,30,650)	(31,00,351)	—	—	(3119612)	(7,15,70,549)	(30,447)	(58,33,730)
4	Others		—	2,75,04,725	—	—	4,29,99,988	—	10,71,49,128	—	2,97,31,068
			—	(2,66,15,243)	—	—	(2,47,61,514)	—	(4,49,79,963)	—	(2,75,04,725)



II. RAW MATERIALS CONSUMED

		2011		2010
		₹		₹
Raw Hides & Wet Blue	911922.5 Hides	65,77,43,258	775157.5 Hides	40,29,97,855
Chemicals		36,17,88,953	—	25,67,65,709
Fittings & Others		74,59,57,091	—	67,48,11,895

* Of the above 3828 (1043) Hides and 443 pairs (693.5) Pairs of shoes were issued as sample to C.L.R.I., Customs, Buyers & Customers. 2173.5 Hides (4390) Hides were lost in process.

	2011	2010
	₹	₹
III. EARNING IN FOREIGN EXCHANGE		
F.O.B. Value of Export	3,12,38,20,722	2,62,45,23,527

	2011	2010
	₹	₹
IV. EXPENDITURE IN FOREIGN CURRENCY		
Commission on Export Sales	3,64,76,785	4,20,14,492
Foreign Travelling Expenses	31,62,427	30,24,016
Testing Charges	26,81,428	29,59,392
Software Purchase	40,045	60,007
Office Furniture Purchase	—	4,28,069
Trade Mark Expenses	23,181	48,441

V. VALUE OF IMPORT ON C.I.F. BASIS		
1. Raw Material including Chemicals	51,58,31,782	33,04,45,835
2. Stores & Spare Parts	1,51,52,267	1,00,78,028
3. Capital Goods	13,19,32,981	4,96,85,334

VI. VALUE OF RAW MATERIAL CONSUMED				
Imported	17.48%	51,82,08,150	16.89%	37,04,34,689
Indigenous	82.52%	2,44,57,11,242	83.11%	1,82,25,09,989

VII. AMOUNT OF DIVIDEND REMITTED IN FOREIGN CURRENCY

VIII. LICENSED CAPACITY & INSTALLED CAPACITY

(Figures in lacs)

Particulars	Unit	Licenced Capacity (As per LI/Licence)		Installed Capacity		*Actual Production	
		2011	2010	2011	2010	2011	2010
Footwear	Pairs	N.A.	N.A.	48.00	40.00	31.04	28.45
Chrome Leather	Sq. Mtr.	N.A.	N.A.	-	-	7.56	4.73

* Represents final production for sale and does not include intermediate products consumed for down stream production. Installed capacity figures are as certified by the Management and being a matter of technical nature not verified by the auditors. These have been expressed in units of quantities in which licences have been issued except in case of leather where it has been expressed in Sq.Mtrs. Which, in the opinion of the Management, is the appropriate unit of quantity.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH

	2011 ₹	2010 ₹
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax & Extra-ordinary Items	54,25,31,409	27,60,73,152
Adjustment For		
Add :		
Loss on sale of Fixed Assets	74,98,244	1,12,21,141
Depreciation	12,95,75,033	11,40,01,792
Interest	17,43,07,772	13,96,81,014
	31,13,81,049	26,49,03,947
Less :		
Interest Income	1,06,67,934	83,68,580
Dividend Received	4,83,750	1,860
Income from Govt. Grant	8,90,664	5,93,789
Operating Profit before Working Capital Changes	84,18,70,110	53,20,12,870
Adjustment For		
Trade & other Receivables	1,14,65,131	(7,61,61,639)
Inventory	(25,54,14,716)	4,29,08,614
Trade Payables	(40,83,680)	5,77,32,294
Others	(2,82,29,228)	(2,43,82,409)
Cash Generated from Operations	56,56,07,617	53,21,09,730
Direct Taxes Paid	(20,45,06,826)	(8,21,57,625)
Net Cash from Operating Activity	36,11,00,791	44,99,52,105
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(45,48,20,243)	(20,72,32,839)
Sales of Fixed Assets	6,31,30,675	2,42,66,501
Purchase of Investment	(10,00,000)	-
Interest Received	1,06,67,934	8368580
Dividend Income	4,83,750	1860
Net Cash used in Investing Activities	(38,15,37,884)	(17,45,95,898)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from calls in Arrears	9,456	55,200
Dividend Paid	(3,73,05,113)	(1,87,97,907)
Dividend Tax Paid	(61,58,923)	(31,51,077)
Borrowing from bank	18,04,09,979	2,55,74,894
Proceeds from Term Loan	20,00,00,000	-
Repayment of Term Loan	(11,21,59,551)	(14,32,59,123)
Interest paid	(17,43,07,772)	(13,96,81,014)
Net cash used in financing activities	5,04,88,076	(27,92,59,027)
Net Increase in Cash & Equivalents	3,00,50,983	(39,02,820)
Cash & Equivalent as on 01.04.2010 (Opening Balance)	1,79,37,641	2,18,40,461
Cash & Equivalent as on 31.03.2011 (Closing Balance)	4,79,88,624	1,79,37,641

Notes to the Cash Flow Statement :

The company has undrawn borrowing facilities of ₹10 Crore, which will be utilised for future capital expenditure.

This is the cash flow statement referred to in our report of even date attached.

