

# MIRZA INTERNATIONAL LIMITED

CIN-L19129UP1979PLC004821



October 3, 2017

To,  
BSE Ltd.  
Floor 25, P.J. Towers  
Dalal Street  
MUMBAI-400001

To,  
National Stock Exchange of India Limited  
Exchange Plaza, Bandra-Kurla Complex  
Bandra(East)  
MUMBAI-400051

Sirs,

## **Sub : Annual Report for the Year 2016-17**

In terms of Regulation 34 of SEBI (LODR) Regulations, 2015, we are enclosing herewith copy of Annual Report 2016-17 approved and adopted by members as per provisions of Companies Act, 2013, at 38<sup>th</sup> Annual General Meeting of the Company held on Thursday, September 28, 2017 at Auditorium of Council for Leather Exports, HBTI Campus, Nawabganj, Kanpur.

Kindly take it on your records.

With regards,

Yours faithfully,

**For MIRZA INTERNATIONAL LTD.**

**(Ankit Mishra)**  
**Company Secretary**



**Encl : As above**

ANNUAL  
REPORT  
16  
17

# INDIA'S PRIDE. IN EVERY STRIDE.



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**INDIA TODAY IS DIFFERENT. IT IS A  
COUNTRY THAT HAS BROKEN FREE OF THE  
SHACKLES OF PAST DOGMAS AND HAS  
EMBARKED ON AN AMBITIOUS JOURNEY  
TO RE-OCCUPY ITS POSITION ON THE  
GLOBAL STAGE.**

India today is bold. India today is determined. India today is confident of both its destiny and its destination.

At Mirza, we have ensured that as a young nation confidently strides ahead, its feet are cushioned and protected, and its strides are stylish and comfortable.

Today, with the country, we are also marching ahead with confidence and conviction, taking big and rapid

strides. We are front-runner in footwear/leather industry in many aspects that range from integrated manufacturing to environmental stewardship.

As India accelerates its momentum, we are committed to matching this step for step and stride for stride. With confidence... and with pride, in every stride.



India's foremost leather footwear  
manufacturer and exporter.

The Indian footwear company to sell with its  
own brand name in the fashion capitals of the  
world, capturing a leading share.

The preferred supplier of leather footwear to  
leading international brands.

Strong global footprint and an even stronger  
reputation for quality.

State-of-the-art design studios.

World-class integrated manufacturing facilities.

Impeccable environmental credentials.

**That's Mirza International Ltd. for you.  
Little wonder then we are  
India's Pride.**





And this is only the beginning.

For having established our mark in the most lucrative markets in the international arena, we are now fast expanding our presence and portfolio in India.

Our domestic brands come with the same promise of quality and style as our exports.

Plus, their availability across price points means that they are now within the reach of every Indian, regardless of what customer demographic they come from.

**India's Pride. And now the goal is to be every Indian's Pride.  
Join us to know how we are moving ahead on our purpose...**



# OUR SIZE, SCALE AND SPREAD



**6**  
integrated manufacturing facilities

**2**  
in-house design studios

**1**  
tannery fully equipped with state-of-the-art effluent treatment plant

**1** modern  
**70,000 sq. ft.**  
warehouse to serve e-commerce channels

**3**  
distribution branches



**140**  
exclusive REDTAPE shops in

**73**  
cities

**1200+**  
multi-brand outlets & chain stores

**185+**  
shop-in-shop  
(As on March 31, 2017)



**37**  
years of manufacturing operations

**25**  
years of supplying footwear to global brands



**6.4 million**  
pairs of footwear per annum

**80%**  
footwear capacity utilization in  
FY 2016-17

**OUR  
OVERSEAS  
PRESENCE**

**26**

countries across

**5**

continents

**1200+**

multi-brand outlets in UK selling  
REDTAPE

**500+**

multi-brand outlets in the  
US selling REDTAPE  
(As on March 31, 2017)







# WE WALK TALL



## Financial Highlights for FY 2016-17

• Total Revenue	₹ 936.56 Crore
• CAGR of Total Revenue (For the period FY 2012-13 to FY 2016-17)	10.96%
• EBITDA	₹ 161.39 Crore
• CAGR of EBITDA (For the period FY 2012-13 to FY 2016-17)	12.94%
• EBITDA Margin	17.23%
• Profit before Tax	₹ 106.40 Crore
• Profit after Tax	₹ 71.20 Crore
• CAGR of PAT (For the period FY 2012-13 to FY 2016-17)	15.06%
• Net Worth (as on March 31, 2017)	₹ 503.64 Crore
• CAGR of Net Worth (For the period FY 2012-13 to FY 2016-17)	19.49%





# LETTER FROM THE CHAIRMAN



**ALONG WITH  
BEING INDIA'S  
LEADING LEATHER  
FOOTWEAR  
COMPANY AND THE  
LARGEST SUPPLIER  
TO GLOBAL  
FOOTWEAR BRANDS  
COMES THE  
RESPONSIBILITY  
AND OPPORTUNITY  
TO SET  
BENCHMARKS FOR  
THE INDUSTRY.**

## Dear Shareholders,

It is my privilege to present you the Annual Report of your Company for the Financial Year ended March 31, 2017. I am pleased to share that in the review period we have taken impressive strides in our business to solidify our position as India's leading footwear company.

Even in the backdrop of a challenging market environment, Mirza International Ltd. delivered yet another year of praiseworthy performance. Total revenue for Mirza International Ltd. stood at ₹ 936.56 crore in FY 2016-17 as against ₹ 928.72 crore in the previous year. While the increase is marginal, we believe that considering the continued instability in several European markets, we have done remarkably well. Our prudent strategy of increasing our focus on the domestic market has served us well. Profit before Tax declined slightly from ₹ 115.82 crore in FY 2015-16 to ₹ 106.40 crore in FY 2016-17.

The enterprising character of Mirza International Ltd. is embodied in its home-grown brand REDTAPE, a market leader in its category. In the year gone by, REDTAPE continued to gain traction in India and overseas underpinned by its ability to deliver on the high expectations of its customers. Furthermore, its fast-growing sales in the UK & US, a market which is the hub for all major brands, demonstrates that REDTAPE is well-entrenched as a leading leather footwear brand. We will continue to expand our distribution network to grow our market share. Underlining REDTAPE's success, overseas revenue from REDTAPE increased by over 35% on a year-on-year basis.

In the domestic market, REDTAPE has been surging ahead by growing at a brisk pace. Revenue for REDTAPE from Indian operations grew by 28% in FY 2016-17 on a year-on-year basis to clock ₹ 224.25 crore. As India moves confidently ahead, it is important to acknowledge that Indian consumers have become world-class consumers. Products that they seek are those that offer an amalgamation of quality and style at the right price points. The aspirational spirit of young India makes us confident in the continued success of REDTAPE. Through opening new stores and by leveraging the online

**“OUR SPORTS SHOES PROVIDE CUSTOMERS WITH AN UNMATCHED VALUE-PROPOSITION”**



platform for deeper penetration, we are optimistic that we will be able to drive robust revenue growth, going forward.

Our customers are at the core of everything we do. We are always looking at new ways to meet their preferences while bringing in value that they will appreciate. FY 2016-17 was a seminal year in reaching out to our customers as we launched two new sub-brands of REDTAPE: Bond Street and REDTAPE Athleisure Sports range based on our years of experience as well as insight.

Bond Street provides affordable polyurethane (PU) shoes to address the growing demand for value-fashion footwear in Tier 2 & 3 cities. By offering excellent quality at affordable price points, we aim to meet the expectations of the mass segment.

Under REDTAPE Athleisure Sports range, we are providing high-quality athletic footwear which is priced at far lower price points than existing leading international brands. With the young population becoming increasingly conscious of health and fitness and embracing casual wear as part of their lifestyle, the market for sports footwear has been growing at a fast pace. Our sports shoes provide customers with an unmatched value-proposition, which, we believe, will help us to tap this market opportunity effectively.

Along with being India's leading leather footwear company and the largest supplier to global footwear brands comes the responsibility and opportunity to set benchmarks for the industry. Manufacturing products and sourcing raw materials responsibly and ethically; reducing the environmental impact of our business, and improving the quality of life of local communities where we operate are an integral part of our business. In this regard, we are pleased to share that our Tannery has been awarded the Gold rating by LWG (Leather Working Group) audit, a group working towards developing environmental Stewardship protocol specifically for the Leather manufacturing Industry.

The world has already started noticing the high growth of India; what is even more important is that for India this growth is only set to climb higher. In addition, by FY 2020, India will become the world's youngest country with 64 percent of its population in the working age group. The divide between big city and small city is thinning rapidly and Tier 2 & 3 cities are now the future growth engines. Accordingly, shopping pattern of India is expected to witness a growing shift towards aspirational and branded products. Further, the implementation of the GST will boost the business of organized players, especially in the low price segment. Your Company is well-poised to capture the wide opportunities that the domestic market offers by catering to customers across the pyramid and shoe segments, besides leveraging its strong global footprint to drive overseas sales. Our future is indeed bright.

On behalf of the Board, I would like to appreciate the faith reposed in us by our shareholders, bankers and government authorities. I would also like to express my gratitude to our customers for the patronage they have shown for our products. We aim to earn your continued trust every day. And finally, a sincere thank you to our employees for the dedication that they have demonstrated throughout another successful year.

As we move ahead, you can be assured that we shall work diligently to take this Company to greater heights.

Thanking you,

Yours truly,

**Irshad Mirza**  
Chairman



# Q&A WITH MANAGING DIRECTOR



**Rashid Ahmed Mirza**  
Managing Director & CEO

**OUR BRANDS ARE FOCUSED ON THE YOUNG ADULTS, A CUSTOMER SEGMENT WHICH IS SEEKING TRENDY AND QUALITY PRODUCTS AT REASONABLE PRICES**

**Q1**

**How do you rate the performance of your flagship brand REDTAPE?**

REDTAPE is going from strength to strength, consistently proving its mettle in the international as well as domestic market. Apart from the UK, we have been gaining impressive traction in the US markets. In India, brand and fashion conscious customers have greatly appreciated REDTAPE offerings. This is evident from domestic sales of REDTAPE brand increasing by 28% in FY 2016-17 on a year-on-year basis.

**Q2**

**As you are increasingly shifting your focus to India, what is your strategy for growth in this dynamic market?**

Our brands are focused on the young adults, a customer segment which is seeking trendy and quality products at reasonable prices. We are increasing brand awareness and recall through impactful advertising. Also, we are going where the customer is. By leveraging the channels of EBOs, MBOs and LFS, we are expanding our reach in an aggressive manner. Further, we have also revamped our product portfolio. Through the launch of Bond Street and REDTAPE Athleisure Sports range, we have forayed into new categories, namely the PU segment and sportswear. This will enable us to make inroads into the entire range of men's footwear and expand our total addressable market.

**Q3**

**Can you throw some more light on your recent launches? Will they not cannibalize the sales of REDTAPE footwear?**

The target audience for REDTAPE leather shoes and Bond Street shoes are absolutely different from each other. Bond Street provides value-fashion footwear brand in the PU segment. Available at entry level price points, Bond Street is targeted at the mass market. It will enable us to compete effectively with low-priced shoes, while protecting REDTAPE's premium price offerings. As for REDTAPE Athleisure Sports range this is a completely new product category so it will not in any way affect the sales of our leather shoes. With this, we are competing with international sports footwear brands as we are offering equivalent quality and comfort but at a much lower price points.

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**Q4** **Have you installed any new capacities for the manufacture of shoes under these new brands?**

We have not installed any new capacities. The Bond Street range is being manufactured in-house at our existing integrated facilities. For our sports shoes, the designing is being done in-house but the manufacturing has been out-sourced to China and Vietnam. However, going forward, once our sales reach a certain scale, we have plans to manufacture them at our own facilities.

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**Q5** **And what is the size of the sports footwear market?**

As per the Euromonitor Report, India's sportswear market, including sports apparel, footwear and accessories, grew by 22% during CY 2015-16, surpassing the segment's global growth of 7%. The Indian market is expected to continue this strong run by growing at a CAGR of 12% until CY 2020, driven by the young Indian population's growing interest in fitness and sports. Within the sportswear market, footwear is the largest category, holding ~60% of the total market. Thus the opportunity matrix is huge.

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**Q6** **The young population is increasingly shopping online. How is Mirza International addressing this market opportunity?**

Our offerings are also available on e-commerce platforms and on our dedicated websites so that our customers can shop whenever, wherever. Our 70,000 sq. ft. warehouse in Noida has been set up to exclusively serve online sales. Our online strategy has especially proved successful in reaching out to customers in Tier 2 & 3 cities.

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**Q7** **What are the industry positives for Mirza International Ltd.?**

The Indian leather industry is among the top five in the world's leather market. The Government's Make in India program, under which leather is a focus area, and skill training for the sector is expected to provide further impetus to the leather industry. India's per capita consumption of ~1.66 pairs per annum continues to lag behind the global average of ~ 3 pairs per annum and the developed nations' average of 7-8 pairs per annum. With India slated to be among the fastest growing economy for the next decade and home to a large young population, Indians will spend more on brands and aspirational products. This augurs well for the footwear industry. Also, the recent implementation of the GST will benefit organized players like your Company.

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**Q8** **Finally, what is the message that you would like to share with your shareholders?**

In FY 2016-17, your Company has taken significant strides by expanding its distribution network and widening its product range. Our quality and design continue to be world-class, while our operations are responsible and ethical. We understand the pulse of young India and of new India residing in small towns and cities. Through our arsenal of skills and extensive experience, we are optimistic of capturing an enhanced share in the domestic market. In the overseas segment, we will be targeting the US market aggressively. These efforts, we believe, will be reflected in increased returns to our shareholders in the coming years.



# INDIA'S PRIDE BY COMMANDING INTERNATIONAL RESPECT

**WHILE RECOGNIZED GLOBALLY, FASHION IS ALSO A COMPLEX BUSINESS - DEVELOPING THE RIGHT PRODUCT AND GETTING THEM TO THE STORES QUICKLY, MANAGING THE SUPPLY CHAIN AND LOGISTICS EFFICIENTLY, PLANNING AHEAD TO ENSURE QUALITY AND YET HAVING THE FLEXIBILITY TO MAKE SWIFT CHANGES IS IMPERATIVE. TO BE ABLE TO HOLD OUR OWN IN THE FASHION CAPITALS OF THE WORLD REITERATES THE PLACE OF PRIDE WE OCCUPY IN THE INTERNATIONAL ARENA.**

Mirza International Ltd. exports branded and white-label footwear to leading global markets, including the likes of the **UK, US, France, Germany and Australia**. These are countries where the world's best brands are available and to command respect in these competitive markets, speaks volumes about our quality, design and customer connect. **Our global footprint spans 26 countries across 5 continents, enabling us to generate 70% of our total revenue from exports.**

**70%**

of our total revenue is derived from sales in international markets

**5.5 Million Pairs**

of branded and white label footwear exported in FY 2016-17, making Mirza International Ltd. the preferred supplier





Our brand **REDTAPE** epitomizes the pride we have inspired for our products. The only brand by a footwear company based in India to be sold with its own name internationally, **REDTAPE** is a premium men's footwear brand in the mid-segment for the young and fashion conscious. Most of our overseas revenue for REDTAPE footwear comes from the UK, followed by the US. In FY 2016-17, **32% of the total sales of REDTAPE footwear were attributable to these two markets. The brand is steadily expanding its presence in other European markets as well.**

In the UK, **REDTAPE** has a strong distribution network with a presence in more than 1,200 MBOs. As customer shopping patterns evolve towards the digital platform, we have also refined our touchpoints for interacting with shoppers. Customers in the UK now have the option to shop on our dedicated websites/online as we have tied up with leading e-commerce retailers.

After establishing REDTAPE's foothold in the UK market, we made a foray into the US market four years ago. REDTAPE is now distributed across 500+ MBOs in the US. With this, the international saga of REDTAPE has only gone from strength to strength.



# REDTAPE

## 32%

of total REDTAPE sales in FY 2016-17 came from the matured markets of UK and USA

## 30% ↑

Worldwide sales (including India) of REDTAPE increased to ₹ 329.93 crore in FY 2016-17 from ₹ 253.49 crore in FY 2015-16

## 35% ↑

REDTAPE overseas revenue increased to ₹ 105.68 crore in FY 2016-17 from ₹ 78.17 crores in FY 2015-16



## oaktrak

**Oaktrak** is another brand under which the Company sells leather footwear to global retailers. The brand stands for style and comfort and is targeted at the niche customer base of senior professionals.

Apart from branded products and white label footwear, Mirza International also exports finished leather. Once again, our excellent quality and dependable supplies have enabled us to conquer the world.





# INDIA'S PRIDE BY WINNING INDIA'S YOUTH

**INDIA IS HOME TO THE WORLD'S SECOND BIGGEST POPULATION, INCLUDING 440-MILLION MILLENIALS AND 390-MILLION GENERATION Z (TEENS AND CHILDREN BORN AFTER 2000). THIS STRONG YOUNG CONSUMER SEGMENT WILL BE THE KEY DRIVER OF THE COUNTRY'S CONSUMPTION STORY IN THE NEXT DECADE. AT MIRZA INTERNATIONAL LTD., OUR BRANDS ARE WINNING THEIR TRUST AND ADMIRATION. INDIA'S YOUTH ARE INDIA'S FUTURE AND PRIDE. FOLLOW THEM AND YOU WILL FIND US.**

After the success of our international endeavors, we are now resolutely focused on meeting the demands of young India. By leveraging our 20-year-old brand, REDTAPE, we seek to create stronger connections and build a winning relationship. To enable us to achieve this objective, we are following a three-pronged strategy:



### Expanding Reach

We are aggressively expanding our presence to meet the preferences of Indians across the length and breadth of the country. As on March 31, 2017, REDTAPE was available across 140 EBOs across 73 cities. The expansion has been consistent over the past few years with REDTAPE store count increasing 30 stores annually. An important advantage of EBO-led expansion is that it facilitates greater brand awareness through the complete display of the offering with more shelf space. With our EBO store revenue growing at 20% over the period of FY 2012-13 to FY 2016-17, outpacing the industry growth rate, the brand value proposition has been clearly translated and experienced by consumers within the EBO format.

The brand is also available through 1200+ additional points of sales, including MBOs and large format stores. This model is being actively pursued to increase brand distribution to regions where EBOs are relatively fewer or absent. REDTAPE brand recall has increased manifold as a result of our efforts in reaching out through brick and mortar stores.

**60**  
REDTAPE stores  
to be opened in the  
next two years to take  
store count to 200





### Online Connect

India's millennials are increasingly shifting towards making purchases online. Also, it is being witnessed that while consumers in Tier 2 & 3 cities have an increased demand appetite for branded purchases, availability of brands is still a concern as the presence of large format stores are fewer or yet to come up. This makes consumers travel a considerable distance to the metros or Tier 1 cities for making the purchases. At Mirza International Ltd., our aim is to engage with our customers at every touchpoint, no matter where or when they choose to shop. Aligned to this purpose, our REDTAPE brand offerings are available on dedicated brand website as well as across leading e-commerce platforms. Facilitated by the growing penetration of smartphones and internet, our online strategy enables us to offer consumers from small towns the same shopping experience as consumers from metros, while driving convenience and better engagement for the urban millennials.



### Aggressive Marketing

Our marketing strategy is in sync with our target audience. International urban settings form the backdrop of our promotion campaigns and carry the tag line 'Fashion for your feet' to connect with the aspirations of young and confident India. Through our brand messaging, we are communicating that the choice of global citizens is now available in the domestic market. Our marketing mix comprises in-store publicity, print advertisements and in-flight magazine advertisements to not only to sell our products but to consistently deliver the identity and lifestyle of our brands. We are also leveraging digital and social media advertisements to engage with millennials.

Further, recognizing the business imperative of building strong brand recall and customer loyalty in a highly competitive marketplace, we are methodically increasing our advertisement spend. In FY 2016-17, we spent ₹ 9.37 Crore towards advertising vis-à-vis ₹ 6.7 Crore in the previous year. This translates to 4% of our domestic revenue in the review period. For the current fiscal, we are targeting to increase our marketing budget even further to reinforce our brand and deepen customer engagement.



## REDTAPE

REDTAPE domestic sales surges to  
**₹ 224.25 crore** in FY 2016-17

**28%**  
Growth on Y-o-Y basis



Footwear  
**₹ 166.52 Crore**



Total Sales  
**₹ 224.25 Crore**

Garments & Accessories  
**₹ 57.73 Crore**





# INDIA'S PRIDE BY BUILDING A STRONG PORTFOLIO

**FROM THE DAY WE ENTERED THE DOMESTIC MARKET, OUR VISION HAS BEEN TO REACH OUT TO THE FANTASTIC YOUNG DEMOGRAPHIC ACROSS INDIA. WE QUICKLY RECOGNIZED THAT ASPIRATION IS A SPIRIT THAT RESIDES IN THE HEART OF EVERY YOUNG INDIAN. ACCORDINGLY, WE HAVE BEEN INNOVATING TO IMPRESS THEM WITH NEW PRODUCTS AND BRANDS THAT MATCH THEIR DESIRES. AT MIRZA INTERNATIONAL LTD., WE IDENTIFY WITH YOUNG INDIA'S ASPIRATIONAL SPIRIT. AND WE WILL DO ALL TO BE A PART OF IT.**

The consumption landscape of India is dramatically changing – higher disposable income, demographic dividend of a younger generation, consumers better connected than ever and more aware of international trends has led to thriving aspirations. Aspirational India seeks world-class products in the domestic market at competitive prices. Further, the empowered young consumers in the smaller towns want to shop like their urban counterpart. In line with these aspirations, at Mirza International Ltd., we offer brands and products that are an excellent value proposition of great quality, style and price.



## REDTAPE

### REDTAPE in India

Footwear from REDTAPE brand for the domestic market speaks the same language of style and quality as our global offerings. Additionally, by making them available at competitive prices, the range has struck all the right notes for the fashionable urban consumer. Leveraging the strong brand equity of REDTAPE, we forayed into the apparels and accessories segment. This brand extension has enabled us to increase our market share and position REDTAPE as the one-stop shop for men's dressing.



### REDTAPE Athleisure Sports Range

Sportswear is gaining popularity among the Indian youth like never before, being worn not just for sporting activities but also for casual outings. Embracing the active lifestyle

of young India, in FY 2016-17, we forayed into the men's sports shoe category under the brand name "REDTAPE Athleisure". While the quality is comparable to leading international brands available in the market, the shoes are attractively priced at a lower price band vis-à-vis the international brands. Thus, as a brand, it appeals to the young segment that is price sensitive and yet seeks quality sports shoes. With its strong value for money positioning, we are optimistic about generating mass appeal for this new brand. The range has already received a very positive response since its launch. The brand will be sold through REDTAPES' existing distribution channels, including EBOs, MBOs, online and LFS.



## BOND STREET REDTAPE LONDON

### Bond Street

Improvement in per capita income, along with increased exposure to modern trends, has fueled the desire for improvement in the standard of living. This has led to a steady shift in demand for branded goods from unbranded goods. While this is amply evident in the shopping pattern of the middle-class consumers, even consumers at the bottom end of the economic pyramid are aspiring for branded goods that offer great value for money. Our new brand called Bond Street, providing footwear in the polyurethane (PU) segment, has been launched to cater to these rising aspirations. The brand seeks to have a mass appeal by providing fashionable footwear at very low price points. These entry level shoes will be distributed through the distributors, MBO and online as this is where we expect to see a surge in demand for low-priced branded footwear.





# INDIA'S PRIDE BY DOING IT RIGHT



## DESIGN ADVANTAGE

At Mirza International Ltd., we design our complete range in-house. Our in-house design team comprises more than 40 highly skilled designers who keep pace with changing fashion trends to generate the newest look. Every year, we release 1000 new designs of which 300 new designs are for shoes, 600 for garments and 100 for belts and other leather accessories. The high number of new designs released every year enables us to maintain brand stickiness. To optimize all resources and minimize the gap between design and manufacturing, our design center and manufacturing units are connected by CAD/CAM.



## MANUFACTURING EDGE

We have six fully integrated in-house shoe production facilities and an in-house tannery that is among the largest and latest facilities in Asia. Our manufacturing plants are backed by more than 25 dedicated ancillary units. Production is kept efficient and competitive by deploying cutting-edge manufacturing trends and new technologies. This strong set-up ensures that we can maintain a regular supply of the best quality raw material for our leather goods as well as guarantee timely delivery of finished products. The manufacturing plants can produce 6.40 million pairs of shoes every year.



## SYNERGIC OPERATIONS

The products for our in-house brands are developed by the team in India in close collaboration with global sales teams. We have key specialist teams for specific areas of product development and this process is aided by regular analysis of trends and market dynamics. Besides conventional promotions, brand visibility is raised through fashion shows and exhibitions.



### ENVIRONMENTAL STEWARDSHIP

Equipped with state-of-the-art effluent treatment plant, our tannery is not only the largest in India but is one of the most environment-friendly tanneries in the world. The high-quality tanning drums use 10 times less water and one-fourth the energy of conventional drums; the exhaust chrome liquor is processed, the sludge recovered and sold to authorized vendors of chemicals, thus preventing groundwater contamination. Our tannery has been awarded the Gold rating by LWG (Leather Working Group) audit, a group working towards developing environmental stewardship protocol specifically for the leather manufacturing industry. Also, a study by IIT Roorkee has declared that our tannery causes no environmental pollution under the National Framework of Environmental Laws.

### SUPPLY CHAIN AGILITY

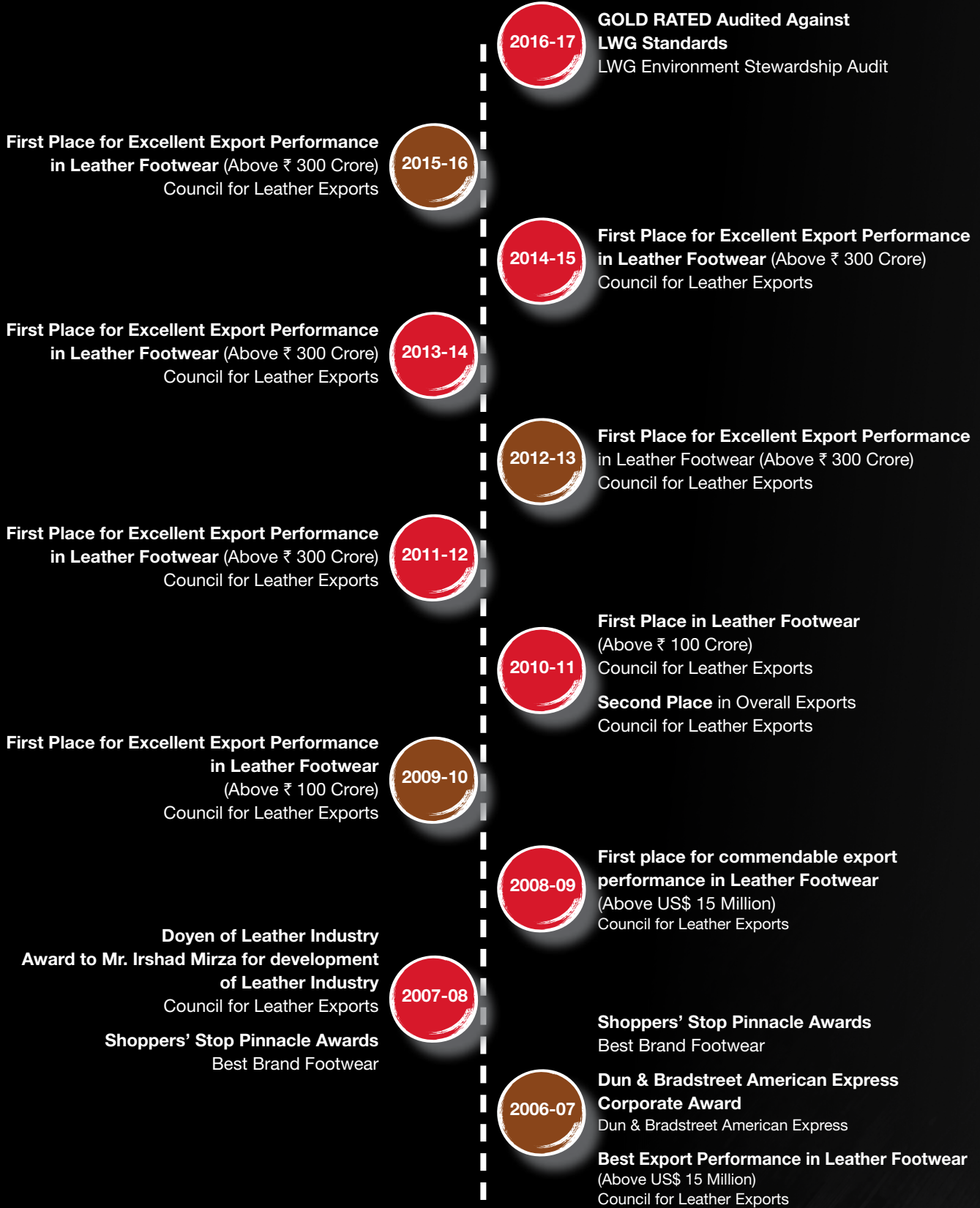
A huge network of own brand sales and white label exports requires an extremely efficient supply chain, to prevent inventory build-up and very fast design-to-market transition – in our case, it takes only 25 days. As fashion changes frequently, it is a race against time for any manufacturer to keep up with customer demands. Our agility in this respect is proved by our global success.





