Mirza International Limited
A-7, Mohan Coop. Indl. Estate, Mathura Road,
New Delhi - 110044 (India)
Ph. +91 11 4095 9500 / 9501, 2695 9553
Fax. +91 11 2695 0499
CIN : L19129UP1979PLC004821
E-mail : marketing@redtapeindia.com
Website : www.redtape.com

**NEAPS/BSE ONLINE**

Date: 1st September, 2021

**The Corporate Relationship Dept.,
BSE Ltd.,
Phiroze Jeejeebhoy Towers,
1st Floor, New Trading Ring,
Rotunda, Dalal Street,
Mumbai - 400 001**

**The Secretary,
National Stock Exchange of India Ltd.,
Exchange Plaza, 5th Floor,
Plot No. C/1, G-Block
Bandra-Kurla Complex,
Bandra (E), Mumbai - 400 051**

Dear Sir/Madam,

**Sub: Annual Report of the Company for the Financial Year 2020-21 along with the Notice of 42nd Annual General Meeting**

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company for the Financial Year 2020-21 along with the Notice of 42nd Annual General Meeting to be held on Friday, 24th September 2021 at 11:00 A.M. (IST) at Auditorium of Directorate of Extension, Chandra Shekhar Azad (CSA) University of Agriculture and Technology, Nawabganj, Kanpur-208002.

Please take the above on your record.

Kindly acknowledge the receipt.

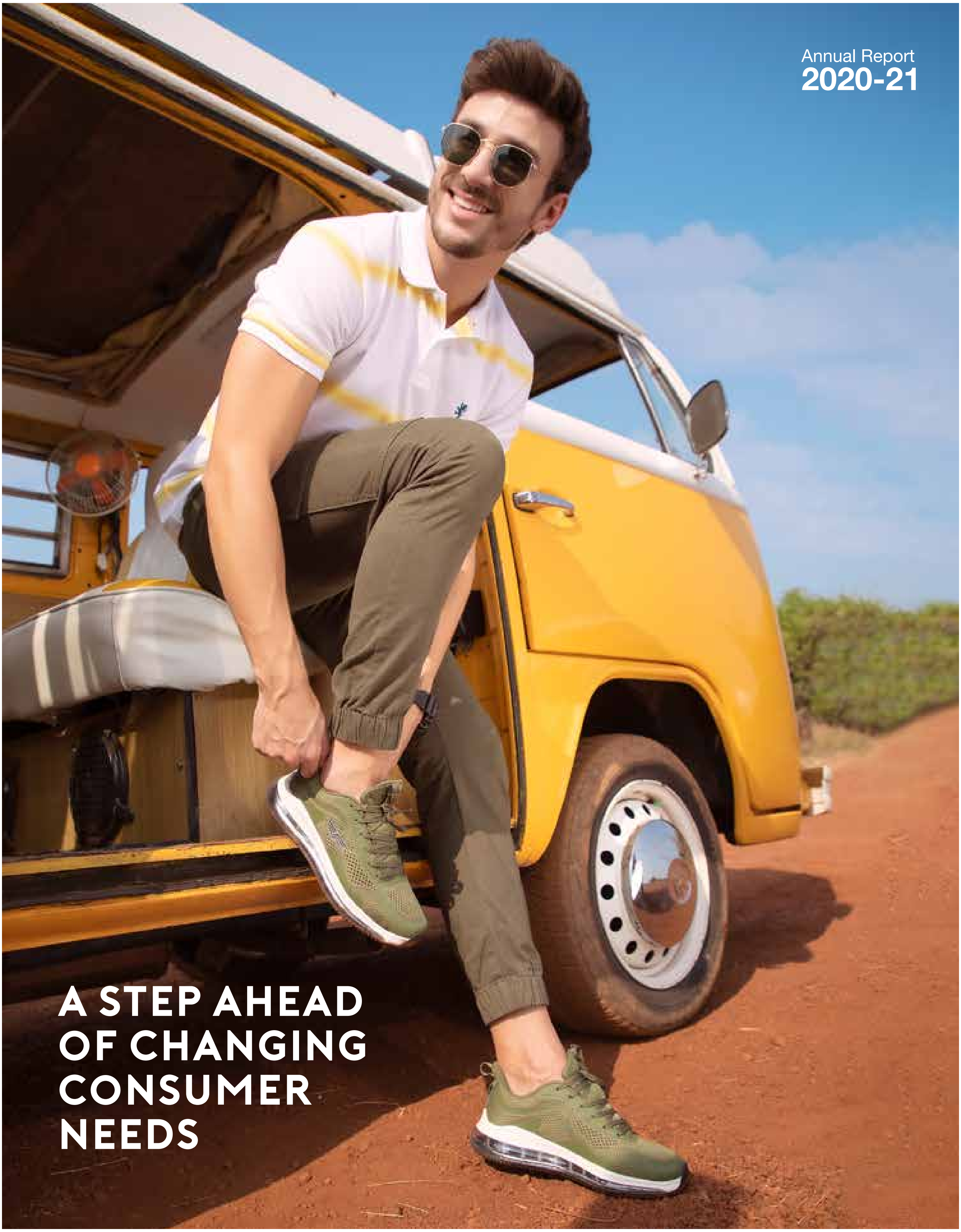
**For MIRZA INTERNATIONAL LIMITED**

**(Priyanka Pahuja)
Company Secretary**

| | |
|---|---|
| **Name:** | **Priyanka Pahuja** |
| **Address:** | **A-7, Mohan Co-operative Industrial Estate, Mathura Road, Delhi-110044** |
| **Membership No.:** | **59086** |



Registered & HO :
14/6, Civil Lines, Kanpur - 208 001 (Uttar Pradesh)
Ph. +91 512 253 0775 Fax. +91 512 253 0166
Email : mirzaknp@redtapeindia.com
Website : www.mirza.co.in




MIRZA

MIRZA INTERNATIONAL LIMITED

MODE REDTAPE LONDON | oaktrak | BOND STREET REDTAPE LONDON | REDTAPE | REDTAPE | Yezdi

# CONTENTS



**ABOUT US**

Read more p02

**KEY NUMBERS**

Read more p06

**OUR BRAND PORTFOLIO**

Read more p04

**OUR BUSINESS STRENGTHS**

Read more p10

**Consumer needs are ever-changing in the post-COVID world.** They seek fashionable brands at reasonable prices, a convenient and engaging shopping experience, easy brand accessibility on online and offline formats and faster delivery of online purchases. Further, consumers also prefer to engage with brands that meet standards of social and environmental responsibility while meeting product expectations.

At Mirza, we are staying a step ahead of these changing consumer needs through our differentiated products, diversified shopping platforms and the social and environmental commitment. We believe that each customer is different. Their tastes, preferences and choice of brands are different. Our focus remains on meeting the evolving expectations of the customers by providing them fashionable branded offerings at reasonable prices and an enjoyable shopping experience.

Towards this, we continue to expand our presence across both online and offline formats to improve the accessibility of our brands. At the same time, we are also enriching experiences by bringing the latest fashion to the market and providing our customers with a fully, integrated shopping platform and augmented reality shopping solutions, among others.

**We are always**

# A Step Ahead of Changing Consumer Needs

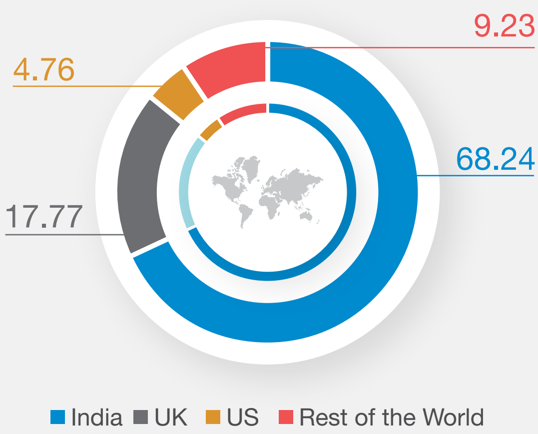
# ABOUT US

Mirza International Limited is amongst India's leading leather footwear manufacturers and exporters. Incorporated in 1979, we are also the preferred suppliers of leather footwear to leading international brands and one of the largest suppliers of finished leather to overseas markets. We also manufacture and sell processed leather through our in-house tannery unit.

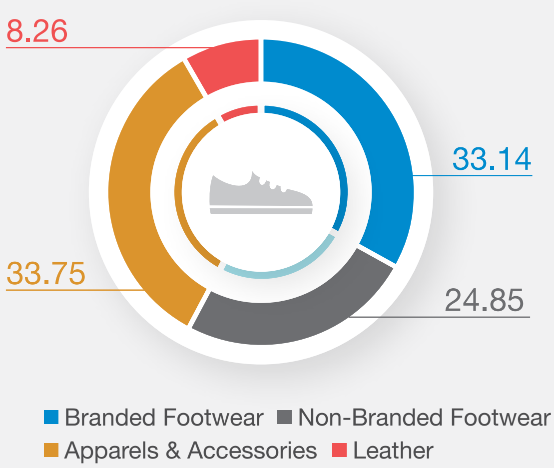
Underpinning our operations are our robust fundamentals which include integrated manufacturing and distribution operations; strong portfolio; and rich experience of over four decades. Having established our mark in the most lucrative international markets, we are now strategically expanding our presence in the domestic markets.

Our expertise in product innovation, along with our fashion sensibilities, has inspired us to foray into apparels and accessories segments in both domestic and global markets. Our well-thought out, omni-channel retail strategy is enabling us to consistently increase our domestic reach and deliver an engaging brand experience to consumers both in-store and online.

**Revenue share by geography (%)**




**Revenue share by category (%)**



# OUR BRAND PORTFOLIO

## REDTAPE Athleisure

An aspirational brand offering attractively priced, quality Athleisure shoes for men. The brand seeks to meet the preferences of young Indians who have embraced Athleisure and fitness as an integral part of their lives or are always on-the-go.

## REDTAPE

A premium lifestyle brand offering international style, quality and comfort at competitive prices. REDTAPE footwear is available across India and at selected international markets. Leveraging REDTAPE's strong brand equity, brand extensions have been launched in the categories of garments and accessories.

## Bond Street

A fashionable footwear brand available at low price points for mass appeal. The brand offers footwear in the polyurethane (PU) casuals and sports category.

oaktrak

## Oaktrak

A high fashion leather footwear brand that embodies style and confidence to meet the preferences of niche consumers including senior professionals and upwardly mobile executives.

MODE
REDTAPE LONDON

## Mode

An exclusive women's wear brand from the house of REDTAPE providing stylish and elegant products in footwear and clothing. The brand is focused on offering fashionable designs that combine feminine charm and strength.


Yezdi

## Yezdi

Yezdi is an all-out street-wear shoes and apparel brand from the house of REDTAPE. They are all about fashion and cater to the youth of the country.

# KEY NUMBERS

## Extensive experience

**42+**
Years of domain expertise

**29**
Years of supplying footwear to established global brands


## Vast infrastructure

**6**
Integrated manufacturing units

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

**2**
In-house design studios

**2**
Advanced warehouses to serve E-commerce channels in Noida and Bangalore, with an area of 70,000 sq. ft. and 30,000 sq. ft. respectively.

**3**
Distribution branches

## Widespread presence

**276**
Exclusive REDTAPE stores

**119**
Cities

**246**
Shop-in-shop

**11**
Online portals in India

## Global Network

**24**
Countries

**6**
Continents

**1000+**
Multi-brand outlets in UK selling REDTAPE brand

**5**
Exclusive Showrooms

**7**
Global online portals

**12**
Multi-brand outlets in Dubai selling REDTAPE brand

## Robust production capacity

**54 Million**
Pairs of footwear per annum

**38.91%**
Footwear capacity utilization in FY 2020-21

# CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE

"Mirza and its people were resilient during these extraordinary times. We stood up to the challenge and quickly adapted to the challenging conditions to support business operations"

**Rashid Ahmed Mirza**

**Dear Shareholders,**

The year 2020-21 will be remembered for the pandemic – one that has had a lasting impact on industries and businesses worldwide. It has taught us a lot and these learnings will help us continue to evolve for the better. The COVID-19 pandemic has unleashed a new world order in which agility, digital adoption and sustainability have emerged as the new norms.

We knew that we have to keep quick on our feet and respond with proactive measures to ensure business continuity amidst the pandemic. Mirza and its people were resilient during these extraordinary times. We stood up to the challenge and quickly adapted to the challenging conditions to support business operations.

Our operations and sales were affected during the lockdown, however, we delivered a resilient performance during the year, reflecting the strength of our business model and dedication of our teams. Total revenue for the year stood at ₹ 1,048.06 Crore as against ₹ 1,261.85 Crore in the previous year. Profit before Tax (PBT) declined to ₹ 10.46 Crore from ₹ 64.39 Crore in the previous year.

Coming to the segment-wise performance, revenue from overseas sales stood at ₹ 332.86 Crore in FY 2020-21 as against ₹ 527.74 Crore in the previous year. In the domestic market, our revenue stood at ₹ 715.20 Crore as against ₹ 734.11 Crore in the previous year, driven by pick-up in economic activity and improved consumer sentiments. Being in the category of non-essential services, our operations were temporarily shut down during the nationwide lockdown enforced to counter the spread of the pandemic.

The pandemic also posed challenges of manufacturing and supply chain disruptions and labor migration crisis for the footwear industry. Our Company successfully navigated these challenges, led by our vast industry experience and high-degree of backward and forward linkages. Moreover, we quickly moved to remote working with continuous investments in digital technologies. Our people, whose welfare and growth we have always ensured, worked relentlessly to engage with customers and generate business interests. We placed utmost importance on the health and safety of our customers, associates, employees and their families. Stringent safety and COVID-19 preventive protocols were implemented across our plants and stores as the health and well-being of our workforce and consumers remain our first priority.

This year, we focused on ramping up our omni-channel sales and bringing virtual engagement that strikes a chord with our customer base. Due to the pandemic, consumers are looking at online channels to research, compare and shop for products, while postponing visits to malls and stores. Digital commerce is expected to gain significant traction with increasing internet penetration, favorable demographics and evolving consumer preferences. Our robust presence on e-commerce channels will enable us to capture these emerging opportunities. Combining

the digital commerce channels with our physical stores gives our customers a seamless omni-channel experience. Our confidence in growth strategy is also driven by the success of our wide brand portfolio catering to diverse consumer needs. Offering style, quality and value-for-money, our brands have proved to be a compelling proposition for new-age shoppers.

Amidst all the uncertainty and disruption, companies across the world are looking to de-risk and diversify their supply chain or relocate their manufacturing hub. India is the second largest producer of footwear globally. However, its contribution to global exports remains significantly lower as compared to China, which leads the export market with a share of 65%. This indicates tremendous potential for the growth of the footwear sector. The Government and the footwear industry have been working collectively post the pandemic to project ‘Brand India’ as a footwear hub. Backed by our core competencies and rich experience, we remain focused on capturing the unfolding opportunities.

While we are doing everything possible for our people and customers, we are also conscious of our responsibility towards the environment and society. As part of our Corporate Social Responsibility, we actively contribute to local welfare programs encompassing education, healthcare and rural infrastructure. Our approach to responsible business is reiterated in our environmental sustainability efforts. Equipped with state-of-the-art effluent treatment plant, our tannery enables us to reduce, reuse and recycle waste generated from our facilities.

The post-COVID landscape remains unclear. However, we are optimistic that our business will continue to grow. We will continue to expand our footprint, grow our omni-channel presence and march forth on our digital journey. With successful vaccination drives and rebound in economic activity, India’s consumer spending is expected to increase towards aspirational and branded products. Towards this, we remain focused on ensuring that we are well-prepared for a resurgence in improving market conditions, backed by our vast portfolio, diversified presence and continued digital investments. Further, we also optimized overhead costs, curtailed brand promotion expenses and working capital management to improve cash flow generation and liquidity position in these challenging times.

I would like to take this opportunity to thank all our stakeholders – our customers, business associates, suppliers, and particularly, our employees for their extraordinary efforts and performance during this difficult period. I am confident of our future prospects and believe that we have developed the endurance required to remain resilient in the future.

**Warm Regards,**

Rashid Ahmed Mirza

Chairman and Managing Director

# OUR BUSINESS STRENGTHS

## Design Excellence

Working with the best designers to create engaging and delightful products is one of our strategic priorities. We have two in-house design studios which are centers of innovation and creativity. Every year, our team of highly skilled and competent designers release over 900 new footwear designs influenced by global fashion trends and diverse customer preferences. The design team develops innovative products in line with the upcoming trends, in close consultation with the global sales team. We constantly revamp our product portfolio to enhance consumer engagement and drive increased sales. Further, our design centers and manufacturing units are connected by advanced CAD/CAM software, which enables us to optimize resources and drive faster processes from ideation to implementation, resulting in speed to market.

## Robust Manufacturing

Our six fully integrated manufacturing units, equipped with advanced machinery and technology, enable production of high-quality leather footwear. Our robust manufacturing capabilities ensure seamless and uninterrupted operations as well as guarantee timely delivery of finished products.

Besides, we outsource the production of footwear, apparels and accessories to optimize our operations. Stringent adherence to best quality standards has made us a preferred global manufacturer and supplier. Our vendors regularly ensure that our products meet the desired quality standards and specifications set by our brands.

## Dedicated ancillary units

Our manufacturing facilities are supported by over 25 dedicated ancillary units. Our robust ecosystem enables us to address the issues of raw material availability and achieve economies of scale and seamless operations. With widespread manufacturing and supply chain disruptions caused by the pandemic, our robust manufacturing set-up puts us in an advantageous position to increase the scale and consumer recall of our homegrown footwear brands in the domestic market, while fortifying India's position as a footwear destination in the overseas markets.

## Environment-friendly operations

Our tannery, equipped with state-of-the-art effluent treatment plant, is not only amongst the largest in India, but also meets the highest environmental norms. Our high-quality tanning drums help reduce water and energy consumption through the exhaust chrome liquor is processed. Moreover, the sludge recovered is then 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

In the post-COVID world, it is extremely imperative for businesses to drive resilience and agility and build a lean organization. Organizations need to create thoughtful and judicious strategies to optimize costs and inventory, while ensuing minimal stockouts and disruptions. With a speed to market of only 25 days, we are able to swiftly respond to the ever-evolving consumer preferences.

Supply chain agility helps us prevent inventory build-up, thereby making our operations leaner and more efficient. In addition, with increasing shift towards e-commerce channels, it is necessary to recalibrate e-commerce strategy. Our strong omni-channel presence in the domestic market makes us well-placed to cater to the changing consumer lifestyle and demands. Highly talented and skilled team, growing retail footprint, strong online presence and strategically located warehousing facilities further add strength to our operations.

# SERVING DIVERSE CONSUMER NEEDS BY CREATING MEMORABLE EXPERIENCES

We are responding to the new world order by rethinking what a shopping experience should feel like, in every way. We deployed newer technologies and redefined the ways in which we connect with customers, which radically transformed the engagement. Our efforts are focused on bringing innovative solutions to assist customers in their shopping needs.

## Growing opportunities

The pandemic has drastically changed consumer behavior. It gave rise to social concerns such as restrained spending power, unemployment and widened inequality. Permanent store closures have been on the rise in the post-pandemic era, with fashion players rethinking their retail footprint and improving their store-level experiences. We leveraged the power of digital to deliver value to our customers and are deploying digital for better decision-making, understanding customer behavior and improving efficiency. As customers move towards adopting marketplace experiences and growing appetite for online shopping, personal touch will become crucial for customer retention.

Today's millennials are looking for a fully-integrated shopping approach to enjoy differentiated experience across all touchpoints. Consumers leverage multiple channels to make their purchases, including selecting and shopping at physical stores; browsing online and shopping at the stores; ordering products after reading reviews on social media; online shopping, among others. In India, growing disposable incomes and women workforce, rising brand awareness and increasing smartphone penetration have been strengthening the shift towards branded, aspirational products.

The growing trend of premiumization in the Indian footwear industry and shift to branded footwear from the unbranded ones will facilitate growth in the market.

Our comprehensive portfolio, offering a mix of stylish, formal and casual footwear, provides us enormous opportunities to meet the evolving aspirations for branded wear. REDTAPE is well-entrenched as a leading leather footwear brand, which meets the preferences of fashion-conscious consumers. The newer brands Bond Street and REDTAPE Athleisure have resonated well with the younger male population. In addition, the launch of our REDTAPE brand extensions in apparels and accessories have been well accepted in the market and resulted in diversification of clientele. Further, Brand MODE is enabling us to address the sizable opportunity in the women's branded fashionable footwear and apparel segment.


## Strengthening omni-channel presence

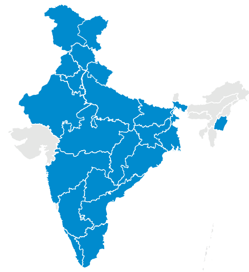
We have expanded our presence to diverse formats, which includes a healthy mix of Exclusive Brand Outlets (EBOs) and E-commerce platforms. We have a total of 276 retail stores across the country with a total area of 5,07,218 sq. ft., up from 95,000 sq. ft. in 2016. Of this, 125 stores are operating in Company-owned Company-operated (COCO) model.

## EBOs - Offline and Online-Offline

Our EBOs are of two types: offline stores and online-offline stores.

### Offline EBOs

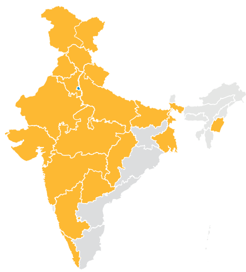
The offline EBOs are located at prime shopping destinations such as High Street and Malls. During the year, we added 92 new offline/online EBOs, which were set up in Tier II & III cities. We foresee tremendous opportunities for retail markets in these smaller towns, driven by growing population, higher spending propensity and rising brand consciousness.



Offline EBOs Presence

### Online-Offline EBOs

Our online-offline EBOs are located outside the cities and are much larger than our offline EBOs. We can maintain double the stock-keeping units (SKUs) at these distant stores in comparison to our offline stores. Products can be booked or viewed online and purchases can be picked up in-store. The overwhelming response to this format has prompted us to considerably expand the number of such stores within a short timeframe. Presently, we have 276 online-offline EBOs across the country.



Online-Offline EBOs Presence

## E-commerce

The COVID-19 pandemic has resulted in faster adoption of digital than anticipated and brands are increasingly embracing virtual customer service. There has been an acceleration in the shift to online shopping due to increased health and safety concerns and a greater need for omni-channel. Moreover, rapid penetration of smartphones across the country and reduced data tariffs have also resulted in the emergence of online platform as a significant channel for reaching out to retail consumers.

We are well prepared to serve our consumers digitally through our presence on leading e-commerce platforms both in India and overseas.

In addition, we operate direct e-commerce divisions in Noida, U.P. and Karnataka, Bengaluru which cater exclusively to this fast-growing format. Both our warehouses are strategically located in these cities, which facilitates seamless and timely deliveries. Besides, we also have our own warehouses i.e. FBF (Fulfilled by Flipkart) and FBA (Fulfilled by Amazon). Every product we list through us have the F-Assured or Amazon Prime tag on it, resulting in highest visibility on the websites.

With the accelerating shift to online channels, we are confident that our aggressive online strategy and proactive marketing and distribution efforts will enable us to seize this opportunity. Our online infrastructure has also helped us to access opportunities in Tier II and III cities where consumers seek high-quality, aspirational products, but physical stores are relatively fewer.

REDTAPE
WWW.REDTAPE.COM
amazon
Paytm
Shoppers Stop
snapdeal

**Online Presence in India**

NYKAA
Flipkart
Myntra
TATA CLiQ
AJIO
GROFERS

**United Kingdom**

ebay
amazon

**Online Presence in Overseas Markets**

نون noon
amazon.ae
ستايلي STYLI
نمشي NAMSHI

**United Arab Emirates**

| Channel-wise domestic branded sales | FY 2019-20 (₹ in Crore) | FY 2020-21 (₹ in Crore) |
|---|---|---|
| EBOs | 371.26 | 462.57 |
| MBOs | 83.85 | - |
| E-commerce | 211.92 | 207.86 |
| Total | 667.03 | 670.43 |

# BOLSTERING OUR GLOBAL PRESENCE

Over the years, we have established our reputation as a highly preferred and admired footwear exporter to international markets. Our international business division has been strengthening each year and contributes 31.77% to our total revenue. Our consistent success and high brand recall in these prime destinations is a testament to our unique designs and quality. We supply branded and white-label footwear to UK, US, France, Germany and UAE, among others, geographies where the best brands from around the world are available.

We have established long-standing associations with reputed retail chains in these countries. Our extensive global reach, diversified customer base and long-standing relationships with the most reputed retail stores further increase the scale and strength of our international business, as reflected in the high share of repeat orders. Our solid performance is a result of our ability to stay nimble and responsive. By innovating with speed, manufacturing quality products, to ensuring timely delivery of these products to the right markets, our proactive strategy and agility has bolstered our success in responding effectively to varied customer demands.

## Increasing popularity of REDTAPE

REDTAPE is positioned as a premium men's footwear brand in the mid-segment for the young and fashion-conscious consumers in the overseas markets. REDTAPE is just not ahead in bringing the latest fashion to the market, it also comes with the best-in-class retail experience. Backed by its superior quality and innovative designs at competitive prices, REDTAPE is widely recognized as a superior brand in these geographies. During FY 2020-21, 5.83% of our export revenue was attributable to the sales of REDTAPE.

UK is the biggest market for REDTAPE. In UK, REDTAPE is sold through an efficient distribution network comprising top chain stores and MBOs. As on 31st March, 2021, REDTAPE was present across 1,000+ MBOs. The brand has been also strengthening its foothold across other European markets. We are also making our products available on dedicated websites and partnering with leading e-commerce platforms to further enhance our brand recall and stay competitive in the marketplace.


## Capturing new opportunities

The COVID-19 pandemic has compelled businesses worldwide to diversify their supply chains and reduce reliance on any particular region. Following this, several businesses in US are scouting for alternative manufacturing and supply locations or expansion sites out of China. With successful vaccination drives and pick-up in economic activity, consumption demand in the overseas markets is expected to improve. At Mirza, we constantly monitor the evolving trends and developments to increase the size and scale of our international business. Our superior track record and brand positioning, robust processes and technological skills and environment-friendly operations will enable us to capture the emerging opportunities and fulfil diverse consumer demands.

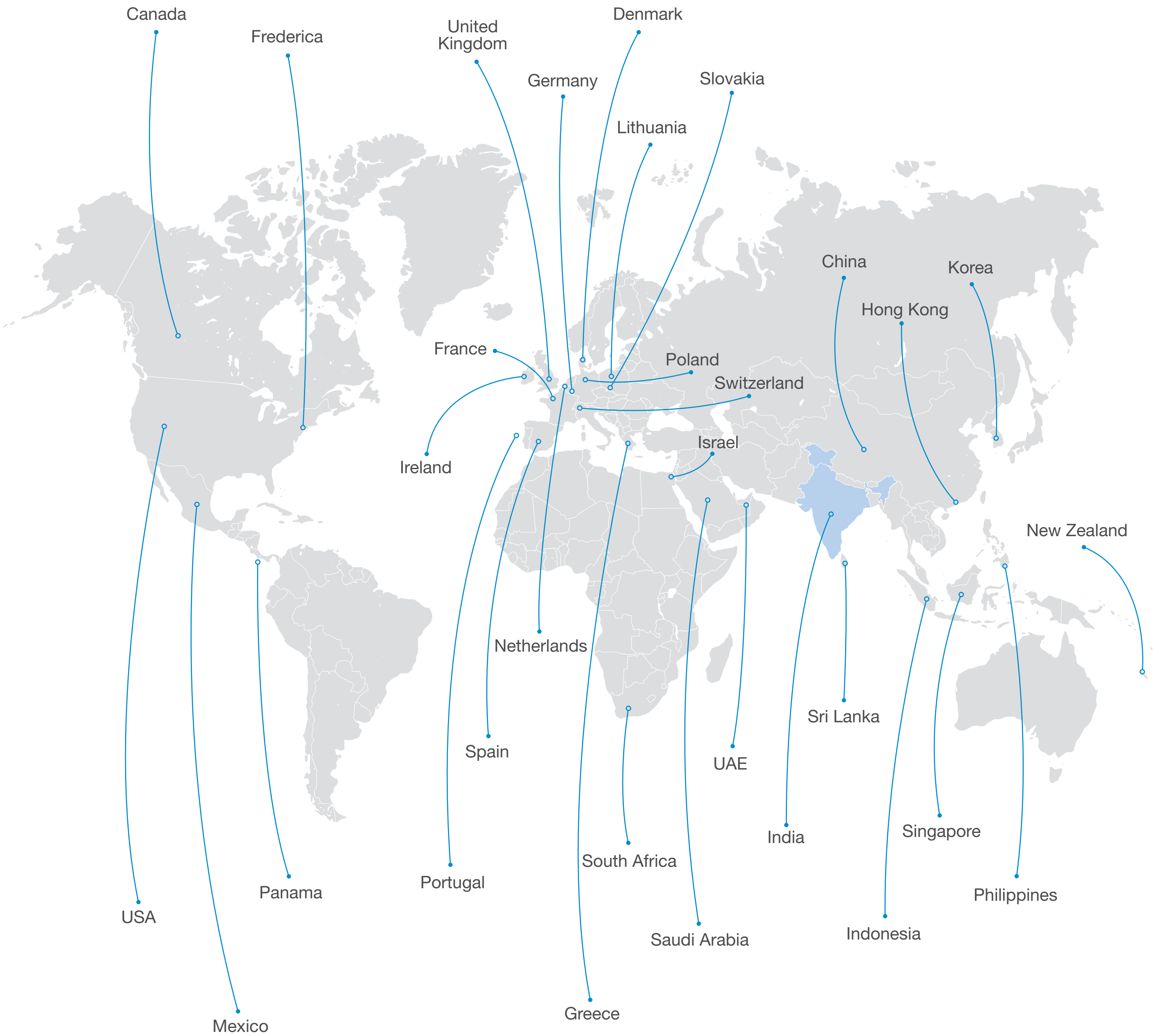
**2.30**
**Million pairs**
Branded and white label footwear exported in FY 2020-21

**₹332.86**
**Crore**
Total overseas revenue in FY 2020-21

**₹20.05**
**Crore**
Overseas revenue from REDTAPE in FY 2020-21

# INTERNATIONAL TOUCHPOINTS

## Operations in 24 countries across 6 continents



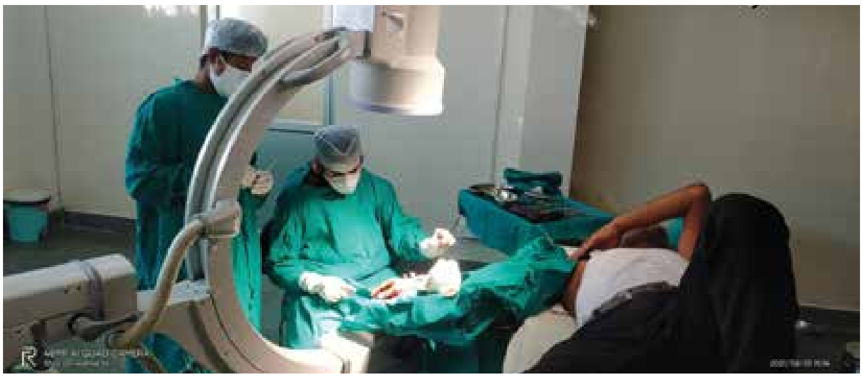

**Point of sale**

| 4500+ | 24 | 10+ |
|---|---|---|
| Shops | Countries | Online Platforms |

# CORPORATE SOCIAL RESPONSIBILITY

## Healthcare

With the COVID-19 pandemic testing even the more developed healthcare systems globally, the foundations of India's healthcare system have also been shaken. The healthcare industry, along with the Central and State Governments, undertook a robust response plan to tackle the pandemic by setting up of dedicated COVID-19 hospitals, isolation centers and tech-enabled mapping of resources. Despite initial hiccups, the healthcare system in India managed to withstand the pandemic. The various efforts in manufacturing of medical equipment, disposables, drugs and the most recent vaccine efforts made by India has placed us as a global leader.