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

IRSHAD MIRZA
Chairman

RASHID AHMED MIRZA
Managing Director

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
YASHVEER SINGH
ISLAMUL HAQ
SUDHINDRA JAIN

} Directors

Place : Kanpur
Date : 28.05.2011



MIRZA INTERNATIONAL LIMITED

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

NOTICE

NOTICE is hereby given that the 32nd Annual General Meeting of the members of the Company will be held on Thursday, 8th September, 2011 at 1:00 P.M. at the Auditorium of Council for Leather Exports, HBTI Campus, Nawabganj, Kanpur - 208002 to consider the following businesses:

ORDINARY BUSINESS: -

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2011 and the Profit & Loss Account for the year ended on that date together with the Schedules and Notes attached thereto, alongwith the Reports of the Auditors and Directors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Narendra Prasad Upadhyay, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Subhash Sapra, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. Islam-ul-Haq, 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, 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.”

SPECIAL BUSINESS:-

7. To consider and, if thought fit, to pass, with or without modifications, the following Resolution as a **Special Resolution**:
“**RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the Company hereby approves the re-appointment of Mr. Irshad Mirza as Chairman(Executive) of the Company to exercise powers of the day to day management of affairs of the company as may be entrusted by the Board of Directors of the Company from time to time for a period of 3 (three) years w.e.f. 1st October, 2011 on such terms and conditions including remuneration as set out in the Explanatory Statement and the draft of the agreement to be entered into between the Company and Mr. Irshad Mirza, a copy whereof is placed before this meeting.
RESOLVED FURTHER THAT the terms and conditions of re-appointment may be varied, altered or modified from time to time during the tenure of Mr. Irshad Mirza as Chairman (Executive) of the Company in compliance with the provisions of the Companies Act, 1956 or any modification or re-enactment thereof for the time being in force.
RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, desirable or expedient in this regard to give effect to this resolution.”
8. To consider and, if thought fit, to pass, with or without modifications, the following Resolution as a **Special Resolution**:
“**RESOLVED THAT** pursuant to provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the consent of Central Government and subject to such conditions, limitations and other restrictions as may be imposed by Central Government while granting such approval, the Company hereby approves the re-appointment of Mr. Rashid Ahmed Mirza as Managing Director of the Company to exercise powers of day to day management of affairs of the Company as may be entrusted by the Board of Directors of the Company from time to time for a period of 3 (Three) years w.e.f 1st October, 2011 on such terms and conditions including remuneration as set out in the Explanatory Statement and the draft of the agreement to be entered into between the Company and Mr. Rashid Ahmed Mirza, a copy whereof is placed before this meeting.
RESOLVED FURTHER THAT the terms and conditions of re-appointment including remuneration may be varied, altered or modified from time to time during the tenure of Mr. Rashid Ahmed Mirza as Managing Director of the Company in compliance with the provisions of the Companies Act, 1956 or any modification or re-enactment thereof for the time being in force.
RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, desirable or expedient in this regard to give effect to this resolution.”
9. To consider and, if thought fit, to pass, with or without modifications, the following Resolution as a **Special Resolution**:
“**RESOLVED THAT** pursuant to provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the consent of Central Government and subject to such conditions, limitations and other restrictions as may be imposed by Central Government while granting such approval, the Company hereby approves the re-appointment of Mr. Shahid Ahmad Mirza as Whole-time Director of the Company to exercise powers of day to day management of affairs of the Company as may be entrusted by the Board of Directors of the Company from time to time for a period of 3 (Three) years w.e.f 1st October, 2011 on such terms and conditions including remuneration as set out in the Explanatory Statement and the draft of the agreement to be entered into between the Company and Mr. Shahid Ahmad Mirza, a copy whereof is placed before this meeting.
RESOLVED FURTHER THAT the terms and conditions of re-appointment including remuneration may be varied, altered or modified from time to time during the tenure of Mr. Shahid Ahmad Mirza as Whole-time Director of the Company in compliance with the provisions of the Companies Act, 1956 or any modification or re-enactment thereof for the time being in force.
RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, desirable or expedient in this regard to give effect to this resolution.”