# INDIA'S PRIDE BY WINNING AWARDS AND APPRECIATION

We have worked sincerely, tirelessly and ethically over the years. The efforts have paid off well as reflected in the awards we have collected and are proud to share.









# TAKING PRIDE IN OUR COMMUNITIES

**FASHION MAY CHANGE, BUT THE GOOD YOU DO IS EVERLASTING. AT MIRZA INTERNATIONAL LTD., THESE ARE THE WORDS WE ABIDE BY. TAKING PRIDE NOT JUST IN OUR BRANDS AND PRODUCTS, BUT ALSO IN THE COMMUNITIES WHO CONTRIBUTE TO OUR SUCCESS, WE WANT TO SERVE A GREATER CAUSE. WE ARE COMMITTED TO MAKING A LASTING IMPACT ON OUR RURAL AND LOCAL COMMUNITIES, SUPPORTING VARIOUS PHILANTHROPIC ORGANIZATIONS EACH YEAR UNDER THE PILLARS OF CORPORATE SOCIAL RESPONSIBILITY.**

Our CSR initiatives endeavor to achieve economic empowerment through capacity-building at the grassroots. Our focus areas of engagement are as under:

## Sponsorship of under-privileged children

This initiative has entered its 4th successful year since its inception in FY 2014. Every year, the Company sponsors 10 physically challenged students. This initiative is undertaken with Jyoti Badhir Vidyalaya, Bithoor, Kanpur.

## Education

Continuing with the earlier years, this year also the Company extended its support to Quami-Ekta Inter College in Unnao District, Uttar Pradesh, for providing education to students living in remote areas.

## Sanitation

With the objective to contribute towards the Government of India's Swachh Bharat Abhiyan, your Company in association with Pride Aducation, an NGO in the field of education and sanitation, had constructed public toilet blocks in the rural region of Moradabad District. The toilet blocks are constructed keeping in view the longevity of the building, low maintenance cost, water conservation, hygiene, user convenience, easy access and approach, adequate water supply.

The Company aims to improve the level of sanitation by providing know-how and funds for construction of scientifically-designed village drainage system, waste water re-cycling and proper disposal of non-biodegradable waste material.

## Healthcare

Your Company is the major contributory to the Mirza Charitable Hospital Ltd. (Formerly Azad Multispeciality Hospital and Research Centre Ltd.), located at Unnao District, Uttar Pradesh. The hospital provides OPD and IPD services to low income people residing in nearby areas. During the year, the hospital has treated as many as 5631 patients, mostly coming from rural areas. The hospital also conducts free eye camp at its premises. 386 eye operations have been conducted successfully till date/in the past year.

## Women Empowerment

Women empowerment is also a prime agenda of our CSR programs. During the year, the Company distributed 25 sewing machines to women to enable them to become self-reliant and earn their livelihood.

The Company has also undertaken other need-based initiatives in compliance with Schedule VII to the Companies Act.







# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr. Irshad Mirza

Executive Chairman

Mr. Rashid Ahmed Mirza

Managing Director & Chief Executive Officer

Mr. Shahid Ahmad Mirza

Whole-time Director

Mr. Tauseef Ahmad Mirza

Whole-time Director

Mr. Tasneef Ahmad Mirza

Whole-time Director

Mr. N.P. Upadhyay

Whole-time Director

Dr. Yashvir Singh

Independent Director

Mr. Pashupati Nath Kapoor

Independent Director

Mr. Qazi Noorus Salam

Independent Director

Mr. Sudhindra Kumar Jain

Independent Director

Mr. Subhash Sapra

Independent Director

Mrs. Vinita Kejriwal

Independent Director

## CHIEF FINANCIAL OFFICER

Mr. V. T. Cherian

## COMPANY SECRETARY

Mr. Ankit Mishra

## AUDITORS

M/s. Khamesra Bhatia & Mehrotra

Chartered Accountants

## BANKERS

Punjab National Bank

Mall Road

Kanpur - 208 001

## REGISTERED OFFICE

14/6, Civil Lines, Kanpur - 208 001

## CORPORATE & MARKETING OFFICE

A-7, Mohan Co-operative Industrial Estate,

Mathura Road, New Delhi - 110 044

## WORKS

- Kanpur-Unnao Link Road, Magarwara, Unnao - 209 801
- Kanpur-Unnao Link Road, Sahjani, Unnao - 209 801
- C-4, 5, 36 & 37, Sector-59, Noida - 201 303
- UPSIDC Industrial Area, Site II, Unnao - 209 801
- 1A, Sector Ecotech-I, Extension-I, Greater Noida - 201 308
- Plot No. 18-19, Nand Nagar Industrial Estate, Phase-1, Mahua Khera Ganj Kashipur, Udham Singh Nagar Uttarakhand - 244 713

## REGISTRAR & TRANSFER AGENTS

KARVY COMPUTERSHARE PVT. LTD.

Karvy Selenium Tower B, 6th Floor,

Plot No. 31-32 Gachibowli Financial District,

Nanakramguda, Hyderabad - 500 032

Tel.: +91-40-67161563, Fax: +91-40-23114087

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## ECONOMIC OVERVIEW

### Global

The world economy grew at a stable pace of 3.1% in FY 2017, aided by recovery in emerging economies particularly commodity exporters, while growth in developed markets remained modest. Increase in oil prices along with other major commodities like iron ore and copper aided recovery in global trade towards the end of FY 2016. The uptick in global trade was led by pickup in import demand in Asia and US which augurs well for underlying demand trends. While global growth was stable, markets were focused on geopolitical developments with change in leadership in the USA, and the UK working on modalities around its exit from the European Union.

Activity rebounded in the USA after a weak first half of CY 2016, as the economy approaches full employment. The US Federal Reserve continued with the interest rate normalization cycle in FY 2016-17 by increasing rates twice, in December 2016 and March 2017. The global low interest rate and abundant liquidity cycle is likely to slowly normalize.

### INDIA

On the domestic front, India remained the fastest growing major economy in the world, after surpassing China last year. Gross Domestic Product growth rate was 7.1% for FY 2016-17, supported by strong consumption growth and government spending. Inflation eased sharply led by a decline in food inflation amidst government's astute food management, facilitating a 50 basis points rate cut by the RBI in FY 2016-17 before it adopted a neutral stance. Diminishing vulnerabilities on the external and fiscal front with FY 2016-17 current account deficit at 0.7% of GDP and government's commitment to fiscal consolidation reinstated investor confidence in the economy, resulting in record Net Foreign Direct Investment of US\$ 35.9 billion in FY 2016-17.

FY 2016-17 was also marked by two significant economic measures by the government. Government's demonetization move to counter the shadow economy and promote cashless economy has boosted digital payments in the country. The Goods and Services Tax (GST) - constitution amendment bill, passed by the government, implemented from July 1, 2017 will have a significant impact on the taxation structure in the country. The reform process would further help boost India's position in the global arena.

Global oil demand growth remained robust at 1.6 million barrels per day in CY 2016 led by a 3.3 % y-o-y growth in demand from the non-OECD countries. Gasoline demand trends remained robust contributing around 40% of global oil demand growth. US, China and India accounted for

60% of the global gasoline demand growth. Global oil price strengthened in FY 2016-17, supported by the OPEC and non-OPEC co-operation to cut oil production in the last quarter of CY 2016.

India became the second largest contributor to the global oil demand growth in terms of incremental oil demand. India also overtook Japan as the world's third largest oil consumer (after USA and China).

During FY 2016-17, India's oil demand grew 5.2% led by strong consumption demand growth in gasoline (+8.8%) and jet kerosene (+12.1%). This was underpinned by 9.2% growth in passenger vehicle sales, 6.9% growth in two-wheeler sales and 21.7% growth in domestic airline passenger traffic. Domestic diesel demand remained muted at 1.8% as the industrial cycle lagged consumption. Polymer demand grew by 7% and polyester demand grew by 3% during FY 2016-17.

Corporate earnings in India are expected to grow by over 20% in FY 2017-18, especially in sectors like automobiles and banks, while GDP is expected to grow by 7.5% during the same period, according to Bloomberg consensus.

India's foreign exchange reserves stood at US\$ 366.781 billion as on March 2017 as compared to US\$ 360 billion by end of March 2016, according to data from the RBI.

Economic growth is projected to remain strong and India will remain the fastest growing G20 economy. The increase in public wages and pensions will support consumption. Private investment will recover gradually as excess capacity diminishes, and the landmark Goods and Services Tax and other measures to improve the ease of doing business are being implemented. However, large non-performing loans and high leverage of some companies are holding back investment.

Monetary policy is projected to remain tight as inflation expectations have still not fully adjusted down. The need to reduce the relatively high public-debt-to-GDP ratio leaves little room for fiscal stimulus. However, investing more in physical and social infrastructure is critical to raising living standards for all. This should be financed by a comprehensive reform of income and property taxes. Restoring credit discipline and cleaning up banks' balance sheets will be instrumental to support the credit growth needed to finance more business investment.

The acceleration of structural reforms is bringing a new growth impetus. The Goods and Services Tax (GST), implemented from July 1, 2017, should help make India more of a single market and thus spur productivity, investment, competitiveness, job creation and incomes. The abolition of



the Foreign Investment Promotion Board, which reviewed foreign investment programs, should promote FDI inflows. The central government's initiative to rank individual states on the ease of doing business is opening a new era of structural reforms. Many states have already modernized regulations and administrative procedures and some are experimenting with reforms of land acquisition and labor regulations.

There is little room for further cuts in interest rates. Consumer price inflation hovered below 4% at the end of FY 2016 and in early FY 2017, reflecting partly demonetization, but also the success of the flexible inflation targeting framework. Ongoing structural reforms, including efforts to reduce the fragmentation of agricultural markets and land plots, and to develop the irrigation network, should help avoid inflation spikes in the future. In the short term, however, keeping inflation around 4% – the mid-point official inflation target – will be challenging given the roll-out of the GST and the upward adjustment in house rent allowance and in wages for state government employees.

**Future Growth Prospects**

The combined deficit and debt of the central government and states are relatively high. The central government has committed to reduce its deficit further in FY 2017-18 by better targeting fertilizer, petroleum and food subsidies. At the state level, current spending has tended to rise while investment targets have not always been met. The recent write-off of bank loans to farmers in the largest state will push up public debt, especially if other states follow suit. It could also undermine credit discipline and exacerbate income inequality since it will not benefit the poorest farmers, who rely predominantly on informal money lenders rather than banks.

Structural reform is a clear positive risk for growth. The deterioration in the quality of banks' portfolios, as shown by the increase in nonperforming loans and stressed assets, risks damping investment and growth. India, as a net commodity importer, would suffer from higher commodity prices. Protectionist measures could restrict exports of

goods and services and thus harm the economy's potential to create quality jobs.

**INDUSTRY STRUCTURE AND DEVELOPMENTS**

The Indian footwear industry holds a crucial place in the Indian economy for its potential for employment, especially for the economically weaker sections, and for supporting the economy through foreign exchange earnings. India is the second largest producer of footwear globally, accounting for 9% of the global annual production of 22 billion pairs. It annually produces ~2.2 billion pair of which ~90% are consumed internally while the remaining are exported primarily to the European nations. India's annual footwear consumption of ~2.1 billion pairs is the third largest globally after China and the USA and has recorded a healthy growth over the last decade driven by the rise in income levels, growing fashion consciousness and increasing discretionary spending.

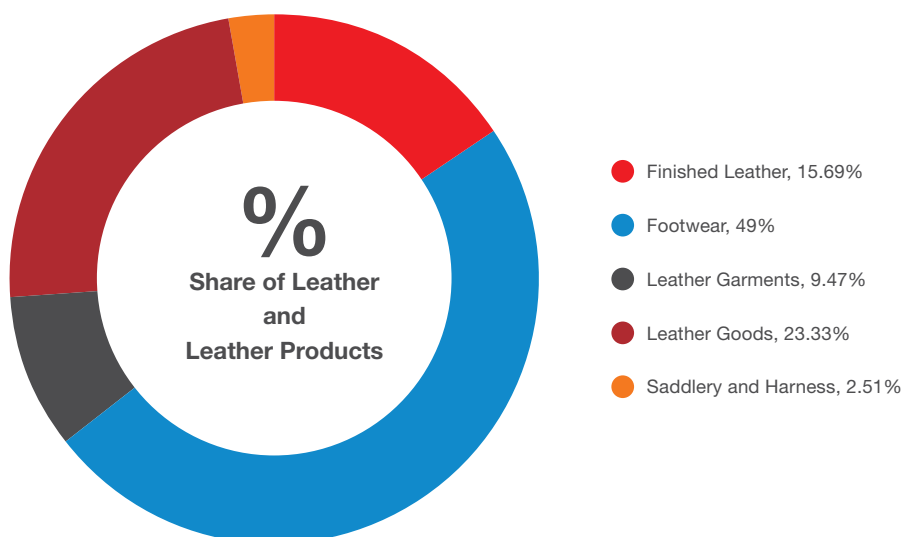
The Indian leather industry accounts for around 12.93% of the world's leather production of hides/skins. The country ranks second in terms of footwear and leather garments production in the world and accounts for 9% of the world's footwear production. India's leather industry has grown drastically, transforming from a mere raw material supplier to a value-added product exporter.

**Leather Exports**

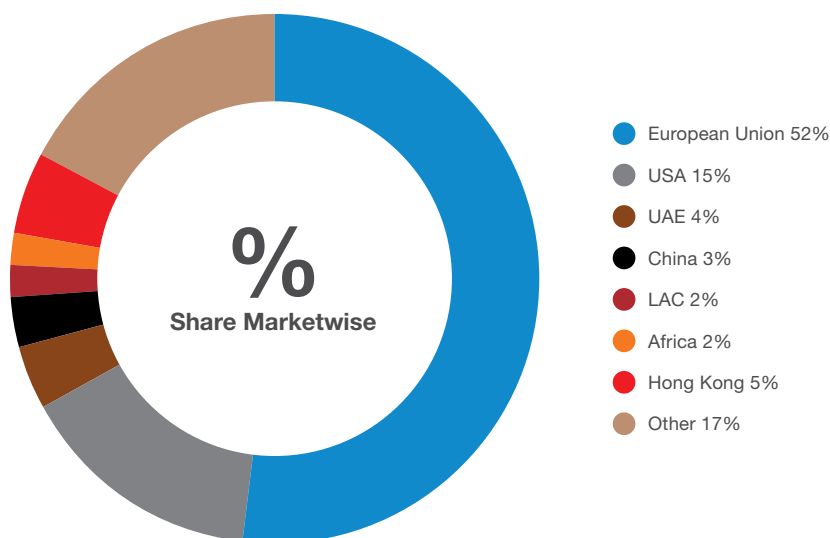
India's export of Leather and Leather products for FY 2016-17 touched US\$ 5665.91 mn as against the performance of US\$ 5855.06 mn in the corresponding period of last year, recording a negative growth of -3.23%.

Export of different categories of Footwear holds a major share of about 49% in India's total leather & leather products exports with an export value of US\$ 2775.77 mn. This is followed by Leather Goods & Accessories with a share of 23%, Finished Leather 16%, Leather Garments 9% and Saddlery & Harness 3%.

Except Non-Leather Footwear and Footwear Components, all other product segments show negative trend.



The major markets for Indian Leather & Leather Products are USA with a share of 15.36%, Germany 11.65%, UK 10.74%, Italy 6.63%, Spain 5.19%, France 5.10%, Hong Kong 4.70%, UAE 4.01%, China 3.07%, Netherlands 3%, Belgium 1.85% and Poland 1.79%.



**GROWTH DRIVERS**

The Government of India had identified the Leather Sector as a Focus Sector in the Indian Foreign Trade Policy in view of its immense potential for export growth prospects and employment generation. Accordingly, the Government is also implementing various Special Focus Initiatives under the Foreign Trade Policy for the growth of Leather Sector. With the implementation of various industrial developmental programs as well as export promotional activities; and keeping in view the past performance, and industry’s inherent strengths of skilled manpower, innovative technology, increasing industry compliance to international environmental standards, and dedicated support of the allied industries, the Indian leather industry aims to augment the production, thereby enhance export, and resultantly create additional employment opportunities.

**FOOTWEAR INDUSTRY**

India is the second largest footwear producer in the world, with footwear production accounting for approximately 9% of the global annual production of 22 billion pairs as compared to China, which produces over 60% of the global production.

India annually produces 2.1 billion pairs, of which 90% are consumed internally, while remaining are exported primarily to European nations which include United Kingdom, Germany, USA, Italy and France, as per market analysts.

Footwear exports from India have grown at a CAGR of 20% in Indian Rupee terms during the last five years backed by growing demand from European nations and increasing focus of main importing countries to shift sourcing from China to other low-cost producing countries.

India is the third largest footwear consuming country in the world after China and USA, but with very little separating the three, India is very soon expected to be the second largest consumer as well.

The footwear market in India, like its international counterpart, has always been broadly classified into three segments - Men’s, Women’s and Kids. Men’s market is growing at a CAGR of 10%. At present, men’s market contributes around 60% of sales in the footwear segment as against women’s share of 30%. The women’s segment, however, is growing at a much faster CAGR of 20%.

**OPPORTUNITIES AND THREATS**

Indian footwear industry holds a crucial place in the Indian economy for its potential for employment, especially for weaker sections, and for supporting economy through its foreign exchange earnings.

The Indian footwear market is witnessing a steady popularity among teenagers and youths. They are using online platforms, inter alia, for purchase of footwear which is slowly occupying a significant share of total sales volume. The bricks and mortar Retail industry shall witness intensifying competition from the e-commerce offerings. Mirza International Limited has already a strong presence in these market will be looking at exploiting this opportunity further.

India is the second largest global producer of footwear after China. The growing fashion consciousness globally has pushed the effectiveness of the leather industry and competitiveness of the companies. The scope for diversification into other products, namely leather garments, goods has enhanced in the recent times.

However, India has been unable to optimally utilize its resources evident from the low recovery rate of the livestock, use of outdated technology by most tanneries and footwear manufacturers, weak footwear components industry and limited presence of large scale manufacturing units. The fast changing fashion trends are difficult to adapt for the Indian leather industries.



High competition from other Asian countries like China, Vietnam and Indonesia pose a risk to the growth prospects of the Indian Leather Industry. Further, these countries are meeting customer preferences by providing innovative leather products having great design and quality at lower prices.

### SEGMENT-WISE PERFORMANCE

The Company's business segments are primarily Shoe Division and Tannery Division. During the year under review, revenue from the Shoe Division increased to ₹ 843.56 Crore as against ₹ 818.86 Crore in the previous year. Revenue from the Tannery Division was ₹ 210.96 Crore for the year as against ₹ 240.88 Crore in previous year.

#### Overseas Revenue

Revenue from overseas sales stood at ₹ 650.68 Crore as against ₹ 691.71 Crore in the previous year. While revenue from UK operations decreased from ₹ 464.26 Crore to ₹ 452.04 Crore in FY 2017, showing a decrease of 3%, USA operations have increase in the revenue going up from ₹ 89.51 Crore in the previous year to ₹ 92.23 Crore in the year under review, showing a growth of 3%.

#### Domestic Sales

Domestic Sales stood at ₹ 285.88 Crore as against ₹ 237.01 Crore in the previous year thus showing an increase of 20.62%. This statement shows that Company's performance is upto the mark in domestic market and proving that Company's flagship brand 'REDTAPE' enjoys customers' admiration and confidence in overseas market as well as domestic market.

### OUTLOOK

The Company's long-term outlook continues to be promising given the following:

- a) The Company products are well accepted brands in overseas market, the focus will be to expand geographic presence to new countries and deeper penetration in existing market through aggressive marketing and distribution.
- b) After entrenching its position in leather market, now the Company focused at replicating the leather market success in Sports Shoes market.
- c) Extend Brand offerings beyond footwear to allied areas of garments and accessories.
- d) Online platforms now offer a new growth engine for retail companies, cognizant of this, the Company will be looking at engaging with more customers through a well-thought digital strategy.
- e) The footwear industry being highly market driven, there are sustained opportunities for driving growth. Leveraging its leadership position in manufacture and marketing of leather goods, the focus shall be on creation of long-term value for all stakeholders.

### RISK AND CONCERNS

The Company believes that risks that are well managed can create opportunities, whereas risks that are incorrectly managed could lead to financial and reputation loss. Appropriate steps are taken in consultations with all concerned to mitigate such risk.

Your Company operates in a globally competitive business environment and in a complex regulatory environment. In addition, steep increase in rental cost, high cost of raw materials and changes in the customers' shopping preference are considered as high risk factors. Your Company monitors its major risks and concerns at regular intervals. Appropriate steps are taken in consultations with Audit Committee of the Board to mitigate such risks.

### FINANCIAL PERFORMANCE

The highlights of the financial performance of the Company during the year ended March 31, 2017 have been stated in the Directors' Report for the year ended March 31, 2017, which appears separately in the Annual Report.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's internal control systems are commensurate with the nature of its business and the size and complexities of its operations. These systems are designed to ensure that all assets of the Company are safeguarded and protected against any loss and that all transactions are properly authorized, recorded and reported.

### MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

#### Human Resources

It is your Company's belief that people are at the heart of corporate purpose and constitute the primary source of sustainable competitive advantage. Particularly in the footwear market, your Company gives significant importance to its human capital and is dedicated for continuous enhancement of their skills and knowledge by way of training and supervision. Your Company's belief in trust, transparency and teamwork improved employee productivity at all levels. As on March 31, 2017, the total no. of employees in the Company stood at 3211.

#### Cautionary Statement

Statement in this Management Discussion and Analysis describing the Company's objective, projects, estimates and expectations may be 'forward-looking statement' within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward-looking statements contained in this document due to various risks and uncertainties. Several factors could make a significant difference to the Company's operations. These include economic conditions, government regulations and tax laws, political situation, natural calamities etc. over which the Company does not have any direct control.

# DIRECTORS' REPORT

To,  
The Members of  
Mirza International Limited

Your Directors have pleasure in presenting their Thirty-Eight Annual Report on the business and operations of the Company and the Audited Financial Statements for the financial year ended March 31, 2017.

## 1. FINANCIAL SUMMARY OR HIGHLIGHTS/PERFORMANCE OF THE COMPANY

(₹ in Crore)

Particulars	Standalone		Consolidated
	2016-2017	2015-2016	2016-2017
<b>Total Revenue</b>	936.56	928.73	936.56
Earning before Finance Costs, Depreciation and amortization Expenses and Taxes	161.39	173.52	161.39
<b>Less: Finance Charges</b>	25.93	31.87	25.93
Depreciation & Amortization Expenses	29.06	25.83	29.06
Profit Before Tax	106.40	115.82	106.40
<b>Less: Provision for Taxes</b>	35.20	37.73	35.20
<b>Profit After Taxes</b>	<b>71.20</b>	<b>78.09</b>	<b>71.20</b>
<b>Add: Balance of profit brought forward</b>	320.40	199.49	320.40
	<b>391.60</b>	<b>277.58</b>	<b>391.60</b>
<b>Less: Appropriations</b>			
Transfer to General Reserve	7.50	8.00	7.50
Dividend on Equity Shares	10.83	6.02	10.83
Tax on Proposed Dividend	2.21	1.22	2.21
Income Tax Adjustment (Net)	1.21	0.09	1.21
<b>Add: Pursuant to Scheme of Amalgamation [Refer Note 33]</b>	-	58.15	-
Balance at end of the Year	369.85	320.40	369.85

## 2. GROWTH STRATEGY

- i) This year Company has adopted the strategy of market penetration by which we have launched our new Brand "BOND STREET" which seeks to have a mass appeal by providing fashionable footwear at very low price points.
- ii) Your Company already set a benchmark in leather shoes market, this year your Company has launched Athleisure Sports range which is unique in market using flyknit technology. This will help in setting new benchmark in the market and adding more customer base.
- iii) Company also acquires entire stake of HI-LIFE FABRICATORS PRIVATE LIMITED by making it Wholly-owned subsidiary of Mirza International Ltd.

## 3. SUBSIDIARY / ASSOCIATE COMPANY

As on March 31, 2017, we have one subsidiary company i.e Hi-Life Fabricators Private Limited and no other joint ventures or associate companies. In accordance with section 129 (3) of the Companies Act, 2013, we have prepared the consolidated financial statements of the Company, which form part of the annual report. Further, a statement containing the salient features of the financial statement of our subsidiary in the prescribed format

AOC-1 is appended as **Annexure I** to the Director's Report. The statement also provides the details of the performance and financial position of the subsidiary.

In accordance with section 136 of the Companies Act, 2013 the audited financial statements, including the consolidated financial statements and related information of the Company and audited Accounts of the subsidiary are available on our website, [www.mirza.co.in](http://www.mirza.co.in). These documents will also be available for inspection till the date of AGM during business hours at registered office in Kanpur, India.

## 4. DIVIDEND

After considering the Company's financial performance, profitability and future growth plans, the Board of Directors of the Company are pleased to recommend a Final Dividend of ₹ 0.90 per share i.e 45% on 12,03,06,000 Equity Shares of face value ₹ 2/- each of the Company. The total outflow on account of Dividend, if approved by Members, will be ₹ 13.04 Crore (inclusive of Dividend Distribution Tax of ₹ 2.21 Crore) and such Dividend to be distributed to those Equity Shareholders whose name would appear on the Register of Members as on date of book closing on September 22, 2017, in proportion to paid-up value of Equity Shares.





The Board of Directors of the Company had voluntarily adopted the Dividend Distribution Policy in line with SEBI (LODR) Regulations, 2015. Dividend Distribution Policy is available on Company's Website (<http://www.mirza.co.in/policy.html>).

## 5. RESERVES

The Board proposes to transfer the amount of ₹ 7.50 Crore to General Reserve, as compared to ₹ 8.00 Crore transferred in the previous year.

## 6. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Following persons are the Key Managerial Personnel of the Company as on March 31, 2017, pursuant to Section 2(51) and Section 203 of the Act, read with the Rules framed thereunder:

- i) Mr. Irshad Mirza, Executive Chairman
- ii) Mr. Rashid Ahmed Mirza - CEO and Managing Director
- iii) Mr. Shahid Ahmad Mirza, Mr. Tauseef Ahmad Mirza, Mr. Tasneef Ahmad Mirza and Mr. N.P. Upadhyay- Whole Time Directors
- iv) Mr. V.T.Cherien, Chief Financial Officer
- v) Mr. Ankit Mishra, Company Secretary and Compliance Officer

### Appointment & Resignation:

During the year under review, Mr. Irshad Mirza was resigned from the office of Chief Financial Officer of the Company w.e.f May 30, 2016. The Board place on record its appreciation for the valuable services rendered and contribution made by Mr. Irshad Mirza during his tenure as Chief Financial Officer of the Company.

Mr. V. T. Cherian was appointed by the Board of Directors in place of Mr. Irshad Mirza as Chief Financial Officer of the Company w.e.f May 30, 2016 and thereby is designated as Key Managerial Personnel with effect from the said date.

### Retirement by Rotation:

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with Rules made thereunder, Mr. Shahid Ahmad Mirza (DIN No : 00048990) and Mr. Tauseef Ahmad Mirza (DIN No: 00049037), Whole Time Directors of the Company, are liable to retire by rotation at ensuing Annual General Meeting and being eligible have offered themselves for re-appointment. The Board recommends their re-appointment.