We, being an active contributor, deliver a recurring primary healthcare service through Mirza Charitable Hospital Limited, a multi-speciality hospital registered under Section 8 of the Companies Act, 2013, located at Unnao, Uttar Pradesh. It is administered by independent professional doctors specialized in the fields of orthopedics, ophthalmology, and dental, among others. During the year, the Company has contributed ₹ 22.02 Lac towards providing the healthcare facilities to the villagers and poor and weaker sections of the society.

## Education

The pandemic times which blow around the globe, left no space untouched. A total of 1.3 Billion learners around the world were not able to attend schools or universities, and approximately 320 Million learners are affected in India alone. The Ministry of Human Resources Development and its associated institutions are promoting digital education through ONLINE EDUCATIONAL PLATFORMS. Immediate actions were taken to intensify digital learning with equity so that students across the country could continue their learning even during the lockdown. DIKSHA, E-PATHSHALA, SWAYAM, NISHTA are some of the online resources developed by the Government.

During the year, the Company continued the efforts to promote education by contributing ₹ 19.10 Lac towards the education sector of the country. The Company also continued to extend direct support to the students belonging to poorer and underprivileged sections of the society.


## Other Initiatives

COVID-19 has proven to be not only a health crisis, but also a livelihood crisis – quickly turning into a hunger and malnutrition catastrophe. The pandemic has led to increase in global food insecurity, affecting vulnerable households in almost every country. It has exacerbated existing inequalities, pushing millions of people into the vicious cycles of economic stagnation, loss of livelihood and worsening food insecurity. The Government officials expedited to take resilient measures for protecting the livelihood of many amid the virus. Central Finance Minister announced ₹ 1.7 Trillion (US$ 22.6 Billion) relief package to take care of food security measures for the poor. It was funded by the Prime Minister's Gareeb Kalyan Scheme. The Government has assured India's food security by the buffer stock which is overflowing in the granaries of Food Corporation of India.

Being committed towards improving the world, the Company continued to contribute towards eradicating hunger, poverty and malnutrition in order to enhance the existing livelihood of the country.

# FINANCIAL PERFORMANCE

| Particulars | FY 2020-21 |
|---|---|
| Total Revenue | ₹ 1,04,806 Lac |
| CAGR of Total Revenue | 2.28% |
| Overseas Revenue | ₹ 33,286 Lac |
| Domestic Revenue | ₹ 71,520 Lac |
| Profit before Tax | ₹ 1,046 Lac |
| EBITDA | ₹ 11,773 Lac |
| EBITDA Margin (%) | 11.23% |
| Profit after Tax | ₹ 738 Lac |
| CAGR of PAT | (37.61%) |
| Net Worth | ₹ 63,718 Lac |
| Annual Dividend | NA |

# AWARDS & ACCOLADES

## 2018-2019

**First Place for Overall Export of Leather and Leather Products including Non-Leather Products**

**First Place for Excellent Export performance in Leather Footwear**
(above ₹ 300 Crore Council for Leather Export)

**First Place for Excellent Export performance in Finished Leather** (Up to ₹ 25 Crore)

## 2017-2018

**First Place for Overall Export 2018 of Leather and Leather Products including Non-Leather Products**

**First Place for Excellent Export performance in Leather Footwear** (above ₹ 300 Crore Council for Leather Export)

**First Place for Excellent Export performance in Finished Leather** (Up to ₹ 25 Crore)

## 2016-2017

**Second Place for Excellent Export in Leather Footwear**
(Above ₹ 250 Crore Council for Leather Exports)

**GOLD RATED Audited Against LWG Standards**
LWG Environment Stewardship Audit

## 2015-2016

**First Place for Excellent 2016 Export Performance in Leather Footwear** (Above ₹ 300 Crore Council for Leather Exports)

## 2014-2015

**First Place for Excellent Export Performance in Leather Footwear**
(Above ₹ 300 Crore Council for Leather Exports)

### Recognition in E-Commerce

| | |
|---|---|
| February 2021 | Zonal Top Flipstars from Flipkart |
| November 2019 | Best Men's Casual Footwear Brand (Tech Threads 2019) from Myntra |
| November 2019 | Gold in "Top Notch Seller" from Flipkart |
| November 2019 | 2nd Runner up in "APL Go for Gold (Advertiser Premier League 2019)" from Flipkart |
| June 2019 | Platinum Partner Award from Paytm |
| December 2018 | Gold in "Top Overall Flipstar" from Flipkart |
| September 2018 | Gold in "Perfect Player in Softlines" category from Amazon |
| September 2018 | Gold in "Customer Excellence System" from Amazon |
| August 2018 | Gold Seller Award from Flipkart |
| April 2018 | Gold in "Best Formal Footwear Brand" from Flipkart |

# CORPORATE INFORMATION

## Board of Directors & Management

**Mr. Rashid Ahmed Mirza**
Chairman and Managing Director

**Mr. Shahid Ahmad Mirza**
Whole-time Director

**Mr. Tauseef Ahmad Mirza**
Whole-time Director

**Mr. Tasneef Ahmad Mirza**
Whole-time Director

**Mr. Shuja Mirza**
Whole-time Director

**Mr. Narendra Prasad Upadhyaya**
Whole-time Director

**Dr. Yashvir Singh**
Independent Director

**Mr. Sanjiv Gupta**
Independent Director

**Mr. Qazi Salam Noorus**
Independent Director

**Mr. Sudhindra Kumar Jain**
Independent Director

**Mr. Sanjay Bhalla**
Independent Director

**Ms. Saumya Srivastava**
Independent Director

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

**Ms. Priyanka Pahuja**
Company Secretary & Compliance Officer

## Statutory Auditors

**M/s. DRA & Co.**
Chartered Accountants

## Bankers

Punjab National Bank
HDFC Bank
Citi Bank N.A.

## 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
- Plot-1A, 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

**KFin Technologies Private Limited**
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

## ECONOMY AND MARKET OUTLOOK

The COVID-19 pandemic resulted in disruption of economic activities and **global economic downturn**, the most severe one since the Global Financial Crisis. The lockdowns and social distancing norms brought the already slowing **global economy to a standstill.** Governments and central banks across the globe deployed various policy tools to support their economies such as lowering policy rates, quantitative easing measures, among others.

India adopted a **four-pillar strategy** of containment, fiscal, financial and long-term structural reforms:

- **Calibrated fiscal and monetary support** was provided, cushioning the vulnerable sections during the lockdown and boosting consumption and investment while unlocking of economic activity.
- **A favorable monetary policy** ensured abundant liquidity and immediate relief to debtors while unclogging monetary policy transmission.

As per the estimates of Gross Domestic Product (GDP) for the first quarter (Q1) of FY 2020-21 released by the National Statistical Office (NSO), Ministry of Statistics & Program Implementation (MoSPI), the real GDP in India contracted to (-)24.4% during the first quarter of FY 2020-21 as against 5.4% growth in Q1 of FY 2019-20. India's GDP growth rose to (-)7.4% in Q2 (as against 4.6% growth in Q2 of FY 2019-20), a sharp rebound from the pandemic induced decline in Q1.

The mining sector is estimated to contract by 12.4%, manufacturing by 9.4% and construction by 12.6%. The utilities sector has shown a sharp recovery and is set to register a positive growth of 2.7% in FY 2020-21. Within service sector, contact sensitive sectors like trade, hotels, transport & communication are estimated to contract by 21.4%.

India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers in the world over the next 10-15 years, backed by its robust democracy and strong partnerships. With an improvement in the economic scenario, there have been investments across various sectors of the economy. In 2020, the total deal value in India stood at US$ 80 Billion across 1,268 transactions. Of this, M&A activity contributed 50% to the total transaction value. Private Equity - Venture Capital (PE-VC) sector recorded investments worth US$ 47.6 Billion across 921 deals in 2020.

## INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian footwear industry holds a distinguished reputation in the Indian economy owing to its potential for employment, especially for the economically weaker sections through foreign exchange earnings and its emergence as a champion sector in recently announced "Make in India 2.0" initiative by the Government of India.

The major production centers in India are Chennai, Ranipet, Ambur, Mumbai, Kanpur, Jalandhar, Agra, Delhi, Karnal, Ludhiana, Sonipat, Faridabad, Pune, Kolkata, Calicut and Ernakulam. About 1.10 Million are engaged in the footwear manufacturing industry.

The leather industry is bestowed with an affluence of raw materials as India is endowed with 21% of world cattle & buffalo and 11% of world goat & sheep population. Added to this are the strengths of skilled manpower, innovative technology, increasing industry compliance to international environmental standards and the dedicated support of the allied industries. The leather industry is an employment intensive sector, providing jobs to about 3.00 Million people, mostly from the weaker sections of the society. Women employment is predominant in the leather products sector with about 30% share.

India is the second largest producer of footwear and leather in the world. The leather industry is spread in different segments namely Finished Leather Footwear, Footwear Components, Leather Garments and Leather Goods including Bags, Saddlery, Harness and Leather Gloves.

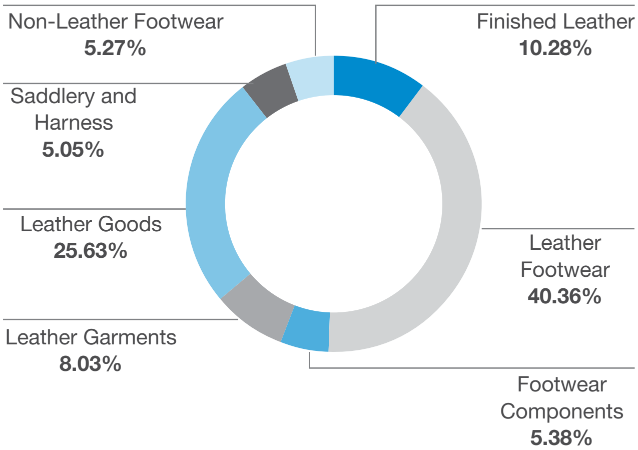
Though India is already among the world's top 10 largest footwear exporters, Mirza International Limited (Mirza) believes that India has accelerated potential available in the overseas markets to grow its share. Some of the largest importers from the Indian footwear industry include the USA, UK, Germany, France, Italy and UAE.

100% FDI is already permitted in the sector under the automatic route. The Government is implementing the Indian Footwear, Leather and Accessories Development Programme (IFLADP) with an outlay of ₹ 2,600 Crore wherein financial support is provided for core areas namely capacity augmentation and technological upgradation of production units, upgradation of CETPs, HRD, establishment of institutional facilities, etc. Thus, the huge market potential combined with support measures and ease of doing business measures of the Government have made Indian leather and footwear industry an attractive investment destination.

### India's Leather Exports

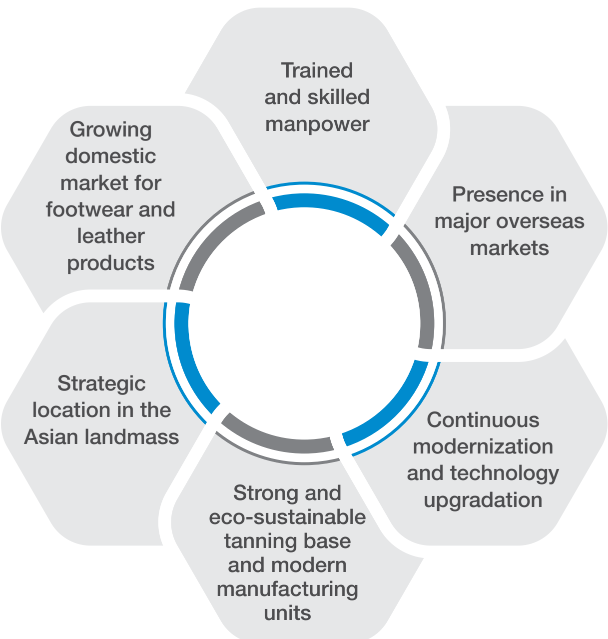
India is the second largest exporter of leather garments, third largest exporter of saddlery & harness and fourth largest exporter of leather goods in the world. According to the Council for Leather Exports (CLE), export of footwear, leather and leather products from India stood at US$ 3.68 Billion in FY 2020-21 as compared to US$ 4.6 Billion in FY 2019-20. Decline in exports can be attributed to the impact of the COVID-19 pandemic on the key markets of the European Union, the United Kingdom and the United States.

**Share of Leather & Leather Products in FY 2020-21 (%)**




The major markets for Indian leather & leather products are US with a share of 17.52%, Germany 13.08%, U.K. 8.88%, Italy 6.75%, France 6.67%, Spain 4.18%, Netherlands 4.22%, U.A.E. 2.17%, China 2.58%, Poland 2.34%, Belgium 2.17% and Australia 2.04%.

### Key Strengths of Indian Leather Sector




## OPPORTUNITIES AND THREATS

### Opportunities:

The Indian footwear industry is underpenetrated with per capita consumption considerably lower than the global average and developed countries average of 3 pairs and 6-7 pairs, respectively, indicating scope for significant market growth. With rising disposable incomes and emergence of fashion conscious and aspirational consumers, the Indian footwear market is well positioned to achieve double digit growth over the next few years. Footwear, being a labor-intensive industry, also presents a unique 'social' opportunity with a potential to generate employment for over 20 Lac people over next few years.

Your Company is always keen to experiment with new ideas and activities and feel appreciative to fulfil the expectations of consumers. Recognizing the growth of the footwear industry over the years, Mirza strives to innovate not only in its products, but also in the way of presenting the brand to the consumer and the same has become a part of brand identity. The Company ensures to stand by its values which is its inherent strength.

### Threats and Challenges:

Economic and political factors, both national and global, which are beyond control may affect the footwear industry and performance of the Company.

These factors include interest rates and its impact on availability of retail space, rate of economic growth, fiscal and monetary policies of governments, inflation, deflation, consumer credit availability, consumer debt levels, tax rates and policy, unemployment trends, terrorist threats and activities, worldwide military and domestic disturbances and conflicts, pandemics and other matters that influence consumer confidence and spending. The Company is subject to risks arising from material price and exchange rate fluctuations which may adversely affect our financial performance. During the normal course of business, the competition is ever increasing from domestic and international brands. The availability and retention of talent, tackling counterfeit goods, product quality management, innovation and new product development, rapidly changing consumer preferences, impact of strategic and marketing initiatives, data security, etc. may affect the Company. Major challenges faced by the Company across its manufacturing units include labor availability and management, technology developments, among others.

Your Company monitors its major risks and concerns at regular intervals. Appropriate steps are taken in consultation with all concerned including the Risk Management Committee and the Audit Committee of the Board to identify and mitigate such risks.

## RISKS, CONCERNS AND CONTINGENT LIABILITIES

Risks are an integral part of business environment and it is essential that the Company should have suitable processes in place which are capable of identifying and alleviating the risks concerning its business. Mirza believes that adequate risk management ensures controls and monitoring mechanism for the smooth and uninterrupted running of the Company's business. The Board is responsible for reviewing the risk policy of the Company, whereas the Audit Committee of the Board is responsible for evaluating the risk management systems in the Company. The identified risks and concerns before the Company are competitive business environment, varying consumer preferences, import of cheap complete shoes, showroom/office occupancy cost, foreign currency fluctuations and the fragmented structure of the industry.

During the normal course of business operations, the Company has been subjected to several legal cases in connection with or incidental thereto. These litigations include civil matters, direct and indirect tax related cases, old labor matters and infringement of intellectual properties like Trade Mark and Designs etc. filed by and against the Company. These cases are being pursued with due importance and in consultation with outside legal experts wherever required in respective areas.

Your Directors believe that the outcome of these cases is unlikely to cause a materially adverse effect on the Company's profitability or business performance. Your Company has a contingent liability of ₹ 8,609 Lac as on 31st March, 2021 as compared to the previous year ₹ 19,056 Lac as on 31st March, 2020.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal Control System serve multiple needs in any organization. Well-designed internal control systems lay down the framework for day-to-day operations and provide guidelines for employees and, most importantly, provide a certain level of security against a variety of risks such as fraud and misappropriation. The primary responsibility for the development and maintenance of internal control rests within an organization's management. The internal control evaluation involves everything management does to control the organization in the effort to achieve its objectives. Your Company's control system and procedures are regularly reviewed for relevance and effectiveness and modified as per business needs.

The Company has an efficacious Audit Committee consisting of Independent Directors, the details of which have been given in the Corporate Governance Report. An independent Chartered Accountant firm has been appointed as Internal Auditors and effectiveness of internal control mechanism is reviewed by these Internal Auditors at regular intervals. The Audit Committee reviews audit reports submitted by the Internal Auditors from time to time. Suggestions for improvement are considered by the Audit Committee and its decisions are followed by the Management through implementation of the corrective actions and improvements in business processes. The Committee also meets, from time to time, the Company's Statutory Auditors to ascertain, inter alia, their views on the adequacy of internal control systems and also keeps the Board of Directors informed of its major observations on a regular basis.

## MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

For Mirza, people are its strongest asset. The Company invests in building best-in-class teams, led by exceptional professionals. Over the years, the Company has nurtured a meritocratic, empowering and caring culture that encourages excellence. Mirza encourages the development of talent by providing its people with the opportunities to sharpen their capabilities, encouraging innovation, lateral thinking and developing multiple skills. Through this approach, Mirza prepares its people for future leadership roles.

The management of Human Resources (HR) at Mirza is focused on transformational HR processes and HR policies, which support the constant reinforcement of its competitive advantage. The Company's HR strategy aligns its HR policies, standards and roles & responsibilities with the overall business strategy, giving the department the ability to process the requests of different business units successfully.

Human capital is one of the key resources for Mirza which ensures business sustainability and continuous growth. Cognizant of the importance of human resources, the Company constantly works towards building a safe, conducive and productive environment for all its employees at all operations. Regular and periodic skill and personnel development trainings are provided to all employees. The Company's open-door policy ensures a transparent and engaging work environment. The employees are encouraged to directly communicate with the management and express their views. Ensuring high productivity, employee satisfaction and persistent motivation are the key focus areas of the HR team. The management records its sincere appreciation of the efforts of all its employees.

## OCCUPATIONAL HEALTH AND SAFETY

### Commitment

Mirza is committed to carrying out its operations free from accidents and occupational illnesses. It strives for implementation of the best possible practices for ensuring the safety of all its stakeholders, including employees and contractors. The Company firmly believes that providing safe working conditions to its workforce is not only the statutory requirement, but also its moral responsibility.

## RESOURCES

A team of highly qualified, experienced and skilled professionals has been deputed to provide the required support to the management on occupational health, safety and fire-related matters. The Company ensures the latest in-built safety technologies and systems in all new projects and expansions to safeguard its operations. State of-the-art fire prevention and mitigation technologies are in place across its operations. These standards address General Safety, Occupational Health, Process Safety and Emergency Preparedness.

## INTERNATIONAL HEALTH AND SAFETY STANDARDS

The Company's operations conform to the International Occupational Health & Safety Management Standard ISO 45000, which is certified by the world's renowned external accredited agencies. Continued certifications is subject to periodic surveillance audit by external accredited agencies for ensuring the consistency of health and safety considerations in the Company's operations.

## MANAGEMENT ENGAGEMENT IN HEALTH & SAFETY

Health and safety of employees is paramount to the Company and part of the management responsibility, particularly in the light of the COVID-19 pandemic. The Company has implemented several safety measures as prescribed by the Government including wearing of masks and gloves, sanitization of workplaces and facilities, social distancing, among others. In addition, the Company conducted training workshops and programs to create awareness among its employees and customers and engage the line management in the safety activities.

Towards this, the Company has initiated a number of safety training programs for its workforce and engaging the line management in the safety activities.

## FINANCIAL PERFORMANCE

The key indicators of the financial performance of the Company for the Financial Year 2020-21 are as under:

(₹ in Lac)

| Sl. No. | Particulars | FY 2019-20 | FY 2020-21 |
|---|---|---|---|
| 1 | Total Revenue | 1,26,185 | 1,04,806 |
| 2 | Total Expenses including Finance Cost & Depreciation | 1,19,746 | 1,03,760 |
| **3** | **Profit/Loss before Exceptional items (1-2)** | **6,439** | **1,046** |
| 4 | Add: Exceptional Items [Gain (+)/ Loss(-)] | - | - |
| **5** | **Profit/Loss from Continuing Operations Before Tax (3-4)** | **6,439** | **1,046** |
| 6 | Tax Expense | 1,673 | 308 |
| **7** | **Profit/Loss from Continuing Operations After Tax** | **4,766** | **738** |
| **8** | **Profit/Loss from Discontinued Operations After Tax** | - | - |
| **9** | **Profit/Loss for the year after Tax** | **4,766** | **738** |
| 10 | Other Comprehensive Income | (2) | 113 |
| **11** | **Total Comprehensive Income (9+10)** | **4,764** | **851** |
| 12 | Basic EPS (per share of ₹ 2/-) (in ₹) | 3.96 | 0.61 |
| 13 | Diluted EPS (per share of ₹ 2/-) (in ₹) | 3.96 | 0.61 |

## SEGMENT-WISE PERFORMANCE & REVIEW OF OPERATIONS

(₹ in Lac)

| SEGMENT REVENUE | | FY 2019-20 | FY 2020-21 |
|---|---|---|---|
| a | Shoe Division (Footwear) | 91,296 | 61,763 |
| b | Tannery Division (Leather) | 18,953 | 12,719 |
| c | GAR & ACC Division | 27,940 | 34,258 |
| d | Unallocated | 167 | 124 |
| **TOTAL** | | **1,38,356** | **1,08,864** |
| Less: Inter-segment Revenue | | 12,171 | 4,058 |
| **Total sales/Income from operations** | | **1,26,185** | **1,04,806** |
| Add: Other Income | | - | - |
| **Total Revenue** | | **1,26,185** | **1,04,806** |

(₹ in Lac)

| SEGMENT RESULTS | | FY 2019-20 | FY 2020-21 |
|---|---|---|---|
| a | Shoe Division (Footwear) | 10,042 | 5,179 |
| b | Tannery Division (Leather) | (1,966) | (2,036) |
| c | GAR & ACC Division | 4,172 | 2,843 |
| d | Unallocated | 167 | 124 |
| **TOTAL** | | **12,415** | **6,109** |
| Less: Finance Cost | | 4,557 | 4,100 |
| Add: Exceptional items | | 1,420 | 963 |
| **Profit from continuing operations before Tax** | | **6,439** | **1,046** |

## KEY FINANCIAL RATIOS

In compliance with the requirement of the Listing Regulations, the key financial ratios of the Company along with explanation for significant changes (i.e. for change of 25% or more as compared to the immediately previous financial year will be termed as 'significant changes'), has been provided hereunder:

| Sl. No. | Particulars | As on 31.03.2020 | As on 31.03.2021 | % Change |
|---|---|---|---|---|
| (i) | Debtors Turnover (times) | 6.33 | 7.05 | 11.37 |
| (ii) | Inventory Turnover (times) | 3.05 | 2.46 | (19.34) |
| (iii) | Interest Coverage Ratio (times) | 3.80 | 2.87 | (24.47) |
| (iv) | Current Ratio (times) | 1.53 | 1.89 | 23.53 |
| (v) | Debt Equity Ratio (times) | 0.45 | 0.22 | 51.11 |
| (vi) | Operating Profit Margin (%) | 8.71 | 7.32 | (15.96) |
| (vii) | Net Profit Margin (%) | 3.78 | 0.81 | (78.57) |
| (viii) | Return on Net Worth (%) | 7.59 | 1.16 | (84.72) |

## DISCLOSURE OF ACCOUNTING TREATMENT

The Company has, in the preparation of its financial statements, followed the treatment as prescribed under the applicable Accounting Standards (IND AS) in line with the provisions of the Companies Act, 2013. If and when a treatment is different from that prescribed, the Accounting Standard would be followed, the fact would be disclosed in the financial statements, together with the management's explanation as to why it believes such alternative treatment is more representative of the true and fair view of the underlying business transaction.

## CAUTIONARY STATEMENT

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

# DIRECTORS' REPORT

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

Your Directors are pleased to present the 42nd Annual Report on the business and operations of the Mirza International Limited **("the Company" or "MIL")** along with the Audited Financial Statements for the financial year ended 31st March, 2021.

## FINANCIAL SUMMARY

The Company's standalone and consolidated financial performance for the year ended 31st March, 2021 is summarised below:

(₹ in Crore)

| Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|
| | 2020-21 | 2019-20 | 2020-21 | 2019-20 |
| Total Income | 1048.06 | 1261.85 | 1050.13 | 1262.87 |
| Total Expenses Including Finance Cost, Depreciation and Amortisation Expenses | 1037.6 | 1197.46 | 1038.2 | 1198.43 |
| Profit before tax | 10.46 | 64.39 | 11.93 | 64.44 |
| Net Income Allocable to Non-Controlling Interest | 0 | 0 | 0.04 | 0 |
| Profit before tax after Non-Controlling Interest | 10.46 | 64.39 | 11.89 | 64.44 |
| Less: Provision for tax | 3.08 | 16.73 | 3.55 | 16.73 |
| Profit After Tax | 7.38 | 47.66 | 8.34 | 47.71 |
| Other Comprehensive Income | 1.13 | -0.02 | 1.12 | -0.01 |
| Total Comprehensive Income for the year | 8.51 | 47.64 | 9.46 | 47.7 |

## STATE OF COMPANY AFFAIRS

The FY 2020-2021 has been a remarkable year for your Company in this pandemic year. The Company has crossed turnover of ₹ 1048.06 Crore. The major highlights are given below:

### Standalone and Consolidated

- The Revenue from operations decreased to ₹1048.06 Crore from ₹1261.85 Crore in the previous year. Thus, showing a decrease of about 16.94 %.
- The Profit before Tax has declined to ₹10.46 Crore as compared to ₹64.39 Crore for the previous year, thereby showing the decrease of about 83.75%.
- The EBITDA decreased to ₹117.73 Crore from ₹173.34 Crore in the previous year, thus showing the decrease of about 32.08%.
- Cash Profit decreased to ₹48.94 Crore from ₹86.64 Crore in the previous year, showing a decrease of about 43.51%.
- The Earning Per Share has decreased to ₹0.61 as against ₹3.96 in the Previous Year.

The key financial metrics for the year have been impacted due to COVID-19 pandemic and market scenario being uncertain. But, management believes that your Company will continue its journey of profitable growth driven by the strong fundamentals of operating model, continued focus on long term business plan and an overwhelming desire to serve customers. Despite adverse situation your Company managed to achieve reasonable revenue and impressive profit during the year.

## GROWTH STRATEGY

### Sales & Marketing

During the year, your Company continued to strengthen its retail network expansion in underpenetrated markets while empowering its sales force and channel partners with innovative digitized solutions for seamless efficiency. Comprehensive measures undertaken to give best-in-class rewards and recognition to the sales force have arrested attrition and reinforced our value proposition to our employees.

With its philosophy of 'Customer First', your Company regularly refreshes its product portfolio in line with consumer expectations and launched a slew of new products this year.

### E-commerce

E-commerce is the fastest growing channel for your Company. With all our brands present in leading e-commerce portals, your Company continued its sustained investments on these platforms and is well positioned to drive growth in the future.

### Retail

With the continuous focus on Domestic market, which is also one of largest market in World, REDTAPE remains successful in expanding its presence across the length and breadth of India. Despite external pressures, your Company demonstrated growth in the retail network by expanding its store footprint to 288 stores. With 92 number of retail outlets opened during FY 2020-21 only, total number of retail outlets has been reached to 288 which resulted into turnover of ₹ 715.20 Crore from domestic market only. Inspired by this, REDTAPE is retaining its aggressive marketing strategy with clear focus to reach and attract the growing middle-class youth of the Country. All this while, your Company has kept a firm focus on improving the in store customer experience with range availability and regular staff training.

### Exports

During the year, your Company is also focusing on export marketing of its product with facts that during FY 2020-21, export turnover of the Company was ₹ 332.86 Crore. Company is expecting and working towards getting an upward movement from last achieved export turnover subject to global economic conditions. Your Company's efforts in maintaining a focus on promoting own brands, ensuring timely product availability to our international partners has further led the Company being recognized as one of the top non-leather exporters from India.

### Product Development

Footwear, Apparel and Accessories categories are gradually evolving to be a style statement of one's personality, necessitating constant product innovation, both in functionality and design. Through a robust market sensing & research process, feedback from our channel partners and access to renowned national & international design studios, your Company constantly strives to offer products that exceed consumer expectations. With an eye on quality and speed, each brand is now supported by a separate team for focused product design and development. We continue to focus on products that excite our consumers and have aggressively cut down on portfolio complexity while building greater synergies in our retail, wholesale and ecommerce portfolios.

### Manufacturing and Quality

During FY 2020-21, your Company has increased its product lines by launching new products under REDTAPE brands like sliders, handkerchiefs, undergarments, etc. and also increased its product mix in Garment and Shoes segments as well. Company has achieved turnover of ₹ 342.58 Crore in Garment segment which shows its increasing customer confidence for future growth as well. Company's sport brand REDTAPE *athleisure* is rapidly finding its place in the feet of young and sporty Indians.

## MATERIAL CHANGES AND COMMITMENTS

In the FY 2020-21, the COVID-19 pandemic developed rapidly into a global crisis, forcing government to enforce lockdowns of all economic activities. Entering the COVID-19 pandemic wreaked havoc on financial conditions of the Company. Reacting to the pandemic and adaptation in the "new normal" had been a challenging task. Exiting the pandemic had lead to some after-shock effects such as "disruption tails." The Company has up to the date of approval of financial results, evaluated and factored into the extent possible likely material events and circumstances arising from COVID-19 pandemic and their impact on carrying value of its Assets and Liabilities as at 31st March, 2021. The impact of any future events and developments emerging out of COVID-19 pandemic, if any, and occurring after the Balance Sheet date and relating to the Assets and Liabilities of the Company as on 31st March, 2021 will be recognised prospectively.

## SUBSIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company has two foreign subsidiaries as on 31st March, 2021 *viz.* Mirza (H.K) Limited and Mirza Bangla Limited. During the year under review, the Company acquired 52% stake in Sen En Mirza Industrial Supply Chain LLP, thereby giving it the status of subsidiary of the Company pursuant to the provisions of IND AS 110. No other subsidiaries have been incorporated and 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.

During the year, the Board of Directors reviewed the affairs of the subsidiaries. In accordance with Section 129(3) of the Act, we have prepared consolidated financial statements of the Company and all its subsidiaries, which form part of the Annual Report. Further, a statement containing the salient features of the financial statements of our subsidiaries in the prescribed format AOC-1 is appended as **Annexure I** to the Directors' Report. The statement provides the details of performance, financial positions of each of the subsidiaries.

In accordance with Section 136 of the Act, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of its subsidiaries, are available on Company's website www.mirza.co.in. These documents will also be available for inspection at our Corporate Office in New Delhi, on any working day between 3:00 p.m. to 5:00 p.m. till the date of the ensuing Annual General Meeting (AGM) of the Company.

## DIVIDEND

The Company has not declared any Dividend for the Financial Year ended 31st March, 2021 due to impact on Profit of the Company on account of COVID-19 outbreak.

## TRANSFER TO RESERVE

The Board has not transferred any amount to General Reserve.

## DEPOSITS

The Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and as such no amount of principal or interest was outstanding as on the Balance Sheet date.

## SHARE CAPITAL

The Authorized Share Capital of your Company as on 31st March, 2021 stood at ₹51,25,00,000 divided into 25,62,50,000 equity shares of ₹2/- each. The Issued Share Capital of your Company is ₹24,06,12,000 divided into 12,03,06,000 equity shares of ₹2/- each and the Subscribed and Paid-up Share Capital is ₹24,06,12,000 divided into 12,03,06,000 equity shares of ₹2/- each, fully paid-up.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Companies Act, 2013 and Articles of Association of the Company, Mr. Narendra Prasad Upadhyaya, Whole Time Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible offered himself for re-appointment.