10. To consider and, if thought fit, to pass, with or without modifications, the following Resolution as a **Special Resolution**:
- "RESOLVED THAT** pursuant to provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the consent of Central Government and subject to such conditions, limitations and other restrictions as may be imposed by Central Government while granting such approval, the Company hereby approves the re-appointment of Mr. Tauseef Ahmad Mirza as Whole-time Director of the Company to exercise powers of day to day management of affairs of the Company as may be entrusted by the Board of Directors of the Company from time to time for a period of 3 (Three) years w.e.f 1st October, 2011 on such terms and conditions including remuneration as set out in the Explanatory Statement and the draft of the agreement to be entered into between the Company and Mr. Tauseef Ahmad Mirza, a copy whereof is placed before this meeting.
- RESOLVED FURTHER THAT** the terms and conditions of re-appointment including remuneration may be varied, altered or modified from time to time during the tenure of Mr. Tauseef Ahmad Mirza as Whole-time Director of the Company in compliance with the provisions of the Companies Act, 1956 or any modification or re-enactment thereof for the time being in force.
- RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, desirable or expedient in this regard to give effect to this resolution."
11. To consider and, if thought fit, to pass, with or without modifications, the following Resolution as a **Special Resolution**:
- "RESOLVED THAT** pursuant to provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the consent of Central Government and subject to such conditions, limitations and other restrictions as may be imposed by Central Government while granting such approval, the Company hereby approves the re-appointment of Mr. Tasneef Ahmad Mirza as Whole-time Director of the Company to exercise powers of day to day management of affairs of the Company as may be entrusted by the Board of Directors of the Company from time to time for a period of 3 (Three) years w.e.f 1st October, 2011 on such terms and conditions including remuneration as set out in the Explanatory Statement and the draft of the agreement to be entered into between the Company and Mr. Tasneef Ahmad Mirza, a copy whereof is placed before this meeting.
- RESOLVED FURTHER THAT** the terms and conditions of re-appointment including remuneration may be varied, altered or modified from time to time during the tenure of Mr. Tasneef Ahmad Mirza as Whole-time Director of the Company in compliance with the provisions of the Companies Act, 1956 or any modification or re-enactment thereof for the time being in force.
- RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, desirable or expedient in this regard to give effect to this resolution."
12. To consider and, if thought fit, to pass, with or without modifications, the following Resolution as a **Special Resolution**:
- "RESOLVED THAT** pursuant to provisions of Section 198, 269, 309, 310, 311 and other applicable provisions, if any, read with schedule XIII to the Companies Act, 1956, the Company hereby approves the re-appointment of Mr. Narendra Prasad Upadhyay as Whole-time Director of the Company for a period of 3 (Three) years with effect from 1st October, 2011 on the terms and conditions as set out in Explanatory Statement to exercise powers of day to day management of affairs of the Company as may be entrusted by the Board of Directors of the Company from time to time and the draft of the agreement to be entered into between the Company and Mr. Narendra Prasad Upadhyay, a copy whereof is placed before this meeting."
13. To consider and, if thought fit, to pass, with or without modifications, the following Resolution as a **Special Resolution**:
- "RESOLVED THAT** pursuant to the provisions of Section 314 read with Director's Relatives (Office or place of profit) Rules, 2003 and other applicable provisions, if any of the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof for the time being in force and subject to the approval of Central Government and subject to such conditions, limitations and other restrictions as may be imposed by Central Government while granting such approval, the Company hereby approve the re-appointment of Mr. Shuja Mirza, relative of Directors of the Company, to hold and continue to hold office or place of profit under the Company as Vice-President (Marketing) for a period of three years w.e.f. 1st October, 2011 on the following terms and conditions:
1. **Remuneration:**
Remuneration by way of Salary, not exceeding a sum of ₹ 6,00,000/- (₹ six lacs only) per month, as may be finalized in consultation with the appointee.
 2. **Perquisites:**
In addition to the Salary as above, the Vice-President (Marketing) shall be entitled to the following perquisites:
 - a) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service subject to maximum amount of ₹10 lacs. However, the same shall not be included in the computation of the ceiling on remuneration specified as above;
 - b) Leave with pay not exceeding one month for every eleven months of completed service and un-availed leaves will be allowed to be encashed at the end of the tenure. However, the same shall not be included in the computation of the ceiling on remuneration specified as above;
 - c) Use of Company's car with a driver for official purpose and telephone at residence (including payment for local calls and long distance official calls) which shall not be included in the computation of the ceiling on remuneration specified as above.
- RESOLVED FURTHER THAT** the Board of Directors may alter, vary and modify the terms and conditions of the appointment of Mr. Shuja Mirza from time to time during the tenure of his appointment as Vice-President (Marketing) subject however, to the compliance with the applicable provisions of the Companies Act, 1956 and the Rules made thereunder.
- RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to complete all the necessary formalities and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

14. To consider and, if thought fit, to pass, with or without modifications, the following Resolution as a **Special Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Section 314 read with Director's Relatives (Office or Place of Profit) Rules, 2003 and other applicable provisions, if any of the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof for the time being in force and subject to such other sanctions as may be necessary, consent of the Company be and hereby accorded to Ms. Ramsha Mirza, a relative of Directors of the Company, to hold and continue to hold office or place of profit under the Company as Manager (Garments) with effect from 1st March, 2011 on the following terms and conditions:

1. Remuneration:

Remuneration by way of Salary, not exceeding a sum of ₹ 40,000/- (₹ Fourty thousand only) per month, as may be finalized in consultation with the appointee.

2. Perquisites:

In addition to the Salary as above, the Manager (Garments) shall be entitled to the following perquisites:

- (a) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service subject to maximum amount of ₹ 10 lacs. However, the same shall not be included in the computation of the ceiling on remuneration specified as above;
- (b) Leave with pay not exceeding one month for every eleven months of completed service and un-availed leaves will be allowed to be encashed at the end of the tenure. However, the same shall not be included in the computation of the ceiling on remuneration specified as above;
- (c) Use of Company's Car with driver for official purpose and telephone at residence (including payment for local calls and long distance official calls) which shall not be included in the computation of the ceiling on remuneration specified as above.

RESOLVED FURTHER THAT the Board of Directors may alter, vary and modify the terms and conditions of the appointment of Ms. Ramsha Mirza from time to time during the tenure of her appointment as Manager (Garments) subject however, to remuneration not exceeding ₹ 2,50,000/- (Two Lacs Fifty thousand only) per month to comply with the applicable provisions of the Companies Act, 1956 and the Rules smade thereunder.