### Independent Directors declaration

All the Independent Directors of your Company viz. Mr. Sudhindra Kumar Jain, Mr. P. N. Kapoor, Mr. Q. N. Salam, Dr. Yashvir Singh, Mr. Subhash Sapra, Mr. Islamul Haq, Mrs. Vinita Kejriwal have individually and severally given a declaration pursuant to Provisions of Section 149 (7) of the Companies Act, 2013 affirming

compliance to the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and Regulation 25 of SEBI (LODR) Regulations, 2015. Based on the declaration(s) of Independent Directors, the Board of Directors recorded their opinion that all the Independent Directors are independent of the management and have fulfilled the conditions as specified in the Companies Act, 2013 and Rules made there under as well as concerning provisions of SEBI (LODR) Regulations, 2015.

## 7. EVALUATION OF BOARD'S PERFORMANCE

Pursuant to the Provisions of Section 134 (3) (p), 149 (8) and Schedule IV of the Companies Act, 2013 and Regulation 17 (10) of SEBI (LODR) Regulations, 2015, the Board of Directors has carried out an annual evaluation of its own performance and that of its Committees and individual Directors.

The Company has devised criteria for performance evaluation of Independent Directors, Board/ Committees and other individual Directors, which includes criteria for performance evaluation of Non Executive Directors and Executive Directors. Performance evaluation has been carried out as per Nomination and Remuneration Policy.

At the meeting of the Board all the relevant factors that are material for evaluating the performance of individual Directors, the Board/ Committees were discussed in detail. A structured questionnaire for each evaluation was prepared and recommended to the Board by Nomination and Remuneration Committee for doing the required evaluation after taking into consideration the input received from the Directors covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, execution and performance of specific duties, obligations and governance etc.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, qualifications, knowledge, skills and experience in the respective fields, honesty, integrity, ethical behaviour and leadership, Independence of judgement, safeguarding the interest of the Company, attending the meetings regularly, understanding the business, regulatory, competitive and social environment, understanding strategic issues and challenges, bringing outside information and perspective to Board for deliberations, ability to identify the cost benefits and implications of Board decisions etc.

## 8. FAMILIARISATION PROGRAMMES FOR INDEPENDENT DIRECTORS

The details of the programme for familiarisation of the Independent Directors with the Company in respect of their roles, rights, responsibilities in the

Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company (URL <http://mirza.co.in/download.html>)

#### 9. REMUNERATION POLICY

The Company follows a policy on remuneration of Directors and Senior Management Employees. The policy is approved by the Nomination and Remuneration Committee and the Board and is given as **Annexure II** to the Director's Report.

#### 10. RISK MANAGEMENT POLICY

Pursuant to the requirement of Section 134 (3) (n) of the Companies Act, 2013, the Company has already in place a Risk Management Policy.

Audit Committee of the Company has been entrusted with responsibility to assist the Board in (a) Overseeing the Company's Risk Management process and controls, risk tolerance and Capital Liquidity and funding (b) Setting Strategic plans and objectives for Risk Management and review of Risk Assessment of the Company (c) Review of the Company's risk appetite and strategy relating to key risks, including credit risk, liquidity and funding risk, product risk and reputational risk as well as the guide lines and processes for monitoring and mitigating such risks.

The Board takes responsibility for the overall process of Risk Management in the organization, through Enterprise Risk Management Programme, Business units and Corporate functions address opportunities and attendant risks through an institutionalized approach aligned to the Company's objective.

#### 11. WHISTLE BLOWER POLICY & VIGIL MECHANISM

The Company has adopted a Whistle Blower Policy establishing Vigil Mechanism, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. This Policy provides adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. The Policy of Vigil Mechanism is available on the Company's Website (<http://mirza.co.in/policy.html>)

#### 12. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The Company has not given any guarantees covered under the provisions of Section 186 of the Companies Act, 2013 and Rules made there under. The details of the Loans and investments made by the Company are given in the notes to standalone financial statements.

Also pursuant to the schedule V of the SEBI (LODR) Regulations, 2015 Loans/Advances given to subsidiary have been disclosed to the notes to the standalone financial statements.

#### 13. INTERNAL CONTROL SYSTEM

The Board has adopted policies and procedures for ensuring orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, prevention and detection of fraud, error reporting mechanisms, the accuracy and completeness of the accounting records and the timely preparation of reliable financial disclosures.

#### 14. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

In terms of section 125 of the Companies Act, 2013, the amounts (dividend, deposits etc., with interest) that remained unclaimed and unpaid for more than 7 years from the date they first became due for payment, should be transferred to IEPF.

As an investor-friendly measure, your Company has been intimating the respective shareholders/ depositors/ investors to encash their dividend warrant/ renew matured deposits or lodge their claim for payment of due, if any, from time to time and claims made are settled. As per the statutory requirements, unclaimed deposits/ other dues for the previous seven years as of the date of the Annual General Meeting are made available on the website of MCA-IEPF as well on the Company's website.

In order to receive prompt payment of dividend, the members/ investors are requested to demat the shares held in physical mode, register bank account particulars, opt for ECS facility, register nomination and intimate change of address, if any, to the Company/ Depository Participants promptly.

##### a. Unclaimed Dividends

As at March 31, 2017, dividends aggregating to ₹ 34 Lakh relating to dividends declared for the years F.Y. 2009-10 to FY15-16 (of which ₹ 3.20 Lakh Related to dividend for the year 2016), had not been claimed by shareholders. As an investor friendly measure, your Company has intimated shareholders to lodge their claims and related particulars were provided in the annual reports each year as well as on the website of your Company.

The dividend pertaining to 2008-2009, which remained unclaimed/unpaid amounting to ₹ 2,70,909/- was transferred to IEPF on November 04, 2016 after the settlement of claims by members received in response to the individual reminder letters sent by your Company to the respective members.



The dividend pertaining to 2009-2010 remaining unclaimed and unpaid, amounting to ₹ 4,65,924/- as on March 31, 2017, would be transferred to IEPF during October 2017 after settlement of the claims received up to the date of completion of seven years i.e. on 26th October, 2017

**b. Transfer of shares to IEPF Demat account**

Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and refund) Rules, 2016 was notified by the Ministry of Corporate Affairs (MCA) on September 07, 2016. As per Rule 6 of the said Rules, the shares, in respect of which dividend amounts have not been paid or claimed for 7 consecutive years, are required to be transferred to IEPF Suspend Account.

On verification of records of unclaimed dividend amounts from 2010 to 2016, 324 shareholders have not claimed dividend for consecutive 7 years and their shares are liable to be transferred to IEPF.

In terms of the above Rules, reminder dated November 26, 2016 was sent by the Company to all the shareholders who have not claimed their dividends for a consecutive period of 7 years, informing that their shares will be transferred to IEPF suspend account on December 06, 2016, if they do not place their claim for unclaimed dividend amounts before the Company. Company has also published Notices on Financial express (English) and Jansatta (Hindi) on 30/11/2016 followed by second notice on Business Standards (English & Hindi) on 07/04/2017 informing the shareholders about the provisions of rule.

MCA issued series of notifications / circulars for effective implementation of the Rules and as per latest General Circular no. 06 / 2017 dated 29.05.2017, MCA has extended the due date for transfer of shares upto the date still to be decided by MCA. Your Company has provided the IEPF Rules, the paper notifications issued and a list of the shareholders, whose shares will be transferred to IEPF in the investor page of the website of the Company at [www.mirza.co.in](http://www.mirza.co.in).

**15. MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis Report for the year under review, as stipulated under SEBI (LODR) Regulations, 2015, is given separately and forms part of Annual Report.

**16. HUMAN RESOURCES**

The Company believes that quality of its employees is the key to success in long run. The Company continues to have cordial relations with its employees. There were 3211 regular employees as on March 31, 2017.

**17. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The brief outline of the Corporate Social Responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure III** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy is available on the website of the Company (URL:<http://www.mirza.co.in/policy.html>)

**18. PARTICULARS OF EMPLOYEES AND OTHER ADDITIONAL INFORMATION**

Disclosure with respect to the remuneration of Directors and employees as required under Section 197 of Companies Act, 2013 and Rule 5(1) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has been appended as **Annexure-IV** to this Report.

The information as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 will be provided upon request by any member of the Company. In terms of Section 136(1) of the Companies Act, 2013, the Report and the Accounts are being sent to the members excluding the said Annexure. Any member interested in obtaining copy of the same may write to the Company Secretary at the Registered Office of the Company.

**19. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

**A. ENERGY CONSERVATION**

MIL has always been a frontrunner in continually improving its operational performance in all areas, like productivity, yield, utilization and a host of other operating metrics, while reducing the consumption of fuel, power, stores and others. This is done by adopting an approach of continual improvement of process metrics across all energy consuming facilities.

The Company is continuously putting its efforts to improve Energy Management by way of monitoring energy related parameters on regular basis.

The Company is committed to transform energy conservation into a strategic business goal fully along with the technological sustainable development of Energy Management System. It is putting best endeavour to reduce energy consumption in its operations and activities.

To achieve above objectives the following steps are being undertaken by the Company :-

- Continuously monitoring the energy parameters such as maximum demand, power factor, load factor on regular basis;

- Continuously replacing the inefficient equipment's with latest energy efficient technology & upgradation of equipment's continually;
- Increasing the awareness of energy saving within the organization to avoid the wastage of energy;
- To enhance utilization of Renewable Energy Resources;
- Exploring the feasibility of utilization of Solar Power at plant locations wherever possible;

#### B. RESEARCH AND DEVELOPMENT (R& D)

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

#### C. TECHNOLOGY ABSORPTION

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

#### D. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, the foreign exchange earned was ₹ 584.80 Crore as compared to ₹ 620.51 Crore during the previous year. The foreign exchange outgo was ₹ 105.44 Crore as against ₹ 129.00 Crore in the previous year.

### 20. CORPORATE GOVERNANCE

As required by Schedule V (C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a detailed report on Corporate Governance is given as **Annexure V** of this Report. The Company is in full compliance with the requirements and disclosures that have to be made in this regard. The Certificate of Practicing Company Secretary confirming compliance with Corporate Governance requirements by the Company is attached to the Report on Corporate Governance.

### 21. AUDITORS

#### a) STATUTORY AUDITOR

In terms of the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s. Khamesra Bhatia & Mehrotra, Chartered Accountants (ICAI Firm Registration No. 001410C), the auditors of your Company shall hold office till the conclusion of the ensuing Annual General Meeting and they shall not be eligible for re-appointment due to expiry of the maximum permissible tenure as the Auditors of your Company. Your Board places on record its

deep appreciation for the valuable contributions of the Auditors during their long association since the inception of your Company and wishes them success in the future.

Based on the recommendation of the Audit Committee, your Board at its meeting held on August 05, 2017, appointed M/s D R A & Co., Chartered Accountants, New Delhi (ICAI Firm Registration No. 006476N), as the Auditors of the Company, in place of retiring Auditors M/s Khamesra Bhatia & Mehrotra, Chartered Accountants to hold the office from the conclusion of the ensuing 38<sup>th</sup> AGM until conclusion of the 43<sup>rd</sup> AGM of your Company to be held in the year 2022, subject to approval of members of the Company at the ensuing Annual General Meeting and ratification by members of the Company every year thereafter, if required.

Your Company has received a certificate from M/s. D R A & Co. Chartered Accountants confirming their eligibility to be appointed as Auditors of the Company in terms of provisions of section 141 of the Companies Act, 2013 and Rules framed thereunder. They have also confirmed that they hold a valid certificate issued by peer review Board of the Institute of Chartered Accountants of India (ICAI) as required under the provisions of Regulation 33 of the SEBI (LODR) Regulations, 2015. The proposal for their appointment has been included in the notice convening 38<sup>th</sup> Annual General Meeting for obtaining approval of members of the Company.

#### b) SECRETARIAL AUDITOR

The Board of Directors have appointed as per provisions of Section 204 of the Companies Act, 2013 and read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. K.N. Shridhar Practicing Company Secretary Proprietor of K.N. SHRIDHAR & ASSOCIATES, Membership No. 3882 and C.P.No. 2612 to undertake the Secretarial Audit of the Company for the year ended March 31, 2017. There are no adverse remarks or observations made in their Secretarial Audit Report. The Report of Secretarial Auditors is given in **Annexure VI** to this Report, which is attached herewith and forms a part of Directors Report.

#### c) COST AUDITOR

As per Section 148 of the Companies Act, 2013 the Company is required to have the audit of its cost records conducted by a Cost Accountant in Practice. The Board of Directors of the Company has on recommendation of Audit Committee, approved the appointment of Mr. A. K. Srivastav, Cost Accountant, for conducting the Cost Audit pertaining to relevant products prescribed under



the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time for the year ending March 31, 2017.

## 22. EXTRACT OF ANNUAL RETURN

As required under section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in **MGT 9** forms a part of this Annual Report as **ANNEXURE VII**.

## 23. BOARD MEETINGS

During the Year 2016-17, Board met 5 times on April 1, 2016, May 30, 2016, July 30, 2016, November 12, 2016, and January 31, 2017, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

## 24. BOARD COMMITTEE

The Board of Directors of your Company had already constituted various Committees and approved the terms of reference / role in compliance with the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and CSR Committee.

During the year under review, in accordance with the provisions of SEBI (LODR) Regulations, 2015, the Board had voluntarily constituted the Risk Management Committee.

All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of reference / role of the Committees are taken by the Board of Directors.

Details of the role and composition of these Committees, including the number of meeting held during the financial year and attendance at meetings, are provided in the Report of Corporate Governance in the Annual Report.

## 25. RELATED PARTY TRANSACTIONS

All contracts or arrangements entered into by the Company with its related parties during the financial year were in accordance with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and erstwhile Clause 49 of the Listing Agreement. All such contracts or arrangements have been approved by the Audit Committee.

Details of material contract / arrangement / transaction with related parties entered during the year in Form AOC-2, in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 is given in the **Annexure VIII** to this Report.

The Policy on dealing with Related Party Transactions as approved by the Board is uploaded on the Company's website <http://mirza.co.in/policy.html>. The Policy intends to insure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties. This Policy specifically deals with the review and approval of Related Party Transactions keeping in mind the potential conflict of interest that may arise because entering into these transactions are placed before the Audit Committee for review and approval.

## 26. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti- Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013. A Complaint Redressal Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy. No complaints pertaining to Sexual Harassment were received during the Financial Year 2016-17.

## 27. CREDIT RATING

During the year, the Rating for Company's Short term bank facilities and borrowing programme was reaffirmed at "CRISIL A1" by CRISIL. The Long Term Banking Facilities was re-affirmed at "CRISIL A/Stable". According to CRISIL, MIL will continue to benefit over the medium term from its integrated operations and the extensive industry experience of promoters.

ICRA Limited has also Reaffirmed the Long Term Rating at [ICRA] A and has assigned a 'Stable' outlook on the Long Term Rating.

## 28. GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review.

- a. Details relating to deposits covered under Chapter V of the Companies Act 2013.
- b. Issue of equity shares with differential right as to dividend, voting or otherwise
- c. No significant or material orders were passed by the Regulators or Courts or tribunals which impact the going concern status and Company's operation in future.

## 29. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them,

your Directors make the following statements in terms of Section 134 (5) of the Companies Act, 2013;

- (a) That in the preparation of the annual accounts, the applicable accounting standards read with requirements set out under Schedule III to the Companies Act, 2013 have been followed along with proper explanation relating to material departures;
- (b) That such accounting policies as mentioned in Notes to the Financial Statements have been selected 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 as at March 31, 2017 and of the profit of the Company for the year ended on that date ;
- (c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) That the annual financial statements have been prepared on a going concern basis;

- (e) That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- (f) That systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 30. ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation of the contribution made by the employees at all level, towards the continued growth and prosperity of your company.

Your Directors also wish to place on record their sincere thanks to the Banks and various Government Authorities for the support and co-operation extended to the Company.

Your Directors are especially grateful to the shareholders for reposing their trust and confidence in the Company.

**For and on behalf of the Board of Directors**

Place : Kanpur  
Date : 05.08.2017

Sd/-  
**Irshad Mirza**  
Chairman

**ANNEXURE - I****Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement  
of subsidiaries/associate companies/joint ventures**

**Part "A": Subsidiaries**

(Information in respect of subsidiary presented with amounts in ₹)

Sr. No.	Particulars	Details
1.	Name of the subsidiary	Hi-Life Fabricators Private Limited
2.	The date since when subsidiary was acquired	March 8, 2017
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
4.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA
5.	Share capital	19,66,000.00
6.	Reserves & surplus	31,84,000.00
7.	Total assets	2,59,38,815.00
8.	Total Liabilities	2,59,38,815.00
9.	Investments	0.00
10.	Turnover	0.00
11.	Profit before taxation	0.00
12.	Provision for taxation	0.00
13.	Profit after taxation	0.00
14.	Proposed Dividend	0.00
15.	Extent of shareholding (in percentage)	100

**Notes:**

- Hi-Life Fabricators Pvt. Ltd. has not yet commenced its operations.
- There are no subsidiaries which have been liquidated or sold during the year.

**Part "B": Associates and Joint Ventures**

Not applicable as the Company does not have any associate company / joint venture during the year under review.

## ANNEXURE-II

### REMUNERATION POLICY OF MIRZA INTERNATIONAL LIMITED

#### OBJECTIVE

This Policy shall be formulated in compliance of Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Part D of Schedule II of SEBI (LODR) Regulations, 2015. The Key Objectives of the Policy would be:

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.
- Relationship of remuneration to performance is clear and means appropriate performance benchmark
- Remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

#### DEFINITIONS

- **Act** means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
- **Board** means Board of Directors of the Company.
- **Directors** mean Directors of the Company.
- **Key Managerial Personnel means**
  - Chief Executive Officer or the Managing Director or the Manager;
  - Whole-time director;
  - Chief Financial Officer;
  - Company Secretary; and such other officer as may be prescribed.
- **Senior Management** means Senior Managerial personnel of the Company who are members of its core management team excluding the Board of Directors including Functional Heads.

#### NOMINATION AND REMUNERATION COMMITTEE

The committee constituted by the Board of Directors consists of four independent non-executive Directors namely:

Mr. P.N. Kapoor	Chairman
Mr. Sudhindra Kumar Jain	Member
Mr. Q.N Salam	Member
Dr. Yashvir Singh	Member

#### ROLE OF COMMITTEE

The Role and Powers of the Committee shall be as under:

- a) To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- b) To formulate criteria for evaluation of Independent Directors and the Board.
- c) To identify persons who qualify to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this Policy.
- d) To carry out evaluation of every Director's performance.
- e) To recommend to the Board the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- f) To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- g) To ensure that level and composition of remuneration is reasonable and sufficient, Relationship of remuneration to performance is clear and meet appropriate performance benchmarks.
- h) To carry out any other function as is mandated by the Board from time to time and /or enforced by the statutory notification, amendment or modification, as may be applicable.
- i) To devise a policy on Board Diversity.
- j) To formulate the Nomination and Remuneration Policy of the Company and propose any amendments.
- k) To assist the Board in ensuring that plans are in place for orderly succession for appointments to the Board, Key Managerial Personnel and to Senior Management.

The Chairperson of the Nomination and Remuneration Committee or, in his absence, any other member of the Committee authorized by him, shall be present at the General meetings of the Company, to answer the shareholders queries, if any.

The Nomination and Remuneration Committee shall set up a mechanism to carry out its functions and is further authorized to delegate any / all of its powers to any of the Directors and /or Officers of the Company, as deemed necessary for proper and expeditious execution.





## APPOINTMENT AND REMOVAL OF DIRECTORS, KMP AND SENIOR MANAGEMENT

Appointment criteria and qualifications are mentioned below:

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

### Term / Tenure

- a) **Managing Director/Whole-time Director:** The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
- b) **Independent Director:** An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/ she shall be eligible for appointment for one more term of 5 years only. At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

### Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

### Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

### Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## REMUNERATION OF DIRECTORS, KMP AND SENIOR MANAGEMENT

- a) The Remuneration / Compensation / Profit linked Incentive etc. to Managerial Personnel, KMP and Senior Management will be determined by the Committee and recommended to the Board for approval. The Remuneration / Compensation / Profit Linked Incentive etc. to be paid for Managerial Personnel shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b) The remuneration and commission to be paid to Managerial Personnel shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
- c) Managerial Personnel, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
- d) If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.
- e) If any Managerial Personnel draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies

Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.

- f) Increments if declared to the existing remuneration / compensation structure shall be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managerial Personnel.

#### **REMUNERATION TO NON- EXECUTIVE / INDEPENDENT DIRECTOR**

- a) **Remuneration / Profit Linked Commission:** The remuneration / profit linked commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
- b) **Sitting Fees:** The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- c) **Limit of Remuneration /Profit Linked Commission:** Remuneration /profit linked Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% / 3% of the net profits of the Company respectively.

#### **MONITORING, EVALUATION AND REMOVAL**

- a) **Evaluation:** The Committee shall carry out evaluation of performance of every Managerial Personnel, Director, KMP and Senior Management on yearly basis.
- b) **Removal:** The Committee may recommend, to the Board with reasons recorded in writing, removal of a Managerial Personnel, Director, KMP or Senior Management subject to the provisions of Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.
- c) **Minutes of Committee Meeting:** Proceedings of all meetings must be minuted and signed by the Chairperson of the said meeting or the Chairperson of the next succeeding meeting. Minutes of the Committee meeting will be circulated at the subsequent Board meeting for noting.

#### **AMENDMENT TO THE POLICY**

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), Clarification, circular(s) etc.

**ANNEXURE-III****FORMAT OF REPORTING OF CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Pursuant to Clause (o) of Sub-Section (3) of Section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014

**1. A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web link to the CSR Policy and projects or programmes.**

The Company has framed a Policy in compliance with the provisions of Companies Act, 2013 and the same is placed on Company's website and web link for the same is <http://mirza.co.in/policy.html>

**2. Composition of the CSR Committee**

Mr. Irshad Mirza	Chairman
Mr. Tasneef Ahmad Mirza	Whole-Time Director
Mr. Sudhindra Kumar Jain	Independent Director

**3. Average net profit of the Company for last three financial years**

Average Net Profit ₹ 8932 Lakh

**4. Prescribed CSR Expenditure ( two percent of amount as in item 3 above )**

The Company is required to spend ₹ 178.64 Lakh

**5. Details of CSR spent for the financial year :**

- Total amount spent for the financial year : ₹ 179.85 Lakh
- Amount unspent, if any : NIL

**DETAILS OF AMOUNT SPENT ON CSR ACTIVITIES DURING THE FINANCIAL YEAR 2016-17**

				(₹ in Lakh)
S. No.	Particulars	(A)	(B)	TOTAL
(1)	CSR Project or activity identified	Scholarships for the Students, Donation for Education	Funding to Hospital, Eye Camp, Mobile Ambulance and medical camp	
(2)	Sector in which the Project is covered	Education	Healthcare	
(3)	Projects or programme			
	(i) Local area or other	Unnao, Kanpur, Delhi	Unnao, Kanpur	
	(ii) Specify the State and other district where projects or programme was undertaken	Uttar Pradesh, Delhi	Uttar Pradesh	
(4)	Amount outlay (budget) project or programme wise	38.74	139.91	178.64
(5)	Amount spent on the project or Programme Sub Heads;			
	(i) Direct expenditure on projects or Programmes	38.74	141.11	179.85
	(ii) Overheads			
(6)	Cumulative expenditure up to the reporting period	38.74	141.11	179.85
(7)	Amount spent direct or through implementing agency	<ul style="list-style-type: none"> <li>Amount Directly spent by the Company: 1.16</li> <li>Through implementing Agencies* : 37.58</li> </ul>	<ul style="list-style-type: none"> <li>Amount spent directly by the Company: 0.39</li> <li>Through implementing Agency*: 140.72</li> </ul>	179.85

**Implementing Agencies:**

- Quami Ekta Inter College, Maswasi, Unnao
- Jyoti Bal Vikas Sansthan, Bithoor, Kanpur
- Kilkari Charitable Trust, Delhi
- Smart Class Educational Services Pvt. Ltd.
- Nida-e-Aman Foundation, Delhi
- Mirza Foundation
- New Kingston Secondary School
- Educomp Solutions Ltd
- Pride Aducation
- Super Mona Sewing Machine
- Hudson Memorial Girls School
- Helpage India
- Mirza Charitable Hospital Limited
- Sai Anant Health Care Private Limited
- Inderprasth Medical Co-operation Ltd
- Mohammadia Hospital Society

We hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

Sd/-

**Tasneef Ahmad Mirza**  
Director

Sd/-

**Irshad Mirza**  
Chairman

**ANNEXURE: IV**

- a) Information as per Section 197(12) read with Rules 5 (1) of Chapter XII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(i) The ratio remuneration of each Director to the median remuneration of the employees of the Company for the financial year	<b>Name of Director</b>	<b>Ratio of remuneration to Median remuneration of employees</b>
	Irshad Mirza	1.06
	Rashid Ahmed Mirza	110.44
	Shahid Ahmad Mirza	96.73
	Tauseef Ahmad Mirza	105.40
	Tasneef Ahmad Mirza	99.63
	N.P. Upadhyay	20.20
	(ii) the percentage increase in remuneration of each Director , Chief Financial officer, Company Secretary(CS) or Manager, if any , in the Financial year	<b>Name of Director</b>
<b>Executive Director</b>		
Irshad Mirza		(32.03)
Rashid Ahmed Mirza		-
Shahid Ahmad Mirza		4.42
Tauseef Ahmad Mirza		0.23
Tasneef Ahmad Mirza		7.63
N.P. Upadhyay		0.31
Ankit Mishra		-
V. T. Cherian		18.71
(iii) the percentage increase in the median remuneration of employees in the financial year	6%	
(iv) the number of permanent employees in the rolls of the Company	3211	
(v) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Average percentage increase made in the salaries of employees other than managerial personnel in the financial year i.e. 2016-17 was 6% whereas the increase in managerial remuneration for 2016-17 was (12%)	
(vi) affirmation that the remuneration is as per the Remuneration Policy of the company.	YES: The remuneration is as per the Remuneration Policy of the Company.	

## ANNEXURE VI

### REPORT ON CORPORATE GOVERNANCE

Pursuant to Regulation 34 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 a Report on Corporate Governance is as follows:

#### 1. COMPANY PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is the process which help to maintain professional, transparent, ethical and perpetual business. It is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency and fairness in all its transactions.

MIL believes that good corporate governance practices enable the management to direct and control the affairs of the company in an efficient manner and to achieve the goal of maximizing value for its stakeholders.

Corporate Governance is not a destination but a continuous journey with an upward moving target. The Company will continue its efforts towards raising its standard in Corporate Governance and will also review its system and procedures constantly in order to keep pace with the changing economic environment.

#### 2. BOARD OF DIRECTORS

The Board of Directors has an ideal combination of Executive and Non Executive Independent Directors and is in conformity with the provisions of Companies Act, 2013 and Regulation 17 of SEBI (LODR) Regulations, 2015

As on 31.03.2017, Board of Directors comprises of 13 Directors out of which 6 are Executive Directors and 7 are Non Executive Independent Directors including 1 Woman Director. The Chairman is Executive Director and Promoter of the Company. None of the Directors on the Board is a member in more than 10 Committees or act as a Chairman of more than 5 Committees (as specified in Regulation 26 of SEBI (LODR) Regulations, 2015), across all the Companies in which they are Director. The necessary disclosures regarding Committee Memberships/ Chairmanships have been made by the Directors. Further none of the Independent Directors serve as such in more than seven (7) Listed Companies.

The numbers of Independent Directors are 7 which are in compliance with the stipulated one half of the total number of Directors. All Independent Directors are persons of eminence and bring a wide range of expertise and experience to the Board thereby ensuring the best interest of stakeholders and the Company. Every Independent Director at the first meeting of the Board in which he/she participate as a Director and thereafter at the first meeting of the Board in every financial year gives a declaration that he/she meets the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 25 of SEBI (LODR) Regulations, 2015.

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.

The Board of Directors met 5 times during the financial year 2016-17. The meetings were held on April 1, 2016, May 30, 2016, July 30, 2016, November 12, 2016 and January 31, 2017. The maximum time gap between any two consecutive meetings did not exceed one hundred and twenty days.

