



October 04, 2018

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

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

Sirs,

**Sub : Annual Report for the Year 2017-18**

In terms of Regulation 34 of SEBI (LODR) Regulations, 2015, we are enclosing herewith copy of Annual Report 2017-18 approved and adopted by members as per provisions of Companies Act, 2013, at 39<sup>th</sup> Annual General Meeting of the Company held on September 26, 2018, at 01:00 P.M. at the Auditorium of Directorate of Extension, Chandra Shekhar Azad (CSA) University of Agriculture and Technology, Nawabganj, Kanpur.

Kindly take it on your records.

Yours faithfully

**For MIRZA INTERNATIONAL LTD.**



**(Ankit Mishra)**  
**Company Secretary**  
**& Compliance Officer**

Encl : a.a





# Strong Brands. Stronger Business.



Annual Report 2017-18



# Follow us

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# Strong Brands.

That's what we have built. That's what drives our business. That's how we will seize the opportunities ahead....





India's consumption growth is expected to be one of the world's most compelling. Behind the growth headlines is an even more important story: consumer behaviour is evolving with rise in incomes and increasing urbanization.

The new-age Indians seek quality and stylish products but at the same time have a strong value-for-money orientation. Brands that meet these high purchasing aspirations will command mindshare and market share.

**Just like our brands.**







After capturing global fashion capitals, our flagship brand REDTAPE has impressed the affluent young consumers in India, driving strong sales. Further, in just over a year of their launch, our new brand Bond Street and extension in REDTAPE Athleisure have won the hearts of aspirational consumers, especially those residing in smaller towns and cities. The response for our branded offerings has been so overwhelming that we are now on a focused mission to achieve rapid and closer reach among the urban youth.

Backed by state-of-the-art design, integrated manufacturing facilities, robust supply chain, strong retail and online presence, and impeccable environmental credentials, Mirza International has taken big strides across India and the world. Our aspirations have only got bigger as we identify huge opportunity to expand our market share. Powered by our strong brands, we are confident of winning more customers and making our business even stronger.



## About Mirza International Ltd.

Mirza International Limited is India's foremost leather footwear manufacturer and exporter. We are among the select Indian footwear companies to sell under our own brand name in the international markets. We are also the preferred supplier of leather footwear to leading international brands. Our global footprint spans across 26 countries. We are now focusing on high market penetration in the Indian market through our strong brands in the categories of footwear, garments and accessories. Backed by state-of-the-art design and manufacturing facilities, robust supply chain, efficient distribution network and one of the biggest effluent treatment plant in the country, our operations are world-class, agile and environment-friendly.



**REDTAPE**

### REDTAPE

REDTAPE is a premium lifestyle brand offering style, quality and comfort at competitive prices. REDTAPE footwear is sold across the global markets and in India. Leveraging the strong brand equity of REDTAPE, the brand offerings have been extended to garments and accessories.



**REDTAPE**

### REDTAPE Athleisure

REDTAPE Athleisure offers quality sports shoes for men at attractive prices and is targeted to meet the aspirations of young Indians who are always on-the-go and also those who have embraced sports and fitness as part of their lives.







### BOND STREET

Bond Street provides footwear in the polyurethane (PU) segment. The brand seeks to have a mass appeal by providing fashionable footwear at very low price points.



### Oaktrak

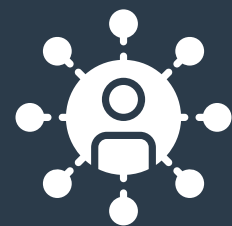
The brand stands for style and comfort and is targeted at the niche customer base of senior professionals.



### MODE

MODE by the house of RED TAPE is an exclusive women's wear brand. It will cover a range of product from footwear to clothing. An eclectic mix of elegance and sophistication, MODE is a brand which stands for being effortlessly stylish. Fashion-forward designs are both clean and uncomplicated, marrying feminine allure with modern strength.

Our multi-brand category and diversification into new product categories has enabled us to increase our addressable market and build a stronger business.







## Our Branded Segment took Big Strides in FY 2017-18

Share of Branded Revenue in Total Revenue increased to **~46% from ~35%** in the previous year



Domestic Revenue from Branded Footwear surged by

**74% y-o-y**



to **₹ 290.36 Crore**



New brands **Bond Street** and extension in **REDTAPE Athleisure** contributed

**~27%**

to domestic branded footwear revenue, underlining their strong acceptance

Domestic Revenue from  
Branded Garments &  
Accessories surged by

**73% y-o-y to  
₹ 99.62 Crore**



Total Domestic  
Revenue from Branded  
footwear, garments and  
accessories surged by

**74% y-o-y to  
₹ 389.98  
Crore**



Launched our new

**brand 'MODE'**  
for Women's Shoes







## On a Solid Footing

### Our Infrastructure

6

integrated  
manufacturing  
facilities

2

in-house  
design  
studios

1

Tannery fully  
equipped with  
state-of-the-  
art effluent  
treatment  
plant

#### Our Domestic Presence

**159**  
exclusive  
REDTAPE shops  
in  
**88**  
cities

**1250+**  
multi-brand  
outlets and chain  
stores

**210+**  
shop-in-shop

#### Our Overseas Presence

**25**  
countries across  
**5** continents

**1200+**  
multi-brand outlets in  
UK selling REDTAPE

**500+**  
multi-brand outlets in the  
US selling REDTAPE

Store count figures are (as on March 31, 2018)

**3** Modern warehouses to serve e-commerce channels

**3** Distribution branches

**90** acres of land bank for future expansion

**Our Experience**

Nearly **39** years of manufacturing operations

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

**Our Production Capacity**

**6.4** Million pairs of footwear per annum

**85%** footwear capacity utilization in FY 2017-18







## Chairman's Address



Keeping our fingers on the pulse of our consumers, we are also leveraging the powerful world of e-commerce and social networking sites to connect with our audience.

### Dear Shareholders,

It is a real pleasure to report on another year of solid performance by your Company. I'm particularly pleased with how the business has performed in the domestic market despite the uncertainties due to the rollout of the Goods and Service Tax. We have taken the changeover to the new tax regime in our stride and we welcome the efforts made by the Government to formalise the economy. Despite the disruption, I personally remain confident that the long-term gains will outweigh the temporary shortfall.

We firmly believe that the strength of our brands underpins our growth momentum. In FY 2017-18, revenue from Indian branded business grew 74% and branded share in total revenue increased to nearly 46%. Led by the strong performance of our branded footwear and branded offerings in areas of garments and accessories. Total revenue stood at ₹ 972.50 Crore in FY 2017-18 as against ₹ 936.51 Crore in the previous year. Profit before Tax

(PBT) increased to ₹ 117.84 Crore in FY 2017-18 from ₹ 106.94 Crore in FY 2016-17.

Our most impressive achievement has been the emphatic growth for our brands in the domestic market. While REDTAPE has emerged as a premium lifestyle brand, our latest sub-brands of REDTAPE, Bond Street and REDTAPE Athleisure resonate with aspirations of young India. Offering the unique proposition of quality and style at affordable prices, the newly launched brands were extremely well-received in the first full year of their market presence. Overall, driven by strong brand connect, domestic branded revenue increased exponentially by 74% year-on-year.

The continuous expansion of our distribution network has proved to be a successful strategy for improving accessibility and driving sales in India. Keeping our fingers on the pulse of our consumers, we are also leveraging the powerful

world of e-commerce and social networking sites to connect with our audience. Enhancing our retail and online presence will continue to be a major focus for the current financial year, and we are confident that this strategy will enable us to maximise the potential of our brands.

To support future growth, we recently launched a new brand for women's footwear which is currently available online. Drawing upon our industry-leading experience along with in-house strengths in design and manufacturing, we believe we have significant opportunity to capitalise on this attractive segment. As in the case of men's footwear, the keystones of style, quality and price remain at the core for this new product category.

Design innovation, world-class quality at the best prices and speed to market has kept our product portfolio contemporary and competitive in the international markets. REDTAPE is a leading leather footwear brand in the fashion capital of UK. The brand also enjoys mindshare and market share in various other overseas markets, including the US. In addition, we are supplying white label products to global brands across geographies. While export sales in FY 2017-18 failed to deliver on our expectations, we believe that the setback is a setup for a comeback. Our passion for excellence has inspired our tremendous success over the years; this passion remains as strong as ever. By constantly assessing our operating landscape, identifying growth opportunities,

exploring new technologies and driving innovation, we are committed to put our international business back on a firmer footing.

As India's largest leather footwear manufacturer, we fully understand the importance of business responsibility. Sustainable operations and wider commitment to our communities is a fundamental part of our culture as an organization. Our tannery is not only the largest in India but also has one of the biggest effluent treatment plants, making it one of the most environment-friendly tanneries in the world. To make a real difference in the lives of people from underprivileged backgrounds, we are closely examining their needs and delivering relevant interventions in the areas of education, health and rural infrastructure.

In summary, we will continue to invest in our brands and our business both domestically and internationally. India, in particular, characterized by favorable demographics and rising internet penetration, offers compelling prospects for retail and e-commerce. The economy is expected to maintain a buoyant growth trajectory in the coming years; this should translate to higher spending across all consumption categories. Additionally, in Tier 2 & 3 cities, a huge untapped population coupled with changing consumer lifestyles provides significant opportunity for the organized retail sector. And last but not the least; GST implementation has cut out the advantage enjoyed by smaller

players operating informally. The interplay of all these factors is expected to result in a shift in the buyer's preference to branded products. Our growing presence and the strong value proposition of our brands makes us look to the future with confidence. The best is yet to come.

On behalf of the Board, I would like to thank our shareholders, bankers and government authorities for their continued support and our extremely capable and dedicated employees for all their contributions. I would also like to express our gratitude to our customers for their patronage and the confidence they have shown in our products. With continued support from all our stakeholders, we look forward to an exciting and successful 2018 and beyond.

Thanking you,

Yours truly,

**Irshad Mirza**  
Chairman





## Q&A with the Managing Director



We achieved our ₹ 3.90 Billion revenue forecast for domestic branded sales in FY 2017-18.

**Q | What has been the most outstanding accomplishment for FY 2017-18?**

When we embarked on FY 2017-18, our vision was to connect strongly with India's aspirational consumers. This segment is increasingly brand conscious and seeks quality and style at affordable price points. I am delighted to share that our premium brand, REDTAPE, and our new brand, Bond Street resonated strongly with our audience. This is reflected in the excellent figures we have achieved for our domestic branded revenue, which increased by 74% year-on-year to ₹ 3.90 Billion. Bond Street and REDTAPE Athleisure together contributed 27% to the domestic branded footwear sales. Clearly, we are on the right track. As we increase our retail and online presence, we have reasons to believe that our relationship with this consumer segment is only going to get stronger.

**Q | You mentioned that increasing your domestic**

**presence is going to be a focus area. What is the kind of retail expansion you are envisaging?**

We had 159 Exclusive Brand Outlets (EBOs) as on March 31, 2018. In FY 2018-19, we are planning to open 50 online-offline stores. As on March 31, 2018 we have already opened 10 online-offline stores. As we come closer to where our customers are – in smaller towns and cities – and penetrate our markets deeper, we will be able to leverage our unique brands and their positioning further.

**Q | This scale of retail expansion will necessitate capital expenditure and result in an increase in working capital. What are the estimates and is this viable?**

Yes, setting up of modern, aesthetic stores to increase our retail presence means that our capex will increase. Our working capital will also go up as we are launching women's footwear and new offerings in different categories. Capex for each new

online-offline store is likely to be in the tune of ₹ 5-6 Million and inventory cost per store would be around ₹ 4-5 Million. But we see business sense in domestic expansion. Based on our assessment and analysis, we believe that 50 online-offline stores have the potential to generate annual sales of ₹ 30 Million each, which would offer significant upside. Further, our margins have been the highest in the domestic branded business with reasons for domestic expansion being strong and right, diving deeper into the markets is the obvious next step.

**Q | While domestic market has registered exceptional performance, performance in the international markets has seen a slowdown. What were the reasons and when can we expect a revival?**

There is no denying that our performance in international markets has been moderate. However, our business fundamentals remain robust. REDTAPE is strongly positioned as best value for money with comfort and style in the fashion capitals of

the world. We also continue to be the most preferred supplier to leading brands in the international footwear market. When we identify a market opportunity or geography, we commit for the long term. We continue to see significant value for our business through exports. By leveraging our learnings and our leadership position in the industry, we are confident of bouncing back from this aberration.

**Q | You have launched brand extensions to further tap the potential of your brand. How successful has this foray been?**

REDTAPE is an established, well-recognized, respected brand in the footwear industry. Leveraging its brand equity, we have found logical categories to expand REDTAPE's footprint. REDTAPE now offers apparels and accessories exclusively designed for men. Our foray has been a resounding success with the domestic garment & accessory business recording 73% year-on-year growth in FY2017-18 to rise to ₹ 996 million. REDTAPE has inspired the trust of its consumers, which is a major asset. Utilising REDTAPE's expertise in branding, marketing and advertising, we are confident of further accelerating our momentum in the allied areas.

**Q | Operational efficiency is a much-needed business virtue in today's intensely competitive markets. How did Mirza tread on this path?**

Mirza is a highly efficient organization, and work on further efficiency improvements is ongoing. Earlier,

we were paying advance for our imports but we have reversed that and are obtaining credit facility from our suppliers. In fact, we are now working towards more effective procurement by improving our credit period. We are also tapping suppliers in new markets to leverage price benefits. Our strategically located office in Hong Kong serves as a link to the suppliers, enabling us to source materials efficiently. Inventory management was further optimized during the year by stocking raw materials in the season when prices are lower. We expect sales to increase in FY 2018-19 and this will enable us to increase our tannery division utilization levels. Lastly, we recognize the business imperative to constantly innovate – and this is evident across our products, processes and platforms through which we sell. Innovation helps us to drive business efficiency.

**Q | What is the business outlook in the new GST era?**

We expect the GST stabilization to bring in enhanced benefits for your Company. GST narrows the large indirect tax differential between the organized and unorganized players. This should result in a steady shift of trade towards the organized sector. Also, the uniform GST rates across the states further reduce the tax burden and compliance cost. These changes reduce cost and improve competitiveness and hence would be beneficial for exports. The Government is also working towards launching an e-wallet facility to provide liquidity for exporters and effectively address the issues of delays in refund of taxes under GST regime.

**Q | What is the final message that you would like to share with your shareholders?**

The horizon is brimming with opportunities. With changing lifestyles and increasing affluence, India is witnessing buyer's preference towards branded stuff. Domestic demand for footwear is projected to grow at a faster rate than ever before. We achieved our ₹ 3.9 Billion revenue forecast for domestic sales in FY 2017-18. We are confident of realizing good growth in domestic sales through our growing retail and online presence and by leveraging our brand equity across exciting categories. We are also optimistic of enhancing our export revenue. All in all, we are well-positioned and remain committed to deliver better shareholder value.





## Our Brands Resonate with Indian Aspirations

Youthful, consumptive and an increasingly urban population characterises India. We are aligning our brands closer and better to the meet the expectations of this customer segment, to deliver greater value and drive increased business growth.

### MULTI-BRANDS

The Indian consumption landscape is witnessing a dramatic change towards branded offerings. Higher disposable income, demographic dividend of a younger generation, more women in the workforce, increasing urbanization and deeper penetration of smartphones are the demand triggers.

Recognizing the aspirations of young India, we have steadily expanded our brand portfolio. Whether a consumer is looking for sports shoes or the next fashion trend, we have a diverse portfolio to cater to individual preferences. Also, our multi-brand strategy has enabled us to connect with the mass audience as well as create a niche appeal. With the launch of 'MODE', we are now ready to serve women customers as well.

### BRAND EXTENSION

REDTAPE is recognized as a leading brand in the High-End Fashion Footwear segment. Leveraging REDTAPE's brand equity, we have extended the brand's offerings to apparel and accessories exclusively designed for men. Our product range is focused more for youth who are fashion-savvy and always on the hunt for innovative branded designs. Our garment line comprises Denims,

Casual shirts, T-Shirts, Cargos, Trousers, Shorts, Sweaters and Jackets while accessories include Belts, Socks, Hankies and Wallets. Brand extension has enabled us to offer a variety of products embodying the same values and aspirations that resonate with REDTAPE. Our branded offerings in these new categories have been received very well in the market and have also increased our market coverage as it brings new customers into the brand franchise.

### RETAIL STORES

We stepped up our retail footprint to make our brands easily available and present them to our customers in the most impactful way. During

the year, we added 19 Exclusive Brand Outlets (EBOs). Most of our outlets are located at prime shopping destinations such as High Street or Malls. Further, the demand for branded offerings has permeated across Tier 2 & 3 cities. Consumers in these smaller cities and towns also aspire for a high quality shopping experience, similar to their metro counterpart. We are now present across 88 cities, a considerable number being emerging cities. For making deeper inroads into the market, our plan is to open 50 EBOs this fiscal. We are on track to achieve our objective. We are also actively pursuing the route of Multi Brand Outlets (MBOs) to enhance our distribution to regions where EBOs are relatively fewer or absent.

Type of REDTAPE Exclusive Business Outlet (EBO)	Average Area (Sq. ft)	As on March 31, 2017	As on March 31, 2018
EBO - offline	500-700	140	149
EBO - offline-online	3000-4000	-	10
<b>Total EBO</b>		<b>140</b>	<b>159</b>

Achieving the highest possible levels of customer service is at the heart of our retail growth strategy. Our contemporary outlets provide an enjoyable and engaging in-store experience. Also, by providing quality training to our sales associates, we ensure that they are knowledgeable and approachable enough to help customers.

Channel-wise Domestic Branded Sales	Sales in FY 2016-17 (₹ in Crore)	Sales in 2017-18 (₹ in Crore)	Growth Percentage
EBO	100.20	136.39	36%
E-Commerce	44.69	125.66	281%
Wholesale (including modern retail/MBO)	79.36	127.93	61%
<b>Total</b>	<b>224.25</b>	<b>389.98</b>	<b>74%</b>

### Brands with a Strong Online Connect

Young India is connected globally through the internet and their own mobile devices. In the transforming consumption milieu, our brands are leveraging online platforms and the same social media networks that young India uses to communicate with each other.

As per a global report, e-retail is expected to surge from 3% of the total Indian retail market in 2017 to 7% by 2021. Recognizing that online shopping is only going to increase with every passing year, we have taken significant steps to capitalize on the e-commerce opportunity.

Mirza International is the first Company in India to open a direct e-commerce division in Noida, U.P. herein, we are working on a direct marketplace model with major online portals like Amazon, Myntra,

Flipkart, Jabong, Paytm, Tata Cliq and Reliance Jio etc. The division has been set up at Noida, Uttar Pradesh. Every order placed for our products on these portals are directly routed to us post which we initiate picking collection followed by Quality Control and packing of individual orders. Finally, the products are despatched within the designated targeted timeframe., We have been fairly successful in this set-up due to which most of our portals hold us in high esteem and have in turns rewarded us with different awards.

For Amazon, we are the first Indian Company in **'Formal Footwear Category'** to have adopted a Seller-Flex module wherein the service standard to the consumer is the same as in the case of buying from Amazon Prime model wherein priority deliveries are guaranteed. This year, we have also been awarded a **'Star Performer Seller'** trophy by Amazon.

For Flipkart, we have now been awarded the status of **'Gold Seller'** for exceptional performance in the period August to October 2017.

REDTAPE is currently enjoying the status of the No. 1 brand in the Casual Category segment on Myntra and most of the other portals.

We have also been able to successfully replicate the Noida Online Division in Bengaluru and

and Mumbai, thus making us more closer to our customers and hence reducing delivery days and costs.

With future developments being made in categories such as back-packs, under-garments, we hope to continue our winning streak and increase our wallet share.

Online sales for our brands have been registering a steady increase driven by our digital strategy. Also, the e-commerce channel has enabled us to reach out to a wider spectrum of customers.

### MARKETING

We aim to engage with fully-branded messaging at every touch point. Our marketing positioning for **REDTAPE: 'Fashion for your Feet'** resonates with the aspirations of young and dynamic India. Our marketing mix comprises in-store publicity, print advertisements and in-flight magazine advertisements to not only sell our products but to consistently deliver the identity and lifestyle of our brands. We are also advertising on social media to engage with millennials. Our focused marketing approach has enhanced brand recall among the relevant customer group and translated aspirations into purchases. During FY 2017-18, we spent ₹ 16.05 Crore towards advertising vis-à-vis ₹ 9.37 Crore in the previous year to deepen customer engagement.





## Our Brands have Won Global Confidence

Our brand's product quality, value proposition and the fashion statement that they make have won the hearts of customers across the world. Having consistently met their expectations for over three decades is a phenomenal feat, reinforcing the big strides our brands have made in winning global confidence.



Over these years, REDTAPE has had exceptional success. In the overseas markets, REDTAPE is recognized as premium men's footwear brand in the mid-segment for the young and fashion conscious. It is the only brand by a footwear company headquartered in India to be sold with its own name in the United Kingdom and the United States. These are fashion capitals and extremely competitive markets, where buyers have access to wide variety of quality products. To be able to hold our own in these mature destinations is truly commendable.

Most of our overseas revenue for REDTAPE footwear comes from the UK, followed by the US. In FY 2017-18, 10% of the total export of footwear were attributable to our

own brand REDTAPE. The brand is also steadily expanding its presence in other European markets.

In the UK, REDTAPE is sold through an efficient distribution network comprising top chain stores and MBOs. As on March 31, 2018, REDTAPE was present across 1200+ MBOs. In the US, REDTAPE is distributed across 500+ MBOs. Moving in tandem with changing times, we have made our branded offerings available on dedicated websites along with linking up with leading e-commerce retailers.

We are also exporting footwear and finished leather to leading global markets. Revenue from export of footwear and finished leather stood at ₹ 523.41 Crore in FY 2017-18, contributing 54% to our total revenue.

**₹ 500.79 Crore**  
of branded and white  
label footwear were  
exported in FY 2017-18,  
making Mirza  
International Ltd., the  
preferred supplier

**₹ 50.07 Crore**  
of total REDTAPE  
footwear exported in  
FY 2017-18. Majority  
sales made to matured  
market of UK and USA



Our global footprint spans

25 countries across

5 continents





## Business Differentiators Enabling our Brand Success



### In-house Designing

All our offerings are designed in-house by a proficient team comprising more than 40 highly skilled designers. The team is regularly researching global fashion trends to decode what will be in demand tomorrow. Backed by these insights as well as their excellent creativity, they develop styles to generate the newest look. Every year, we release 1200+ new designs for shoes. As we refresh our portfolio regularly, the customers stay engaged and are attracted to make new purchases. Further, with our design centre and manufacturing units connected by CAD/CAM, we are able to optimize our resources and minimize the gap between design and manufacturing.



### World-class Manufacturing

For powering our production, we have six fully integrated in-house shoe manufacturing facilities. These facilities are equipped with the latest machinery and use cutting-edge technology. Our manufacturing plants are ably supported by more than 25 dedicated ancillary units. We also have one of the biggest tannery in Asia, with all the necessary sanctions and approvals for operations. This robust set-up ensures regular supply of the best quality raw material for our leather goods as well as guarantees timely delivery of finished products. The manufacturing plants can produce 6.4 Million pairs of shoes every year.



### Synergic Operations

Our branded products are developed by the design team in close consultation with the global sales team. The global team comprises of market experts and on-the-ground trend hunters. We also have key specialist teams for specific areas of product development. Besides traditional advertising, brand awareness and recall is reinforced through participation in 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. A study by IIT Roorkee has declared that our tannery causes no environmental pollution under the National Framework of Environmental Laws.



### Supply Chain Agility

Our leaner, faster, and more consumer-centric future is built on the edifice of our efficient supply chain. The entire process from an 'Idea to the Store Shelf' takes only 25 days in our case. Fashion changes very fast; what is in vogue today may become outdated tomorrow. Failure to provide the desired product at the right place, at the right time and in the right quantity of may result in dead stock or loss of potential sales. Supply chain agility has ensured that we are well equipped to meet the constant changes in consumer demand. Our market responsiveness is well-proven by our global success.



### Gold Rating for Mirza Tannery

LWG (Leather Working Group) audit, a group working towards developing environmental stewardship protocol specifically for the leather manufacturing industry, has awarded the highest rating of Gold to our tannery.





## Responsible Brand



Being a strong corporate brand means not only growing our business, but also being a good corporate citizen. Acting responsibly toward the communities in which we have our roots is thus an integral part of our culture.

Our focus areas of engagement under Corporate Social Responsibility (CSR) are as under:



#### Education

Continuing with the earlier years, this year also the Company sponsored 10 differently-abled students. The initiative was undertaken with Jyoti Badhir Vidyalaya, Bithoor, Kanpur. We also continued to extend our direct support to students belonging to poorer and underprivileged sections of the society.



#### Healthcare

Your Company is the major contributor to the Mirza Charitable Hospital 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 treated more than 10,000 patients, mostly coming from rural areas. Apart from that, we are also sponsoring medical aid to needy patients on case-to-case basis.



#### Safe Drinking Water

During FY 2017-18, the Company in association with Shree Global Ventures Pvt. Ltd. set up a 'WATER ATM' near Kanpur Railway Station for making available safe drinking water. At this 'WATER ATM', a person can get 20 litre of pure drinking water at ₹ 5/- only for bulk consumption as well as also get lesser quantity for individual consumption at lower rates. We are continuously in search of such innovative ideas for the betterment of the society.



#### Women Empowerment

Women empowerment is also a prime agenda of our CSR programs. During the year, the Company distributed 65 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.

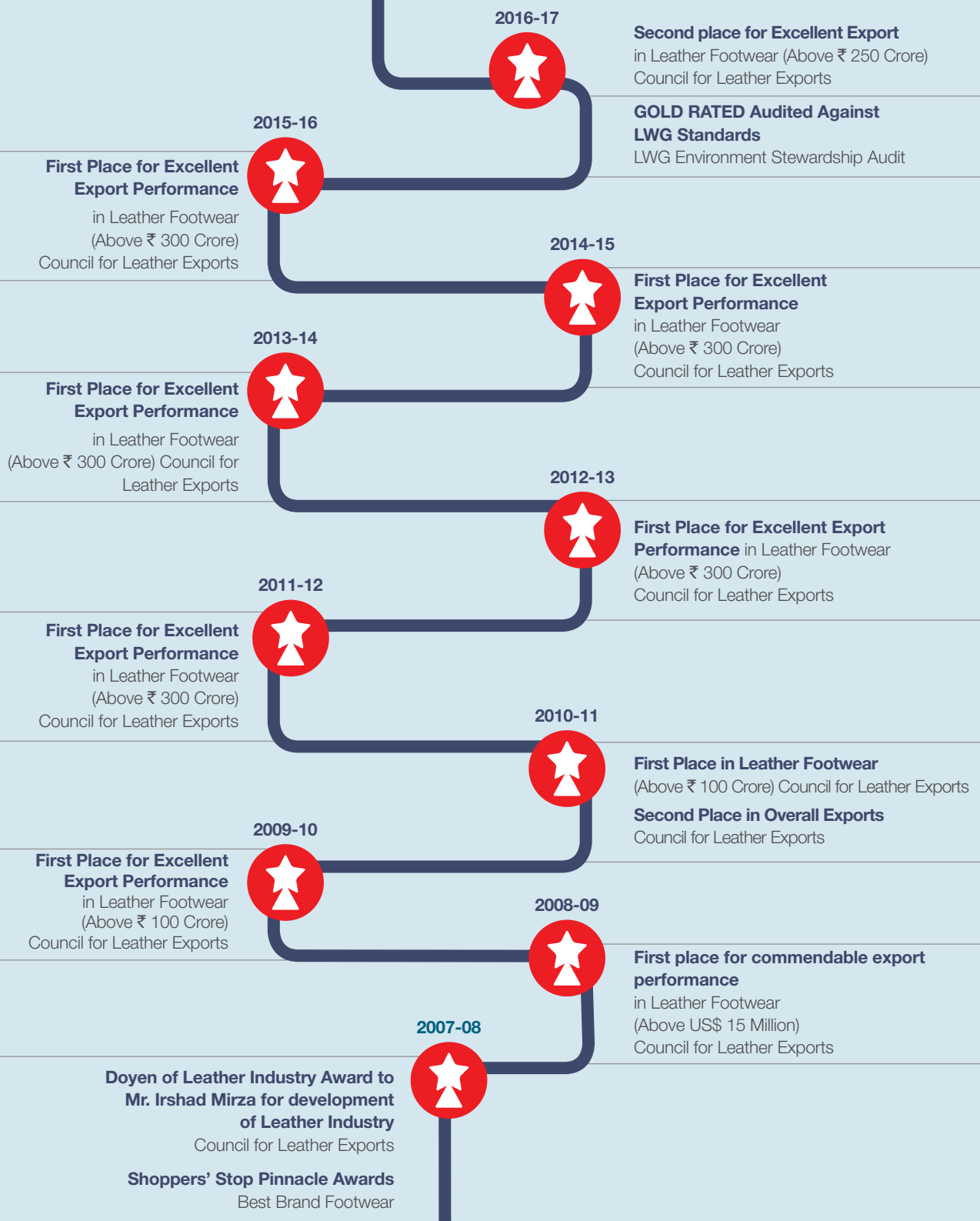


## Tracking our Financial Performance

<b>Total Revenue</b> for FY 2017-18	<b>₹ 972.50 Crore</b>
<b>CAGR</b> of Total Revenue	<b>8.60% in last 5 years</b>
<b>Overseas Revenue</b> for FY 2017-18	<b>₹ 523.41 Crore</b>
<b>CAGR</b> of Overseas Revenue	<b>1.58% in last 5 years</b>
<b>Domestic Revenue</b> for FY 2017-18	<b>₹ 449.09 Crore</b>
<b>CAGR</b> of Domestic Revenue	<b>22.95% in last 5 years</b>
<b>Profit before Tax</b> in FY 2017-18	<b>₹ 117.84 Crore</b>
<b>EBITDA Margin</b>	<b>₹ 174.41 Crore</b>
<b>EBITDA Margin</b> in FY 2017-18 (%)	<b>17.9%</b>
<b>Profit after Tax</b> in FY 2017-18	<b>₹ 78.42 Crore</b>
<b>CAGR</b> of PAT	<b>12.54% in last 5 years</b>
<b>Net Worth</b> as on March 31, 2018	<b>₹ 571.80 Crore</b>
<b>Annual Dividend</b>	<b>45% per share</b>



# Awards





# 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. Narendra Prasad 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

## STATUTORY AUDITORS

M/s. DRA & Co.