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to complete all the necessary formalities and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

By Order of the Board

Sd/-

(D.C. Pandey)

**Vice President (Accounts) &
Company Secretary**

Place : New Delhi

Date : July 28, 2011

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE, INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT TO BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, must be received by the Company not less than Forty- Eight Hours before the commencement of the Meeting.
2. The Register of members and Share Transfer Books of the Company will remain closed from 1st September, 2011 to 8th September, 2011 (both days inclusive)
3. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, relating to special business 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 8th September, 2011 or in the Register of Beneficial owners maintained by the depositories as at the close of their business hours before 1st Spetember, 2011.
5. Unclaimed Dividends pertaining to the financial years 2003-2004 (Final) and 2004-2005, 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 enchased these dividend warrants or dividend warrants for the above mentioned financial years and onwards, may claim or approach our Registrar viz. Karvy Computershare Pvt. Ltd., " Karvy House", 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad-500034 or the Company for the payment thereof.
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.

Dividend Period	Due date for transfer
Final Dividend 2003-2004 paid in September 2004	29/10/2011
Interim Dividend 2004-2005 paid in November 2004	17/12/2011
Final Dividend 2003-2004 paid in September 2005	29/10/2012

ANNEXURE TO THE NOTICE

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

ITEM NO. 7

The present term of Mr. Irshad Mirza as Chairman (Executive) shall be expiring on 30th September, 2011. The Board of Directors has approved and being recommended by the remuneration committee, subject to the approval of members, the re-appointment of Mr. Irshad Mirza as Chairman (Executive) of the Company for a period of 3(Three) years on the following terms & conditions:

- 1) Remuneration: NIL
- 2) The Chairman shall be entitled to the following benefits which shall not be treated as remuneration:
 - a) The Chairman shall be entitled to maintain office(s) at suitable locations for the Company's business including residence-cum-camp office.
 - b) Conveyance-The company shall provide one fully insured car with driver for discharge of official responsibilities by the Director.
 - c) Telephone, Telefax and other communication facilities - The company shall provide/reimburse expenses in respect of one or more cellular phones (with handset) for his use, and Telephone connections with STD & ISD facilities, fax connections, Cable Internet connections and other communication facilities at the Director's residence.
 - d) The Chairman shall be entitled to reimbursement of the expenses incurred by him in the medical treatment, whether in India or abroad, for self and spouse.
 - e) Security-The Company shall provide for round the clock security at the Director's residence.

The Chairman shall be entitled to benefit of reimbursement within the limit specified in Para 1(A) of Category B of Section II of Part II of Schedule XIII to the Companies Act, 1956 in respect of above benefit.

The approval of members is therefore, sought for the re-appointment of Mr. Irshad Mirza as Chairman (Executive) of the Company. Mr. Irshad Mirza shall not be liable to retire by rotation as Director of the Company during his tenure of Chairman (Executive) of the Company.

None of the Directors except Mr. Irshad Mirza, Chairman and Mr. Rashid Ahmed Mirza, Managing Director, Mr. Shahid Ahmad Mirza, Mr. Tauseef Ahmad Mirza, Mr. Tasneef Ahmad Mirza, Whole-time Directors of the Company being sons of Mr. Irshad Mirza, is concerned or interested in resolution.

ITEM 08 TO 11

The present term of Mr. Rashid Ahmed Mirza as Managing Director and Mr. Shahid Ahmad Mirza, Mr. Tauseef Ahmad Mirza, Mr. Tasneef Ahmad Mirza as Whole-time Directors, shall be expiring on 30th September, 2011. Therefore, the Board of Directors in its meeting held on 28th May, 2011 decided to re-appoint them subject to the consent of Central Government and members for a period of 3 years w.e.f. 1st October, 2011 on the following terms and conditions:

Remuneration by way of Salary, Dearness Allowance, Perquisites, Performance Based Bonus, Commission, medical reimbursements and other Allowance not exceeding a sum of ₹ 16,66,666/- each per month i.e., ₹ 2.00 (Two) Crores each per annum as may be finalised in consultation with the appointee.

In addition to the Salary, Allowances and Perquisites as above, the Managing Director and the Whole-Time Directors shall be entitled to the following perquisites which shall not be included in the computation of the ceiling of remuneration specified as above:

- a) Gratuity- Upto half a month's salary for each completed year of service subject to maximum amount of ₹ 10 (Ten) Lacs.
- b) Leave Encashment- As per the rules of the Company but not exceeding one month for every eleven months of completed service and un-availed leaves will be allowed to be encashed at the end of the tenure.
- c) Conveyance- The Company shall provide one fully insured car with driver for discharge of official responsibilities by the Directors.
- d) Telephone, Telefax and other communication facilities- The company shall provide/reimburse expenses in respect of one or more cellular phones(with handset) for his use, and Telephone connections with STD & ISD facilities, fax connections, Cable Internet connections and other communication facilities at the Directors' residences.
- e) Security- The Company shall provide for round the clock security at the Directors' residences.

The approval of members is, therefore, sought for the re-appointment and remuneration of Mr. Rashid Ahmed Mirza as Managing Director and Mr. Shahid Ahmad Mirza, Mr. Tauseef Ahmad Mirza, Mr. Tasneef Ahmad Mirza as Whole-time Directors of the Company.