The following table gives the composition and category of the Directors on the Board, their attendance at the Board Meetings during the year and the last Annual General Meeting, as also the number of Directorships and Committee Memberships / Chairmanships held by them in other Companies:

Name of Directors	Category	Attendance Particulars		Number of Directorships and Committee Memberships /Chairmanships		
		Board Meeting	Last Agm	Other Directorships	Committee Memberships	Committee Chairmanships
Mr. Irshad Mirza	Chairman (Executive), Promoter	5	Yes	2	-	-
Mr. Rashid Ahmed Mirza	Managing Director, Promoter	1	No	1	-	-
Mr. Shahid Ahmad Mirza	Executive Director, Promoter	3	Yes	1	-	-



Name of Directors	Category	Attendance Particulars		Number of Directorships and Committee Memberships /Chairmanships		
		Board Meeting	Last Agm	Other Directorships	Committee Memberships	Committee Chairmanships
Mr. Tauseef Ahmad Mirza	Executive Director, Promoter	4	Yes	1	-	-
Mr. Tasneef Ahmad Mirza	Executive Director, Promoter	3	No	3	-	-
Mr. N.P. Upadhayay	Executive Director	5	Yes	-	-	-
Mr. Sudhindra Kumar Jain	Non Executive, Independent Director	5	Yes	-	-	-
Mr. Islamul Haq	Non Executive, Independent Director	5	Yes	-	-	-
Mr. Q.N. Salam	Non Executive, Independent Director	5	Yes	-	-	-
Mr. P.N. Kapoor	Non Executive, Independent Director	4	Yes	-	-	-
Dr. Yashvir Singh	Non Executive, Independent Director	4	NO	-	-	-
Mr. Subhash Sapra	Non Executive, Independent Director	3	NO	-	-	-
Mrs. Vinita Kejriwal	Non Executive, Independent Director	2	YES	-	-	-

**Notes:**

- No. of equity shares held by Non Executive Directors as on March 31, 2017 are : Mr. Subhash Sapra - 1000; Mr. P.N. Kapoor – Nil; Mr. Islamul Haq – Nil; Mr. Sudhindra Kumar Jain – Nil; Mr. Q. N. Salam – Nil; Dr. Yashvir Singh – Nil, Mrs. Vinita Kejriwal - Nil
- For the purpose of the above, Directorship in other Public Limited Companies is only considered.
- In accordance with Regulation 26 of the SEBI (LODR) Regulations, Membership(s)/ Chairmanship(s) of only Audit Committee and Stakeholder Relationship Committees in all Public Limited Companies (excluding Mirza International Limited) have been considered.

**FAMILIARISATION PROGRAMME OF INDEPENDENT DIRECTORS**

Independent Directors of the Company are eminent personalities having wide experience in the fields of Finance, Education, Industry, Commerce and Administration. Their presence on the Board has been advantageous and fruitful in taking business decisions.

The Board Members are provided with necessary documents, reports and internal Policies to enable them familiarize with the Company's procedures and practices.

Periodic presentations are made at the Board & Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risk involved. Detailed presentations on the Company's business segments were made at the separate meeting of the Independent Directors held during the year.

Quarterly updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the Directors. The details of such familiarization programme for Independent Directors are posted on the website of the Company and can be accessed at [http://mirza.co.in/download/familiarization\\_programmes.pdf](http://mirza.co.in/download/familiarization_programmes.pdf)

**3. COMMITTEES OF THE BOARD**

The Company has constituted various committees for the smooth functioning of the Board. The composition of all Board Committees is in accordance with the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015. Details of mandatory committees as per SEBI (LODR) Regulations are as given below:

**(a) AUDIT COMMITTEE**

Audit Committee of the Company comprises the majority of Independent Directors. The Committee composition meets with the requirements of Sec 177 of the Companies Act, 2013 read with Regulation 18 of the SEBI (LODR) Regulations, 2015.

During the Financial Year 5 (Five) Audit Committee Meetings held on April 1, 2016, May 30, 2016, July 30, 2016, November 12, 2016, January 31, 2017 and the Committee reviewed the Related Party Transactions, Internal Audit Report, Quarterly and Half Yearly and Annual Financial Statements before submission to the Board. The composition of Audit Committee as on March 31, 2017 and the details of Members attendance at the meetings of the Committee are as Under:

Name of Member	Category	Meetings Attended
Mr. Sudhindra Kumar Jain	(Chairman) Non Executive, Independent Director	5
Mr. P.N. Kapoor	(Member) Non Executive, Independent Director	4
Mr. SubhashSapra	(Member) Non Executive, Independent Director	3
Mr. Irshad Mirza	(Member) Executive, Promoter	5
Mr. Q.N Salam	(Member) Non Executive, Independent Director	5

All the members of Audit Committee have the requisite qualification for appointment in the Committee and possess sound knowledge of finance, accounting practices and internal controls. The Chairman of the Audit Committee attended the Annual General Meeting of the Company and Company Secretary is acting as the Secretary of the Audit Committee. The terms of reference of Audit Committee are comprises as the followings:

- Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- Reviewing, with the management, the Annual Financial Statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - disclosure of any Related Party Transactions;
  - Qualifications in Draft Audit Report
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with Related Parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the listed entity, wherever it is necessary;
- Evaluation of Internal Financial Controls and Risk Management Systems;
- Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the Internal Control Systems;
- Reviewing the adequacy of Internal Audit Function, if any, including the structure of the Internal Audit Department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of Internal Audit;





- Discussion with Internal Auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the Depositors, Debenture Holders, Shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower Mechanism;
- Approval of appointment of Chief Financial Officer after assessing the Qualifications, experience and background, etc. of the candidate;
- The Audit Committee shall mandatorily review the following information:
  - management discussion and analysis of financial condition and results of operations;
  - statement of significant Related Party Transactions (as defined by the Audit Committee), submitted by management;
  - management letters / letters of internal control weaknesses issued by the Statutory Auditors;
  - Internal Audit Reports relating to internal control weaknesses; and
  - the appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
  - statement of deviations:
    - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to Stock Exchange(s) in terms of Regulation 32(1).
    - annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7).

**(b) NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee acts in accordance with the prescribed provisions of Section 178 of the Companies Act, 2013 read with Regulation 19 of SEBI (LODR) Regulations, 2015. The terms of reference of the Committee inter alia, include the following:

- Formulating a criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a Policy relating to, the remuneration of the Directors, Key Managerial Personnel and other employees;
- Formulating a criteria for evaluation of performance of Independent Directors and the Board of Directors;
- Devising a Policy on diversity of Board of Directors;
- Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.
- Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

During the Financial Year 2016-17 no meeting of Nomination and Remuneration Committee Meeting was held. The composition of the Nomination and Remuneration Committee as on March 31, 2017 the details of Members attendance at the meeting of the Committee are as Under :

Name of Member	Category
Mr. P.N. Kapoor	(Chairman) Non Executive, Independent Director
Mr. Q.N. Salam	(Member) Non Executive, Independent Director
Dr. Yashvir Singh	(Member) Non Executive, Independent Director
Mr. Sudhindra Kumar Jain	(Member) Non Executive, Independent Director

**Performance evaluation criteria for Independent Directors-**

The Nomination and Remuneration Committee has laid down the Criteria for performance evaluation of Independent Directors which are as under-

**Areas of Evaluation**

- Attendance & participation
- Code of Conduct
- Interpersonal Skills
- Updation & Awareness
- Understanding & Contribution
- Vigil-Mechanism
- Opinions & Suggestions
- Leadership Skills
- Team Work
- Compliances

**(c) SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE**

The Shareholders/Investors' Grievance Committee acts in accordance with the prescribed provisions of Section 178 of the Companies Act, 2013 read with Regulation 20 of SEBI (LODR) Regulations, 2015.

The Committee shall consider and resolve the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of Annual Report and non-receipt of declared Dividends.

During the Financial year ended as on March 31, 2017, Five (5) Share Transfer and Investors' Grievance Committee Meetings were held on April 1, 2016, May 30, 2016, July 30, 2016 November 12, 2016, January 31, 2017. The composition of the Share Transfer and Investors Grievance Committee as on March 31, 2017 and the details of Members attendance at the meetings of the Committee are as Under :

Name of Member	Category	Meetings Attended
Mr. P. N. Kapoor	(Chairman) Non Executive, Independent Director	4
Mr. Q. N. Salam	(Member) Non Executive, Independent Director	5
Mr. Tasneef Ahmad Mirza	(Member) Executive Director, Promoter	3
Mr. Sudhindra Kumar Jain	(Member) Non Executive, Independent Director	5

During the year under review, Company received 53 complaints all of which were resolved to the satisfaction of the shareholders.

The Company Secretary of the Company acts as Compliance Officer of the Committee.

**4. REMUNERATION OF DIRECTORS**

The remuneration paid to the Executive Directors of the Company is decided by the Board of Directors on the recommendation of the Nomination and Remuneration Committee subject to the approval of Shareholders / Central Government, wherever required. The existing Remuneration Policy of the Company is directed towards rewarding performance, based on review of achievements on a periodical basis. The Remuneration Policy is in consonance with the existing industry practice:

**A. NON EXECUTIVE DIRECTORS**

Non Executive Directors/ Independent Directors are paid sitting fees for attending the meetings of Board of Directors within the prescribed limits. The Sitting Fees paid to them for the year ended March 31, 2017 is ₹ 3,30,000 \* detailed as : 1) Mr. Q.N. Salam – ₹ 60,000 /-; 2) Mr. P.N. Kapoor - ₹ 50,000/-; 3) Dr. Yashvir Singh - ₹ 40,000 /-; 4) Mr. Subhash Sapra - ₹ 30,000 /-; 5) Mr. Islamul Haq - ₹ 60,000 /-; 6) Mr. Sudhindra Kumar Jain - ₹ 60,000 /-; 7) Mrs. Vinita Kejriwal – ₹ 30,000 /-.

\*Sitting Fees also paid to Independent Directors for attending a separate meeting of Independent Directors.

**B. EXECUTIVE DIRECTORS**

The Nomination and 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 / 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 Nomination and Remuneration Committee is as under:

Name of the Directors	Designation	Perquisites (₹)	Salary (₹)	Total Remuneration (₹)
Mr. Irshad Mirza	Chairman (Executive)	207026	NIL	207026
Mr. Rashid Ahmed Mirza	Managing Director	NIL	21600000	21600000
Mr. Shahid Ahmad Mirza	Whole Time Director	917781	18000000	18917781
Mr. Tauseef Ahmad Mirza	Whole Time Director	214468	20400000	20614468
Mr. Tasneef Ahmad Mirza	Whole Time Director	1484773	18000000	19484773
Mr. N.P Upadhyay	Whole Time Director	51373	3900000	3951373
	<b>TOTAL</b>	<b>2875421</b>	<b>81900000</b>	<b>84775421</b>

**5. GENERAL BODY MEETINGS**

The last three Annual General Meetings were held as under:

Year	Date	Type of meeting	Venue	Time
2013-14	20.09.2014	Annual General Meeting	Auditorium of council for Leather Exports, Nawabganj, HBTI Campus, Kanpur.	12:00 Noon
2014-15	29.09.2015	Annual General Meeting	Auditorium of council for Leather Exports, Nawabganj, HBTI Campus, Kanpur.	01:00 P.M
2015-16	29.09.2016	Annual General Meeting	Auditorium of council for Leather Exports, Nawabganj, HBTI Campus, Kanpur.	01:00 P.M

Details of Special Resolutions 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
September 20 , 2014	Re-appointment of Mr. Irshad Mirza as Executive Chairman of the Company for the period of 3 years w.e.f. 01.10.2014.
	Re-appointment of Mr. Rashid Ahmed Mirza as Managing Director of the Company on increased remuneration for a period of 3 years w.e.f. 01.10.2014.
	Re-appointment of Mr. Shahid Ahmad Mirza, Mr. Tauseef Ahmad Mirza, Mr. Tasneef Ahmad Mirza, Mr. N.P. Upadhyay as Whole Time Directors of the Company on increased remuneration for the period of 3 years w.e.f. 01.10.2014.
	Re-appointment of Mr. Shuja Mirza as President (Marketing) of the Company for a period of 3 years w.e.f. 01.10.2014.
	Re-appointment of Mr. Faraz Mirza as President (Production) of the Company for a period of 3 years w.e.f. 01.10.2014.
	Increase in Borrowing powers and Creation of Charge on Company's Properties.
	Adoption of New Articles of Association of the Company.
	Keeping of Register of Members together with Index of Members at the office of Registrar and Share Transfer Agents of the Company.
	Entering into Related Party Transactions up to the maximum per annum amount.

**DETAILS OF RESOLUTIONS PASSED THROUGH POSTAL BALLOT PROCESS:**

During the year 2016-17, the Company had not passed any resolutions through Postal Ballot process.

**6. MEANS OF COMMUNICATION:**

The Quarterly, Half Yearly and Annual Results are regularly submitted to the Stock Exchange(s) in accordance with the SEBI (LODR) Regulations, 2015 are generally published in the Financial Express (English) and Jan satta (in Hindi). The information regarding the performance of the Company is shared with shareholders vide Annual Report. The Press Releases, Quarterly and Annual Results and presentations made to Institutional Investors or to the analyst are also posted on the Company's website www.mirza.co.in.

**7. GENERAL SHAREHOLDER INFORMATION:**

- Annual General Meeting**

- Date : September 28, 2017
- Time : 01:00 P.M.
- Venue : Auditorium of Council for Leather Exports, HBTI, Nawabganj, Kanpur

- Financial Calendar (2017-18) (tentative)**

Quarter	Date of Board Meeting
1 <sup>st</sup> Quarter	First week of August, 2017
2 <sup>nd</sup> Quarter	Fourth week of October, 2017
3 <sup>rd</sup> Quarter	Fourth week of January, 2018
4 <sup>th</sup> Quarter	Fourth week of May, 2018

Book Closure Date: From September 22, 2017 to September 28, 2017 (Both days inclusive)

Dividend Payment Date: October 03, 2017

**LISTING ON STOCK EXCHANGES**

The Company's shares are listed on the following Stock Exchanges and the Listing Fees have been paid to the Exchanges:

Name & Address of The Stock Exchanges	Stock Code/Scrip Code	ISIN Number for NSDL/CDSL (Dematerialised Share)
BSE Limited PhirozeJeejeebhoy Towers, Dalal Street, Mumbai 400 001	526642	INE771A01026
The National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051	MIRZAIN	INE771A01026

**MARKET PRICE DATA:**

The details of monthly High Low Price (s) of Shares of the Company on National Stock Exchange & monthly High Low Index of NIFTY are as given below:

Month	National Stock Exchange		NIFTY INDEX	
	High (in ₹)	Low (in ₹)	High	Low
April' 16	108.50	96.00	7992.00	7516.85
May' 16	110.25	91.40	8213.60	7678.35
June' 16	99.35	84.55	8308.15	7927.05
July' 16	98.90	88.00	8674.70	8287.55
August' 16	92.50	83.50	8819.20	8518.15
September' 16	97.30	84.00	8968.70	8555.20
October' 16	102.50	92.35	8806.95	8506.15
November' 16	95.80	68.10	8669.60	7916.40
December' 16	88.05	77.25	8274.95	7893.80
January' 17	100.30	84.60	8672.70	8133.80
February' 17	96.85	88.00	8982.15	8537.50
March' 17	93.90	84.00	9218.40	8860.10



The details of monthly High Low Price (s) of Shares of the Company on Bombay Stock Exchange & monthly High Low BSE Sensex are as given below:

Month	Bombay Stock Exchange		BSE Sensex	
	High (in ₹)	Low (in ₹)	High	Low
April' 16	108.60	94.55	26100.54	24523.20
May' 16	110.50	91.80	26837.20	25057.93
June' 16	99.40	85.00	27105.41	25911.33
July' 16	98.80	88.25	28240.20	27034.14
August' 16	93.00	83.50	28532.25	27627.97
September' 16	98.90	84.00	29077.28	27716.78
October' 16	102.00	91.70	28477.65	27488.30
November' 16	95.90	69.00	28029.80	25717.93
December' 16	87.80	77.70	26803.76	25753.74
January' 17	100.20	84.75	27980.39	26447.06
February' 17	96.45	88.25	29065.31	27590.10
March' 17	93.75	83.90	29824.62	28716.21

- REGISTRAR AND SHARE TRANSFER AGENT**

KARVY COMPUTERSHARE PVT. LTD.  
Karvy Selenium Tower B, Plot no. 31-32  
Gachibowli Financial District,  
Nanakaramguda , Hyderabad-500 032  
Tel: +91-40-67161700  
Fax: +91-40-67161680

- SHARE TRANSFER SYSTEM :**

The Company is providing facilities of common agency for all the work related to share registry in terms of both physical and electronic at a single point by our Registrar & Share Transfer Agent i.e. Karvy Computershare Pvt. Ltd., Hyderabad. The Company submit a Compliance Certificate to the exchange duly signed by both the Compliance Officer of the Company and authorised representative of Registrar and Share Transfer Agent. Presently, the share transfers which are received in physical form are processed and the share certificates returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects.

The Company obtains from a Company Secretary in Practice a half yearly Compliance Certificate of compliance with the share transfer formalities as required under 40 (9) of SEBI (LODR) Regulations, 2015 and file a copy of the certificate with the Stock Exchanges.

**DISTRIBUTION SCHEDULE AS ON MARCH 31, 2017:**

No. of equity shares	No of shareholders	% of shareholders	Amount	% Amount
up to 1 - 5000	40530	96.77	26494156.00	11.01
5001 - 10000	724	1.73	5367674.00	2.23
10001 - 20000	319	0.76	4765556.00	1.98
20001 - 30000	97	0.23	2412086.00	1.00
30001 - 40000	51	0.12	1784874.00	0.74
40001 - 50000	26	0.06	1181892.00	0.49
50001 - 100000	69	0.16	5009704.00	2.08
100001 & above	68	0.16	193596058.00	80.46
<b>Total</b>	<b>41884</b>	<b>100.00</b>	<b>240612000.00</b>	<b>100.00</b>

**SHAREHOLDING PATTERN AS ON MARCH 31, 2017:**

Category	Cases	Shares	% of holding
Banks	3	81953	0.07
Clearing Members	105	704968	0.59
Foreign Institutional Investor	1	13545	0.01
Foreign Portfolio Investors	10	496518	0.41
H U F	869	842445	0.70

Category	Cases	Shares	% of holding
Indian Financial Institutions	1	101900	0.08
Indian Mutual Funds	1	1000	0.00
Bodies Corporate	594	6636857	5.52
Mutual Funds	2	4500	0.00
NBFC	7	46935	0.04
Non Resident Indians	475	578189	0.48
NRI Non- Repatriation	129	333027	0.28
Company Promoters	22	88755981	73.78
Resident individuals	39664	21705682	18.04
Trusts	1	2500	0.00
<b>Total</b>	<b>41884</b>	<b>120306000</b>	<b>100.00</b>

#### DEMATERIALISATION OF SHARES AND LIQUIDITY:

The break-up of 12,03,06,000 equity shares held in Physical and Dematerialised form as on March 31, 2017, is given below:

Particulars	No. of shares	Percentage
Physical Segment	899367	0.75
Demat Segment		
NSDL	109756411	91.23
CDSL	9650222	8.02
<b>Total</b>	<b>120306000</b>	<b>100.00</b>

#### OUTSTANDING GDRS /ADRS / WARRANTS OR ANY CONVERTIBLE INSTRUMENTS CONVERSION DATE AND LIKELY IMPACT ON EQUITY: Not applicable.

#### COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

Company use Forward Contracts for hedging the risk.

#### WORKS LOCATIONS OF THE COMPANY:

- Kanpur- Unnao Link Road, Magarwara, Unnao- 209 801 (Unit-1 & Tannery Division)
- Kanpur- Unnao Link Road, Sahjani, Unnao- 209 801 (Unit-2)
- Plot No. C-4, 5, 36 & 37, Sector-59, Noida-201 303 (Unit-3)
- UPSIDC Industrial Area , Site II, Unnao- 209 801 (Unit-5)
- Plot No. 1A, Ecotech-1, Extn. 1, Greater Noida – 201 303 (Unit-6)
- Plot No. 18-19, Nand Nagar Industrial Estate Phase-1 MahuakheraGanj, Kashipur (Uttarakhand) (Unit-8,9)

#### ADDRESS FOR CORRESPONDENCE:

Shareholders correspondence should be addressed to our Registrar & Share Transfer Agents at the address mentioned above. Contact Persons: Mr. N Shiv Kumar Ph. No. +91 040 6716 1653, Email id.: shivkumar.n@karvy.com Shareholders may also contact Mr. Ankit Mishra, Company Secretary at the Registered Office of the Company for any assistance Ph. No. 0512-2530775 Email id:ankit.mishra@redtapeindia.com. Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.

#### 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 Company has adopted a Vigil Mechanism/ Whistle Blower Policy for developing a culture where it is safe for all Directors/Employees to raise concerns about any unacceptable practice and any event of misconduct. The Policy allows unrestricted access to all employees and other to approach the Audit Committee and there has been no instance during the year where any personnel has been denied access to the Audit Committee.



- The Company has complied with all mandatory requirements and adopted part of non-mandatory requirements of SEBI (LODR) Regulations, 2015.
- The Company does not have Material Subsidiary. Further, a Policy on Related Party Transactions is posted on the website of the Company and is available at the web link <http://mirza.co.in/policy.html>.
- During the Financial Year ended on March 31, 2017 the Company did not engage in commodity hedging activities.
- The Company has complied with all the requirement of Corporate Governance Report.
- The Company has presently not adopted certain non-mandatory requirements in regard to maintenance of Non Executive Chairman's Office, sending half-yearly declaration of financial performance to each household of shareholders and reporting of Internal Auditors directly to the Audit Committee. However, other non mandatory requirements viz. separate posts of the Chairman and Chief Executive Officer and regime of unqualified financial statements has generally been complied with.
- The Company has complied all the requirements of Regulation 17 to 27 and Clause (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (LODR) Regulations, 2015.

#### 8. DETAILS OF SHAREHOLDERS SUSPENSE ACCOUNT

Aggregate Number of Shareholders in the Suspense Account lying as at April 1, 2016	56
Aggregate Outstanding Shares in the Suspense Account lying at beginning of the year ended April 1, 2016	112000
Number of Shareholders who approached issuer for transfer of shares from Suspense Account during the year ended March 31, 2017	0
Number of Shareholders to whom shares were transferred from Suspense Account during the year ended March 31, 2017	0
Aggregate Number of Shareholders in the Suspense Account lying as at March 31, 2017	56
Aggregate Outstanding Shares in the Suspense Account lying at March 31, 2017	112000

**Note:** Voting Rights on these Shares shall remain frozen till the rightful owner of such shares claim the shares.

## CERTIFICATE OF COMPLIANCE WITH CODE OF CONDUCT

As per 26 (3) of the SEBI (LODR) Regulations, 2015, all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct for the Financial Year ended on March 31, 2017.

**For Mirza International Limited**

Place: Kanpur  
Date: May 30, 2017

Sd/-  
**Rashid Ahmed Mirza**  
Managing Director

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## CERTIFICATE ON CORPORATE GOVERNANCE

The Board of Director of  
Mirza International Limited

We have examined the compliance of conditions of Corporate Governance by Mirza International Limited ("the Company") for the year ended 31<sup>st</sup> March, 2017 as stipulated in Para E of schedule V of SEBI (LODR) Regulations, 2015.

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 conditions of Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that Company has materially complied with the conditions of Corporate Governance as stipulated in the above Listing Regulation.

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

**For K.N. SHRIDHAR & ASSOCIATES**  
Company Secretaries

Place: Kanpur  
Date: May 30, 2017

Sd/-  
**(K. N. SHRIDHAR) FCS**  
PROPRIETOR  
C.P.: 2612





## ANNEXURE - VII

### Form No.MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
Mirza International Limited  
Kanpur

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mirza International Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, and our verification of books, papers, minute books, forms and returns filed and other records maintained by the Company, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31<sup>st</sup> March, 2017 according to the provisions of:
  - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulation made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009;
  - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulation, 1993 regarding the Companies Act and dealing With client;
  - (e) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
  - (f) The other regulations of the Securities and Exchange Board of India as may be applicable to the Company.
2. We have also examined compliance with the applicable clauses of the following:
    - (i) Secretarial Standards issued by The Institute of Company Secretaries of India. The Company is maintaining Minutes Book as per the norms, as Stated in the SS-1 and SS-2;
    - (ii) The Listing Agreement/ Listing Regulation entered into by the Company with BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) (hereinafter called as "Listing Agreement/ Listing Regulation);

For the compliances of Labour Laws & other General Laws, our examination and reporting is based on the documents, records and files as produced and shown to us and the information and explanations as provided to us, by the officers and management of the company and to the best of our judgment and understanding of the applicability of the different enactments upon the Company, in our opinion there are adequate systems and processes exist in the Company to monitor and ensure compliance with applicable General laws and Labor Laws.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, to the extent applicable.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director.

Adequate notice is given to all Directors to convene the Board Meeting, agenda (detailed notes on agenda were sent), and a system for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and recorded as part of the minutes, it was found that most of the time it was unanimous but the name of proposer and seconder were given in the Minutes book.

**We further report that**

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines to the extent applicable.