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 global upswing in economic activity is strengthening. Global growth is projected to rise to 3.7% in 2018. Broad-based upward revisions in the Euro area, Japan, emerging Asia, emerging Europe and Russia - where growth outcomes in the first half of 2017 were better than expected - more than offset the downward revisions for the United States, the United Kingdom and India.

This recovery is supported by notable pickups in trade, investment and industrial production coupled with strengthening business and consumer confidence.

The pickup in global activity gathered momentum in the first half of 2017, reflecting firmer domestic demand growth in advanced economies and China and improved performance in other large emerging market economies. Growth in China and other emerging Asian countries remains strong, and the challenging conditions faced by several commodity exporters in Latin America, the Commonwealth of Independent states, and sub-Saharan Africa are showing signs of improvement. In advanced economies the notable 2017 growth pickup was broad based, with stronger activity in the United States and Canada, the Euro area and Japan. Prospects for medium-term growth are more subdued, however, as negative output gaps shrink (leaving less scope for cyclical improvement) and demographic factors and weak productivity weigh on potential growth. The cyclical pickup in global economic activity after disappointing growth over the past few years is an encouraging development. It provides an ideal window of opportunity to undertake key reforms in order to boost potential output and ensure that its benefits are broadly shared and to build resilience against downside risks. With countries still facing differences in cyclical conditions, varied stances of monetary and fiscal policy remain appropriate. Completing the economic recovery and adopting strategies to ensure fiscal sustainability remain important goals for many economies. The continued recovery in global investment stimulated stronger manufacturing activity.

Among emerging market and developing economies, higher domestic demand in China and continued recovery in key emerging market economies triggered growth in the first half of 2017.

### India

The Indian economy maintained its growth trajectory, as the economy recovered in the 2<sup>nd</sup> half of the financial year, post stabilization of the GST regime. Gross Domestic Product growth rate in FY 2017-18 was 6.7%, supported by consumption growth and government spending. With

improving investments, there are signs that a recovery is underway. Industrial activity has rebounded with strong industrial production growth, led by a rise in consumption, manufacturing and electricity generation. Strong vehicle sales growth and improvement in road freight transport following stabilization of GST are further positive signs of continuing demand growth. Services indicators also show positive trends with services credit, services exports and imports clocking double digit growth.

FY 2017-18 marked a significant economic measure by the government: The Goods and Services Tax (GST) was implemented from July, 2017 as the nation moved to 'one nation-one tax'. The move promises the unification of India's vast domestic market and are amongst several key structural reforms that are expected to help push growth above 8%. The reform measure has helped India move into the Top 100 Club in World Bank's 'Global Ease of Doing Business' rankings.

GST has ushered in a new regulatory regime for India's exports. It introduced many positive features for domestic firms as well as exporters. Firms now pay less number of taxes (one GST replaces 17 taxes), less amount of tax (average GST rate for industrial products is 18% compared to the pre GST tax burden of 25-28%), and face less tax on tax incidences. The uniform GST rates across the states further reduce the tax burden and compliance cost. These changes reduce cost and improve competitiveness and hence would be beneficial for exports.

GST treats exports as zero rated supply. This is in line with the WTO accepted principles. Initially, the GST law required that all the duties must be paid at the time of sourcing of inputs for export production and refund for these to be obtained after the exports. However, as the exporters apprehended blockage of working capital, on their request, the GST council in its October 06, 2017 meeting decided to allow exemption from payment of GST on inputs sourced using the Advance authorizations, EPCG and the 100% EOU schemes. An e-Wallet scheme has been announced to replace these exemptions w.e.f April 01, 2018 and ensure electronic accounting of exemptions/ refunds.

### Investment Rating

Moody's has upgraded the Government of India's local and foreign currency issuer ratings from Baa3 to Baa2 and changed the outlook on the rating from positive to stable. Moody's has also raised

India's long term foreign currency bond ceiling from Baa2 to Baa1 and long term foreign currency bank deposit ceiling from Baa3 to Baa2. The short-term foreign currency bond ceiling remains unchanged at P-2 and the short term foreign





currency bank deposit ceiling has been raised from P-3 to P-2. The long term local currency deposit and bond ceilings remain unchanged at A1.

The decision to upgrade the ratings is underpinned by Moody's expectation that continued progress on economic and institutional reforms will, over time, enhance India's high growth potential and its large and stable financing base for government debt, and will likely contribute to a gradual decline in the general government debt burden over the medium term.

### Ease of Doing Business

India had ranked poorly on the 'Ease of Doing Business' ranking for past few years. In the previous rankings for 2017, it ranked at 130<sup>th</sup> position. Recently, the World Bank released 'Ease of Doing Business' report for 2018, which placed India at 100<sup>th</sup> rank out of 190 countries. India is among top 30 nations in three categories, i.e. getting electricity, securing credit and protecting minority investors. India emerged as the only large economy to improve its ranking on six out of ten parameters. However, the World Bank noted that India lagged in areas such as starting a business, enforcing contracts and dealing with construction permits.

### INDUSTRY STRUCTURE AND DEVELOPMENTS

Leather is one of the most widely traded commodities globally. The growth in demand for leather is driven by the fashion industry, especially footwear. Apart from this, furniture and interior design industries, as well as the automotive industry also demand leather. The leather industry has a place of prominence in the Indian economy due to substantial export earnings and growth. This sector is known for its consistency in high export earnings and is among the top ten foreign exchange earners for the country.

At a meeting of the Union Cabinet chaired by Prime Minister Narendra Modi, the government of India approved a ₹ 2,600 crore special package for employment generation in the leather and footwear sector. This initiative has the potential to generate 3.24 lakh new jobs in three years and assist in the formalization of two lakh jobs. The package involves implementation of central scheme 'Indian Footwear, Leather & Accessories Development Programme' with an approved expenditure of ₹ 2,600 crore over the three financial years from 2017-18 to 2019-20. The scheme would lead to development of infrastructure for the leather sector, address environment concerns specific to the leather sector, facilitate additional investments, employment generation and increase in production. Enhanced Tax incentive would attract large scale investments in the sector and reforms in labour law in view of seasonal nature of the sector will support economies of scale.

The special package also includes measures for simplification of labour laws and incentives for employment generation. These include enhancing the scope of Section 80JJAA of the Income Tax Act for providing deduction to an Indian company engaged in manufacture of goods in a factory towards additional wages paid for three years to new workmen. Moreover, the provision of minimum 240 days employment in a year applicable to a workman under Section 80JJAA would be further relaxed to 150 days for footwear, leather and accessories sector, considering the seasonal nature of this industry. The package also includes introduction of fixed term employment.

### Leather Exports

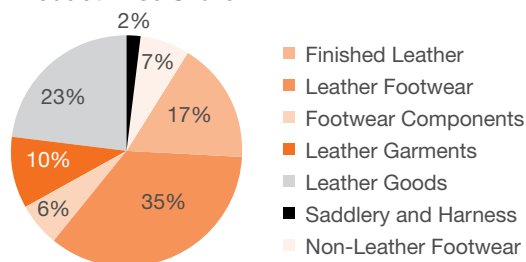
India's leather industry has grown tremendously, transforming from a mere raw material supplier to a value-added product exporter. The Indian leather industry accounts for around 12.93% of the world's leather production of hides/skins. Currently, India is already among the world's top 10 footwear exporters, with a rising market share. India is also the second largest exporter of leather garments and the third largest exporter of saddlery & harness in the world. Exports are projected reach USD 9.0 billion by 2020, from the present level of USD 5.85 billion. India has trade agreements with Japan, Korea, ASEAN, Chile etc., and is negotiating Free Trade Agreement with European Union, Australia etc.

India's export of Leather and Leather products for the FY 2017-18 touched USD 1420.04 mn as against USD 1438.79 mn in the corresponding period of last year, recording a negative growth of -1.30%.

Export of different categories of Footwear holds a major share of about 35% in India's total Leather & Leather Products exports with an export value of US\$ 675.07 mn. This is followed by Leather Goods & Accessories with a share of 23%, Finished Leather 17%, Leather Garments 10%, Non Leather Footwear 7%, Footwear component 6% and Saddlery & Harness 2%.

Except Leather Footwear and Finished Leather, the other product categories have shown positive growth.

### Product-wise Share



The major markets for Indian Leather & Leather Products are USA with a share of 14.66%, Germany 11.22%, UK 10.05%, Italy 7.03%, France 5.15%, UAE 5.04%, Spain 4.63%, Hong Kong 4.52%, China 3.09%, Netherlands 3.05%, Poland 2.23% and Vietnam 1.88%.

These **12 countries together account for nearly 72.55%** of India's total leather & leather products export.

### FOOTWEAR INDUSTRY

The Indian footwear industry, is in a confident phase with growth in online shopping, fitness awareness, and style, fashion and brand consciousness among consumers. With the growing health and fitness awareness amongst urban Indians, demand for fitness footwear has increased manifold and is expected to continue for several years to come. Rapid growth was also registered in Internet retailing in India, which recorded double digit value share in the overall footwear sales in 2017. It is expected that around 11% of total revenue in the Indian footwear market will be generated through online sales by 2021.

The Indian footwear industry is currently under transformation phase, evolving from a traditionally labour-intensive industry to a more technological and innovation driven industry. The leather industry is an employment intensive sector, providing jobs to about 3 million people, mostly from the weaker sections of the society, making it one of the top employment generating industries in the country. With an annual production over 22 billion pairs, which is approximately 9.6% of the total global annual footwear output, India is the second largest producer of footwear and leather garments in the world after China. India is also the world's third-largest footwear consumer after China and the USA.

Almost 90% of the footwear manufactured in India is sold in the domestic market. The organized footwear market in India is still dominated by men's footwear, which contributes to around 58% of the total retail footwear market and is expected to grow at a CAGR of around 10% by 2020. The women's footwear segment, however, is projected to grow at a much faster CAGR of around 20%. In terms of the product type, casual footwear is the largest product segment in the Indian footwear market and contributes to approximately 67% of the total retail footwear market. Driven by the above facts, MIL also focussed strongly on domestic market which is also one of the world's largest market, resulting into increased in domestic sale by 57% Y-o-Y.

### GROWTH DRIVERS

**Raw Material Availability:** India is endowed with 20% of the world's cattle and buffalo and 11% of the world's goat and sheep population, producing 2.5 billion sq. feet of leather, accounting for about 13% of global production. Ready availability of leather and the abundance of essential raw materials are key growth drivers for the sector.

**Skilled Labour:** Indian manufacturers enjoy comparative advantages in terms of cost of production and labour costs vis-à-vis other major manufacturing countries. With 55%

of the workforce below the age of 35, the Indian leather industry has one of the youngest and most productive workforces. Apart from this, Various skill development and environment management programmes implemented by the government, coupled with a favourable investment climate, have made the Indian leather industry a favourable investment destination. Skilled and trained manpower is available for both new and existing production units.

**Government Promotion:** India's Foreign Direct Investment (FDI) Policy for the leather industry provides for de-licensing of the entire leather product sector and facilitating expansion on modern lines with state-of-the-art machinery and equipment. The Policy also permits 100% FDI through the automatic route.. Further, the leather sector has been identified as a focus sector in the Indian Foreign Trade Policy by the Government of India due to its immense growth potential on exports. Accordingly, favourable policies are being implemented for the promotion of the sector.

**High Demand for Leather and Leather Products:** The major segments comprising the Indian leather industry are Footwear, Finished Leather, Leather Goods, Leather Garments, Footwear Components and Saddlery and Harness. All these segments have high growth potential. Per capita consumption of footwear in India is projected to increase and total domestic consumption is expected to reach upto 5 billion pairs by 2020. The domestic market is expected to double in the next five years and reach USD 18 billion by 2020. Thus, on the back of increasing demand for fashion footwear in India, the Indian Leather Industry offers tremendous opportunity to set-up manufacturing facilities of footwear components.

### OPPORTUNITIES AND THREATS

Being aware of the changes in the external business environment coupled with growing competition both from domestic and foreign players in the industry, the Company's constant endeavour is to manufacture better quality, comfortable and durable products. The Company is also focusing on larger format stores combined with better visual merchandising to improve customer shopping experience. Operational cost efficiency remains an important focus area to retain its market share and grow further. The online marketing initiatives using digital influencers have already proved to be successful mainly among the younger consumers. The competition is expected to intensify in the coming years with more and more organized players entering the market with a range of offerings in formal and fashion segment.

#### Opportunities

- Abundant scope to supply finished leather to multinationals setting up shops in India.
- Growing fashion consciousness on a global scale.
- Use of information technology and decision support



software to help eliminate the length of the production cycle for different products.

- Significant scope for diversification into other products, namely, leather garments, goods etc.
- Growing international and domestic markets.

#### Threats

- Entry of multinationals in domestic market.
- Stiff competition from other countries. (The performance of global competitors in leather and leather products indicates that there are at least 5 countries viz., China, Indonesia, Thailand, Vietnam and Brazil, which are more competitive than India.)
- Indirect non- tariff barriers increasingly being resorted by developing countries.
- Stricter international standards require higher quality products.
- Fast changing fashion trends are difficult to adapt for the Indian leather industries.
- Limited scope for mobilizing funds through private placements and public issues, as many businesses are family-owned.

#### 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 ₹ 903.13 Crore as against ₹ 843.56 Crore in the previous year. Revenue from the Tannery Division was ₹ 186.79 Crore for the year as against ₹ 210.96 Crore in the previous year.

#### OVERSEAS REVENUE

Revenue from overseas sales during the year under review stood at ₹ 523.41 Crore as against ₹ 650.68 Crore in the previous year. While revenue from UK operations decreased from ₹ 452.02 Crore to ₹ 376.18 Crore in FY17-18, revenue from USA operations have also decreased from ₹ 92.31 Crore in the previous year to ₹ 77.73 Crore in the year under review.

#### DOMESTIC SALES

Domestic Sales stood at ₹ 449.09 Crore as against 285.88 Crore in the previous year, thus registering an increase of 57 % year-on-year. The strong growth demonstrates that the Company's performance is up to the mark in the domestic market and that its flagship brand 'REDTAPE' enjoys customer's admiration and confidence the .

REDTAPE is emerging as a leader in the High-End Fashion Footwear segment. The vast and stylish shoe line has helped the Company in building an edge over other brands. Leveraging the strong brand equity of REDTAPE,

the Company has launched the REDTAPE apparel line exclusively designed for men. The product range is targeted towards the youth, who are fashion savvy and are always on hunt for innovative branded designs. With this philosophy, the garment line comprises of Denims, Casual shirts, T-shirts, Cargos, Trousers, Shorts, Sweaters and Jackets and Accessories such as Belts, Socks, Hankies and Wallets, The Company has followed a strategy of adding new retail stores in Malls and High Street locations to enhance its retail footprint. These spacious new stores are located in the growing markets of the country and are based on global design, making them look enticing with contemporary display of the products. The Company shall continue to make investment on renovation of existing stores and opening of new ones. Thus, by improving store layouts and emphasizing on key products within the retail stores, the Company aims to create a delightful shopping experience for the customers.

#### OUTLOOK

The Company has an established leadership position in the industry and is one of the trusted names in branded footwear and accessories. With the change in customer preferences, footwear has become a style statement, especially among the teenagers, youth and the affluent working class. The domestic demand for footwear is projected to grow at a fast pace. The inclination towards purchase of products manufactured by established brands is also increasing. For retail companies, the e-commerce, through brand presence in social media, blogs and online advertising, is fast catching up with the brick and mortar sales model. The Company is proactively engaged in taking appropriate steps to tap these opportunities in order to improve its market share and retain its leadership position in the organized footwear and accessories sector of the industry.

#### RISKS 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. The Company monitors its major risks and concerns at regular intervals. Appropriate steps are taken in consultation with the Audit Committee of the Board to mitigate such risks.

The Company acknowledges the fact that competition from both domestic and international players is increasing with every passing day. In addition to increasing competition, the changing customer behaviour and impact of online marketing initiatives affect the Company's performance. With the opportunity for employment gradually increasing, people/ talent retention is considered as a challenge. These major risks and concerns are systematically addressed through mitigating actions on a continuing basis.

#### INTERNAL CONTROL SYSTEMS AND THEIR ADEQACY

The Company's internal controls are commensurate with its size and the nature of its operations. These have been



designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance of corporate policies. Your Company has a well-defined delegation of power with authority limits for approving revenue as well as expenditure. The Company uses a state-of-the-art Enterprise Resource Planning (ERP) system to record data for accounting, consolidation and management information purposes and for connecting to different locations for efficient exchange of information. It has continued its efforts to align all its processes and controls with global best practices.

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

#### **Human Resources**

The Company makes substantive and sustained efforts towards building an ecosystem which promotes the development and advancement of all its employees. All

HR policies and practices are aligned with the overall organizational strategy. In order to achieve operational excellence and maintain a competitive edge, the Company invests in building and nurturing a strong talented pool by instituting best practices with respect to its employees. Throughout the year, the industrial relations remained cordial at all the manufacturing units. As on March 31, 2018, the total number of employees in the Company stood at 3408.

#### **CAUTIONARY STATEMENT**

There are certain Statements which have been made in the Management Discussion and Analysis Report describing the estimates, expectations or predictions, may be read as 'forward-looking statements' within the meaning of applicable laws and regulations. The actual results may differ materially from those expressed or implied. The important factors that would make a difference to the Company's operations include demand-supply conditions, raw material prices, changes in Government Policies, Governing Laws, Tax regimes, global economic developments and other factors such as litigation and labour negotiations.



# Directors' Report

To,  
The Members of  
**Mirza International Limited**

Your Directors have pleasure in presenting their Thirty-Ninth Annual Report on the business and operations of the Company and the Audited Financial Statements for the financial year ended March 31, 2018.

## 1. FINANCIAL SUMMARY OR HIGHLIGHTS/STATE OF THE COMPANY AFFAIRS

(₹ in Crore)

Particulars	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
<b>Total Revenue</b>	972.50	936.51	972.50	936.51
Earning before Finance Costs, Depreciation and amortization Expenses and Taxes	174.41	161.93	174.41	161.93
Less: Finance Charges	24.96	25.93	24.96	25.93
Depreciation & Amortization Expenses	31.61	29.06	31.61	29.06
<b>Profit Before Tax</b>	<b>117.84</b>	<b>106.94</b>	<b>117.84</b>	<b>106.94</b>
Less: Provision for Taxes	39.42	35.20	39.42	35.20
<b>Profit After Taxes</b>	<b>78.42</b>	<b>71.74</b>	<b>78.42</b>	<b>71.74</b>
Other Comprehensive Income	(2.09)	2.45	(2.09)	2.45
<b>Total Comprehensive Income for the year</b>	<b>76.33</b>	<b>74.19</b>	<b>76.33</b>	<b>74.19</b>

## 2. MAJOR HIGHLIGHTS OF FINANCIAL PERFORMANCE

The financial year 2017-18 has been yet another successful year for your Company. The major highlights are given below:

- The Revenue from operations increased to ₹ 972.09 Crore from ₹ 935.68 Crore in the previous year. Thus showing an increase of about 3.89 %
- The Profit Before Tax has gone upto ₹ 117.84 Crore as compared to ₹ 106.94 Crore for the previous year, thereby showing the increase of about 10.19%.
- The EBITDA increased to ₹ 174.41 Crore from ₹ 161.93 Crore in the previous year, thus showing an increase of about 7.71%
- Cash Profit increased to ₹ 110.03 Crore from ₹ 100.80 Crore in the previous year, showing an increase of about 9.16 %.
- The Earning Per Share has also shot up to ₹ 6.52 as against ₹ 5.96 achieved in the Previous Year

## 3. GROWTH STRATEGY

- i) This year Company successfully implemented the Scheme of Amalgamation of Hi-Life Fabricators Private Limited with your Company. Both the Amalgamating and Amalgamated Companies are engaged in the same line of business, thus your Company got benefits which are as given below:

- a) Channelize synergies
- b) Optimum utilization of the available resources besides enabling a focused business approach for achieving optimization.
- c) Higher long-term financial returns, greater financial strength and flexibility
- d) Reduce duplication of systems and processes.
- e) Efficient and cost effective management system in view of consolidation of operations.
- f) Enhanced shareholder value.

- ii) Company also acquired entire stake of MIRZA (H.K) Limited in Hong Kong. Now it has become the Wholly Owned Subsidiary of Mirza International Ltd.. Both the Companies are in the same line of business. This has open a new market place for the Company for procuring new range of products at economical cost.
- iii) RED TAPE has already been established as a well known global brand. During the last several years, Company was generating higher revenue from global markets. Company has now focused to increase its share in domestic market by opening more number of exclusive retail outlets, deeper penetration in e-commerce segment along with launching of new brands like Bond Street and extension in Red Tape athleisure.

- iv) During this year, the Company also launched its online retail outlets, where people can buy those products which are selling on E-Market on the same prices of offline Market, after being satisfied with the quality of the products that gives complete satisfaction to the consumers.

#### 4. SUBSIDIARY / ASSOCIATE COMPANY

The Company has one foreign subsidiary as on March 31, 2018 Viz Mirza (H.K.) Ltd. There are no other associate companies or joint venture companies within the meaning of Section 2 (6) of the Companies Act, 2013 ("Act"). There has been no material change in the nature of the business of the subsidiaries.

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, Companies which have become or ceased to be Company's subsidiaries, joint ventures or associate companies, and a statement containing the salient features of the financial statements of our subsidiary in the prescribed format AOC-1 is appended as **Annexure I** to the Director's Report. The statement also provides details of the performance and financial position of subsidiary.

#### 5. DIVIDEND AND RESERVE

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 ₹ 13.05 Crore (inclusive of Dividend Distribution Tax of ₹ 2.22 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 19 September 2018 in proportion to paid-up value of Equity Shares. The Board proposes to transfer the amount of ₹ 8.00 Crore to General Reserve, as compared to ₹ 7.50 Crore transferred in the previous year.

The dividend payout is in accordance with the Company's Dividend Distribution Policy. Dividend Distribution Policy is available on Company's Website (<http://www.mirza.co.in/policy.html>).

#### 6. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Irshad Mirza, Chairman, Mr. Rashid Ahmed Mirza- Managing Director & CEO, Mr. Shahid Ahmad Mirza, Mr. Tauseef Ahmad Mirza, Mr. Tasneef Ahmad Mirza and Mr. Narendra Prasad Upadhyaya- Whole-Time Directors, Mr. V. T. Cherian, Chief Financial Officer and Mr. Ankit Mishra- Company Secretary and Compliance

Officer of the Company are the Key Managerial Personnel pursuant to Section 2 (51) and Section 203 of the Act, read with the Rules framed thereunder. There is no change in KMP during the year.

During the year Late Mr. Islamul Haq, Non-Executive Independent Director of the Company ceased to be Director of the Company w.e.f July 14, 2017 because of his sad demise. The Board places on record its appreciation towards valuable contribution made by him during his tenure as Non-Executive Independent Director of the Company.

#### Retirement by Rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with Rules made thereunder, Mr. Tasneef Ahmad Mirza (DIN No : 00049066), Whole Time Director of the Company, is liable to retire by rotation at ensuing Annual General Meeting and being eligible have offered himself for re-appointment. The Board recommends his re-appointment.

#### Independent Directors declaration

Pursuant to the provisions of Section 149 of the Act, Mr. Sudhindra Kumar Jain, Mr. Pashupati Nath Kapoor, Mr. Qazi Salam Noorus, Dr. Yashvir Singh, Mr. Subhash Sapra and Mrs. Vinita Kejriwal are Independent Directors of the Company. They have submitted a declaration that each of them meet the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). There has been no change in the circumstances affecting their status as an Independent Director during the year.

During the year, the Independent directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

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

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. The evaluation process inter alia consider attendance





of Directors at Board and Committee Meetings, acquaintance with business, communicating inter-se Board Members, effective participation, domain knowledge, compliance with code of conduct, vision and strategy. The annual evaluation of the performance of the Board, its Committees and of individual directors has been made based on devised criteria.

The Chairman of the respective Committee shared the report on evaluation with the respective Committee Members. The performance of each Committee was evaluated based on report of evaluation received from respective Committees.

The report on performance evaluation of the individual Director was reviewed and feedback was given to Directors.

#### 8. FAMILIARIZATION PROGRAMMES FOR INDEPENDENT DIRECTORS

All the new Independent Directors inducted into the Board attend an orientation program. The details of the training and familiarization program are provided in the Corporate Governance report. Further, at the time of appointment of Independent Director, the Company issues a formal letter of appointment outlining his/her role, function, duties and responsibilities. The format of the letter of appointment is available on our website at <http://mirza.co.in/download.html>

#### 9. REMUNERATION POLICY

The Company has a Policy relating to appointment of Directors, payment of Managerial Remuneration, Director's qualification, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015. The policy is enclosed 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 which was reviewed by the Audit Committee and approved by the Board of Directors of the Company. The Policy provides for a robust Risk Management Framework to identify and assess risks such as operational, strategic, financial, security, property, regulatory, reputational and other risks and that there is an adequate Risk Management Infrastructure in place capable of addressing these risks.

Audit Committee of the Company has been entrusted with responsibility to assist the Board in the matters which are given below:

- (a) Providing a framework that enables future activities to take place in consistent and controlled manner.
- (b) Improve decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities /threats.
- (c) Contributing towards more efficient use/allocation of resources within the organization
- (d) Protecting and enhancing assets and Company image.
- (e) Reducing volatility in various areas of the business.
- (f) Developing and supporting people and knowledge base of organization.
- (g) Optimizing operational efficiency.

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

Your Company is committed to highest standard of ethical, moral and legal business conduct. Accordingly, MIL has established a robust Vigil Mechanism and a Whistle Blower Policy 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 in accordance with provisions of the Act and Listing Regulations. During the year under review, the Company has not received any complaints under the said mechanism. The Policy of Vigil Mechanism is available on the Company's Website (<http://mirza.co.in/policy.html>)

#### 12. SECRETARIAL STANDARDS

The Directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

#### 13. 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.

#### 14. 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.

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

Section 124 of the Companies Act, 2013, read with Investor Education and Protection Fund Authority

(Accounting, Audit, Transfer and Refund) Rules, 2016 ("The Rules"), mandates that Companies shall transfer dividend that has remained unclaimed for a period of 7 years from the unpaid dividend account to investor education and protection fund (IEPF). Further, the rules mandates that the shares on which dividend has not been paid or claimed for a period of 7 consecutive years or more be transferred to the IEPF.