The above may be treated as an abstract under Section 302 of the Companies Act, 1956.

None of the Directors of the Company except Mr. Rashid Ahmed Mirza, Mr. Shahid Ahmad Mirza, Mr. Tauseef Ahmad Mirza, Mr. Tasneef Ahmad Mirza and Mr. Irshad Mirza being father of above persons are deemed to be concerned or interested in the resolutions relating to their re-appointment as set out in Item Nos. 8 to 11.

ITEM NO. 12

The present term of Mr. Narendra Prasad Upadhyay shall be expiring on 30th September, 2011. Therefore, the Board of Directors in its meeting held on 28th May, 2011 has decided to re-appoint him subject to the consent of members in terms of Schedule XIII to the Companies Act, 1956 for a period of 3 (three) years w.e.f. 1st October, 2011 on the following terms and conditions:

Section-I

Payable when the Company has Profits

Remuneration by way of salary, dearness allowance, perquisites, performance based bonus, medical reimbursements, commission and other allowances not exceeding a sum of ₹ 5,00,000/- (Five Lacs) per month i.e. ₹ 60.00 Lacs per annum as may be finalised in consultation with the appointee, subject to the individual limit of 5% of Net Profit for one managerial person and 10% of Net Profit for all the managerial personnel taken together.

Section-II

Payable when the Company has no Profits or inadequate Profits:

1. Remuneration by way of salary, dearness allowance, perquisites, performance based bonus, medical reimbursements, commission and other allowances not exceeding a sum of ₹ 4,00,000/- per month i.e. ₹ 48.00 Lacs per annum as may be finalised in consultation with the appointee.
2. In addition to the Salary, Allowances and Perquisites as above, the Whole-time Director shall be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified as above:
 - a) Gratuity- Upto half a month's salary for each completed year of service subject to maximum amount of ₹10 (Ten) Lacs.
 - b) Leave Encashment-As per the rules of the Company but not exceeding one month for every eleven months of completed service and un-availed leaves will be allowed to be encashed at the end of the tenure.
 - c) Conveyance-The company shall provide one fully insured car with driver for discharge of official responsibilities by the Director.
 - d) Telephone, Telefax and other communication facilities-The company shall provide/reimburse expenses in respect of one or more cellular phones(with handset) for his use, and Telephone connections with STD & ISD facilities, fax connections, Cable Internet connections and other communication facilities at the Director's residence.
 - e) Security-The Company shall provide for round the clock security at the Director's residence.

The approval of members is, therefore, sought for the re-appointment and remuneration of Mr. Narendra Prasad Upadhyay as Whole-time Director of the Company.

The above may be treated as an abstract Under Section 302 of the Companies Act, 1956.

None of the Directors of the Company except Mr. Narendra Prasad Upadhyay himself is concerned or interested in the resolution.

ITEM NO. 13

The present term of Mr. Shuja Mirza as Vice President (Marketing) of the Company shall be expiring on 30th September, 2011. The Board of Directors at their meeting held on 28th May, 2011 decided to re-appoint him as Vice President (Marketing) of the Company for a period of 3 (three) years w.e.f. 1st October, 2011 on such terms and conditions as contained in the resolution attached to this Notice.

As required under Section 314 of the Companies Act, 1956, read with Director's Relative (Office or Place of Profit) Rules, 2003, the proposal is placed for shareholders. The Board recommend the resolution for approval.

Mr. Irshad Mirza, Mr. Rashid Ahmed Mirza, Mr. Shahid Ahmad Mirza, Mr. Tauseef Ahmad Mirza and Mr. Tasneef Ahmad Mirza being related to Mr. Shuja Mirza, may be considered as concerned or interested in the Resolution.

ITEM NO. 14

With a view to strengthen the Garment segment of the Company, the Board of Directors of the Company at its meeting held on 29th January, 2011 appointed Ms. Ramsha Mirza, a relative of the Directors of the Company as Manager (Garments) of the Company with effect from 1st March, 2011 on such terms and conditions as mentioned in the proposed resolution.

Ms. Ramsha Mirza, daughter of Mr. Rashid Ahmad Mirza (Managing Director of the Company) has completed her Diploma in Interior Designing from London College of Communication in 2008 after doing Bachelor Degree of Business Administration (B.BA) from Amity University and has adequate experience for discharging the assigned responsibilities.

As required under Section 314 of the Companies Act, 1956, read with Directors' Relative (Office or Place of Profit) Rules, 2003, the proposal is placed for shareholders. The Board recommends the resolution for approval.

Mr. Irshad Mirza, Mr. Rashid Ahmad Mirza, Mr. Shahid Ahmad Mirza, Mr. Tauseef Ahmad Mirza and Mr. Tasneef Ahmad Mirza being related to Ms. Ramsha Mirza may be considered as concerned or interested in the Resolution.

**By order of the Board
For Mirza International Ltd.**

(D.C. PANDEY)
Vice President (Accounts) &
Company Secretary

Place : New Delhi
Date : July 28, 2011

Statement as per proviso (iv) of Part (B) & (C) of Part II of Schedule XIII of the Companies Act, 1956

I. GENERAL INFORMATION:

- 1) Nature of Industry: Leather and Leather Footwear Industry
- 2) Date or expected date of commencement of commercial production: 05 September, 1979
- 3) In case of new companies, expected date of commencement of activities as per project approved by financial institution appearing in the prospectus: NA
- 4) Financial performance based on given indicators: (₹ Cr)

Particulars	2010-11	2009-10	2008-09
Turnover	472.84	378.89	361.03
Net Profit / (Loss) before Tax & Appreciation	58.15	27.61	9.12

- 5) Export performance (sales) : ₹ 316.45 Crores and net foreign exchange earning : ₹ 308.14 Crores
- 6) Foreign investments : ₹ 0.65 Crores.