**For K.N.SHRIDHAR & ASSOCIATES**  
**Company Secretaries**

Sd/-

**K.N.SHRIDHAR**  
**Proprietor**

FCS No. 3882

CP No. 2612

Date : 30.05.2017

Place: Kanpur

**ANNEXURE - VIII****FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN****As on financial year ended on March 31, 2017**

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management &amp; Administration) Rules, 2014]

**I. REGISTRATION & OTHER DETAILS**

1	CIN	L19129UP1979PLC004821
2	Registration Date	September 05, 1979
3	Name of the Company	Mirza International Limited
4	Category/Sub-category of the Company	Public Company/ Limited by Shares
5	Address of the Registered office & contact details	14/6, Civil Lines, Kanpur-208 001 Website: www.mirza.co.in E-mail: ankit.mishra@redtapeindia.com Phone: 0512-2530775
6	Whether listed Company	YES
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Limited Karvy Selenium Tower B Plot no. 31-32 Financial District , Nanakramguda, Gachibowli, Hyderabad- 500 032 Tell:+914067162222, 33211000 Toll Free No.:1800 425 8998 Fax:+914023420814

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacturing Finished Leather from Raw Hides, Wet Blue & Crust	151	9.83%
2	Manufacturing Finished Leather Shoes	152	90.17%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1	HI-Life Fabricators Private Limited	U18101DL2004PTC127832	Subsidiary	100	2(87)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on April 1, 2016]				No. of Shares held at the end of the year [As on March 31, 2017]				% change during the year
	Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
<b>A. Promoters</b>									
<b>(I) Indian</b>									
a) Individual/ HUF	88755981	0	88755981	73.78	88755981	0	88755981	73.78	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00

Category of Shareholders	No. of Shares held at the beginning of the year [As on April 1, 2016]				No. of Shares held at the end of the year [As on March 31, 2017]				% change during the year
	Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub Total (A)(1)</b>	<b>88755981</b>	<b>0</b>	<b>88755981</b>	<b>73.78</b>	<b>88755981</b>	<b>0</b>	<b>0</b>	<b>73.78</b>	<b>0.00</b>
<b>(2) Foreign</b>									
(a) NRIs-Individual	0	0	0	0.00	0	0	0	0.00	0.00
(b) Other-Individual	0	0	0	0.00	0	0	0	0.00	0.00
(c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d) Bank/FI	0	0	0	0.00	0	0	0	0.00	0.00
(e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub Total (A)(2)</b>	<b>88755981</b>	<b>0</b>	<b>88755981</b>	<b>73.78</b>	<b>88755981</b>	<b>0</b>	<b>88755981</b>	<b>73.78</b>	<b>0.00</b>
<b>Total shareholding of Promoter (A)(1)+(A)(2)</b>	<b>88755981</b>	<b>0</b>	<b>88755981</b>	<b>73.78</b>	<b>88755981</b>	<b>0</b>	<b>88755981</b>	<b>73.78</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	1246823	1000	1247823	1.04	4500	1000	5500	0.00	(1.04)
b) Banks / FI	165298	0	165298	0.14	183853	0	183853	0.15	0.01
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Foreign Portfolio Investor	669953	0	669953	0.56	510063	0	510063	0.42	(0.14)
j) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>2082074</b>	<b>1000</b>	<b>2083074</b>	<b>1.73</b>	<b>698416</b>	<b>1000</b>	<b>699416</b>	<b>0.58</b>	<b>(1.15)</b>
<b>2. Non-Institutions</b>									
i) Individual shareholders holding nominal share capital up to ₹ 2 lakh	14974133	913372	15887505	13.21	19781269	889867	20671136	17.18	3.97
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	2704525	0	2704525	2.25	1876991	0	1876991	1.56	(0.69)
NBFC Regd with RBI	17500	0	17500	0.01	46935	0	46935	0.04	0.03
<b>c) Others (specify)</b>	-	-	-	-	-	-	-	-	-
Trusts	2500	0	2500	0.00	2500	0	2500	0.00	0
Non Resident Indians	724041	0	724041	0.60	578189	0	578189	0.48	(0.12)
Clearing Members	240944	0	240944	0.20	704968	0	704968	0.59	(0.39)
Non Resident Indians (Non Repartriable)	0	0	0	0	333027	0	333027	0.28	(0.28)
Bodies Corporate	9881430	8500	9889930	8.22	6628357	8500	6636857	5.52	(2.7)
<b>Sub-total (B)(2):-</b>	<b>28545073</b>	<b>921872</b>	<b>29466945</b>	<b>24.49</b>	<b>29952236</b>	<b>898367</b>	<b>30850603</b>	<b>25.64</b>	<b>1.15</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>30627147</b>	<b>922872</b>	<b>31550019</b>	<b>26.22</b>	<b>30650652</b>	<b>899367</b>	<b>31550019</b>	<b>26.22</b>	<b>0</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>119383128</b>	<b>922872</b>	<b>120306000</b>	<b>100.00</b>	<b>119406633</b>	<b>899367</b>	<b>120306000</b>	<b>100.00</b>	<b>0.00</b>



**ii) Shareholding of Promoters**

S. No.	Shareholder's Name	Shareholding at the beginning of the year As on April 1, 2016			Shareholding at the end of the year As on March 31, 2017			% change in Shareholding during
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Tauseef Ahmad Mirza	13844000	11.51	0	13844000	11.51	0	0
2	Tasneef Ahmad Mirza	11868650	9.87	0	11868650	9.87	0	0
3	Rashid Ahmed Mirza	11313200	9.40	0	11313200	9.40	0	0
4	Yasmin Mirza	11300850	9.39	0	11300850	9.39	0	0
5	Irshad Mirza	7793541	6.48	0	7793541	6.48	0	0
6	Shahid Ahmad Mirza	7055750	5.86	0	7055750	5.86	0	0
7	Faraz Mirza	4798940	3.99	0	4798940	3.99	0	0
8	Shuja Mirza	4140000	3.44	0	4140000	3.44	0	0
9	Huma Mirza	3459800	2.88	0	3459800	2.88	0	0
10	Jamil Ara Begum	3397450	2.82	0	3397450	2.82	0	0
11	Fauzia Mirza	3008450	2.50	0	3008450	2.50	0	0
12	Wasia Urooj Khan	1000000	0.83	0	1000000	0.83	0	0
13	MariyaTarannum Khan	1000000	0.83	0	1000000	0.83	0	0
14	Iram Mirza	939500	0.78	0	939500	0.78	0	0
15	Sara Mirza	750000	0.62	0	750000	0.62	0	0
16	Hiba Mirza	750000	0.62	0	750000	0.62	0	0
17	Faiza Mirza	566850	0.47	0	566850	0.47	0	0
18	Mustafa Mirza	500000	0.42	0	500000	0.42	0	0
19	Farzan Mirza	500000	0.42	0	500000	0.42	0	0
20	Amaan Mirza	447000	0.37	0	447000	0.37	0	0
21	Yusra Mirza	322000	0.27	0	322000	0.27	0	0

**iii) Change in Promoters' Shareholding**

S. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year	88755981	73.78	88755981	73.78
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (allotment/transfer/bonus/sweat equity etc.)	-	-	-	-
	At the end of the year	88755981	73.78	88755981	73.78

iv) **Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):**

S. No.	Name	Shareholding at the beginning of the year As on April 1, 2016		Date	Increase or decrease in shareholding (sold/ purchase)	Cumulative Shareholding during the year April 1, 2016 to March 31, 2017	
		No. of Shares	% of total shares of Company			No. of Shares	% of total shares of Company
1.	EPSLON ENTERPRISES PRIVATE LIMITED	350000	0.29	01/04/2016			
				16/09/2016	-30000	320000	0.26
				23/09/2016	-70000	250000	0.21
				07/10/2016	-50000	200000	0.17
				14/10/2016	-60000	140000	0.12
				20/01/2017	-100000	40000	0.03
				24/03/2017	-40000	0	0.00
				31/03/2017		0	0.00
2.	KITSON ENTERPRISES PRIVATE LIMITED	535000	0.44	01/04/2016			
				20/05/2016	350000	185000	0.15
				01/07/2016	-60000	125000	0.10
				08/07/2016	-100000	25000	0.02
				15/07/2016	-25000	0	0.00
				31/03/2017		0	0.00
3.	PERPETUAL ENTERPRISES LLP	660000	0.55	01/04/2016			
				15/07/2016	-660000	0	0.00
				31/03/2017		0	0.00
4.	PARAG MEHTA	840000	0.70	01/04/2016			
				27/05/2016	-2914	837086	0.69
				15/07/2016	-37086	800000	0.66
				09/09/2016	50000	850000	0.71
				25/11/2016	-153996	696004	0.58
				31/03/2017		696004	0.58
5.	LUKE SECURITIES PRIVATE LIMITED	500000	0.41	01/04/2016			
				03/06/2016	-200000	300000	0.25
				17/06/2016	-230000	70000	0.06



S. No.	Name	Shareholding at the beginning of the year As on April 1, 2016		Date	Increase or decrease in shareholding (sold/ purchase)	Cumulative Shareholding during the year April 1, 2016 to March 31, 2017	
		No. of Shares	% of total shares of Company			No. of Shares	% of total shares of Company
				08/07/2016	-40126	29874	0.02
				15/07/2016	29874	0	0.00
				31/03/2017		0	0.00
6.	IL & FS SECURITIES PRIVATE LIMITED	332705	0.28	01/04/2016			
				08/04/2016	-87532	245173	0.20
				06/05/2016	-25503	219670	0.18
				30/06/2016	-118500	101170	0.08
				01/07/2016	-26000	75170	0.06
				15/07/2016	-5000	70170	0.06
				12/08/2016	58057	128227	0.11
				26/08/2016	-26000	102227	0.08
				09/09/2016	-2000	100227	0.08
				07/10/2016	-11000	89227	0.07
				16/12/2016	-4462	84765	0.07
				10/02/2017	43282	128047	0.11
				24/03/2017	-15000	113047	0.09
				31/03/2017	-32000	81047	0.07
7.	HSBC MIDCAP EQUITY FUND	1242323	1.03	01/04/2016			
				13/05/2016	-143000	1099323	0.91
				20/05/2016	-336188	763135	0.63
				27/05/2016	-300078	463057	0.38
				03/06/2016	-175000	288057	0.24
				30/06/2016	-55000	233057	0.19
				15/07/2016	-233057	0	0.00
				31/03/2017		0	0.00
8.	KOMAL VINCOM PRIVATE LIMITED	490000	0.41	01/04/2016			
				15/07/2016	-275000	215000	0.18
				22/07/2016	-100000	115000	0.09
				07/10/2016	20000	135000	0.11
				20/01/2017	-45000	90000	0.07
				31/03/2017		90000	0.07

S. No.	Name	Shareholding at the beginning of the year As on April 1, 2016		Date	Increase or decrease in shareholding (sold/purchase)	Cumulative Shareholding during the year April 1, 2016 to March 31, 2017	
		No. of Shares	% of total shares of Company			No. of Shares	% of total shares of Company
9.	QUANT CAPITAL HOLDINGS PRIVATE LIMITED	686130	0.57	01/04/2016			
				08/04/2016	250	686380	0.57
				15/04/2016	-236280	450100	0.37
				01/07/2016	236280	686380	0.57
				08/07/2016	190125	876505	0.73
				26/08/2016	-150000	726505	0.60
				28/10/2016	-726505	0	0.00
				31/03/2017	22505	22505	0.02
10.	QUANT CAPITAL SECURITIES PRIVATE LIMITED	748099	0.62	01/04/2016			
				15/04/2016	-250000	498099	0.41
				15/07/2016	148160	646259	0.54
				21/10/2016	-50000	596259	0.49
				17/02/2017	-594259	2000	0.00
				10/03/2017	-2000	0	0.00
				31/03/2017		0	0.00

**v) Shareholding of Directors and Key Managerial Personnel:**

S. No.	Name of Directors and KMP	Shareholding at the beginning of the year		Date	Increase/decrease in shareholding	Cumulative Shareholding during the year (April 1, 2016 to March 31, 2017)	
		No. of Shares	% of total shares of Company			No. of Shares	% of total shares of Company
1	Irshad Mirza (Chairman)	7793541	6.48	-	-	7793541	6.48
2	Rashid Ahmed Mirza (Managing Director & CEO)	11313200	9.40	-	-	11313200	9.40
3	Shahid Ahmad Mirza (Whole Time Director)	7055750	5.86	-	-	7055750	5.86
4	Tauseef Ahmad Mirza (Whole Time Director)	13844000	11.51	-	-	13844000	11.51
5	Tasneef Ahmad Mirza (Whole Time Director)	11868650	9.87	-	-	11868650	9.87
6	N.P. Upadhyay (Whole Time Director)	-	-	-	-	-	-
7	Ankit Mishra (Company Secretary)	-	-	-	-	-	-
8	V. T. Cherian (CFO)	2500	0.00	-	-	2500	-





**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	42,33,83,324	-	-	42,33,83,324
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>42,33,83,324</b>	<b>-</b>	<b>-</b>	<b>42,33,83,324</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	1,20,00,000	-	-	1,20,00,000
* Reduction	14,64,26,326	-	-	14,64,26,326
<b>Net Change</b>	<b>(13,44,26,326)</b>	<b>-</b>	<b>-</b>	<b>(13,44,26,326)</b>
Indebtedness at the end of the financial year				
i) Principal Amount	28,89,56,998	-	-	28,89,56,998
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>28,89,56,998</b>	<b>-</b>	<b>-</b>	<b>28,89,56,998</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Chairman, Managing Director & Whole-time Directors:**

(₹ in Lakh)

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager					
		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 Upadhyaya (Whole Time Director)
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	216.00	180.00	204.00	180.00	39.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2.07	-	9.18	2.14	14.85	0.51
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-	-
2	Stock Option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-	-	-
5	Others, please specify	-	-	-	-	-	-
	<b>Total (A)</b>	<b>2.07</b>	<b>216.00</b>	<b>189.18</b>	<b>206.14</b>	<b>194.85</b>	<b>39.51</b>
	Ceiling as per the Act (₹ in Lakh)		(Being 10% of the net profit of the Company calculated as per sec 198 of the Companies Act, 2013) ₹ 1150.50				

**B. REMUNERATION TO OTHER DIRECTORS**

(₹ in Lakh)

SN.	Particulars of Remuneration	Name of Directors						
		Mr. Sudhindra Kumar Jain (Non Executive Independent Director)	Mr. Islamul Haq (Non Executive Independent Director)	Mr. Q. N. Salam (Non Executive Independent Director)	Mr. P. N. Kapoor (Non Executive Independent Director)	Dr. Yashvir Singh (Non Executive Independent Director)	Mr. Subhash Sapra (Non Executive Independent Director)	Mrs.Vinita Kejriwal (Non Executive Independent Director)
1	Independent Directors							
	Fee for attending board/committee meetings	0.60	0.60	0.60	0.50	0.40	0.30	0.30
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (1)							
2	Other Non-Executive Directors							
	Fee for attending board/committee meetings	-	-	-	-	-	-	-
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-	-
	Total (B)=(1+2)	0.60	0.60	0.60	0.50	0.40	0.30	0.30
	Total Managerial Remuneration	851.05						
	Overall Ceiling as per the Act (₹ in Lakh)	(Being 11% of the net profit of the Company calculated as per sec 198 of the Companies Act, 2013)						
		1265.00						

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL (OTHER THAN MD/MANAGER/WTD)**

SN.	Particulars of Remuneration	Key Managerial Personnel (₹ in Lakh)	
		Ankit Mishra Company Secretary	V. T. Cherian
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6.53	22.64
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify...	-	-
5	Others, please specify	-	-
	<b>Total (A)</b>	<b>6.53</b>	<b>22.64</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

**ANNEXURE IX****Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

(a) Name(s) of the related party and nature of relationship	Nil (All contracts or arrangements or transactions with related parties are at arm's length basis)
(b) Nature of contracts/arrangements/transactions	
(c) Duration of the contracts / arrangements/ transactions	
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	
(e) Justification for entering into such contracts or arrangements or transactions	
(f) Date(s) of approval by the Board	
(g) Amount paid as advances, if any	
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

(a) Name of the related party and nature of relationship	Euro Footwear Private Limited, related party u/s 2(76)(iv) of Companies Act, 2013
(b) Nature of contracts/arrangements/transactions	Purchase of Footwear and other Component, Jobwork & sale of Leather
(c) Duration of the contracts / arrangements/ transactions	For the period w.e.f. 01.04.2016-31.03.2017 upto ₹ 210.75 crore For the period 01.04.17-30.09.17 upto ₹ 126.45 crore
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	Purchase of Footwear and other Component, Jobwork & sale of Leather aggregating ₹ 162.16 crore
(f) Date(s) of approval by the Board	30.05.2016
(g) Amount paid as advances, if any	-



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF  
MIRZA INTERNATIONAL LIMITED

## REPORT ON THE FINANCIAL STATEMENT

We have audited the accompanying financial statements of Mirza International Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters, which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the order under section 143(11) of the Act.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the

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

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

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

## OTHER MATTERS

We did not audit the financial statements of Unit 8 and Unit 9 situated at Plot No 18 & 19, Nandnagar Industrial Estate, Kashipur included in the financial statements of the Company whose financial statements reflect total assets of Rs. 3611.08 lakh as at 31st March, 2017 and total revenues of Rs. 7698.13 lakh for the year ended on that date, as considered in the financial statements. The branch auditor, whose reports have been furnished to us, have audited the financial statements of these units and our opinion is so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors. Our opinion is not modified in respect of this matter.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure-A" a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

- b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Reports on the accounts of the Unit 8 & 9 of the Company, audited under section 143(8) of the Act by Branch Auditor has been sent to us and have been properly dealt with by us in preparing this Report.
- d) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- e) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule made thereunder.
- f) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to in Note 28 to the financial statements.
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- (iv) The Company has provided requisite disclosures in its Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8th, 2016 to December 30th, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer to Note no 36 of the Financial Statements.

**For Khamesra Bhatia & Mehrotra**

Chartered Accountants  
FRN:001410C

**CA. Anand Saxena**

(Partner)  
M No. :075801

Place: Kanpur

Date: 30/05/2017



## The “Annexure A” referred to in paragraph ‘Report on Other Legal and Regulatory Requirements’ of our report on the financial statements for the year ending 31st March 2017.

### According to the information & explanation given to us and based on our examination of records, we report that:

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets;
- b) These Fixed assets of the company have been physically verified by the management, using a regular program of verification by rotation, at reasonable intervals. No material discrepancies were noticed on such physical verification
- c) The title deeds of immovable properties are held in the name of the Company, except in the following cases

### In case of land:

Total number of case is one, which is freehold.

Gross block ₹ 72.84 Lakh and net block ₹ 72.84 Lakh as at Balance Sheet date

Remarks: In the above case the Mutation is pending to be done in the name of the company. Title is in the old name of the company.

- The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- The Company had not granted any loans, secured or unsecured, to any companies, firms, Limited Liability

Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company.

- The company has complied with the provisions of Section 185 and 186 of the Act as applicable in respect of loans, investments, guarantees, and security.
- The Company has not accepted any deposits from the public.
- Cost records, prescribed by the Central Government in terms of provisions of clause (1) of Section 148 of the Act, are being maintained by the company. We have however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- a) The Company is regular in depositing undisputed statutory dues including provident fund, employees’ state insurance, income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities & there is no arrears of outstanding statutory dues as on the last day of the financial year concerned for a period more than six months from the date they became payable.
- b) The dues outstanding of, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, CESS on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Amount (₹ in Lakh)	Financial Year to which the amount relates	Forum where dispute is pending
Value Added Tax	Entry Tax	4.06	1999-2000	Hon’ble High Court, Allahabad
Value Added Tax	Entry Tax	9.85	2000-2001 2003-2004 2004-2005	Hon’ble Supreme Court
Value Added Tax (UPVAT)	Value Added Tax	74.34 43.15 61.33	2008-2009, 2009-2010, 2010-2011	Joint Commissioner (Corporate Cell 2), Kanpur
Value Added Tax (GVAT)	Value Added Tax	2.25 30.68 2.34	2009-2010 2010-2011 2011-2012	Deputy Commissioner (Appeal), Ahmedabad
Value Added Tax (WBVAT)	Value Added Tax	2.48	2011-2012	West Bengal Commercial Appellant Revision Board, Kolkata
Value Added Tax (KVAT)	Value Added Tax	3.44	2012-2013	Deputy Commissioner (Appeals-II) Ernakulam, Kerala
Income Tax	Demand	13.00	2011-2012 relevant to AY 2012-2013	Commissioner (Appeal)
Service Tax	Service Tax	2.77	2004-2005 2005-2006	Commissioner (Appeal) Central Excise & Service Tax, Kanpur
Service Tax	Service Tax	17.05	2009-2010	Additional Commissioner of Service Tax, Kanpur
Indian Stamps Act 1899	STAMP DUTY	29.36	2004-2005	Hon’ble Allahabad High Court

- We are of the opinion that the Company has not defaulted in repayment of dues to any bank. Further, the Company does not have any debentures and loan from financial institution or government.
- The Company has not raised any money by way of initial public offer/further public offer (including debt instruments). However the term loans raised by the company during the year has been applied for the purpose for which they were raised.
- No fraud on or by the Company has taken place or reported during the year.
- The Managerial Remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- The company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the company.
- All transactions with related parties are in compliance with sections 177 and 188 of Act where applicable and the details have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- The company has not entered into any non-cash transactions with directors or persons connected with him.
- The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Khamesra Bhatia & Mehrotra**

Chartered Accountants

FRN:001410C

**CA. Anand Saxena**

(Partner)

M No. :075801

Place: Kanpur

Date: 30/05/2017





## Annexure - B to the Auditors' Report

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mirza International Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating

effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the

internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **OPINION**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential

components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### **For Khamesra Bhatia & Mehrotra**

Chartered Accountants  
FRN:001410C

#### **CA. Anand Saxena**

(Partner)  
M No. :075801

Place: Kanpur  
Date: 30/05/2017

# BALANCE SHEET

(₹ in Lakh)

Particulars	Note	As at	
		31 March, 2017	31 March, 2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	1	2406	2406
(b) Reserves and surplus	2	47958	42156
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	3	1482	2769
(b) Deferred tax liabilities (Net)	4	1667	1491
(c) Other Long term liabilities	5	604	513
(d) Long-term provisions	6	1006	822
<b>3 Current liabilities</b>			
(a) Short-term borrowings	7	12712	16274
(b) Trade payables	8		
Micro, Small and Medium Enterprises		110	122
Others		3851	5456
(c) Other current liabilities	9	3174	3211
(d) Short-term provisions	10	1624	942
<b>TOTAL</b>		<b>76594</b>	<b>76162</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>1 (a) Fixed assets</b>			
(i) Tangible assets		34899	33632
(ii) Capital work-in-progress		193	852
(b) Non-current investments	12	379	58
(c) Long-term loans and advances	13	813	495
<b>2 Current assets</b>			
(a) Inventories	14	26423	26299
(b) Trade receivables	15	6736	6342
(c) Cash and cash equivalents	16	651	1145
(d) Short-term loans and advances	17	553	667
(e) Other current assets	18	5947	6672
<b>TOTAL</b>		<b>76594</b>	<b>76162</b>
Notes to the Financial Statements	1-37		
Significant Accounting Policies	38		

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

This is the Balance Sheet referred to in our report of even date attached.

**For Khamesra Bhatia & Mehrotra**

Chartered Accountants  
FRN 001410C

**CA Anand Saxena**  
Partner  
M.No. 075801

**Irshad Mirza**  
Chairman  
  
**V. T. Cherian**  
Chief Financial Officer

**Ankit Mishra**  
Company Secretary

Place : Kanpur  
Date : May 30, 2017

**For & on behalf of the Board of Directors**

**Rashid Ahmed Mirza**  
**Tauseef Ahmad Mirza**  
**N. P. Upadhyay**  
**Q. N. Salam**  
**P. N. Kapoor**  
**Islamul Haq**  
**Sudhindra Kumar Jain**  
**Subhash Sapra**

Directors

# STATEMENT OF PROFIT AND LOSS

(₹ in Lakh)

Particulars	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
I. Revenue from operations	19	93568	92575
II. Other income	20	88	298
<b>III. Total Revenue (I + II)</b>		<b>93656</b>	<b>92873</b>
<b>IV. EXPENSES:</b>			
Cost of materials consumed	21	32270	37715
Purchases of Stock-in-Trade		19247	15977
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	22	(1186)	(3331)
Employee benefits expense	23	7127	5941
Finance costs	24	2593	3187
Depreciation and amortization expense	25	2906	2583
Other expenses	26	20059	19219
<b>Total Expenses</b>		<b>83016</b>	<b>81291</b>
<b>V. Profit before tax (III-IV)</b>		<b>10640</b>	<b>11582</b>
VI. Tax expense:			
(1) Current tax		3343	3456
(2) Deferred tax		177	317
<b>VII. Profit for the Year (V-VI)</b>		<b>7120</b>	<b>7809</b>
<b>VIII. Earnings per equity share (₹):</b>	27	<b>5.92</b>	<b>7.21</b>
(Basic & Diluted)			
Notes to the Financial Statements	1-37		
Significant Accounting Policies	38		

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

This is the Statement of Profit & Loss referred to in our report of even date attached.

## For Khamesra Bhatia & Mehrotra

Chartered Accountants  
FRN 001410C

### CA Anand Saxena

Partner  
M.No. 075801

### Irshad Mirza

Chairman

### V. T. Cherian

Chief Financial Officer

### Ankit Mishra

Company Secretary

Place : Kanpur

Date : May 30, 2017

## For & on behalf of the Board of Directors

Rashid Ahmed Mirza

Tauseef Ahmad Mirza

N. P. Upadhyay

Q. N. Salam

P. N. Kapoor

Islamul Haq

Sudhindra Kumar Jain

Subhash Sapra

Directors



# CASH FLOW STATEMENT

(₹ in Lakh)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>(A) CASH FROM OPERATING ACTIVITIES</b>		
Net profit before tax	10640	11582
Adjustments for		
Add :		
Loss on sale of Fixed Assets	(5)	(1)
Depreciation	2906	2583
Interest	2593	3187
Preliminary Expenses Written Off	0	2
	<b>5494</b>	<b>5771</b>
Less :		
Interest Income	27	212
Income from Govt. Grant	30	30
Operating Profit before Working Capital Changes	16077	17111
Adjustments For		
Trade & other Receivables	(394)	870
Inventory	(124)	(2448)
Trade Payables	(2026)	(3117)
Others	1202	(332)
Cash Generated from Operations	14735	12084
Direct Taxes Paid	(3373)	(3056)
Cash flow before extra ordinary items	11362	9028
Net Cash generated from Operating Activity	11362	9028
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(3373)	(4558)
Sales of Fixed Assets	41	107
Government Grant Received	200	0
Interest Received	27	212
Sale of Investment	0	12
Loan to Subsidiary	(208)	0
Purchase of Investment	(321)	0
Net Cash used in Investing Activities	(3634)	(4227)

(₹ in Lakh)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend Paid	(602)	(463)
Dividend Tax Paid	(122)	(94)
Short Term Borrowing	0	1056
Proceeds from Long Term Borrowings	120	1097
Repayment of Long Term Borrowings	(1464)	
Repayment of Short Term Loan Borrowings	(3561)	(3474)
Interest paid	(2593)	(3187)
Net cash used in financing activities	(8222)	(5065)
Net Increase/(Decrease) in Cash & Equivalents	(494)	(264)
Cash & Equivalents at the beginning of the year	1145	576
Add: Pursuant to Scheme of Amalgamation	0	833
Cash & Equivalents at the end of the year	651	1145

Notes on Financial Statements: Note No. 1-37 ; Significant Accounting Policies Note No. 38

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

This is the Cash Flow Statement referred to in our report of even date attached.

**For Khamesra Bhatia & Mehrotra**

Chartered Accountants

FRN 001410C

**CA Anand Saxena**

Partner

M.No. 075801

**Irshad Mirza**

Chairman

**V. T. Cherian**

Chief Financial Officer

**Ankit Mishra**

Company Secretary

Place : Kanpur

Date : May 30, 2017

**For & on behalf of the Board of Directors**

**Rashid Ahmed Mirza**

**Tauseef Ahmad Mirza**

**N. P. Upadhyay**

**Q. N. Salam**

**P. N. Kapoor**

**Islamul Haq**

**Sudhindra Kumar Jain**

**Subhash Sapra**

Directors

**Note 1 SHARE CAPITAL**

Share Capital	As at 31 March, 2017		As at 31 March, 2016	
	Number	₹ in Lakh	Number	₹ in Lakh
<b>Authorised</b>				
Equity Shares of ₹ 2/- each	255000000	5100	243000000	4860
Preference Shares of ₹ 2/- each	0	0	12000000	240
	<b>255000000</b>	<b>5100</b>	<b>255000000</b>	<b>5100</b>
<b>Issued, Subscribed &amp; Paid up</b>				
Equity Shares of ₹ 2/- each fully paid up	120306000	2406	108306000	2166
Preference Shares of ₹ 2/- each	0	0	12000000	240
<b>TOTAL</b>	<b>120306000</b>	<b>2406</b>	<b>120306000</b>	<b>2406</b>

**Note 1.1 THE RECONCILIATION OF THE NUMBER OF SHARES OUTSTANDING AT THE BEGINNING AND AT THE END OF THE REPORTING PERIOD**

Particulars	Equity Shares		Preference Shares	
	Number	₹ in Lakh	Number	₹ in Lakh
Shares outstanding at the beginning of the year	108306000	2166	12000000	240
Preference Shares converted into Equity Shares	12000000	240	(12000000)	(240)
Shares bought back during the year	NIL	NIL	NIL	NIL
Shares outstanding at the end of the year	120306000	2406	NIL	NIL

**Note 1.2 TERMS / RIGHTS ATTACHED TO SHARES****a. Equity Shares**

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of Equity Shares is entitled to one vote per share.

The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing general meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

The distribution will be in proportion to the number of equity shares held by the shareholders.

**b. Preference shares**

Pursuant to the Scheme of Amalgamation of Genesisfootwear Enterprises Private Limited and Mirza International Limited as approved by Hon'ble Allahabad High Court vide its order dated 15.12.2015, 12000000 0% Compulsory Convertible Preference Shares ("CCPS") of ₹ 2/- each fully paid up converted into Equity shares on 01.04.2016 which rank pari passu with the existing equity shares of the Company.