The following table provides a list of years for which unclaimed dividend and their corresponding shares would become eligible to be transferred to the IEPF on the dates mentioned below:

Year	Type of dividend	Dividend Per Share	Date of declaration	Due date for transfer	Amount*
2010-11	Final	0.50	08 September 2011	07 October 2018	4,98,046.00
2011-12	Final	0.50	29 September 2012	28 October 2019	5,79,786.00
2012-13	Final	0.50	28 September 2013	27 October 2020	5,47,300.00
2013-14	Final	0.50	20 September 2014	19 October 2021	5,47,867.00
2014-15	Final	0.50	29 September 2015	28 October 2022	4,92,305.00
2015-16	Final	0.50	29 September 2016	28 October 2023	7,23,657.00
2016-17	Final	0.90	28 September 2017	27 October 2024	4,70,083.00

\*Amount unclaimed as on March 31, 2018

The Company sends periodic intimation to the shareholders concerned, advising them to lodge their claims with respect to unclaimed dividend. Shareholders may note that both the unclaimed dividend and corresponding shares transferred to IEPF, including all benefit accruing on such shares if any, can be claimed back from IEPF following the procedure prescribed in the Rules.

#### Share Transferred to IEPF

During the year, the Company transferred 2,82,990 shares on December 12, 2017 to the IEPF. The shares transferred were on account of dividends unclaimed for seven consecutive years.

Identifying and recruitment of appropriate candidates and retention of employees continue to be the greatest challenges faced by the Indian industry. The Company adopts various recruitment processes including employee reference and will continue to provide greater attention to training. Being a multi-cultural and multi-location Company, diversity is fostered.

The number of people employed as on March 31, 2018 was 3408 (March 31, 2017 : 3,211). Industrial Relations were satisfactory during the year.

Your Company wishes to put on record its deep appreciation of the co-operation extended and efforts made by all employees.

#### 16. MANAGEMENT DISCUSSION AND ANALYSIS

Management's Discussion and Analysis Report for the year under review, as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), is presented in a separate section, forming part of the Annual Report.

#### 17. HUMAN RESOURCES

The Company believes that people are its most valuable assets. To this extent, the Company provides a fair and inclusive environment that promotes new ideas, respect for the individual and equal opportunity to succeed. Experience, merit and performance, leadership abilities, strategic vision, collaborative mindset, teamwork and result orientation are actively promoted and rewarded through an objective appraisal process.

#### 18. CORPORATE SOCIAL RESPONSIBILITY(CSR)

The Corporate Social Responsibility Committee (CSR Committee) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board.

The CSR Policy may be accessed on the Company's website at: <http://www.mirza.co.in/policy.html>.

The Company has identified following focus areas for CSR engagement:

**Healthcare:** Health care including preventive health care and sanitation and making available safe drinking water;

**Education:** Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and



the differently abled and livelihood enhancement projects;

**Women Empowerment:** Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

**Rural Development:** Undertaking and promoting projects for development of rural India.

The Company also undertakes other need based initiatives in compliance with Schedule VII to the Act.

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.

## 19. 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.

Having regard to the provisions of the first proviso to Section 136 (1) of the Act and as advised, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection on all working days, during business hours, at the Registered Office of the Company. Any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

## 20. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

### a) Conservation of energy:

The Company is continuously putting its efforts to improve Energy Management by way of monitoring energy related parameters on regular basis. It is putting best endeavor 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;
- Installation of energy efficient LED lights by replacing high energy consuming lights.
- Increasing the awareness of energy saving within the organization to avoid the wastage of energy;

Steps taken for utilization of Renewable Energy Resources;

- Introduction of "Solar Energy" is under evaluation.

Capital investment on energy conservation equipments during the Financial Year 2017-18 was ₹ 118.17 Lakh.

### b) Technology Absorption

#### i. Efforts made towards technology absorption

The Company develops in-house Technology and is not dependent on any outside Technology/Source. Following efforts are made during the year towards technology absorption:

- a. Replacement of old Desktops / Laptops with latest technology Laptops and data processing units;
- b. Introduction of Kids sports shoes with memory foam socks;
- c. Developing of new designs for shoe uppers.
- d. Opening of Online stores in domestic market.
- e. Installation of conveyor at Warehouse, Great Noida.

#### ii. Benefits derived

- a. Speedy and real time updated flow of information between management and staff level;
- b. Development of cost effective shoes with same quality level;
- c. Introduction of approx. 1200 new Articles during the year;



- d. Value addition and Brand building via online outlets with more customer reach;
  - e. Time and Labour cost saving for loading / unloading.
  - f. Better product acceptance
- iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – **NIL**
  - iv. Expenditure incurred on Research and Development: ₹ 82.09 Lakh

### c) Foreign Exchange Earnings And Outgo

During the year, the foreign exchange earned was ₹ 461.03 Crore as compared to ₹ 584.80 Crore during the previous year. The foreign exchange outgo was ₹ 205.75 Crore as against ₹ 105.44 Crore in the previous year.

## 21. CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The report on Corporate Governance as stipulated under the Listing Regulations is annexed as **Annexure V** of this report.

The Certificate of Practicing Company Secretary confirming compliance with Corporate Governance requirements by the Company is attached to the Report on Corporate Governance.

## 22. AUDITORS

### a) Statutory Auditors

In terms of the provisions of Section 139 of the Companies Act, 2013, read with provisions of the Companies (Audit and Auditors) Rules, 2014 as amended, M/s. DRA & CO., Chartered Accountants, New Delhi (ICAI Firm Registration No.006476N) was appointed as the Auditors of the Company for a consecutive period of five years from conclusion of the 38<sup>th</sup> AGM held on September 28, 2017 until conclusion of the 43<sup>rd</sup> AGM of your Company scheduled to be held in the year 2022.

The Members may note that consequent to the changes made in the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 by the Ministry of Corporate Affairs (MCA) vide notification dated 7 May 2018, the proviso

to Section 139(1) of the Companies Act, 2013 read with explanation to sub-rule 7 of Rule 3 of the Companies (Audit and Auditors) Rules, 2014, the requirement of ratification of appointment of Auditors by the Members at every AGM has been done away with. Therefore, the Company is not seeking any ratification of appointment of M/s. DRA & Co. Chartered Accountants, New Delhi (ICAI Firm Registration No.006476N) as the Auditors of the Company, by the Members at the ensuing AGM.

Your Company has received a certificate from M/s. DRA & Co. Chartered Accountants, New Delhi (ICAI Firm Registration No.006476N) confirming their eligibility to continue as Auditors of the Company in terms of the provisions of Section 141 of the Companies Act, 2013 and the Rules framed thereunder. They have also confirmed that they hold a valid certificate issued by the Peer Review Board of the ICAI as required under the provisions of Regulation 33 of the Listing Regulations.

### b) Secretarial Auditor

The Board had appointed 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, 2018.

The Secretarial Audit Report for the financial year ended March 31, 2018 annexed herewith is marked as **Annexure VI** to this Report. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer

### 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. Srivastava, 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, 2018.

## 23. EXTRACT OF ANNUAL RETURN:

As per the requirements of Section 92(3) of the Act, the annual return for the year under review can be accessed on the company's website at [www.mirza.co.in](http://www.mirza.co.in) under 'Investor Relations' column.



#### 24. BOARD MEETINGS

During the Year 2017-18, Board met 4 times on May 30, 2017, August 05, 2017, November 07, 2017 and February 02, 2018, 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.

#### 25. 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, CSR 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.

#### 26. RELATED PARTY TRANSACTIONS

All contracts/arrangements/transactions entered by the Company during the financial year with Related Parties were on arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

All Related Party Transactions are placed before the audit committee for its approval. A statement of all Related Party Transactions is placed before the Audit Committee for its review on quarterly basis, specifying the nature, value and terms and conditions of Transactions.

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 VII** 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.

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

The Company has zero tolerance for sexual harassment at work place and has adopted a policy on prevention, prohibition and redressal of sexual harassment at work place in line with the provisions of the Sexual Harassment of Women at Work place (prevention, prohibition and redressal) Act, 2013 and the Rules made thereunder for prevention and redressal of complaints of Sexual Harassment at work place.

The Company is committed to providing equal opportunities without regard to their race, caste, sex, religion, colour, nationality, disability etc. All women associates (permanent, temporary, contractual & trainees) as well as any women visiting the Company's office premises or women service providers are covered under this Policy. All employees are treated with dignity with a view to maintain a work environment free of sexual harassment whether physical, verbal or psychological.

No complaints pertaining to Sexual Harassment were received during the Financial Year 2017-18.

#### 28. IND AS

The Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards (IND AS) Rules 2015, which stipulates the adoption and applicability of IND AS in a phased manner beginning from the Accounting period 2016-17 and subsequently, issued Amendment Rules 2016 to amend the 2015 Rules.

The Company has first time adopted IND AS w.e.f April 01, 2017. The implementation of IND -AS is a change process for which the Company has established a project team and his dedicating appropriate resources. The impact of the change on adoption of IND-AS on the Company's reported reserves and surplus and on the Net Profit for the relevant period is being assessed.

#### 29. SHARE CAPITAL

During the year Company has received a confirmation order from Regional Director, Northern Region – New Delhi in Form CAA-12 as per provisions of Section 233 of the Companies Act, 2013 read with Rules made thereunder for approval of Scheme of Amalgamation between Hi-Life Fabricators Private Limited (Transferor Company of UP) with your Company.

In terms of Scheme of Amalgamation your Company's Authorized Share Capital increased from ₹ 51,00,00,000/- (Rupees Fifty One Crore Only) to ₹ 51,25,00,000/- (Rupees Fifty One Crore Fifty Lakh

Only) divided into 25,62,50,000 (Twenty Five Crore Sixty Two Lakh Fifty Thousand) equity shares of ₹ 2/- each. Further to the above there is no change in the issued, subscribed and paid up share capital of the Company.

### 30. 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 re-affirmed the Long Term Rating at [ICRA] A and has assigned a 'Stable' outlook on the Long Term Rating.

### 31. MATERIAL CHANGES AFFECTING THE COMPANY

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and date of this report. There has been no change in the nature of business of the Company.

### 32. 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) Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except Employees' Stock Options Plan referred to in this Report.
- d) 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.
- e) No fraud has been reported by the Auditors to the Audit Committee or the Board.

### 33. 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 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, 2018 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.

### 34. 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 : August 07, 2018

**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 HK\$)

S. No.	Particulars	Details
1	Name of the subsidiary	Mirza (H.K) LIMITED
2	The date since when subsidiary was acquired	17/10/2017
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	Hong Kong Dollar (HK\$); 1 HKD=8.29INR
5	Share capital	10,000 Hong Kong Dollar (HK\$)
6	Reserves & surplus	0.00
7	Total Assets	(7,919) Hong Kong Dollar (HK\$)
8	Total Liabilities	(7,919) Hong Kong Dollar (HK\$)
9	Investments	0.00
10	Turnover	0.00
11	Profit/Loss before taxation	(17,919)
12	Provision for taxation	0.00
13	Profit after taxation	(17,919)
14	Proposed Dividend	0.00
15	Extent of shareholding (in percentage)	100

#### Notes:

- Mirza (H.K) LIMITED has not yet commenced its operations.
- During the year Hi-Life Fabricators Private Limited being wholly owned subsidiary of the Company has been amalgamated with the Company.

#### 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 1 October 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 programs proposed to be undertaken and a reference to the web link to the CSR Policy and projects or programs.**

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 ₹ 10,114/- Lakh

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

The Company was required to spent ₹ 202 Lakh

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

- a) Total amount spent for the financial year: ₹ 161 Lakh  
b) Amount unspent, if any: ₹ 41 Lakh

DETAILS OF AMOUNT SPENT ON CSR ACTIVITIES DURING THE FINANCIAL YEAR 2017-18

						(₹ in Lakh)
S. No.	Particulars	(A)	(B)	(C)	(D)	Total
(1)	CSR Project or activity identified	Scholarships for the Students, Donation for Education	Funding to Hospital, and Installation of water ATM	Empowering Women	Funding for installation of Solar street lights & traffic cones	
(2)	Sector in which the Project is covered	Education	Healthcare & Safe drinking water	Women empowerment	Rural development	
(3)	Projects or programme					
	(i) Local area or other	Unnao, Kanpur, New Delhi	Unnao, Kanpur	Kanpur	Unnao, Kanpur	
	(ii) Specify the State and other district where projects or programme was undertaken	Uttar Pradesh, New Delhi	Uttar Pradesh	Uttar Pradesh	Uttar Pradesh	
(4)	Amount outlay (budget) project or programme wise	37.00	162.00	1.50	2.00	202.50
(5)	Amount spent on the project or Programme Sub Heads;	37.09	120.79	1.49	1.89	161.26
	(i) Direct expenditure on projects or Programmes					
	(ii) Overheads					
(6)	Cumulative expenditure up to the reporting period	37.09	120.79	1.49	1.89	161.26
(7)	a) Amount spent direct by the Company	3.00	1.86	1.49	-	6.35
	b) Through implementing agency*	34.09	118.93	-	1.89	154.91

**Implementing Agencies:**

- Quami Ekta Inter College, Maswasi, Unnao
- Maulana Abdul Rahim Educational Trust
- Safi Infants School Samiti
- Jyoti Bal Vikas Sansthan, Bithoor, Kanpur
- Kilkari Charitable Trust, Delhi
- Mirza Foundation
- Super Mona Sewing Machine
- Helpage India
- Mirza Charitable Hospital Limited
- Shriglobal Venture Private Limited
- Mohammadia Hospital Society
- Lala Dataram Khandelwal Dharmarth Sarvajnik Trust
- El-Tech Engineers & Contractors

- Surabhi International
- Siddiqi Cement Articals

6. The amount spent is lower than the amount to be spent as the Free Eye Camp budgeted ₹ 45 Lakh approx scheduled in March, 2018 has been carried on by Doctors in April, 2018 and therefore does not form part of year under review.

We hereby confirm 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

	Name of Director	Ratio of remuneration to Median remuneration of employees
(i) The ratio remuneration of each Director to the median remuneration of the employees of the Company for the financial year	<b>Irshad Mirza</b>	2.29
	<b>Rashid Ahmed Mirza</b>	241.84
	<b>Shahid Ahmad Mirza</b>	206.36
	<b>Tauseef Ahmad Mirza</b>	229.39
	<b>Tasneef Ahmad Mirza</b>	203.51
	<b>Narendra Prasad Upadhyaya</b>	41.93
	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>		
<b>Irshad Mirza</b>		4.31
<b>Rashid Ahmed Mirza</b>		5.63
<b>Shahid Ahmad Mirza</b>		2.91
<b>Tauseef Ahmad Mirza</b>		4.98
<b>Tasneef Ahmad Mirza</b>		(1.46)
<b>Narendra Prasad Upadhyaya</b>		0.11
<b>Ankit Mishra</b>		71.21
<b>V. T. Cherian</b>	21.25	
(iii) the percentage increase in the median remuneration of employees in the financial year	0.78%	
(iv) the number of permanent employees in the rolls of the Company	3408	
(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. 2017-18 was 7% whereas the increase in managerial remuneration for 2017-18 was 14%.	
(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-V

## 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

Contrary to popular misconception about Corporate Governance in modern times, the roots of corporate governance are not besmirched in negative trail. That is to say, corporate governance did not have its *raison d'être* in the negative happenings in the corporate world. Looking at Corporate Governance from that perspective is to undermine its creative, positive, regenerative and prosperous aspects. Good governance has been an eternal source of inspired thinking and dedicated action. Governance is different from Management. Good governance has always been an issue that stimulated fundamental thinking right from ancient times.

Globalization of the marketplace has ushered in an era wherein the quality of Corporate Governance has become a crucial determinant of survival of corporates. The compatibility of Corporate Governance practices with global standards has also become an important constituent of corporate success. The practice of good Corporate Governance has become a necessary pre-requisite for any corporation to manage effectively in the globalized market.

Mirza International Ltd. (MIL) is committed to the highest standards of corporate governance, and setting industry-leading benchmarks. Our goal is to promote and protect the long-term interest of all stakeholders and to that end our philosophy of Corporate Governance is built on a foundation of ethical and transparent business operations and is designed to inspire trust among all stakeholders, strengthen the Board and management accountability.

### 2. BOARD OF DIRECTORS

#### (a) Composition and Category of Board of Directors

The Company has an ideal mix of Executive and Non Executive Independent Directors comprising of 12 Directors out of which 6 are Executive Directors and 6 are Non Executive Independent Directors including 1 Woman Director. The composition of Board is in conformity with the provisions of Companies Act, 2013 and Regulation 17 of SEBI (LODR) Regulations, 2015 which are as follows:

Category	Name of Directors
<b>Executive Directors</b>	Mr. Irshad Mirza
	Mr. Rashid Ahmed Mirza
	Mr. Shahid Ahmad Mirza
	Mr. Tauseef Ahmad Mirza
	Mr. Tasneef Ahmad Mirza
	Mr. Narendra Prasad Upadhyaya
<b>Non-Executive Independent Directors</b>	Mr. Sudhindra Kumar Jain
	Mr. Qazi Salam Noorus
	Mr. Pashupati Nath Kapoor
	Dr. Yashvir Singh
	Mr. Subhash Sapra
	Mrs. Vinita Kejriwal

None of the Directors on the Board hold directorships in more than ten public companies. Further, none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he or she is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2018 have been made by the Directors.

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act. The maximum tenure of independent directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act.

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. None of the other Directors are related to any other Director on the Board.



**(b) Attendance of Directors at Board Meetings, last Annual General Meeting and number of Directorship(s) and Chairmanship(s) / Membership(s) of Committees of each Director in other Companies:**

Name of Directors	Category	Attendance Particulars		Number of Directorships and Committee Memberships / Chairmanships in other Companies as on March 31, 2018		
		Board Meeting	Last Agm	Directorships	Committee Memberships	Committee Chairmanships
Mr. Irshad Mirza	Chairman (Executive), Promoter	4	Yes	4	-	-
Mr. Rashid Ahmed Mirza	Managing Director, Promoter	3	No	2	-	-
Mr. Shahid Ahmad Mirza	Executive Director, Promoter	3	Yes	4	-	-
Mr. Tauseef Ahmad Mirza	Executive Director, Promoter	3	Yes	4	-	-
Mr. Tasneef Ahmad Mirza	Executive Director, Promoter	2	Yes	6	-	-
Mr. Narendra Prasad Upadhayaya	Executive Director	4	Yes	-	-	-
Mr. Sudhindra Kumar Jain	Non Executive, Independent Director	4	Yes	1	-	-
Mr. Qazi Salam Noorus	Non Executive, Independent Director	4	Yes	-	-	-
Mr. Pashupati Nath Kapoor	Non Executive, Independent Director	3	Yes	-	-	-
Dr. Yashvir Singh	Non Executive, Independent Director	3	No	1	-	-
Mr. Subhash Sapra	Non Executive, Independent Director	2	No	1	-	-
Mrs. Vinita Kejriwal	Non Executive, Independent Director	1	Yes	-	-	-

**Notes:**

1. Non-Executive Directors do not hold any share in the Company as on March 31, 2018 and the Company has not issued any convertible instruments.
2. The Directorships, held by Directors as mentioned above do not include Directorship(s) in foreign Companies.
3. In accordance with Regulation 26 of the SEBI (LODR) Regulations, Membership(s)/ Chairmanship(s) of only Audit Committee and Stakeholders Relationship Committees in all Public Limited Companies (excluding Mirza International Limited) have been considered.
4. Video/ tele-conferencing facility is offered to facilitate Directors to participate in the meetings.
5. The number of directorship(s), committee membership(s) / chairmanship(s) of all Directors is / are within the respective limits prescribed under the Companies Act, 2013 and the Listing Regulations.

**(c) Number of Board Meetings**

The Board of Directors met 4 times during the financial year 2017-18. The meetings were held on May 30, 2017, August 05, 2017, November 07, 2017 and February 02, 2018. The maximum time gap between any two consecutive meetings did not exceed one hundred and twenty days. The necessary quorum was present for all the meetings.

**(d) Familiarization 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 details of 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.

The Company's guide lines relating to Board Meeting are applicable to Committee Meetings. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its function. Minutes of proceedings of Committee meetings are circulated to the respective committee members and placed before Board Meetings for noting. 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.

The representatives of Statutory Auditors are permanent invitees to the Audit Committee Meetings. The representatives of Statutory Auditors, Executives from Accounts Department, Finance Department and Internal Audit Department attend the Audit Committee Meetings. The Internal Auditor reports directly to the Audit Committee.

During the Financial Year ended as on March 31, 2018, 4 (Four) Audit Committee Meetings were held on May 30, 2017, August 05, 2017, November 07, 2017 and February 02, 2018. The composition of Audit Committee as on March 31, 2018 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	4
Mr. Pashupati Nath Kapoor	(Member) Non Executive, Independent Director	3
Mr. Subhash Sapra	(Member) Non Executive, Independent Director	2
Mr. Irshad Mirza	(Member) Executive, Promoter	4
Mr. Qazi Salam Noorus	(Member) Non Executive, Independent Director	4

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.

During the Financial Year ended as on March 31, 2018, One (1) meeting of Nomination and Remuneration Committee was held on August 05, 2017. The composition of Nomination and Remuneration Committee as on March 31, 2018 and the details of Members attendance at the meetings of the Committee are as under:

Name of Member	Category	Meeting Attended
Mr. Pashupati Nath Kapoor	(Chairman) Non Executive, Independent Director	1
Mr. Qazi Salam Noorus	(Member) Non Executive, Independent Director	1
Dr. Yashvir Singh	(Member) Non Executive, Independent Director	1
Mr. Sudhindra Kumar Jain	(Member) Non Executive, Independent Director	1

Mr. Ankit Mishra, Company Secretary of the Company act as Secretary to the Committee.

The terms of reference of the Committee *inter alia*, include the following:

1. Formulating the 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;
2. Formulating a criteria for evaluation of performance of Independent Directors and the Board of Directors;
3. Devising a Policy on diversity of Board of Directors;

4. 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.
5. 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.

#### 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) Stakeholders Relationship Committee :

The Stakeholders Relationship 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.

During the Financial year ended as on March 31, 2018, Four (4) Stakeholders Relationship Committee Meetings were held on May 30, 2017, August 05, 2017, November 07, 2017 and February 02, 2018. The composition of the Stakeholders Relationship Committee as on March 31, 2018 and the details of Members attendance at the meetings of the Committee are as Under :

Name of Member	Category	Meeting Attended
Mr. Pashupati Nath Kapoor	(Chairman) Non Executive, Independent Director	3
Mr. Qazi Salam Noorus	(Member) Non Executive, Independent Director	4
Mr. Tasneef Ahmad Mirza	(Member) Executive Director, Promoter	2
Mr. Sudhindra Kumar Jain	(Member) Non Executive, Independent Director	4

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. The terms of reference of the Committee *inter alia*, include the following:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

During the year under review, Company received 107 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.

The Company obtains half yearly certificate from a Company Secretary in Practice under Regulation 40(9) of the Listing Regulations, confirming the issues of certificates for transfer, subdivision, consolidation etc and submits a copy thereof to the Stock Exchanges in terms of Regulation 40(10) of the Listing Regulations. Further





the Compliance Certificate under Regulation 7(3) of the Listing Regulations, confirming that all the activities in relation to both physical and electronic share transfer facility are maintained by Registrar and Share Transfer Agent registered with Securities and Exchange Board of India is also filed with the Stock Exchanges on a half yearly basis.

In accordance with Regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996 and SEBI Circular No, D&CC/FITTC/Cir- 16/2002 dated 31 December 2002, a qualified Practising Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with NSDL and CDSL and the total issued and listed equity share capital. The audit report confirms that the total issued and paid-up share capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

#### 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, 2018 is ₹ 2,30,000 \* detailed as : 1) Mr. Qazi Salam Noorus – ₹ 50,000 /-; 2) Mr. Pashupati Nath Kapoor - ₹ 40,000/-; 3) Dr. Yashvir Singh - ₹ 30,000 /-; 4) Mr. Subhash Sapra - ₹ 30,000 /-; 5) Mr. Sudhindra Kumar Jain - ₹ 50,000/-; 6) Mrs. Vinita Kejriwal – ₹ 20,000 /-.

\*Sitting Fees include fees for attending a separate meeting of Independent Directors held on March 20, 2018

\*During the year, there was no other pecuniary relationship or transaction of Non Executive Directors/ Independent Directors with the Company.

\*The Company has not issued any stock option

\*The Company has also paid ₹ 10, 000/- to Late Mr. Islam ul Haq who ceased to be Director of the Company w.e.f. July 14, 2017 because of his sad demise.

##### (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)	2,15,961.00	0.00	2,15,961.00
Mr. Rashid Ahmed Mirza	Managing Director	16,136.00	2,28,00,000.00	2,28,16,136.00
Mr. Shahid Ahmad Mirza	Whole Time Director	2,68,983.00	1,92,00,000.00	1,94,68,983.00
Mr. Tauseef Ahmad Mirza	Whole Time Director	41,210.00	2,16,00,000.00	2,16,41,210.00
Mr. Tasneef Ahmad Mirza	Whole Time Director	0.00	1,92,00,000.00	1,92,00,000.00
Mr. N.P Upadhyay	Whole Time Director	55,716.00	39,00,000.00	39,55,716.00
	<b>Total</b>	<b>5,98,006.00</b>	<b>8,67,00,000.00</b>	<b>8,72,98,006.00</b>

#### 5. GENERAL BODY MEETINGS:

The last three Annual General Meetings were held as under:

Year	Date	Type of meeting	Venue	Time
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
2016-17	28.09.2017	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 28, 2017	<p>Re-appointment of Mr. Irshad Mirza as Executive Chairman of the Company for the period of 3 years w.e.f. 01.10.2017.</p> <p>Re-appointment of Mr. Rashid Ahmed Mirza as Managing Director of the Company for a period of 3 years w.e.f. 01.10.2017.</p> <p>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 for the period of 3 years w.e.f. 01.10.2017.</p> <p>Re-appointment of Mr. Shuja Mirza as President (Marketing) of the Company for a period of 3 years w.e.f. 01.10.2017.</p> <p>Re-appointment of Mr. Faraz Mirza as President (Production) of the Company for a period of 3 years w.e.f. 01.10.2017.</p>

**Details of Resolutions passed through Postal Ballot Process:**

During the year 2017-18, the Company had not passed any Special Resolution through Postal Ballot process.

**6. MEANS OF COMMUNICATION**

Timely disclosure of the information on corporate financial performance and the corporate developments is a sign of good governance practice which Company follows:

**(a) Publications of Quarterly Results**

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 Business Standard (English and Hindi).

**(b) Websites**

The Company's website ([www.mirza.co.in](http://www.mirza.co.in)) contains a separate section "Investor Relations" where shareholders information is available.

**(c) Stock Exchange**

The Company makes timely disclosures of necessary information to BSE Limited and National Stock Exchange of India Limited in terms of the Listing Regulations and other Rules and Regulations issued by the SEBI.

**(d) NEAPS (NSE Electronic Application Processing System):**

The NEAPS is web based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, statement of investor complaints, among others filed electronically on NEAPS.

**(e) BSE Corporate Compliance & Listing Center ("Listing Centre")**

BSE Listing Centre is web based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, statement of investor complaints, among other filed electronically on the Listing Centre.

**(f) SEBI Complaints Redress System (SCORES)**

The investor complaints are processed in a centralized web-based complaints redress system. The salient features of this system are centralized database of all complaints, online upload of Action taken Reports (ATRs) by concerned Companies and online viewing by investors of actions taken on the complaint and current status.

**(g) Reminders to Investors**

Reminders to shareholders for claiming returned undelivered share certificates, unclaimed dividend and transfer of shares thereto, email registration, are regularly communicated and dispatched.

**(h) Designated Exclusive E-mail Id:**

The Company has designated the following email ids exclusively for investor servicing:

- 1) [ankit.mishra@redtapeindia.com](mailto:ankit.mishra@redtapeindia.com)
- 2) [shivakumar.n@karvy.com](mailto:shivakumar.n@karvy.com)



## 7. GENERAL SHAREHOLDER INFORMATION:

- **Annual General Meeting**
  - **Date** : September 26, 2018
  - **Time** : 01:00 P.M.
  - **Venue** : Auditorium of Directorate of Extension, Chandra Shekhar Azad (CSA) University of Agriculture and Technology, Nawabganj, Kanpur - 208002
- **Financial Calendar (2018-19) (tentative)**

Quarter	Date of Board Meeting
1 <sup>st</sup> Quarter	First week of August, 2018
2 <sup>nd</sup> Quarter	Fourth week of October, 2018
3 <sup>rd</sup> Quarter	Fourth week of January, 2019
4 <sup>th</sup> Quarter	Fourth week of May, 2019

Book Closure Date: From September 19, 2018 to September 26, 2018 (Both days inclusive)

Dividend Payment Date: October 01, 2018

### 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 (Dematerialized Share)
BSE Limited Phiroze Jeejeebhoy 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	Low	High	Low
April' 17	117.90	84.00	9,367.15	9,075.15
May' 17	162.80	106.55	9,649.60	9,269.90
June' 17	167.50	138.70	9,709.30	9,448.75
July' 17	176.60	151.00	10,114.85	9,543.55
August' 17	175.75	145.00	10,137.85	9,685.55
September' 17	183.65	153.10	10,178.95	9,687.55
October' 17	168.60	150.00	10,384.50	9,831.05
November' 17	178.00	149.60	10,490.45	10,094.00
December' 17	169.40	150.15	10,552.40	10,033.35
January' 18	164.70	133.55	11,171.55	10,404.65
February' 18	140.55	120.00	11,117.35	10,276.30
March' 18	138.50	107.00	10,525.50	9,951.90

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	Low	High	Low
April' 17	117.60	84.00	30,184.22	29,241.48
May' 17	162.45	106.75	31,255.28	29,804.12
June' 17	167.45	139.00	31,522.87	30,680.66
July' 17	176.45	151.15	32,672.66	31,017.11
August' 17	175.00	145.00	32,686.48	31,128.02
September' 17	183.00	154.35	32,524.11	31,081.83
October' 17	168.90	152.50	33,340.17	31,440.48
November' 17	177.70	150.00	33,865.95	32,683.59
December' 17	169.70	151.00	34,137.97	32,565.16
January' 18	164.50	132.70	36,443.98	33,703.37
February' 18	140.75	119.00	36,256.83	33,482.81
March' 18	138.10	107.45	34,278.63	32,483.84

**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 :**

Transfers of equity shares in electronic form are done through the depositories with no involvement of the Company.