The term of Mr. Rashid Ahmed Mirza, Chairman and Managing Director, Mr. Shahid Ahmad Mirza, Mr. Tauseef Ahmad Mirza, Mr. Tasneef Ahmad Mirza and Mr. Narendra Prasad Upadhyaya, Whole Time Directors of the Company expired on 30th September, 2020 by the efflux of time. Accordingly, the aforesaid Directors have been re-appointed w.e.f. 1st October, 2020 by passing of resolution by the Shareholders of the Company through Postal Ballot Process / E-Voting Process on 22nd October, 2020.

Mr. Ankit Misra tendered his resignation from the Office of Company Secretary and Compliance Officer w.e.f. 1st August, 2020. Subsequent to his resignation, Mr. Gaurav Rajoriya was appointed as the Company Secretary and Compliance Officer of the Company. Further, Mr. Gaurav Rajoriya ceased to be the Company Secretary and Compliance Officer of the Company w.e.f. 14th September, 2020. The Board of Directors in their meeting held on 14th September, 2020 appointed Ms. Priyanka Pahuja as the Company Secretary and Compliance Officer of the Company.

## DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 (“Act”) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”). In the opinion of the Board, they fulfil the conditions of independence as specified in the Act and the Listing Regulations and are independent of the Management.

The Independent Directors of the Company are persons of integrity and comprise of appropriate skills/expertise/competencies (including proficiency) and have rich and varied experience in diversified domains for effective functioning of the Board of Directors of the Company.

## EVALUATION OF BOARD’S PERFORMANCE

The Board and the Nomination and Remuneration Committee reviewed the performance of the individual Directors on the basis of the criteria and framework adopted by the Board. In addition, the performance of Board as a whole and Committees were evaluated by the Board after seeking inputs from all the Directors based on various criteria. In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of Board as a whole and performance of the Chairman was evaluated, considering the views of the Executive Directors and Non-Executive Directors. The evaluation process has been explained in the Corporate Governance Report section of the Annual Report.

## FAMILIARISATION PROGRAMMES FOR INDEPENDENT DIRECTORS

The details of programmes conducted for familiarisation of Independent Directors with the Company, nature of the industry in which the Company operates, business model of the Company, etc. have been uploaded on the Company’s website at the web link: https://www.mirza.co.in/corporate-information.php. For further details, please refer to the Report on Corporate Governance which is forming part of this Annual Report.

## COMPANY’S POLICIES:

Pursuant to the provisions of the Companies Act, 2013 and other corporate laws, the Board of Directors are required to frame different Policies, maintain systems, plans and devise Codes. Details of Company’s policies are provided hereunder:

### 1. NOMINATION AND REMUNERATION POLICY

The Company has in place a Nomination and Remuneration Policy for appointment of Directors, Key Managerial Personnel, Senior Management and fixation of their remuneration as per the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Remuneration Policy is available on Company’s website at the link: https://www.mirza.co.in/corporate-information.php.

### 2. RISK MANAGEMENT POLICY

The Company has 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 strategic, operational, financial and compliance risks and monitors the effectiveness and efficiency of risk mitigation and control measures. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continual basis.

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's 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.

### 3. VIGIL MECHANISM (WHISTLE BLOWER)

The Company has in place a Whistle Blower Policy to establish a vigil mechanism for Directors/ Employees and other stakeholders of the Company to report concerns affecting the smooth and efficient running of operations of the Company. This Policy documents the Company's commitment to maintain an open work environment in which employees, consultants and contractors are able to report instances of unethical or undesirable conduct, actual, suspected fraud or violation of the Company's Code of Conduct. The Vigil Mechanism (Whistle Blower) Policy is available on Company's website at the link: https://www.mirza.co.in/corporate-information.php.

### 4. DIVIDEND DISTRIBUTION POLICY

The Company has in place a Dividend Distribution Policy as per Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The policy was adopted to set out the parameters that will be taken into account by the Board in determining the distribution of dividend to its shareholders and /or retaining profit earned by the Company. The Policy is available on Company's website at the link: https://www.mirza.co.in/corporate-information.php.

## DISCLOSURE UNDER SECRETARIAL STANDARDS

The Directors state that the Company is complying with all the applicable Secretarial Standards on meetings of the Board of Directors and Shareholders.

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

The Company had not given any guarantees covered under the provisions of section 186 of the Companies Act, 2013 and rules made thereunder. Particulars of loans and investments form part of the notes to the Financial Statements.

## INTERNAL CONTROL SYSTEM

The organization is committed to ensuring an effective internal control environment that provides, inter alia, an assurance on the orderly and efficient conduct of operations, security of assets, prevention and detention of fraud and errors, accurate and timely preparation of reliable financial information. The Company has an internal control system which commensurate with the size, scale and complexity of its operations.

The Audit Committee of the Board of Directors, comprising of Independent Directors, reviews the effectiveness of the internal control system across the Company including annual plan, significant audit findings and recommendations, adequacy of internal controls and compliance with accounting policies and regulations.

## 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 ("Rules"), mandates that Companies shall transfer dividend that has remained unclaimed for a period of 7 years from the unpaid dividend account to IEPF. Further, the rules mandate that the shares on which dividend has not been paid or claimed for a period of 7 consecutive years or more shall 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* |
|---|---|---|---|---|---|
| 2013-14 | Final | 0.50 | 20th September, 2014 | 19th October, 2021 | 6,54,784.00 |
| 2014-15 | Final | 0.50 | 29th September, 2015 | 28th October, 2022 | 5,29,209.00 |
| 2015-16 | Final | 0.50 | 29th September, 2016 | 28th October, 2023 | 6,18,426.50 |
| 2016-17 | Final | 0.90 | 28th September, 2017 | 27th October, 2024 | 9,76,678.20 |
| 2017-18 | Final | 0.90 | 26th September, 2018 | 25th October, 2025 | 7,75,770.30 |
| 2018-19 | Final | 0.90 | 19th September, 2019 | 18th October, 2026 | 33,74,712.00 |
| 2019-20 | Interim | 0.90 | 12th February, 2020 | 9th March, 2027 | 9,24,179.40 |

*Amount unclaimed as on 31st March, 2021.

The Company has not declared any Final Dividend for the Year 2019-2020.

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.

### Details of the Nodal Officer:

Ms. Priyanka Pahuja, Company Secretary and Compliance Officer of the Company has been appointed as the Nodal officer as per the provisions of IEPF. The details of the same may be accessed on the Company's website at the link: https://www.mirza.co.in/shareholders-information.php.

### Shares Transferred to IEPF

During the year, the Company transferred 38,059 shares on 13th January, 2021 to the IEPF. The shares transferred were on account of dividends unclaimed for seven consecutive years.

## MANAGEMENT DISCUSSION AND ANALYSIS

Management 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, is presented in a separate section, forming part of the Annual Report.

## CORPORATE SOCIAL RESPONSIBILITY(CSR)

The Company has a Corporate Social Responsibility Committee in place as per the provisions of Section 135 of the Companies Act, 2013. The composition of the Committee has been changed during the FY 2020-2021, as on 31st March, 2021 the Committee consisted of Mr. Tauseef Ahmad Mirza, Chairman, Mr. Shuja Mirza, Mr. Tasneef Ahmad Mirza and Mr. Sanjiv Gupta.

The Company's Corporate Social Responsibility Policy (CSR Policy) duly approved by the Board, indicates the activities to be undertaken by the Company to fulfil the expectation of our Stakeholders and to continuously improve our social, environmental and economical performance while ensuring sustainability and operational success of our Company.

The Company would also undertake other need based initiatives in compliance with Schedule VII to the Companies Act, 2013. The guiding principles for all CSR initiatives of the Company are as follows:

- Establishing a guideline for compliance with the provisions of Regulations to dedicate a percentage of Company's profits for social projects;
- Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting; and
- Creating opportunities for employees to participate in socially responsible initiatives.

The CSR Policy may be accessed on the Company's website at the link: https://www.mirza.co.in/corporate-information.php.

The Annual Report on CSR activities for the FY 2020-21 is enclosed as **Annexure-II** to this Report.

## HUMAN RESOURCES

Company believes that Human Resource is the key to its success. A well planned Human Resource policy and its proper implementation with employees satisfaction nurture the Company's growth story for long run. 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.

The number of people employed as on 31st March, 2021 was 2774 (31st March, 2020: 3188). Industrial Relations were satisfactory during the year.

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

## PARTICULARS OF EMPLOYEES AND OTHER ADDITIONAL INFORMATION

Information required as per Section 197(12) of the Companies Act, 2013 ("Act") read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as **Annexure-III** to this Report.

Disclosures relating to remuneration and other details as required under Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules is provided in the Annual Report, which forms part of this Report. Having regard to the provisions of the first proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the Corporate office of the Company on all working days during the business hours till the date of ensuing Annual General Meeting. Any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

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

### a) Conservation of energy:

Energy conservation measures are being carried out continuously in its operational activities by way of monitoring energy related parameters on regular basis.

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 alternate source of energy;
- Installed a state-of-the-art latest mono perc Solar Power Plant with a capacity of 1000KW

Capital investment on energy conservation equipments:

(Rs. in Lac)

| Financial Year | 2020-21 |
|---|---|
| Amount | ₹ 73.58 |

### b) Technology Absorption

- **Efforts made towards technology absorption**

  Following efforts are made during the year towards technology absorption:

  - The Company is manufacturing Sports Shoes with memory foam technology;
  - The Company has also replaced Natural Rubber & leather with synthetic EVA (Ethylene Vinyl Acetate) in sole making;
  - Introduction of new designs for shoe uppers; and
  - Expansion of retail base of Online stores in domestic market.

- **Benefits derived**

  - Speedy and real time updated flow of information between management and staff level;
  - Adding customer base remaining half population i.e. Indian Women; and
  - Value addition and Brand building via online outlets with more customer reach:

    (i) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –N/A

    (ii) Expenditure incurred on Research and Development: ₹ 895.04 Lac

### c) Foreign Exchange Earnings and Outgo

During the year, the foreign exchange earned was ₹ 304.62 Crore as compared to ₹ 346.20 Crore during the previous year. The foreign exchange outgo was ₹ 366.56 Crore as compared to ₹ 330.70 Crore in the Previous Year.

## 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Annual Report. The requisite certificate from the Practicing Company Secretary confirming compliance with the conditions of corporate governance is attached to the report on Corporate Governance.

## AUDITORS AND AUDITORS REPORT

### a) Statutory Auditors

At the 38th Annual General Meeting (AGM) of the Company held on 28th September, 2017, the Shareholders approved the appointment of M/s. DRA & Co., Chartered Accountants, as Statutory Auditors of the Company having Firm's Registration No. 006476N to hold the office till the conclusion of the 43rd AGM subject to ratification of the appointment by the Shareholders, at every AGM.

Pursuant to the notification issued by Ministry of Corporate Affairs (MCA) dated 7th May, 2018 for The Companies (Amendment) Act, 2017 and Companies (Audit and Auditors) Amendment Rules, 2018, the appointment of Statutory Auditors is not required to be ratified at every AGM, therefore no resolution for such ratification is taken in the Notice of the ensuing AGM.

The 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 Institute of Chartered Accountants of India as required under the provisions of Regulation 33 of the Listing Regulations.

The Notes on Financial Statement referred to in the Auditors' Report are self-explanatory and therefore do not require any further comments.

b) Secretarial Auditor

The Board had appointed Mr. Ankit Misra, Proprietor of M/s. Ankit Misra & Company, Company Secretaries, (CP No. 23471) to conduct Secretarial Audit for the FY 2020-21, pursuant to the provisions of Section 204 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Secretarial Audit Report in Form No. MR – 3 for the FY 2020-21 is enclosed as **Annexure-IV** to this Report. The Secretarial Audit Report contains few remarks regarding delay of submission of few disclosures to the Stock Exchanges. The Board of Directors, in their meeting held on 27th July, 2021, considered and observed the remarks given in the said report and approved the same.

c) Cost Auditor

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 and Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a cost accountant for auditing the cost records of the Company and the remuneration payable to the said cost accountant is required to be ratified by the Shareholders of the Company.

Accordingly, on the recommendation made by the Audit Committee, the Board of Directors of the Company appointed Mr. A.K. Srivastava, Cost Accountant to audit the cost records of the Company for the year ended 31st March, 2021.

## EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, the Annual Return in prescribed format may be accessed on the Company's website i.e. www.mirza.co.in.

## NUMBER OF BOARD MEETINGS

During the year under review, four Board Meetings were convened and held on 28th July, 2020, 14th September, 2020, 10th November, 2020 and 12th February, 2021, the details of which are given in the Corporate Governance Report which is forming part of this Annual Report.

## AUDIT COMMITTEE

The Audit Committee comprises of Non-Executive Independent Directors namely CA Sudhindra Kumar Jain, Mr. Sanjay Bhalla, CA Sanjiv Gupta and CA Saumya Srivastava. For further details, please refer Report on Corporate Governance which is forming part of this Annual Report.

The recommendations/observations of the Audit Committee placed before the Board during the financial year ended 31st March, 2021 in respect of matters pertaining to the financial management or any other matter related thereto, were considered and duly accepted by the Board of Directors of the Company.

## RELATED PARTY TRANSACTIONS

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. The disclosure in Form No. AOC-2 is enclosed as **Annexure-V** to this Report.

During the year, the Company entered into Related Party Transactions with Euro Footwear Private Limited and Mirza U.K. Limited (related parties), which exceeded the amount prescribed under the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and were considered material in accordance with the policy of the Company on Materiality of Related Party Transactions. The aforesaid transactions were approved by Shareholders of the Company through Postal Ballot dated 22nd October, 2020, by way of ordinary resolutions.

The Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions as approved by the Board may be accessed on the Company's website at the link: https://www.mirza.co.in/corporate-information.php.

Your Directors draw attention of the members to Note No. 30 to the financial statements which set out related party disclosures.

## REPORTING OF FRAUD

The Company identified Seven instances of Fraud at Six different Retail Stores of the Company located at Uttar Pradesh, Orissa, Kerala, Madhya Pradesh, Karnataka and Delhi. The employees of the respective stores were involved in the fraud against the company. The total amount of fraud amounted to ₹ 79,28,645/- out of which ₹ 8,91,403/- has been recovered from the employees and ₹ 48,75,563/- is written off in the books of accounts being irrecoverable. Whereas ₹ 21,61,679/- is still lying as recoverable from the employees as management is optimistic of recoverability of the same. The aforesaid matter has been taken up before the appropriate authorities and requisite legal action has been initiated against the employees. The company has plugged the corresponding control weaknesses on account of which the fraud was perpetrated in the system by incorporating necessary changes in the e-platform. The company has during the year implemented authorisations at various levels through suitable internal controls as part of the rectification process.

## 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 workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in compliance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder for prevention and redressal of complaints of Sexual Harassment at workplace.

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. The Internal Complaints Committee has been set up to redress complaints regarding sexual harassment, if any.

The Directors further state that during the year under review, there were no complaints filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## DIRECTORS RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors, in terms of Section 134 of the Companies Act, 2013 ("Act"), state that:

(a) in the preparation of the annual accounts for the year ended 31st March, 2021, the applicable accounting standards read with requirements set out under Schedule III to the Act, had been followed and there are no material departures;

(b) the Directors had selected such accounting policies and applied them consistently and made judgements 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 31st March, 2021 and of the profit of the Company for the year ended on that date;

(c) the Directors had taken proper and sufficient care for the 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 fraud and other irregularities;

(d) the Directors had prepared the annual accounts on a 'going concern' basis;

(e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

(f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## 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.

d) Issue of Employees Stock Option to employees of the Company under any scheme.

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.

## ACKNOWLEDGEMENT

Your Directors would like to express their appreciation for assistance and co-operation received from the financial institutions, banks, government authorities, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by all employees of the Company.

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

Place: Dubai
Date: 27th July, 2021

**Rashid Ahmed Mirza**
Chairman & Managing Director

# 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

| Sl. No. | Particulars | Details | Details | Details |
|---|---|---|---|---|
| 1 | Name of the subsidiary | Mirza Bangla Limited | Mirza (H.K.) Limited | Sen En Mirza Industrial Supply Chain LLP |
| 2 | The date since when subsidiary was acquired | 08.10.2018 | 17.10.2017 | 30.03.2020 |
| 3 | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | NA | NA | NA |
| 4 | Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries | TAKA<br>1 TAKA=0.88 INR | Hong Kong Dollar (HK$)<br>1 HKD=9.58 INR | INR |
| 5 | Share capital | 46,92,000 TAKA | 10,000 Hong Kong Dollar (HK$) | ₹1,00,00,000 |
| 6 | Reserves & surplus | 1,11,53,918 TAKA | 38,197 Hong Kong Dollar (HK$) | ₹14,70,682 |
| 7 | Total Assets | 2,13,74,416 TAKA | 56,707 Hong Kong Dollar (HK$) | ₹1,75,18,137 |
| 8 | Total Liabilities | 2,13,74,416 TAKA | 56,707 Hong Kong Dollar (HK$) | ₹1,75,18,137 |
| 9 | Investments | 0.00 | 0.00 | 0.00 |
| 10 | Turnover | 2,84,81,157 TAKA | 0.00 | ₹1,69,72,994 |
| 11 | Profit/Loss before taxation | 1,61,75,343 TAKA | (26,278) Hong Kong Dollar (HK$) | ₹13,28,337 |
| 12 | Provision for taxation | 48,83,068 TAKA | 116 Hong Kong Dollar (HK$) | ₹4,14,441 |
| 13 | Profit after taxation | 1,12,92,275 TAKA | (26,162) Hong Kong Dollar (HK$) | ₹9,13,896 |
| 14 | Proposed Dividend | 0.00 | 0.00 | 0.00 |
| 15 | Extent of shareholding (in percentage) | 99.90 | 100.00 | 52.00 |

## 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

## ANNUAL REPORT ON CSR ACTIVITIES

### 1. Brief outline on CSR policy of the Company

To actively contribute to the social and economic development of the communities in which we operate and in the process, build a better, sustainable way of life for the weaker sections of society and to contribute effectively towards inclusive growth and raise the country's human development index. Our projects mainly focus on healthcare, education, sustainable livelihood, infrastructure development and social reform, epitomising a holistic approach to inclusive growth.

The activities undertaken are within the broad framework of Schedule VII of the Companies Act, 2013. Details of the CSR policy and activities undertaken by the Company are available on www.mirza.co.in at the link mirza.co.in/corporate-information.php

### 2. Composition of CSR Committee:

| Sl. No | Name of the Director | Designation/Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---|---|---|---|---|
| 1 | Mr. Rashid Ahmed Mirza# | Managing Director, Ex- Chairman | 3 | 3 |
| 2 | Mr. Tasneef Ahmad Mirza | Whole Time Director, Member | 3 | 3 |
| 3 | Mr. Sudhindra Kumar Jain* | Independent Director, Member | 3 | 3 |
| 4 | Mr. Tauseef Ahmad Mirza^ | Whole Time Director, Chairman | 3 | 0 |
| 5 | Mr. Shuja Mirza& | Whole Time Director, Member | 3 | 0 |
| 6 | Mr. Sanjiv Gupta& | Independent Director, Member | 3 | 0 |

#Mr. Rashid Ahmed Mirza ceased to be the Chairman of the committee w.e.f 12th February, 2021.

*Mr. Sudhindra Kumar Jain ceased to be the member of the Committee w. e.f 12th February, 2021.

^Mr. Tauseef Ahmad Mirza was appointed as new Chairman of the Committee w.e.f 12th February, 2021.

&Mr. Shuja Mirza and Mr. Snajiv Gupta were appointed as members of the Committee w.e.f 12th February, 2021.

3. Provide the web-link where the composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

   **mirza.co.in/corporate-information.php**

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

   **Not Applicable**

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.

   **Not Applicable**

6. Average Net profit of the Company as per Section 135(5) of the Companies Act, 2013

   **8634.20 Lac**

7. CSR Obligation

| | | |
|---|---|---|
| a) | Two percent of the average net profit of the Company as per section 135(5). | 172.68 Lac |
| b) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years. | - |
| c) | Amount required to be set off for the financial year, if any. | - |
| d) | Total CSR obligation for the financial year. | 172.68 Lac |

8. (a) CSR amount spent or unspent for the financial year:

| Total Amount spent for the Financial Year | Amount Unspepnt | | | | |
|---|---|---|---|---|---|
| | Total amount transferred to the Unspent CSR Account as per section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) | | |
| | Amount | Date of Transfer | Name of the Fund | Amount | Date of transfer |
| 176.64 Lac* | 122.92 Lac* | 30/04/2021 | Not Applicable | Nil | Not applicable |

*The Company has transferred the total amount of CSR required to be spent in FY 2020-2021 to Mirza Foundation, a society registered under Society Registration Act, 1860. However, an amount of Rs. 122.92 Lac, being allocated for the ongoing project, has been transferred to unspent CSR account opened in the name of Mirza foundation. Therefore, the Company has fulfilled its liability of spending 2% of the Average Net Profit for preceding three years, however, the amount is pending on the part of Mirza Foundation which has been transferred to unspent account for an ongoing project.

(b) Details of CSR amount spent against ongoing projects for the financial year:

| Sl. No. | Name of the Project | Item from the list of activities in schedule VII in the Act | Local Areas (Yes/ N0) | Location of the Project | | Project duration | Amount allocated for the project | Amount spent in the current Financial year | Amount transferred to the unspent CSR Account for the project as per 135(6) | Mode of impleme-ntation | Mode of implementation through Impllementing Ageny | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | State | District | | | | | | Name | CSR Registaration number |
| - | - | - | - | - | - | - | - | - | - | - | - | - |

(c) Details of CSR amount spent against other than ongoing projects for the financial year :

| Sl. No. | Name of the Project | Item from the list of activities specified in Schedule VII to the Act | Local Area (YES/NO) | Location of the Project | | Amount spent for the project (in Lac) | Mode of implementation – Direct (Yes/No) | Mode of implementation- Through implementing Agency | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | District | State | | | Name | CSR Registration Number |
| 1 | Contribution for Schedule VII activities | (i), (ii), (iv) | Yes | Pan India | | 158.15 | Yes | Mirza Foundation | CSR00012939 |
| 2 | Eradicating Hunger | (i) | Yes | Kashipur | Uttarakhand | 2.17 | No | - | - |
| 3 | Eradicating Hunger | (i) | Yes | Kashipur | Uttarakhand | 1.37 | No | - | - |
| 4 | Eradicating Hunger | (i) | Yes | Kashipur | Uttarakhand | 1.20 | No | - | - |
| 5 | Eradicating Hunger | (i) | Yes | Kashipur | Uttarakhand | 1.62 | No | - | - |
| 6 | Healthcare | (i) | Yes | Kanpur | Uttar Pradesh | 0.75 | No | - | - |

d) Amount spent in administrative overheads: 3.95 Lac

e) Amount spent on impact assessment, if applicable: NIL

f) Total amount spent for the financial year (b+c+d+e): 176.64 Lac

g) Excess amount for set-off, if any:

| Sl. No. | Particular | Amount |
|---|---|---|
| (i) | Two percent of average net profit of the Company as per section 135(5) | 172.68 Lac |
| (ii) | Total amount spent for the Financial Year | 176.64 Lac |
| (iii) | Excess amount spent for the Financial Year | 3.95 Lac |
| (iv) | Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any | NIL |
| (v) | Amount available for set-off in succeeding financial years [(iii)-(iv)] | NIL* |

*Being a small amount, no set-off is considered

9. (a) Details of the unspent CSR amount for the preceding three financial years:

| Sl. No | Preceeding Financial Year | Amount transferred to the Unspent CSR Account under Section 135 (6) | Amount spent in the reporting financial year | Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any | | | Amount remaining to be spent in succeeding financial years |
|---|---|---|---|---|---|---|---|
| | | | | Name of the Fund | Amount | Date of Transfer | |
| - | - | - | - | - | - | - | - |

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

| Sl. No. | Project Id | Name of the Project | Financial year in which the project was commenced | Project duration | Total amount allocated for the project | Amount spent on the project in the reporting financial year | Cumulative amount spent at the end of reporting financial year | Status of the project – completed/ ongoing |
|---|---|---|---|---|---|---|---|---|
| - | - | - | - | - | - | - | - | - |

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset(s) so created or acquired through CSR spent in the financial year:

| Sl. No | Detail | Name of the Asset |
|---|---|---|
| a) | Date of creation or acquisition of the capital asset(s) | - |
| b) | Amount of CSR spent for creation or acquisition of the capital asset | - |
| c) | Details of the entity or public authority or beneficiary under whose name such capital asset(s) is / are registered, their address, etc | - |
| d) | Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) | - |

11. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per Section 135(5):

**Not applicable**

# ANNEXURE-III

## DETAILS PERTAINING TO EMPLOYEES AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

A) The information required as per Section 197 (12) read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

(i) The ratio of the remuneration of each Director to the median remuneration of the employee of the Company for the financial year:

| Name of Director | Ratio to median remuneration* |
|---|---|
| **Executive Directors** | |
| Mr. Rashid Ahmed Mirza | NIL |
| Mr. Shahid Ahmad Mirza | 147.05 |
| Mr. Tauseef Ahmad Mirza | 165.53 |
| Mr. Tasneef Ahmad Mirza | 148.41 |
| Mr. Shuja Mirza | 130.41 |
| Mr. Narendra Prasad Upadhyaya | 30.72 |
| **Non-Executive Directors** | |
| CA Sudhindra Kumar Jain | 0.39 |
| Mr. Qazi Salam Noorus | 0.23 |
| CA Saumya Srivastava | 0.47 |
| Mr. Sanjay Bhalla | 0.47 |
| Dr. Yashvir Singh | 0.15 |
| CA Sanjiv Gupta | 0.39 |

*Remuneration includes sitting fees and is calculated on paid basis.

(ii) The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year:

| Director, Chief Executive Officer, Chief Financial Officer and Company Secretary | % increase/(decrease) in remuneration in the financial year* |
|---|---|
| Mr. Rashid Ahmed Mirza | (100)% |
| Mr. Shahid Ahmad Mirza | (9.29)% |
| Mr. Tauseef Ahmad Mirza | (10.58)% |
| Mr. Tasneef Ahmad Mirza | (7.36)% |
| Mr. Shuja Mirza | 10.55% |
| Mr. Narendra Prasad Upadhyaya | (9.08)% |
| CA Sudhindra Kumar Jain | 25% |
| Mr. Qazi Salam Noorus | 25% |
| CA Saumya Srivastava# | 200% |
| Mr. Sanjay Bhalla# | 200% |
| Dr. Yashvir Singh | 100% |
| CA Sanjiv Gupta^ | 150% |
| Mr. V.T. Cherian | 0.90 |
| Ms. Priyanka Pahuja% | NA |

#CA Saumya Srivastava and Mr. Sanjay Bhalla were appointed as Non-Executive Independent Directors w.e.f. 9th August, 2019.

^CA Sanjiv Gupta was appointed as Non-Executive Independent Directors w.e.f. 12th November, 2019.

%Ms. Priyanka Pahuja was appointed as Company Secretary and Compliance Officer w.e.f. 14th September, 2020.

*Remuneration includes sitting fees and is calculated on paid basis.

(iii) the percentage increase/decrease in the median remuneration of employees in the financial year: 3.09%

(iv) The number of permanent employees on the rolls of the Company as on 31st March, 2021: 2774

(v) Average percentile already made in the salaries of the employees other than the managerial increase personnel in the last financial year and its comparison with the percentile increase in the remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

There is an Average percentile increase/decrease made in the salaries of the employees other than the managerial personnel in the last financial year: 5.09%

Percentile increase/(decrease) in the managerial remuneration: (0.35%)

(vi) Affirmation that the remuneration is as per the Remuneration Policy of the Company: The Company affirms that the remuneration is as per the Remuneration Policy of the Company.

# ANNEXURE-IV

## Form No. MR-3

**SECRETARIAL AUDIT**
**FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2021**

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

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

I 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 me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Mirza International Ltd's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2021, 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 :

I have examined the books, papers, minute, books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2021 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

(vi) Other applicable Laws:

   (a) The Employees Provident Fund & Miscellaneous Provisions Act, 1952;

   (b) The Employees State Insurance Act, 1948;

   (c) The Maternity Benefit Act, 1961;

   (d) The Payment of Bonus Act, 1965;

   (e) The Payment of Gratuity Act, 1972;

   (f) Environmental Laws like The Water (Prevention and Control of Pollution) Act, 1974, The Environment (Protection) Act, 1986

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(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");

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

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

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

| Sl. No | Non-Compliance / Delayed Compliance | Due date of submission | Submission date |
|---|---|---|---|
| 1 | Violation of Regulation 23(9) of Listing Regulations for the half year ended 31.03.2020 | 27.08.2020 | 15.09.2020 |
| 2 | Non submission of disclosure to Stock Exchanges under Regulation 31A(8)(c) of Listing Regulations for reclassification of Ms Huma Mirza from Promoter to Public | 05.09.2020 | 18.09.2020 |

**I 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. The changes in the composition of the Board of Directors that took place during the period under review are carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to convene the Board Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions were passed with unanimous majority and recorded as part of the minutes.

**I further report that**

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

For **ANKIT MISRA & CO.**
Company Secretaries

**ANKIT MISRA**
Proprietor
ACS No. 30650
CP No. 23471
UDIN: A030650C000689572

Place: Kanpur
Date: 26th July, 2021

# ANNEXURE-V

## 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 | NA |
| (b) | Nature of contracts/arrangements/transactions | |
| (c) | Duration of the contracts / arrangements/transactions | |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | |
| (e) | Justification for entering into such contracts or arrangements or transactions | |
| (f) | Date(s) of approval by the Board | |
| (g) | Amount paid as advances, if any | |
| (h) | Date on which the special resolution was passed in general meeting as required under first proviso to section 188 | |

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

| | | |
|---|---|---|
| (a) | Name of the related party and nature of relationship | Euro Footwear Private Limited and Mirza (UK) Limited, Related Parties u/s 2(76)(iv) of Companies Act, 2013 |
| (b) | Nature of contracts/arrangements/transactions | Purchase of Footwear and other components, jobwork and sale of Leather and Footwear |
| (c) | Duration of the contracts / arrangements/transactions | One year w.e.f. 01.10.2020 to 30.09.2021 |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | Purchase of Footwear and other components, jobwork and sale of Leather and Footwear aggregating to ₹ 171.40 Crore. |
| (e) | Date(s) of approval by the Board | 14th September, 2020 |
| (f) | Amount paid as advances, if any | - |

# REPORT ON CORPORATE GOVERNANCE

Pursuant to Regulation 34 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 **("Listing Regulations")**, the Directors present the Report on Corporate Governance of the Company as follows:

## COMPANY PHILOSOPHY ON CORPORATE GOVERNANCE

The fundamental principle of Corporate Governance is achieving sustained growth ethically and in the best interest of all stakeholders. It is not a mere compliance of laws, rules and regulations, but a commitment to values, best management practices and adherence to the highest ethical principles in all its dealings, to achieve the objects of the Company, enhance stakeholder value and discharge its social responsibility.

Since Corporate Governance also provides the framework for attaining a Company's objectives, it encompasses practically every sphere of Management, from action plans and internal controls to performance measurement and corporate disclosure. Corporate Governance encourages a trustworthy, moral, as well as ethical environment. For ensuring sound Corporate Governance practices, the Government of India has put in place a framework based on the stipulations contained under the Companies Act, 2013 The Securities and Exchange Board of India (SEBI) Regulations, Accounting Standards, Secretarial Standards, etc. Today's market-oriented economy and globalization drive the demand for a high quality of Governance practices.

The Board of Directors is responsible for and committed to sound principles of Corporate Governance in the Company. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. We are continuously nurturing and strengthening this framework through concerted and collective efforts of our people, under the guidance of our leadership team.Through this robust Corporate Governance mechanism that interlinks values, ethics and positive culture, the Company aims to achieve long-term sustainability.