**Note 1.3 THE DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES**

Name of Shareholder	Equity Shares			
	As at 31 March, 2017		As at 31 March, 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
IRSHAD MIRZA	7793541	6.48%	7793541	7.20%
RASHID AHMED MIRZA	11313200	9.40%	8313200	7.68%
SHAHID AHMAD MIRZA	7055750	5.86%	5855750	5.41%
TAUSEEF AHMAD MIRZA	13844000	11.51%	10844000	10.01%
TASNEEF AHMAD MIRZA	11868650	9.87%	10068650	9.30%
YASMIN MIRZA	11300850	9.39%	11300850	10.43%

Name of Shareholder	PREFERENCE SHARES			
	As at 31 March, 2017		As at 31 March, 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
RASHID AHMED MIRZA	0	0.00%	3000000	25.00%
SHAHID AHMAD MIRZA	0	0.00%	1200000	10.00%
TAUSEEF AHMAD MIRZA	0	0.00%	3000000	25.00%
TASNEEF AHMAD MIRZA	0	0.00%	1800000	15.00%
SHUJA MIRZA	0	0.00%	1800000	15.00%

**Note 1.4****INFORMATION REGARDING ISSUE OF SHARES IN THE LAST FIVE YEARS****a. shares allotted as fully paid up pursuant to scheme without payment being received in cash**

- 1 Pursuant to the Scheme of Amalgamation of Genesisfootwear Enterprises Private Limited with Mirza International Limited as approved by Hon'ble Allahabad High Court order dated 15.12.2015

12000000, 0% Compulsory Convertible Preference Shares ("CCPS") of ₹ 2 each fully paid converted into equity shares on 01.04.2016 which rank pari passu with the existing equity shares of the Company.

- 2 15600000 equity shares of ₹ 2 each fully paid were allotted on 18.02.2016 pursuant to the Scheme of amalgamation as approved by Hon'ble Allahabad High Court vide its order dated 15.12.2015.

12000000, 0% Compulsory Convertible Preference Shares ("CCPS") of ₹ 2 each fully paid were allotted on 18.02.2016 pursuant to the Scheme of amalgamation as approved by Hon'ble Allahabad High Court vide its order dated 15.12.2015.

- b. The Company has not issued any bonus shares  
c. The Company has not undertaken any buy back of shares.

**Note 1.5****DISCLOSURE PURSUANT TO NOTE NO. 6(U) OF PART I OF SCHEDULE III TO THE COMPANIES ACT, 2013**

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	₹ in Lakh	₹ per share	₹ in Lakh	₹ per share
Dividends proposed to be distributed to equity shareholders	1083	0.90	602	0.50

**Note 2****RESERVES AND SURPLUS**

(₹ in Lakh)

Reserves & Surplus	As at 31 March, 2017	As at 31 March, 2016
<b>a. Securities Premium Reserve</b>		
As per last balance sheet	5	5
<b>b. IDLS Reserve</b>		
Balance at the beginning of the year	316	346
(-) Transferred to Profit & Loss Account	30	30
Balance at the end of the year	<b>286</b>	<b>316</b>
<b>b. Hedging Reserve</b>		
Balance at the beginning of the year	322	472
(+) Additions/(-) Deductions during the year (Net)	137	(150)
Balance at the end of the year	<b>459</b>	<b>322</b>
<b>c. General Reserve</b>		
Balance at the beginning of the year	9473	8625
(+) Pursuant to the Scheme of Amalgamation	0	48
(+) Additions during the year (Net)	750	800
Balance at the end of the year	<b>10223</b>	<b>9473</b>





(₹ in Lakh)

Reserves & Surplus	As at 31 March, 2017	As at 31 March, 2016
<b>d. Profit &amp; Loss Reserve</b>		
Balance at the beginning of the year	32040	19949
(+) Pursuant to the Scheme of Amalgamation	0	5815
(+) Net Profit for the current year	7120	7809
(-) Proposed Dividends	1083	602
(-) Tax on Dividend	221	122
(-) Transfer to Reserves	750	800
(-) Income Tax Adjustment (Net)	121	9
Balance at the end of the year	36985	32040
<b>Total Reserve and Surplus</b>	<b>47958</b>	<b>42156</b>

## Note 3

## LONG TERM BORROWINGS

(₹ in Lakh)

Long Term Borrowings	As at 31 March, 2017		As at 31 March, 2016	
	Non-Current	Current	Non-Current	Current
Term loans				
Secured *				
From banks	1388	1250	2638	1325
From banks (Auto Loan)#	94	158	131	139
<b>TOTAL</b>	<b>1482</b>	<b>1408</b>	<b>2769</b>	<b>1464</b>

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

All the above secured Loans are guaranteed by some of the Directors.

# Secured against the assets purchased under the arrangements.

## Maturity Profile :

(₹ in Lakh)

	1 - 2 years	2 - 3 years
<b>Term Loans from Banks</b>		
Secured		
Term Loans	1100	288
Auto Loans	48	46
<b>TOTAL</b>	<b>1148</b>	<b>334</b>

## Note 4

## DEFERRED TAX LIABILITIES

(₹ in Lakh)

Deferred Tax Liabilities	As at 31 March, 2017	As at 31 March, 2016
<b>A. Liabilities:</b>		
Related to fixed assets	2,042	1,797
<b>B. Assets:</b>		
Disallowance under the Income Tax Act, 1961	375	306
<b>Total (A - B)</b>	<b>1667</b>	<b>1491</b>

**Note 5 OTHER LONG TERM LIABILITIES**

(₹ in Lakh)

Other Long Term Liabilities	As at 31 March, 2017	As at 31 March, 2016
<b>Others</b>		
Security deposits	604	513
<b>TOTAL</b>	<b>604</b>	<b>513</b>

**Note 6 LONG TERM PROVISIONS**

(₹ in Lakh)

Long Term Provisions	As at 31 March, 2017	As at 31 March, 2016
<b>Provision for employee benefits</b>		
Gratuity (unfunded) (Refer note no. 23.1)	1006	822
<b>TOTAL</b>	<b>1006</b>	<b>822</b>

**Note 7 SHORT TERM BORROWINGS**

(₹ in Lakh)

Short Term Borrowings	As at 31 March, 2017	As at 31 March, 2016
<b>Secured*</b>		
Loans repayable on demand		
From banks	12712	16274
<b>Total</b>	<b>12712</b>	<b>16274</b>

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

All the above secured Loans are guaranteed by some of the Directors.

**Note 8 TRADE PAYABLE**

(₹ in Lakh)

Trade Payable	As at 31 March, 2017	As at 31 March, 2016
Micro, Small and Medium Enterprises *	110	122
Others	3851	5456
<b>TOTAL</b>	<b>3961</b>	<b>5578</b>

\* The Company does not owe any dues outstanding for more than the period specified in Micro, Small & Medium Enterprises Development Act, 2006 as at 31<sup>st</sup> Mar 2017, to any Micro, Small & Medium Enterprises. This information is based on data available with the company.

**Note 9 OTHER CURRENT LIABILITIES**

(₹ in Lakh)

Other Current Liabilities	As at 31 March, 2017	As at 31 March, 2016
<b>(a) Current maturities of long-term debt (Refer Note No. 3)</b>		
Term Loans from banks	1408	1464
<b>(b) Interest accrued but not due on borrowings</b>	2	2
<b>(c) Unpaid dividends *</b>	34	34
<b>(d) Other payables</b>		
Commission Payable on Inland Sales	85	77
Outstanding Liabilities #	296	282
Salary Payable	379	223
Bonus Payable	436	403
Unpaid Commission on Export Sales	209	410
Duties & Taxes	143	112
Guarantee Commission payable	128	176
Sundry Debtors (Advance Received From Customers)	54	28
<b>TOTAL</b>	<b>3174</b>	<b>3211</b>

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

# Outstanding Liabilities include Employee Benefits payable of ₹ 70.29 Lakh (Previous Year ₹ 40.59 Lakh), Export Expenses payable ₹ 39.01 Lakh ( Previous Year ₹ 19.02 Lakh) & Power & Electricity charges of ₹ 114.17 Lakh (Previous Year ₹ 126.41 Lakh).

**Note 10 SHORT TERM PROVISIONS**

(₹ in Lakh)

Short Term Provisions	As at 31 March, 2017	As at 31 March, 2016
<b>(a) Provision for employee benefits</b>		
Gratuity (Unfunded)	94	80
<b>(b) Others</b>		
Proposed Dividend	1,083	602
Tax on Dividend	221	122
Excise Duty on Finished Goods	211	125
Audit Fees Payable	15	13
<b>TOTAL</b>	<b>1624</b>	<b>942</b>

## Note 11 FIXED ASSETS

(₹ in Lakh)

Fixed Assets	Gross Block		Balance as at 31st Mar 2017	Balance as at 1st April 2016	Accumulated Depreciation	Net Block	
	Balance as at 1st April 2016	Additions/ (Disposals)				Deductions/ Adjustments	Depreciation charge for the year
<b>a Tangible Assets</b>							
<b>Land</b>							
Land Freehold	922	-	922	-	-	-	922
Land Leasehold	3299	0	3299	280	40	320	2979
Buildings	14829	1466	16295	2893	472	3365	12930
<b>Plant &amp; Machinery</b>							
Machinery	24801	1545	26296	10814	1471	12241	14055
Effluent Treatment Plant	1102	43	1145	155	67	222	947
Tools & Shoe Lasts	3759	395	4080	3616	390	3931	149
Furniture Fixtures, Office Equipments & Electrical Installation	3311	481	3783	1758	257	2009	1774
Vehicles	1449	232	1583	458	165	70	1030
Computers	1126	47	1173	992	44	0	1036
<b>TOTAL</b>	<b>54598</b>	<b>4209</b>	<b>58576</b>	<b>20966</b>	<b>2906</b>	<b>23677</b>	<b>33632</b>
<b>b Capital Work In Progress</b>	-						<b>852</b>
<b>TOTAL</b>	<b>54598</b>	<b>4209</b>	<b>58576</b>	<b>20966</b>	<b>2906</b>	<b>23677</b>	<b>33632</b>
Previous Year : Tangible Assets	(51456)	(3748)	(54598)	(18881)	(2583)	(20966)	(30766)
Capital W.I.P.							(852)

## Note 12

## NON CURRENT INVESTMENTS

Particulars	(₹ in Lakh)	
	As at 31 March, 2017	As at 31 March, 2016
Trade Investments (Refer Table A below)		
Investment in Equity instruments	370	49
Other Investments (Refer Table B below)		
Other non-current investments	9	9
<b>TOTAL</b>	<b>379</b>	<b>58</b>
(₹ in Lakh)		
<b>Particulars</b>	<b>2017</b>	<b>2016</b>
Aggregate amount of quoted investments	1	1
Aggregate Market Value of Quoted Investments	1	1
Aggregate amount of unquoted investments	378	57



**A. Details of Trade Investments**

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Amount (₹)		Whether stated at Cost Yes / No
			2017	2016			2017	2016	
			(4)	(5)			(8)	(9)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	<b>Investment in Equity Instruments</b>								
	<b>In Subsidiary Companies (wholly owned) :</b>								
	Hi Life Fabricators Pvt. Ltd.* @ ₹ 10/- each	Others	196600	0	Unquoted	Fully paid	32093935	0	Yes
	<b>In Other Companies :</b>								
	Industrial Infrastructure Services (India) Ltd.	Others	240000	240000	Unquoted	Fully paid	2400000	2400000	Yes
	Kanpur Unnao Leather Cluster Development Co. Ltd. @ ₹ 10/- each	Others	250000	250000	Unquoted	Fully paid	2500000	2500000	Yes
	<b>TOTAL</b>						<b>36993935</b>	<b>4900000</b>	

\* The Company has purchased 100% controlling stake in M/s Hi Life Fabricators Pvt. Ltd. during the year.

**B. Details of Other Investments**

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Amount (₹)		Whether stated at Cost Yes / No
			2017	2016			2017	2016	
			(4)	(5)			(8)	(9)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	<b>Other non-current investments</b>								
	Shares of J.P.Associates Ltd. @ ₹ 2/- each	Others	2000	2000	Quoted	Fully paid	27283	27283	Yes
	Shares of Sarup Tannery Ltd. @ ₹ 10/- each	Others	500	500	Quoted	Fully paid	30900	30900	Yes
	Shares of Super House Ltd. @ ₹ 10/- each	Others	150	150	Quoted	Fully paid	9425	9425	Yes
	Shares of Super Tannery Ltd. @ ₹ 1/- each	Others	1000	1000	Quoted	Fully paid	6200	6200	Yes
	Mirza Charitable Hospital Limited (Sec.25 Co.) @ ₹ 10/- each (formerly Azad Multispeciality Hospital & Research Centre Ltd.)	Others	80000	80000	Unquoted	Fully paid	800000	800000	Yes
	<b>TOTAL</b>						<b>873,808</b>	<b>873,808</b>	

**Note 13 LONG TERM LOANS AND ADVANCES**

Long Term Loans and Advances		As at 31 March, 2017		As at 31 March, 2016	
<b>Unsecured, considered good</b>					
a.	Advance for Capital Goods		83		94
b.	Loan to Subsidiary		208		0
			<b>291</b>		<b>94</b>
<b>c. Security Deposits</b>					
	Security Deposit - Rent	236		208	
	Security Deposit - Others	286	522	193	401
	<b>TOTAL</b>		<b>813</b>		<b>495</b>

## Note 14 INVENTORIES \*

(₹ in Lakh)

Inventories *	As at 31 March, 2017		As at 31 March, 2016	
	₹	₹	₹	₹
<b>a. Raw Materials and components</b>	4886		5981	
		4886		5981
<b>b. Work-in-progress</b>	6453		6850	
		6453		6850
<b>c. Finished goods</b>	14354		12770	
		14354		12770
<b>d. Stores and spares</b>	407		411	
		407		411
<b>e. Others</b>				
Excise Duty on Finished Goods	211		125	
Cenvat Credit Receivable	112		162	
		323		287
<b>TOTAL</b>		<b>26423</b>		<b>26299</b>

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

## Note 15 TRADE RECEIVABLES

(₹ in Lakh)

Trade Receivables	As at	
	31 March, 2017	31 March, 2016
<b>Unsecured, considered good</b>		
Trade receivables outstanding for a period <u>less</u> than six months from the date they are due for payment	6711	6323
Trade receivables outstanding for a period <u>exceeding</u> six months from the date they are due for payment	25	19
<b>TOTAL</b>	<b>6736</b>	<b>6342</b>

Trade Receivables stated above include debt(s) due by:

(₹ in Lakh)

Particulars	As at	
	31 March, 2017	31 March, 2016
Companies in which directors are members	733	857
	<b>733</b>	<b>857</b>

## Note 16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents	As at 31 March 2017		As at 31 March 2016	
	₹ in Lakh	₹ in Lakh	₹ in Lakh	₹ in Lakh
<b>a. Balances with banks</b>		544		1008
This includes:				
Earmarked Balances (Unpaid dividend accounts)	34		34	
Fixed Deposits	103		397	
<b>b. Cash in hand</b>		107		137
<b>TOTAL</b>		<b>651</b>		<b>1145</b>

**Note 17 SHORT-TERM LOANS AND ADVANCES**

(₹ in Lakh)		
Short-term loans and advances	As at 31 March 2017	As at 31 March 2016
<b>Others (Unsecured, considered good)</b>		
IDLS Subsidy Receivable	0	200
Duties & Taxes	24	14
Sundry Creditors (Advances to Suppliers)	529	453
<b>TOTAL</b>	<b>553</b>	<b>667</b>

**Note 18 OTHER CURRENT ASSETS**

(₹ in Lakh)		
Other current assets	As at 31 March 2017	As at 31 March 2016
Incentive Receivable (Export)	1617	1679
Advance Income Tax (Net of Provision)	943	1034
Duty Drawback Receivable	981	1215
Prepaid Expenses	260	275
Vat Receivable	819	782
Focus Product License	156	616
Loans & Advances to Employees	99	107
Notional dues to bankers on account of outstanding forward contract	459	322
Advance Others	37	41
Interest Subsidy Receivable	494	518
Others	82	83
<b>TOTAL</b>	<b>5947</b>	<b>6672</b>

**Note 19 REVENUE FROM OPERATIONS**

(₹ in Lakh)		
Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Sale of products	87546	85953
Other operating revenues	6429	7133
Less:		
Excise duty	407	511
<b>TOTAL</b>	<b>93568</b>	<b>92575</b>

**Note 19.1 EARNING IN FOREIGN EXCHANGE**

(₹ in Lakh)		
Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
FOB value of exports	58480	62051

**Note 20 OTHER INCOME**

(₹ in Lakh)		
Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest Income	27	212
<b>Other operating revenues</b>		
Other Income	31	56
Income from Govt. Grant	30	30
<b>TOTAL</b>	<b>88</b>	<b>298</b>

**Note 21 COST OF MATERIALS CONSUMED**

(₹ in Lakh)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Hides & Finished Leather	9714	13442
Chemicals	5404	5988
Others	16609	17733
Stores & Spares	543	552
<b>TOTAL</b>	<b>32270</b>	<b>37715</b>

**Note 21.1 VALUE OF RAW MATERIAL CONSUMED**

Particulars	For the year ended 31 March 2017		For the year ended 31 March 2016	
	%	₹ in Lakh	%	₹ in Lakh
Imported	28.52%	9203	25.39%	9577
Indigenous	71.48%	23067	74.61%	28138
<b>TOTAL</b>		<b>32270</b>		<b>37715</b>

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

(₹ in Lakh)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Raw Materials and Stock-in-Trade	6999	8207
Stores, Chemicals and Packing Materials	1614	2020
Capital Goods	1064	1492
<b>TOTAL</b>	<b>9677</b>	<b>11719</b>

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

(₹ in Lakh)

Particulars	For the year ended 31 March 2017		For the year ended 31 March 2016	
<b>Inventories (at close)</b>				
Finished Goods	14354		12770	
Stock-in-Process	6453	20807	6851	19621
<b>Inventories (at commencement)</b>				
Finished Goods	12770		9480	
Stock-in-Process	6851	19621	6810	16290
<b>Change in Inventories Decrease/(Increase)</b>		<b>(1186)</b>		<b>(3331)</b>

**Note 23 EMPLOYEE BENEFIT EXPENSES**

(₹ in Lakh)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Salaries and Wages	6129	5176
Contribution to Provident and Other Funds	446	363
Gratuity to Employees	226	66
Staff Welfare Expenses	326	336
<b>TOTAL</b>	<b>7127</b>	<b>5941</b>



**Note 23.1 EMPLOYEE BENEFITS :**

The Company is providing the following benefits to their employees :

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

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

Particulars	Gratuity (Unfunded)	Gratuity (Unfunded)
	31.03.17	31.03.16
Discount Rate	7.33%	7.84%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives of employees (years)	18.45	18.83

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

Particulars	(₹ in Lakh)	
	2017	2016
<b>A Funded Status</b>		
1 Present value of Defined Benefit Obligation	1100	902
2 Fair value of Plan assets	-	-
3 Funded status ( Surplus/(Deficit)	(1100)	(902)
4 Effect of balance Sheet asset limit	-	-
5 Unrecognized Past Service Cost	-	-
<b>6 Net asset/(liability) recognized in balance sheet</b>	<b>(1100)</b>	<b>(902)</b>

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

Particulars	(₹ in Lakh)	
	2017	2016
<b>A Components of employer expense</b>		
1 Current Service Cost	73	66
2 Interest Cost	71	67
3 Expected return on plan assets	-	-
4 Curtailment cost/(credit)	-	-
5 Settlement cost/(credit)	-	-
6 Amortization of Past Service cost	-	-
7 Actuarial Losses/(Gains)	81	(57)
<b>8 Total expense recognized in the Statement of Profit &amp; Loss</b>	<b>225</b>	<b>76</b>
<b>B Actual Contribution and Benefits Payments for year ended 31 March</b>		
1 Actual benefit payment	27	37
2 Actual Contributions	27	37

Net asset/(liability) recognized in Balance Sheet as at 31st March

Particulars	(₹ in Lakh)	
	2017	2016
<b>A Funded Status</b>		
1 Present value of Defined Benefit Obligation	1100	902
2 Fair value of Plan assets	-	-
3 Funded status ( Surplus/(Deficit)	(1100)	(902)
4 Effect of balance Sheet asset limit	-	-
5 Unrecognized Past Service Cost	-	-
<b>6 Net asset/(liability) recognized in balance sheet</b>	<b>(1100)</b>	<b>(902)</b>
1 Net assets/(liability) recognized in balance sheet at beginning of period	(902)	(862)
2 Employer expense	226	77
3 Employer Contribution	27	37
<b>4 Net asset/(Liability) recognized in balance sheet at end of the period</b>	<b>(1100)</b>	<b>(902)</b>

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

(₹ in Lakh)

Particulars	2017	2016
<b>A Change in Defined Benefit Obligations</b>		
1 Present Value of DBO at beginning of Period	902	862
2 Current Service Cost	73	67
3 Interest Cost	71	67
4 Curtailment cost/(credit)	-	-
5 Settlement cost/(credit)	-	-
6 Employee contribution	-	-
7 Plan amendments	-	-
8 Acquisitions	-	-
9 Actuarial (gains)/losses	81	(57)
10 Benefits paid	(27)	(37)
11 Present Value of DBO at the end of period	1100	902
<b>B Change in Fair value of Assets</b>		
1 Plan assets at beginning of period		
2 Actual return on plan assets		
3 Actual Company contribution	27	37
4 Employee contribution	-	-
5 Benefits paid	(27)	(37)
6 Plan assets at the end of period	-	-

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

**Note 24 FINANCE COST**

(₹ in Lakh)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest & Bank Charges	2593	3187
<b>TOTAL</b>	<b>2593</b>	<b>3187</b>

**Note 25 DEPRECIATION AND AMORTISATION EXPENSES**

(₹ in Lakh)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Depreciation Expenses	2866	2543
Leasehold Land Amortisation	40	40
<b>TOTAL</b>	<b>2906</b>	<b>2583</b>

**Note 26 OTHER EXPENSES**

(₹ in Lakh)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Processing Charges	4636	5742
Commission	3925	3290
Freight and Transport	2229	1891
Power and Fuel	2630	2713
Selling & Advertisement Expenses	2198	1750
Rent *	864	620
Vehicle Running & Maintenance	458	452
Repair and Maintenance (other than building & machinery)	425	375
Traveling & Conveyance Expenses	450	410
Insurance	235	267
Security Expenses	369	335



(₹ in Lakh)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Postage & Courier	217	156
Telephone & Telex	134	125
Legal & Professional Chrgs	150	169
Rates and Taxes, excluding taxes on income	556	361
Repairs to machinery	111	153
Repairs to buildings	158	181
Printing & Stationery	98	97
Donation and Subscription	17	18
Miscellaneous Expenses	3	22
Audit Fees	16	15
Corporate Social Responsibilities	180	77
<b>TOTAL</b>	<b>20059</b>	<b>19219</b>

\* The Company's major leasing arrangements are in respect of commercial premises (including furniture and fittings therein wherever applicable). These leasing arrangements which are cancellable, range 11 months to 3 years, or longer and are usually renewable by mutually agreed terms and conditions

**Note 26.1 EXPENDITURE IN FOREIGN CURRENCY**

(₹ in Lakh)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Commission on Export Sales	776	1094
Foreign Traveling Expenses	83	79
Overseas Trade Fair Expenses	8	8
<b>TOTAL</b>	<b>867</b>	<b>1181</b>

**Note 27 EARNINGS PER SHARE (EPS)**

(₹ in Lakh)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
(i) Net Profit after tax as per statement of Profit and Loss attributable to Equity Shareholders	7120	7809
(ii) Weighted Average number of equity shares used as denominator for calculating EPS	120306000	108306000
(iii) Basic and Diluted Earnings per share (₹)	5.92	7.21
(iv) Face Value per equity share (₹)	2	2

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

(₹ in Lakh)

Particulars	As at 31 March 2017	As at 31 March 2016
<b>A</b> <b>BILLS DISCOUNTED</b>	17809	18577
<b>B</b> <b>IMPORT DUTY PAYABLE</b>	13	345
In case of non-fulfillment of export obligation under EPCG Scheme (not yet due)		
<b>C</b> <b>BANK GUARANTEES / LETTER OF CREDITS</b>	728	587
<b>D</b> Two cases of employees are pending at Industrial Tribunal II, Lucknow	Indeterminate	Indeterminate
One case of employee is pending at Labour Court, Lucknow	Indeterminate	Indeterminate
One case of employee is pending at D.L.C. office, Lucknow	Indeterminate	Indeterminate
One case of employee is pending at Labour Court, Noida	Indeterminate	Indeterminate

Particulars	(₹ in Lakh)	
	As at 31 March 2017	As at 31 March 2016
<b>E</b> Deficiency in stamp duty demanded by state revenue authorities for purchase of land at Hapur was ₹ 44 lakhs. Out of this the Company has deposited ₹ 14.67 Lakh as per Interim order of Hon'ble Allahabad High Court. The court remanded the case to the Collector Stamps, Ghaziabad with the instruction to re-assess the case. The case is now pending with Asst. Commissioner Stamps, Ghaziabad	44	44
<b>F TAXES</b>		
(I) ENTRY TAX - Total liability 28.13 Lakh out of which paid under protest ₹ 14.22 balance lying unpaid ₹ 13.91 Lakh	28	28
(II) VAT & CST		
(a) UTTAR PRADESH : Pending against UP VAT and CST for the F.Y. 2008-2009 ₹ 74.34 Lakh, F.Y. 2009-10 ₹ 43.15 Lakh and F.Y. 2010-11 61.33 Lakh, due to non submission of Form C.	179	179
(b) GUJRAT : F.Y. 2009-10 ₹ 2.25 Lakh, F.Y. 2010-11 ₹ 32.68 Lakh & F.Y. 2011-12 ₹ 2.34 Lakh. Company has preferred appeal against the said Demand. Out of which ₹ 2.00 Lakh has been deposited against demand.	37	0
(c) KOLKATA : CST Demand of ₹ 2.48 Lakh against which revision appeal has been filed.	2	57
(d) KERALA : VAT Demand of ₹ 4.91 Lakh against which 30% amount of ₹ 1.47 Lakh has been paid and for balance Bank Guarantee has been provided. Against which the company has preferred an appeal.	5	34
(III) INCOME TAX		
(a) Demand is raised in A.Y. 12-13, however, appeal is preferred against the order before Hon'ble CIT(A)	19	33
(b) Total liability of TDS pertaining to A.Y. 2012-13. Out of which although ₹ 25 Lakh has been paid, but appeal against the order of Dy CIT (TDS) allowed	0	2
(IV) SERVICE TAX - Total liability of F.Y. 2004-05, 2005-06 & F.Y. 2009-10 ₹ 19.82 Lakh. Case of F.Y. 2007-2008 has been settled and amount of ₹ 14.52 lacs refunded by the department.	20	5
<b>G COMMITMENT</b>		
A CAPITAL EXPENDITURE (Net of fund already deployed)	306	878
B UNCLAIMED DIVIDEND	34	34

## Note 29

## DISCLOSURE PURSUANT TO NOTE NO. 5(I)(J) OF PART II OF SCHEDULE III TO THE COMPANIES ACT, 2013

Payments to the auditor as	(₹ in Lakh)	
	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>(I) To Statutory Auditors</b>		
a. For Audit Services	15	14
b. For taxation matters	-	-
c. For other services	-	-
d. For reimbursement of expenses	-	-
<b>(II) To Branch Auditors for Audit Services</b>	1	1
<b>TOTAL</b>	<b>16</b>	<b>15</b>



## Note 30

## SEGMENT REPORTING

Segment Information for the year ended 31st March, 2017

## Information about Primary Business Segments

	(₹ in Lakh)			
	Shoe Division	Tannery Division	Unallocated	Total
External	84356	9212	88	93656
	(81886)	(10689)	(298)	(92873)
Inter - Segment	-	11884	-	11884
	-	(13399)	-	(13399)
Total Revenue	84356	21096	88	105540
	(81886)	(24088)	(297)	(106271)
<b>Result</b>				
Segment Result (Profit before Interest & Tax)	16374	624	88	17086
	(17757)	(567)	(297)	(18621)
Less: Interest Expenses			(2593)	(2593)
	-	-	(3187)	(3187)
Unallocated Expenditure net of unallocated income			(3853)	(3853)
	-	-	(3852)	(3852)
Profit before Taxation	16374	624	(6358)	10640
	(17757)	(567)	(6742)	(11582)
Provision for Taxation	-	-	(3520)	(3520)
	-	-	(3773)	(3773)
Net Profit	16374	624	(9878)	7120
	(17757)	(567)	(10515)	(7809)
<b>Other Information</b>				
Segment Assets	53277	20300	3017	76594
	(51652)	(21250)	(3260)	(76162)
Segment Liabilities	11998	12566	1666	26230
	(15055)	(14732)	(1491)	(31278)
Capital Expenditure	2244	1706	259	4209
	(2590)	(956)	(202)	(3748)
Depreciation	1934	845	127	2906
	(1672)	(799)	(112)	(2583)

## Information about Secondary Business Segments

	(₹ in Lakh)		
	Within India	Outside India	TOTAL
External	28588	65068	93656
	(23701)	(69172)	(92873)
Inter Segment	-	-	-
	-	-	-
Total	28588	65068	93656
	(23702)	(69171)	(92873)
Carrying amount of segment assets	76594	-	76594
	(76162)	-	(76162)
Additions to Fixed Assets	4209	-	4209
	(3748)	-	(3748)

\* Includes Export incentive received on Export

## Notes :

(i) The Company is organized into two main business segments, namely:

Tannery Division - Manufacturing Finished Leather from Raw Hides, Wet Blue &amp; Crust.