Transfer of equity shares in physical form are processed by our Registrar & Share Transfer Agent i.e. Karvy Computershare Pvt. Ltd., Hyderabad within 10 to 12 working days from the date of receipt, provided the documents are complete in all respects. The Directors and certain Company officials are authorized by the Board severally to approve transfers, which are noted at subsequent Board Meetings.

**Distribution Schedule as on March 31, 2018:**

No. of equity shares	No of shareholders	% of shareholders	Amount	% Amount
up to 1 - 5000	35758	97.30	19500910.00	8.10
5001 - 10000	518	1.41	3865410.00	1.61
10001 - 20000	234	0.64	3548468.00	1.47
20001 - 30000	67	0.18	1648360.00	0.69
30001 - 40000	49	0.13	1740826.00	0.72
40001 - 50000	17	0.05	787188.00	0.33
50001 - 100000	48	0.13	3635208.00	1.51
100001 & above	60	0.16	205885630.00	85.57
<b>Total</b>	<b>36751</b>	<b>100.00</b>	<b>240612000.00</b>	<b>100.00</b>

**Shareholding Pattern as on March 31, 2018:**

Category	Cases	Shares	% of holding
MUTUAL FUNDS	4	3329311	2.77
TRUSTS	1	1000	0.00
RESIDENT INDIVIDUALS	34870	20485038	17.03
PROMOTERS	14	84729404	70.43
NON RESIDENT INDIANS	482	432454	0.36
CLEARING MEMBERS	100	178583	0.15
INDIAN FINANCIAL INSTITUTIONS	1	49900	0.04
FOREIGN PORTFOLIO INVESTORS	24	4302411	3.58
BANKS	3	90165	0.07
NON RESIDENT INDIAN NON REPATRIABLE	150	150059	0.12
BODIES CORPORATES	389	5572272	4.63
NBFC	7	122920	0.10
I E P F	1	282990	0.24
H U F	705	579493	0.48
<b>Total</b>	<b>36751</b>	<b>120306000</b>	<b>100.00</b>

**Dematerialization of Shares and Liquidity:**

The break-up of 12,03,06,000 equity shares held in Physical and Dematerialized form as on March 31, 2018, is given below:

Particulars	No. of shares	Percentage
Physical Segment	617117	0.51
Demat Segment		
NSDL	112139605	93.21
CDSL	7549278	6.28
<b>Total</b>	<b>120306000</b>	<b>100.00</b>





The Securities and Exchange board of India (SEBI) at its Board Meeting held on March 28, 2018 revised the provisions relating to transfer of listed securities and decided that requests for effecting transfer listed securities shall not be processed unless the securities are held in the dematerialized form with a depository participant. The said measure of SEBI is aimed at curbing fraud and manipulation risk in physical transfer of securities by unscrupulous entities. Transfer of securities only in demat form will improve ease, convenience and safety of transactions for investors. Date of this amendment will be notified later.

Shareholders who continue to hold shares in physical form are advised to dematerialised their shares at earliest. For any clarification, assistance or information, relating to dematerialization of shares the Companies RTA may be contacted.

**Outstanding GDRS /ADRS /Warrants or any convertible instruments conversion date and likely impact on equity:**

The Company does not have any outstanding GDRs/ADRs/Warrants/Convertible instruments as on March 31, 2018.

**Commodity Price Risk or Foreign Exchange Risk and Hedging Activities**

Company use Forward Contracts for hedging the risk.

**Works Locations of the Company:**

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

**CEO & CFO Certification**

The CEO and CFO of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the Listing Regulations. The CEO and CFO also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of the Listing Regulations. The annual certificate given by the CEO and CFO is published in this Report.

**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, 2018 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. However, other non mandatory requirements viz. reporting of Internal Auditors directly to the Audit Committee, 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

Particulars	Demat		Physical	
	Number of Shareholders	Number of Equity Shares	Number of Shareholders (phase wise transfers)	Number of Equity Shares
Aggregate Number of Shareholders and outstanding shares in the Suspense Account lying as on April 01, 2017	0	0	56	112000
Number of Shareholders who approached the Company for transfer of shares	0	0	4	8000
Number of shares transferred from Suspense Account during the year	0	0	4	8000
Number of shareholders and aggregate no. of shares transferred to the Unclaimed Suspense Account during the year	125	25740	212	283250
Number of shares transferred to IEPF Authority during the year	125	25740	199	257250
Aggregate No of shareholders and the Outstanding Shares in the Suspense Account lying as March 31, 2018	0	0	13	26000

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



## DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

I hereby confirm that:

The Company has obtained from all the Board and Senior Management Personnel, affirmation(s) that they have complied with the code of conduct for Board Members and Senior Management Personnel in respect of Financial Year ended on March 31, 2018

Place: Kanpur  
Date: May 29, 2018

**For Mirza International Limited**  
Rashid Ahmed Mirza  
Managing Director & CEO

## CEO and CFO Certification under Regulation 17(8) of SEBI (LODR) Regulations, 2015

To  
**The Board of Directors**  
**Mirza International Limited**

1. We have reviewed financial statements and the cash flow statement of Mirza International Limited for the year ended March 31, 2018 and to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
4. We have indicated to the Auditors and the Audit Committee that:
  - i. there are no significant changes in internal control over financial reporting during the year;
  - ii. there are no significant changes in accounting policies during the year; and
  - iii. there are no instances of significant fraud of which we have become aware.

Place: Kanpur  
Date: May 29, 2018

**For Mirza International Limited**  
**Rashid Ahmed Mirza**  
Managing Director & CEO

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

## COMPLIANCE CERTIFICATE

### 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 March 31, 2018 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

**(K. N. SHRIDHAR) FCS**  
Proprietor  
FCS No.:3882  
C.P.: 2612

Place: Kanpur  
Date: June 23, 2018





# ANNEXURE-VI

## FORM NO. MR-3 SECRETARIAL AUDIT REPORT

For the financial year ended March 31, 2018

[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 (CIN: L19129UP1979PLC004821)** (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 March 31, 2018, 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 March 2018 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 Meetings, 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.

**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.

**We further report that**

During the audit period, pursuant to the provisions of Section 233 of the Companies Act, 2013, the Scheme of merger of Hi-Life Fabricators Private Limited (Transferor Company of UP) with the Company has been approved by Regional Director (NR), Ministry of Corporate Affairs.

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

**K.N. SHRIDHAR**  
Proprietor  
FCS No. 3882  
CP No. 2612

Date : May 19, 2018  
Place: Kanpur



## ANNEXURE-VII

### FORM NO. AOC-2

(Pursuant to *clause (h) of sub-section (3) of section 134 of the Act and 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	
(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	Nil
(e) Justification for entering into such contracts or arrangements or transactions	(All contracts or arrangements or transactions with related parties are at arm's length basis)
(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	One year w.e.f 01.10.2017 to 30.09.2018
(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 to ₹ 163.58 Crore w.e.f 01.04.2017 to 31.03.2018
(f) Date(s) of approval by the Board	05.08.2017
(g) Amount paid as advances, if any	-

# Independent Auditors' Report

## TO THE MEMBERS OF MIRZA INTERNATIONAL LIMITED

### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of **Mirza International Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility For The Standalone 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 Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India.

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 standalone 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 Standalone Ind AS financial statements based on our audit.

In conducting 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 of the standalone Ind AS financial statements 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone Ind AS 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 standalone 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 Standalone Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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, 2018, and its profit, total comprehensive income, the changes in equity 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 standalone Ind AS financial statements of the Company whose financial statements reflect total assets of ₹ 2607.74 lakh as at March 31, 2018 and total revenues of ₹ 268.52 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 in 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 in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 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, the statement of changes in equity dealt with by this Report are in agreement with the books of account.
  - (e) In our opinion, the aforesaid standalone Ind AS Financial Statements comply with the Indian 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 March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - (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, as amended, 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 standalone Ind AS 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.

#### For D R A & CO.

Chartered Accountants  
FRN: 006476N

#### C.A. Himanshu Singh

(Partner)  
M No. :418577

Place: Kanpur  
May 29, 2018

The “Annexure A” referred to in paragraph ‘Report on Other Legal and Regulatory Requirements’ of our report on the Standalone Ind AS financial statements for the year ending March 31, 2018.

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

1. 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 cases are two (Unit-II & Hapur) Land, which are freehold.

Gross block ₹ 90.11 Lakh and net block ₹ 90.11 Lakh as at Balance Sheet date

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

2. The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
3. 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.

4. 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.
5. The Company has not accepted any deposits from the public.
6. 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.
7. 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, Goods And Services Tax, cess and any other statutory dues to the appropriate authorities & there are 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, 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 28.00	2008-2009, 2009-2010, 2010-2011 2017-18 (Upto June 17)	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
Service Tax	Service Tax	2.77	2004-2005 2005-2006	Commissioner (Appeals) Central Excise & Service Tax, Kanpur
Service Tax	Service Tax	17.05	2009-2010	Additional Commissioner of Service Tax, Kanpur



8. 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.
9. 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.
10. No fraud on or by the Company has taken place or reported during the year.
11. 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.
12. The company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the company.
13. 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.
14. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
15. The company has not entered into any non-cash transactions with directors or persons connected with him.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For D R A & CO.**

Chartered Accountants  
FRN: 006476N

**C.A. Himanshu Singh**

(Partner)  
M No. :418577

Place: Kanpur  
May 29, 2018

**Annexure - B to the Independent Auditors' Report**

**Report on the Internal Financial Controls over Financial Reporting 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 March 31, 2018 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Board of Directors of the company 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 of the Company 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 the Institute of Chartered Accountants of India and the Standards on Auditing 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 authorizations of management and Directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, to the best of our information and according to the explanations given to us, 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 March 31, 2018, 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 D R A & CO.

Chartered Accountants  
FRN: 006476N

#### C.A. Himanshu Singh

(Partner)  
M No. : 418577

Place: Kanpur  
May 29, 2018





## Balance Sheet

(₹ in Lakh)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	1	35698	34899	33632
Capital work-in-progress	1	2462	193	852
<b>Financial Assets</b>				
Investments	2	59	379	58
Loans		-	208	-
Other Financial Assets (Non Current)	3	1046	605	495
<b>Total Non-Current assets</b>		<b>39265</b>	<b>36284</b>	<b>35037</b>
<b>Current assets</b>				
Inventories	4	38268	26423	26299
<b>Financial Assets</b>				
Trade receivables	5	13250	6736	6342
Cash and cash equivalents	6	1282	651	1145
Loans	7	(251)	459	322
Other current assets	8	8086	5881	7017
<b>Total Current assets</b>		<b>60635</b>	<b>40150</b>	<b>41125</b>
<b>Total Assets</b>		<b>99900</b>	<b>76434</b>	<b>76162</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share capital	9A	2406	2406	2406
Other Equity	9B	54774	47798	42156
<b>Total Equity</b>		<b>57180</b>	<b>50204</b>	<b>44562</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings	10	1603	1482	2769
Provisions	11	1198	1006	822
Deferred tax liabilities (Net)	12	1771	1667	1491
Other non-current Liabilities	13	665	604	513
<b>Total Non-current liabilities</b>		<b>5237</b>	<b>4759</b>	<b>5595</b>
<b>Current liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings	14	25352	12712	16274
Trade payables	15	8542	3961	5578
Other current liabilities	16	3503	3189	3224
Provisions	17	86	1609	929
<b>Total current liabilities</b>		<b>37483</b>	<b>21471</b>	<b>26005</b>
<b>Total Liabilities</b>		<b>42720</b>	<b>26230</b>	<b>31600</b>
<b>Total Equity and Liabilities</b>		<b>99900</b>	<b>76434</b>	<b>76162</b>
First time adoption of IND-AS	A			
See accompanying Notes to the Financial Statements	1-35			
Significant Accounting Policies	36			

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

### For DRA & Co

Chartered Accountants  
FRN 006476N

### CA. Himanshu Singh

Partner  
M. No. 418577

Place : Kanpur

Date : May 29, 2018

### Irshad Mirza

Chairman

### V. T. Cherian

Chief Financial Officer

### Ankit Mishra

Company Secretary

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

Rashid Ahmed Mirza

MD & CEO

Shahid Ahmad Mirza

Tauseef Ahmed Mirza

Tasneef Ahmed Mirza

N. P. Upadhyay

P. N. Kapoor

Q. N. Salam

Sudhindra Kumar Jain

Subhash Sapra

Yashvir Singh

Vinita Kejriwal

Directors

## Statement of Profit and Loss

(₹ in Lakh)

Particulars	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
<b>INCOME</b>			
<b>Revenue from operations</b>			
Sale of Product	18	97209	93568
Other income	19	41	83
<b>Total Income</b>		<b>97250</b>	<b>93651</b>
<b>EXPENSES</b>			
Cost of materials consumed	20	31033	32270
Purchases of Stock-in-Trade		27835	19247
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	21	(10791)	(1186)
Employee benefits expense	22	9018	7073
Finance costs	23	2496	2593
Depreciation and Amortization expense	24	3161	2906
Other expenses	25	22714	20054
<b>Total Expenses</b>		<b>85466</b>	<b>82957</b>
<b>Profit before tax</b>		<b>11784</b>	<b>10694</b>
<b>Tax Expense</b>			
Current tax		3838	3343
Deferred tax		104	177
<b>Profit for the Year</b>		<b>7842</b>	<b>7174</b>
<b>Other comprehensive Income:</b>			
<b>i. Items that will not be reclassified to Statement of Profit and Loss</b>			
Remeasurements of the defined benefits plans		(68)	(81)
Income tax relating to items that will not be reclassified to Profit and Loss		23	27
<b>ii. Items that will be reclassified to Statement of Profit and Loss</b>			
Debit instruments through Other Comprehensive statements of foreign operations (net of tax)			
Effective portion of gains and losses on hedging instruments in a cash flow hedge		(251)	459
Income Tax on above		87	(160)
Other Comprehensive Income for the year		(209)	245
<b>Total comprehensive income for the year</b>		<b>7633</b>	<b>7419</b>
<b>Earning per equity share of face value of ₹ 2 each</b>	26		
<b>Basic (in ₹)</b>		<b>6.52</b>	<b>5.96</b>
<b>Diluted (in ₹)</b>		<b>6.52</b>	<b>5.96</b>
See accompanying Notes to the Financial Statements	1-35		
Significant Accounting Policies	36		

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

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

### For DRA & Co

Chartered Accountants  
FRN 006476N

### CA. Himanshu Singh

Partner  
M. No. 418577

Place : Kanpur  
Date : May 29, 2018

### Irshad Mirza

Chairman

### V. T. Cherian

Chief Financial Officer

### Ankit Mishra

Company Secretary

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

#### Rashid Ahmed Mirza

MD & CEO

#### Shahid Ahmad Mirza

Tauseef Ahmed Mirza

Tasneef Ahmed Mirza

N. P. Upadhyay

P. N. Kapoor

Q. N. Salam

Sudhindra Kumar Jain

Subhash Sapra

Yashvir Singh

Vinita Kejriwal

Directors



## Cash Flow Statement

(₹ in Lakh)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016
<b>(A) CASH FROM OPERATING ACTIVITIES</b>			
Net profit before tax	11784	10640	11582
Adjustments for			
Add :			
Loss on sale of Property, Plant & Equipment	104	(5)	(1)
Depreciation & Amortization for the year	3161	2906	2583
Finance cost	2496	2593	3187
	<b>5761</b>	<b>5494</b>	<b>5771</b>
Less :			
Interest Income	24	27	212
Income from Govt. Grant	30	30	30
<b>Operating Profit before Working Capital Changes</b>	<b>17491</b>	<b>16077</b>	<b>17111</b>
<b>Adjustments For</b>			
Trade & other Receivables	(6514)	(394)	870
Inventory	(11854)	(124)	(2448)
Trade Payables	772	(2026)	(3117)
Others	1101	1202	(332)
Cash Generated from Operations	996	14735	12084
Direct Taxes Paid	(3379)	(3373)	(3056)
Cash flow before extra ordinary items	(2383)	11362	9028
Net Cash generated from Operating Activity	(2383)	11362	9028
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant & Equipment	(6150)	(3373)	(4558)
Sales of Property, Plant & Equipment	193	41	107
Government Grant Received	-	200	-
Interest Received	24	27	212
Sale of Investment	-	-	12
Loan to Subsidiary	-	(208)	-
Purchase of Investment	-	(321)	-
Net Cash used in Investing Activities	(5933)	(3634)	(4227)
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>			

## Cash Flow Statement (Cont...)

(₹ in Lakh)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016
Dividend Paid	(1079)	(602)	(463)
Dividend Tax Paid	(220)	(122)	(94)
Short Term Borrowing	-	-	1056
Proceeds from Long Term Borrowings	1352	120	1097
Repayment of Long Term Borrowings	(1250)	(1464)	
Proceeds from Short Term Loan Borrowings	12640	(3561)	(3474)
Finance cost	(2496)	(2593)	(3187)
Net cash used in financing activities	8947	(8222)	(5065)
Net Increase/(Decrease) in Cash & Equivalents	631	(494)	(264)
Cash & Equivalents at the beginning of the year	651	1145	576
Add: Pursuant to Scheme of Amalgamation	-	-	833
Cash & Equivalents at the end of the year	1282	651	1145

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

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

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

### For DRA & Co

Chartered Accountants  
FRN 006476N

### CA. Himanshu Singh

Partner  
M. No. 418577

Place : Kanpur

Date : May 29, 2018

### Irshad Mirza

Chairman

### V. T. Cherian

Chief Financial Officer

### Ankit Mishra

Company Secretary

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

### Rashid Ahmed Mirza

MD & CEO

### Shahid Ahmad Mirza

Tauseef Ahmed Mirza

Tasneef Ahmed Mirza

N. P. Upadhyay

P. N. Kapoor

Q. N. Salam

Sudhindra Kumar Jain

Subhash Sapra

Yashvir Singh

Vinita Kejriwal

Directors





# Notes

## NOTE 1 PROPERTY, PLANT & EQUIPMENT

Fixed Assets	Gross Block				Accumulated Depreciation			Net Block		
	As at April 01, 2017	As at April 01, 2017	Additions/ (Disposals) Adjustments	Balance as at Mar 31, 2018	As at April 01, 2017	As at April 01, 2017	Depreciation charge for the year	On disposals	Balance as at March 31, 2018	Balance as at March 31, 2017
<b>a Tangible Assets</b>										
<b>Land</b>										
Land Freehold	922	922	(3)	919	-	-	-	-	919	922
Land Leasehold	3299	3299	256	3555	40	320	43	363	3192	2979
Buildings	14829	16295	110	16405	472	3365	512	3877	12528	11936
<b>Plant &amp; Machinery</b>										
Machinery	24601	26296	1389	26582	1427	12241	1543	892	12692	13690
Effluent Treatment Plant	1102	1145	-	1145	67	222	70	-	292	853
Tools & Shoe Lasts	3759	4080	419	4257	315	3931	425	243	4113	144
Furniture Fixtures, Office Equipments & Electrical Installation	3311	3783	1552	5335	251	2009	304	-	2313	3022
Vehicles	1449	1583	351	1787	95	553	197	59	691	1096
Computers	1126	1173	184	1357	44	1036	67	-	1103	254
<b>Total</b>	<b>54598</b>	<b>58576</b>	<b>4258</b>	<b>61342</b>	<b>2711</b>	<b>23677</b>	<b>3161</b>	<b>1194</b>	<b>25644</b>	<b>34899</b>
<b>b Capital Work In Progress</b>										
<b>Total</b>	<b>54598</b>	<b>58576</b>	<b>4258</b>	<b>61342</b>	<b>2711</b>	<b>23677</b>	<b>3161</b>	<b>1194</b>	<b>25644</b>	<b>38160</b>
Previous Year:	(51456)	(54598)	(4209)	(58576)	(2085)	(20966)	(2906)	(195)	(23677)	(34899)
Tangible Assets										
Capital W.I.P.										
										(193)
										(852)

(₹ in Lakh)

# Notes

## NOTE 2 INVESTMENTS (NON CURRENT)

Particulars	As at		As at	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2016
Investment in Equity instruments	59	370	49	9
Other non-current investments		9		9
<b>Total</b>	<b>59</b>	<b>379</b>	<b>58</b>	<b>58</b>

₹ in Lakh

Particulars	2018		2017		2016
	Aggregate amount of Quoted investments	1	1	1	
Aggregate Market Value of Quoted Investments	1	1	1	1	
Aggregate amount of unquoted investments	58	378	57	57	

₹ in Lakh

A. Sr. No.	Name of the Body Corporate	Details of Trade Investments										Whether stated at Cost Yes / No
		Subsidiary / Associate / JV/ Structured entity	No. of Shares / Units	Quoted / Unquoted	Partly Paid / Fully paid	Amount (₹)	2018	2017	2016	2018	2017	
(1)	Mirza (H.K.) Limited*	(3)	(4)	(5)	(6)	(6)	(7)	(8)	(9)	(9)	(10)	(10)
1	Mirza (H.K.) Limited*	Subsidiary	10000	-	-	Unquoted	Partly Paid	82900	-	-	-	Yes
2	Hi Life Fabricators Pvt. Ltd.**	Subsidiary	-	196600	-	Unquoted	Fully Paid	-	32093935	-	-	Yes
3	Industrial Infrastructure Services (India) Ltd.	Structured	240000	240000	240000	Unquoted	Fully Paid	2400000	2400000	2400000	2400000	Yes
4	Kanpur Unnao Leather Cluster Development Co. Ltd.	Structured	250000	250000	250000	Unquoted	Fully Paid	2500000	2500000	2500000	2500000	Yes
5	J.P.Associates Ltd.	Structured	2000	2000	2000	Quoted	Fully paid	27283	27283	27283	27283	Yes
6	Sarup Industries Ltd.	Structured	500	500	500	Quoted	Fully paid	30900	30900	30900	30900	Yes
7	Superhouse Ltd.	Structured	150	150	150	Quoted	Fully paid	9425	9425	9425	9425	Yes
8	Super Industries Ltd.	Structured	1000	1000	1000	Quoted	Fully paid	6200	6200	6200	6200	Yes
9	Mirza Charitable Hospital Limited (Sec.25 Co.)	Structured	80000	80000	80000	Unquoted	Fully paid	800000	800000	800000	800000	Yes
<b>Total</b>								<b>5856708</b>	<b>37867743</b>	<b>5773808</b>		

\* The Company has purchased 100% controlling stake in M/s MIRZA (H-K) LIMITED during the year. Investment value has been arrived at based on conversion rate of HKD 10000 to INR as on the date of allotment.

\*\* Hi Life Fabricators Pvt. Ltd., a subsidiary of Mirza International Ltd. till March 31, 2017 merged with the company w.e.f. April 01, 2017.



## Notes

### NOTE 3 OTHER FINANCIAL ASSETS (NON CURRENT)

(₹ in Lakh)

Other Financial Assets (Non Current)	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>Unsecured, considered good</b>			
a. Advance for Capital Goods	178	83	94
	<b>178</b>	<b>83</b>	<b>94</b>
c. Security Deposits			
Security Deposit - Rent	571	236	208
Security Deposit - Others	297	868	193
<b>Total</b>	<b>1046</b>	<b>605</b>	<b>495</b>

### NOTE 4 INVENTORIES\*

(₹ in Lakh)

Inventories*	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
a. Raw Materials and components	6301	4886	5981
	<b>6301</b>	<b>4886</b>	<b>5981</b>
b. Work-in-progress	7590	6453	6850
	<b>7590</b>	<b>6453</b>	<b>6850</b>
c. Finished goods	24008	14354	12770
	<b>24008</b>	<b>14354</b>	<b>12770</b>
d. Stores and spares	369	407	411
	<b>369</b>	<b>407</b>	<b>411</b>
e. Others			
Excise Duty on Finished Goods	-	211	125
Cenvat Credit Receivable	-	112	162
	-	<b>323</b>	<b>287</b>
<b>Total</b>	<b>38268</b>	<b>26423</b>	<b>26299</b>

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

### NOTE 5 TRADE RECEIVABLES

(₹ in Lakh)

Trade Receivables	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>Unsecured, considered good</b>			
Trade receivables outstanding for a period less than six months from the date they are due for payment	13217	6711	6323
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	33	25	19
<b>Total</b>	<b>13250</b>	<b>6736</b>	<b>6342</b>

### NOTE 6 CASH AND CASH EQUIVALENTS

(₹ in Lakh)

Cash and cash equivalents	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
A. Balances with banks	1101	544	1008
This includes:			
Earmarked Balances (Unpaid dividend accounts)	39	34	34
Fixed Deposits	864	103	397
B. Cash in hand	181	107	137
<b>Total</b>	<b>1282</b>	<b>651</b>	<b>1145</b>

## Notes

### NOTE 7 LOANS (CURRENT)

(₹ in Lakh)

Loans (Current)	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>Others (Unsecured, considered good)</b>			
Notional dues to bankers on account of outstanding forward contract	(251)	459	322
<b>Total</b>	<b>(251)</b>	<b>459</b>	<b>322</b>

### NOTE 8 OTHER CURRENT ASSETS

(₹ in Lakh)

Other Current Assets	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Incentive Receivable (Export)	1191	1617	1679
Advance Income Tax (Net of Provision)	535	783	1034
Sundry Creditors (Advances to Suppliers)	849	529	453
IDLS Subsidy Receivable	-	-	200
Duty Drawback Receivable	239	981	1215
Duties & Taxes (Others)	14	24	14
Duties & Taxes (GST)	4375	-	-
Prepaid Expenses	194	260	275
Vat Receivable	-	819	782
Focus Product License	139	156	616
Advances to Employees	107	99	107
Advance Others	395	37	41
Interest Receivable	-	494	518
Others	48	82	83
<b>Total</b>	<b>8086</b>	<b>5881</b>	<b>7017</b>

### Statement of changes in Equity for the year ended March 31, 2018

#### NOTE 9A EQUITY SHARE CAPITAL

(₹ in Lakh)

As at April 01, 2016	2406
Changes in Equity Share Capital	-
As at March 31, 2017	2406
Changes in Equity Share Capital	-
As at March 31, 2018	2406

#### NOTE 9A EQUITY SHARE CAPITAL

Share Capital	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Number	₹ in Lakh	Number	₹ in Lakh	Number	₹ in Lakh
<b>Authorized</b>						
Equity Shares of ₹ 2/- each	256250000	5125	255000000	5100	225000000	4500
	256250000	5125	255000000	5100	225000000	4500
<b>Issued, Subscribed &amp; Paid up</b>						
Equity Shares of ₹ 2/- each fully paid up	120306000	2406	120306000	2406	92706000	1854
<b>Total</b>	<b>120306000</b>	<b>2406</b>	<b>120306000</b>	<b>2406</b>	<b>92706000</b>	<b>1854</b>





## Notes

### NOTE 9A.1 THE RECONCILIATION OF THE NUMBER OF SHARES OUTSTANDING AT THE BEGINNING AND AT THE END OF THE REPORTING PERIOD

Particulars	Equity Shares	
	Number	₹ in Lakh
Shares outstanding at the beginning of the year	120306000	240612000
Preference Shares converted into Equity Shares	-	-
Shares bought back during the year	NIL	NIL
Shares outstanding at the end of the year	120306000	240612000

### NOTE 9A.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.

Pursuant to the Scheme of Amalgamation of Hi-Life Fabricators Private Limited (Transferor Company) and Mirza International Limited (Transferee Company) under Section 233 of the Companies Act, 2013 read with Rules made thereunder, approved by Regional Director- Northern Region, Ministry of Corporate Affairs vide its Order No. 233/32/T-2/2017/10945 dated November 23, 2017, Authorized Share capital of the Transferee Company has been increased but there is no change in Issued, Subscribed and Paid up Share capital of the Company.