II. INFORMATION ABOUT THE APPOINTEE(S):

1) Background details:

- (i) Mr. Rashid Ahmed Mirza aged about 55 years is a Leather Technologist having done his Diploma in Leather Technology from Leather Sellers College, London. In addition, he is one of the co-founders and Managing Director of the Company having a rich experience of about 33 years in the industry. He is also an Independent Director of Jagran Prakashan Limited.
- (ii) Mr. Shahid Ahmad Mirza aged about 54 years hold Diploma in Leather Goods Technology from Cordwainer Technical College, U.K. He is one of the Promoter Director of the Company and presently working as a Whole-time Director of the Company. In addition, he has about 32 years of experience in the industry.
- (iii) Mr. Tauseef Ahmad Mirza aged about 42 years is the Whole-Time Director of the Company since September, 1989. He is a Shoe Technologist having done his Diploma in Shoe Technology from London. He has 22 years of experience in the industry.
- (iv) Mr. Tasneef Ahmad Mirza aged 39 years is serving as Whole-time Director of the Company since 1st January, 1997. He holds Degree in Leather Technology from Nene College, Northampton, U.K. and have nearly 14 years of experience in the industry.
- (v) Mr. Narendra Prasad Upadhyay aged about 62 years is a B.Tech (Mechanical) & PGDBM. He is serving as Whole-time Director of the Company 1st April, 1997 and have rich & vast experience of 40 years in the field of Engineering, Cement & Chemicals also.

2) Past remuneration:

(i) Mr. Rashid Ahmed Mirza

(₹ Lakh)

Particulars	2010-11	2009-10	2008-09
Salary	96.00	87.00	84.00
Perquisites & Allowances	1.74	1.85	1.12
Total	97.74	88.85	85.12

(ii) Mr. Shahid Ahmad Mirza

Particulars	2010-11	2009-10	2008-09
Salary	78.00	69.00	66.00
Perquisites & Allowances	0.73	4.60	1.99
Total	78.73	73.60	67.99

(iii) Mr. Tauseef Ahmad Mirza

Particulars	2010-11	2009-10	2008-09
Salary	90.00	81.00	78.00
Perquisites & Allowances	1.51	0.67	1.14
Total	91.51	81.67	79.14

(iv) Mr. Tasneef Ahmad Mirza

Particulars	2010-11	2009-10	2008-09
Salary	72.00	63.00	60.00
Perquisites & Allowances	3.08	1.64	0.90
Total	75.08	64.64	60.90

(v) Mr. Narendra Prasad Upadhyay

Particulars	2010-11	2009-10	2008-09
Salary	24.00	21.00	18.00
Perquisites & Allowances	3.29	0.30	0.04
Total	27.29	21.30	18.04

3) **Recognition or awards : NIL**

4) **Job profile and his suitability:**

- (i) **Mr. Rashid Ahmed Mirza** is the Managing Director of the Company. He is responsible for the overall management of the Company. He is actively involved in Export marketing and development of quality leather and modernisation of Tannery Division of the Company. Considering his qualification and wide experience, he is found to be suitable for the position of Managing Director of the Company.
 - (ii) **Mr. Shahid Ahmad Mirza** is the Whole-time Director of the Company and has an overall charge of the Shoe Division of the Company and for the purchases of local raw materials and equipments for the Shoe Division. Considering his qualification and wide experience, he is found to be suitable for the position of Whole-time Director of the Company.
 - (iii) **Mr. Tauseef Ahmad Mirza** is the Whole-time Director of the Company. His responsibilities includes the management of design, development, implementation and support of manufacturing of Shoes at different Units of the Company. Further, he is actively involved in setting up of ultra modern Shoe manufacturing Unit at Greater Noida and also engaged in the overseas marketing operations of the Company. Considering his qualification and experience he is found to be suitable for the position of Whole-time Director.
 - (iv) **Mr. Tasneef Ahmad Mirza** is the overall incharge of the Tannery Division of the Company. He is a Leather Technologist having a Degree in Leather Technology from renowned Nene College, Northampton, U.K. He has about 14 years of experience in the industry and found to be suitable for the position of Whole-time Director of the Company.
 - (v) **Mr. Narendra Prasad Upadhyay** is responsible for working of Shoe units of the Company. He is B.Tech (Mechanical) & PGDBM with 40 years of experience in the field of Engineering, Cement & Chemicals apart from working of Leather industry. He is the Whole-time Director of the Company since 1997 and found to be suitable for the position of Whole-time Director of the Company.
- 5) **Remuneration proposed:** Remuneration by way of Salary, Perquisites & Allowances as set out in the resolution subject to necessary approval of the members and that of the Central Government.
- 6) **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:** Taking into consideration the size of the Company, the profile of the appointee Directors, responsibilities shouldered by them and the industry benchmark, the remuneration proposed is commensurate with the remuneration package paid to similar, senior level appointees in other Companies.
- 7) **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personal, if any:** Apart from the remuneration payable the Managing Director and the Whole-time Directors does not have any other pecuniary relationship with the Company or its managerial personnel. Further, Mr. Rashid Ahmed Mirza, Mr. Shahid Ahmad Mirza, Mr. Tauseef Ahmad Mirza and Mr. Tasneef Ahmad Mirza are real brothers and sons of Mr. Irshad Mirza, Chairman (Executive) of the Company. They are also related to Mr. Shuja Mirza, Vice-President (Marketing), Mr. Faraz Mirza, Vice-President (Production) & Ms. Rumsha Mirza, Manager (Garments) of the Company.