Shoe Division - Manufacturing Finished Leather &amp; PU Shoes.

Segments have been identified and reported considering the distinct nature of products and differing risks and returns accruing there from, the organization structure, and the internal financial reporting systems.

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

- (iii) The Segmental 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) Segmental Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

**Note 31****REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND**

(₹ in Lakh)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
No. of Non Resident Shareholders	NIL	NIL
Number of Equity Shares held by them	-	-
Amount of Dividend Paid (Gross)	-	-
Tax Deducted at Source	-	-
Year to which Dividend relates	-	-

**Note 32****RELATED PARTY TRANSACTIONS**

Particulars	Volume of Transactions (₹ In Lakh)	Outstanding (₹ In Lakh)	Volume of Transactions (₹ In Lakh)	Outstanding (₹ In Lakh)
For the year ended 31st March	2017	as on 31 March 2017	2016	as on 31 March 2016
<b>1 Purchase</b>				
Euro Footwear Pvt. Ltd.	12416	284 Cr.	11685	285 Cr.
Gempack Enterprises	654	35 Cr.	665	28 Cr.
Shoemac Leather Tech Eng. Ltd.	114	1 Dr	52	2 Dr
Shoemax Engineering Ltd.	51	-	30	4 Cr.
Waves International	113	5 Cr.	14	8 Cr.
<b>2 Jobwork expenses</b>				
Mars International	274	17 Dr.	164	16 Cr.
<b>3 Rent &amp; Maintenance charges Paid</b>				
Mr. Irshad Mirza	6	4 Cr.	6	1 Cr.
Mrs. Jamil Ara Begum	7	4 Cr.	7	-
Mrs Sabiha Hussain	4	3 Cr.	4	1 Cr.
Shoemac Leather Tech Eng. Ltd.	5	0 Cr.	11	-
Shoemax Engineering Ltd.	3	2 Cr.	2	1 Cr.
<b>4 Sales</b>				
Euro Footwear Pvt. Ltd.	3781	9 Dr.	3542	-
Mirza (UK) Ltd.	30571	724 Dr.	34389	857 Dr.
Mars International	24	-	15	2 Dr.
<b>5 Jobwork income</b>				
Euro Footwear Pvt. Ltd.	19	-	50	-
<b>6 Guarantee Commission</b>				
Mr. Irshad Mirza	163	26 Cr.	163	37 Cr.
Mr. Rashid Ahmed Mirza	163	26 Cr.	163	35 Cr.
Mr. Shahid Ahmed Mirza	163	26 Cr.	163	35 Cr.
Mr. Tauseef Ahmed Mirza	163	26 Cr.	163	36 Cr.
Mr. Tasneef Ahmed Mirza	163	26 Cr.	163	33 Cr.
<b>7 Salaries</b>				
To Relatives of Key Management Personel	120	7 Cr.	120	6 Cr.
<b>8 Managerial Remuneration</b>				
Directors Remuneration & Perquisites	848	34 Cr.	964	43 Cr.
<b>9 Sitting Fee</b>	3	-	4	-
<b>10 Donation</b>				
Mirza Foundation	16	-	-	-
<b>11 Corporate Social Responsibilities</b>				
Mirza Charitable Hospital Limited (formerly Azad Multi Speciality Hospital & Research Centre)	136	-	44	-
Kilkari Charitable Trust	7	-	6	-

**Note 33 FOLLOWING PAYMENTS TO DIRECTORS ARE INCLUDED IN VARIOUS HEADS OF EXPENDITURE :**

Particulars	(₹ in Lakh)	
	2017	2016
Salary	819	957
Perquisites	29	7
Sitting Fees	3	4
Guarantee Commission	813	813
<b>TOTAL</b>	<b>1664</b>	<b>1781</b>

**Note 34 INCOME TAX**

- A) The Company has recognized and accounted for cumulative net deferred tax liability in accordance with Accounting Standard (AS-22) issued by the Institute of Chartered Accountants of India, "Accounting for Taxes on Income" in respect of net aggregate timing differences as on 31st Mar, 2017.

**Note 35 FORWARD CONTRACTS**

Forward Exchange Contracts entered into by the Company and outstanding as at Balance Sheet date

Forward contracts EURO INR 16.46 lakhs (19.14 lakhs) Sell Hedging

Forward contracts GBP INR 94.77 lakhs (98.68 lakhs) Sell Hedging

Forward contracts USD INR 62.93 lakhs (82.38 lakhs) Sell Hedging

**Note 36 DISCLOSURE ON SPECIFIED BANK NOTES**

During the year, the Company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R. 308(E), dated March 31, 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follows :

Particulars	SBN's	Other Denomination Notes	Total
Closing Cash in Hand as on 08.11.2016	45,315,000	4,362,408	49,677,408
Add : Permitted Receipts	-	-	-
Less : Permitted Receipts	-	-	-
Less : Deposited in Bank	45,315,000	23,934,143	69,249,143
Closing Cash in hand as on December 30, 2016	-	9,236,571	9,236,571

- (1) For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8, 2016.

**Note 37** Figures of previous year have been regrouped/rearranged wherever necessary to make them comparable with the figures of current year.

**Note 38 SIGNIFICANT ACCOUNTING POLICIES****A) BASIS OF ACCOUNTING:**

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Generally accepted Accounting Principles in India (Indian GAAP), including Accounting Standards notified under the Companies Act, 2013 and other pronouncements of the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 2013.

**B) USE OF ESTIMATES:**

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reported period. The estimates and assumptions used in the

accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual result could differ from those estimates. Any revision to financial estimates is recognized prospectively in the financial statements when revised.

**C) FIXED ASSETS:**

- a) Fixed assets of the company are valued at cost net of recoverable taxes, trade discounts and rebates less accumulated depreciation and impairment loss, if any. The cost of fixed assets includes purchase price, borrowing cost, allocated / apportioned direct and indirect expenses incurred in relation to bringing the fixed assets to its working condition for its intended life. The said cost is not reduced by specific Grants/ subsidy received against the assets.
- b) Capital Work in Progress – All costs attributable to the assets or incurred in relation to the assets under completion are aggregated under Capital work in progress to be allocated to individual assets on completion.
- c) Lease hold land is capitalized with the lease premium paid, direct expenses/interest allocable to it till it is put to use.

**D) DEPRECIATION & AMORTIZATION**

- a) Depreciation on fixed assets is provided to the extent of depreciable amount on the Straight Line Method (SLM). For reaching to the depreciable amount of the assets, useful life of the assets has been taken as per the provisions of Schedule II of the Companies Act, 2013.
- b) Lease hold land are amortised over the useful life remaining from the date, it put to use.

**E) BORROWING COST:**

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

**F) LEASES:**

- a) 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.
- b) Operating Leases: Rentals are charges to the Statement of profit & loss with reference to the lease terms and other considerations.

**G) INVESTMENTS:**

Long term investments are valued at cost. Diminution in the value of Long Term Investments is recognized only if the same is, in the opinion of the management, of a permanent nature.

**H) INVENTORIES:**

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

**a) Bought Out Items**

On First in First Out (FIFO) method except raw hides (valued at six months average purchase price in case of Indigenous hides and full period weighted average price in case of imported hides). In respect of bought out items where GEN VAT 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 overheads (including interest on working capital) other than Marketing, Selling & Distribution Expenses and Interest on Term Loan.

**I) FOREIGN CURRENCY TRANSACTIONS**

All foreign Currency transaction of purchase and sales are recorded at exchange rate prevailing on the date of the transaction (that closely approximate the rate at the date of transaction). Any income or expense on account of exchange difference either on settlement or on translation is recognized in the statement of Profit & Loss except in case of long term liabilities, where exchange difference arising till the assets are ready for their intendant use, are adjusted to the cost of fixed assets:

**J) DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING**

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

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

The gain/loss on options designated as effective Cash flow hedges are included along with the underlying hedged forecasted transactions. The Company recognizes gains or losses from change in fair values of forward contracts and options that are not designated as effective cash flow hedge for accounting purposes in the profit and loss account in the period the fair value changes occur.

**K) REVENUE RECOGNITION :**

Sale of Goods and Export Incentives-Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Revenue in respect of contracts for services is recognized when the services are rendered and related costs are incurred.

**Other Income:**

- a) Interest income is recognized on time proportion basis taking in to account the amount outstanding and rate applicable.
- b) Dividend for investment is recognized when right to receive is established.

**L) RECEIVABLE:**

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

**M) EMPLOYEE BENEFITS :**

- a) Short Term Employee Benefits  
Short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render services. The company, as a policy, doesn't encourage accumulation of earned leave and discharges its liability on a year to year basis.
- b) Post-Employment Benefits  
The Company makes regular contributions to Provident Fund and the Company's contribution is

recognised as an expense in the Statement of Profit & Loss during the period in which employee renders the related services. The liability of the Company for gratuity is actuarially valued at each year end and based on such year end actuarial valuation, the liability for gratuity is provided in the books of the Company.

**N) INCOME TAX:**

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

**O) EARNINGS PER SHARE:**

Earnings per share is calculated in accordance with the procedure laid out in the relevant Accounting Standard (AS-20) notified under the relevant provisions of Companies Act, 2013

**P) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:**

Provision is recognised in the accounts when there is a present obligation as a result of past event(s) and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. 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. Contingent asset are neither recognised nor disclosed in the financial statements.

**Q) EVENTS OCCURRING AFTER THE BALANCE SHEET DATE:**

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

**R) GOVERNMENT GRANTS:**

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

**S) IMPAIRMENT OF ASSETS:**

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

**For Khamesra Bhatia & Mehrotra**

Chartered Accountants  
FRN 001410C

**CA Anand Saxena**  
Partner  
M.No. 075801

**Irshad Mirza**  
Chairman

**V. T. Cherian**  
Chief Financial Officer

**Ankit Mishra**  
Company Secretary

Place : Kanpur  
Date : May 30, 2017

**For & on behalf of the Board of Directors**

**Rashid Ahmed Mirza**  
**Tauseef Ahmad Mirza**  
**N. P. Upadhyay**  
**Q. N. Salam**  
**P. N. Kapoor**  
**Islamul Haq**  
**Sudhindra Kumar Jain**  
**Subhash Sapra**

Directors



# INDEPENDENT AUDITORS' REPORT

## REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Mirza International Limited ("the Holding Company") and its subsidiaries (collectively referred to as "the Company" or "the Group"), which comprise the consolidated balance sheet as at March 31, 2017, the consolidated statement of profit and loss and the consolidated statement of cash flows for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued there under.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements

and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and by the other auditors in terms of their reports referred to in the other matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated financial position of the Group, as at March 31, 2017 and its consolidated financial performance including other comprehensive income and its consolidated cash flows.

## OTHER MATTER

- We did not audit the financial statements of Unit 8 and Unit 9 of the Holding Company situated at Plot No 18 & 19, Nandnagar Industrial Estate, Kashipur included in the consolidated financial statements whose financial statements reflect total assets of Rs 3611.08 lakh as at March 31, 2017 and total revenues of Rs. 7698.13 lakh for the year ended on that date, as considered in the consolidated financial statements. The branch auditor, whose reports have been furnished to us, have audited the financial statements of these units.
- We did not audit the financial statements of the subsidiary company whose financial statement reflect total assets of Rs. 259.39 lakh as at March 31st ,2017, total revenues of Rs. NIL for the year ended on that date. These financial statements have been audited by other auditor and our opinion is based solely on the report of the other auditor.

Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors and financial statements certified by the management.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The consolidated balance sheet, the consolidated statement of profit and loss and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the Directors of the Group companies is disqualified as on 31 March 2017 from being appointed as a Director of that company in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such

controls, refer to our separate report in "Annexure A" which is based on the auditor's reports of the Holding Company, its branches and subsidiary company.

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 28 to the consolidated financial statements;
  - ii. the consolidated financial statements did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India; and
  - iv. the Company has provided requisite disclosures in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 37 to the consolidated financial statements. This information is based on the auditor's reports of the Holding Company, its branches and subsidiary company.

#### For Khamesra Bhatia & Mehrotra

Chartered Accountants  
FRN:001410C

**CA. Anand Saxena**  
(Partner)  
M No. :075801

Place: Kanpur  
Date: 30/05/2017



## **Annexure - A to the Auditors' Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of Mirza International Limited ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility

of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **OPINION**

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal

financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

#### **For Khamesra Bhatia & Mehrotra**

Chartered Accountants

FRN:001410C

#### **CA. Anand Saxena**

(Partner)

M No. :075801

Place: Kanpur

Date: 30/05/2017

# CONSOLIDATED BALANCE SHEET

(₹ in Lakh)

Particulars	Note	As at 31 March, 2017
<b>I. EQUITY AND LIABILITIES</b>		
<b>1 Shareholders' funds</b>		
(a) Share capital	1	2406
(b) Reserves and surplus	2	47958
<b>2 Non-current liabilities</b>		
(a) Long-term borrowings	3	1482
(b) Deferred tax liabilities (Net)	4	1667
(c) Other Long term liabilities	5	604
(d) Long-term provisions	6	1006
<b>3 Current liabilities</b>		
(a) Short-term borrowings	7	12712
(b) Trade payables	8	
Micro, Small and Medium Enterprises		110
Others		3851
(c) Other current liabilities	9	3174
(d) Short-term provisions	10	1624
<b>TOTAL</b>		<b>76594</b>
<b>II. ASSETS</b>		
<b>Non-current assets</b>		
<b>1 (a) Fixed assets</b>	11	
(i) Tangible assets		35155
(ii) Capital work-in-progress		193
(b) Goodwill on Consolidation Subsidiary		270
(c) Non-current investments	12	58
(d) Long-term loans and advances	13	605
<b>2 Current assets</b>		
(a) Inventories	14	26423
(b) Trade receivables	15	6736
(c) Cash and cash equivalents	16	652
(d) Short-term loans and advances	17	553
(e) Other current assets	18	5949
<b>TOTAL</b>		<b>76594</b>
Notes to the Financial Statements	1-37	
Significant Accounting Policies	38	

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

This is the Balance Sheet referred to in our report of even date attached.

**For Khamesra Bhatia & Mehrotra**

Chartered Accountants

FRN 001410C

**CA Anand Saxena**

Partner

M.No. 075801

**Irshad Mirza**

Chairman

**V. T. Cherian**

Chief Financial Officer

**Ankit Mishra**

Company Secretary

Place : Kanpur

Date : May 30, 2017

**For & on behalf of the Board of Directors**
**Rashid Ahmed Mirza**
**Tauseef Ahmad Mirza**
**N. P. Upadhyay**
**Q. N. Salam**
**P. N. Kapoor**
**Islamul Haq**
**Sudhindra Kumar Jain**
**Subhash Sapra**

Directors

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in Lakh)

Particulars	Note	For the year ended 31 March 2017
I. Revenue from operations	19	93568
II. Other income	20	88
<b>III. Total Revenue (I + II)</b>		<b>93656</b>
<b>IV. EXPENSES:</b>		
Cost of materials consumed	21	32270
Purchases of Stock-in-Trade		19247
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	22	(1186)
Employee benefits expense	23	7127
Finance costs	24	2593
Depreciation and amortization expense	25	2906
Other expenses	26	20059
<b>Total Expenses</b>		<b>83016</b>
<b>V. Profit before tax (III-IV)</b>		<b>10640</b>
VI. Tax expense:		
(1) Current tax		3343
(2) Deferred tax		177
<b>VII. Profit for the Year (V-VI)</b>		<b>7120</b>
<b>VIII. Earnings per equity share (₹):</b>	27	<b>5.92</b>
(Basic & Diluted)		
Notes to the Financial Statements	1-37	
Significant Accounting Policies	38	

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

This is the Statement of Profit & Loss referred to in our report of even date attached.

**For Khamesra Bhatia & Mehrotra**

Chartered Accountants  
FRN 001410C

**CA Anand Saxena**

Partner  
M.No. 075801

**Irshad Mirza**

Chairman

**V. T. Cherian**

Chief Financial Officer

**Ankit Mishra**

Company Secretary

Place : Kanpur

Date : May 30, 2017

**For & on behalf of the Board of Directors**

**Rashid Ahmed Mirza**

**Tauseef Ahmad Mirza**

**N. P. Upadhyay**

**Q. N. Salam**

**P. N. Kapoor**

**Islamul Haq**

**Sudhindra Kumar Jain**

**Subhash Sapra**

} Directors





# CONSOLIDATED CASH FLOW STATEMENT

(₹ in Lakh)

Particulars	For the year ended 31 March 2017
<b>(A) CASH FROM OPERATING ACTIVITIES</b>	
Net profit before tax	10640
Adjustments for	
Add :	
Loss on sale of Fixed Assets	(5)
Depreciation	2906
Interest	2593
Preliminary Expenses Written Off	0
	<b>5494</b>
Less :	
Interest Income	27
Income from Govt. Grant	30
Operating Profit before Working Capital Changes	16077
Adjustments For	
Trade & other Receivables	(394)
Inventory	(124)
Trade Payables	(2026)
Others	1200
Cash Generated from Operations	14733
Direct Taxes Paid	(3373)
Cash flow before extra ordinary items	11360
Net Cash generated from Operating Activity	11360
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchase of Fixed Assets	(3899)
Sales of Fixed Assets	41
Government Grant Received	200
Interest Received	27
Sale of Investment	0
Net Cash used in Investing Activities	(3631)

(₹ in Lakh)

Particulars	For the year ended 31 March 2017
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>	
Dividend Paid	(602)
Dividend Tax Paid	(122)
Short Term Borrowing	0
Proceeds from Long Term Borrowings	120
Repayment of Long Term Borrowings	(1464)
Repayment of Short Term Loan Borrowings	(3561)
Interest paid	(2593)
Net cash used in financing activities	(8222)
Net Increase/(Decrease) in Cash & Equivalents	(493)
Cash & Equivalents at the beginning of the year	1145
Add: Pursuant to Scheme of Amalgamation	0
Cash & Equivalents at the end of the year	652

Notes on Financial Statements: Note No. 1-37 ; Significant Accounting Policies Note No. 38

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

This is the Cash Flow Statement referred to in our report of even date attached.

**For Khamesra Bhatia & Mehrotra**

Chartered Accountants  
FRN 001410C

**CA Anand Saxena**  
Partner  
M.No. 075801

**Irshad Mirza**  
Chairman

**V. T. Cherian**  
Chief Financial Officer

**Ankit Mishra**  
Company Secretary

Place : Kanpur  
Date : May 30, 2017

**For & on behalf of the Board of Directors**

**Rashid Ahmed Mirza**  
**Tauseef Ahmad Mirza**  
**N. P. Upadhyay**  
**Q. N. Salam**  
**P. N. Kapoor**  
**Islamul Haq**  
**Sudhindra Kumar Jain**  
**Subhash Sapra**

Directors

**Note 1 SHARE CAPITAL**

Share Capital	As at 31 March, 2017	
	Number	₹ in Lakh
<b>Authorised</b>		
Equity Shares of ₹ 2/- each	255000000	5100
Preference Shares of ₹ 2/- each	0	0
	<b>255000000</b>	<b>5100</b>
<b>Issued, Subscribed &amp; Paid up</b>		
Equity Shares of ₹ 2/- each fully paid up	120306000	2406
Preference Shares of ₹ 2/- each	0	0
<b>TOTAL</b>	<b>120306000</b>	<b>2406</b>

**Note 1.1 THE RECONCILIATION OF THE NUMBER OF SHARES OUTSTANDING AT THE BEGINNING AND AT THE END OF THE REPORTING PERIOD**

Particulars	Equity Shares		Preference Shares	
	Number	₹ in Lakh	Number	₹ in Lakh
Shares outstanding at the beginning of the year	108306000	2166	12000000	240
Preference Shares converted into Equity Shares	12000000	240	(12000000)	(240)
Shares bought back during the year	NIL	NIL	NIL	NIL
Shares outstanding at the end of the year	120306000	2406	NIL	NIL

**Note 1.2 TERMS / RIGHTS ATTACHED TO SHARES****a. Equity Shares**

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of Equity Shares is entitled to one vote per share.

The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing general meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

The distribution will be in proportion to the number of equity shares held by the shareholders.

**b. Preference shares**

Pursuant to the Scheme of Amalgamation of Genesisfootwear Enterprises Private Limited and Mirza International Limited as approved by Hon'ble Allahabad High Court vide its order dated 15.12.2015, 12000000 0% Compulsory Convertible Preference Shares ("CCPS") of ₹ 2/- each fully paid up converted into Equity shares on 01.04.2016 which rank pari passu with the existing equity shares of the Company.

**Note 1.3 THE DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES**

Name of Shareholder	EQUITY SHARES		
	As at 31 March, 2017		As at 31 March, 2016
	No. of Shares held	% of Holding	No. of Shares held
Irshad Mirza	7793541	6.48%	7793541
Rashid Ahmed Mirza	11313200	9.40%	8313200
Shahid Ahmad Mirza	7055750	5.86%	5855750
Tauseef Ahmad Mirza	13844000	11.51%	10844000
Tasneef Ahmad Mirza	11868650	9.87%	10068650
Yasmin Mirza	11300850	9.39%	11300850

**Note 1.4 INFORMATION REGARDING ISSUE OF SHARES IN THE LAST FIVE YEARS**

- a. shares allotted as fully paid up pursuant to scheme without payment being received in cash
- 1 Pursuant to the Scheme of Amalgamation of Genesisfootwear Enterprises Private Limited with Mirza International Limited as approved by Hon'ble Allahabad High Court order dated 15.12.2015
- 12000000, 0% Compulsory Convertible Preference Shares ("CCPS") of ₹ 2 each fully paid converted into equity shares on 01.04.2016 which rank pari passu with the existing equity shares of the Company.
- 2 15600000 equity shares of ₹ 2 each fully paid were allotted on 18.02.2016 pursuant to the Scheme of amalgamation as approved by Hon'ble Allahabad High Court vide its order dated 15.12.2015.
- 12000000, 0% Compulsory Convertible Preference Shares ("CCPS") of ₹ 2 each fully paid were allotted on 18.02.2016 pursuant to the Scheme of amalgamation as approved by Hon'ble Allahabad High Court vide its order dated 15.12.2015.
- b. The Company has not issued any bonus shares
- c. The Company has not undertaken any buy back of shares.

**Note 1.5 DISCLOSURE PURSUANT TO NOTE NO. 6(U) OF PART I OF SCHEDULE III TO THE COMPANIES ACT, 2013**

Particulars	As at 31 March, 2017	
	₹ in Lakh	₹ Per Share
Dividends proposed to be distributed to equity shareholders	1,083	0.90

**Note 2 RESERVES AND SURPLUS**

Reserves & Surplus	(₹ in Lakh)	
	As at 31 March, 2017	
<b>a. Securities Premium Reserve</b>		
As per last balance sheet		5
<b>b. IDLS Reserve</b>		
Balance at the beginning of the year		316
(-) Transferred to Profit & Loss Account		30
Balance at the end of the year		<b>286</b>
<b>b. Hedging Reserve</b>		
Balance at the beginning of the year		322
(+) Additions/(-) Deductions during the year (Net)		137
Balance at the end of the year		<b>459</b>
<b>c. General Reserve</b>		
Balance at the beginning of the year		9473
(+) Pursuant to the Scheme of Amalagamation		0
(+) Additions during the year (Net)		750
Balance at the end of the year		<b>10223</b>
<b>d. Profit &amp; Loss Reserve</b>		
Balance at the beginning of the year		32040
(+) Pursuant to the Scheme of Amalagamation		0
(+) Net Profit for the current year		7120
(-) Proposed Dividends		1083
(-) Tax on Dividend		221
(-) Transfer to Reserves		750
(-) Income Tax Adjustment (Net)		121
Balance at the end of the year		36985
<b>Total Reserve and Surplus</b>		<b>47958</b>

**Note 3 LONG TERM BORROWINGS**

(₹ in Lakh)

Long Term Borrowings	As at 31 March, 2017	
	Non-Current	Current
Term loans		
Secured *		
From banks	1388	1250
From banks (Auto Loan)#	94	158
<b>TOTAL</b>	<b>1,482</b>	<b>1,408</b>

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

All the above secured Loans are guaranteed by some of the Directors.

# Secured against the assets purchased under the arrangements.

**Maturity Profile :**

(₹ in Lakh)

Term Loans from Banks	1 - 2 years		2 - 3 years	
Secured				
Term Loans		1100		288
Auto Loans		48		46
<b>TOTAL</b>		<b>1148</b>		<b>334</b>

**Note 4 DEFERRED TAX LIABILITIES**

(₹ in Lakh)

Deferred Tax Liabilities	As at 31 March, 2017
<b>A. Liabilities:</b>	
Related to fixed assets	2,042
<b>B. Assets:</b>	
Disallowance under the Income Tax Act, 1961	375
<b>Total (A - B)</b>	<b>1,667</b>

**Note 5 OTHER LONG TERM LIABILITIES**

(₹ in Lakh)

Other Long Term Liabilities	As at 31 March, 2017
<b>Others</b>	
Security deposits	604
<b>TOTAL</b>	<b>604</b>

**Note 6 LONG TERM PROVISIONS**

(₹ in Lakh)

Long Term Provisions	As at 31 March, 2017
<b>Provision for employee benefits</b>	
Gratuity (unfunded) (Refer note no. 23.1)	1,006
<b>TOTAL</b>	<b>1,006</b>

**Note 7 SHORT TERM BORROWINGS**

(₹ in Lakh)

Short Term Borrowings	As at 31 March, 2017
<b>Secured*</b>	
Loans repayable on demand	
From banks	12,712
<b>TOTAL</b>	<b>12,712</b>

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

All the above secured Loans are guaranteed by some of the Directors.

#### Note 8 TRADE PAYABLE

(₹ in Lakh)	
Trade Payable	As at 31 March, 2017
Micro, Small and Medium Enterprises *	110
Others	3851
<b>TOTAL</b>	<b>3961</b>

\* The Company does not owe any dues outstanding for more than the period specified in Micro, Small & Medium Enterprises Development Act, 2006 as at 31<sup>st</sup> Mar 2017, to any Micro, Small & Medium Enterprises. This information is based on data available with the company.

#### Note 9 OTHER CURRENT LIABILITIES

(₹ in Lakh)	
Other Current Liabilities	As at 31 March, 2017
<b>(a) Current maturities of long-term debt (Refer Note No. 3)</b>	
Term Loans from banks	1408
<b>(b) Interest accrued but not due on borrowings</b>	2
<b>(c) Unpaid dividends *</b>	34
<b>(d) Other payables</b>	
Commission Payable on Inland Sales	85
Outstanding Liabilities #	296
Salary Payable	379
Bonus Payable	436
Unpaid Commission on Export Sales	209
Duties & Taxes	143
Guarantee Commission payable	128
Sundry Debtors (Advance Received From Customers)	54
<b>TOTAL</b>	<b>3174</b>

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

# Outstanding Liabilities include Employee Benefits payable of ₹ 70.29 Lakh (Previous Year ₹ 40.59 Lakh), Export Expenses payable ₹ 39.01 Lakh ( Previous Year ₹ 19.02 Lakh) & Power & Electricity charges of ₹ 114.17 Lakh (Previous Year ₹ 126.41 Lakh).