### NOTE 9A.3 THE DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES

Name of Shareholder	Equity Shares					
	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Irshad Mirza	6793541	5.65%	7793541	6.48%	7793541	7.20%
Rashid Ahmed Mirza	11930918	9.92%	11313200	9.40%	8313200	7.68%
Shahid Ahmad Mirza	8562318	7.12%	7055750	5.86%	5855750	5.41%
Tauseef Ahmad Mirza	15961718	13.27%	13844000	11.51%	10844000	10.01%
Tasneef Ahmad Mirza	12486369	10.38%	11868650	9.87%	10068650	9.30%
Yasmin Mirza	11300850	9.39%	11300850	9.39%	11300850	10.43%

### Note 9A.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 December 15, 2015

12000000, 0% Compulsory Convertible Preference Shares ("CCPS") of ₹ 2 each fully paid converted into equity shares on April 01, 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 February 18, 2016 pursuant to the Scheme of amalgamation as approved by Hon'ble Allahabad High Court vide its order dated December 15, 2015.

b. The Company has not issued any bonus shares during the last five years.

c. The Company has not undertaken any buy back of shares.

## Notes

### NOTE 9A.5 DISCLOSURE PURSUANT TO NOTE NO. 6(U) OF PART I OF SCHEDULE III TO THE COMPANIES ACT, 2013

Particulars	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	₹ in Lakh	₹ Per Share	₹ in Lakh	₹ Per Share	₹ in Lakh	₹ Per Share
Dividends proposed to be distributed to equity shareholders	1083	0.90	1083	0.90	602	0.50

### 9B OTHER EQUITY

Other Equity (₹ in Lakh)	Reserves & Surplus			Other Comprehensive Income		Total
	General Reserve	Securities Premium Reserve	Retained Earnings	IDLS Reserve	Hedging Reserves	
<b>Balance as at April 01, 2016</b>	9473	5	32040	316	322	<b>42156</b>
Add : Profit for the year 2016-17			7174			<b>7174</b>
Add : Other Comprehensive Income (net of tax)			(54)			<b>(54)</b>
Add : Pursuant to the Scheme of Amalamation						-
Add : Change in Fair Value of Hedging instruments net of Taxes					(23)	<b>(23)</b>
Less : Income Tax Adjustment (Net)			(121)			<b>(121)</b>
Less : Distribution to Shareholders			(1083)			<b>(1083)</b>
Less : Dividend Tax			(221)			<b>(221)</b>
Less : Transferred to Profit & Loss Account	750		(750)	(30)		<b>(30)</b>
<b>Balance as at 31.3.2017</b>	<b>10223</b>	<b>5</b>	<b>36985</b>	<b>286</b>	<b>299</b>	<b>47798</b>
Add : Profit for the year 2017-18			7842			<b>7842</b>
Add : Other Comprehensive Income (net of tax)			(45)			<b>(45)</b>
Less : Pursuant to the Scheme of Amalamation	(270)					<b>(270)</b>
Less : Change in Fair Value of Hedging instruments net of Taxes					(463)	<b>(463)</b>
Less : Income Tax Adjustment (Net)			(58)			<b>(58)</b>
Less : Distribution to Shareholders						-
Less : Dividend Tax						-
Less : Transferred to Profit & Loss Account	800		(800)	(30)		<b>(30)</b>
<b>Balance as at 31.3.2018</b>	<b>10753</b>	<b>5</b>	<b>43924</b>	<b>256</b>	<b>(164)</b>	<b>54774</b>

The Board of Directors of the Company recommended a dividend of ₹ 0.90 per share (for the year ended March 31, 2017 - ordinary dividend ₹ 0.90 per share) be paid on fully paid equity shares. The equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total equity dividend to be paid is ₹ 1083 Lakh (for the year ended March 31, 2017 - ordinary dividend ₹ 1083 Lakh). Income tax on proposed dividend being ₹ 223 Lakh (for the year ended March 31, 2017 - ₹ 221 Lakh).

#### For DRA & Co

Chartered Accountants  
FRN 006476N

**CA. Himanshu Singh**  
Partner  
M. No. 418577

Place : Kanpur  
Date : May 29, 2018

**Irshad Mirza**  
Chairman  
  
**V. T. Cherian**  
Chief Financial Officer  
  
**Ankit Mishra**  
Company Secretary

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

**Rashid Ahmed Mirza**  
MD & CEO  
**Shahid Ahmad Mirza**  
**Tauseef Ahmed Mirza**  
**Tasneef Ahmed Mirza**  
**N. P. Upadhyay**  
**P. N. Kapoor**  
**Q. N. Salam**  
**Sudhindra Kumar Jain**  
**Subhash Sapra**  
**Yashvir Singh**  
**Vinita Kejriwal**

Directors



## Notes

### NOTE 10 BORROWINGS (NON CURRENT)

(₹ in Lakh)

Borrowings (Non Current)	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Non-Current	Current	Non-Current	Current	Non-Current	Current
<b>Term loans</b>						
<b>Secured*</b>						
From banks	1440	1246	1388	1250	2638	1325
From banks (Auto Loan)#	46	48	94	158	131	139
From others (Auto Loan)#	117	77	-	-	-	-
<b>Total</b>	<b>1603</b>	<b>1371</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., Plot at Sector 90, Noida.

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>		
<b>Secured</b>		
<b>Term Loans</b>		
P.N.B. TERM LOAN (Machinery) A/c No.224008	334	-
P.N.B. TERM LOAN NO. 223823	142	-
P.N.B. TERM LOAN (Warehouse) A/c No. 223984	800	165
<b>Auto Loans</b>		
HDFC BANK AUTO LOAN	42	4
<b>Auto Loans (From other)</b>		
BMW India Financial Services Pvt Ltd., Gurgaon	40	11
BMW India Financial Services Pvt Ltd., Gurgaon	43	23
<b>Total</b>	<b>1401</b>	<b>203</b>

### NOTE 11 PROVISIONS (NON CURRENT)

(₹ in Lakh)

Provisions (Non Current)	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>Provision for employee benefits</b>			
Superannuation (unfunded)			
Gratuity (unfunded)	1198	1006	822
<b>Total</b>	<b>1198</b>	<b>1006</b>	<b>822</b>

### NOTE 12 DEFERRED TAX LIABILITIES (NET)

(₹ in Lakh)

Deferred Tax Liabilities (Net)	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>A. Liabilities:</b>			
Related to fixed assets	2210	2042	1797
<b>B. Assets:</b>			
Disallowance under the Income Tax Act, 1961	439	375	306
<b>Total (A - B)</b>	<b>1771</b>	<b>1667</b>	<b>1491</b>

# Notes

## NOTE 13 OTHER NON CURRENT LIABILITIES

(₹ in Lakh)

Other Non Current Liabilities	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>Others</b>			
Security deposits - for franchise	665	604	513
<b>Total</b>	<b>665</b>	<b>604</b>	<b>513</b>

## NOTE 14 BORROWINGS (CURRENT)

(₹ in Lakh)

Borrowings (Current)	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>Secured*</b>			
<b>Loans repayable on demand</b>			
From banks	25352	12712	16274
<b>Total</b>	<b>25352</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 15 TRADE PAYABLE

(₹ in Lakh)

Trade Payable	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Micro, Small and Medium Enterprises*	262	110	122
Others	8280	3851	5456
<b>Total</b>	<b>8542</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 Mar 2018, to any Micro, Small & Medium Enterprises. This information is based on data available with the company.

## NOTE 16 OTHER CURRENT LIABILITIES

(₹ in Lakh)

Other Current Liabilities	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
(a) Current maturities of long-term debt (Refer Note No. 10)			
Term Loans from banks	1294	1408	1464
Term Loans from others	77	-	-
(b) Interest accrued but not due on borrowings	2	2	2
(c) Interest accrued and due on borrowings	17	-	-
(d) Unpaid dividends *	39	34	34
(e) Other payables			
Commission Payable on Inland Sales	128	85	77
Outstanding Liabilities #	296	296	282
Salary Payable	415	379	223
Bonus Payable	453	436	403
Audit Fees Payable	16	15	13
Unpaid Commission on Export Sales	121	209	410
Duties & Taxes	52	143	112
Guarantee Commission payable	490	128	176
Sundry Debtors (Advance Received From Customers)	103	54	28
<b>Total</b>	<b>3503</b>	<b>3189</b>	<b>3224</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 ₹ 70.70 Lakh (Previous Year ₹ 70.29 Lakh), Export Expenses payable ₹ 34.55 Lakh ( Previous Year ₹ 39.01 Lakh) & Power & Electricity charges of ₹ 116.63 Lakh (Previous Year ₹ 114.17 Lakh).





## Notes

### NOTE 17 PROVISIONS (CURRENT)

(₹ in Lakh)

Provisions (Current)	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>(a) Provision for employee benefits</b>			
Gratuity (Unfunded)	86	94	80
<b>(b) Others</b>			
Proposed Dividend	-	1083	602
Tax on Dividend	-	221	122
Excise Duty on Finished Goods	-	211	125
<b>Total</b>	<b>86</b>	<b>1609</b>	<b>929</b>

### NOTE 18 REVENUE FROM OPERATIONS

(₹ in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of products	93163	87546
Other operating revenues	4261	6429
Less:		
Excise duty	215	407
<b>Total</b>	<b>97209</b>	<b>93568</b>

### NOTE 18.1 EARNING IN FOREIGN EXCHANGE

(₹ in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
FOB value of exports	46103	58480

### NOTE 19 OTHER INCOME

(₹ in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest Income	24	27
<b>Other non-operating income</b>		
Dividend Income	-	-
Other Income	(13)	26
Income from Govt. Grant	30	30
<b>Total</b>	<b>41</b>	<b>83</b>

### NOTE 20 COST OF MATERIALS CONSUMED

(₹ in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Hides & Finished Leather	8893	9714
Chemicals	5196	5404
Others	16480	16609
Stores & Spares	464	543
<b>Total</b>	<b>31033</b>	<b>32270</b>

## Notes

### NOTE 20.1 VALUE OF RAW MATERIAL CONSUMED

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
	%	(₹ in Lakh)	%	(₹ in Lakh)
Imported	32.80%	10180	28.52%	9203
Indigenous	67.20%	20853	71.48%	23067
<b>Total</b>		<b>31033</b>		<b>32270</b>

### NOTE 20.2 VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
	(₹ in Lakh)		(₹ in Lakh)	
Raw Materials and Stock-in-Trade		17298		6999
Stores, Chemicals and Packing Materials		1929		1614
Capital Goods		889		1064
<b>Total</b>		<b>20116</b>		<b>9677</b>

### NOTE 21 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
	(₹ in Lakh)		(₹ in Lakh)	
Inventories (at close)				
Finished Goods	24008		14354	
Stock-in-Process	7590	31598	6453	20807
Inventories (at commencement)				
Finished Goods	14354		12770	
Stock-in-Process	6453	20807	6851	19621
<b>Change in Inventories Decrease/(Increase)</b>		<b>(10791)</b>		<b>(1186)</b>

### NOTE 22 EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
	(₹ in Lakh)		(₹ in Lakh)	
Salaries and Wages		7945		6129
Contribution to Provident and Other Funds		498		446
Gratuity to Employees		210		172
Staff Welfare Expenses		365		326
<b>Total</b>		<b>9018</b>		<b>7073</b>

#### NOTE 22.1 EMPLOYEE BENEFITS:

The Company is providing the following benefits to their employees:

- Gratuity
- Provident Fund
- Leave encashment

(i) The amounts recognized in Balance Sheet are as follows:

Present value of defined benefit obligation	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
A) – Wholly funded	-	-	-
– Wholly unfunded	1284	1100	902
	<b>1284</b>	<b>1100</b>	<b>902</b>
Less: Fair value of plan assets	-	-	-
Add: Amount not recognized as an asset [limit in para 64(b)]	-	-	-
Amount to be recognized as liability or (asset)	1284	1100	902



## Notes

Present value of defined benefit obligation	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
B) Amounts reflected in the Balance Sheet			
Liabilities	1284	1100	902
Assets	-	-	-
Net liability/(asset)	1284	1100	902
Net liability/(asset) - current #	86	94	80
Net liability/(asset) - Non-current	1198	1006	822

(ii) The amounts recognized in Statement of Profit and Loss are as follows:

Particulars	2017-18	2016-17
		(₹ in Lakh)
Current service cost	129	73
Interest cost	81	71
Interest income on plan assets	-	-
Remeasurement - Actuarial losses/(gains)	-	-
Difference between actual return on plan assets and interest income	-	-
Remeasurement - Actuarial losses/(gains) - Others	68	81
Past service cost	-	-
Actuarial gain/(loss) not recognized in books	-	-
Adjustment for earlier years	-	-
Remeasurement - Effect of the limit in para 64(b)	-	-
Translation adjustments	-	-
Amount capitalized out of the above	-	-
<b>Total</b>	<b>277</b>	<b>226</b>
Amount included in "employee benefits expense"	210	144
Amount included as part of "finance cost"	-	-
Amount included as part of "other comprehensive income"	68	81

Particulars	2017-18	2016-17
		(₹ in Lakh)
Opening balance of the present value of defined benefit obligation	1100	902
Add: Current service cost	129	73
Add: Interest cost	81	71
Add: Contribution by plan participants	-	-
i) Employer	-	-
ii) Employee	-	-
iii) Transfer-in/(out)	-	-
Add/(less): Remeasurement - Actuarial losses/(gains)	-	-
i) Actuarial (gains)/losses arising from changes in demographic assumption	-	-
ii) Actuarial (gains)/losses arising from changes in financial assumptions	(55)	56
iii) Actuarial (gains)/losses arising from changes in experience adjustments	123	26
Less: Benefits paid	(94)	(27)
Add: Past service cost	-	-
Add: Liabilities assumed on transfer of employees	-	-
Add: Business combination/acquisition	-	-
Add: Adjustment for earlier years	-	-
Add/(less): Translation adjustments	-	-
<b>Closing balance of the present value of defined benefit obligation</b>	<b>1284</b>	<b>1100</b>

Change in Fair Value of Assets	2017-18	2016-17
		(₹ in Lakh)
Plan assets at beginning of period	-	-
Investment Income	-	-
Return on Plan Assets, Excluding amount recognized in Net Interest Expense	-	-
Actual Company contributions	94	27
Fund Transferred	-	-
Employee contributions	-	-
Benefits paid	(94)	(27)
Plan assets at the end of period	-	-

## Notes

The key assumptions used in the calculations are as follows :

### 1. Financial Assumptions

	(₹ in Lakh)	
	2017-18	2016-17
Discount Rate	7.70% p.a.	7.33% p.a.
Rate of increase in salaries	7.00% p.a.	7.00% p.a.

### 2. Demographic Assumptions

	(₹ in Lakh)	
	2017-18	2016-17
Mortality Rate (% of IALM 06-08)	100.00%	100.00%
Normal Retirement Age	60 Years	60 Years
Attrition Rates, based on age (% p.a.) For all Ages	2	2

- The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields / rates available on applicable bonds as on the current valuation date.
- The salary growth rate indicated above is the Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, seniority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.
- Attrition rate indicated above represents the Company's best estimate of employee turnover in future (other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience, etc.

### Sensitivity Analysis

Significant actuarial assumptions for the determination of the define benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The result of sensitivity analysis is given below:

Particulars	As on March 31, 2018	As on March 31, 2017
Defined Benefit Obligation (Base)	1284	1100

Particulars	As on March 31, 2018		As on March 31, 2017	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	1441	1151	1224	995
% change compared to base due to sensitivity	12.23%	(10.32%)	11.24%	(9.55%)
Salary Growth Rate (- / + 1%)	1147	1444	996	1220
% change compared to base due to sensitivity	(10.67%)	12.44%	(9.48%)	10.94%
Attrition Rate (- / + 50%)	1275	1291	1096	1104
% change compared to base due to sensitivity	(0.67%)	0.58%	(0.39%)	0.36%
Mortality Rate (- / + 10%)	1282	1286	1099	1101
% change compared to base due to sensitivity	(0.14%)	0.14%	(0.08%)	(0.08%)

### NOTE 23 FINANCE COST

	(₹ in Lakh)	
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest & Bank Charges	2496	2593
<b>Total</b>	<b>2496</b>	<b>2593</b>



## Notes

### NOTE 24 DEPRECIATION AND AMORTIZATION EXPENSES

Particulars	(₹ in Lakh)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation Expenses	3118	2866
Leasehold Land Amortization	43	40
<b>Total</b>	<b>3161</b>	<b>2906</b>

### NOTE 25 OTHER EXPENSES

Particulars	(₹ in Lakh)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Processing Charges	4633	4636
Commission	4481	3925
Freight and Transport	2858	2229
Power and Fuel	2641	2630
Selling & Advertisement Expenses	3138	2198
Rent *	1171	864
Vehicle Running & Maintenance	285	458
Repair and Maintenance (other than building & machinery)	515	425
Traveling & Conveyance Expenses	539	450
Insurance	231	235
Security Expenses	390	369
Postage & Courier	202	217
Telephone & Telex	134	134
Legal & Professional Chrgs	255	150
Rates and Taxes, excluding taxes on income	423	556
Repairs to machinery	130	111
Repairs to buildings	219	158
Printing & Stationery	116	98
Donation and Subscription	15	17
(Profit)/Loss on Sale of Property, plant and equipment	104	(5)
Miscellaneous Expenses	56	3
Audit Fees	17	16
Corporate Social Responsibilities	161	180
<b>Total</b>	<b>22714</b>	<b>20054</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 25.1 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 March 31, 2018	For the year ended March 31, 2017
(i) To Statutory Auditors		
a. For Audit Services	16	15
b. For taxation matters	-	-
(ii) To Branch Auditors for Audit Services	1	1
<b>Total</b>	<b>17</b>	<b>16</b>

### NOTE 25.2 DETAILS OF CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

Corporate Social Responsibilities	(₹ in Lakh)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Total amount required to be spent for the financial year	202	179
b) Amount spent during the financial year	161	180
<b>Total</b>	<b>161</b>	<b>180</b>



## Notes

### NOTE 26 EARNINGS PER SHARE (EPS)

(₹ in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(i) Net Profit after tax as per statement of Profit and Loss attributable to Equity Shareholders	7842	7174
(ii) Weighted Average number of equity shares used as denominator for calculating EPS	120306000	120306000
(iii) Basic and Diluted Earnings per share (₹)	6.52	5.96
(iv) Face Value per equity share (₹)	2	2

### NOTE 27 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
A Bills Discounted	11926	17809
B Import Duty Payable	6	13
In case of non-fulfillment of export obligation under EPCG Scheme (not yet due)		
C Bank Guarantees / Letter of Credits	7314	728
D Two cases of employees are pending at Industrial Tribunal II, Lucknow	Indeterminate	Indeterminate
One case of employee is pending at Labour Court, Lucknow	Indeterminate	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
E Deficiency in stamp duty demanded by state revenue authorities for purchase of land at Hapur was ₹ 44 Lakh. 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
F Taxes		
(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	37
(c) Kolkata : CST Demand of ₹ 2.48 Lakh against which revision appeal has been filed.	2	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.	5	5
(e) Uttar Pradesh : CST Demand of ₹ 28 Lakh due to non submission of Form C for the period F.Y. 2017-18 upto June 2017 against which the company has preferred an appeal.	28	5
(III) 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 Lakh refunded by the department.	20	20
G Commitment		
A Capital Expenditure (Net of fund already deployed)	1584	306
B Unclaimed Dividend	39	34



## Notes

### NOTE 28 SEGMENT REPORTING

Segment Information for the year ended March 31, 2018

#### Information about Primary Business Segments

	(₹ in. Lakh)			
	Shoe Division	Tannery Division	Unallocated	Total
External	90313	6896	41	97250
	(84356)	(9212)	(88)	(93656)
Inter - Segment	-	11783	-	11783
	-	(11884)	-	(11884)
<b>Total Revenue</b>	<b>90313</b>	<b>18679</b>	<b>41</b>	<b>109033</b>
	<b>(84356)</b>	<b>(21096)</b>	<b>(88)</b>	<b>(105540)</b>
<b>Result</b>				
Segment Result (Profit before Interest & Tax)	17336	785	41	18162
	(16374)	(624)	(88)	(17086)
Less: Interest Expenses	-	-	(2495)	(2495)
	-	-	2593	2593
Unallocated Expenditure net of unallocated income	-	-	(3883)	(3883)
	-	-	3853	3853
<b>Profit before Taxation</b>	<b>17336</b>	<b>785</b>	<b>(6337)</b>	<b>11784</b>
	<b>(16374)</b>	<b>(624)</b>	<b>6358</b>	<b>(10640)</b>
Provision for Taxation	-	-	(3943)	(3943)
	-	-	3520	3520
<b>Net Profit</b>	<b>17336</b>	<b>785</b>	<b>(10280)</b>	<b>7841</b>
	<b>(16374)</b>	<b>(624)</b>	<b>9878</b>	<b>(7120)</b>
<b>Other Information</b>				
Segment Assets	74436	22074	3390	99900
	(53277)	(20300)	(3017)	(76594)
Segment Liabilities	26933	14016	1771	42720
	(11998)	(12566)	(1666)	(26230)
Capital Expenditure	3858	30	370	4258
	(2244)	(1706)	(259)	(4209)
Depreciation	2135	871	155	3161
	(1934)	(845)	(127)	(2906)

#### Information about Secondary Business Segments

	(₹ in. Lakh)		
Revenue by Geographical Market	Within India	Outside India	Total
External	44909	52341	97250
	(28588)	(65068)	(93656)
Inter Segment	-	-	-
	-	-	-
<b>Total</b>	<b>44909</b>	<b>52341</b>	<b>97250</b>
	<b>(28588)</b>	<b>(65068)</b>	<b>(93656)</b>
Carrying amount of segment assets	99898	-	99898
	(76594)	-	(76594)
Additions to Fixed Assets	4258	-	4258
	(4209)	-	(4209)

\* 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 Shoes.

## Notes

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 29 REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

(₹ in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
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 30 RELATED PARTY TRANSACTIONS

(₹ in Lakh)

S. No.	Particulars	Volume of Transactions 2018	Outstanding as on March 2018	Volume of Transactions 2017	Outstanding as on March 2017
<b>1</b>	<b>Purchase</b>				
	Euro Footwear Pvt. Ltd.	12929	1313 Cr.	12416	284 Cr.
	Gempack Enterprises	900	71 Cr.	654	35 Cr.
	Shoemac Leather Tech Engineers Ltd.	185	24 Cr.	114	1 Dr.
	Shoemax Engineering Ltd.	-	-	51	-
	Waves International	17	-	113	5 Cr.
<b>2</b>	<b>Jobwork expenses</b>				
	Mars International	329	8 Dr.	274	17 Dr.
	Euro Footwear Pvt. Ltd.	1	-	-	-
<b>3</b>	<b>Rent &amp; Maintenance charges Paid</b>				
	Mr. Irshad Mirza	11	-	6	4 Cr.
	Mrs. Jamil Ara Begum	2	-	7	4 Cr.
	Mrs Sabiha Hussain	4	-	4	3 Cr.
	Shoemac Leather Tech Engineers Ltd.	4	1 Cr.	5	-
	Shoemax Engineering Ltd.	-	-	3	2 Cr.
<b>4</b>	<b>Sales</b>				
	Euro Footwear Pvt. Ltd.	3405	-	3781	9 Dr.
	Mirza (UK) Ltd.	23506	1357 Dr.	30571	724 Dr.
	Gempack Enterprises	-	-	-	-
	Shoemac Leather Tech Engineers Ltd.	1	-	-	-
	Mars International	32	-	24	-
<b>5</b>	<b>Jobwork income</b>				
	Euro Footwear Pvt. Ltd.	23	-	19	-
<b>6</b>	<b>Guarantee Commission</b>				
	Mr. Irshad Mirza	152	94 Cr.	163	26 Cr.
	Mr. Rashid Ahmed Mirza	152	102 Cr.	163	26 Cr.
	Mr. Shahid Ahmed Mirza	152	101 Cr.	163	26 Cr.
	Mr. Tauseef Ahmed Mirza	152	98 Cr.	163	26 Cr.
	Mr. Tasneef Ahmed Mirza	152	97 Cr.	163	26 Cr.



## Notes

		(₹ in Lakh)			
S. No.	Particulars For the year ended 31 March	Volume of Transactions 2018	Outstanding as on March 2018	Volume of Transactions 2017	Outstanding as on March 2017
<b>7</b>	<b>Salaries</b>				
	To Relatives of Key Management Personnel	156	11 Cr.	120	7 Cr.
<b>8</b>	<b>Managerial Remuneration</b>				
	Directors Remuneration & Perquisites	873	48 Cr.	848	34 Cr.
<b>9</b>	<b>Sitting Fee</b>	2	-	3	-
<b>10</b>	<b>Donation</b>				
	Mirza Foundation	19	-	16	-
<b>11</b>	<b>Corporate Social Responsibilities</b>				
	Mirza Charitable Hospital Limited (formerly Azad Multi Speciality Hospital & Research Centre)	90	-	136	-
	Kilkari Charitable Trust	8	-	7	-

### NOTE 31 FOLLOWING PAYMENTS TO DIRECTORS ARE INCLUDED IN VARIOUS HEADS OF EXPENDITURE:

		(₹ in Lakh)	
Particulars		2018	2017
Salary		867	819
Perquisites		6	29
Sitting Fees		2	3
Guarantee Commission		760	813
<b>Total</b>		<b>1635</b>	<b>1664</b>

### NOTE 32 INCOME TAX

A) The Company has recognized and accounted for cumulative net deferred tax liability in accordance with Accounting Standard (IND AS-12) issued by the Institute of Chartered Accountants of India, "Accounting for Taxes on Income" in respect of net aggregate timing differences as on 31 Mar, 2018.

### NOTE 33 FORWARD CONTRACTS

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

Forward contracts EURO INR 28.01 Lakh (16.46 Lakh) Sell Hedging

Forward contracts GBP INR 116.88 Lakh (94.77 Lakh) Sell Hedging

Forward contracts USD INR 109.70 Lakh (62.93 Lakh) Sell Hedging

**NOTE 34** Figures of previous year have been regrouped/rearranged wherever necessary to make them comparable with the figures of current year.

### NOTE 35 IND AS 115, REVENUE FROM CONTRACT WITH CUSTOMERS:

On 28 March 2018, the MCA has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize

revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits two possible methods of transition :

- Retrospective approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting, Policies, Changes in Accounting, Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 01, 2018. The Group will adopt the standard on April 01, 2018 by using the cumulative catch-up transition method and accordingly, comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

# Notes

## NOTE 36 COMPANY OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES:

### A) COMPANY OVERVIEW:

Mirza International Limited ('The Company') is a public limited company incorporated in India and listed on Bombay Stock Exchange and National Stock Exchange and having its registered office located at 14/6, Civil Lines, Kanpur-208001, Uttar Pradesh, India. The Company is a leading manufacturer & exporter of finished leather, Footwear and trader of footwear and apparels.

### B) STATEMENT OF COMPLIANCE:

These standalone financial statements have been prepared & comply in all material aspects with Indian Accounting Standards ("Ind AS") notified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended thereof & other relevant provisions of the Act. The financial statements upto the year ended March 31, 2017 were prepared in accordance with accounting standards notified under the Companies (Accounting Standards) Rules, 2016 (as amended) and other relevant provisions of the Act.

These financial statements are the Company's first Ind AS financial statements. The date of transitions to Ind AS is April 01, 2016.

(Refer Note A for the explanation of transition to Ind AS including the details of First Time adoption exemptions availed by the company.

### C) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These standalone financial statements are prepared under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transactions between market participants at the measurement date.

Fair value measurement under Ind AS are categorized as below based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date;

Level 2 inputs are inputs, other than quoted prices included in level 1, that are observable for the assets or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the valuation of assets/liabilities.

### D) USE OF ESTIMATES AND JUDGEMENT:

The preparation of the financial statements requires the Management to make certain estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Accounting estimates could change from period to period. Actual results may differ from these estimates.

This note provides an overview of the areas that involved a higher degree of judgment or complexity and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

### E) PLANT AND EQUIPMENT:

- Freehold Land is carried at historical cost. All other items of Property, Plant and Equipment of the Company are valued at cost of acquisition or construction 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.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of





## Notes

the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognized when replaced. All other repairs and maintenance are charged to Profit or Loss during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

2. 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.
3. Lease hold land is capitalized with the lease premium paid, direct expenses/interest allocable to it till it is put to use

### F) DEPRECIATION & AMORTIZATION

1. Depreciation on tangible fixed assets is provided to the extent of depreciable amount on the basis of 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 Part A of Schedule II of the Companies Act, 2013.
2. Lease hold land are amortized over the useful life remaining from the date, it put to use.