III. **OTHER INFORMATION :**

- 1) **Reasons of loss or inadequate profits :** During the year 2010-11, Company's performance has been satisfactory and managerial remuneration were well within 10% limits as stipulated under Section 309 of the Companies Act, 1956.
However, benefits of ongoing expansion programme of the Company may not yield enough profit for the time being and the limit as stipulated under Section 309 of the Companies Act, 1956 may exceed the amount of proposed / revised managerial remuneration.
- 2) **Steps taken or proposed to be taken for improvement:** Additional capacities of Shoe Manufacturing Units are being added significantly under the ongoing expansion plan of the Company. Commercial production as already started in newly set up ultra modern Shoe Factory at Greater Noida, shall start contributing in terms of turnover and profitability during ensuing financial year.
- 3) **Expected increase in productivity and profits in measurable terms :** In view of the ongoing expansion programme, management is hopeful to double its production and turnover in next three years. The present installed capacity of 4.8 million pairs of Shoes shall be increased to 6.8 million pairs of Shoes per year.
Barring unforeseen circumstances, It is expected that by 2013-14, Company will be able to double the turnover as well as profits.

By Order of the Board

For MIRZA INTERNATIONAL LIMITED

(D.C. Pandey)
Vice President (Accounts) &
Company Secretary

Place: Kanpur
Date: May 28, 2011

The details required to be given in pursuance of Clause 49 of the listing agreement in case of directors being re-appointed are given as under:

- i. **Name of Director** : Mr. Irshad Mirza, Chairman (Executive); **Age**: 76 Years; **Qualification**: B.Sc., Leather Technologist; **Date of appointment**: 5th September, 1979; **Expertise**: Industrialist & Leather Technocrat having rich & vast experience of around 48 years in the field of Leather Technology & business management; **Other Directorships**: Shoemax Engineering Ltd, Shoemac Leather Tech Engineers Ltd, Mirza (UK) Ltd, Industrial Infrastructure Services (India) Ltd., Red Tape International Pvt. Ltd., Azad Multispeciality Hospitals & Research Centre Pvt. Ltd., Mirza Agrotech Pvt. Ltd.; **Chairman/Membership of Committees**: Mirza International Ltd- Audit Committee- Member; **Awards**: Padma Shri Award by Govt. of India, **Shareholding in the Company**: 7193541 Equity Shares of ₹ 2/- each.
 - ii. **Name of Director** : Mr. Rashid Ahmed Mirza, Managing Director; **Age**: 55 Years; **Qualification**: Diploma in Leather Technology, London; **Date of appointment**: 5th September, 1979; **Expertise**: Industrialist & Leather Technocrat having rich & vast hands- on experience of around 36 years & knowledge in areas of Leather Technology & business management. He is a promoter of the Company; **Other Directorships**: Jagran Prakashan Ltd., Mirza (U.K.) Ltd., Euro Footwear Ltd, Emgee Projects Pvt. Ltd., Achee Shoes Pvt. Ltd., Mirza Holdings Pvt. Ltd., Genesis Infraprojects Pvt. Ltd.; **Shareholding in the Company**: 4413200 Equity Shares of ₹ 2/- each.
 - iii. **Name of Director** : Mr. Shahid Ahmad Mirza, Whole-time Director; **Age**: 54 Years; **Qualification**: Diploma in Leather Goods Technology, London; **Date of appointment**: 6th September, 1979; **Expertise**: Leather Technologist having rich & vast hands-on experience of three decades in the leather goods & overall charge of Shoe Division of the Company at Unit I at Magarwara, Unnao; **Other Directorships**: Emgee Projects Pvt. Ltd., Achee Shoes Pvt. Ltd., Mirza Holdings Pvt. Ltd., Red Tape International Pvt. Ltd.; **Shareholding in the Company**: 4295750 Equity Shares of ₹ 2/- each.
 - iv. **Name of Director** : Mr. Tauseef Ahmad Mirza, Whole-time Director; **Age**: 42 Years; **Qualification**: Diploma in Shoe Technology, London; **Date of appointment**: 6th September, 1989; **Expertise**: Industrialist having rich & vast experience of nearly 23 years in the field of Leather Industry looking after all manufacturing operations at Shoe Division of the Company at Noida & Greater Noida. Also monitoring overall marketing operations; **Other Directorships**: Emgee Projects Pvt. Ltd., Mirza Holdings Pvt. Ltd., Red Tape International Pvt. Ltd, Genesis Infraprojects Pvt. Ltd.; **Shareholding in the Company**: 6944000 Equity Shares of ₹ 2/- each.
 - v. **Name of Director** : Mr. Tasneef Ahmad Mirza, Whole-time Director; **Age**: 39 Years; **Qualification**: Degree in Leather Technology, London; **Date of appointment**: 1st January, 1997; **Expertise**: Industrialist & Leather Technologist having good experience in his line of business and looking after operations of the Tannery Division; **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 Pvt. Ltd., Mirza Agrotech Pvt. Ltd.; **Shareholding in the Company**: 7728650 Equity Shares of ₹ 2/- each.
 - vi. **Name of Director** : Mr. Narendra Prasad Upadhyay, Whole-time Director; **Age**: 62 Years; **Qualification** : B.Tech in Mechanical Engineering, Post Graduate Diploma in Business Management; **Date of appointment** : 1st April, 1997; **Expertise** : rich & vast experience of 40 years in the field of Engineering, Cement & Chemicals; **Other Directorship** : Nil, **Shareholding in the Company** : Nil.
 - vii. **Name of Director** : Mr. Subhash Sapra, Independent Director, **Age** : 69 years; **Qualification** : B.Tech in Mechanical Engineering; **Date of appointment**: 8th March, 2002; **Expertise** : rich & vast experience in the field of Water/Waste Water Sewage Treatment Systems; **Other Directorship** : Nil; **Chairman/Membership of Committees**: Mirza International Ltd. - Audit Committee- Member, Remuneration Committee- Member; **Shareholding in the Company** : 1000 Equity Shares of ₹ 2/- each.
 - viii. **Name of Director** : Mr. Islamul Haq, Independent Director; **Age** : 76 Years; **Qualification** : B.Com.; **Date of appointment** : 28th March, 2008; **Expertise** : Industrialist having rich & vast hands-on experience of around four decades in the field of Leather Industry & business management; **Other Directorship** : Nil ; **Shareholding in the Company** : Nil
8. The members are requested to:
- a) bring the Attendance Slip duly filled in with them at the Annual General Meeting;
 - b) inform any change in their address/ mandate/ bank details;
 - c) consider dematerialising the equity shares held by them;
 - d) approach the Company for consolidation of folios, if physical shareholdings are under multiple folios;
 - e) send to the Company duly filled in form for appointment of nominee for the Share held. The prescribed format for appointment of nominee will be made available on request;
 - f) to submit copies of their Permanent Account Number (PAN) Card alongwith share transfer request.
9. The documents referred to in the notice are open for inspection at the Registered Office of the Company on all working days, except holidays between 11:00 a.m. to 1:00 p.m. upto the date of Annual General Meeting.
10. A member desirous of getting any information on accounts or operations of the Company is requested to forward his/her query to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.