## BOARD OF DIRECTORS

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

The Company is managed and controlled by professional Board comprising of blend of Executive and Non-executive Directors with considerable professional expertise and experience which provides leadership and guidance to the management thereby enhancing Stakeholders' value. As on 31st March, 2021, the Board of Directors of Company comprises of twelve Directors out of which six are Executive Directors and six are Non-Executive Independent Directors including one Woman Director. The composition of Board is in conformity with the provisions of Companies Act, 2013 **("Act")** and Regulation 17 of Listing Regulations which are as follows:

| Category | | Name of Directors |
|---|---|---|
| **Executive Directors** | Chairman, Managing Director | Mr. Rashid Ahmed Mirza |
| | Whole Time Directors | Mr. Shahid Ahmad Mirza |
| | | Mr. Tauseef Ahmad Mirza |
| | | Mr. Tasneef Ahmad Mirza |
| | | Mr. Shuja Mirza |
| | | Mr. Narendra Prasad Upadhyaya |
| **Non-Executive Directors** | Independent Directors | CA Sudhindra Kumar Jain |
| | | Mr. Qazi Salam Noorus |
| | | CA Saumya Srivastava |
| | | Mr. Sanjay Bhalla |
| | | Dr. Yashvir Singh |
| | | CA Sanjiv Gupta |

As on 31st March, 2021, none of the Directors on the Company's Board was a Director in more than ten Public Companies (including seven Listed Companies), neither a Chairman of more than five Committees nor a member of more than ten Committees in all the public companies in which they are Directors. Further, all the Directors have made necessary disclosures regarding their Directorship and Chairmanship/Committee Membership in other Companies as per the requirement of Listing Regulations, Act and other applicable provisions, if any.

No Director is related to other Director on the Board except Mr. Rashid Ahmed Mirza, Managing Director of the Company, Mr. Shahid Ahmad Mirza, Mr. Tauseef Ahmad Mirza and Mr. Tasneef Ahmad Mirza, Whole Time Directors of the Company (Brothers) and Mr. Shuja Mirza, Whole Time Director of the Company (Son of Mr. Rashid Ahmed Mirza).

The appointment/re-appointment of the Managing Director, Whole Time Directors and Non-Executive Directors including the tenure of their appointment/ re-appointment and terms of their remuneration, are approved by the members at their General Meeting or through the process of Postal Ballot.

## (b) Number of Board Meetings

Four Board Meetings were held during the Financial Year 2020-2021 and the maximum time gap between any two consecutive meetings did not exceed one hundred and twenty days. The dates on which the Board Meetings were held are as follows:

28th July, 2020, 14th September, 2020, 10th November, 2020 and 12th February, 2021.

The Agenda, along with the supporting documents, explanatory notes and information, as enumerated under Listing Regulations, are made available to the Board along with the notice of respective meetings in advance in order to enable them to make value addition and discharge their duties diligently during the meetings. The Board periodically reviews compliance reports of all laws applicable to the Company. The Company undertakes steps to rectify instances of non-compliance, if any.

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

The names and categories of the Directors on the Board, along with their attendance at the Board Meetings held during the year ended 31st March, 2021 and at the last Annual General Meeting and the number of other Directorships and Chairmanships/Memberships of Committees held by them, are given below:

| Name of Directors | No. of Board Meetings attended during the year | Whether attended the Last AGM | Number of Directorships and Committee Memberships /Chairmanships in other Companies as on 31st March, 2021 | | |
|---|---|---|---|---|---|
| | | | Directorships | Committee Memberships | Committee Chairmanships |
| **Executive Directors** | | | | | |
| Mr. Rashid Ahmed Mirza (Chairman and Managing Director, Promoter) | 4 | No | - | - | - |
| Mr. Shahid Ahmad Mirza (Whole Time Director, Promoter) | 2 | Yes | - | - | - |
| Mr. Tauseef Ahmad Mirza (Whole Time Director, Promoter) | 4 | Yes | - | - | - |
| Mr. Tasneef Ahmad Mirza (Whole Time Director, Promoter) | 2 | Yes | 1 | - | - |
| Mr. Narendra Prasad Upadhayaya (Whole Time Director) | 3 | Yes | - | - | - |
| Mr. Shuja Mirza (Whole Time Director, Promoter Group) | 4 | No | - | - | - |
| **Non-Executive Directors** | | | | | |
| CA Sudhindra Kumar Jain (Independent Director) | 3 | Yes | - | - | - |
| Mr. Qazi Salam Noorus (Independent Director) | 2 | Yes | - | - | - |
| Dr. Yashvir Singh (Independent Director) | 1 | No | - | - | - |
| CA Saumya Srivastava (Independent Director) | 4 | No | - | - | - |
| Mr. Sanjay Bhalla (Independent Director) | 4 | Yes | - | - | - |
| CA Sanjiv Gupta (Independent Director) | 4 | Yes | - | - | - |

**Notes:**

1. Non-Executive Directors do not hold any share in the Company as on 31st March, 2021 and the Company has not issued any convertible instruments.
2. This includes Directorship in public limited companies (including subsidiaries of public limited companies) and excludes Directorship in this Company, associate, private, foreign and Section 8 companies.
3. Represents Chairmanships/Memberships of Audit Committee and Stakeholders Relationship Committee. This includes Chairmanships/Memberships in Public Limited Companies (including subsidiaries of public limited companies) and excludes Chairmanships/ Memberships in this Company, private, foreign and Section 8 companies.

### (d) Familiarisation Programme of Independent Directors

Independent Directors of the Company are eminent personalities having wide experience in the fields of Finance, Education, Industry, Commerce and Administration. Their presence on the Board has been advantageous and fruitful in taking business decisions. As per Regulation 25(7) of Listing Regulations, the Company shall provide suitable training to the Independent Directors to familiarise them with the Company, their roles, rights, responsibilities, nature of the industry in which the Company operates, business model of the Company and any other relevant information, if any. The details of such training imparted are also required to be disclosed in the Annual Report.

The details of programmes conducted for familiarization of Independent Directors with the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the link: https://www.mirza.co.in/corporate-information.php.

### (e) Core Skills/Expertise/Competencies of Directors

The existing Board of Directors of the Company comprises of appropriate skills/expertise/competencies in diversified domains for its effective functioning. Further, the Board has identified the skills/expertise/competencies of each Director in accordance with their rich and varied experience across different sectors, in the following manner:

| Area of Expertise | Name of Directors | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Mr. Rashid Ahmed Mirza | Mr. Shahid Ahmad Mirza | Mr. Tauseef Ahmad Mirza | Mr. Tasneef Ahmad Mirza | Mr. Shuja Mirza | Mr. Narendra Prasad Upadhyaya | CA Sudhindra Kumar Jain | Mr. Qazi Salam Noorus | Dr. Yashvir Singh | CA Saumya Srivastava | Mr. Sanjay Bhalla | CA Sanjiv Gupta |
| Strategy | √ | - | √ | - | √ | - | √ | - | - | √ | - | √ |
| Business Administration & Management | √ | √ | √ | √ | √ | √ | √ | - | √ | √ | √ | √ |
| Corporate Governance | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| Manufacturing | √ | √ | √ | √ | - | √ | - | - | - | - | - | - |
| Sales & Marketing | √ | √ | √ | √ | √ | - | - | - | - | - | - | - |
| Community Services | √ | √ | √ | √ | √ | - | √ | √ | √ | - | √ | - |
| Business Development | √ | √ | √ | √ | √ | √ | - | - | - | √ | √ | √ |
| Finance & Legal | √ | - | - | - | √ | √ | √ | √ | - | √ | - | √ |
| Global Vision | √ | - | √ | √ | √ | - | - | - | - | - | - | √ |

The Board confirms that the Independent Directors fulfill the conditions specified in the Listing Regulations and are independent of the Management.

## COMMITTEES OF THE BOARD

The Company has constituted the following committees for the smooth functioning of the Board:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- Corporate Affairs Committee
- Risk Management Committee

The composition of all Board Committees is in accordance with the provisions of the Companies Act, 2013 and the Listing Regulations.

The Company's guidelines relating to Board Meeting are applicable to Committee Meetings. Each Committee has the authority to engage outside experts, advisers and counsels to the extent it considers appropriate to assist in its function.

The minutes of proceedings of Committee Meetings are circulated to the respective committee members and placed before the Board Meetings for discussion/noting.

Details of the composition, number of meetings held during the year, attendance of members and scope of the committees are as below:

### (a) Audit Committee

**Composition**

The Audit Committee of the Company comprises of four Non-Executive Independent Directors. Mr. Sudhindra Kumar Jain, a Chartered Accountant is the Chairman of the Committee. The composition of the Committee meets with the requirements of Section 177 of the Act read with Regulation 18 of the Listing Regulations.The representatives of Statutory Auditors, Executives from Accounts Department, Finance Department and Internal Auditors are invited to the meetings of the Committee, as and when required. The Internal Auditor reports directly to the Committee. The Company Secretary acts as the Secretary of the Committee.

### Meeting and Attendance

During the Financial Year 2020-2021, five Meetings of the Audit Committee were held on 24th July, 2020, 14th September, 2020, 10th November, 2020, 12th December, 2020 and 10th February, 2021. The Chairman of the Audit Committee attended the Annual General Meeting of the Company.

The following table summarises attendance details of Audit Committee members during the year under review:

| Name of Member | Category | Meetings Attended |
|---|---|---|
| CA Sudhindra Kumar Jain | (Chairman) Non-Executive, Independent Director | 4 |
| CA Saumya Srivastava | (Member) Non-Executive, Independent Director | 5 |
| CA Sanjiv Gupta | (Member) Non-Executive, Independent Director | 3 |
| Mr. Qazi Salam Noorus* | (Member) Non-Executive, Independent Director | 1 |
| Mr. Sanjay Bhalla# | (Member) Non-Executive, Independent Director | 2 |

*Mr. Qazi Salam Noorus ceased to be the Member of the Committee w.e.f. 10th November, 2020.

#Mr. Sanjay Bhalla was appointed as Member of the Committee w.e.f. 10th November, 2020.

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.

### Scope of the Audit Committee

The Audit Committee, inter alia, supports the Board to ensure an effective internal control environment. The Committee discharges such duties and functions with powers generally indicated in Listing Regulations.

The scope of the Audit Committee is as follows:

### Powers of Audit Committee

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

### Terms of Reference

- 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:

(a) 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;

(b) Changes, if any, in accounting policies and practices and reasons for the same;

(c) Major accounting entries involving estimates based on the exercise of judgment by management;

(d) Significant adjustments made in the financial statements arising out of audit findings;

(e) Compliance with listing and other legal requirements relating to financial statements;

(f) Disclosure of any Related Party Transactions; and

(g) 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 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;
- Reviewing reports of internal audit and discussing with Internal Auditors on any significant findings of any internal investigations by the Internal Auditors and the executive management's response on matters and follow-up thereon;
- Reviewing reports of Cost audit, if any, and discussion with Cost Auditors on any significant findings by them;
- 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;
- Looking 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;
- Reviewing 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;
- Recommending to the Board, the appointment and fixation of remuneration of Cost Auditors, if applicable;
- Evaluating Internal Financial Controls and Risk Management Systems and reviewing the Company's financial and risk management policies;
- Reviewing the Management Discussion and Analysis of financial condition and results of operations;
- Reviewing the statement of significant Related Party Transactions (as defined by the Audit Committee), submitted by management;
- Reviewing the Management Letters / letters of internal control weaknesses issued by the Statutory Auditors;
- Reviewing the Internal Audit Reports relating to internal control weaknesses;
- Reviewing compliance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, and verify that the systems for internal controls are adequate and are operating effectively;
- Reviewing the utilisation of loans and/or advances from/investment by the Company in its subsidiary companies exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower.
- Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation, etc., on the Company and its Shareholders;
- Recommending to the Board, the appointment, removal and terms of remuneration of Chief Internal Auditor; and
- Reviewing the statement of deviations as follows:

(a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).

(b) 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

### Composition

The Nomination and Remuneration Committee of the Company comprises of three Non-Executive Independent Directors. Mr. Sanjay Bhalla is the Chairman of the Committee.The composition of the Committee meets with the requirements of Section 178 of the Act read with Regulation 19 of the Listing Regulations. The Company Secretary of the Company acts as the Secretary of the Committee.

### Meeting and Attendance

During the Financial Year 2020-2021, three Meetings of the Nomination and Remuneration Committee were held on 28th July, 2020, 14th September, 2020 and 12th February, 2021.

The following table summarises attendance details of Nomination and Remuneration Committee members during the year under review:

| Name of Member | Category | Meeting Attended |
|---|---|---|
| CA Sudhindra Kumar Jain$ | (Ex-Chairman) Non Executive, Independent Director | 3 |
| Mr. Sanjay Bhalla# | (Chairman) Non Executive, Independent Director | 1 |
| Dr. Yashvir Singh | (Member) Non Executive, Independent Director | 1 |
| CA Saumya Srivastava | (Member) Non Executive, Independent Director | 3 |
| Mr. Qazi Salam Noorus* | (Ex-Chairman) Non Executive, Independent Director | 0 |

#Mr. Sanjay Bhalla was appointed as Member of the Committee w.e.f. 10th November, 2020. Subsequently, designated as the Chairman of the Committee w.e.f. 5th April, 2021.

*Mr. Qazi Salam Noorus ceased to be the Chairman of the Committee w.e.f. 10th November, 2020.

$ CA Sudhindra Kumar Jain ceased to be the Chairman of the Committee w.e.f. 5th April, 2021.

### Terms of Reference

The Nomination and Remuneration Committee is empowered to review and recommend to the Board of Directors, appointment/re-appointment, remuneration and commission of the Directors and Senior Management of the Company with the guidelines laid down under the statute.

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

- 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;
- Formulating a criteria for evaluation of performance of Independent Directors and the Board of Directors;
- Devising a Policy on diversity of Board of Directors;
- Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal;
- Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors; and
- Recommend to the board, all remuneration, in whatever form, payable to senior management.

The Remuneration Policy of the Company is available on the website of the Company at the link: https://www.mirza.co.in/corporate-information.php.

**Performance evaluation criteria for Independent Directors**

Pursuant to the provisions of the Act and Listing Regulations, the Nomination and Remuneration Committee has laid down the Criteria for performance evaluation of the Board of Directors. The Board and Committee carries out the annual performance evaluation of its own performance, the Directors individually, Chairman as well as the evaluation of the working of its Nomination and Remuneration Committee. The performance of individual Directors including the chairman is evaluated on the parameters such as level of understanding and contribution, leadership skills, interpersonal skills, independence of judgment, safeguarding the interest of the Company and its shareholders etc. The performance evaluation of the Independent Directors is carried out by the entire Board. The performance evaluation of the Chairman and Non-Independent Directors is carried out by the Independent Directors and the Directors expressed their satisfaction with the evaluation process.

## 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, 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 table below provides the details of the sitting fees paid to the Non-Executive Directors during the FY 2020-2021:

(Amount in ₹)

| Sl. No | Name of the Non executive Director | Sitting fees* |
|---|---|---|
| 1 | CA Sudhindra Kumar Jain | 50000 |
| 2 | Mr. Qazi Salam Noorus | 30000 |
| 3 | CA Saumya Srivastava | 60000 |
| 4 | Mr. Sanjay Bhalla | 60000 |
| 5 | Dr.Yashvir Singh | 20000 |
| 6 | CA Sanjiv Gupta | 50000 |

*Sitting Fees include fees for attending a separate meeting of Independent Directors held on 22nd March, 2021.

The Company has not issued any stock option to its Directors/Employees.

### (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, to the Board for their approval.

The table below provides the details of the remuneration paid to the Executive Directors during the FY 2020-2021:

(Amount in ₹)

| Name of the Directors | Designation | Perquisites (₹) | Salary (₹) | Total Remuneration (₹) |
|---|---|---|---|---|
| Mr. Rashid Ahmed Mirza | Chairman, Managing Director | - | - | - |
| Mr. Shahid Ahmad Mirza | Whole Time Director | 90,687 | 1,87,00,000 | 1,87,90,687 |
| Mr. Tauseef Ahmad Mirza | Whole Time Director | 2,52,287 | 2,09,00,000 | 2,11,52,287 |
| Mr. Tasneef Ahmad Mirza | Whole Time Director | 2,65,465 | 1,87,00,000 | 1,89,65,465 |
| Mr. Narendra Prasad Upadhyaya | Whole Time Director | 21,213 | 39,05,000 | 39,26,213 |
| Mr. Shuja Mirza | Whole Time Director | 1,64,370 | 1,65,00,000 | 1,66,64,370 |
| **Total** | | **7,94,023** | **7,87,95,000** | **7,94,99,022** |

**Directors with materially significant, pecuniary or business relationship with the Company**

The transactions with related parties are furnished in note no. 30 of Financial Statements, as stipulated under Accounting Standards (Ind AS) 24. Apart from related party transactions furnished in note no. 30, there are no transactions of material nature with Directors or their relatives and others, which may have potential conflict with the Company's interest. The Register of Contracts required to be maintained under Section 189(1) and Rule 16(1) of the Act, containing the details of the contracts, in which the Directors are concerned or interested, is placed at the meeting of the Board of Directors for their approval and noting, on a periodical basis.

During the year, no pecuniary or business relationship existed between the Non-Executive Independent Directors and the Company.

With the applicability of the Act and Listing Regulations, transactions attracting provisions of Section 188 which are in ordinary course of business and are at arm's length have been entered into after being reviewed, scrutinized and approved by the Audit Committee and with approval of the Board. No transactions which are not in ordinary course of business and are not at arm's length have been entered into with any related party.

The Company entered into Related Party Transactions with Euro Footwear Private Limited and Mirza (UK) Limited (related parties), which exceeded the limit prescribed under the provisions of the Act and Listing Regulations and were considered material in accordance with the policy of the Company on materiality of related party transactions. The aforesaid transaction were approved by Shareholders of the Company through Postal Ballot/e-voting process on 22nd October, 2020, by way of an ordinary resolution.

The Related Party Transactions Policy of the Company is available on the website of the Company at the link: https://www.mirza.co.in/corporate-information.php.

## (c) Stakeholders Relationship Committee

### Composition

The Stakeholders Relationship Committee of the Company comprises of three Members, out of which two members are Non-Executive Independent Directors and one is Executive Director. Mr. Sanjay Bhalla is the Chairman of the Committee. The composition of the Committee meets with the requirements of Section 178 of the Act read with Regulation 20 of the Listing Regulations.The Company Secretary of the Company acts as the Secretary of the Committee.

### Meeting and Attendance

During the Financial Year 2020-2021, four Meetings of the Stakeholders Relationship Committee were held on 28th July, 2020, 14th September, 2020, 10th November, 2020 and 12th February, 2021.

The following table summarises attendance details of Stakeholders Relationship Committee members during the year under review:

| Name of Member | Category | Meeting Attended |
|---|---|---|
| Mr. Qazi Salam Noorus* | (Ex-Chairman) Non Executive, Independent Director | 0 |
| Mr. Sanjay Bhalla# | (Chairman) Non Executive, Independent Director | 4 |
| Mr. Tasneef Ahmad Mirza | (Member) Executive Director, Promoter | 2 |
| CA Sudhindra Kumar Jain^ | (Member) Non Executive, Independent Director | 3 |
| CA Sanjiv Gupta$ | (Member) Non Executive, Independent Director | 1 |

*Mr. Qazi Salam Noorus ceased to be the Chairman of the Committee w.e.f. 10th November, 2020.

#Mr. Sanjay Bhalla was appointed as the Chairman of the Committee w.e.f. 10th November, 2020.

$CA Sanjiv Gupta was appointed as the Member of the Committee w.e.f. 10th November, 2020.

^CA Sudhindra Kumar Jain ceased to be the Member of the Committee w.e.f. 5th April, 2021.

**Scope of Stakeholders Relationship Committee**

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;
- Reviewing the measures taken for effective exercise of voting rights by shareholders;
- Reviewing the adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent; and
- Reviewing 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, 68 complaints were received and duly resolved by the Company.

## (d) Corporate Social Responsibility Committee

**Composition**

The Corporate Social Responsibility Committee of the Company comprises of four members, out of which three are Executive Directors and one being the Non-Executive Independent Director. Mr. Tauseef Ahmad Mirza, Whole Time Director is the Chairman of the Committee. The composition of the Committee meets with the requirements of Section 135 of the Act. The Company Secretary acts as the Secretary of the Committee.

**Meeting and Attendance:**

During the Financial Year 2020-2021, three meetings were held on 28th July,2020, 14th September, 2020 and 12th February, 2021.

The following table summarizes attendance details of Corporate Social Responsibility Committee members during the year under review:

| Name of Member | Category | Meeting Attended |
|---|---|---|
| Mr. Rashid Ahmed Mirza* | (Ex- Chairman) Executive Director, Promoter | 3 |
| CA Sudhindra Kumar Jain# | (Member) Non- Executive, Independent Director | 3 |
| Mr. Tasneef Ahmad Mirza | (Member) Executive Director, Promoter | 1 |
| CA Sanjiv Gupta^ | (Member) Non- Executive, Independent Director | 0 |
| Mr. Tauseef Ahmad Mirza$ | (Chairman) Executive Director, Promoter | 0 |
| Mr. Shuja Mirza% | (Member) Executive Director, Promoter Group | 0 |

* Mr. Rashid Ahmed Mirza ceased to be the Chairman of the Committee w.e.f. 12th February, 2021.

# CA Sudhindra Kumar Jain ceased to be the Member of the Committee w.e.f. 12th February, 2021.

^ CA Sanjiv Gupta was appointed as the Member of the Committee w.e.f. 12th February, 2021.

$ Mr. Tauseef Ahmad Mirza was appointed as the Chairman of the Committee w.e.f. 12th February, 2021.

% Mr. Shuja Mirza was appointed as the Member of the Committee w.e.f. 12th February, 2021.

**Scope of the Corporate Social Responsibility Committee**

The Committee oversees the activities/functioning in identifying the area of Corporate Social Responsibility activities as specified in the Corporate Social Responsibility Policy of the Company in accordance with Schedule VII of the Act and execution of initiative as per pre-defined guidelines. The Corporate Social Responsibility Policy of the Company is available on the website of the Company at the link: https://www.mirza.co.in/corporate-information.php.

## (e) Corporate Affairs Committee

**Composition**

The Company's Corporate Affairs Committee was incorporated by the Board of Directors in their meeting held on 10th November, 2020 which comprises of all the Executive Directors. Mr. Shuja Mirza, Whole Time Director of the Company is Chairman of the Committee. The quorum of the Committee is either two members or one-third of the total members, whichever is greater. The Company Secretary acts as the Secretary to the Committee.

**Meetings and Attendance**

The Corporate Affairs Committee met on three occasions during Financial Year 2020-21, on 31st December, 2020, 6th February, 2021 and 18th March, 2021.

The following table summarises the attendance details of the Members of the Corporate Affairs Committee:

| Name of Member | Category | Meeting Attended |
|---|---|---|
| Mr. Shuja Mirza | Chairman | 3 |
| Mr. Tauseef Ahmad Mirza | Member | 3 |
| Mr. Tasneef Ahmad Mirza | Member | 1 |

**Scope of the Corporate Affairs Committee**

The Corporate Affairs Committee's terms of reference include providing authorisation to the Company's Executives on account of banking operations, taxation, corporate and financial management issues and other incidental arising in the Company's day-to-day operations. The Committee's powers are revised from time to time by the Board of Directors to facilitate seamless operations of the Company.

## (f) Risk Management Committee

**Composition**

Pursuant to the provisions of notification issued by SEBI dated 5th May, 2021, top 1000 listed entities (determined on the basis of market capitalization as at the end of the immediate previous Financial Year), shall constitute the Risk Management Committee ("RMC"). The Risk Management Committee of the Company comprises of three Directors and one Senior Management Personnel, out of which two are Non-Executive Directors. Mr. Shuja Mirza is the Chairman of the Committee. The Composition of the Committee meets with the requirements of Regulation 21 of the Listing Regulations.

**Meeting and Attendance:**

During the Financial Year 2020-2021, no meeting of Risk Management Committee was held since the committee was constituted w.e.f. 29th June, 2021 vide SEBI notification dated 5th May, 2021.

**Terms of Reference:**

(1) To formulate a detailed risk management policy which shall include:

   a. a framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee;

   b. measures for risk mitigation including systems and processes for internal control of identified risks; and

   c. business continuity plan.

(2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

(3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

(4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

(5) To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;

(6) To review the appointment, removal and terms of remuneration of the Chief Risk Officer (if any);

(7) To coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of Directors;

(8) To Monitor and review the Risk Management Plan; and

(9) Such other function(s) as the board of directors may deem fit.

## OTHER MEETING

### Independent Directors Meeting

During the year under review, the Independent Directors met on 22nd March, 2021, and inter alia, to discuss:

- Evaluation of the performance of Non-Independent Directors;
- Evaluation of the Board of Directors as a whole;
- Evaluation of the performance of the Chairman of the Company, taking into account the view of the Executive and Non-Executive Directors; and
- The quality, quantity and timelines of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## 5. GENERAL BODY MEETINGS:

The last three Annual General Meetings were held as under:

| Financial Year | Date | Venue | Time |
|---|---|---|---|
| 2017-18 | 26.09.2018 | Auditorium of Directorate of Extension,Chandra Shekhar Azad (CSA) University of Agriculture and Technology, Nawabganj, Kanpur-208002 | 01:00 P.M |
| 2018-19 | 19.09.2019 | Auditorium of Directorate of Extension,Chandra Shekhar Azad (CSA) University of Agriculture and Technology, Nawabganj, Kanpur-208002 | 01:00 P.M |
| 2019-20 | 18.12.2020 | Auditorium of Directorate of Extension, Chandra Shekhar Azad (CSA) University of Agriculture and Technology, Nawabganj, Kanpur-208002 | 11:00 A.M |

### Details of Special Resolutions passed in the last three Annual General Meetings is given hereunder:

| Date of Annual General Meeting | No. of Special Resolutions passed | Particulars |
|---|---|---|
| 26th September, 2018 | 0 | No Special Resolution was passed in the Annual General Meeting held on 26th September, 2018 |
| 19th September, 2019 | 11 | 1. Re-appointment of Dr. Yashvir Singh (DIN: 00049360) as an Independent Director<br>2. Re-appointment of Mr. Qazi Salam Noorus (DIN: 00051645) as an Independent Director<br>3. Re-appointment of CA Sudhindra Kumar Jain (DIN: 00189602) as an Independent Director<br>4. Re-appointment of Mr. Subhash Sapra (DIN: 00049243) as an Independent Director<br>5. Appointment of Mr. Shuja Mirza (DIN: 01453110) as Whole-time Director<br>6. Approval for increase in the Borrowing Power of the Company<br>7. Approval for creation of mortgages and /or charges in addition to the existing mortgage(s) / charge(s) created by the Company<br>8. Consent for continuation of directorship of Mr. Narendra Prasad Upadhyaya (DIN:00049196) as Whole Time Director<br>9. Consent for continuation of directorship of Mr. Qazi Salam Noorus (DIN: 00051645) as Non-Executive Director<br>10. Consent for continuation of directorship of Mr. Subhash Sapra (DIN: 00049243) as Non- Executive Director<br>11. Consent for continuation of directorship of Mr. Pashupati Nath Kapoor (DIN: 00058126) as Non- Executive Director |
| 18th December, 2020 | 0 | No Special Resolution was passed in the Annual General Meeting held on 18th December, 2020 |

### Extra Ordinary General Meeting

During the Financial Year 2020-21, no Extra Ordinary General Meeting was held.

### Postal Ballot

During the Financial Year 2020-21, the Company conducted Postal Ballot once, the results of which were declared on 23rd October, 2020. The following resolutions were passed vide the above mentioned Postal Ballot:

| Sl. No. | Special Resolutions | Votes cast in favour | | Votes cast against | | Date of declaration of Results |
|---|---|---|---|---|---|---|
| | | No. of votes | % | No. of votes | % | |
| 1. | Re-appointment of Mr. Rashid Ahmed Mirza as the Managing Director of the Company for a period of 3 years w.e.f. 1st October, 2020 | 238404 | 96.28 | 9201 | 3.72 | 23.10.2020 |
| 2. | Re-appointment of Mr. Shahid Ahmad Mirza as the Whole Time Director of the Company for a period of 3 years w.e.f. 1st October, 2020 | 238394 | 96.28 | 9201 | 3.72 | 23.10.2020 |
| 3. | Re-appointment of Mr. Tauseef Ahmad Mirza as the Whole Time Director of the Company for a period of 3 years w.e.f. 1st October, 2020 | 238391 | 96.28 | 9204 | 3.72 | 23.10.2020 |

| Sl. No. | Special Resolutions | Votes cast in favour | | Votes cast against | | Date of declaration of Results |
|---|---|---|---|---|---|---|
| | | No. of votes | % | No. of votes | % | |
| 4. | Re-appointment of Mr. Tasneef Ahmad Mirza as the Whole Time Director of the Company for a period of 3 years w.e.f. 1st October, 2020 | 238391 | 96.28 | 9204 | 3.72 | 23.10.2020 |
| 5. | Re-appointment of Mr. Narendra Prasad Upadhyaya as the Whole Time Director of the Company for a period of 3 years w.e.f. 1st October, 2020 | 238471 | 96.31 | 9134 | 3.69 | 23.10.2020 |
| 6. | Renewal of related party transaction with Euro Footwear Private Limited for a period of one year w.e.f. 1st October, 2020 | 18795 | 67.38 | 9100 | 32.62 | 23.10.2020 |
| 7. | Renewal of related party transaction with Mirza (UK) Limited for a period of one year w.e.f. 1st October, 2020 | 238575 | 96.35 | 9030 | 3.65 | 23.10.2020 |
| 8. | Re-appointment of Mr. Faraz Mirza as President (Production) of the Company for a period of 3 years w.e.f. 1st October, 2020 | 238433 | 96.30 | 9172 | 3.70 | 23.10.2020 |

Mr. Ankit Misra, Practicing Company Secretary, proprietor of Ankit Misra & Co., Company Secretaries, was appointed to act as Scrutinizer to conduct the remote e-voting process in a fair and transparent manner.

### Procedure for Postal Ballot(s)

In compliance with Regulation 44 of the Listing Regulations and Sections 108, 110 and other applicable provisions of the Act read with related rules, the Company engaged the services of KFin Technologies Private Limited for the purpose of providing remote e-voting facility to all its members. The Members were provided with the facility of remote e-voting and postal ballot.

This Notice was only sent through email to all the Members who had registered their email addresses with the Company or Depository / Depository Participants and the physical Notice (along with postal ballot forms) and pre-paid business envelope through post was not sent to the Members for the aforesaid postal ballot pursuant to the MCA circulars on account of nationwide lockdown due to COVID-19 outbreak. The communication of assent / dissent of the Members took place through the remote e-voting system. However, in order to facilitate voting for the Members who were not able to access remote e-voting facilities, the Members were also given an option to cast their votes through physical ballots, as per the instructions provided in the Notice.

The Company also placed the notice on its website and published the same in the newspapers declaring the details of completion of sending the notice of postal ballot via e-mail and other requirement as mandated under the Act and applicable rules.

Voting rights were reckoned on the paid-up value of the shares registered in the name of the Members as on the cut-off date. Members who desired to exercise their votes by electronic mode were requested to vote before close of business hours on the last date of e-voting.

The Scrutinizer submitted his report after completion of the scrutiny and the consolidated results of the voting by postal ballot and remote e-voting. Thereafter, the Chairman of the Company announced the result on 23rd October, 2020. The proposed resolution was passed with requisite majority and the results of postal ballot were also displayed on the website of the Company i.e. www.mirza.co.in, besides communicated to the stock exchanges. The date of declaration of the results by the Company was 23rd October, 2020 and the date of passing the resolution was 22nd October, 2020.