#### Note 10 SHORT TERM PROVISIONS

(₹ in Lakh)	
Short Term Provisions	As at 31 March, 2017
<b>(a) Provision for employee benefits</b>	
Gratuity (Unfunded)	94
<b>(b) Others</b>	
Proposed Dividend	1,083
Tax on Dividend	221
Excise Duty on Finished Goods	211
Audit Fees Payable	15
<b>TOTAL</b>	<b>1,624</b>



**Note 11 FIXED ASSETS**

Fixed Assets	Gross Block			Accumulated Depreciation		Net Block			
	Balance as at 1st April 2016	Additions/ (Disposals)	Deductions/ Adjustments	Balance as at 31st Mar 2017	Balance as at 1st April 2016	Depreciation charge for the year	On disposals	Balance as at 31st March 2017	Balance as at 31st March 2016
<b>a Tangible Assets</b>									
<b>Land</b>									
Land Freehold	922	-	-	922	-	-	-	922	922
Land Leasehold	3299	256	-	3555	280	40	-	3235	3019
Buildings	14829	1466	-	16295	2893	472	-	12930	11936
<b>Plant &amp; Machinery</b>									
Machinery	24801	1545	50	26296	10814	1471	44	14055	13987
Effluent Treatment Plant	1102	43	-	1145	155	67	-	923	947
Tools & Shoe Lasts	3759	395	74	4080	3616	390	75	149	143
Furniture Fixtures, Office Equipments & Electrical Installation	3311	481	9	3783	1758	257	6	1774	1553
Vehicles	1449	232	98	1583	458	165	70	1030	991
Computers	1126	47	0	1173	992	44	0	137	134
<b>TOTAL</b>	<b>54598</b>	<b>4465</b>	<b>231</b>	<b>58832</b>	<b>20966</b>	<b>2906</b>	<b>195</b>	<b>35155</b>	<b>33632</b>
<b>b Capital Work in Progress</b>	-							<b>193</b>	<b>852</b>

(₹ in Lakh)

**Note 12**

**NON CURRENT INVESTMENTS**

Particulars	As at 31 March, 2017
Trade Investments (Refer Table A below)	
Investment in Equity instruments	49
Other Investments (Refer Table B below)	
Other non-current investments	9
<b>TOTAL</b>	<b>58</b>

Particulars	2017
Aggregate amount of quoted investments	1
Aggregate Market Value of Quoted Investments	1
Aggregate amount of unquoted investments	57

(₹ in Lakh)

(₹ in Lakh)

**A. Details of Trade Investments**

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units	Quoted / Unquoted	Partly Paid / Fully paid	Amount (₹)	(₹ in Lakh)
			2017			2017	Whether stated at Cost Yes / No
(1)	(2)	(3)	(4)	(6)	(7)	(8)	(10)
	<b>Investment in Equity Instruments</b>						
	<b>In Other Companies :</b>						
	Industrial Infrastructure Services (India) Ltd.	Others	240000	Unquoted	Fully paid	2400000	Yes
	Kanpur Unnao Leather Cluster Development Co. Ltd. @ ₹ 10/- each	Others	250000	Unquoted	Fully paid	2500000	Yes
	<b>TOTAL</b>					<b>4900000</b>	

**B. Details of Other Investments**

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units	Quoted / Unquoted	Partly Paid / Fully paid	Amount (₹)	(₹ in Lakh)
			2017			2017	Whether stated at Cost Yes / No
(1)	(2)	(3)	(4)	(6)	(7)	(8)	(10)
	<b>Other non-current investments</b>						
	Shares of J.P.Associates Ltd. @ ₹ 2/- each	Others	2000	Quoted	Fully paid	27283	Yes
	Shares of Sarup Tannery Ltd. @ ₹ 10/- each	Others	500	Quoted	Fully paid	30900	Yes
	Shares of Super House Ltd. @ ₹ 10/- each	Others	150	Quoted	Fully paid	9425	Yes
	Shares of Super Tannery Ltd. @ ₹ 1/- each	Others	1000	Quoted	Fully paid	6200	Yes
	Mirza Charitable Hospital Limited (Sec.25 Co.) @ ₹ 10/- each (formerly Azad Multi Speciality Hospital & Research Centre)	Others	80000	Unquoted	Fully paid	800000	Yes
	<b>TOTAL</b>					<b>873,808</b>	

**Note 13 LONG TERM LOANS AND ADVANCES**

Long Term Loans and Advances	As at 31 March, 2017	
<b>Unsecured, considered good</b>		
<b>a. Capital Advances</b>		
Advance for Capital Goods		83
<b>b. Security Deposits</b>		
Security Deposit - Rent	236	
Security Deposit - Others	286	522
<b>TOTAL</b>		<b>605</b>

**Note 14 INVENTORIES \***

Inventories *	As at 31 March, 2017	
<b>a. Raw Materials and components</b>	4886	4886
<b>b. Work-in-progress</b>	6453	6453
<b>c. Finished goods</b>	14354	14354
<b>d. Stores and spares</b>	407	407
<b>e. Others</b>		
Excise Duty on Finished Goods	211	
Cenvat Credit Receivable	112	
		323
<b>TOTAL</b>		<b>26423</b>

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



**Note 15 TRADE RECEIVABLES**

(₹ in Lakh)	
Trade Receivables	As at 31 March, 2017
<b>Unsecured, considered good</b>	
Trade receivables outstanding for a period <u>less</u> than six months from the date they are due for payment	6711
Trade receivables outstanding for a period <u>exceeding</u> six months from the date they are due for payment	25
<b>TOTAL</b>	<b>6736</b>

Trade Receivables stated above include debt(s) due by:

(₹ in Lakh)	
Particulars	As at 31 March, 2017
Companies in which directors are members	733
	<b>733</b>

**Note 16 CASH AND CASH EQUIVALENTS**

(₹ in Lakh)	
Cash and cash equivalents	As at 31 March 2017
a. Balances with banks	545
This includes:	
Earmarked Balances (Unpaid dividend accounts)	34
Fixed Deposits	103
b. Cash in hand	107
<b>TOTAL</b>	<b>652</b>

**Note 17 SHORT-TERM LOANS AND ADVANCES**

(₹ in Lakh)	
Short-term loans and advances	As at 31 March 2017
<b>Others (Unsecured, considered good)</b>	
IDLS Subsidy Receivable	0
Duties & Taxes	24
Sundry Creditors (Advances to Suppliers)	529
<b>TOTAL</b>	<b>553</b>

**Note 18 OTHER CURRENT ASSETS**

(₹ in Lakh)	
Other current assets	As at 31 March 2017
Incentive Receivable (Export)	1617
Advance Income Tax (Net of Provision)	943
Duty Drawback Receivable	981
Prepaid Expenses	260
Vat Receivable	819
Focus Product License	156
Loans & Advances to Employees	99
Notional dues to bankers on account of outstanding forward contract	459
Advance Others	37
Interest Subsidy Receivable	494
Others	84
<b>TOTAL</b>	<b>5949</b>

**Note 19 REVENUE FROM OPERATIONS**

(₹ in Lakh)

Particulars	For the year ended 31 March 2017
Sale of products	87546
Other operating revenues	6429
Less:	
Excise duty	407
<b>TOTAL</b>	<b>93568</b>

**Note 19.1 EARNING IN FOREIGN EXCHANGE**

(₹ in Lakh)

Particulars	For the year ended 31 March 2017
FOB value of exports	58480

**Note 20 OTHER INCOME**

(₹ in Lakh)

Particulars	For the year ended 31 March 2017
Interest Income	27
<b>Other operating revenues</b>	
Other Income	31
Income from Govt. Grant	30
<b>TOTAL</b>	<b>88</b>

**Note 21 COST OF MATERIALS CONSUMED**

(₹ in Lakh)

Particulars	For the year ended 31 March 2017
Hides & Finished Leather	9714
Chemicals	5404
Others	16609
Stores & Spares	543
<b>TOTAL</b>	<b>32270</b>

**Note 21.1 VALUE OF RAW MATERIAL CONSUMED**

Particulars	For the year ended 31 March 2017	
	%	₹ in Lakh
Imported	28.52%	9203
Indigenous	71.48%	23067
<b>TOTAL</b>		<b>32270</b>

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

(₹ in Lakh)

Particulars	For the year ended 31 March 2017
Raw Materials and Stock-in-Trade	6999
Stores, Chemicals and Packing Materials	1614
Capital Goods	1064
<b>TOTAL</b>	<b>9677</b>

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

(₹ in Lakh)

Particulars	For the year ended 31 March 2017	
<b>Inventories (at close)</b>		
Finished Goods	14354	
Stock-in-Process	6453	20807
<b>Inventories (at commencement)</b>		
Finished Goods	12770	
Stock-in-Process	6851	19621
<b>Change in Inventories Decrease/(Increase)</b>		<b>(1186)</b>

**Note 23 EMPLOYEE BENEFIT EXPENSES**

(₹ in Lakh)

Particulars	For the year ended 31 March 2017
Salaries and Wages	6129
Contribution to Provident and Other Funds	446
Gratuity to Employees	226
Staff Welfare Expenses	326
<b>TOTAL</b>	<b>7127</b>

**Note 23.1 EMPLOYEE BENEFITS :**

The Company is providing the following benefits to their employees :

- Gratuity
- Provident Fund
- Leave encasement

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

Particulars	Gratuity (Unfunded) 31.03.17
Discount Rate	7.33%
Rate of increase in compensation levels	7.00%
Expected average remaining working lives of employees (years)	18.45

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

(₹ in Lakh)

Particulars	2017
<b>A Funded Status</b>	
1 Present value of Defined Benefit Obligation	1100
2 Fair value of Plan assets	-
3 Funded status ( Surplus/(Deficit)	(1100)
4 Effect of balance Sheet asset limit	-
5 Unrecognized Past Service Cost	-
6 <b>Net asset/(liability) recognized in balance sheet</b>	<b>(1100)</b>

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

(₹ in Lakh)

Particulars	2017
<b>A Components of employer expense</b>	
1 Current Service Cost	73
2 Interest Cost	71
3 Expected return on plan assets	-
4 Curtailment cost/(credit)	-
5 Settlement cost/(credit)	-
6 Amortization of Past Service cost	-
7 Actuarial Losses/(Gains)	81
8 <b>Total expense recognized in the Statement of Profit &amp; Loss</b>	<b>225</b>
<b>B Actual Contribution and Benefits Payments for year ended 31 March</b>	
1 Actual benefit payment	27
2 Actual Contributions	27

Net asset/(liability) recognized in Balance Sheet as at 31st March

		(₹ in Lakh)
<b>Particulars</b>		<b>2017</b>
<b>A</b>	<b>Funded Status</b>	
1	Present value of Defined Benefit Obligation	1100
2	Fair value of Plan assets	-
3	Funded status ( Surplus/(Deficit)	(1100)
4	Effect of balance Sheet asset limit	-
5	Unrecognized Past Service Cost	-
6	<b>Net asset/(liability) recognized in balance sheet</b>	<b>(1100)</b>
1	Net assets/(liability) recognized in balance sheet at beginning of period	(902)
2	Employer expense	226
3	Employer Contribution	27
4	Net asset/(Liability) recognized in balance sheet at end of the period	<b>(1100)</b>

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

		(₹ in Lakh)
<b>Particulars</b>		<b>2017</b>
<b>A</b>	<b>Change in Defined Benefit Obligations</b>	
1	Present Value of DBO at beginning of Period	902
2	Current Service Cost	73
3	Interest Cost	71
4	Curtailment cost/(credit)	-
5	Settlement cost/(credit)	-
6	Employee contribution	-
7	Plan amendments	-
8	Acquisitions	-
9	Actuarial (gains)/losses	81
10	Benefits paid	(27)
11	Present Value of DBO at the end of period	1100
<b>B</b>	<b>Change in Fair value of Assets</b>	
1	Plan assets at beginning of period	
2	Actual return on plan assets	
3	Actual Company contribution	27
4	Employee contribution	-
5	Benefits paid	(27)
6	Plan assets at the end of period	-

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

#### Note 24 FINANCE COST

		(₹ in Lakh)
<b>Particulars</b>		<b>For the year ended 31 March 2017</b>
	Interest & Bank Charges	2593
	<b>TOTAL</b>	<b>2593</b>

#### Note 25 DEPRECIATION AND AMORTISATION EXPENSES

		(₹ in Lakh)
<b>Particulars</b>		<b>For the year ended 31 March 2017</b>
	Depreciation Expenses	2866
	Leasehold Land Amortisation	40
	<b>TOTAL</b>	<b>2906</b>

**Note 26 OTHER EXPENSES**

(₹ in Lakh)

Particulars	For the year ended 31 March 2017
Processing Charges	4636
Commission	3925
Freight and Transport	2229
Power and Fuel	2630
Selling & Advertisement Expenses	2198
Rent *	864
Vehicle Running & Maintenance	458
Repair and Maintenance (other than building & machinery)	425
Traveling & Conveyance Expenses	450
Insurance	235
Security Expenses	369
Postage & Courier	217
Telephone & Telex	134
Legal & Professional Chrgs	150
Rates and Taxes, excluding taxes on income	556
Repairs to machinery	111
Repairs to buildings	158
Printing & Stationery	98
Donation and Subscription	17
Miscellaneous Expenses	3
Audit Fees	16
Corporate Social Responsibilities	180
<b>TOTAL</b>	<b>20059</b>

\* The Company's major leasing arrangements are in respective of commercial premises (including furniture and fittings therein wherever applicable). These leasing arrangements which are cancellable, range 11 months to 3 years, or longer and are usually renewable by mutually agreed terms and conditions

**Note 26.1 EXPENDITURE IN FOREIGN CURRENCY**

(₹ in Lakh)

Particulars	For the year ended 31 March 2017
Commission on Export Sales	776
Foreign Traveling Expenses	83
Overseas Trade Fair Expenses	8
<b>TOTAL</b>	<b>867</b>

**Note 27 EARNINGS PER SHARE (EPS)**

(₹ in Lakh)

Particulars	For the year ended 31 March 2017
(i) Net Profit after tax as per statement of Profit and Loss attributable to Equity Shareholders	7120
(ii) Weighted Average number of equity shares used as denominator for calculating EPS	120306000
(iii) Basic and Diluted Earnings per share (₹)	5.92
(iv) Face Value per equity share (₹)	2

## Note 28

## CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Particulars	(₹ in Lakh)	
	As at 31 March 2017	
<b>A</b> <b>BILLS DISCOUNTED</b>	17809	
<b>B</b> <b>IMPORT DUTY PAYABLE</b>	13	
In case of non-fulfillment of export obligation under EPCG Scheme (not yet due)		
<b>C</b> <b>BANK GUARANTEES / LETTER OF CREDITS</b>	728	
<b>D</b> Two cases of employees are pending at Industrial Tribunal II, Lucknow	Indeterminate	
One case of employee is pending at Labour Court, Lucknow	Indeterminate	
One case of employee is pending at D.L.C. office, Lucknow	Indeterminate	
One case of employee is pending at Labour Court, Noida	Indeterminate	
<b>E</b> Deficiency in stamp duty demanded by state revenue authorities for purchase of land at Hapur was ₹ 44 lakhs. Out of this the Company has deposited ₹ 14.67 Lakh as per Interim order of Hon'ble Allahabad High Court. The court remanded the case to the Collector Stamps, Ghaziabad with the instruction to re-assess the case. The case is now pending with Asst. Commissioner Stamps, Ghaziabad	44	
<b>F</b> <b>TAXES</b>		
(I) ENTRY TAX - Total liability 28.13 Lakh out of which paid under protest ₹ 14.22 balance lying unpaid ₹ 13.91 Lakh	28	
(II) U.P. VAT & CST		
(a) UTTAR PRADESH : Pending against UP VAT and CST for the F.Y. 2008-2009 ₹ 74.34 Lakh, F.Y. 2009-10 ₹ 43.15 Lakh and F.Y. 2010-11 61.33 Lakh, due to non submission of Form C.	179	
(b) GUJRAT : F.Y. 2009-10 ₹ 2.25 Lakh, F.Y. 2010-11 ₹ 32.68 Lakh & F.Y. 2011-12 ₹ 2.34 Lakh. Company has preferred appeal against the said Demand. Out of which ₹ 2.00 Lakh has been deposited against demand.	37	
(c) KOLKATA : CST Demand of ₹ 2.48 Lakh against which revision appeal has been filed.	2	
(d) KERALA : VAT Demand of ₹ 4.91 Lakh against which 30% amount of ₹ 1.47 Lakh has been paid and for balance Bank Guarantee has been provided. Against which the company has preferred an appeal.	5	
(III) INCOME TAX		
(a) Demand is raised in A.Y. 12-13, however, appeal is preferred against the order before Hon'ble CIT(A)	19	
(b) Total liability of TDS pertaining to A.Y. 2012-13. Out of which although ₹ 25 Lakh has been paid, but appeal against the order of Dy CIT (TDS) allowed	0	
(IV) SERVICE TAX - Total liability of F.Y. 2004-05, 2005-06 & F.Y. 2009-10 ₹ 19.82 Lakh. Case of F.Y. 2007-2008 has been settled and amount of ₹ 14.52 lacs refunded by the department.	20	
<b>G</b> <b>COMMITMENT</b>		
A CAPITAL EXPENDITURE (Net of fund already deployed)	306	
B UNCLAIMED DIVIDEND	34	

## Note 29

## DISCLOSURE PURSUANT TO NOTE NO. 5(I)(J) OF PART II OF SCHEDULE III TO THE COMPANIES ACT, 2013

Payments to the auditor as	(₹ in Lakh)	
	For the year ended 31 March 2017	
<b>(I) To Statutory Auditors</b>		
a. For Audit Services	15	
b. For taxation matters	-	
c. For other services	-	
d. For reimbursement of expenses	-	
<b>(II) To Branch Auditors for Audit Services</b>	1	
<b>TOTAL</b>	<b>16</b>	



## Note 30

## SEGMENT REPORTING

Segment Information for the year ended 31st March, 2017

## Information about Primary Business Segments

(₹ in Lakh)

	Shoe Division	Tannery Division	Unallocated	Total
External	84356	9212	88	93656
Inter - Segment	-	11884	-	11884
Total Revenue	84356	21096	88	105540
<b>Result</b>				
Segment Result (Profit before Interest & Tax)	16374	624	88	17086
Less: Interest Expenses			(2593)	(2593)
Unallocated Expenditure net of unallocated income			(3853)	(3853)
Profit before Taxation	16374	624	(6358)	10640
Provision for Taxation	0	0	(3520)	(3520)
Net Profit	16374	624	(9878)	7120
<b>Other Information</b>				
Segment Assets	53277	20300	3017	76594
Segment Liabilities	11998	12566	1666	26230
Capital Expenditure	2244	1706	259	4209
Depreciation	1934	845	127	2906

## Information about Secondary Business Segments

(₹ in Lakh)

	Within India	Outside India	TOTAL
External	28588	65068	93656
Inter Segment	-	-	-
	-	-	-
Total	28588	65068	93656
Carrying amount of segment assets	76594	-	76594
Additions to Fixed Assets	4735	-	4735

\* Includes Export incentive received on Export

## Notes :

- (i) The Company is organized into two main business segments, namely:
  - Tannery Division - Manufacturing Finished Leather from Raw Hides, Wet Blue & Crust.
  - Shoe Division - Manufacturing Finished Leather & PU Shoes.

Segments have been identified and reported considering the distinct nature of products and differing risks and returns accruing there from, the organization structure, and the internal financial reporting systems.
- (ii) Segmental Revenue in each of the above business segments primarily include domestic and export sales, export incentives and other miscellaneous income and also includes inter Segment transfers, priced at cost plus a predetermined rate of profit.
- (iii) The Segmental 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) Segmental Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

**Note 31 REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND**

(₹ in Lakh)

Particulars	For the year ended 31 March 2017
No. of Non Resident Shareholders	NIL
Number of Equity Shares held by them	-
Amount of Dividend Paid (Gross)	-
Tax Deducted at Source	-
Year to which Dividend relates	-

**Note 32 RELATED PARTY TRANSACTIONS**

Particulars	Volume of Transactions (₹ In Lakh)	Outstanding (₹ In Lakh)
	For the year ended 31st March 2016-17	as on 31 March 2017
<b>1 Purchase</b>		
Euro Footwear Pvt. Ltd.	12416	284 Cr.
Gempack Enterprises	654	35 Cr.
Shoemac Leather Tech Eng. Ltd.	114	1 Dr.
Shoemax Engineering Ltd.	51	-
Waves International	113	5 Cr.
<b>2 Jobwork expenses</b>		
Mars International	274	17 Dr.
<b>3 Rent &amp; Maintenance charges Paid</b>		
Mr. Irshad Mirza	6	4 Cr.
Mrs. Jamil Ara Begum	7	4 Cr.
Mrs Sabiha Hussain	4	3 Cr.
Shoemac Leather Tech Eng. Ltd.	5	-
Shoemax Engineering Ltd.	3	2 Cr.
<b>4 Sales</b>		
Euro Footwear Pvt. Ltd.	3781	9 Dr.
Mirza (UK) Ltd.	30571	724 Dr.
Mars International	24	-
<b>5 Jobwork income</b>		
Euro Footwear Pvt. Ltd.	19	-
<b>6 Guarantee Commission</b>		
Mr. Irshad Mirza	163	26 Cr.
Mr. Rashid Ahmed Mirza	163	26 Cr.
Mr. Shahid Ahmed Mirza	163	26 Cr.
Mr. Tauseef Ahmed Mirza	163	26 Cr.
Mr. Tasneef Ahmed Mirza	163	26 Cr.
<b>7 Salaries</b>		
To Relatives of Key Management Personnel	120	7 Cr.
<b>8 Managerial Remuneration</b>		
Directors Remuneration & Perquisites	848	34 Cr.
<b>9 Sitting Fee</b>	3	-
<b>10 Donation</b>		
Mirza Foundation	16	-
<b>11 Corporate Social Responsibilities</b>		
Mirza Charitable Hospital Limited (formerly Azad Multi Speciality Hospital & Research Centre)	136	-
Kilkari Charitable Trust	7	-



**Note 33 FOLLOWING PAYMENTS TO DIRECTORS ARE INCLUDED IN VARIOUS HEADS OF EXPENDITURE :**

Particulars	(₹ in Lakh)	
	<b>2017</b>	
Salary	819	
Perquisites	29	
Sitting Fees	3	
Guarantee Commission	813	
<b>TOTAL</b>	<b>1664</b>	

**Note 34 INCOME TAX**

- A) The Company has recognized and accounted for cumulative net deferred tax liability in accordance with Accounting Standard (AS-22) issued by the Institute of Chartered Accountants of India, "Accounting for Taxes on Income" in respect of net aggregate timing differences as on 31st Mar, 2017.

**Note 35 FORWARD CONTRACTS**

Forward Exchange Contracts entered into by the Company and outstanding as at Balance Sheet date

Forward contracts EURO INR 16.46 lakhs (19.14 lakhs) Sell Hedging

Forward contracts GBP INR 94.77 lakhs (98.68 lakhs) Sell Hedging

Forward contracts USD INR 62.93 lakhs (82.38 lakhs) Sell Hedging

**Note 36 DISCLOSURE ON SPECIFIED BANK NOTES**

During the year, the Company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R. 308(E), dated March 31, 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follows :

Particulars	SBN's		Other Denomination Notes		Total
	Amount	As % of total	Amount	As % of total	
Closing Cash in Hand as on 08.11.2016	45,315,000	100%	4,362,408	100%	49,677,408
Add : Permitted Receipts	-	-	-	-	-
Less : Permitted Receipts	-	-	-	-	-
Less : Deposited in Bank	45,315,000	100%	23,934,143	100%	69,249,143
Closing Cash in hand as on December 30, 2016	-	-	9,236,571	100%	9,236,571

- (1) For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8, 2016.

**Note 37**

Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidates net assets	Amount	As % of consolidates profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Indian Subsidiary :								
HI LIFE FABRICATORS PVT. LTD.	0.10%	5150000	0%	-	0%	-	0%	-

**NOTE 38 SIGNIFICANT ACCOUNTING POLICIES****A) BASIS OF ACCOUNTING:**

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Generally accepted Accounting Principles in India (Indian GAAP), including Accounting Standards notified under the Companies Act, 2013 and other pronouncements of the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 2013.

**B) USE OF ESTIMATES:**

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

**C) FIXED ASSETS:**

- a) Fixed assets of the company are valued at cost net of recoverable taxes, trade discounts and rebates less accumulated depreciation and impairment loss, if any. The cost of fixed assets includes purchase price, borrowing cost, allocated / apportioned direct and indirect expenses incurred in relation to bringing the fixed assets to its working condition for its intended life. The said cost is not reduced by specific Grants/ subsidy received against the assets.
- b) Capital Work in Progress – All costs attributable to the assets or incurred in relation to the assets under completion are aggregated under Capital work in progress to be allocated to individual assets on completion.
- c) Lease hold land is capitalized with the lease premium paid, direct expenses/interest allocable to it till it is put to use.

**D) DEPRECIATION & AMORTIZATION**

- a) Depreciation on fixed assets is provided to the extent of depreciable amount on the Straight Line Method (SLM). For reaching to the depreciable amount of the assets, useful life of the assets has been taken as per the provisions of Schedule II of the Companies Act, 2013.
- b) Lease hold land are amortised over the useful life remaining from the date, it put to use.

**E) BORROWING COST:**

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

**F) LEASES:**

- a) 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.
- b) Operating Leases: Rentals are charges to the Statement of profit & loss with reference to the lease terms and other considerations.



**G) INVESTMENTS:**

Long term investments are valued at cost. Diminution in the value of Long Term Investments is recognized only if the same is, in the opinion of the management, of a permanent nature.

**H) INVENTORIES:**

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

**a) Bought Out Items**

On First in First Out (FIFO) method except raw hides (valued at six months average purchase price in case of Indigenous hides and full period 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 overheads (including interest on working capital) other than Marketing, Selling & Distribution Expenses and Interest on Term Loan.

**I) FOREIGN CURRENCY TRANSACTIONS**

All foreign Currency transaction of purchase and sales are recorded at exchange rate prevailing on the date of the transaction (that closely approximate the rate at the date of transaction). Any income or expense on account of exchange difference either on settlement or on translation is recognized in the statement of Profit & Loss except in case of long term liabilities, where exchange difference arising till the assets are ready for their intendant use, are adjusted to the cost of fixed assets:

**J) DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING**

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

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

The gain/loss on options designated as effective Cash flow hedges are included along with the underlying hedged forecasted transactions. The Company recognizes gains or losses from change in fair values of forward contracts and options that are not designated as effective cash flow hedge for accounting purposes in the profit and loss account in the period the fair value changes occur.

**K) REVENUE RECOGNITION :**

Sale of Goods and Export Incentives -Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Revenue in respect of contracts for services is recognized when the services are rendered and related costs are incurred.

**Other Income:**

- a) Interest income is recognized on time proportion basis taking in to account the amount outstanding and rate applicable.
- b) Dividend for investment is recognized when right to receive is established.

**L) RECEIVABLE:**

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

**M) EMPLOYEE BENEFITS :****a) Short Term Employee Benefits**

Short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render services. The company, as a policy, doesn't encourage accumulation of earned leave and discharges its liability on a year to year basis.

**b) Post-Employment Benefits**

The Company makes regular contributions to Provident Fund and the Company's contribution is recognised as an expense in the Statement of Profit & Loss during the period in which employee renders the related services. The liability of the Company for gratuity is actuarially valued at each year end and based on such year end actuarial valuation, the liability for gratuity is provided in the books of the Company.

**N) INCOME TAX:**

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

**O) EARNINGS PER SHARE:**

Earnings per share is calculated in accordance with the procedure laid out in the relevant Accounting Standard (AS-20) notified under the relevant provisions of Companies Act, 2013

**P) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:**

Provision is recognised in the accounts when there is a present obligation as a result of past event(s) and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. 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. Contingent asset are neither recognised nor disclosed in the financial statements.

**Q) EVENTS OCCURRING AFTER THE BALANCE SHEET DATE:**

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

**R) GOVERNMENT GRANTS:**

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

**S) IMPAIRMENT OF ASSETS:**

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

**For Khamesra Bhatia & Mehrotra**

Chartered Accountants  
FRN 001410C

**CA Anand Saxena**  
Partner  
M.No. 075801

**Irshad Mirza**  
Chairman

**V. T. Cherian**  
Chief Financial Officer

**Ankit Mishra**  
Company Secretary

Place : Kanpur  
Date : May 30, 2017

**For & on behalf of the Board of Directors**

**Rashid Ahmed Mirza**  
**Tauseef Ahmad Mirza**  
**N. P. Upadhyay**  
**Q. N. Salam**  
**P. N. Kapoor**  
**Islamul Haq**  
**Sudhindra Kumar Jain**  
**Subhash Sapra**

Directors












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