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



MIRZA INTERNATIONAL LIMITED

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

32ND ANNUAL GENERAL MEETING

ATTENDANCE SLIP

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

I hereby record my presence at the 32nd Annual General Meeting of the Company at Auditorium of Council for Leather Exports, HBTI Campus, Nawabganj, Kanpur on Thursday, 8th September, 2011.

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 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

32ND 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 32nd Annual General Meeting to be held on Thursday, 8th September,
2011 at 1.00 P.M. or at any adjournment thereof.

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

Signed this day of 2011.

.....
(Signature)

Affix a
Re.1/-
Revenue
Stamp

- ** Applicable for shareholders holding shares in electronic form.

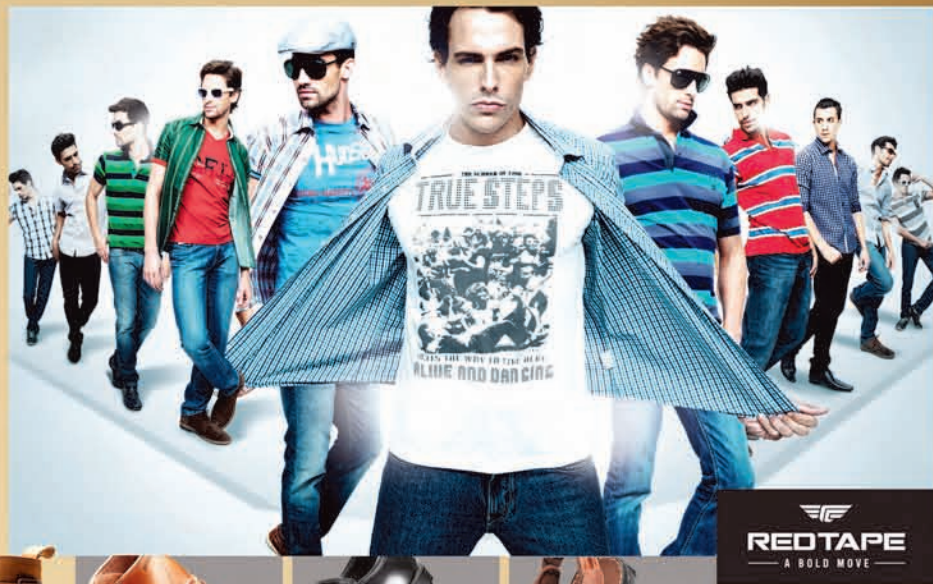
Note: The Proxy must be deposited at the Registered Office of the Company at 14/6, Civil Lines, Kanpur not less than 48 hours before the time for holding the Meeting.



The RedTape Retail Chain - strong & growing...



BOOK POST



SHIRTS | T-SHIRTS | JEAN | SHOES | ACCESSORIES

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