## 6. MEANS OF COMMUNICATION

### (a) Publications of Quarterly Results

The Quarterly, Half Yearly and Annual Results are submitted to the Stock Exchange(s) in accordance with the Listing Regulations. Further, the Quarterly/Half Yearly/ Annual results in the prescribed format, are published within 48 hours in any prominent daily newspaper, such as Business Standard (English and Hindi). All vital information of the Company's performance, including Financial Results, Annual Reports of the last three years and Shareholding Pattern have been posted on the Company's website i.e. www.mirza.co.in.

### (b) Websites

The Company's website www.mirza.co.in contains a separate dedicated section 'Investor Relations' where shareholders' information is available. The Company's

Annual Report is also available in a user-friendly and downloadable form.

(c) **News Releases, Presentations, among others**

Official news releases and official media releases etc., are displayed on the Company's website i.e. www.mirza.co.in.

(d) **Presentation**

The Company makes financial presentations to institutional investors, mutual funds and others who have invested or intends to invest in the Company's share capital.

(e) **Annual Report**

The Annual Report containing, inter alia, Audited Financial Statements, Directors' Report, Auditors' Report, Business Responsibility Report, if applicable, and other important information is circulated to members and others entitled thereto. The Management's Discussion and Analysis (MD&A) Report forms part of the Annual Report and is displayed on the Company's website i.e. www.mirza.co.in.

(f) **Stock Exchanges**

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 Securities and Exchange Board of India.

(g) **NSE Electronic Application Processing System (NEAPS)**

The NEAPS is web based application designed by NSE for corporates. All periodical compliance filings like Shareholding Pattern, Corporate Governance Report, Results and other requirement of Listing Regulations, Media Releases, among others are filed electronically on NEAPS by the Company.

(h) **BSE Corporate Compliance & Listing Centre ("Listing Centre")**

BSE Listing Centre is web based application designed for corporates. All periodical compliance filings like Shareholding Pattern, Corporate Governance Report, Results, Media Releases, among others are also filed electronically on the Listing Centre by the Company

(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) priyanka.pahuja@redtapeindia.com
2) shivakumar.n@karvy.com

## GENERAL SHAREHOLDER INFORMATION

### Company Registration details

The Company is registered with the Registrar of Companies, in the state of Uttar Pradesh, India. The Corporate Identification Number (CIN) allotted to the Company by Ministry of Corporate Affairs (MCA) is L19129UP1979PLC004821.

### Registered Office

14/6, Civil lines, Kanpur-208001

### Corporate Office

A-7, Mohan Cooperative Industrial Estate, New Delhi-110044

### 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 (Uttrakhand) | (Unit-8,9) |

### Company Secretary & Compliance Officer

Ms. Priyanka Pahuja

### Annual General Meeting

The forty second Annual General Meeting of the Company is scheduled to be held on Friday, 24th September, 2021 at Auditorium of Directorate of Extension, Chandra Shekhar Azad (CSA) University of Agriculture and Technology, Nawabganj, Kanpur-208002 at 11:00 A.M.

### Financial Calendar

The Company follows April to March as its Financial Year. The results for every quarter, beginning from April, will be declared within 45 days of the end of quarter, except for the last quarter, which will be submitted, along with the annual audited results within 60 days of the end of the last quarter, as permitted under the Listing Regulations.

### Listing on Stock Exchanges

The Stock Exchanges, at which the Company's equity shares are listed and the respective stock codes are:

National Stock Exchange of India Limited (NSE): MIRZAINT
Exchange Plaza,
5th Floor, Plot No. C/1, G Block,
Bandra-Kurla Complex, Mumbai – 400 051,
Maharashtra, India

BSE Limited (BSE): 526642
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001,
Maharashtra, India

International Securities Identification Number (ISIN) of the Company's equity shares, having face value of ₹ 2 each is INE771A01026.

Listing fees for the Financial Year 2020-21 have been paid to the Stock Exchanges.

### Registrar and Share Transfer Agent

M/s. KFin Technologies Private Limited is the Registrar and Share Transfer Agent (RTA) of the Company. The contact details of the RTA are:
KFin Technologies Private Limited
Selenium Tower B, Plot no. 31-32,
Gachibowli, Financial District,
Nanakaramguda, Hyderabad-500 032
Tel: + 91-40-67162222
Fax: + 91-040-23001153
E-mail: einward.ris@kfintech.com

### 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 and Share Transfer Agent i.e.KFin Technologies Private Limited, Hyderabad within 10 to 12 working days from the date of receipt, provided the documents are complete in all respects. The Directors and certain officials of the Company are authorised by the Board severally to approve transfers, which are noted at the subsequent Board Meetings.

### Market Price Data

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

| | National Stock Exchange | | NIFTY Index | |
|---|---|---|---|---|
| **Month** | **High** | **Low** | **High** | **Low** |
| April' 20 | 48.50 | 37.40 | 9,889.05 | 8,055.80 |
| May' 20 | 41.50 | 36.90 | 9,598.85 | 8,806.75 |
| June' 20 | 49.95 | 36.80 | 10,553.15 | 9,544.35 |
| July' 20 | 55.65 | 43.70 | 11,341.40 | 10,299.60 |
| August' 20 | 62.30 | 47.15 | 11,794.25 | 10,882.25 |
| September' 20 | 56.95 | 47.05 | 11,618.10 | 10,790.20 |
| October' 20 | 52.35 | 46.25 | 12,025.45 | 11,347.05 |
| November' 20 | 62.90 | 46.00 | 13,145.85 | 11,557.40 |
| December' 20 | 61.25 | 48.35 | 14,024.85 | 12,962.80 |
| January' 21 | 59.75 | 50.30 | 14,753.55 | 13,596.75 |
| February' 21 | 53.50 | 49.60 | 15,431.75 | 13,661.75 |
| March' 21 | 55.80 | 45.05 | 15,336.30 | 14,264.40 |

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

| | Bombay Stock Exchange | | BSE Sensex | |
|---|---|---|---|---|
| **Month** | **High** | **Low** | **High** | **Low** |
| April' 20 | 48.65 | 37.50 | 33,887.25 | 27,500.79 |
| May' 20 | 41.55 | 37.00 | 32,845.48 | 29,968.45 |
| June' 20 | 49.85 | 37.90 | 35,706.55 | 32,348.10 |
| July' 20 | 55.55 | 43.65 | 38,617.03 | 34,927.20 |
| August' 20 | 62.30 | 47.25 | 40,010.17 | 36,911.23 |
| September' 20 | 56.95 | 47.15 | 39,359.51 | 36,495.98 |
| October' 20 | 52.90 | 46.35 | 41,048.05 | 38,410.20 |
| November' 20 | 64.00 | 45.85 | 44,825.37 | 39,334.92 |
| December' 20 | 61.25 | 47.95 | 47,896.97 | 44,118.10 |
| January' 21 | 59.75 | 50.95 | 50,184.01 | 46,160.46 |
| February' 21 | 53.50 | 49.60 | 52,516.76 | 46,433.65 |
| March' 21 | 55.80 | 44.95 | 51,821.84 | 48,236.35 |

### Distribution Schedule as on 31st March, 2021

| Category | No. of Cases | % of Cases | Amount | % of Amount |
|---|---|---|---|---|
| 1-5000 | 50881 | 96.64 | 31475080 | 13.08 |
| 5001- 10000 | 1050 | 1.99 | 7738520 | 3.22 |
| 10001- 20000 | 378 | 0.72 | 5548442 | 2.31 |
| 20001- 30000 | 124 | 0.24 | 2985542 | 1.24 |
| 30001- 40000 | 69 | 0.13 | 2463648 | 1.02 |
| 40001- 50000 | 36 | 0.07 | 1649200 | 0.69 |
| 50001- 100000 | 62 | 0.12 | 4305026 | 1.79 |
| 100001 and above | 48 | 0.09 | 184446542 | 76.66 |
| **Total:** | **52648** | **100.00** | **240612000** | **100** |

### Category of Shareholders as on 31st March, 2021

| Category | Cases | Shares | % of holding |
|---|---|---|---|
| NRI PROMOTERS | 3 | 19166370 | 15.93 |
| MUTUAL FUNDS | 2 | 4500 | 0.00 |
| FOREIGN PORTFOLIO INVESTORS | 1 | 50000 | 0.04 |
| TRUSTS | 1 | 500 | 0.00 |
| RESIDENT INDIVIDUALS | 51466 | 30567044 | 25.41 |
| PROMOTERS | 13 | 62234071 | 51.73 |
| NON RESIDENT INDIANS | 537 | 790276 | 0.66 |
| CLEARING MEMBERS | 116 | 346555 | 0.29 |
| BANKS | 2 | 42495 | 0.04 |
| NON RESIDENT INDIAN NON REPATRIABLE | 211 | 1272735 | 1.06 |
| BODIES CORPORATES | 226 | 4390479 | 3.65 |
| NBFC | 1 | 7000 | 0.01 |
| IEPF | 1 | 433918 | 0.36 |
| HUF | 1042 | 1000057 | 0.83 |
| **Total** | **53622** | **120306000** | **100.00** |

### Dematerialisation of Shares and Liquidity

The break-up of 12,03,06,000 equity shares held in Physical and Dematerialised form as on 31st March, 2021 is given below:

| Particulars | No. of shares | Percentage |
|---|---|---|
| Physical Segment | 481095 | 0.40 |
| **Demat Segment** | | |
| NSDL | 102760042 | 85.42 |
| CDSL | 17064863 | 14.18 |
| **Total** | **120306000** | 100.00 |

### 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 31st March, 2021.

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

Company uses Forward Contracts for hedging the risk.

### 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 1st April, 2020 | 0 | 0 | 13 | 26000 |
| Number of Shareholders who approached the Company for transfer of shares | 0 | 0 | 0 | 0 |
| Number of shares transferred from Suspense Account during the year | 0 | 0 | 0 | 0 |
| Number of shareholders and aggregate no. of shares transferred to the Unclaimed Suspense Account during the year | 0 | 0 | 0 | 0 |
| Number of shares transferred to IEPF Authority during the year | 61 | 8059 | 20 | 30000 |
| Aggregate No of shareholders and the Outstanding Shares in the Suspense Account lying as 31st March, 2021 | 0 | 0 | 13 | 26000 |

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

### Credit Ratings

The Company has obtained the following credit ratings during the financial year:

| Sl. No. | Name of rating Agency | Instrument Type | Rating | Revision, if any |
|---|---|---|---|---|
| 1. | CRISIL Limited | Fund based-Long Term | A-/ Stable | Rating reaffirmed and Outlook revised from "Negative" to "Stable" |
| | | Fund based-Short Term | A2+ | Rating reaffirmed |
| 2. | ICRA Limited | Fund based-Long Term | A- | Rating reaffirmed and Outlook revised from "Stable" to "Negative" |
| | | Fund based-Working Capital facilities | A- | Rating reaffirmed and Outlook revised from "Stable" to "Negative" |
| | | Non-fund based- Working Capital Facilities | A2+ | Rating reaffirmed |

## DISCLOSURES

### Strictures/Penalties

No strictures/penalties were imposed on the Company by Stock Exchanges or SEBI or any statutory authority, or any matter related to capital markets during the last three years.

### Proceeds from Public Issues, Right Issues, Preferential Issues

During the Financial Year 2020-21, the Company did not raise capital through public, right and/or preferential issue.

### Subsidiary Companies

During the year under review, the Company has no material subsidiaries.

### Vigil Mechanism (Whistle Blower) Policy

The Company has put in place a mechanism for reporting illegal, unethical behaviour, malpractice, impropriety, abuse, insider trading or wrongdoing. The Company has a Vigil Mechanism (Whistle Blower) Policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The email Id where employees can post their complaints / observations is "cherian@redtapeindia.com". During the year under review, no employee was denied access to Audit Committee.

### Adoption of Mandatory and Non – Mandatory Requirements of Listing Regulations

The Company has complied with all mandatory requirements of Listing Regulations. The Company has adopted following non-mandatory requirements of the Listing Regulations:

### Audit Qualification

The Company is in the regime of Unqualified Financial Statements.

### Reporting of Internal Auditor

The Internal Auditor directly reports to the Audit Committee.

### Certificate from a Company Secretary in Practice

The certificate from a Company Secretary in Practice, stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority, is enclosed to this Report.

### Deviations, if any, of mandatory recommendations by the Committees to the Board of Directors

During the year, there was no instance wherein the Board of Directors of the Company did not accept any recommendation of the Committees.

### Details of total fees paid to Statutory Auditor

The details of total fees for all services paid by the Company for the Financial Year 2020-21, to the Statutory Auditor and all entities in the network firm / network entity of which the Statutory Auditor is a part, are as follows:

(Amount in ₹)

| Sl. No. | Nature of Services | Amount |
|---|---|---|
| 1. | Statutory Audit Fee | 16,20,000 |
| | **Total** | **16,20,000** |

### Sexual Harassment of Women at Workplace

The disclosures in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are mentioned in the Directors' Report which form part of this Annual Report.

## CEO AND CFO CERTIFICATION

The Certificate, as required under Regulation 17(8) of the Listing Regulations, duly signed by the Chairman and Managing Director and Chief Financial Officer of the Company, was placed before the Board, and the same is enclosed to this Report and forms part of the Annual Report.

## CERTIFICATION BY SECRETARIAL AUDITORS

As required under Listing Regulations, M/s. Ankit Misra & Co., Company Secretaries, the Company's Secretarial Auditor, have verified the compliances of the Corporate Governance by the Company. We have obtained a Certificate affirming the compliance from M/s. Ankit Misra, Company Secretaries, and the same is enclosed to this Report and forms a part of the Annual Report.

### Declaration by Chairman and Managing Director under Listing Regulations regarding adherence to the Code of Conduct

In accordance with Listing Regulations, I hereby confirm that all the Directors and the Senior Management Personnel have affirmed compliance with their respective Code of Conduct, as applicable to them, for the year ended 31st March 2021.

Place: Dubai
Date: 27th July, 2021

**Mr. Rashid Ahmed Mirza**
Chairman and Managing Director

# CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To
The Members of
**MIRZA INTERNATIONAL LIMITED**
14/6, CIVIL LINES,
KANPUR- 208001

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Mirza International Limited** having **CIN: L19129UP1979PLC004821** and having registered office at 14/6, Civil Lines, Kanpur-208001 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications [including Directors Identification Number (DIN)] status at the portal (www.mca.gov.in) as considered necessary and explanations furnished to us by the company and its Officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| Sl. No. | Name of Director | DIN | Date of appointment |
|---|---|---|---|
| 1 | Mr. Rashid Ahmed Mirza | 00049009 | 05/09/1979 |
| 2 | Mr. Shahid Ahmad Mirza | 00048990 | 06/09/1979 |
| 3 | Mr. Tauseef Ahmad Mirza | 00049037 | 06/09/1989 |
| 4 | Mr. Tasneef Ahmad Mirza | 00049066 | 01/01/1997 |
| 5 | Mr. Shuja Mirza | 01453110 | 01/06/2019 |
| 6 | Mr. Narendra Prasad Upadhyaya | 00049196 | 01/04/1997 |
| 7 | Mr. Qazi Salam Noorus | 00051645 | 08/07/1994 |
| 8 | Dr. Yashvir Singh | 00049360 | 08/07/1994 |
| 9 | Mr. Sudhindra Kumar Jain | 00189602 | 30/07/2008 |
| 10 | Mr. Sanjiv Gupta | 02240256 | 12/11/2019 |
| 11 | Ms. Saumya Srivastava | 08206547 | 09/08/2019 |
| 12 | Mr. Sanjay Bhalla | 00699901 | 09/08/2019 |

Ensuring the eligibility for the appointment /continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Ankit Misra & Co.**
Company Secretaries

**Ankit Misra**
ACS- 30650
C.P.- 23471
UDIN-A030650C000674581

Place: Kanpur
Date: 22nd July, 2021

# CEO/CFO Certification

To
The Board of Directors

We hereby certify that:

a) We have reviewed Financial Statements and Cash Flow Statements of Mirza International Limited ('the Company') for the quarter and year ended 31st March, 2021 and that 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.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the above said period which are fraudulent, illegal or violative of the Company's Code of Conduct.

c) We accept the responsibility of establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the Auditors and the Audit Committee:

   i. significant changes in internal control over financial reporting during the above said period;

   ii. significant changes in accounting policies during the above said period and that the same have been disclosed in the notes to the Financial Statements; and

   iii. instances of significant fraud, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Rashid Ahmed Mirza**
Chairman and Managing Director
Place: Dubai
Date: 27th July, 2021

**V.T. Cherian**
Chief Financial Officer
Place: New Delhi

# CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
**Mirza International Limited**

1. We have examined the compliance of the conditions of Corporate Governance by Mirza International Limited ("the Company") for the year ended 31st March, 2021 as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("Listing Regulations").

## Management's Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. This responsibility includes the designing, implementing and operating effectiveness of internal control to ensure compliance with the conditions of Corporate Governance as stipulated in the Listing Regulations.

## Our Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

4. We have examined the relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

## Opinion

5. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31st March, 2021.

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

For **Ankit Misra & Co.**
Company Secretaries

**Ankit Misra**
ACS No.- 30650
COP No.- 23471
UDIN: A030650C000695875

Place: Kanpur
Date: 27th July, 2021

# BUSINESS RESPONSIBILITY REPORT

Mirza International Limited ("MIL") believes in the four core pillars - Responsible Stewardship, Building Strong Relationships, Adding & Sharing Values and Strategic Communication are designed to support the long-term development, ensuring long lasting relationship and providing superior returns to all our stakeholders. MIL has a Code of Conduct, that every employee and business partner abide by, is committed to enhance the welfare of the communities. The adoption of responsible business practices in the interest of the social set-up and the environment are as vital as their financial and operational performance. MIL ensures its legacy of responsible business and keeping community as the ultimate purpose of its existence.

This report conforms to the Business Responsibility Reporting (BRR) requirement of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and its amendments thereon and the National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs, India.

## SECTION A : GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number (CIN) of the Company:**

   L19129UP1979PLC004821

2. **Name of the Company:** Mirza International Limited
3. **Registered Address:** 14/6, Civil Lines, Kanpur-208001
4. **Website:** www.mirza.co.in
5. **Email ID:** cherian@redtapeindia.com
6. **Financial year reported:** 1st April, 2020 - 31st March, 2021
7. **Sector(s) that the company engaged in (industrial activity code-wise)**

| Sl. No. | Activity | Code |
|---|---|---|
| 1 | Manufacturing of Leather | 15112, 15113, 15115, 15119 |
| 2 | Manufacturing and Trading of Footwear | 15209, 47713 |
| 3 | Trading of Textile Garments and Clothing Accessories | 47711 |

8. **List three key products/services that the Company manufactures/provides (as in balance sheet):**
   i. Footwear;
   ii. Garments;
   iii. Accessories

9. **Total number of locations where business activities are undertaken by the Company**
   a) **Number of International locations:** 24 Countries
   b) **Number of National locations:** The Company has 5 operational manufacturing units located at (i) Magarwara, Unnao, Uttar Pradesh (Unit-1), (ii) Magarwara, Unnao, Uttar Pradesh (Unit-2), (iii) Site-2 Unnao, Uttar Pradesh (Unit-5), (iv) Greater Noida, Uttar Pradesh (Unit-6), (v) Kashipur, Uttarakhand (Unit 8 & 9) and also operates through more than 250 retail stores across cities / towns in India.

10. **Market served by the Company- Local / State/ National / International:**

| LOCAL | STATE | NATIONAL | INTERNATIONAL |
|---|---|---|---|
| Yes | Yes | Yes | NO |

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

| | |
|---|---|
| **Paid up Capital (INR)** | ₹ 2406 Lac |
| **Total Turnover (INR)** | ₹ 104806 Lac |
| **Total Profit after taxes (INR)** | ₹ 738 Lac |
| **Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)** | During the year under review, the Company has spent ₹ 176.64 Lac towards CSR activities. |
| **List of activities in which expenditure in above has been incurred** | The details of CSR activities undertaken by the Company and CSR expenditures incurred thereon during the financial year 2020-21 by the Company have been provided in the 'Directors' Report' and also in the 'Annual Report on CSR Activities', annexed to the Directors' Report marked as Annexure II |

## SECTION C: OTHER DETAILS

1. **Do the Company have any Subsidiary Company/ Companies?**

   Yes, the Company has two (2) Foreign pursuant to the provisions of Companies Act, 2013 after subsidiaries as on 31st March, 2021 viz. (i) Mirza Bangla Limited and (ii) Mirza (H.K.) Limited. During the year under review, the Company acquired 52% stake in Sen en Mirza Industrial Supply Chain LLP, thereby giving it the status of subsidiary of the Company pursuant to the provisions of IND AS 110.

2. **Do the subsidiary Company/ Companies participate in BR initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s).**

The Company has three (3) subsidiaries, all these subsidiaries are complying with the applicable laws of their country. The subsidiary companies define their own initiatives specific to their business context whilst having access to information and expertise residing with the Parent company.

3. **Do any other entity/entities that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? (Less than 30%, 30-60%, More than 60%)**

The Company does not mandate its suppliers/ distributors to participate in the Company's BR initiatives. However, they are encouraged to adopt such practices and follow the concept of being a responsible business.

## SECTION D: BR INFORMATION

1. **Details of Director/Directors responsible for Business Responsibility**

(a) **Details of Director/Directors responsible for implementation of the BR policy/policies**

- **DIN:** 00049009
- **Name:** Mr. Rashid Ahmed Mirza
- **Designation:** Chairman and Managing Director

(b) Details of the BR head

| Sl. No. | Particulars | Details |
|---|---|---|
| 1 | DIN Number (if applicable) | 00049009 |
| 2 | Name | Mr. Rashid Ahmed Mirza |
| 3 | Designation | Chairman and Managing Director |
| 4 | Telephone number | 9810100156 |
| 5 | E mail id | rashid@redtapeindia.com |

**Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)**

**Principle 1:** Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

**Principle 2:** Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

**Principle 3:** Businesses should promote the well-being of all employees.

**Principle 4:** Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

**Principle 5:** Businesses should respect and promote human rights.

**Principle 6:** Businesses should respect, protect and make efforts to restore the environment.

**Principle 7:** Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

**Principle 8:** Businesses should support inclusive growth and equitable development.

**Principle 9:** Businesses should engage with and provide value to their customers and consumers in a responsible manner.

(a) **Details of compliances (reply in Y/ N)**

| Sl. No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Do you have a policy for…. | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2 | Has the policy being formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3 | Does the policy conform to any national/ international standards? If yes, specify | Yes, the policies are based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' released by the Ministry of Corporate Affairs. | | | | | | | | |
| 4 | How the policy being approved by the Board? If yes, has it been signed by MD/Owner/CEO/ appropriate Board Director? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 5 | Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 6 | Indicate the link for the policy to be viewed online | https://www.mirza.co.in/corporate-information.php | | | | | | | | |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 8 | Does the Company have in-House structure to implement the policy/policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |

| Sl. No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 9 | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholder's grievance related to the policy/ policies? | Yes, any grievances or feedback to the policies can be sent to priyanka.pahuja@redtapeindia.com | | | | | | | | |
| 10 | Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | Y | Y | Y | Y | Y | Y | Y | Y | Y |

(b) **If answer to the question at serial number 1 against any principle, is 'NO', please explain why:**

| Sl. No. | Question | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | The Company has not understood the principles | Not Applicable | | | | | | | | |
| 2 | The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | | | | | | | | | |
| 3 | The company does not have financial or manpower resources available for the task | | | | | | | | | |
| 4 | It is planned to be done with next 6 months | | | | | | | | | |
| 5 | It is planned to be done with next 1 year | | | | | | | | | |
| 6 | Any other reason (please specify) | | | | | | | | | |

## 2. Governance related to BR

(a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the company. Within 3 months, 3-6 months, more than 1 year**

The BR head shall annually assess the BR performance of the Company.

(b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

The Company publishes its Business Responsibility Report, whenever applicable to the Company under the appropriate laws, rules and regulations, which forms a part of Company's Annual Report. The same can be accessed on Company's website at the link: https://www.mirza.co.in/financial.php.

## SECTION E: PRINCIPLE WISE PERFORMANCE

### Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No. Does it extend to the Group / Joint ventures / Suppliers / Contractors / NGOs / Others?**

The Company's policies on Ethics, Transparency and Accountability along with the Code of Conduct, is applicable to all individuals working in the Company and its subsidiaries. For the foreign subsidiaries, the code is applicable in line with the local requirements prevailing in the country of operation. The Company encourages its business partners to follow the code.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof. In about 50 words or so**

| Stakeholder | Complaints received during FY 2020-21 | Complaints resolved during FY 2020-21 | Complaint Resolved (%) |
|---|---|---|---|
| Investors' Complaints | 68 | 68 | 100 |
| Consumer Complaints | 4475 | 4475 | 100 |
| **Total** | **4543** | **4543** | **100** |

### Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

Mirza International Limited is a manufacturer of Fashion Footwears for the end consumers of various export market where it is sold. We are RCS certified and claim up to 5% of recycled materials on our product (shoes). The following are the products whose design has incorporated social or environmental concerns, risks and/or opportunities:

i. The Company is manufacturing Sports Shoes with memory foam technology for the end consumers of various organizations where it is sold.

ii. The Company is using Natural Rubber and Leather in the making of Sole and Shoe upper alongwith

Synthetic EVA ( Ethylene Vinyl Acetate) and PU coated PVC, thereby contributing towards natural resource conservation.

iii. The Company has also introduced usages of recycled waste rubber from tyre waste for rubber outsole production which is environment friendly.

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

**(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**

a. We have installed a state of the art latest mono perc solar power plant with a capacity of 1000 KW. This will provide us clean and green power for major part of the consumption.

b. We have actively reduced paper consumption and printing by way of working maximum on e-mails and reduction of printers.

c. We have constructed our building with east west orientation reducing major impact of heat inside our plant, thereby reducing the power consumption. We have also used fly ash bricks for the entire building construction which are very good for insulation and we have built our walls with special air gaps for better insulation and thereby reduction of heat load inside the building.

**(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

Mirza International Ltd. continuously takes appropriate measures to reduce the consumption of electrical energy, water & fuel. The company has installed modern and efficient machines and has able to save energy and water. Led lights, electrical panel are able to save energy. The company has also encourages its employees to save natural resources where ever possible to do.

**3. Does the Company have procedures in place for sustainable sourcing (including transportation)?**

**(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so**

Yes, the company keeps the integration of Social, Ethical and Environmental performance factors for selection of suppliers including transportation. While processing rubber compound, the rejected rubber material are used. It becomes perennial substance. The Company has also established an internal mechanism for continual improvement process towards sustainable excellence and has taken adequate steps for safe transportation, which improves manufacturing system of the Company. The use of appropriate mode of transportation is a continuous part of effective supply chain mechanism and the company endeavour to reduce transport related environmental impact is an ongoing process. Also, we are trying to work with the vendors registered under GRS to ensure sustainable sourcing for some of our components.

**4. Has the Company taken any steps to procure goods or services from local & small producers, including communities surrounding their place of work?**

**(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The Company has taken number of steps to procure goods and services from the local and small producers locally and enhancing their capabilities for the suitable growth. The company always prefers to procure goods and services like finished goods supplies, security/house keeping/ loading unloading operation etc. from near by suitable supply. Maximum suppliers who are engaged in supplying of raw materials for shoe manufacturing process are located nearby. This helps the company to minimize its transportation cost and environmental impact. Also, the small vendors like silicon suppliers are given the containers back for repacking. Further, we have worked on import substitution by buying our trims and fittings from local manufacturers, increase in our orders automatically built pressure to increase their capacity.

**5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%)? Also, provide details thereof, in about 50 words or so.**

Yes, the Company has a proper mechanism to recycle products and waste. The Company has agreement and valid licence from Bharat Oil Waste Management for safe environment and scientific disposal of waste. 5% of recycling of products and waste are taking place. Company is RCS certified and it claims 5% of recycled materials on their products. Also, the following are the percentages for recycling specific products:

1. Soles: from 5% to 15%
2. Paper and packaging waste: around 3%

Further, the nearby vendors collect back these waste and they process to make pulp for papers. We have a mechanism to recycle products and waste. The TPR waste that is collected after injecting a batch of soles, is mixed in with the next batch. This is our in-house recycling of TPR and reduces the consumption (we mix around 10% of the recycled TPR). We are currently in the process of obtaining the GRS (Global Recycled Standards) certification which will certify that our product is made of minimum 20% recycled materials. We are in the process of sourcing sustainable materials as well like laces, linings, toe puff and counters.

## Principle 3: Businesses should promote the well-being of all employees

1. **Please indicate the Total number of employees:** 2774
2. **Please indicate the Total numbers of employees hired on temporary/ contractual/ casual basis:** 784
3. **Please indicate the number of permanent women employees:** 90
4. **Please indicate the number of permanent employees with disabilities:** No
5. **Do you have an employee association that is recognised by management?** No
6. **What percentage of your permanent employees is members of this recognised employee association?** Not Applicable (N/A)
7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as on the end of the financial year.**

| Sl. No. | Category | No of complaints filed during the financial year | No of complaints pending as on end of the financial year |
|---|---|---|---|
| 1 | Child labour/ forced labour/ involuntary labour | NIL | N/A |
| 2 | Sexual harassment | NIL | N/A |
| 3 | Discriminatory employment | NIL | N/A |

8. **What percentage of your under mentioned employees were given safety and skill up gradation training in the last year?**
   (a) **Permanent Employees :** 100%
   (b) **Permanent Women** : 100%
   (c) **Casual/Temporary/Contractual employees:** 100%
   (d) **Employees with Disabilities**: NA

## Principle 4: Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised?

1. **Has the Company mapped its internal and external stakeholders? Yes/ No**

   Yes, the Company's key stakeholders include employees, suppliers, customers, business partners, regulatory agencies and local communities around its sites of operation.

2. **Out of the above, has the Company identified the disadvantaged, Vulnerable and marginalized stakeholders?**

   Yes, the Company has identified the disadvantaged, vulnerable and marginalised stakeholders.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If So, provide details thereof, in about 50 words or so**

   During the year under review, the Company approved various programmes under Corporate Social Responsibility i.e. providing basic healthcare facilities and Solar Systems to various schools, plantation of trees etc. which are helpful to various stakeholders of local community.

## Principle 5: Businesses should respect and promote human rights

1. **Does the policy of the Company on human rights cover only the Company or extend to the group/ Joint ventures/ suppliers/contractors/ NGO/Others?**

   The Company follows its policy on Human Rights which are applicable to all employees in the Company. For its foreign subsidiaries, the policy is applicable in line with the local requirements prevailing in the country of operation. The Company discourages dealing with any supplier/contractor if it is in violation of human rights and also prohibits the use of forced or child labour at all manufacturing units /with business associates.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the Management?**

   No, complaint was received pertaining to human rights violation during the reporting period.

## Principle 6: Businesses should respect, protect and make efforts to restore the environment.

1. **Does the policy related to principle 6 rights cover only the Company or extend to the group/ Joint ventures/ suppliers/contractors/ NGO/Others?**

   Yes, the company make a commitment to respect human rights to the extent mentioned above. The Company's Environment, Health & Safety (EHS) policy extends to cover the company and all its relevant stakeholders. We are trying to ensure that some of our suppliers have the GRS certificate which is an internationally recognized standard for sustainability and recycled materials. We are also in the process for getting this certificate for our factory.

2. **Does the Company have strategies / initiatives to address global environment issues such as climate change, global warming etc.? Y/ N. If Yes, please give hyperlink for the webpage etc.**

   The company has taken necessary steps towards reduction of energy and GHG emission in its manufacturing process and to reduce the concerns related to global warming.

3. **Does the Company identify and assess potential environment risks? Y/N**

   Yes, the Company has identified and took steps for removal of environmental hazardous substances which has impact on the environment routed from the Company. The Company has implemented the Pollution Control Plant.

4. **Does the Company have any project related to clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

   The Company has in place the most modern, water treatment plant for recycling of processed water.