### G) BORROWING AND BORROWING COST:

Borrowings are initially recognized at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognized in profit or loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognized as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. 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.

### H) LEASES:

1. Finance Leases: 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.
2. Operating Leases: Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee, are classified as operating lease. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

### I) INVESTMENTS:

Long term investments are valued at carrying 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.

### J) INVENTORIES:

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

1. **Bought Out Items:** On First in First Out (FIFO) method except raw hides (which is 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 Input Tax Credit is permitted all recoverable taxes are excluded from purchase price for determining the cost.
2. **Goods in Process:** At cost plus estimated value addition/cost of conversion at each major stage of production.
3. **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.

### K) FOREIGN CURRENCY TRANSACTIONS

- (i) The functional currency and presentation currency of the company is Indian Rupee.
- (ii) Transactions in currencies other than the company's functional currency are recorded on

## Notes

initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognized in the Statement of Profit & Loss in the year in which they arise except for:

- A. exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- B. exchange differences on transactions entered into in order to hedge certain foreign currency risks.

### L) DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

#### Cash flow hedges

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity relating to effective portion as described above are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains or losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

### M) 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 from investment is recognized when right to receive is established.

### N) RECEIVABLES:

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.

### O) EMPLOYEE BENEFITS:

#### a) Short Term Employee Benefits

Short term employee benefits expected to be paid in exchange for the services rendered by employees are recognized 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 recognized 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 yearend actuarial valuation, the liability for gratuity is provided in the books of the Company.

### P) TAXES ON INCOME:

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



## Notes

the extent 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.

### Q) EARNINGS PER SHARE:

Basic earnings per equity share are computed by dividing the net profit attributable after tax to the equity holders of the Company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share are computed by dividing the net profit after tax attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

The Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

### R) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

#### Provision:

Provision is recognized 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 Liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because

- (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (b) the amount of the obligation cannot be measured with sufficient reliability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

#### Contingent Asset:

Contingent asset are neither recognized nor disclosed in the financial statements

### S) EVENTS AFTER THE REPORTING PERIOD:

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

### T) GOVERNMENT GRANTS:

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available.

Government grants relating to the purchase of property, plant and equipment are accounted for as deferred Income by crediting the same to a specific reserve and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

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.

### U) IMPAIRMENT OF TANGIBLE & INTANGIBLE ASSETS:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible & intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable value is the higher of the assets' net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of Profit & Loss, unless the relevant asset is carried at the revalued amount, in which case the impairment loss is treated as revaluation decrease.

## Notes

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. A reversal of impairment loss is recognized immediately in statement of Profit or Loss.

### V) Operating Cycle for current and Non-Current Classification

Operating cycle for the business activities of the company covers the duration of the specific product line/ service including the defect liability period wherever applicable and extends upto the realization

of receivables within the agreed credit period normally applicable to the respective lines of business.

**For & on behalf of the Board**

#### For DRA & Co

Chartered Accountants  
FRN 006476N

#### CA. Himanshu Singh

Partner  
M No. 418577

Place : Kanpur

Date : May 29, 2018

### Note A:- Notes to first-time adoption

#### Re-measurements of post-employment benefit obligations

Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability, also effective gain & losses of hedging instruments in a cash flow hedge are recognized in other comprehensive income. Under the previous GAAP, these re-measurements were forming part of the profit or loss for the year and part of reserve and surplus as hedging reserve respectively. As a result of this change, the profit for the year ended March 31, 2016 increased by ₹ 54 Lakh and reserve and surplus decreased by 459 lakh. However due to tax effect on effective gain & losses of hedging instruments in a cash flow hedge the total equity is reduced by 160 lakh as at 31.03.2017.



# Independent Auditors' Report

## TO THE MEMBERS OF MIRZA INTERNATIONAL LIMITED

### Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying Consolidated Ind AS financial statements of **Mirza International Limited** ("the Holding Company"), and its subsidiaries (together referred to as "The Group"), which comprise the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), consolidated Statement of Changes in Equity and the consolidated Cash Flow Statement for the year then ended, and a summary of 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 matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India.

This responsibility also includes 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; 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 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit. In conducting 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 there under.

We conducted our audit of the Consolidated Ind AS financial statements 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 Ind AS 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 Ind AS 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 Ind AS 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS 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 consolidated Financial Position of the Group as at March 31, 2018, and its Consolidated profit, Consolidated total comprehensive income, the consolidated changes in equity and its consolidated cash flows for the year ended on that date.

### Other Matters

1. 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 Ind AS financial statements of the Company whose financial statements reflect total assets of ₹ 2607.74 lacs as at March 31, 2018 and total revenues of ₹ 268.52 lacs 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 and our opinion in 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.

2. We did not audit the financial statements of the foreign subsidiary company whose financial statement reflect total assets of HK\$ 10,000 as on March 31, 2018 and a total revenue of HK\$ 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 is not modified in respect of this matter.

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 the other auditors and the 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 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 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 consolidated Balance Sheet, the consolidated Statement of Profit and Loss (including other comprehensive income) and the consolidated Cash Flow Statement, the consolidated statement of changes in equity 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.
  - (e) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian 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 of the Company as on March 31, 2018 taken on record by the Board of Directors, of the Company and its subsidiaries companies incorporated in India, none of the Directors of the group companies incorporated in India is disqualified as on March 31, 2018 from being appointed as a Director of that company 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 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 Company and Subsidiary company Incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of those companies, for the reasons stated therein.
- (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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. the consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
  - ii. the consolidated Ind AS 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.

**For D R A & CO.**  
Chartered Accountants  
FRN: 006476N

**C. A. Himanshu Singh**  
(Partner)  
M No. :418577

Place: Kanpur  
May 29, 2018



### Annexure - A to the Independent Auditors' Report

#### Report on the Internal Financial Controls over Financial Reporting 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 Ind AS financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Mirza International Limited ("the Holding Company") and its subsidiary company incorporated in India (Hereinafter referred to as the "Group"), as of that date.

#### Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary companies incorporated in India, 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 respective Companies 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 internal financial controls over financial reporting of the Holding, its subsidiaries incorporated in India 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, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 incorporated in India, 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 March 31, 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 D R A & CO.**

Chartered Accountants

FRN: 006476N

#### **C. A. Himanshu Singh**

(Partner)

M No. :418577

Place: Kanpur

May 29, 2018



## Consolidated Balance Sheet

(₹ in Lakh)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	1	35698	35155	33632
Capital work-in-progress	1	2462	193	852
Goodwill on Consolidation subsidiary		-	270	-
<b>Financial Assets</b>				
Investments	2	58	58	58
Loans		-	-	-
Other Financial Assets (Non Current)	3	1046	605	495
<b>Total Non-Current assets</b>		<b>39264</b>	<b>36281</b>	<b>35037</b>
<b>Current assets</b>				
Inventories	4	38268	26423	26299
<b>Financial Assets</b>				
Trade receivables	5	13250	6736	6342
Cash and cash equivalents	6	1282	652	1145
Loans	7	(251)	459	322
Other current assets	8	8086	5883	7017
<b>Total Current assets</b>		<b>60635</b>	<b>40153</b>	<b>41125</b>
<b>Total Assets</b>		<b>99899</b>	<b>76434</b>	<b>76162</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share capital	9A	2406	2406	2406
Other Equity	9B	54774	47798	42156
<b>Total Equity</b>		<b>57180</b>	<b>50204</b>	<b>44562</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings	10	1603	1482	2769
Provisions	11	1198	1006	822
Deferred tax liabilities (Net)	12	1771	1667	1491
Other non-current Liabilities	13	665	604	513
<b>Total Non-current liabilities</b>		<b>5237</b>	<b>4759</b>	<b>5595</b>
<b>Current liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings	14	25352	12712	16274
Trade payables	15	8541	3961	5578
Other current liabilities	16	3503	3189	3224
Provisions	17	86	1609	929
<b>Total current liabilities</b>		<b>37482</b>	<b>21471</b>	<b>26005</b>
<b>Total Liabilities</b>		<b>42719</b>	<b>26230</b>	<b>31600</b>
<b>Total Equity and Liabilities</b>		<b>99899</b>	<b>76434</b>	<b>76162</b>
First time adoption of IND-AS	A			
See accompanying Notes to the Financial Statements	1-35			
Significant Accounting Policies	36			

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

### For DRA & Co

Chartered Accountants  
FRN 006476N

**CA. Himanshu Singh**  
Partner  
M. No. 418577

**Irshad Mirza**  
Chairman

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

**Ankit Mishra**  
Company Secretary

Place : Kanpur  
Date : May 29, 2018

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

**Rashid Ahmed Mirza**  
MD & CEO

**Shahid Ahmad Mirza**  
**Tauseef Ahmed Mirza**  
**Tasneef Ahmed Mirza**  
**N. P. Upadhyay**  
**P. N. Kapoor**  
**Q. N. Salam**  
**Sudhindra Kumar Jain**  
**Subhash Sapra**  
**Yashvir Singh**  
**Vinita Kejriwal**

Directors

# Consolidated Statement of Profit And Loss

(₹ in Lakh)

Particulars	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
<b>INCOME</b>			
<b>Revenue from operations</b>			
Sale of Product	18	97209	93568
Other income	19	41	83
<b>Total Income</b>		<b>97250</b>	<b>93651</b>
<b>EXPENSES</b>			
Cost of materials consumed	20	31033	32270
Purchases of Stock-in-Trade		27835	19247
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	21	(10791)	(1186)
Employee benefits expense	22	9018	7073
Finance costs	23	2496	2593
Depreciation and Amortization expense	24	3161	2906
Other expenses	25	22714	20054
<b>Total Expenses</b>		<b>85466</b>	<b>82957</b>
<b>Profit before tax</b>		<b>11784</b>	<b>10694</b>
<b>Tax Expense</b>			
Current tax		3838	3343
Deferred tax		104	177
<b>Profit for the Year</b>		<b>7842</b>	<b>7174</b>
<b>Other comprehensive Income:</b>			
<b>i. Items that will not be reclassified to Statement of Profit and Loss</b>			
Remeasurements of the defined benefits plans		(68)	(81)
Income tax relating to items that will not be reclassified to Profit and Loss		23	27
<b>ii. Items that will be reclassified to Statement of Profit and Loss</b>			
Debit instruments through Other Comprehensive statements of foreign operations (net of tax)			
Effective portion of gains and losses on hedging instruments in a cash flow hedge		(251)	459
Income Tax on above		87	(160)
Other Comprehensive Income for the year		(209)	245
<b>Total comprehensive income for the year</b>		<b>7633</b>	<b>7419</b>
<b>Earning per equity share of face value of ₹ 2 each</b>			
<b>Basic (in ₹)</b>	26	<b>6.52</b>	<b>5.96</b>
<b>Diluted (in ₹)</b>		<b>6.52</b>	<b>5.96</b>
See accompanying Notes to the Financial Statements	1-35		
Significant Accounting Policies	36		

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

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

## For DRA & Co

Chartered Accountants  
FRN 006476N

## CA. Himanshu Singh

Partner  
M. No. 418577

Place : Kanpur

Date : May 29, 2018

## Irshad Mirza

Chairman

## V. T. Cherian

Chief Financial Officer

## Ankit Mishra

Company Secretary

## For & on behalf of the Board of Directors

Rashid Ahmed Mirza  
MD & CEO

Shahid Ahmad Mirza  
Tauseef Ahmed Mirza  
Tasneef Ahmed Mirza  
N. P. Upadhyay

P. N. Kapoor  
Q. N. Salam  
Sudhindra Kumar Jain  
Subhash Sapra  
Yashvir Singh  
Vinita Kejriwal

Directors





## Consolidated Cash Flow Statement

(₹ in Lakh)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016
<b>(A) CASH FROM OPERATING ACTIVITIES</b>			
Net profit before tax	11784	10640	11582
Adjustments for			
Add :			
Loss on sale of Property, Plant & Equipment	104	(5)	(1)
Depreciation & amortization for the year	3161	2906	2583
Finance cost	2496	2593	3187
	<b>5761</b>	<b>5494</b>	<b>5771</b>
Less :			
Interest Income	24	27	212
Income from Govt. Grant	30	30	30
<b>Operating Profit before Working Capital Changes</b>	<b>17491</b>	<b>16077</b>	<b>17111</b>
<b>Adjustments For</b>			
Trade & other Receivables	(6514)	(394)	870
Inventory	(11854)	(124)	(2448)
Trade Payables	772	(2026)	(3117)
Others	1101	1202	(332)
Cash Generated from Operations	996	14735	12084
Direct Taxes Paid	(3379)	(3373)	(3056)
Cash flow before extra ordinary items	(2383)	11362	9028
Net Cash generated from Operating Activity	(2383)	11362	9028
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant & Equipment	(6150)	(3373)	(4558)
Sales of Property, Plant & Equipment	193	41	107
Government Grant Received	-	200	-
Interest Received	24	27	212
Sale of Investment	-	-	12
Loan to Subsidiary	-	(208)	-
Purchase of Investment	-	(321)	-
Net Cash used in Investing Activities	(5933)	(3634)	(4227)

## Consolidated Cash Flow Statement (Cont...)

(₹ in Lakh)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend Paid	(1079)	(602)	(463)
Dividend Tax Paid	(220)	(122)	(94)
Short Term Borrowing	-	-	1056
Proceeds from Long Term Borrowings	1352	120	1097
Repayment of Long Term Borrowings	(1250)	(1464)	
Proceeds from Short Term Loan Borrowings	12640	(3561)	(3474)
Finance cost	(2496)	(2593)	(3187)
Net cash used in financing activities	8947	(8222)	(5065)
Net Increase/(Decrease) in Cash & Equivalents	631	(494)	(264)
Cash & Equivalents at the beginning of the year	651	1145	576
Add: Pursuant to Scheme of Amalgamation	-	-	833
Cash & Equivalents at the end of the year	1282	651	1145

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

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

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

### For DRA & Co

Chartered Accountants  
FRN 006476N

**CA. Himanshu Singh**  
Partner  
M. No. 418577

Place : Kanpur  
Date : May 29, 2018

**Irshad Mirza**  
Chairman

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

**Ankit Mishra**  
Company Secretary

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

**Rashid Ahmed Mirza**  
MD & CEO

**Shahid Ahmad Mirza**  
**Tauseef Ahmed Mirza**  
**Tasneef Ahmed Mirza**  
**N. P. Upadhyay**

**P. N. Kapoor**  
**Q. N. Salam**  
**Sudhindra Kumar Jain**  
**Subhash Sapra**  
**Yashvir Singh**  
**Vinita Kejriwal**

Directors



# Notes

## NOTE 1 PROPERTY, PLANT & EQUIPMENT

Fixed Assets	Gross Block				Accumulated Depreciation				Net Block			
	As at April 01, 2017	As at April 01, 2017	Additions/ (Disposals)	Deductions/ Adjustments	Balance as at Mar 31, 2018	As at April 01, 2017	Adjustments/ (deductions)	As at Balance as April 01, 2017	Depreciation charge for the year	On disposals	Balance as at Mar 31, 2018	Balance as at Mar 31, 2017
<b>a Tangible Assets</b>												
<b>Land</b>												
Land Freehold	922	922	(3)	-	919	-	-	-	-	-	919	922
Land Leasehold	3299	3555	-	-	3555	40	320	320	43	-	363	3235
Buildings	14829	16295	110	-	16405	472	3365	3365	512	-	3877	12930
<b>Plant &amp; Machinery</b>												
Machinery	24801	26296	1389	1103	26582	1427	12241	12241	1543	892	12892	13690
Effluent Treatment Plant	1102	1145	-	-	1145	67	222	222	70	-	292	923
Tools & Shoe Lasts	3759	4080	419	242	4257	315	3931	3931	425	243	4113	144
Furniture Fixtures, Office Equipments & Electrical Installation	3311	3783	1552	-	5335	251	2009	2009	304	-	2313	3022
Vehicles	1449	1583	351	147	1787	95	553	553	197	59	691	1096
Computers	1126	1173	184	-	1357	44	1036	1036	67	-	1103	254
<b>Total</b>	<b>54598</b>	<b>58832</b>	<b>4002</b>	<b>1492</b>	<b>61342</b>	<b>2711</b>	<b>23677</b>	<b>23677</b>	<b>3161</b>	<b>1194</b>	<b>25644</b>	<b>35155</b>
<b>b Capital Work In Progress</b>												
<b>Total</b>	<b>54598</b>	<b>58832</b>	<b>4002</b>	<b>1492</b>	<b>61342</b>	<b>2711</b>	<b>23677</b>	<b>23677</b>	<b>3161</b>	<b>1194</b>	<b>25644</b>	<b>35348</b>
Previous Year:	(51456)	(54598)	(4209)	(231)	(58576)	(2085)	(20966)	(20966)	(2906)	(195)	(23677)	(34899)
Tangible Assets												(53632)
Capital W.I.P.												(193)
												(852)

(₹ in Lakh)

# Notes

## NOTE 2 INVESTMENTS (NON CURRENT)

Particulars	₹ in Lakh		
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Investment in Equity instruments	58	49	49
Other non-current investments	9	9	9
<b>Total</b>	<b>58</b>	<b>58</b>	<b>58</b>

Particulars	₹ in Lakh		
	2018	2017	2016
Aggregate amount of Quoted investments	1	1	1
Aggregate Market Value of Quoted Investments	1	1	1
Aggregate amount of unquoted investments	57	57	57

A. Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Structured entity	Details of Trade Investments					Whether stated at Cost Yes / No			
			2018	2017	2016	2018	2017		2016		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		
1	Industrial Infrastructure Services (India) Ltd.	Structured	240000	240000	240000	Unquoted	Fully Paid	2400000	2400000	2400000	Yes
2	Kanpur Unnao Leather Cluster Development Co. Ltd.	Structured	250000	250000	250000	Unquoted	Fully Paid	2500000	2500000	2500000	Yes
3	J.P. Associates Ltd.	Structured	2000	2000	2000	Quoted	Fully paid	27283	27283	27283	Yes
4	Sarup Industries Ltd.	Structured	500	500	500	Quoted	Fully paid	30900	30900	30900	Yes
5	Superhouse Ltd.	Structured	150	150	150	Quoted	Fully paid	9425	9425	9425	Yes
6	Super Industries Ltd.	Structured	1000	1000	1000	Quoted	Fully paid	6200	6200	6200	Yes
7	Mirza Charitable Hospital Limited (Sec.25 Co.)	Structured	80000	80000	80000	Unquoted	Fully paid	800000	800000	800000	Yes
<b>Total</b>								<b>5773808</b>	<b>5773808</b>	<b>5773808</b>	

\*\* Hi Life Fabricators Pvt. Ltd., a subsidiary of Mirza International Ltd. till March 31, 2017 merged with the company w.e.f. April 01, 2017.



## Notes

### NOTE 3 OTHER FINANCIAL ASSETS (NON CURRENT)

(₹ in Lakh)

Other Financial Assets (Non Current)	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>Unsecured, considered good</b>			
a. Advance for Capital Goods	178	83	94
b. Loan to Subsidiary	-	-	-
	<b>178</b>	<b>83</b>	<b>94</b>
c. Security Deposits			
Security Deposit - Rent	571	236	208
Security Deposit - Others	297	868	193
<b>Total</b>	<b>1046</b>	<b>605</b>	<b>495</b>

### NOTE 4 INVENTORIES\*

(₹ in Lakh)

Inventories*	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
a. Raw Materials and components	6301	4886	5981
	<b>6301</b>	<b>4886</b>	<b>5981</b>
b. Work-in-progress	7590	6453	6850
	<b>7590</b>	<b>6453</b>	<b>6850</b>
c. Finished goods	24008	14354	12770
	<b>24008</b>	<b>14354</b>	<b>12770</b>
d. Stores and spares	369	407	411
	<b>369</b>	<b>407</b>	<b>411</b>
e. Others			
Excise Duty on Finished Goods	-	211	125
Cenvat Credit Receivable	-	112	162
	-	<b>323</b>	<b>287</b>
<b>Total</b>	<b>38268</b>	<b>26423</b>	<b>26299</b>

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

### NOTE 5 TRADE RECEIVABLES

(₹ in Lakh)

Trade Receivables	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>Unsecured, considered good</b>			
Trade receivables outstanding for a period less than six months from the date they are due for payment	13217	6711	6323
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	33	25	19
<b>Total</b>	<b>13250</b>	<b>6736</b>	<b>6342</b>

### NOTE 6 CASH AND CASH EQUIVALENTS

(₹ in Lakh)

Cash and cash equivalents	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
A. Balances with banks	1101	545	1008
This includes:			
Earmarked Balances (Unpaid dividend accounts)	39	34	34
Fixed Deposits	864	103	397
B. Cash in hand	181	107	137
<b>Total</b>	<b>1282</b>	<b>652</b>	<b>1145</b>



## Notes

### NOTE 7 LOANS (CURRENT)

(₹ in Lakh)

Loans (Current)	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>Others (Unsecured, considered good)</b>			
Notional dues to bankers on account of outstanding forward contract	(251)	459	322
<b>Total</b>	<b>(251)</b>	<b>459</b>	<b>322</b>

### NOTE 8 OTHER CURRENT ASSETS

(₹ in Lakh)

Other Current Assets	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Incentive Receivable (Export)	1191	1617	1679
Advance Income Tax (Net of Provision)	535	783	1034
Sundry Creditors (Advances to Suppliers)	849	529	453
IDLS Subsidy Receivable	-	-	200
Duty Drawback Receivable	239	981	1215
Duties & Taxes (Others)	14	24	14
Duties & Taxes (GST)	4375	-	-
Prepaid Expenses	194	260	275
Vat Receivable	-	819	782
Focus Product License	139	156	616
Advances to Employees	107	99	107
Advance Others	395	37	41
Interest Receivable	-	494	518
Others	48	84	83
<b>Total</b>	<b>8086</b>	<b>5883</b>	<b>7017</b>

### Statement of changes in Equity for the year ended March 31, 2018

#### NOTE 9A EQUITY SHARE CAPITAL

(₹ in Lakh)

As at April 01, 2016	2406
Changes in Equity Share Capital	-
As at March 31, 2017	2406
Changes in Equity Share Capital	-
As at March 31, 2018	2406

#### NOTE 9A EQUITY SHARE CAPITAL

Share Capital	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Number	₹ in Lakh	Number	₹ in Lakh	Number	₹ in Lakh
<b>Authorised</b>						
Equity Shares of ₹ 2/- each	256250000	5125	255000000	5100	225000000	4500
	256250000	5125	255000000	5100	225000000	4500
<b>Issued, Subscribed &amp; Paid up</b>						
Equity Shares of ₹ 2/- each fully paid up	120306000	2406	120306000	2406	92706000	1854
<b>Total</b>	<b>120306000</b>	<b>2406</b>	<b>120306000</b>	<b>2406</b>	<b>92706000</b>	<b>1854</b>



## Notes

### NOTE 9A.1 THE RECONCILIATION OF THE NUMBER OF SHARES OUTSTANDING AT THE BEGINNING AND AT THE END OF THE REPORTING PERIOD

Particulars	Equity Shares	
	Number	₹ in Lakh
Shares outstanding at the beginning of the year	120306000	240612000
Preference Shares converted into Equity Shares	-	-
Shares bought back during the year	NIL	NIL
Shares outstanding at the end of the year	120306000	240612000

### NOTE 9A.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.

Pursuant to the Scheme of Amalgamation of Hi-Life Fabricators Private Limited (Transferor Company) and Mirza International Limited (Transferee Company) under Section 233 of the Companies Act, 2013 read with Rules made thereunder, approved by Regional Director- Northern Region, Ministry of Corporate Affairs vide its Order No. 233/32/T-2/2017/10945 dated November 23, 2017, Authorized Share capital of the Transferee Company has been increased but there is no change in Issued, Subscribed and Paid up Share capital of the Company.

### NOTE 9A.3 THE DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES

Name of Shareholder	Equity Shares					
	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Irshad Mirza	6793541	5.65%	7793541	6.48%	7793541	7.20%
Rashid Ahmed Mirza	11930918	9.92%	11313200	9.40%	8313200	7.68%
Shahid Ahmad Mirza	8562318	7.12%	7055750	5.86%	5855750	5.41%
Tauseef Ahmad Mirza	15961718	13.27%	13844000	11.51%	10844000	10.01%
Tasneef Ahmad Mirza	12486369	10.38%	11868650	9.87%	10068650	9.30%
Yasmin Mirza	11300850	9.39%	11300850	9.39%	11300850	10.43%

### Note 9A.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 December 15, 2015

12000000, 0% Compulsory Convertible Preference Shares ("CCPS") of ₹ 2 each fully paid converted into equity shares on April 01, 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 February 18, 2016 pursuant to the Scheme of amalgamation as approved by Hon'ble Allahabad High Court vide its order dated December 15, 2015.

b. The Company has not issued any bonus shares during the last five years.

c. The Company has not undertaken any buy back of shares.

## Notes

### NOTE 9A.5 DISCLOSURE PURSUANT TO NOTE NO. 6(U) OF PART I OF SCHEDULE III TO THE COMPANIES ACT, 2013

Particulars	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	₹ in Lakh	₹ Per Share	₹ in Lakh	₹ Per Share	₹ in Lakh	₹ Per Share
Dividends proposed to be distributed to equity shareholders	1083	0.90	1083	0.90	602	0.50

### 9B OTHER EQUITY

Other Equity	Reserves & Surplus			Other Comprehensive Income		Total
	General Reserve	Securities Premium Reserve	Retained Earnings	IDLS Reserve	Hedging Reserves	
<b>Balance as at 01.04.2016</b>	9473	5	32040	316	322	<b>42156</b>
Add : Profit for the year 2016-17			7174			<b>7174</b>
Add : Other Comprehensive Income (net of tax)			(54)			<b>(54)</b>
Add : Pursuant to the Scheme of Amalamation						-
Add : Change in Fair Value of Hedging instruments net of Taxes					(23)	<b>(23)</b>
Less : Income Tax Adjustment (Net)			(121)			<b>(121)</b>
Less : Distribution to Shareholders			(1083)			<b>(1083)</b>
Less : Dividend Tax			(221)			<b>(221)</b>
Less : Transferred to Profit & Loss Account	750		(750)	(30)		<b>(30)</b>
<b>Balance as at March 31, 2017</b>	<b>10223</b>	<b>5</b>	<b>36985</b>	<b>286</b>	<b>299</b>	<b>47798</b>
Add : Profit for the year 2017-18			7842			<b>7842</b>
Add : Other Comprehensive Income (net of tax)			(45)			<b>(45)</b>
Less : Pursuant to the Scheme of Amalamation	(270)					<b>(270)</b>
Less : Change in Fair Value of Hedging instruments net of Taxes					(463)	<b>(463)</b>
Less : Income Tax Adjustment (Net)			(58)			<b>(58)</b>
Less : Distribution to Shareholders			-			-
Less : Dividend Tax			-			-
Less : Transferred to Profit & Loss Account	800		(800)	(30)		<b>(30)</b>
<b>Balance as at March 31, 2018</b>	<b>10753</b>	<b>5</b>	<b>43924</b>	<b>256</b>	<b>(164)</b>	<b>54774</b>

The Board of Directors of the Company recommended a dividend of ₹ 0.90 per share (for the year ended March 31, 2017 - ordinary dividend ₹ 0.90 per share) be paid on fully paid equity shares. The equity dividend is subject to approval by shares holders at the Annual General Meeting and has not been included as a liability in these financial statements. The total equity dividend to be paid is ₹ 1083 Lakh (for the year ended March 31, 2017 - ordinary dividend ₹ 1083 Lakh). Income tax on proposed dividend being ₹ 223 Lakh (for the year ended March 31, 2017 - ₹ 221 Lakh).

#### For DRA & Co

Chartered Accountants  
FRN 006476N

#### CA. Himanshu Singh

Partner  
M. No. 418577

Place : Kanpur

Date : May 29, 2018

#### Irshad Mirza

Chairman

#### V. T. Cherian

Chief Financial Officer

#### Ankit Mishra

Company Secretary

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

Rashid Ahmed Mirza  
MD & CEO

Shahid Ahmad Mirza  
Tauseef Ahmed Mirza  
Tasneef Ahmed Mirza

N. P. Upadhyay

P. N. Kapoor

Q. N. Salam

Sudhindra Kumar Jain

Subhash Sapra

Yashvir Singh

Vinita Kejriwal

Directors



## Notes

### NOTE 10 BORROWINGS (NON CURRENT)

(₹ in Lakh)

Borrowings (Non Current)	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Non-Current	Current	Non-Current	Current	Non-Current	Current
<b>Term loans</b>						
<b>Secured*</b>						
From banks	1440	1246	1388	1250	2638	1325
From banks (Auto Loan)#	46	48	94	158	131	139
From others (Auto Loan)#	117	77	-	-	-	-
<b>Total</b>	<b>1603</b>	<b>1371</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., Plot at Sector 90, Noida.