5. **Has the Company undertake any other initiatives on – clean technology, energy efficiency, renewal energy etc.? Y/N. If yes, please give hyperlink for the webpage etc.**

   Initiatives which have been undertaken by the Company are as follows:

   - 100% LED lights both internal and external
   - Harvesting natural day light
   - 100% rainwater harvesting
   - Plantation

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/ SPCB for the Financial year being reported?**

   Yes, emission/waste generated by the Company are well within the permissible limits prescribed by CPCB / SPCB. These emission and waste generated are being regularly monitored and reported to SPCB.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e not resolved to satisfaction) as on end of financial year.**

   We have not received any show cause notice from either CPCB or SPCB in financial year 2020-21.

## Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. **Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   **(A)** Federation of Indian Export Organisations, Delhi

   **(B)** Merchants Chamber of Uttar Pradesh, Kanpur

   **(C)** Federation of Indian Chambers of Commerce And Industries

   **(D)** Indian Industries Association, Unnao

   **(E)** Upper India Employer's Association

   **(F)** Council For Leather Exports, New Delhi

2. **Have any advocated/lobbied through above associations for the advancement or improvement of public good? Y/N; if Yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food security, Sustainable Business Principles, Others)**

   We actively participate in these forums on issues and policy matters that impact the interest of our stakeholders. We prefer to be part of the broader policy development process and do not practice lobbying on any specific issue.

## Principle 8: Businesses should support inclusive growth and equitable development.

1. **Does the Company have specified programmes/ initiatives/ projects in pursuit of the policy related to principle 8? If yes, details thereof**

   The Company undertakes the initiatives through the CSR Committee of the Board as per the CSR Policy of the Company. A brief outline of the policy for undertaking the CSR activities of the Company includes the following:

   1. Promoting healthcare;
   2. Promoting education, enhancing vocational skills and livelihood enhancement projects;
   3. Rural development, social upliftment programmes and promotion of art and culture; and
   4. Ensuring environmental sustainability and ecological balance.

   These projects are in accordance with schedule VII of the Companies Act, 2013 and rules made thereunder.

2. **Are the programmes/project undertaken through in-house team/own foundation/external NGO/ Government structures/any other organisation?**

   The Company has constituted Mirza Foundation (Special Purpose Vehicle), a Society registered under Societies Registration Act, 1860 which takes up all the CSR activities. Mirza Foundation engages credible NGOs that have an established track record of carrying out CSR activities for designing and on-ground implementation of the CSR projects.

3. **Have you done any impact assessment of your initiative?**

   No, the Company has not done any impact assessment of its initiative. However, the CSR committee of the Company internally reviews and evaluates its initiatives at the end of each year to understand the efficacy of the programmes in terms of delivery of desired benefits to the community and to gain insights for improving the design and delivery of future initiatives.

4. **What is your Company's direct contribution to community development projects- Amount in INR and the details of the project undertaken.**

   During the financial year ended 31st March, 2021, the Company has spent a total amount of ₹ 176.64 Lac towards various CSR projects. The details thereof have been provided in the "Annual Report on CSR Activities" as attached to the Board's Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so**

   Considering community as the most important stakeholder for CSR objective, the Company's CSR projects at several locations are developed in consultation and participation with various stakeholders including the local communities. Mirza Foundation ensures their active involvement at all the stages from need assessment to impact assessment.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

1. **What percentage of customer complaints/ consumer cases are pending as on the end of financial year?**

   Nil consumer complaints are pending as on 31st March, 2021.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A/Remark (additional Information)**

   The Company displays all information as mandated by the statutory regulations to ensure full compliance with relevant laws.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so**

   No case was filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year.

4. **Did your company carry out any consumer survey/ Consumer satisfaction trends?**

   Yes, the Company has introduced a strong Customer Feedback Mechanism to capture feedback from customers on their shopping experience. The Company carries out Consumer Satisfaction Survey and the results of the survey are satisfactory.

# INDEPENDENT AUDITOR'S REPORT

To

The Members of Mirza International Limited

**Report on the Audit of the Standalone Financial Statements**

## Opinion

We have audited the accompanying standalone financial statements of Mirza International Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information. Unit 8 and Unit 9 at Plot No 18 &19, Nandnagar Industrial Estate, Kashipur have been audited by branch auditors of the company which are included in the financial statement for the year ended on that date, (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

## Basis for opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Key Audit Matter | How the key audit matter was addressed in the audit |
|---|---|
| **Net Realisable Value of Inventories of Finished Goods**<br><br>Refer Note No.- 40(12) and Note No.- 4 to the standalone financial statement.<br><br>Inventory is carried in the Financial Statements at the lower of cost and net realisable value. The major portion of the Company's inventory consist of finished goods which are lying at multiple locations such as retail stores, depots and factories. Finished goods are counted on a recurring basis and determination of NRV is made based on various estimates as at end of the reporting period.<br><br>Since the company is dealing in footwear, apparel and accessories, sales in the fashion industry can be extremely volatile with consumer demand changing significantly based on current trend.<br><br>As a result, the carrying value of inventory may exceed in net realisable value. | We have designed the procedure to challenge the adequacy and effectiveness of the Company's determination of Net Realisable Value of finished goods, our procedures included:<br><br>• Testing classification : Testing on a sample basis that items on the stock ageing listing were classified in the appropriate ageing bracket by reference to season;<br><br>• Historical trends of the company & market: evaluated the current year provision by assessing historical trends. We examined the Company's historical trading patterns of inventory sold at full price and inventory sold below full price due to discount and season offers through alternative clearance routes, together with the related margins achieved for each channel. We used the information on trading patterns to assess whether the provisions held have historically been set at an appropriate level; and<br><br>• Our understanding on the Company Business: based on our knowledge of the Company and the market, the appropriateness of the provision percentages applied by challenging the assumptions made by the Company on the extent to which older season's inventory can be sold through various channels. |

## Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon. These reports are expected to be made available to us after the date of this audit report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to communicate the matter to those charged with governance.

## 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 Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.

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.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Matters

We did not audit the financial statements / information 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 ₹ 1109.02 lakh as at 31st March, 2021 and total revenues of ₹ 23.25 lakh for the year ended on that date, as considered in the financial statements / information of these units have been audited by the branch auditors – M/s Batra Sapra & Company whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of these matters.

## 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. (A) As required by Section 143(3) of the Act, based on our audit 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 and proper financial statements adequate for the purposes of our audit have been received from the branches not visited by us.

   (c) The Reports on the accounts of the two units (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 Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account and with the financial statements received from the branches not audited by us.

   (e) In our opinion, the aforesaid standalone financial statements comply with the IND AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (f) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 other matter to be included in the auditor's report in accordance with the requirements of the section 197 (16) of the Act, as amended; In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule11 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 it's standalone financial statements. Refer Note No-27.

ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There is 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

**Himanshu Singh**
Partner
M.No. 418577
UDIN: 21418577AAAABF8846

Place: New Delhi
Date: 27th July, 2021

# ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulator Requirements' section of our report, to the Members of Mirza International Limited, of even date on the standalone financial statements for the year ended 31st March, 2021)**

**i.** According to the information and explanations given to us,

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed asset;

(b) The Company has a regular program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds / registered sale deed made available to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company, **except** the **two cases of land** (Unit-II & Hapur) which are freehold Gross block and net block ₹ 90.11 Lakh given below, as at the balance sheet date.

Although the company has initiated the process of mutation for transfer of title deeds in the name of company, still in the above two cases the Mutation is pending to be done, title of which are held in the old name of company.

In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the standalone financial statements, the lease agreements are in the name of the company.

**ii.** According to the information and explanations given to us, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification including goods lying at third party locations & Goods in transit.

**iii.** According to the information and explanations given to us, the Company has 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 Companies Act, 2013 ("the Act"). Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company.

**iv.** In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

**v.** According to the information and explanations given to us, the Company has not accepted deposits from public covered under Section 73 to 76 of the Act. Accordingly, paragraph 3(v) of the Order is not applicable.

**vi.** According to the information and explanations given to us, 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.

**vii.** According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(c) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2021 on account of dispute are given below:

| Nature of the Statute | Nature of Dues | Amount In ₹ Lakh | Period to which the amount relates | Forum where dispute is Pending |
|---|---|---|---|---|
| UP Entry Tax Act 2007 | Entry Tax | 4.06 | 1999-2000 | Hon'ble High Court , Allahabad |
| UP VAT Act-2008 & CST Act-1956 | VAT & CST | 71.58 | 2008-2009 | Jt. Commissioner, Corporate Circle -2, Commercial Tax Department, Kanpur |
| UP VAT Act-2008 & CST Act-1956 | VAT & CST | 61.33 | 2010-2011 | Jt. Commissioner, Corporate Circle –Zone 2, Commercial Tax Department, Kanpur |
| UP VAT Act-2008 & CST Act-1956 | VAT & CST | 63.21 | 2015-2016 | Additional Commissioner Grade-2, Appeal-5, Commercial Tax Department, Kanpur |
| Gujarat VAT | VAT | 50.13 | 2009-2010<br>2010-2011<br>2011-2012 | Deputy Commissioner (Appeal), Ahmedabad |
| Kerala VAT | VAT | 3.44 | 2012-13 | Deputy Commissioner Appeal-II, Ernakulam, Kerala |
| Central Sales Tax Act, 1956 Haryana | VAT&CST | 53.50 | 2016-17 | Excise and Taxation Officer- Cum-Assessing Authority, Ward-5, Hisar |

**viii.** According to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of loans or borrowing to a financial institutions, banks or Government. Further, the company has not issued any debentures.

**ix.** According to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments). However, term loans raised by the company during the year have been applied for the purpose for which they were raised.

**x.** According to the information and explanations given to us and to the best of our knowledge, the Company identified few instances of Fraud Cases by employees against the company. The total amount involved in fraud was ₹ 79.29 lacs out of which ₹ 8.91 lacs recovered from the employees and ₹ 48.76 lacs has been provided for in the books of accounts. Whereas ₹ 21.61 lacs is still lying recoverable from employees. Please refer to Note no 39.

**xi.** In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

**xii.** The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

**xiii.** In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable Ind-AS.

**xiv.** During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

**xv.** In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

**xvi.** 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

**Himanshu Singh**
Partner
M.No. 418577
UDIN: 21418577AAAABF8846

Place: New Delhi
Date: 27th July, 2021

# ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT ON STANDALONE FINANCIAL STATEMENTS

**(Referred to in paragraph 2(g) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Mirza International Limited of even date)**

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, 2021 in conjunction with our audit of the standalone 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. 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 respective 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.

## Auditor's Responsibility

Our responsibility is to express an opinion on the 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. 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 internal financial controls system over financial reporting of the Company.

## Meaning of Internal Financial Controls over Financial Reporting

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

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls over Financial Reporting

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

## Opinion

In our opinion, 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, 2021, 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

**Himanshu Singh**
Partner
M.No. 418577
UDIN: 21418577AAAABF8846

Place: New Delhi
Date: 27th July 2021

# STANDALONE BALANCE SHEET

(₹ in Lakh)

| Particulars | Note No. | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 1 | 42556 | 42787 |
| Capital work-in-progress | 1A | 1123 | 1065 |
| Right of Use Assets | 1B | 13759 | 15707 |
| Financial Assets | | | |
| Investments | 2 | 292 | 151 |
| Other Financial Assets | 3 | 1272 | 1292 |
| Other Non Current assets | 3.1 | 28 | 189 |
| **Total Non-Current assets** | | **59030** | **61191** |
| **Current assets** | | | |
| Inventories | 4 | 42627 | 41324 |
| Financial Assets | | | |
| Trade receivables | 5 | 7967 | 14051 |
| Cash and cash equivalents | 6 | 1005 | 1532 |
| Other financial current assets | 7 | 2831 | 3038 |
| Other current assets | 8 | 3348 | 4875 |
| **Total Current assets** | | **57778** | **64820** |
| **Total Assets** | | **116808** | **126011** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity Share capital | 9A | 2406 | 2406 |
| Other Equity | 9B | 61312 | 60379 |
| **Total Equity** | | **63718** | **62785** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| **Financial Liabilities** | | | |
| Borrowings | 10 | 439 | 1800 |
| Provisions | 11 | 1333 | 1393 |
| Deferred tax liabilities (Net) | 12 | 1463 | 1765 |
| Other non-current Liabilities | 13 | 19373 | 16012 |
| **Total Non-current liabilities** | | **22608** | **20970** |
| **Current liabilities** | | | |
| Financial Liabilities | | | |
| Borrowings | 14 | 11689 | 25214 |
| Trade payables | 15 | | |
| (i) MSME | | 283 | 431 |
| (ii) Trade Payables other than MSME | | 10608 | 9111 |
| Other financial current liabilities | 16 | 7722 | 7204 |
| Non financial current liabilities | 16.1 | 133 | 205 |
| Provisions | 17 | 47 | 91 |
| **Total current liabilities** | | **30482** | **42256** |
| **Total Liabilities** | | **53090** | **63226** |
| **Total Equity and Liabilities** | | **116808** | **126011** |
| See accompanying Notes to the Financial Statements | 1-39 | | |
| Significant Accounting Policies | 40 | | |

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 : New Delhi
Date : July 27, 2021

**Rashid Ahmed Mirza**
Chairman and Managing Director

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

**Tauseef Ahmad Mirza**
Whole Time Director

**Priyanka Pahuja**
Company Secretary

# STANDALONE STATEMENT OF PROFIT AND LOSS

(₹ in Lakh)

| Particulars | Note No. | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from operations | 18 | 104682 | 126018 |
| Other income | 19 | 124 | 167 |
| **Total Income** | | **104806** | **126185** |
| **EXPENSES** | | | |
| Cost of materials consumed | 20 | 18080 | 31756 |
| Purchases of Stock-in-Trade | | 44072 | 37532 |
| Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade | 21 | (3265) | 994 |
| Employee benefits expense | 22 | 8876 | 10759 |
| Finance costs | 23 | 4100 | 4557 |
| Depreciation and Amortization expense | 24 | 6627 | 6338 |
| Other expenses | 25 | 25270 | 27810 |
| **Total Expenses** | | **103760** | **119746** |
| **Profit before tax** | | **1046** | **6439** |
| **Tax Expense** | | | |
| Current tax | | 610 | 1827 |
| Deferred tax | | -302 | -154 |
| **Profit for the Year** | | **738** | **4766** |
| **Other comprehensive Income:** | | | |
| **i. Items that will not be reclassified to Statement of Profit and Loss** | 19 (i) | 227 | 20 |
| Income tax relating to items that will not be reclassified to Profit and Loss | | (59) | (5) |
| **ii. Items that will be reclassified to Statement of Profit and Loss** | 19(ii) | (75) | (23) |
| Income Tax on above | | 20 | 6 |
| Other Comprehensive Income for the year | | **113** | **(2)** |
| **Total comprehensive income for the year** | | **851** | **4764** |
| **Earning per equity share of face value of ₹ 2 each** | 26 | | |
| **Basic (in ₹)** | | **0.61** | **3.96** |
| **Diluted (in ₹)** | | **0.61** | **3.96** |
| See accompanying Notes to the Financial Statements | 1-39 | | |
| Significant Accounting Policies | 40 | | |

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 : New Delhi
Date : July 27, 2021

**Rashid Ahmed Mirza**
Chairman and Managing Director

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

**Tauseef Ahmad Mirza**
Whole Time Director

**Priyanka Pahuja**
Company Secretary

# STANDALONE STATEMENT OF CHANGES IN EQUITY

## (A) Equity Share Capital

(₹ in Lakh)

| | | |
|---|---|---|
| **As at March 31, 2019** | | **2406** |
| Changes in equity share capital | 9A | - |
| **As at March 31, 2020** | | **2406** |
| Changes in equity share capital | 9A | - |
| **As at March 31, 2021** | | **2406** |

## (B) Other Equity

(₹ in Lakh)

| Other Equity | Reserves & surplus | | | Other Comprehensive Income | | Total equity |
|---|---|---|---|---|---|---|
| | General Reserve | Securities Premium | Retained Earnings | IDLS Subsidy Reserve (Note 2) | Hedging Reserves (Note 3) | |
| **Balance as at March 31, 2019** | **11253** | **5** | **46947** | **226** | **327** | **58758** |
| Add : Profit for the year 2019-20 | | | 4766 | | | **4766** |
| Add : Other Comprehensive Income (net of tax) | | | 15 | | | **15** |
| Less : Change in Fair Value of Hedging instruments net of taxes | | | (175) | | (344) | **(519)** |
| Less : Distribution of Shareholders | | | (2166) | | | **(2166)** |
| Less : Dividend Tax | | | (445) | | | **(445)** |
| Less : Transferred from Profit & Loss Account | 500 | | (500) | (30) | | **(30)** |
| **Balance as at March 31, 2020** | **11753** | **5** | **48442** | **196** | **(17)** | **60379** |
| Add : Profit for the year 2020-21 | | | 738 | | | **738** |
| Add : Other Comprehensive Income (net of tax) | | | **168** | | | **168** |
| Add : Change in Fair Value of Hedging instruments net of taxes | | | 0 | | (38) | **(38)** |
| Add : Income Tax Adjustment (Net) | | | 88 | | | **88** |
| Less : Transferred from Profit & Loss Account | 0 | | 0 | (23) | | **(23)** |
| **Balance as at March 31, 2021** | **11753** | **5** | **49436** | **173** | **(55)** | **61312** |

The Notes referred to above form an integral part of the Financial Statements.
This is the Standlone Statement of Change in Equity referred to in our report of even date attached.

For **DRA & Co**
Chartered Accountants
FRN: 006476N

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

Place : New Delhi
Date : July 27, 2021

**Rashid Ahmed Mirza**
Chairman and Managing Director

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

**Tauseef Ahmad Mirza**
Whole Time Director

**Priyanka Pahuja**
Company Secretary

# STANDALONE STATEMENT OF CASH FLOWS

(₹ in Lakh)

| Particulars | | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|---|
| **(A)** | **CASH FROM OPERATING ACTIVITIES** | | |
| | Net profit before tax | 1046 | 6439 |
| | Adjustments for | | |
| | Add : | | |
| | (Profit)/Loss on sale of Property, Plant & Equipment | 81 | 4 |
| | Depreciation & amotisation for the year | 6627 | 6338 |
| | Finance cost | 4100 | 4557 |
| | | **10808** | **10899** |
| | Less : | | |
| | Interest Income | 80 | 113 |
| | Income from Govt. Grant | 23 | 30 |
| | **Operating Profit before Working Capital Changes** | **11751** | **17195** |
| | | | |
| | **Adjustments For** | | |
| | Trade & other Receivables | 6084 | 1517 |
| | Inventory | (1304) | 2036 |
| | Trade Payables | 1856 | 2433 |
| | Others | 5109 | 1553 |
| | **Cash Generated from Operations** | **23496** | **24734** |
| | Direct Taxes Paid | (47) | (1951) |
| | Cash flow before extra ordinary items | 23449 | 22783 |
| | Net Cash generated from Operating Activity | 23449 | 22783 |
| | | | |
| **(B)** | **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| | Purchase of Property, Plant & Equipment | (4754) | (6912) |
| | Sales of Property, Plant & Equipment | 740 | 601 |
| | Government Grant Received | 23 | 0 |
| | Interest Received | 80 | 113 |
| | Purchase of Investment | 0 | (91) |
| | **Net Cash used in Investing Activities** | **(3911)** | **(6289)** |
| | | | |
| **(C)** | **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| | Dividend Paid | 3 | (2142) |
| | Dividend Tax Paid | 0 | (445) |
| | Short Term Borrowing | 0 | 0 |
| | Proceeds from Long Term Borrowings | 0 | 864 |
| | Repayment of Long Term Borrowings | (1306) | (1384) |
| | Repayment of Short Term Borrowings | (13525) | (6395) |
| | Payment of lease liabilities | (2111) | (2716) |
| | Finance cost | (3126) | (3466) |
| | **Net cash used in financing activities** | **(20065)** | **(15684)** |
| | Net Increase/(Decrease) in Cash & Equivalents | (527) | 810 |
| | Cash & Equivalents at the beginning of the year | 1532 | 722 |
| | Cash & Equivalents at the end of the year | 1005 | 1532 |
| | | | |
| | **Components of cash and cash equivalents** | | |
| | Cash and cheques on hand | 202 | 145 |
| | Balances with banks: | - | - |

# STANDALONE STATEMENT OF CASH FLOWS

(₹ in Lakh)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| - On current accounts | 803 | 1387 |
| Bank overdraft | | |
| - On deposit accounts with original maturity of less than 3 months | - | - |
| - On deposit account for more than 3 months and less than 12 months | - | - |
| - On deposit accounts with original maturity of between 3 months and 12 months | - | - |
| | **1005** | **1532** |
| Less: Fixed deposits with original maturity of between 3 months and 12 months | - | - |
| **Total cash and cash equivalents (note 10 A)** | **1005** | **1532** |

Cash flows are reported using indirect method, thereby profit for the year is adjusted for the effects of the transactions of a non-cash nature, any deferrals of accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated. The company considers all highly liquid investments that are readily convertible to known amount of cash to be cash equivalents.

Notes on Financial Statements: Note No. 1-39 ; Significant Accounting Policies Note No. 40

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 : New Delhi
Date : July 27, 2021

**Rashid Ahmed Mirza**
Chairman and Managing Director

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

**Tauseef Ahmad Mirza**
Whole Time Director

**Priyanka Pahuja**
Company Secretary

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

## Note 1 PROPERTY, PLANT & EQUIPMENT

(₹ in Lakh)

| Property, plant and equipment | Gross Block | | | | Accumulated Depreciation | | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2020 | Additions | Deductions | Balance as at Mar 31, 2021 | Balance as at April 1, 2020 | Depreciation charge for the year | Impairment | On disposals | Balance as at Mar 31, 2021 | Balance as at March 31, 2021 | Balance as at March 31, 2020 |
| A **Land** | | | | | | | | | | | |
| Land Freehold | **918** | 0 | - | **918** | **-** | - | - | - | **-** | 918 | 918 |
| Land Leasehold | **3555** | 0 | - | **3555** | **449** | 43 | 0 | - | **492** | 3063 | 3106 |
| Buildings | **20946** | 1006 | 36 | **21916** | **5074** | 665 | 0 | 5 | **5734** | 16182 | 15872 |
| **Plant & Machinery** | | | | | | | | | | | |
| Machinery | **28635** | 1588 | 1632 | **28591** | **14621** | 1509 | 12 | 912 | **15230** | 13361 | 14014 |
| Effluent Treatment Plant | **1183** | 10 | - | **1193** | **435** | 72 | 0 | - | **507** | 686 | 748 |
| Tools & Shoe Lasts | **4716** | 386 | 1492 | **3610** | **4331** | 598 | 0 | 1491 | **3438** | 172 | 385 |
| Furniture Fixtures, Office Equipments & Electrical Installation | **9688** | 1692 | 161 | **11219** | **3431** | 911 | 0 | 160 | **4182** | 7038 | 6258 |
| Vehicles | **2077** | 32 | 185 | **1924** | **785** | 213 | 0 | 110 | **888** | 1036 | 1292 |
| Computers | **1484** | 55 | 310 | **1229** | **1291** | 146 | 0 | 308 | **1129** | 101 | 194 |
| **Total** | **73202** | **4769** | **3816** | **74155** | **30417** | **4157** | **12** | **2986** | **31600** | **42556** | **42787** |
| 1A Capital Work In Progress | | | | | | | | | | 1123 | 1065 |
| **Total** | **73202** | **4769** | **3816** | **74155** | **30417** | **4157** | **12** | **2986** | **31600** | **43679** | **43852** |
| Previous Year : Property Plant & Equipment | (68873) | (8938) | (1408) | (73202) | (28022) | (3898) | 0 | (1503) | (30417) | (42787) | (40853) |
| Capital W.I.P. | | | | | | | | | | (1126) | (1065) |

## Note 1B Right of Use Assets

(₹ in Lakh)

| Right of Use Assets | As at April 1, 2020 | Additions | Deductions | Balance as at Mar 31, 2021 | Balance as at April 1, 2020 | Depreciation charge for the year | Impairment | On disposals | Balance as at Mar 31, 2021 | Balance as at March 31, 2021 | Balance as at March 31, 2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Right of Use (Building) | **18147** | 522 | 0 | **18669** | **2440** | **2470** | 0 | 0 | **4910** | 13759 | 15707 |
| Previous Year | - | (18147) | | (18147) | | (2440) | | | (2440) | (15707) | - |

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

## Note 2 INVESTMENTS

(₹ in Lakh)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Investment in Equity instruments | 292 | 151 |
| Other non-current investments | | |
| **Total** | **292** | **151** |

(₹ in Lakh)

| Particulars | 2021 | 2020 |
|---|---|---|
| Aggregate amount of Quoted investments | 1 | 1 |
| Aggregate Market Value of Quoted Investments | 1 | 1 |
| Aggregate amount of unquoted investments | 291 | 150 |

## A. Details of Trade Investments

(₹ in Lakh)

| Sr. No. | Name of the Body Corporate | Subsidiary / Associate / JV/ Structured entity | No. of Shares / Units | | Quoted / Unquoted | Partly Paid / Fully paid | Amount | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2021 | 2020 | | | 2021 | | | 2020 |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | FV | BV | FVT OCI | (9) |
| 1 | Mirza (H.K.) Limited* | Subsidiary | 10000 | 10000 | Unquoted | Fully Paid | 1 | 0.8 | 0.0 | 0.8 |
| 2 | Mirza Bangla Limited** | Subsidiary | 46918 | 46918 | Unquoted | Fully Paid | 40 | 40.4 | 0.0 | 40.4 |
| 3 | Industrial Infrastructure Services (India) Ltd. | Structured | 240000 | 240000 | Unquoted | Fully Paid | 55 | 24.0 | 30.7 | 24.0 |
| 4 | Kanpur Unnao Leather Cluster Development Co. Ltd. | Structured | 250000 | 250000 | Unquoted | Fully Paid | 107 | 25.0 | 81.8 | 25.0 |
| 5 | Mirza Charitable Hospital Limited (Sec.25 Co.) | Structured | 80000 | 80000 | Unquoted | Fully paid | 32 | 8.0 | 24.5 | 8.0 |
| 6 | Senen Mirza Industrial Supply Chain LLP | Subsidiary | N.A | N.A | Unquoted | Fully paid | 57 | 57 | 0.0 | 52.0 |
| 7 | J.P.Associates Ltd. | Structured | 2000 | 2000 | Quoted | Fully paid | 0 | 0.3 | -0.1 | 0.3 |
| 8 | Sarup Industries Ltd. | Structured | 500 | 500 | Quoted | Fully paid | 0 | 0.3 | -0.2 | 0.3 |
| 9 | Superhouse Ltd. | Structured | 150 | 150 | Quoted | Fully paid | 0 | 0.1 | 0.1 | 0.1 |
| 10 | Super Industries Ltd. | Structured | 1000 | 1000 | Quoted | Fully paid | 0 | 0.1 | 0.0 | 0.1 |
| | **Total** | | | | | | **292** | **156** | **137** | **151** |

* M/s MIRZA (H.K) LIMITED is wholly owned subsidiary of Mirza International 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.

** The Company has purchased 99.9% controlling stake in M/s MIRZA BANGLA LIMITED during the year. Investment value has been arrived at based on conversion rate of TAKA 4713000 to INR as on the date of allotment.

The Company is Partner in M/s Senen Mirza Industrial Supply Chain LLP having profit sharing money of 52%

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

## Note 3 OTHER FINANCIAL ASSETS (NON CURRENT)

(₹ in Lakh)

| Other Financial Assets (Non Current) | | As at March 31, 2021 | | As at March 31, 2020 |
|---|---|---|---|---|
| **Unsecured, considered good** | | | | |
| **Security Deposits** | | | | |
| Security Deposit - Rent | 896 | | 961 | |
| Security Deposit - Others | 376 | 1272 | 331 | 1292 |
| **Total** | | **1272** | | **1292** |

## Note 3.1 OTHER NON CURRENT ASSETS

(₹ in Lakh)

| Other Non Current Assets | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Unsecured, considered good** | | |
| Advance for Capital Goods | 28 | 189 |
| **Total** | **28** | **189** |

## Note 4 INVENTORIES*

(₹ in Lakh)

| Inventories* | | As at March 31, 2021 | | As at March 31, 2020 |
|---|---|---|---|---|
| a. Raw Materials and components | 4471 | | 6320 | |
| | | 4471 | | 6320 |
| b. Work-in-progress | 2382 | | 3730 | |
| | | 2382 | | 3730 |
| c. Finished goods | 14935 | | 19418 | |
| d. Stock-in-trade | 19968 | | 10854 | |
| Goods-in transit | 607 | | 625 | |
| | | 35510 | | 30897 |
| e. Stores and spares | 264 | | 377 | |
| | | 264 | | 377 |
| **Total** | | **42627** | | **41324** |

*For mode of valuation refer Significant Accounting Policies (Point-12 of note no. 40)

## Note 5 TRADE RECEIVABLES

(₹ in Lakh)

| Trade Receivables | | As at March 31, 2021 | | As at March 31, 2020 |
|---|---|---|---|---|
| **Unsecured, considered good** | | | | |
| **Trade Receivable -Related Parties*** | **1213** | | **1128** | |
| Trade receivables considered good- unsecured (Other then related parties | 6754 | 7967 | 12923 | 14051 |
| **Total** | | **7967** | | **14051** |

*Trade receivables stated above include debt(s) due by:

(₹ in Lakh)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| A Company in which directors are members | 1213 | 1128 |
| | **1213** | **1128** |

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

## Note 6 CASH AND CASH EQUIVALENTS

(₹ in Lakh)

| Cash and Cash Equivalents | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| a. Balances with banks | 803 | 1387 |
| Earmarked Balances (Unpaid dividend accounts) | 79 | 76 |
| Balance with banks held as margin money deposits against guarantees* | 401 | 181 |
| b. Cash in hand | 202 | 145 |
| **Total** | **1005** | **1532** |

*Details of FDs that are pledged with bank as margin for LCs.

## Note 7 OTHER FINANCIAL CURRENT ASSETS

(₹ in Lakh)

| Other Financial Current Assets | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Incentive Receivable (Export) | 1317 | 1230 |
| Duty Drawback Receivable | 412 | 317 |
| Focus Product License | 102 | 1077 |
| Advances to Employees | 101 | 142 |
| Advance to Other | 129 | 129 |
| Interest Receivable | 9 | 15 |
| Others | 35 | 128 |
| ECGC Claim Receivable* | 726 | 0 |
| **Total** | **2831** | **3038** |

* During the year two foreign buyers defaulted on their dues to the Company on account of insolvency filed by them in their respective countries as a result of pandemic disruption.

Since the relevant export outstanding were duly covered under ECGC, 90% of such dues are claimable from ECGC. The claim for the amount under default of ₹ 806 Lacs was duly filed by the management within the specified time period with ECGC.

The Company in terms of its accounting policy has provided for the balance 10% of the outstanding dues in its books of account till such time the claim settlement is under process and also reverse the claim of Duty Drawback on such export.

## Note 8 OTHER CURRENT ASSETS

(₹ in Lakh)

| Other Current Assets | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **(i) Advances other then Capital Advance** | **353** | **1,224** |
| Advance to related party | - | - |
| Suppliers Advance | 353 | 1,224 |
| **(ii) Others** | **2,995** | **3,651** |
| Advance Income Tax (Net of Provision) | 127 | 865 |
| Duties & Taxes (Others) | 18 | 15 |
| Duties & Taxes (GST) | 2663 | 2556 |
| Prepaid Expenses | 187 | 215 |
| **Total** | **3348** | **4875** |

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

## Note 9A EQUITY SHARE CAPITAL

| Share Capital | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | Number | ₹ in Lakh | Number | ₹ in Lakh |
| **Authorised** | | | | |
| Equity Shares of ₹ 2/- each | 256250000 | 5125 | 256250000 | 5125 |
| | **256250000** | **5125** | **256250000** | **5125** |
| **Issued, Subscribed & Paid up** | | | | |
| Equity Shares of ₹ 2/- each fully paid up | 120306000 | 2406 | 120306000 | 2406 |
| **Total** | **120306000** | **2406** | **120306000** | **2406** |

## 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 | **2406** |
| Preference Shares converted into Equity Shares | NIL | NIL |
| Shares bought back during the year | NIL | NIL |
| Shares outstanding at the end of the year | 120306000 | 2406 |

## 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. 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.

## Note 9A.3 The details of Shareholders holding more than 5% shares

| Name of Shareholder | EQUITY SHARES | | | |
|---|---|---|---|---|
| | As at March 31, 2021 | | As at March 31, 2020 | |
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| RASHID AHMED MIRZA | 13665520 | 11.36% | 13665520 | 11.36% |
| SHAHID AHMAD MIRZA | 10152053 | 8.44% | 10152053 | 8.44% |
| TAUSEEF AHMAD MIRZA | 17558453 | 14.59% | 17558453 | 14.59% |
| TASNEEF AHMAD MIRZA | 14076104 | 11.70% | 14076104 | 11.70% |
| SHUJA MIRZA | 10202099 | 8.48% | 10201740 | 8.48% |

## 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 15.12.2015.

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

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

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

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

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

## Note 9A.5 Disclosure pursuant to Note no. 6(U) of Part I of Schedule III to the Companies Act, 2013

(₹ in Lakh)

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| Dividends proposed to be distributed to equity shareholders | NIL | NIL | NIL | NIL |

## Note 9B OTHER EQUITY

(₹ in Lakh)

| Other Equity | Reserves & surplus | | | Other Comprehensive Income | | Total equity |
|---|---|---|---|---|---|---|
| | General Reserve | Securities Premium | Retained Earnings | IDLS Subsidy Reserve (Note 2) | Hedging Reserves (Note 3) | |
| **Balance as at March 31, 2019** | **11253** | **5** | **46947** | **226** | **327** | **58758** |
| Add : Profit for the year 2019-20 | | | 4766 | | | **4766** |
| Add : Other Comprehensive Income (net of tax) | | | 15 | | | **15** |
| Less : Change in Fair Value of Hedging instruments net of taxes | | | | | (344) | **(344)** |
| Less : Income Tax Adjustment (Net) | | | (175) | | | **(175)** |
| Less : Distribution of Shareholders | | | (2166) | | | **(2166)** |
| Less : Dividend Tax | | | (445) | | | **(445)** |
| Less : Transferred from Profit & Loss Account | 500 | | (500) | (30) | | **(30)** |
| **Balance as at March 31, 2020** | **11753** | **5** | **48442** | **196** | **(17)** | **60379** |
| Add : Profit for the year 2020-21 | | | 738 | | | **738** |
| Add : Other Comprehensive Income (net of tax) | | | **168** | | | **168** |
| Add : Change in Fair Value of Hedging instruments net of taxes | | | 0 | | (38) | **(38)** |
| Add : Income Tax Adjustment (Net) | | | 88 | | | **88** |
| Less : Transferred from Profit & Loss Account | 0 | | 0 | (23) | | **(23)** |
| **Balance as at March 31, 2021** | **11753** | **5** | **49436** | **173** | **(55)** | **61312** |

Note-1 IDLS reserve is diminished every year by the amount in proportion of the depreciation of the assets considering the life of 15 years which is equivalent to Depreciation chargeable during the year to the machinery value purchased from IDLS subsidy.

Note-2 The company has designated certain foreign currency forward contracts as cash flow hedges in respect of foreign exchange risks.

## Note 10 BORROWINGS (NON CURRENT)

(₹ in Lakh)

| Borrowings (Non Current) | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | Non-Current | Current | Non-Current | Current |
| **Term loans** | | | | |
| **Secured** | | | | |
| From banks* | 367 | 1673 | 1575 | 1579 |
| From banks (Auto Loan)# | 54 | 114 | 168 | 123 |
| From others (Auto Loan)# | 18 | 40 | 57 | 70 |
| **Total** | **439** | **1,827** | **1,800** | **1,772** |

*(1) PNB Term loan ₹ 967 lakh (1623 lakh) secured by first 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, & Land & Building situated at Plot No. 8, Noida, Gautam Budh Nagar (U.P).

(2) HDFC Loan ₹ 1073 lakh (1530 Lakh) secured by Equitable mortage of land at Company's Unit-5 at Unnao by pass, Unnao, UP and Pari-Passu charge (with PNB and CITI Bank) on Fixed Assets and all current assets. Further exclusive charge on asstes funded from HDFC Bank Term loan.

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

#Secured against the assets purchased under the arrangements.

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

Maturity Profile :

(₹ in Lakh)

| | Payment Type | No. of Instalment | Current 0- 1 Yrs | Non Current 1 -2 Yrs | 2 -3 Yrs | 3 -4 Yrs |
|---|---|---|---|---|---|---|
| **Term Loans from Banks** | | | | | | |
| **Secured** | | | | | | |
| **Term Loans** | | | **1673** | **200** | **167** | **0** |
| P.N.B. TERM LOAN (22) | Quaterly | 3 | 600 | 200 | 167 | 0 |
| HDFC BANK TERM LOAN (21) | Quaterly | 12 | 333 | 0 | 0 | 0 |
| HDFC BANK TERM LOAN (20) | Quaterly | 4 | 740 | 0 | 0 | 0 |
| | | | | | | |
| **Auto Loans** | | | **114** | **48** | **6** | **0** |
| HDFC BANK AUTO LOAN (8) | Monthly | 1 | 1 | 0 | 0 | 0 |
| HDFC BANK AUTO LOAN (9) | Monthly | 17 | 7 | 3 | 0 | 0 |
| HDFC BANK AUTO LOAN (10) | Monthly | 18 | 10 | 6 | 0 | 0 |
| HDFC BANK AUTO LOAN (11) | Monthly | 24 | 9 | 10 | 0 | 0 |
| HDFC BANK AUTO LOAN (12) | Monthly | 21 | 3 | 3 | 0 | 0 |
| HDFC BANK AUTO LOAN (13) | Monthly | 21 | 3 | 3 | 0 | 0 |
| HDFC BANK AUTO LOAN (14) | Monthly | 27 | 9 | 10 | 3 | 0 |
| YES BANK LTD AUTO LOAN (16) | Monthly | 28 | 8 | 9 | 3 | 0 |
| YES BANK LTD AUTO LOAN (17) | Monthly | 8 | 17 | 0 | 0 | 0 |
| YES BANK LTD AUTO LOAN NO. (18) | Monthly | 13 | 47 | 4 | 0 | 0 |
| **Auto Loans (From other)** | | | **40** | **18** | **0** | **0** |
| BMW India Financial Services Pvt Ltd. (19) | Monthly | 17 | 40 | 18 | 0 | 0 |
| **Total** | | | **1827** | **266** | **173** | **0** |

## Note 11 PROVISIONS

(₹ in Lakh)

| Provisions | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Provision for employee benefits** | | |
| Superannuation (unfunded) | | |
| Gratuity (unfunded) | 1333 | 1393 |
| **Total** | **1333** | **1393** |

## Note 12 DEFERRED TAX LIABILITIES(NET)

(₹ in Lakh)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Deferred tax relates to the following:** | | |
| **Deferred tax related to items recognised in statement of profit and loss:** | | |
| **Deferred tax liabilities (gross)** | | |
| Difference in written down value as per books of account and tax laws | (589) | (564) |
| (a) | **(589)** | **(564)** |
| **Deferred tax assets (gross)** | | |
| Impact of Lease rent Liabilities | 286 | 410 |
| (b) | 286 | 410 |
| (c ) = (b) + (a) | **(302)** | **(154)** |
| **Deferred tax liabilities (net)** | (302) | (154) |

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

(₹ in Lakh)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Deferred tax relates to the following:** | | |
| **Deferred tax related to items recognised in OCI:** | | |
| **Deferred tax assets (gross)** | | |
| Re-measurement losses on defined benefit plans | 23 | 5 |
| Re-valuation of Equity Investments | 36 | 0 |
| (d) | 59 | 5 |
| | | |
| **Deferred tax liabilities (gross)** | | |
| Deferred tax related to items recognised in equity | -20 | -6 |
| (e) | -20 | -6 |
| (f)=(d) + (e) | **39** | **-1** |
| **Deferred tax liabilities (net)** | 39 | -1 |

**Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2021 and 1st April, 2020:**

(₹ in Lakh)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Accounting profit/(loss) before income tax | 1046 | 6440 |
| At India's applicable statutory income tax rate i.e. Income Tax (25%) plus Cess (4%) (PY Income Tax (25%) plus Cess (4%) | 25.168% | 25.168% |
| Current tax expense reported in the statement of profit and loss | 610 | 1827 |
| Deferred tax expense reported in the statement of profit and loss | -302 | -154 |
| **Non-deductible expenses for tax purposes:** | | |
| Impact of Lease rent Liabilities | 974 | 1089 |
| Depreciation and amortization expense (net) | 6627 | 6338 |
| Other non deductible expenses | 82 | 311 |
| **Deductible expenses for tax purposes:** | | |
| Depreciation as per IT Act,1961 | 4222 | 4211 |
| Others | 2111 | 2717 |
| At the effective income tax rate | **603** | **1825** |
| Current tax expense reported in the statement of profit and loss | 610 | 1827 |
| Deferred tax expense/(credit) reported in the statement of profit and loss | (302) | (154) |

**Reconciliation of deferred tax assets (net):**

(₹ in Lakh)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Opening balance of DTA/DTL (net) | 1,765 | 1,927 |
| Deferred tax income/(expense) during the period recognised in profit or loss | (302) | (154) |
| Impact of Others | - | (8) |
| **Closing balance of DTA/DTL (net)** | **1,463** | **1,765** |

## Note 13 OTHER NON CURRENT LIABILITIES

(₹ in Lakh)

| Other Non Current Liabilities | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Others** | | |
| (a) Trade Payables | | |
| (b) Others | | |
| Security deposits - from Franchise | 6003 | 2163 |
| Lease Rent Liabilities (net) | 13370 | 13849 |
| **Total** | **19373** | **16012** |

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

## Note 14 BORROWINGS

(₹ in Lakh)

| Borrowings | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Secured*** | | |
| **Working capital loans repayable on demand** | | |
| From Other banks | 8021 | 19818 |
| From Foreign Bank | 3668 | 5,396 |
| **Total** | **11689** | **25214** |

*(1) PNB ₹ 1279 Lakhs (13413 lakh) Secured By First 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 to be held on pari-passu basis with other Banks, 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. The facilities are collaterally secured by the Equitable Mortgagae of Company's Prperties mentioned in Note no 10 above.

(2) HDFC Loan ₹ 6742 lakh (6405 lakh) secured by equitable mortage of land at Companies Unit-5 at Unnao by pass Unnao. Stock and book debts- pari-passu with other Banks. New WCL of ₹ 5000 Lakh Sanctioned during the year. Approval of Pari-passu charge on stock and book debt from PNB is yet to be received.

(3) Citi Bank ₹ ₹ 3668 lakh (5396 lakh) Secured By Equitable Mortgage of Corporate office at Mohan Cooperative Industrial Estate, Mathura Road, New Delhi. Also as per sanction letter Charge on property situated at Plot No 18, 19 Nand Nagar, Industrial Estate, Phase 1, Mahuakheraganj Kashipur, Uttrakhand is also to be created.

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

## Note 15 TRADE PAYABLE

(₹ in Lakh)

| Trade Payable | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Micro, Small and Medium Enterprises * | 283 | 431 |
| Others | 10608 | 9111 |
| **Total** | **10891** | **9542** |

* The Company does not owe any dues outstanding for more than the period specified in Micro, Small & Medium Enterprises Development Act, 2006 as at 31st Mar 2021, to any Micro, Small & Medium Enterprises. This information is based on data available with the company.

## Note 16 OTHER FINANCIAL CURRENT LIABILITIES

(₹ in Lakh)

| Other Financial Current Liabilities | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **(a) Current maturities of long-term debt (Refer Note No. 10)** | | |
| Term Loans from banks | 1787 | 1701 |
| Term Loans from others | 40 | 71 |
| **(b) Interest accrued but not due on borrowings** | 54 | 24 |
| **(c) Unpaid dividends *** | 79 | 76 |
| **(d) Other payables** | | |
| Commission Payable on Inland Sales | 1347 | 199 |
| Outstanding Liabilities # | 428 | 973 |
| Salary Payable | 385 | 394 |
| Bonus Payable | 534 | 495 |
| Audit Fees Payable | 15 | 15 |
| Unpaid Commission on Export Sales | 254 | 364 |
| Duties & Taxes (TDS payable) | 184 | 200 |
| Lease Rent Liabilites | 2534 | 2670 |
| Foreign currency forward contract | 81 | 23 |
| **Total** | **7722** | **7204** |

* 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 ₹ lakh 66.30 Lakh (₹ 75.06 Lakh), Export Expenses payable ₹ 47.51 Lakh (₹ 35.40 lakh) & Power & Electricity charges of ₹ 83.57 Lakhs (₹ 103.73 lakh).

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

## Note 16.1 NON FINANCIAL CURRENT LIABILITIES

(₹ in Lakh)

| Non Financial Current Liabilities | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Advance Received From Customers | 133 | 205 |
| **Total** | **133** | **205** |

## Note 17 PROVISIONS

(₹ in Lakh)

| Provisions | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **(a) Provision for employee benefits** | | |
| Gratuity (Unfunded) | 47 | 91 |
| **Total** | **47** | **91** |

## Note 18 REVENUE FROM OPERATIONS

(₹ in Lakh)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Sale of products | 102651 | 121938 |
| Other operating revenues | 2031 | 4080 |
| **Total** | **104682** | **126018** |

## Note 19 OTHER INCOME

(₹ in Lakh)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Interest Income | 80 | 113 |
| **Other non-operating income** | | |
| Other Income | 21 | 24 |
| Income from Govt. Grant | 23 | 30 |
| **Total** | **124** | **167** |

## Note 19 (i) Other Comprehensive Income- Items that will not be reclassified to Profit and Loss

(₹ in Lakh)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Remeasurement gain/(loss) of Defined Benefit Plan | 90 | 20 |
| Equity investments Through OCI | 137 | |
| **Total** | **227** | **20** |

## Note 19 (ii) Other Comprehensive Income- Items that will be reclassified to Profit and Loss

(₹ in Lakh)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Hedge Reserve | -75 | -23 |
| **Total** | **-75** | **-23** |

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

## Note 20 COST OF MATERIALS CONSUMED

(₹ in Lakh)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Hides & Finished Leather | 4586 | 8223 |
| Chemicals | 3397 | 5455 |
| Others | 9904 | 17447 |
| Stores & Spares | 193 | 631 |
| **Total** | **18080** | **31756** |

## Note 21 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in Lakh)

| Particulars | For the year ended March 31, 2021 | | For the year ended March 31, 2020 | |
|---|---|---|---|---|
| **Inventories (at close)** | | | | |
| Finished Goods | 35510 | | 30897 | |
| Stock-in-Process | 2382 | 37892 | 3730 | 34627 |
| **Inventories (at commencement)** | | | | |
| Finished Goods | 30897 | | 29683 | |
| Stock-in-Process | 3730 | 34627 | 5938 | 35621 |
| **Change in Inventories Decrease/(Increase)** | | **(3265)** | | **994** |

## Note 22 EMPLOYEE BENEFIT EXPENSE

(₹ in Lakh)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Salaries and Wages | 7827 | 9500 |
| Contribution to Provident and Other Funds | 483 | 566 |
| Gratuity to Employees | 235 | 251 |
| Staff Welfare Expenses | 331 | 442 |
| **Total** | **8876** | **10759** |

## Note 22.1 Employee benefits

The Company is providing the following benefits to their employees :

a) Gratuity

b) Provident Fund

c) Leave encasement

The amounts recognised in Balance Sheet are as follows:

(₹ in Lakh)

| Present value of defined benefit obligation | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| A) – Wholly funded | - | - |
| – Wholly unfunded | 1380 | 1484 |
| | **1380** | **1484** |
| Less: Fair value of plan assets | 0 | 0 |
| Add: Amount not recognised as an asset [limit in para 64(b)] | 0 | 0 |
| Amount to be recognised as liability or (asset) | 1380 | 1484 |
| B) Amounts reflected in the Balance Sheet | | |
| Liabilities | 1380 | 1484 |
| Assets | 0 | 0 |
| Net liability/(asset) | 1380 | 1484 |
| Net liability/(asset) - current # | 47 | 91 |
| Net liability/(asset) - Non-current | 1333 | 1393 |

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

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

(₹ in Lakh)

| Particulars | 2020-21 | 2019-20 |
|---|---|---|
| Current service cost | 137 | 139 |
| Interest cost | 98 | 104 |
| Interest income on plan assets | - | - |
| Remeasurement - Actuarial losses/(gains) - | - | - |
| Difference between actual return on plan assets and interest income | - | - |
| Remeasurement - Actuarial losses/(gains) - Others | -90 | -20 |
| Past service cost | - | - |
| Actuarial gain/(loss) not recognised in books | - | - |
| Adjustment for earlier years | - | - |
| Remeasurement - Effect of the limit in para 64(b) | - | - |
| Translation adjustments | - | - |
| Amount capitalised out of the above | | |
| **Total** | **145** | **223** |
| Amount included in “employee benefits expense” | 235 | 243 |
| Amount included as part of “finance cost” | - | - |
| Amount included as part of “other comprehensive income” | -90 | -20 |

(₹ in Lakh)

| Particulars | 2020-21 | 2019-20 |
|---|---|---|
| Opening balance of the present value of defined benefit obligation | 1,484 | 1,371 |
| Add: Current service cost | 137 | 139 |
| Add: Interest cost | 98 | 104 |
| 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 | -54 | -5 |
| iii) Actuarial (gains)/losses arising from changes in experience adjustments | -36 | -15 |
| Less: Benefits paid | -249 | -110 |
| Add: Past service cost | - | - |
| Add: Liabilities assumed on transfer of employees | - | - |
| Add: Business combination/acquisition | - | - |
| Add: Adjustment for earlier years | - | - |
| Add/(less): Translation adjustments | - | - |
| **Closing balance of the present value of defined benefit obligation** | **1380** | **1484** |

(₹ in Lakh)

| Change in Fair Value of Assets | 2020-21 | 2019-20 |
|---|---|---|
| Plan assets at beginning of period | - | - |
| Investment Income | - | - |
| Return on Plan Assets, Excluding amount recognised in Net Interest Expense | - | - |
| Actual Company contributions | 249 | 110 |
| Fund Transferred | - | - |
| Employee contributions | - | - |
| Benefits paid | -249 | -110 |
| Plan assets at the end of period | - | - |

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

**The key assumptions used in the calculations are as follows :**

**1. Financial Assumptions**

| | 2020-21 | 2019-20 |
|---|---|---|
| Discount Rate | 6.90% p.a. | 6.60% p.a. |
| Rate of increase in salaries | 6.00% p.a. | 6.00% p.a. |

**2. Demographic Assumptions**

| | 2020-21 | 2019-20 |
|---|---|---|
| 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 |

3. 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.
4. 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.
5. 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 been determind based on reasonably possible changes of the assumptions occuring at the end of the reporting period, while holding all other assumptions constant. The result of sensitivity analysis is given below :

| Particulars | As on 31/03/2021 | As on 31/03/2020 |
|---|---|---|
| Defined Benefit Obligation (Base) | 1380 | 1484 |

| Particulars | As on 31/03/2021 | | As on 31/03/2020 | |
|---|---|---|---|---|
| | Decrease | Increase | Decrease | Increase |
| Discount Rate (- / + 1%) | 1574 | 1219 | 1666 | 1330 |
| % change compared to base due to sensitivity | 14.07% | -11.69% | 12.28% | -10.37% |
| Salary Growth Rate (- / + 1%) | 1213 | 1577 | 1325 | 1669 |
| % change compared to base due to sensitivity | -12.09% | 14.32% | -10.72% | 12.49% |
| Attrition Rate (- / + 50%) | 1364 | 1394 | 1476 | 1491 |
| % change compared to base due to sensitivity | -1.14% | 0.99% | -0.57% | 0.49% |
| Mortality Rate (- / + 10%) | 1377 | 1382 | 1483 | 1486 |
| % change compared to base due to sensitivity | -0.18% | 0.18% | -0.10% | 0.10% |

## Note 23 FINANCE COST

(₹ in Lakh)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Interest & Bank Charges | 4100 | 4557 |
| **Total** | **4100** | **4557** |

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

## Note 24 DEPRECIATION AND AMORTISATION EXPENSES

(₹ in Lakh)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Depreciation Expenses | 6584 | 6295 |
| Leasehold Land Amortisation | 43 | 43 |
| **Total** | **6627** | **6338** |

## Note 25 OTHER EXPENSES

(₹ in Lakh)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Processing Charges | 2932 | 5739 |
| Commission | 10503 | 7632 |
| Freight and Transport | 3851 | 3400 |
| Power and Fuel | 2294 | 2907 |
| Selling & Advertisement Expenses | 2535 | 4343 |
| Rent * | 66 | 120 |
| Vehicle Running & Maintenance | 189 | 268 |
| Repair and Maintenance (other than building & machinery) | 632 | 658 |
| Traveling & Conveyance Expenses | 308 | 525 |
| Insurance | 400 | 274 |
| Security Expenses | 305 | 465 |
| Postage & Courier | 191 | 235 |
| Telephone & Telex | 100 | 110 |
| Legal & Professional Chrgs | 239 | 262 |
| Rates and Taxes, excluding taxes on income | 98 | 290 |
| Repairs to machinery | 87 | 83 |
| Repairs to buildings | 41 | 96 |
| Printing & Stationery | 91 | 155 |
| Donation and Subscription | 8 | 10 |
| (Profit)/Loss on Sale of Property, plant and equipment | 81 | 4 |
| Miscellaneous Expenses | 124 | 17 |
| Audit Fees | 18 | 16 |
| Corporate Social Responsibilities | 177 | 201 |
| **Total** | **25270** | **27810** |

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

## Note 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, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| **(I) To Statutory Auditors** | | |
| a. For Audit Services | 17 | 15 |
| b. For reimbursement of expenses | - | - |
| **(ii) To Branch Auditors for Audit Services** | 1 | 1 |
| | - | - |
| **Total** | **18** | **16** |

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

## Note 25.2 Details of Corporate Social Responsibility Expenditure

(₹ in Lakh)

| Corporate Social Responsibilities | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| **a) Total amount required to be spent for the financial year** | 173 | 201 |
| b) Amount spent during the financial year | 177 | 201 |
| **Total** | **177** | **201** |

## Note 26 EARNINGS PER SHARE (EPS)

(₹ in Lakh)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| (I) Net Profit after tax as per statement of Profit and Loss attributable to Equity Shareholders | 738 | 4766 |
| (ii) Weighted Average number of equity shares used as denominator for calculating EPS | 120306000 | 120306000 |
| (iii) Basic and Diluted Earnings per share (₹) | 0.61 | 3.96 |
| (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, 2021 | As at March 31, 2020 |
|---|---|---|
| A BILLS DISCOUNTED | **5562** | 10098 |
| B IMPORT DUTY PAYABLE | **163** | 238 |
| In case of non-fulfillment of export obligation under | | |
| EPCG Scheme (not yet due) | | |
| C BANK GUARANTEES / LETTER OF CREDITS | **1719** | 7668 |
| 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 One case of stamp duty in respect of land in Hapur is pending with Asst. Commissioner (stamp), Hapur for deficiency in stamp duty. | 8 | 8 |
| F TAXES | | |
| (I) ENTRY TAX - for 1999-2000 liability is pending | 4 | 4 |
| (II) VAT & CST | | |
| (a) UTTAR PRADESH : Pending against UP VAT and CST for the F.Y. 2008-2009 ₹ 71.58 lacs, F.Y. 2010-11 ₹ 61.33 lacs, F.Y. 2015-16 ₹ 49.68 lacs, due to non submission of Form C and against UP (RITC) ₹ 13.53 lacs | 196 | 133 |
| (b) GUJRAT : F.Y. 2009-10 ₹ 2.25 lacs, F.Y. 2010-11 ₹ 32.68 lacs & F.Y. 2011-12 ₹ 2.34 lacs. Company has preferred appeal against the said Demand. Out of which ₹ 2.00 lacs has been deposited against demand. 2016-17 Demand of ₹ 12.86 lacs | 50 | 37 |
| (c) KERALA : VAT Demand of ₹ 4.91 lacs against which 30% amount of ₹ 1.47 lacs has been paid and for balance Bank Guarantee has been provided. | 5 | 5 |
| (d) Haryana: Pending against Haryana CST for the F.Y. 2016-17 ₹ 53.50 lacs, due to non submission of Form C | 54 | - |
| (III) SERVICE TAX - One case of Service tax on a matter during the year 2009-10 amounting to ₹ 17.05 lacs confirmed and reduced to ₹ 15.46 lacs by Commissioner (Appeals) Central Excise and Service Tax, Lucknow, now the appeal is pending at CESTAT, Allahabad | 15 | 15 |
| **G COMMITMENT** | | |
| A CAPITAL EXPENDITURE (Net of fund already deployed) | 754 | 774 |
| B UNCLAIMED DIVIDEND | 79 | 76 |

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

## Note 28 SEGMENT REPORTING

Segment Information for the year ended March 31, 2021

Information about Primary Business Segments

(₹ in Lakh)

| | SHOE DIVISION (FOOTWEAR) | TANNERY DIVISION (LEATHER) | GAR & ACC DIVISION | UNALLOCATED | TOTAL |
|---|---|---|---|---|---|
| External | 61763 | 12719 | 34258 | 124 | 108864.37 |
| | (91296) | (18953) | (27940) | (167) | (126185) |
| Inter - Segment | | 4058 | | | 4058 |
| | | (12171) | | | (12171) |
| Total Revenue | **61763** | **8661** | **34258** | **124** | **104806** |
| | **(91296)** | **(6782)** | (27940) | **(167)** | **(126185)** |
| **Result** | | | | | |
| Segment Result (Profit before Interest & Tax) | 5179 | (2036) | 2843 | 124 | 6109 |
| | (10042) | 1966 | (4172) | (167) | (12415) |
| Less: Interest Expenses | | | | (4100) | (4100) |
| | | | | 4557 | 4557 |
| Unallocated Expenditure net of unallocated income | | | | (963) | (963) |
| | | | | 1420 | 1420 |
| Profit before Taxation | **5179** | **(2036)** | **2843** | **(4939)** | **1046** |
| | **(10042)** | **1966** | (4172) | **5809** | **(6439)** |
| Provision for Taxation | | | | (308) | (308) |
| | | | | 1827 | 1827 |
| Net Profit | 5179 | (2036) | 2843 | (5247) | 738 |
| | (10042) | 1966 | (4172) | 7636 | (4612) |
| **Other Information** | | | | | |
| Segment Assets | 70959 | 17515 | 25692 | 2642 | 116808 |
| | (80620) | (19123) | (23975) | (2243) | (125961) |
| Segment Liabilities | 27381 | 6954 | 16943 | 1812 | 53090 |
| | (33786) | (11873) | (15752) | (1765) | (63176) |
| Capital Expenditure | 3829 | 134 | 802 | 4 | 4769 |
| | (4724) | (833) | (763) | (117) | (6437) |
| Depreciation | 2558 | 899 | 493 | 163 | 4113 |
| | (3601) | (888) | (1710) | (139) | (6338) |

### Information about Secondary Business Segments

(₹ in Lakh)

| Revenue by Geographical Market | WITHIN INDIA | OUTSIDE INDIA | TOTAL |
|---|---|---|---|
| External | 71396 | 33286 | 104682 |
| | (73411) | (52774) | (126185) |
| Inter Segment | - | - | - |
| | - | - | - |
| Total | 71396 | 33286 | 104682 |
| | (73411) | (52774) | (126185) |
| Carrying amount of segment assets | 116808 | - | 116808 |
| | (125961) | - | (125961) |
| Additions to Fixed Assets | 4769 | - | 4769 |
| | (6437) | - | (6437) |

*Includes Export incentive received on Export

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

**Notes :**

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

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

Shoe Division - Manufacturing Finished Leather Shoes.

Garments/ Accessories Division - Trading of Garments/Accessories.