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>		
<b>Secured</b>		
<b>Term Loans</b>		
P.N.B. TERM LOAN (Machinery) A/c No.224008	334	-
P.N.B. TERM LOAN NO. 223823	142	-
P.N.B. TERM LOAN (Warehouse) A/c No. 223984	800	165
<b>Auto Loans</b>		
HDFC BANK AUTO LOAN	42	4
<b>Auto Loans (From other)</b>		
BMW India Financial Services Pvt Ltd., Gurgaon	40	11
BMW India Financial Services Pvt Ltd., Gurgaon	43	23
<b>Total</b>	<b>1401</b>	<b>203</b>

### NOTE 11 PROVISIONS (NON CURRENT)

(₹ in Lakh)

Provisions (Non Current)	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>Provision for employee benefits</b>			
Superannuation (unfunded)			
Gratuity (unfunded)	1198	1006	822
<b>Total</b>	<b>1198</b>	<b>1006</b>	<b>822</b>

### NOTE 12 DEFERRED TAX LIABILITIES (NET)

(₹ in Lakh)

Deferred Tax Liabilities (Net)	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>A. Liabilities:</b>			
Related to fixed assets	2210	2042	1797
<b>B. Assets:</b>			
Disallowance under the Income Tax Act, 1961	439	375	306
<b>Total (A - B)</b>	<b>1771</b>	<b>1667</b>	<b>1491</b>

# Notes

## NOTE 13 OTHER NON CURRENT LIABILITIES

(₹ in Lakh)

Other Non Current Liabilities	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>Others</b>			
Security deposits - for Franchise	665	604	513
<b>Total</b>	<b>665</b>	<b>604</b>	<b>513</b>

## NOTE 14 BORROWINGS (CURRENT)

(₹ in Lakh)

Borrowings (Current)	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>Secured*</b>			
<b>Loans repayable on demand</b>			
From banks	25352	12712	16274
<b>Total</b>	<b>25352</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 15 TRADE PAYABLE

(₹ in Lakh)

Trade Payable	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Micro, Small and Medium Enterprises*	262	110	122
Others	8279	3851	5456
<b>Total</b>	<b>8541</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 March 31, 2018, to any Micro, Small & Medium Enterprises. This information is based on data available with the company.

## NOTE 16 OTHER CURRENT LIABILITIES

(₹ in Lakh)

Other Current Liabilities	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
(a) Current maturities of long-term debt (Refer Note No. 10)			
Term Loans from banks	1294	1408	1464
Term Loans from others	77	-	-
(b) Interest accrued but not due on borrowings	2	2	2
(c) Interest accrued and due on borrowings	17	-	-
(d) Unpaid dividends *	39	34	34
(e) Other payables			
Commission Payable on Inland Sales	128	85	77
Outstanding Liabilities #	296	296	282
Salary Payable	415	379	223
Bonus Payable	453	436	403
Audit Fees Payable	16	15	13
Unpaid Commission on Export Sales	121	209	410
Duties & Taxes	52	143	112
Guarantee Commission payable	490	128	176
Sundry Debtors (Advance Received From Customers)	103	54	28
<b>Total</b>	<b>3503</b>	<b>3189</b>	<b>3224</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 ₹ 70.70 Lakh (Previous Year ₹ 70.29 Lakh), Export Expenses payable ₹ 34.55 Lakh ( Previous Year ₹ 39.01 Lakh) & Power & Electricity charges of ₹ 116.63 Lakh (Previous Year ₹ 114.17 Lakh).





## Notes

### NOTE 17 PROVISIONS (CURRENT)

Provisions (Current)	(₹ in Lakh)		
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>(a) Provision for employee benefits</b>			
Gratuity (Unfunded)	86	94	80
<b>(b) Others</b>			
Proposed Dividend	0	1083	602
Tax on Dividend	0	221	122
Excise Duty on Finished Goods	0	211	125
<b>Total</b>	<b>86</b>	<b>1609</b>	<b>929</b>

### NOTE 18 REVENUE FROM OPERATIONS

Particulars	(₹ in Lakh)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of products	93163	87546
Other operating revenues	4261	6429
Less:		
Excise duty	215	407
<b>Total</b>	<b>97209</b>	<b>93568</b>

### NOTE 18.1 EARNING IN FOREIGN EXCHANGE

Particulars	(₹ in Lakh)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
FOB value of exports	46103	58480

### NOTE 19 OTHER INCOME

Particulars	(₹ in Lakh)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest Income	24	27
<b>Other non-operating income</b>		
Dividend Income	-	-
Other Income	(13)	26
Income from Govt. Grant	30	30
<b>Total</b>	<b>41</b>	<b>83</b>

### NOTE 20 COST OF MATERIALS CONSUMED

Particulars	(₹ in Lakh)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Hides & Finished Leather	8893	9714
Chemicals	5196	5404
Others	16480	16609
Stores & Spares	464	543
<b>Total</b>	<b>31033</b>	<b>32270</b>

### NOTE 20.1 VALUE OF RAW MATERIAL CONSUMED

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
	%	(₹ in Lakh)	%	(₹ in Lakh)
Imported	32.80%	10180	28.52%	9203
Indigenous	67.20%	20853	71.48%	23067
<b>Total</b>		<b>31033</b>		<b>32270</b>

## Notes

### NOTE 20.2 VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF

(₹ in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Raw Materials and Stock-in-Trade	17298	6999
Stores, Chemicals and Packing Materials	1929	1614
Capital Goods	889	1064
<b>Total</b>	<b>20116</b>	<b>9677</b>

### NOTE 21 CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK-IN-PROCESS

(₹ in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Inventories (at close)		
Finished Goods	24008	14354
Stock-in-Process	7590	6453
Inventories (at commencement)		
Finished Goods	14354	12770
Stock-in-Process	6453	6851
<b>Change in Inventories Decrease/(Increase)</b>	<b>(10791)</b>	<b>(1186)</b>

### NOTE 22 EMPLOYEE BENEFIT EXPENSES

(₹ in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries and Wages	7945	6129
Contribution to Provident and Other Funds	498	446
Gratuity to Employees	210	172
Staff Welfare Expenses	365	326
<b>Total</b>	<b>9018</b>	<b>7073</b>

#### NOTE 22.1 EMPLOYEE BENEFITS:

The Company is providing the following benefits to their employees:

- Gratuity
- Provident Fund
- Leave encashment

(i) The amounts recognized in Balance Sheet are as follows:

Present value of defined benefit obligation	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
A) - Wholly funded	-	-	-
- Wholly unfunded	1284	1100	902
	<b>1284</b>	<b>1100</b>	<b>902</b>
Less: Fair value of plan assets	-	-	-
Add: Amount not recognized as an asset [limit in para 64(b)]	-	-	-
Amount to be recognized as liability or (asset)	1284	1100	902
B) Amounts reflected in the Balance Sheet			
Liabilities	1284	1100	902
Assets	-	-	-
Net liability/(asset)	1284	1100	902
Net liability/(asset) - current #	86	94	80
Net liability/(asset) - Non-current	1198	1006	822



## Notes

(ii) The amounts recognized in Statement of Profit and Loss are as follows:

Particulars	(₹ in Lakh)	
	2017-18	2016-17
Current service cost	129	73
Interest cost	81	71
Interest income on plan assets	-	-
Remeasurement - Actuarial losses/(gains) -	-	-
Difference between actual return on plan assets and interest income	-	-
Remeasurement - Actuarial losses/(gains) - Others	68	81
Past service cost	-	-
Actuarial gain/(loss) not recognized in books	-	-
Adjustment for earlier years	-	-
Remeasurement - Effect of the limit in para 64(b)	-	-
Translation adjustments	-	-
Amount capitalized out of the above	-	-
<b>Total</b>	<b>277</b>	<b>226</b>
Amount included in "employee benefits expense"	210	144
Amount included as part of "finance cost"	-	-
Amount included as part of "other comprehensive income"	68	81

Particulars	(₹ in Lakh)	
	2017-18	2016-17
Opening balance of the present value of defined benefit obligation	1,100	902
Add: Current service cost	129	73
Add: Interest cost	81	71
Add: Contribution by plan participants	-	-
i) Employer	-	-
ii) Employee	-	-
iii) Transfer-in/(out)	-	-
Add/(less): Remeasurement - Actuarial losses/(gains)	-	-
i) Actuarial (gains)/losses arising from changes in demographic assumption	-	-
ii) Actuarial (gains)/losses arising from changes in financial assumptions	(55)	56
iii) Actuarial (gains)/losses arising from changes in experience adjustments	123	26
Less: Benefits paid	(94)	(27)
Add: Past service cost	-	-
Add: Liabilities assumed on transfer of employees	-	-
Add: Business combination/acquisition	-	-
Add: Adjustment for earlier years	-	-
Add/(less): Translation adjustments	-	-
<b>Closing balance of the present value of defined benefit obligation</b>	<b>1284</b>	<b>1100</b>

Change in Fair Value of Assets	(₹ in Lakh)	
	2017-18	2016-17
Plan assets at beginning of period	-	-
Investment Income	-	-
Return on Plan Assets, Excluding amount recognized in Net Interest Expense	-	-
Actual Company contributions	94	27
Fund Transferred	-	-
Employee contributions	-	-
Benefits paid	(94)	(27)
Plan assets at the end of period	-	-

The key assumptions used in the calculations are as follows :

### 1. Financial Assumptions

	(₹ in Lakh)	
	2017-18	2016-17
Discount Rate	7.70% p.a.	7.33% p.a.
Rate of increase in salaries	7.00% p.a.	7.00% p.a.

## Notes

### 2. Demographic Assumptions

(₹ in Lakh)

	2017-18	2016-17
Mortality Rate (% of IALM 06-08)	100.00%	100.00%
Normal Retirement Age	60 Years	60 Years
Attrition Rates, based on age (% p.a.) For all Ages	2	2

- The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields / rates available on applicable bonds as on the current valuation date.
- The salary growth rate indicated above is the Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, seniority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.
- Attrition rate indicated above represents the Company's best estimate of employee turnover in future (other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience, etc.

### Sensitivity Analysis

Significant actuarial assumptions for the determination of the define benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The result of sensitivity analysis is given below:

Particulars	As on March 31, 2018	As on March 31, 2017
Defined Benefit Obligation (Base)	1284	1100

Particulars	As on March 31, 2018		As on March 31, 2017	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	1441	1151	1224	995
% change compared to base due to sensitivity	12.23%	(10.32%)	11.24%	(9.55%)
Salary Growth Rate (- / + 1%)	1147	1444	996	1220
% change compared to base due to sensitivity	(10.67%)	12.44%	(9.48%)	10.94%
Attrition Rate (- / + 50%)	1275	1291	1096	1104
% change compared to base due to sensitivity	(0.67%)	0.58%	(0.39%)	0.36%
Mortality Rate (- / + 10%)	1282	1286	1099	1101
% change compared to base due to sensitivity	(0.14%)	0.14%	(0.08%)	(0.08%)

### NOTE 23 FINANCE COST

(₹ in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest & Bank Charges	2496	2593
<b>Total</b>	<b>2496</b>	<b>2593</b>

### NOTE 24 DEPRECIATION AND AMORTIZATION EXPENSES

(₹ in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation Expenses	3118	2866
Leasehold Land Amortization	43	40
<b>Total</b>	<b>3161</b>	<b>2906</b>



## Notes

### NOTE 25 OTHER EXPENSES

(₹ in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Processing Charges	4633	4636
Commission	4481	3925
Freight and Transport	2858	2229
Power and Fuel	2641	2630
Selling & Advertisement Expenses	3138	2198
Rent *	1171	864
Vehicle Running & Maintenance	285	458
Repair and Maintenance (other than building & machinery)	515	425
Traveling & Conveyance Expenses	539	450
Insurance	231	235
Security Expenses	390	369
Postage & Courier	202	217
Telephone & Telex	134	134
Legal & Professional Chrgs	255	150
Rates and Taxes, excluding taxes on income	423	556
Repairs to machinery	130	111
Repairs to buildings	219	158
Printing & Stationery	116	98
Donation and Subscription	15	17
(Profit)/Loss on Sale of Property, plant and equipment	104	(5)
Miscellaneous Expenses	56	3
Audit Fees	17	16
Corporate Social Responsibilities	161	180
<b>Total</b>	<b>22714</b>	<b>20054</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 25.1 DISCLOSURE PURSUANT TO NOTE NO. 5(I)(J) OF PART II OF SCHEDULE III TO THE COMPANIES ACT, 2013

(₹ in Lakh)

Payments to the auditor as	For the year ended March 31, 2018	For the year ended March 31, 2017
(i) To Statutory Auditors		
a. For Audit Services	16	15
b. For taxation matters	-	-
(ii) To Branch Auditors for Audit Services	1	1
<b>Total</b>	<b>17</b>	<b>16</b>

### NOTE 25.2 DETAILS OF CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

(₹ in Lakh)

Corporate Social Responsibilities	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Total amount required to be spent for the financial year	202	179
b) Amount spent during the financial year	161	180
<b>Total</b>	<b>161</b>	<b>180</b>



## Notes

### NOTE 26 EARNINGS PER SHARE (EPS)

(₹ in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(i) Net Profit after tax as per statement of Profit and Loss attributable to Equity Shareholders	7842	7174
(ii) Weighted Average number of equity shares used as denominator for calculating EPS	120306000	120306000
(iii) Basic and Diluted Earnings per share (₹)	6.52	5.96
(iv) Face Value per equity share (₹)	2	2

### NOTE 27 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
A Bills Discounted	11926	17809
B Import Duty Payable	6	13
In case of non-fulfillment of export obligation under EPCG Scheme (not yet due)		
C Bank Guarantees / Letter of Credits	7314	728
D Two cases of employees are pending at Industrial Tribunal II, Lucknow	Indeterminate	Indeterminate
One case of employee is pending at Labour Court, Lucknow	Indeterminate	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
E Deficiency in stamp duty demanded by state revenue authorities for purchase of land at Hapur was ₹ 44 Lakh. 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
F Taxes		
(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	37
(c) Kolkata : CST Demand of ₹ 2.48 Lakh against which revision appeal has been filed.	2	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.	5	5
(e) Uttar Pradesh : CST Demand of ₹ 28 Lakh due to non submission of Form C for the period F.Y. 2017-18 upto June 2017 against which the company has preferred an appeal.	28	5
(III) 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 Lakh refunded by the department.	20	20
G Commitment		
A Capital Expenditure (Net of fund already deployed)	1584	306
B Unclaimed Dividend	39	34



## Notes

### NOTE 28 SEGMENT REPORTING

Segment Information for the year ended March 31, 2018

#### Information about Primary Business Segments

	(₹ in. Lakh)			
	Shoe Division	Tannery Division	Unallocated	Total
External	90313	6896	41	97250
	(84356)	(9212)	(88)	(93656)
Inter - Segment	-	11783	-	11783
	-	(11884)	-	(11884)
<b>Total Revenue</b>	<b>90313</b>	<b>18679</b>	<b>41</b>	<b>109033</b>
	<b>(84356)</b>	<b>(21096)</b>	<b>(88)</b>	<b>(105540)</b>
<b>Result</b>				
Segment Result (Profit before Interest & Tax)	17336	785	41	18162
	(16374)	(624)	(88)	(17086)
Less: Interest Expenses	-	-	(2495)	(2495)
	-	-	2593	2593
Unallocated Expenditure net of unallocated income	-	-	(3883)	(3883)
	-	-	3853	3853
<b>Profit before Taxation</b>	<b>17336</b>	<b>785</b>	<b>(6337)</b>	<b>11784</b>
	<b>(16374)</b>	<b>(624)</b>	<b>6358</b>	<b>(10640)</b>
Provision for Taxation	0	0	(3943)	(3943)
	-	-	3520	3520
<b>Net Profit</b>	<b>17336</b>	<b>785</b>	<b>(10280)</b>	<b>7841</b>
	<b>(16374)</b>	<b>(624)</b>	<b>9878</b>	<b>(7120)</b>
<b>Other Information</b>				
Segment Assets	74436	22074	3389	99899
	(53277)	(20300)	(3017)	(76594)
Segment Liabilities	26933	14016	1770	42719
	(11998)	(12566)	(1666)	(26230)
Capital Expenditure	3858	30	370	4258
	(2244)	(1706)	(259)	(4209)
Depreciation	2135	871	155	3161
	(1934)	(845)	(127)	(2906)

#### Information about Secondary Business Segments

	(₹ in. Lakh)		
Revenue by Geographical Market	Within India	Outside India	Total
External	44909	52341	97250
	(28588)	(65068)	(93656)
Inter Segment	-	-	-
	-	-	-
<b>Total</b>	<b>44909</b>	<b>52341</b>	<b>97250</b>
	<b>(28588)</b>	<b>(65068)</b>	<b>(93656)</b>
Carrying amount of segment assets	99898	-	99898
	(76594)	-	(76594)
Additions to Fixed Assets	4258	-	4258
	(4209)	-	(4209)

\* 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 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.

## Notes

- (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 29 REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
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	-	-

(₹ in Lakh)

### NOTE 30 RELATED PARTY TRANSACTIONS

S. No.	Particulars	For the year ended March 31,			
		Volume of Transactions 2018	Outstanding as on March 2018	Volume of Transactions 2017	Outstanding as on March 2017
<b>1</b>	<b>Purchase</b>				
	Euro Footwear Pvt. Ltd.	12929	1313 Cr.	12416	284 Cr.
	Gempack Enterprises	900	71 Cr.	654	35 Cr.
	Shoemac Leather Tech Engineers Ltd.	185	24 Cr.	114	1 Dr.
	Shoemax Engineering Ltd.	-	-	51	-
	Waves International	17	-	113	5 Cr.
<b>2</b>	<b>Jobwork expenses</b>				
	Mars International	329	8 Dr.	274	17 Dr.
	Euro Footwear Pvt. Ltd.	1	-	-	-
<b>3</b>	<b>Rent &amp; Maintenance charges Paid</b>				
	Mr. Irshad Mirza	11	-	6	4 Cr.
	Mrs. Jamil Ara Begum	2	-	7	4 Cr.
	Mrs Sabiha Hussain	4	-	4	3 Cr.
	Shoemac Leather Tech Engineers Ltd.	4	1 Cr.	5	-
	Shoemax Engineering Ltd.	-	-	3	2 Cr.
<b>4</b>	<b>Sales</b>				
	Euro Footwear Pvt. Ltd.	3405	-	3781	9 Dr.
	Mirza (UK) Ltd.	23506	1357 Dr.	30571	724 Dr.
	Gempack Enterprises	-	-	-	-
	Shoemac Leather Tech Engineers Ltd.	1	-	-	-
	Mars International	32	-	24	-
<b>5</b>	<b>Jobwork income</b>				
	Euro Footwear Pvt. Ltd.	23	-	19	-
<b>6</b>	<b>Guarantee Commission</b>				
	Mr. Irshad Mirza	152	94 Cr.	163	26 Cr.
	Mr. Rashid Ahmed Mirza	152	102 Cr.	163	26 Cr.
	Mr. Shahid Ahmed Mirza	152	101 Cr.	163	26 Cr.
	Mr. Tauseef Ahmed Mirza	152	98 Cr.	163	26 Cr.
	Mr. Tasneef Ahmed Mirza	152	97 Cr.	163	26 Cr.
<b>7</b>	<b>Salaries</b>				
	To Relatives of Key Management Personnel	156	11 Cr.	120	7 Cr.
<b>8</b>	<b>Managerial Remuneration</b>				
	Directors Remuneration & Perquisites	873	48 Cr.	848	34 Cr.

(₹ in Lakh)



## Notes

(₹ in Lakh)					
S. No.	Particulars	Volume of Transactions 2018	Outstanding as on March 2018	Volume of Transactions 2017	Outstanding as on March 2017
	<b>For the year ended March 31,</b>				
9	Sitting Fee	2	-	3	-
10	<b>Donation</b>				
	Mirza Foundation	19	-	16	-
11	<b>Corporate Social Responsibilities</b>				
	Mirza Charitable Hospital Limited (formerly Azad Multi Speciality Hospital & Research Centre)	90	-	136	-
	Kilkari Charitable Trust	8	-	7	-

### NOTE 31 FOLLOWING PAYMENTS TO DIRECTORS ARE INCLUDED IN VARIOUS HEADS OF EXPENDITURE:

(₹ in Lakh)		
Particulars	2018	2017
Salary	867	819
Perquisites	6	29
Sitting Fees	2	3
Guarantee Commission	760	813
<b>Total</b>	<b>1635</b>	<b>1664</b>

### NOTE 32 INCOME TAX

- A) The Company has recognized and accounted for cumulative net deferred tax liability in accordance with Accounting Standard (IND AS-12) issued by the Institute of Chartered Accountants of India, "Accounting for Taxes on Income" in respect of net aggregate timing differences as on March 31, 2018.

### NOTE 33 FORWARD CONTRACTS

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

Forward contracts EURO INR 28.01 Lakh (16.46 Lakh) Sell Hedging

Forward contracts GBP INR 116.88 Lakh (94.77 Lakh) Sell Hedging

Forward contracts USD INR 109.70 Lakh (62.93 Lakh) Sell Hedging

**NOTE 34** Figures of previous year have been regrouped/rearranged wherever necessary to make them comparable with the figures of current year.

### NOTE 35 IND AS 115, REVENUE FROM CONTRACT WITH CUSTOMERS:

On March 28, 2018, the MCA has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits two possible methods of transition :

- Retrospective approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting, Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch-up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 01, 2018. The Group will adopt the standard on April 01, 2018 by using the cumulative catch-up transition method and accordingly, comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

# Notes

## NOTE 36 GROUP OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

### A) GENERAL INFORMATION :

Mirza International Limited ("The Holding Company") and its subsidiaries, (together referred as 'The Group') are engaged in manufacturing, export and trade of Finished Leather, Footwear and Trader of Footwear and Apparels.

The Holding Company is a public limited company incorporated in India and listed on Bombay Stock Exchange and National Stock Exchange and having its registered office located at 14/6, Civil Lines, Kanpur-208001, Uttar Pradesh, India. The Holding Company is a leading manufacturer & exporter of finished leather, Footwear and trader of footwear and apparels.

The consolidated financial statements for the year ended on March 31, 2018 were approved for issue by Company's Board of Directors on 29th May, 2018.

### B) BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements are prepared under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transactions between market participants at the measurement date.

Fair value measurement under Ind AS are categorized as below based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date;

Level 2 inputs are inputs, other than quoted prices included in level 1, that are observable for the assets or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the valuation of assets/liabilities.

The consolidated financial statements of the Group have been prepared to comply with the Indian Accounting Standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013.

Upto the year ended March 31, 2017, the Group has prepared its consolidated financial statements in accordance with the requirement of Indian Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 and considered as "Previous GAAP".

These consolidated financial statements are the Group's first Ind AS consolidated financial statements. The figures for the previous period have been restated, regrouped and reclassified wherever required to comply with the requirement of Ind AS and Schedule III.

The Company's consolidated financial statements are presented in Indian Rupees.

### C) PRINCIPLES OF CONSOLIDATION

- (a) The consolidated financial statements of the Holding Company and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.
- (b) Profits or losses resulting from intra-group transactions that are recognized in assets, such as Inventory and Property, Plant and Equipment, are eliminated in full.
- (c) In case of foreign subsidiaries, revenue items are consolidated at average rates prevailing at the end of the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the Foreign Currency Translation Reserve (FCTR).
- (d) The financial statements of foreign subsidiaries have been prepared in accordance with the Small and Medium-Sized Entity Financial Reporting Standard ("SME-FRS") of its Country of Incorporation.
- (e) The differences in accounting policies of the Holding Company and its subsidiaries are not material and there are no material transactions during the Financial Year ending on March 31, 2018 .





## Notes

- (f) The Consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

### D) USE OF ESTIMATES AND JUDGEMENT:

The preparation of the consolidated financial statements requires the Management to make certain estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Accounting estimates could change from period to period. Actual results may differ from these estimates.

This note provides an overview of the areas that involved a higher degree of judgement or complexity and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the consolidated financial statements.

### E) PLANT AND EQUIPMENT:

- Freehold Land is carried at historical cost. All other items of Property, Plant and Equipment of the Group are valued at cost of acquisition or construction 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.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as

separate asset is derecognized when replaced. All other repairs and maintenance are charged to Profit or Loss during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

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

### F) DEPRECIATION & AMORTIZATION

- Depreciation on tangible fixed assets is provided to the extent of depreciable amount on the basis of 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 Part A of Schedule II of the Companies Act, 2013.
- Lease hold land are amortized over the useful life remaining from the date, it put to use.

### G) BORROWING AND BORROWING COST:

Borrowings are initially recognized at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognized in profit or loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognized as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. 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.

## Notes

### H) LEASES:

1. Finance Leases: Assets acquired under finance leases, which effectively transfer to the Group 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.
2. Operating Leases: Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee, are classified as operating lease. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

### I) INVESTMENTS:

Long term investments are valued at carrying 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.

### J) INVENTORIES:

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

1. Bought Out Items: On First in First Out (FIFO) method except raw hides (which is 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 Input Tax Credit is permitted all recoverable taxes are excluded from purchase price for determining the cost.
2. Goods in Process: At cost plus estimated value addition/cost of conversion at each major stage of production.
3. 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.

### K) FOREIGN CURRENCY TRANSACTIONS

- (i) The functional currency and presentation currency of the Holding Company is Indian Rupee.
- (ii) Transactions in currencies other than the Holding Company's functional currency are recorded on

initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognized in the Statement of Profit & Loss in the year in which they arise except for:

- A. exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- B. exchange differences on transactions entered into in order to hedge certain foreign currency risks.

### L) DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

#### Cash flow hedges

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity relating to effective portion as described above are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains or losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.



## Notes

### M) 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 from investment is recognized when right to receive is established.

### N) RECEIVABLES:

Receivables are disclosed in Indian currency equivalent of actually invoiced values Receivables covered by bills of exchange purchased by the Group'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.

### O) EMPLOYEE BENEFITS:

#### a) Short Term Employee Benefits

Short term employee benefits expected to be paid in exchange for the services rendered by employees are recognized as an expense during the period when the employees render services. The Group, 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 Group makes regular contributions to Provident Fund and the Group's contribution is recognized as an expense in the Statement of Profit & Loss during the period in which employee renders the related services. The liability of the Group for gratuity is actuarially valued at each year end and based on such yearend actuarial valuation, the liability for gratuity is provided in the books of the Group.

### P) TAXES ON INCOME:

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 extent 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.

However, Foreign Subsidiary at Hong Kong, Deferred Tax is not provided.

### Q) EARNINGS PER SHARE:

Basic earnings per equity share are computed by dividing the net profit attributable after tax to the equity holders of the Group by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share are computed by dividing the net profit after tax attributable to the equity holders of the Group by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

The Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

### R) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

#### Provision:

Provision is recognized 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 Liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because

- (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (b) the amount of the obligation cannot be measured with sufficient reliability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

#### Contingent Asset:

Contingent asset are neither recognized nor disclosed in the consolidated financial statements

## Notes

### S) EVENTS AFTER THE REPORTING PERIOD:

It is the Group's Policy to take in to the account the impact of any significant event that occurs after the reporting date but before the finalization of accounts

### T) GOVERNMENT GRANTS:

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available.

Government grants relating to the purchase of property, plant and equipment are accounted for as deferred Income by crediting the same to a specific reserve and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

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.

### U) IMPAIRMENT OF TANGIBLE & INTANGIBLE ASSETS:

At the end of each reporting period, the Group reviews the carrying amounts of its tangible & intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates

the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable value is the higher of the assets' net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of Profit & Loss, unless the relevant asset is carried at the revalued amount, in which case the impairment loss is treated as revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceeds the carrying amount that would have been determine, had no impairment loss being recognized for the asset in prior years. A reversal of impairment loss is recognized immediately in statement of Profit or Loss.

### V) Operating Cycle for current and Non-Current Classification

Operating cycle for the business activities of the Group covers the duration of the specific product line/ service including the defect liability period wherever applicable and extends upto the realization of receivables within the agreed credit period normally applicable to the respective lines of business.

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

#### For DRA & Co

Chartered Accountants  
FRN 006476N

#### CA. Himanshu Singh

Partner  
M No. 418577

Place : Kanpur  
Date : May 29, 2018



## MIRZA INTERNATIONAL LIMITED

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

CIN: L19129UP1979PLC004821, Tel.: 91-512-2530775, Fax: 91-512-2530166

Website: www.mirza.co.in | E-mail: ankit.mishra@redtapeindia.com

### NOTICE CONVENING ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the Thirty-Ninth Annual General Meeting of the Members of the Company will be held on Wednesday, 26th September, 2018 at 01:00 P.M. at the Auditorium of Directorate of Extension, Chandra Shekhar Azad (CSA) University of Agriculture and Technology, Nawabganj, Kanpur - 208002 to transact the following businesses:

#### AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2018 (both Standalone and Consolidated basis), together with the Reports of the Auditors and the Board of Directors thereon.
2. To declare final dividend for the financial year ended March 31, 2018. The Board recommends a Final Dividend of ₹ 0.90 per Equity Share of ₹ 2/- each, fully paid up.
3. To appoint a Director in place of Mr. Tasneef Ahmad Mirza (DIN: 00049066), who retires by rotation and being eligible, offers himself for re-appointment.

#### AS SPECIAL BUSINESS

##### 4. Approval of Related Party Transactions

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 188 of the Companies Act, 2013, Rule 15 (3) of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”), consent of the Members of the Company be and is hereby accorded for entering into transactions with Euro Footwear Private Limited, a ‘Related Party’ as defined under Section 2 (76) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with effect from 1st October, 2018 to 30th September, 2019 upto the maximum amount per annum as stated in explanatory statement.

**RESOLVED FURTHER THAT** to give effect to this resolution the Board of Directors be and is hereby authorized to settle any questions, difficulty, or doubt

that may arise with regard to giving effect to the above Resolution and to do all such acts, deeds, things as may be necessary, proper desirable and to finalise any documents and writings related thereto.”

##### 5. Ratification of the remuneration payable to Cost Auditor

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 148 (3) and other applicable provisions of the Companies Act, 2013 and Rule 14 (a) (ii) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. A K Srivastava, Cost Accountant (M.No.: 10467) appointed as Cost Auditor by the Board of Directors of the Company to audit the cost records of the Company for the financial year 2018-19, be paid a remuneration of ₹ 30,000/- per annum plus applicable service tax and out of pocket expenses that may be incurred.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

##### 6. To consider and determine the fees for delivery of any document through a particular mode of delivery to a member

To consider and if thought fit to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** in supersession of resolution passed at the 38th Annual General Meeting of the Company held on September 28, 2017 and pursuant to section 20 and other applicable provisions, if any, of the Companies Act, 2013 and relevant Rules prescribed thereunder, upon receipt of a request from a member for delivery of any document through a particular mode an amount of 50/- (Rupees Fifty Only) per each document, over and above reimbursement of actual expenses incurred by the Company, be levied as and by way of fees for sending



the document to him in the desired particular mode.

**RESOLVED FURTHER THAT** the estimated fees for delivery of the document shall be paid by the member in advance to the Company, before dispatch of such document.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Key Managerial Personnel of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper, desirable or expedient and to

settle any question, difficulty, or doubt that may arise in respect of the matter aforesaid, including determination of the estimated fees for delivery of the document to be paid in advance.”

By the Order of the Board

For **MIRZA INTERNATIONAL LIMITED**

**(Ankit Mishra)**

Place: Kanpur  
Date : August 07, 2018

Company Secretary &  
Compliance Officer

### NOTES FOR MEMBERS' ATTENTION

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 and Rules framed thereunder, in respect of the Special Business under Item Nos. 4, 5 and 6 of the accompanying Notice is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE THIRTY NINTH ANNUAL GENERAL MEETING ('AGM') IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON HIS / HER BEHALF ONLY ON A POLL. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE AGM.  
  
In terms of Section 105 of the Companies Act, 2013 and Rules framed thereunder, a person can act as a proxy on behalf of the Members not exceeding fifty and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Members. The holder of proxy shall prove his identity at the time of attending the meeting.
3. Information as required under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and the Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI), in respect of the Directors seeking appointment / re-appointment at the AGM is provided hereunder.
4. As required under SS-2 issued by ICSI, a route map, including a prominent landmark, showing directions to reach the AGM venue is annexed and forms part of this Notice.
5. Pursuant to Section 113 of the Companies Act, 2013 and Rules framed thereunder, the corporate members intending to send their authorized representatives to attend the AGM are requested to send to the Company, a certified copy of the Board Resolution and Power of Attorney, if any, authorizing their representative(s) to attend and vote on their behalf at the AGM.
6. Any Member desirous of receiving any information on the Financial Statements or operations of the Company is requested to forward his / her queries to the 'Secretarial and Compliance Department' of the Company at the Registered Office at least seven working days prior to the AGM, so that the required information can be made available at the AGM.
7. Pursuant to the provisions of Section 72 of the Companies Act, 2013 and Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, Members are informed that they may nominate at any time, in the prescribed manner, a person to whom their shares in the Company shall vest in the unfortunate event of their death. Members holding shares in physical mode should file their nomination with the Company or with M/s. Karvy Computershare Private Limited, the Registrar and Share Transfer Agent (RTA) of the Company, at their address given in the Annual Report, whilst those Members holding shares in demat / electronic mode should file their nomination with their Depository Participants (DPs).
8. Pursuant to Section 91 of the Companies Act, 2013 and Rule 10 of the Companies (Management and Administration) Rules, 2014 read with Regulation 42 (5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the Share Transfer Books and Register of Members of the Company will remain closed from Wednesday, September 19, 2018 to Wednesday, September 26, 2018 (both days inclusive).



9. Dividend on Equity Shares, as recommended by the Board of Directors of the Company, for the financial year ended March 31, 2018, if declared, at the AGM, will be paid to:
  - i. those Members whose names appear in the Register of Members of the Company at the end of business hours on Tuesday, September 18, 2018, after giving effect to all valid share transfers in physical mode lodged with the Company / RTA on or before Tuesday, September 18, 2018.
  - ii. those 'Beneficial Owners' entitled thereto, in respect of shares held in electronic mode, whose names shall appear in the statements of beneficial ownership furnished by respective Depositories, viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), at the end of business hours on Tuesday, September 18, 2018.
10. Members holding shares in physical mode are requested to immediately notify any change in their address along with self-attested copy of address proof i.e., Aadhaar Card / Electricity Bill / Telephone Bill / Driving License / Passport / Bank Passbook particulars to the Company or its RTA and in case their shares are held in dematerialized mode, this information should be notified / submitted directly to their respective DPs.
11. Pursuant to Regulation 12 of the Listing Regulations read with Schedule I to the said Regulations, it is mandatory for all the Companies to use bank details furnished by the investors for distributing dividends, interests, redemption or repayment amounts to them through National / Regional / Local Electronic Clearing Services (ECS) or Real Time Gross Settlement (RTGS) or National Electronic Funds Transfer (NEFT), National Automated Clearing House (NACH) wherever ECS / RTGS / NEFT / NACH and bank details are available. In absence of electronic facility, Companies are required to mandatorily print bank details of the investors on 'payable-at-par' warrants or cheques for distribution of dividends or other cash benefits to the investors. In addition to that, if bank details of investors are not available, Companies shall mandatorily print the address of the investor on such payment instruments.
12. In all correspondence with the Company, Members holding shares in physical mode are requested to quote their Folio numbers and in case their shares are held in the dematerialized mode, Members are requested to quote their DP Id and Client Id.
13. Pursuant to erstwhile Section 205 of the Companies Act, 1956, all unclaimed / unpaid dividends were transferred to the General Revenue Account of the Central Government. Consequent upon amendments of erstwhile Sections 205A and 205C of the Companies Act, 1956 and introduction of Sections 124 and 125 of the Companies Act, 2013, and subsequent amendments thereof, the amount of dividend for the subsequent years remaining unclaimed / unpaid for a period of seven years or more from the date they first become due for payment, including the amounts which were transferred to General Revenue Account, have been transferred to the Investor Education and Protection Fund (IEPF) established by the Government of India.
14. In compliance with the provisions of Sections 124 and 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules') as amended from time to time, the Company has transferred 2,82,990 Equity Shares, in aggregate in respect of 324 Members on which dividends remained unpaid or unclaimed for a period of seven consecutive years or more, to the Demat Account of IEPF Authority maintained with National Securities Depository Limited (NSDL).
15. In compliance with the provisions of Sections 124 and 125 of the Companies Act, 2013 read with the IEPF Rules as amended from time to time, the Equity Shares in respect of which dividend remains unclaimed / unpaid for seven consecutive years or more, are required to be transferred to the Demat Account of the IEPF Authority. In this regard, the Company had informed the Members concerned through letter(s) and subsequently through publication of Notice(s) in daily Newspapers, viz., Business Standard (Hindi and English) dated July 30, 2018 and advising them to claim their unclaimed / unpaid dividend from the Company within the stipulated time period. The Company has also uploaded on its website, i.e., [www.mirza.co.in](http://www.mirza.co.in), the complete list of Members along with relevant details pertaining to unclaimed / unpaid dividend for seven consecutive years or more and the corresponding shares liable to be transferred to the Demat Account of the IEPF Authority. Members may view the aforesaid details on the website of the Company, i.e., [www.mirza.co.in](http://www.mirza.co.in) under the 'Investor Relations' category.
16. Members are informed that once the unclaimed / unpaid dividend is transferred to the designated account of IEPF and shares are transferred to the Demat Account of the IEPF Authority, no claim shall lie against the Company in respect of such dividend/ shares. The eligible Members are entitled to claim such unclaimed / unpaid dividend and shares

including benefits, if any, accruing on such shares from the IEPF Authority by making an application in prescribed Form IEPF-5 online and sending the physical copy of the same duly signed (as per the specimen signature recorded with the Company) along with requisite documents at the Registered Office of the Company for verification of their claim. Relevant details and the specified procedure to claim refund of dividend amount / shares along with an access link to the refund webpage of IEPF Authority's website for claiming the dividend amount / shares has been provided on the Company's website, i.e., www.mirza.co.in under the "Investor Relations" category.

17. All members who have either not received or have not yet encashed their dividend warrant(s) for the financial year ended March 31, 2011 till the financial year ended March 31, 2017 are requested to write to the Company's Registrar and Share Transfer Agent i.e. M/s Karvy Computer Share Private Ltd., Karvy Selenium Tower B, 6th Floor, Plot No. 31-32 Gachibowli Financial District, Nanakramguda, Hyderabad- 500 032 for obtaining duplicate dividend warrant without any further delay.
18. During the financial year ended March 31, 2018, the Company has deposited a sum of ₹ 4,65,924/- (Rupees Four Lakh Sixty Five Thousand Nine Hundred Twenty Four only) into the specified bank account of the IEPF, Government of India, towards unclaimed / unpaid dividend for the financial year 2009-10. The due dates for transfer of the unclaimed / unpaid dividend relating to subsequent years to IEPF are as follows:

Dividend for the Financial Year Ended	Due date for transfer to IEPF
March 31, 2011	07/10/2018
March 31, 2012	28/10/2019
March 31, 2013	20/10/2020
March 31, 2014	25/10/2021
March 31, 2015	28/10/2022
March 31, 2016	28/10/2023
March 31, 2017	27/10/2024

19. The Securities and Exchange Board of India (SEBI) vide its circular dated April 20, 2018 has mandated registration of Permanent Account Number (PAN) and Bank Account details for all Members holding shares in physical form. Therefore, the Members are requested to submit their PAN and Bank Account details to the 'Secretarial and Compliance Department' of the Company at the Registered Office or to M/s. Karvy Computershare Pvt. Limited, the Registrar and Share Transfer Agent (RTA) of the Company. In this regard, the Members are requested

to submit a duly signed letter along with self-attested copy of PAN Card(s) of all the registered Members (including joint holders). Members are also requested to submit original cancelled cheque bearing the name of the sole / first holder. In case of inability to provide the original cancelled cheque, a copy of Bank Passbook / Statement of the sole / first holder duly attested by the Bank, not being a date earlier than one month may be provided. Members holding shares in demat form are requested to submit the aforesaid documents to their respective Depository Participant (s).

20. As per Regulation 40 of the SEBI (LODR) Regulations 2015 read with Schedule VII to the said Regulations, for registration of transfer of shares, the transferee(s) as well as transferor(s) shall mandatorily furnish copies of their Income Tax Permanent Account Number (PAN) Card. Additionally, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository w.e.f December 05, 2018 or such other date as may be notified by SEBI. In case of transmission of shares held in physical mode, it is mandatory to furnish a copy of the PAN Card of the legal heir(s) / Nominee(s).
21. Members are requested to bring and produce the Attendance Slip duly signed as per the specimen signature recorded with the Company / DPs for admission to the AGM Hall.
22. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection by the Members of the Company without payment of fees at the Registered Office of the Company at 14/6, Civil Lines, Kanpur - 208 001. Inspection by the Members can be done on any working day between 10:00 a.m. to 05:00 p.m. upto the date of AGM of the Company and shall also be available at the venue of the AGM.
23. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the Annual General Meeting held on September 28, 2017.

#### 24. VOTING THROUGH ELECTRONIC MEANS

- I. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and



Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to facilitate its Members to transact business at the AGM of the Company by voting through electronic means. In this regard, the Company has engaged the services of Karvy Computershare Pvt. Ltd. (Karvy) as the Agency to provide remote e-voting services and voting at the AGM venue through electronic voting system.

- II. The facility for voting through electronic means shall be made available at the AGM venue and the Members attending the AGM who have not cast their vote by remote e-voting shall be able to exercise their right at the AGM through electronic voting system.
- III. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

**IV. The instructions for remote e-voting are as under:**

- A. In case a Member receives an e-mail from Karvy [for members whose email ID are registered with the Bank/ Depository Participant(s)]:
  - i. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
  - ii. Enter the login credentials (i.e. USER ID and password ). In case of physical folio, USER ID will be EVEN number followed by folio number. In case of Demat account , USER ID will be your DP ID and Client ID. However, if you are already registered with Karvy for remote e-voting, you can use your existing User ID and password for casting your vote.
  - iii. After entering the details appropriately, click on LOGIN.
  - iv. You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case [A-Z], one lower case [a-z], one numeric value (0-9) and a special

character (@,#,\$ etc.). The system will prompt you to change your password and update any contact details like mobile, email etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the EVENT i.e MIRZA INTERNATIONAL LIMITED.
- vii. On the voting page, the number of shares as held by the shareholder as on the Cut-off Date will appear. If you desire to cast all the votes assenting/ dissenting to the Resolution then enter all shares and click "FOR"/"AGAINST" as the case may be. You are not required to cast all your votes in the same manner. You may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as mentioned herein above. You may also choose the option "ABSTAIN" in case you wish to abstain from voting. If you do not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head
- viii. Shareholders holding multiple Folios/ Demat account shall choose the voting process separately for each Folios/ Demat Account.
- ix. Cast your vote by selecting an appropriate option and click on **SUBMIT**. A confirmation box will be displayed. Click 'OK' to confirm else 'CANCEL' to Modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution(s).

- x. Corporate/ Institutional shareholders [i.e. other than individuals, HUF, NRI, etc] are required to send scanned copy [PDF/JPG Format] of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory [ies] who are authorized to vote, to the Scrutinizer through e-mail at [kn.shridhar@gmail.com](mailto:kn.shridhar@gmail.com) with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com).
- xi. Once you have cast your vote on a resolution you will not be allowed to modify it subsequently.
- B. In case of Members receiving physical copy of Notice [for members whose email IDS are not registered with the Bank/ Depository Participant(s)]
- i. Remote E-voting Event Number (even), USER ID and Password is provided in E-voting Form.
  - ii. Please follow all steps from SL. No. (i) to (xii) above to cast your vote by electronic means
- Other Instructions:**
- i. The e-voting portal will be open for voting from Sunday, September 23, 2018 (09:00 A.M.) to Tuesday, September 25, 2018 (05:00 P.M.). During the period, Members of the Company, holding shares either in physical form or in dematerialized form, as on cut-off date, Tuesday, September 18, 2018, may cast their vote electronically. The e-voting module shall be disabled by KARVY for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
  - ii. The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on record date.
  - iii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <https://evoting.karvy.com> or contact Mrs. C Shobha Anand of Karvy Computershare Pvt. Ltd. At 040-67162222 or at 18003454001(toll free)
  - iv. It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.
  - v. The results of e-voting will be placed by the company on its website : [www.mirza.co.in](http://www.mirza.co.in) with in two days of the AGM and also communicated to the stock exchanges, where the shares of the Company are listed.
  - vi. The resolutions proposed will be deemed to have been passed on the date of the Annual General Meeting subject to receipt of the requisite number of votes in favour of the resolutions.
  - vii. Mr. K. N. Shridhar, proprietor of K. N. SHRIDHAR & ASSOCIATES, Practicing Company Secretary, [Membership No. 3882, C.P No. : 2612] has been appointed as the Scrutinizer to scrutinize the e-voting process and also for conduct of poll by members.
25. Electronic copy of the Notice convening the 39th Annual General Meeting of the Company and the Annual Report along with Attendance Slip and Proxy Form is being sent to the members whose e-mail addresses are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for hard copy of the same. For members who have not registered their e-mail addresses, physical copies of the Notice convening the 39th Annual General Meeting of the Company along with the Annual Report, E-voting Form, Attendance slip and Proxy form is being sent to the members in the permitted mode. Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses for receiving all communications including Annual Report, Notice, Circular etc. from the Company in electronic mode.





26. The details required to be given in pursuance of Regulation 36 (3) of the SEBI (LODR), Regulations, 2015 for re-appointment of Directors are as under:

Name of Directors & DIN	Date of Birth	Qualification	Date of Appointment	Expertise	Relationship between Directors	Other Directorship	Chairman/ Membership of Committee in the Board of other Companies	Shareholding in the Company
Mr. Tasneef Ahmad Mirza (00049066)	19/03/1972	Degree in Leather Technology, London	01/10/17	Industrialist & Leather Technologist having experience in his line of business and looking after operations of Tannery Division				

Please refer Corporate Governance Section of the Annual Report 2017-18

By the Order of the Board

For **MIRZA INTERNATIONAL LIMITED**

**(Ankit Mishra)**

Company Secretary &  
Compliance Officer

Place: Kanpur

Date : August 07, 2018

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

##### Item No. 4:

Section 188 of the Companies Act, 2013 read with rules 15 and 16 of Companies (Meetings of Board and its Powers) Rules, 2014 prescribe certain procedure for approval of related party transactions. The proviso to section 188 states that nothing in section 188 (1) will apply to any transaction entered into by the company in its ordinary course of business and at arm's length basis.

All the proposed transactions put up for approval are in ordinary course of business and at arm's length. However pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the following contracts / arrangements / transactions are material in nature and require the approval of the unrelated shareholders of the Company by an Ordinary Resolution:

Sl. No.	Name	Name of Interested Director	Nature of Relationship	Terms of Contract/ arrangements	Nature of Contract	Duration
1	Euro Footwear Private Limited	Mr. Irshad Mirza Mr. Rashid Ahmed Mirza Mr. Shahid Ahmad Mirza Mr. Tauseef Ahmad Mirza Mr. Tasneef Ahmad Mirza	Related Party u/s 2 (76) (iv) of the Companies Act, 2013	For the purpose of Purchase of Footwear and other Components, Jobwork charges & sale of Leather	Purchase/ Jobwork/ Sale	Upto ₹ 34,500.00 Lakh

The above contracts / arrangements / transactions were approved by the Audit Committee at its meeting held on May 29, 2018 and recommended by the Board of Directors to the unrelated shareholders of the Company for their approval. The Board is of the opinion that the aforesaid related party transaction is in the best interest of the Company.

The Board, therefore, recommends the Resolution set out at Item No. 4 of the Notice for the approval of the Members in terms of Regulation 23 (4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in this resolution.

**Item No. 5:**

In accordance with Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, 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 the recommendation of the Audit Committee, approved the appointment and remuneration of Mr. A.K. Srivastava, Cost Auditor of the Company to conduct audit of cost records of the Company for products covered under the Companies (Cost Records and Audit) Rules, 2014 for the Financial Year ending March 31, 2019, at a remuneration of ₹ 30,000/- per annum plus applicable service tax and out of pocket expenses that may be incurred.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors has to be ratified by the members of the Company.

Accordingly, the consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year ending March 31, 2019.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolution mentioned at Item No. 5 of the Notice.

The Board recommends the resolution set forth in Item No. 5 for the approval of the Members.

**Item No. 6:**

At the 38th Annual General Meeting of the Company, Shareholders have fixed fees of ₹ 10 (Rupees Ten only) per page subject to minimum of ₹ 100 (Rupees Hundred only) from members over and above reimbursement of actual expenses incurred by the Company for sending the document to him/ her in the desired particular mode upon receipt of request under section 20 of the Companies Act, 2013.

However, as an investor friendly initiative, the Board of Directors of the Company at its meeting held on August 07, 2018, have decided to reduce the above mentioned fees and to charge from a member in advance an amount of ₹ 50/- (Rupees Fifty Only) per document, over and above reimbursement of actual expenses incurred by the Company, for sending the document to him in the desired particular mode.

Accordingly, Board of Directors of the Company recommend the Ordinary Resolution at item no. 6 of the accompanying Notice, for the approval of the members of the Company.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at item no. 6 of the accompanying Notice.

By the Order of the Board

For **MIRZA INTERNATIONAL LIMITED**

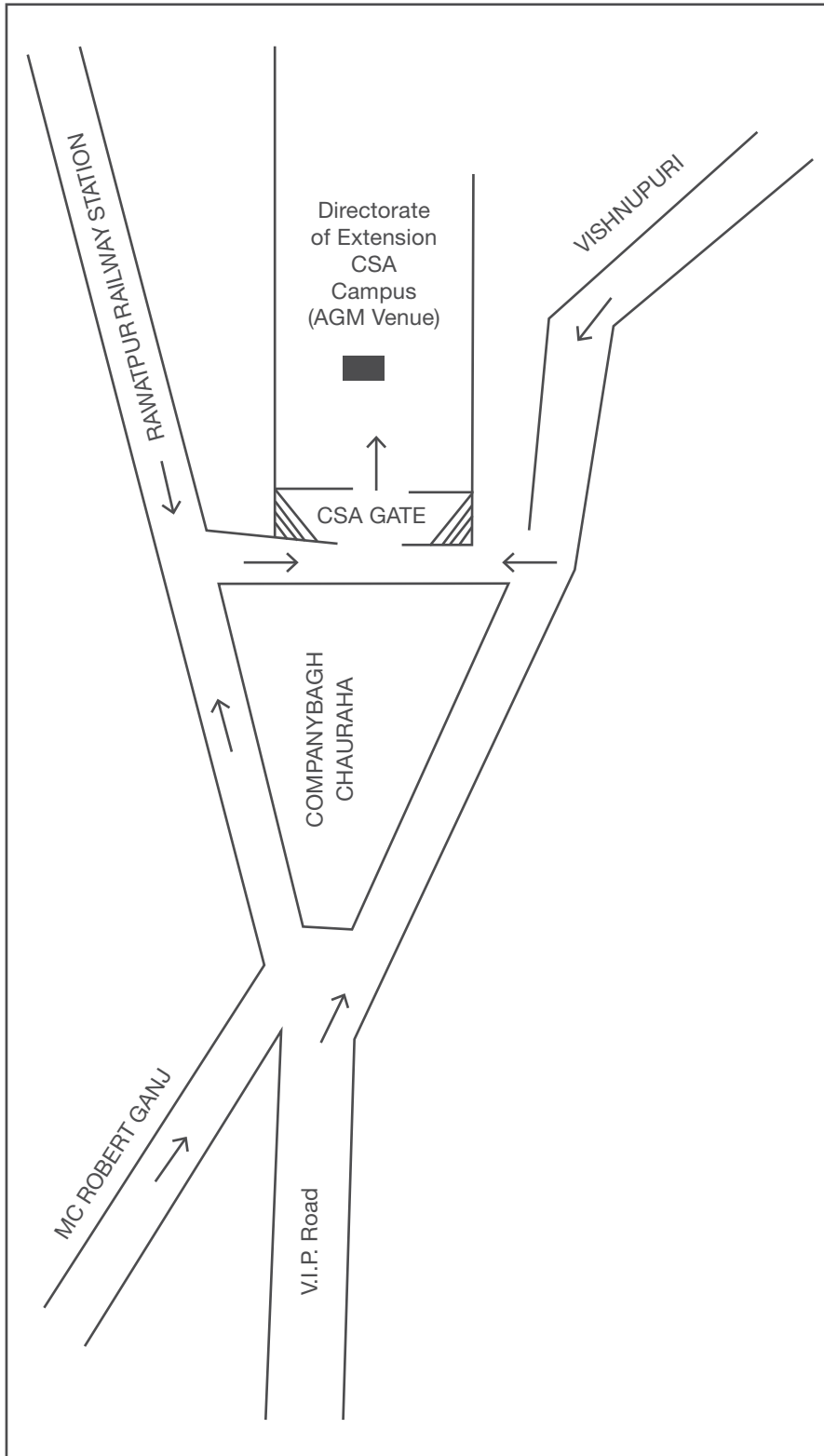
**(Ankit Mishra)**

Place: Kanpur  
Date : August 07, 2018

Company Secretary &  
Compliance Officer



### ROUTE MAP OF THE AGM VENUE



**MIRZA INTERNATIONAL LIMITED**

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

**39<sup>th</sup> ANNUAL GENERAL MEETING****ATTENDANCE SLIP**

<b>Master Folio :</b>	<b>DP ID** :</b>
<b>No. of Shares :</b>	<b>Client ID** :</b>

I hereby record my presence at the 39<sup>th</sup> Annual General Meeting of the Company at Auditorium of Directorate of Extension, Chandra Shekhar Azad (CSA) University of Agriculture and Technology, Nawabganj, Kanpur - 208002 on Wednesday, September 26, 2018.

I am a shareholder of the Company\*

I am a Proxy/Authorized Representative of the shareholders(s)\*

My name is \_\_\_\_\_

\_\_\_\_\_ (Surname) \_\_\_\_\_ (First Name) \_\_\_\_\_ (Second Name) \_\_\_\_\_

\* Please strike off any one which is not applicable.

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

- Note :**
- 1) Shareholder/Proxy who wishes to attend the meeting must bring the Attendance Slip at the meeting and hand over the same at the entrance, duly signed.**
  - 2) No gifts would be given to Shareholders for attending the AGM, as per SEBI instructions.**

**Intentionally Left Blank**





**MIRZA INTERNATIONAL LIMITED**

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

**39<sup>th</sup> ANNUAL GENERAL MEETING**

**PROXY FORM**

**Form MGT-11**

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and administration) Rules, 2014)

I/ We .....of  
 .....in  
 the district of .....being a member / members of MIRZA INTERNATIONAL LIMITED hereby appoint  
 .....of.....

or failing him/her .....as my/our proxy to attend and vote for me/us and on my/our behalf at the 39<sup>th</sup> Annual General Meeting to be held on Wednesday, September 26, 2018 at 1.00 P.M. or at any adjournment thereof.

<b>Master Folio :</b>	<b>DP ID** :</b>
<b>No. of Shares :</b>	<b>Client ID** :</b>

.....  
 (Signature)

Affix a  
 Re. 1/-  
 Revenue  
 Stamp

Signed this day of.....2018

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

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



I wish my above Proxy to vote in the manner as indicated in the box below:

Resolution No.	Resolution	For	Against
<b>Ordinary Business</b>			
1	Consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the financial year ended March 31, 2018, together with the Reports of the Auditors and the Board of Directors thereon.		
2	Declaration of Dividend for the Financial Year 2017-18		
3	Appointment of a Director in place of Mr. Tasneef Ahmad Mirza (DIN: 00049066), who retires by rotation and being eligible, offers himself for re-appointment.		
<b>Special Business</b>			
4	Approval of material related party transactions u/s 188 of Companies Act, 2013		
5	Fixation of the remuneration of Mr. A K Srivastava, Cost Auditor of the Company		
6	Revision of amount for delivery of document upon request of member over and above reimbursement of actual expenses incurred by the Company		

Signed this ..... day of .....2018

Affix a  
Re. 1/-  
Revenue  
Stamp

Signature of Shareholder..... Signature of Proxyholder(s).....

#### Notes

1. This Form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company at 14/6, Civil Lines, Kanpur – 208001, not less than 48 hours before the commencement of the Meeting.
2. This is only optional. Please put a `√` in the appropriate column against the resolutions indicated in the Box. If you leave For or Against column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he / she thinks appropriate.
3. Appointing proxy does not prevent a member from attending in person if he so wishes.
4. In case of joint holders, the signature if any one holder will be sufficient, but names of all the joint holders should be stated.











**MIRZA**

MIRZA INTERNATIONAL LIMITED

[www.mirza.co.in](http://www.mirza.co.in)

**MODE**

RED TAPE LONDON