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, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| 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)

| Sl. No. | Particulars | Nature of Relationship | Volume of Transactions | Outstanding | Volume of Transactions | Outstanding |
|---|---|---|---|---|---|---|
| For the year ended March 31 | | | 2021 | as on March 2021 | 2020 | as on March 2020 |
| 1 | **Purchase** | | | | | |
| | Euro Footwear Pvt. Ltd. | Enterprise over which Key Management Personnel are able to exercise significant Influence | 7274 | 37 Cr. | 10721 | 75 Cr. |
| | Gempack Enterprises | Enterprise over which Key Management Personnel are able to exercise significant Influence | 248 | 14 Cr. | 524 | 27 Cr. |
| | Shoemac Leather Tech Eng. Ltd. | Enterprise over which Key Management Personnel are able to exercise significant Influence | 75 | 16 Cr. | 194 | 31 Cr. |
| | Mirza (HK) Limited | Foreign Wholly Owned Subsidiary company | 0 | 1 Cr. | 1 | 1 Cr. |
| | Sen en Mirza Industrial Supply Chain LLP | Subsidiary | 90 | 13 Cr. | 124 | 0 Cr. |
| 2 | **Jobwork expenses** | | | | | |
| | Mars International, Knp | Whole Time Directors are the relatives of firm's proprietor | 0 | 0 | 291 | 3 Cr. |

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

(₹ in Lakh)

| Sl. No. | Particulars | Nature of Relationship | Volume of Transactions | Outstanding | Volume of Transactions | Outstanding |
|---|---|---|---|---|---|---|
| For the year ended March 31 | | | 2021 | as on March 2021 | 2020 | as on March 2020 |
| | Euro Footwear Pvt. Ltd. | Enterprise over which Key Management Personnel are able to exercise significant Influence | 0 | 0 | 1 | 0 |
| | Sen en Mirza Industrial Supply Chain LLP | Subsidiary | 88 | 0 | 2 | 0 |
| 3 | **Rent & Maintenance charges Paid** | | | | | |
| | Mr. Irshad Mirza | Key Management Personnel | 0 | 0 | 13 | 3 Cr. |
| | Mrs Sabiha Hussain | Key Management Personnel | 2 | 0 | 4 | 1 Cr. |
| | Shoemac Leather Tech Eng. Ltd. | Enterprise over which Key Management Personnel are able to exercise significant Influence | 5 | 0 | 3 | 0 |
| 4 | **Sales** | | | | | |
| | Euro Footwear Pvt. Ltd. | Enterprise over which Key Management Personnel are able to exercise significant Influence | 2141 | 0 | 4085 | 0 |
| | Mirza (UK) Ltd. | Enterprise over which Key Management Personnel are able to exercise significant Influence | 7725 | 578 Dr. | 15404 | 879 Dr. |
| | Shoemac Leather Tech Eng. Ltd. | Enterprise over which Key Management Personnel are able to exercise significant Influence | 0 | 0 Dr. | 1 | 0 |
| | Mars International | Whole Time Directors are the relatives of firm's proprietor | 0 | 0 | 18 | 0 |
| | Sen en Mirza Industrial Supply Chain LLP | Subsidiary | 0 | 0 | 102 | 31 Dr. |
| | RTS Fashion FZE | Enterprise over which Key Management Personnel are able to exercise significant Influence | 677 | 635 Dr. | 571 | 218 Dr. |
| 5 | **Jobwork income** | | | | | |
| | Euro Footwear Pvt. Ltd. | Enterprise over which Key Management Personnel are able to exercise significant Influence | 0 | 0 | 24 | 0 |
| | Sen en Mirza Industrial Supply Chain LLP | Subsidiary | 35 | 0 | 28 | 0 |

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

(₹ in Lakh)

| Sl. No. | Particulars | Nature of Relationship | Volume of Transactions | Outstanding | Volume of Transactions | Outstanding |
|---|---|---|---|---|---|---|
| For the year ended March 31 | | | 2021 | as on March 2021 | 2020 | as on March 2020 |
| 6 | **Guarantee Commission** | | | | | |
| | Mr. Rashid Ahmed Mirza | Key Management Personnel | 0 | 0 | 150 | 0 |
| | Mr. Shahid Ahmed Mirza | Key Management Personnel | 75 | 0 | 150 | 0 |
| | Mr. Tauseef Ahmed Mirza | Key Management Personnel | 75 | 0 | 150 | 0 |
| | Mr. Tasneef Ahmed Mirza | Key Management Personnel | 75 | 0 | 150 | 0 |
| 7 | **Salaries** | | | | | |
| | To Relatives of Key Management Personel | | | | | |
| | Mr. Faraz Mirza | | 66 | 6 | 72 | 6 Cr. |
| | Mr. Mustafa Mirza | | 1 | 0 | | |
| | Ms. Hiba Mirza | | 1 | 0 | | |
| 8 | **Managerial Remuneration** | | | | | |
| | Directors Remuneration | | 787 | 72 | 1089 | 92 Cr. |
| | Directors Perquisites | | 9 | 0 | 49 | |
| 9 | **Directors Sitting Fee** | | 3 | 0 | 3 | 0.5 Cr |
| | | | | | | |
| 11 | **Corporate Social Responsibilities** | | | | | |
| | Mirza Foundation | Enterprise over which Key Management Personnel are able to exercise significant Influence | 170 | - | 84 | - |
| | Mirza Charitable Hospital Limited | Enterprise over which Key Management Personnel are able to exercise significant Influence | 1 | - | 94 | - |
| | Kilkari Charitable Trust | Enterprise over which Key Management Personnel are able to exercise significant Influence | 0 | - | 10 | - |
| 12 | Export Commission | | | | | |
| | RTS Fashion FZE, Dubai | Enterprise over which Key Management Personnel are able to exercise significant Influence | 411 | 0 | 167 | 167 Cr. |

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

**RELATED PARTY DISCLOSURE**

Related Party Disclosures, as required by IND-AS24, are given below:

Relationships :

| | |
|---|---|
| i) Subsidiaries : | Mirza (HK) Limited, Mirza Bangla Limited, Sen En Mirza Industrial Supply Chain LLP |
| ii) Key Management Personnel & Relatives: | Mr. Rashid Ahmed Mirza (Chairman and Managing Director), Mr. Shahid Ahmad Mirza, Mr.Tauseef Ahmad Mirza, Mr. Tasneef Ahmad Mirza, Mr. Narendra Prasad Upadhyaya, Mr. Shuja Mirza (Whole-time Directors), Mr. Faraz Mirza, (President-Production), Ms. Priyanka Pahuja (Company Secretary), Mr. V.T. Cherian (C.F.O.) |
| iii) Related Companies: | Shoemax Engineering Ltd., Shoemac Leather Tech Engineers Ltd., Mirza Charitable Hospital Ltd., Tilbrook Enterprises Ltd., Mirza (UK) Ltd., Euro Footwear Pvt. Ltd., EmGee Projects Pvt. Ltd., Genesisriverview Resorts Pvt. Ltd., Genesis Infra Projects Pvt. Ltd., Granule Infra India Pvt. Ltd., RTS Fashions Pvt. Ltd., Aarem Heights Pvt. Ltd., MIrza Investment Pvt. Ltd.,Silver Spark Pvt. Ltd., Kasi 1981 Alumni Foundation, RTS Fashion FZE-UAE, Bertelsman Corporate services India Pvt Ltd., Penguin Random House Publisers India Pvt. Ltd, Nuvanta Infradevelopers Pvt. Ltd., Merchant Chamber of Uttar Pradesh |
| iv) Related Parties/Firms: | Achee Shoes LLP, Red Tape International LLP, Mirza Holdings LLP, Mughal Express LLP, F&R Farms LLP, Mirza Projects, Gempack Enterprises, Mars International, Waves International, Mirza Foundation, Kilkari Charitable Trust, Ms. Sabiha Hussain, Ms. Hiba Mirza, Mr. Mustafa Mirza, Mr. Irshad Mirza |

## Note 31 Following payments to Directors are included in various heads of expenditure :

(₹ in Lakh)

| Particulars | 2021 | 2020 |
|---|---|---|
| Salary | 787 | 1089 |
| Perquisites | 9 | 49 |
| Sitting Fees | 3 | 3 |
| Guarantee Commission | 225 | 600 |
| **Total** | **1024** | **1741** |

## Note 31A FORWARD CONTRACTS

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

Forward contracts EURO INR 9.17 lakhs (20.00 lakhs) Sell Hedging

Forward contracts GBP INR 56.05 lakhs (145.00 lakhs) Sell Hedging

Forward contracts USD INR 75.70 lakhs (168.60 lakhs) Sell Hedging

Forward contracts USD INR 188.07 lakhs (75.29 lakhs) Purchase Hedging

## Note 32 Figures of previous year have been regrouped/rearranged wherever necessary to make them comparable with the figures of current year.

## Note 33 LEASES

### Right-of-use assets and Lease Liability:

Information about leases for which the company is a lessee is presented below:

### Right-of-use assets (ROU Assets)

| | (₹ in Lakh) |
|---|---|
| **Balance as on April 1, 2020** | **15707** |
| Addition for the new leases* | **521** |
| Depreciation charge for the year | **(2470)** |
| Deletions for terminated leases | **-** |
| **Balance as on March 31, 2021** | **13758** |

*included initial direct cost.

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

The aggregate depreciation expense on ROU assets amounting to INR 2470 Lakhs is included under depreciation and amortization expense in the Statement of Profit and Loss.

The following is the movement in the lease liabilities during the year ended March 31, 2021:

| Lease Liability | 31/03/2021 |
|---|---|
| **Balance as on April 1, 2020** | **16519** |
| Addition for New leases | 522 |
| Accreditation of Interest | 974 |
| Payment of Lease Liability | (2111) |
| Deletions for Terminated Leases | - |
| **Balance as on March 31, 2021** | **15904** |

As at Balance Sheet date, the Company is not exposed to future cash flows for extension / termination options, residual value guarantees, and leases not commenced to which lessee is committed.

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 on an undiscounted basis:

| Maturity analysis – contractual undiscounted cash flows | 31/03/2021 |
|---|---|
| Less than one year | 2445 |
| After one year but not longer than five years | 9810 |
| More than five years | 7310 |
| **Total** | **19565** |

### Lease liabilities included in the statement of financial position at March 31, 2021

| | 31/03/2021 |
|---|---|
| Current | 2445 |
| Non-Current | 13459 |
| **Total** | **15904** |

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

## Note 34 Ind AS 107, Financial risk management objective and policies

The Company's principal financial instruments are as follows:

Financial assets: Investments, Cash and bank balance, Loans, Trade and other receivables, Financial liabilities: Borrowings, Trade and other payables.

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

| Risk | Exposure arising from | Measurement | Management |
|---|---|---|---|
| Credit Risk | Investment, Cash and Cash equivalents | Aging analysis | Bankdeposits, diversification of asset base |
| Liquidity Risk | Borrowing and other Liabilities | Cash flow forecast | Availability of borrowing facilities |

The Company's risk management is carried out by a central treasury department (of the Company) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk and credit risk.

### (i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

Foreign currency exchange rate risk Company uses forward exchange contracts to hedge its foreign exchange risk of anticipated sales or purchase transactions in the normal course of business, which occur within the next twelve months, for which it has a firm commitment from a customer or to a supplier.

The terms of these contracts are consistent with the timing of the transactions being hedged. The hedges related to forecasted transactions are designated and documented at the inception of t he hedge as cash flow hedges.

The following table sets forth information relating to foreign currency exposure as at March 31, 2021:

(₹ in Lakh)

| | USD | EUR | GBP | Others |
|---|---|---|---|---|
| Net financial assets | **76** | **9** | **56** | **-** |
| Net financial liabilities | **188** | **-** | **-** | **-** |

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

## (ii) Interest rate risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. Further Company's has no major investments in any interest-bearing instrument. Hence, the Company is not significantly exposed to interest rate risk.

## (iii) Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents and financial assets measured at amortized cost. The Company continuously monitors default of other counter parties and incorporates this information into its credit risk controls.

### a) Credit risk management

The Company assesses and manages credit risk of financial assets based on the following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A. Low Credit Risk

B. Moderate Credit Risk

C. High Credit Risk

| Asset Group | Basis of Categorization | Provision for expected credit loss |
|---|---|---|
| Low Credit Risk | Cash and cash equivalents, investments and other financial assets | 12 month expected credit loss |
| Moderate Credit Risk | NA | Lifetime expected credit loss |
| High Credit Risk | NA | Lifetime expected credit loss or fully provided for |

Cash and cash equivalents and bank deposits:

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country:

Assets under Low credit risk

(₹ in Lakh)

| Credit rating | Particulars | 31-03-2021 | 31-03-2020 |
|---|---|---|---|
| Low Credit Risk | Cash and cash equivalents investments and other financial assets | 13350 | 20013 |

### b) Credit exposure

Provisions for expected credit losses:

The Company provides for 12 month expected credit losses for following financial assets:

As at March 31, 2021

(₹ in Lakh)

| Particulars | Estimated gross carrying amount | Expected credit loss | Expected credit losses | Carrying amount net of impairment provision |
|---|---|---|---|---|
| Trade Receivable | 7967 | | | 7967 |
| Cash and cash equivalents | 1005 | | | 1005 |
| Other financial assets | 4378 | | | 4378 |

As at March 31, 2020

(₹ in Lakh)

| Particulars | Estimated gross carrying amount | Expected credit loss | Expected credit losses | Carrying amount net of impairment provision |
|---|---|---|---|---|
| Trade Receivable | 14051 | | | 14051 |
| Cash and cash equivalents | 1532 | | | 1532 |
| Other financial assets | 4430 | | | 4430 |

## (iv) Other financial assets

Loans and receivable from related parties are periodically reviewed by the management in conjunction with the re-measured fair values of the Company's investments in those parties. Where the carrying amount of any receivable exceeds the re-measured fair value of investment, an impairment loss, to that extent, is provided for in the financial statements.

Cash and bank balances are managed by the Company's treasury department. Concentration risk is constantly monitored to mitigate financial loss.

The Company's maximum exposure to credit risk for the components of the financial assets as at, March 31, 2021 and April 1, 2020 is to the extent of their respective carrying amounts as disclosed in respective notes.

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

(v) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements, both immediate and long-term. The finance needs are monitored and managed by the Company's treasury department, in consultation with the project teams and management. The Company takes support from its secured lenders to finance and support the Company's operations.

## Note: 35 Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. Based on the information and records available with the management, there are no outstanding dues to the Micro, Small and Medium Enterprises development Act, 2006.

| Particulars | As at March 31, 2021 | As at 31 March 2020 |
|---|---|---|
| The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year | Nil | Nil |
| The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | Nil | Nil |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006. | Nil | Nil |
| The amount of interest accrued and remaining unpaid at the end of each accounting year; and | Nil | Nil |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006 | Nil | Nil |

## Note: 36 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

- Maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

The Company manages its capital structure and make adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amounts of dividends paid to shareholders, return capital to shareholders.

(₹ in Lakh)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Net Debt* | 12950 | 27254 |
| Total Equity | 63718 | 62785 |

*Net debt = Long Term Borrowings + Short Term borrowings - Cash & cash equivalents

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

## Note: 37 FINANCIAL INSTRUMENTS - FAIR VALUES AND ACCOUNTING CLASSIFICATIONS

Set out below, are the fair values of the financial instruments of the Company, including their accounting classifications:

(₹ in Lakh)

| Particulars | Note No. | March 31, 2021 | | | March 31, 2020 | | |
|---|---|---|---|---|---|---|---|
| | | Amortised Cost | FVTOCI | FVTPL | Amortised Cost | FVTOCI | FVTPL |
| **Financial assets** | | | | | | | |
| Investments | 2 | | 292 | | | 151 | |
| Security deposits | 3 | 1,272 | | | 1,292 | | |
| Trade receivables | 5 | 7,967 | | | 14,051 | | |
| Cash and cash equivalent | 6 | 1,005 | | | 1,532 | | |
| Incentive Receivable (Export) | 7 | 1,317 | | | 1,230 | | |
| Duty Drawback Receivable | 7 | 412 | | | 317 | | |
| Focus Product License | 7 | 102 | | | 1,077 | | |
| Advances to Employees | 7 | 101 | | | 142 | | |
| Advance to Other | 7 | 129 | | | 129 | | |
| Interest Receivable | 7 | 9 | | | 15 | | |
| Others | 7 | 19 | | | 77 | | |
| ECGC Claim Receivable | 7 | 725 | | | - | | |
| **Total** | | **13,058** | **292** | **-** | **19,862** | **151** | **-** |
| | | | | | | | |
| **Financial liabilities** | | | | | | | |
| Term loan from bank | 10,16 | 2,266 | | | 3,572 | | |
| Provision- Gratuity | 11,17 | 1,380 | | | 1,484 | | |
| Security deposits - for franchise | 13 | 6,003 | | | 2,163 | | |
| Lease Rent Liabilities (net) | 13,16 | 15,904 | | | 16,519 | | |
| Working Capital Loan from banks | 14 | 11,689 | | | 25,214 | | |
| Trade Payable | 15 | 10,891 | | | 9,542 | | |
| Unpaid Dividends | 16 | 79 | | | 76 | | |
| Commission Payable on Inland Sales | 16 | 1,347 | | | 199 | | |
| Outstanding Liabilities | 16 | 428 | | | 973 | | |
| Salary Payable | 16 | 385 | | | 394 | | |
| Bonus Payable | 16 | 534 | | | 495 | | |
| Audit Fees Payable | 16 | 15 | | | 15 | | |
| Unpaid Commission on Export Sales | 16 | 254 | | | 364 | | |
| Duties & Taxes (TDS payable) | 16 | 184 | | | 200 | | |
| Forward Contract due to bank | 16 | 81 | | | 23 | | |
| **Total** | | **51,440** | **-** | **-** | **61,233** | **-** | **-** |

### Financial instruments- Fair value hierarchy

The Company categorizes financial assets and financial liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

i) Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

ii) Level 2 - Inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the financial asset or financial liability.

iii) Level 3 - Inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

The following table provides the fair value measurement hierarchy of the financial assets and financial liabilities of the Company:

**Quantitative disclosures fair value measurement hierarchy for assets/liabilities as at period end:**

(₹ in Lakh)

| | | 31-Mar-21 | | | | 31-Mar-20 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Level of Input used in | | | | Level of Input used in | | |
| | | Carrying Amount | Level I | Level II | Level III | Carrying Amount | Level I | Level II | Level III |
| A | **Financial Assets** | | | | | | | | |
| a) | **Measured at amortised cost** | | | | | | | | |
| | Security deposits | 1,272 | 1272 | | | 1,292 | 1,292 | | |
| | Trade receivables | 7,967 | 7967 | | | 14,051 | 14,051 | | |
| | Cash and cash equivalent | 1,005 | 1005 | | | 1,532 | 1,532 | | |
| | Incentive Receivable (Export) | 1,317 | 1317 | | | 1,230 | 1,230 | | |
| | Duty Drawback Receivable | 412 | 412 | | | 317 | 317 | | |
| | Focus Product License | 102 | 102 | | | 1,077 | 1,077 | | |
| | Advances to Employees | 101 | 101 | | | 142 | 142 | | |
| | Advance to Other | 129 | 129 | | | 129 | 129 | | |
| | Interest Receivable | 9 | 9 | | | 15 | 15 | | |
| | Others | 19 | 19 | | | 77 | 77 | | |
| | ECGC Claim Receivable | 725 | 725 | | | - | - | | |
| | **Sub Total** | **13,058** | **13,058** | **-** | **-** | **19,862** | **19,862** | **-** | **-** |
| b) | **Measured at Fair value through OCI** | | | | | | | | |
| | Investment | 292 | | 292 | | 151 | | 151 | |
| | **Sub Total** | **292** | **-** | **292** | **-** | **151** | **-** | **151** | **-** |
| c) | **Measured at Fair value through profit or loss** | | | | | | | | |
| | **Total** | **13,350** | **13,058** | **292** | **-** | **20,013** | **19,862** | **151** | **-** |
| B | **Financial Liabilities** | | | | | | | | |
| a) | **Measured at amortised cost** | | | | | | | | |
| | Term loan from bank | 2,266 | 2266 | | | 3,572 | 3572 | | |
| | Provision- Gratuity | 1,380 | 1,380 | | | 1,484 | 1,484 | | |
| | Security deposits - for franchise | 6,003 | 6,003 | | | 2,163 | 2,163 | | |
| | Lease Rent Liabilities (net) | 15,904 | 15,904 | | | 16,519 | 16,519 | | |
| | Working Capital Loan from banks | 11,689 | 11,689 | | | 25,214 | 25,214 | | |
| | Trade Payable | 10,891 | 10,891 | | | 9,542 | 9,542 | | |
| | Unpaid Dividends | 79 | 79 | | | 76 | 76 | | |
| | Commission Payable on Inland Sales | 1,347 | 1,347 | | | 199 | 199 | | |
| | Outstanding Liabilities | 428 | 428 | | | 973 | 973 | | |
| | Salary Payable | 385 | 385 | | | 394 | 394 | | |
| | Bonus Payable | 534 | 534 | | | 495 | 495 | | |
| | Audit Fees Payable | 15 | 15 | | | 15 | 15 | | |
| | Unpaid Commission on Export Sales | 254 | 254 | | | 364 | 364 | | |
| | Duties & Taxes (TDS payable) | 184 | 184 | | | 200 | 200 | | |
| | Forward Contract due to bank | 81 | 81 | | | 23 | 23 | | |
| | **Total** | **51,440** | **51,440** | **-** | **-** | **61,233** | **61,233** | **-** | **-** |

**Notes:**

i) Fair valuation of current financial liabilities is considered as approximate to respective carrying amount due to the short-term maturities of these instruments.

ii) Fair value of non-current financial assets has not been disclosed as these are bank deposits with maturity more than 12 months, and there are no significant differences between their carrying value and fair value.

iii) Trade receivables, cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets, trade payables and other financial liabilities have fair values that approximate to their carrying amounts due to their short-term nature.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2021 and March 31, 2020.

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

## Note: 38 IMPACT OF GLOBAL HEALTH PANDEMIC COVID-19

The Company has assessed the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of Receivables, Inventories, Investments and other assets / liabilities. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these standalone financial statements has used internal and external sources of information. As on current date, the Company has concluded that the impact of COVID – 19 is not material based on these estimates. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties in future periods, if any.

## Note: 39 FRAUD

The Company identified Seven instances of Fraud at Six different Retail Stores of the Company located at Uttar Pradesh, Orissa, Kerala, Madhya Pradesh, Karnataka and Delhi. The employees of the respective stores were involved in the fraud against the company. The total amount of fraud amounted to ₹ 79,28,645/- out of which ₹ 8,91,403/- has been recovered from the employees and ₹ 48,75,563/- is written off in the books of accounts being irrecoverable. Whereas ₹ 21,61,679/- is still lying as recoverable from the employees as management is optimistic of recoverability of the same.

The aforesaid matter has been taken up before the appropriate authorities and requisite legal action has been initiated against the employees. The company has plugged the corresponding control weaknesses on account of which the fraud was perpetrated in the system by incorporating necessary changes in the e-platform. The company has during the year implemented authorisations at various levels through suitable internal controls as part of the rectification process.

## Note 40 COMPANY OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

### 1) 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 and allied products.

### 2) 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 & other relevant provisions of the Act.

### 3) 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. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rule 2015 and relevant amendments rules issued thereafter.

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 ordinarily 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.

### 4) 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.

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

## 5) PROPERTY PLANT AND EQUIPMENT:

1. 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 if Capitalization criteria are met, 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 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).

   The useful lives, residual values and method of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively.

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.

## 6) DEPRECIATION & AMORTIZATION

1) Depreciation on Building, Plant and machinery, Furniture & fixtures, Vehicles and Computers is provided as per the Straight-Line Method (SLM), over the estimated useful lives of assets.

2) Lease hold land are amortized over the useful life remaining from the date, it put to use. The useful life of leasehold land is lease term remaining unexpired.

3) The Company depreciates its property, plant and equipment (PPE) over the useful life in the manner prescribed in Schedule II to the Act. Management believes that useful life of assets are same as those prescribed in Schedule II to the Act.

4) The residual values are not more than 5% of the original cost of the asset. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

5) Depreciation on additions / deletions is calculated pro-rata from the month of such addition / deletion, as the case maybe.

6) Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

## 7) CASH AND CASH EQUIVALENTS

Cash and short-term deposits in the balance sheet comprise cash at banks and cash in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Cash and cash equivalents include bank overdrafts are form an integral part of Company's cash management."

## 8) 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.

## 9) LEASES:

The Company's lease assets largely contain leases for buildings/showrooms taken for warehouses and retail stores. At inception of a contract, the Company assesses whether a contract contains a lease. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, then the contract is considered as lease. Following factors are considered to determine whether a contract conveys the right to control the use of an identified asset:

(i) The contract encompasses the use of an identified asset.

(ii) The Company has extensively all of the economic benefits from use of the asset during the period of the lease; and

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

(iii) The Company is in position to direct the use of the asset.

On the beginning of the lease, except for leases with a term of twelve months or less and low value leases, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease provisions in which it is a lessee.

For leases with a term of twelve months or less and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Where the lease provisions include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities adjusted only when it is reasonably certain that they will be exercised.

The ROU assets are initially accounted for at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. Subsequently they are measured at cost less accumulated depreciation and impairment losses, if any.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying ROU asset. Whenever events or changes in circumstances designate that their carrying amounts may not be recoverable ROU assets are evaluated for recoverability.

The lease liabilities at the commencement are measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are re-measured with a consistent change to the related ROU asset if the Company changes its appraisal about exercise of option for extension or termination.

Lease liabilities and ROU assets have been presented separately in the Balance Sheet and lease payments have been classified as financing cash flows.

## 10) FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial assets

### Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

#### A) Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

All financial liabilities are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the issue of financial liabilities, that are not at fair value through profit or loss are added to the fair value on initial recognition. After initial measurement, such financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss.

#### B) Debt instruments at fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

C) **Debt instruments at fair value through profit or loss (FVTPL)**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**Equity investments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS103 (Business Combinations) applies are classified as at FVTPL. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

The rights to receive cash flows from the asset have expired, or

The respective company has transferred their rights to receive cash flows from the asset or have assumed the obligation to pay the received cash flows in full without material delay to a third party under a 'pass- through' arrangement ₹ And

**Either the Company:**

(a) has transferred substantially all the risks and rewards of the asset, or

(b) has neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the continuing involvement of Company. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

**Impairment of financial assets**

The Company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

**Income recognition Interest income**

Interest income from debt instruments is recognized using the effective interest rate method.

**Dividends**

Dividends are recognized in the Statement of Profit and Loss only when the right to receive payment is established.

**Interest Income**

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

## 11) INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Investments in subsidiaries, joint ventures and associates are recognized at cost as per Ind AS 27. Except where investments accounted for at cost shall be accounted for in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, when they are classified as held for sale.

## 12) 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.

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

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.

## 13) FOREIGN CURRENCY TRANSACTIONS

### (i) Functional and presentation currency

The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

### ii) Financial Instruments

Derivative financial instruments such as forward contracts, option contracts and cross currency swaps, to hedge its foreign currency risks are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognized in the Statement of Profit and Loss in the period when they arise

### (iii) Transactions and balances

Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realized gains and losses on settlement of foreign currency transactions are recognized in the Statement of Profit and Loss.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognized in the Statement of Profit and Loss.

## 14) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

## 15) 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.

## 16) REVENUE RECOGNITION:

Ind AS 115 on "Revenue from contracts with Customers" notified by the Ministry of Corporate Affairs (MCA) is effective from accounting periods beginning on or after April 1, 2018 i.e., from the current financial year. In terms of Ind AS 115 revenue needs to be now recognized by entities on "transfer of control over goods/services" instead of the earlier recognition criteria of "transfer of risk and rewards" as per Ind AS 18/ Ind AS 11.

The Company has applied Ind AS 115, which helps in recognizing the Revenue from Operations. The company derives revenues primarily from sale of manufactured goods, traded goods and related services.

Ind AS 115 five step model is used to determine whether revenue should be recognized at a point in time or over the period of time and at what amount, the five steps are as follows:

Step 1: Identify the Contract with the Customer.

Step 2: Identify the Performance obligation in the contract.

Step 3: Determine the Transaction price.

Step 4: Allocate the Transaction price to the Performance obligation.

Step 5: Recognize revenue when the entity satisfies performance obligation.

Revenue from Sale of Goods and Export Incentives- Revenue is recognized upon transfer of control of promised products or services to customers 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. Export Incentives under various schemes are accounted in the year of export.

Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts, price

Concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Revenue from related party is recognized based on transaction price which is at arm's length.

The Company operates a loyalty program for the customers for the sale of non-discounted goods only. The customers accumulate points for purchases made of fresh articles only, which entitles them to discount on future purchases.

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

A contract liability for the award points is recognized at the time of the sale. Revenue is recognized when the points are redeemed or on expiry. The expenditure of loyalty program is netted-off to revenue.

Interest Income is recognized on time proportion basis taking into account the amount outstanding and the applicable interest rates and is disclosed in "other income"

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

**Other operating revenue - Export incentives**

## 17 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 nonpayment of the same is reflected in the Notes to the Accounts.

## 18) EMPLOYEE BENEFITS

**(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

**(ii) Leave Encashment**

The liabilities for earned leave and sick leave are settled as when accrued within the financial year.

**(iii) Post-employment obligations**

The Company operates the following post-employment schemes:

(a) Defined benefit plans such as gratuity and pension; and

(b) Defined contribution plans such as provident fund etc.

**Pension and gratuity obligations**

The liability or asset recognized in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Re measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

**Defined Contribution Plans**

Defined Contribution Plans such as Provident Fund etc., are charged to the Statement of Profit and Loss as incurred and deposited with the Government Provident Fund Scheme.

**Termination benefits**

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the Company recognizes costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

## 19) TAXES ON INCOME

Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statement. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses, only if, it

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are off set where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in the Statement of Profit and Loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively

Minimum Alternate Tax credit is recognized as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period

## 20) INTANGIBLE ASSETS

Intangible assets acquired separately are measured in initial recognition at cost. Following initial recognition, intangibles, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with finite life are reviewed at least at the end of each reporting period.

**Subsequent measurement (amortization)**

The cost of capitalized software is amortized over a period of 5 years from the date of its acquisition.

The cost of usage rights is being amortized over the concession period in the proportion in which the actual revenue received during the accounting year bears to the projected revenue from such intangible assets till the end of concession period.

## 21) 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.

## 22) 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 is neither recognized nor disclosed in the financial statements

## 23) EVENTS AFTER THE REPORTING PERIOD

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

## 24) 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.

# NOTES AND SIGNIFICANT ACCOUNTING POLICY

The reserve to these Grants is diminished every year by a prorate portion of the depreciation of the assets, to amortize the grant overdue life of the assets. Where the Grants carry conditions of specific performance, the contingent aspect is disclosed in due notes to the accounts.

## 25) IMPAIRMENT OF TANGIBLE & INTANGIBLE ASSETS

### (i) Financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a Company of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

### (ii) Non-financial assets

The company assess at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre -tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Profit or Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as an increase in revaluation.

## 26) 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 up to the realization of receivables within the agreed credit period normally applicable to the respective lines of business.

## 27) ECGC Policy

As per the accounting policy of ECGC, only 90% of the claim amount is claimable from ECGC and for balance 10% of claim amount company has to made necessary provision.

For **DRA & Co**
Chartered Accountants
FRN: 006476N

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

Place : New Delhi
Date : July 27, 2021

**Rashid Ahmed Mirza**
Chairman and Managing Director

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

**Tauseef Ahmad Mirza**
Whole Time Director

**Priyanka Pahuja**
Company Secretary

# INDEPENDENT AUDITOR'S REPORT

To
The Members of Mirza International Limited
**Report on the Audit of the Consolidated Financial Statements**

## Opinion

We have audited the accompanying consolidated financial statements of Mirza International Limited ( hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and notes to the consolidated financial statements, including summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditor on separate financial statements of such subsidiaries as were audited by the other auditor, the aforesaid Consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2021, the consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

## Basis for opinion

We conducted our audit of the Consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the ethical requirements that are relevant to our audit of the Consolidated financial statements in terms of Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other Ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditor referred in the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Key Audit Matter | How the key audit matter was addressed in the audit |
|---|---|
| 1. Net Realisable Value of Inventories of Finished Goods<br>Refer Note No.- 41(12) and Note No.-5 of Consolidated financial statements<br>Inventory is carried in the Financial Statements at the lower of cost and net realisable value. The major portion of the Company's inventory consist of finished goods which are lying at multiple locations such as retail stores, depots and factories. Finished goods are counted on a recurring basis and determination of NRV is made based on various estimates as at end of the reporting period.<br>Since the company is dealing in footwear, apparel and accessories, sales in the fashion industry can be extremely volatile with consumer demand changing significantly based on current trend.<br>As a result, the carrying value of inventory may exceed in net realisable value. | We have designed the procedure to challenge the adequacy and effectiveness of the Company's determination of Net Realisable Value of finished goods, our procedures included:<br>• Testing classification: Testing on a sample basis that items on the stock ageing listing were classified in the appropriate ageing bracket by reference to season;<br>• Historical trends of the company & market: evaluated the current year provision by assessing historical trends. We examined the Company's historical trading patterns of inventory sold at full price and inventory sold below full price due to discount and season offers through alternative clearance routes, together with the related margins achieved for each channel. We used the information on trading patterns to assess whether the provisions held have historically been set at an appropriate level; and<br>• Our understanding on the Company Business: based on our knowledge of the Company and the market, the appropriateness of the provision percentages applied by challenging the assumptions made by the Company on the extent to which older season's inventory can be sold through various channels. |

## Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon. These reports are expected to be made available to us after the date of this audit report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to communicate the matter to those charged with governance.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.

The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group and of its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls based on our audit.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and Board of Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Matters

We did not audit the financial statements / financial information of 3 subsidiaries Mirza (HK) Limited, Mirza Bangla Limited and Sen En Mirza Industrial Supply Chain LLP included in the consolidated financial results, whose financial statements / financial information for the year ended on that date reflect the following:

| Description | Mirza Bangla Ltd. (In ₹) | Mirza (HK) Ltd (In ₹) | Sen En Mirza Industrial Supply Chain LLP |
|---|---|---|---|
| Total Assets | 1,86,84,511.00 | 5,35,476.55 | 1,75,18,137.00 |
| Total Revenue | 2,48,53,227.00 | NIL | 1,69,72,994.00 |
| Net Profit / (Loss) after Tax | 98,53,865.00 | (2,47,050.63) | 9,13,896.00 |
| Comprehensive Income / (Loss) | 25097.00 | 11,529.00 | NIL |

We also did not audit the financial statements / information 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 ₹ 1109.02 lakh as at 31st March, 2021 and total revenues of ₹ 23.25 lakh for the year ended on that date, as considered in the financial statements / information of these units have been audited by the branch auditors, M/s Batra Sapra & Company, whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors.

These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.

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 / financial information certified by the Management.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditor on separate financial statements of such subsidiaries which were audited by other auditor, as noted in the 'Other Matters' paragraph, 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 two units (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), the consolidated statement of changes in equity and the Consolidated Cash Flow Statement 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 financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

   (f) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on 31st March, 2021 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

2. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in it's consolidated financial statements. Refer Note No-28.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There is no any delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

3. With respect to other matter to be included in the auditor's report in accordance with the requirements of the section 197 (16) of the Act, as amended:

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act. The remuneration paid to director by the Holding company and its Subsidiary companies is not in excess of the limit prescribed under section 197 of the Act.

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

**Himanshu Singh**
Partner
M.No. 418577
UDIN: 21418577AAAABG2070

Place: New Delhi
Date: 27th July, 2021

# ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

**(Referred to in paragraph 2(g) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Mirza International Limited of even date)**

**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 financial statements of the company as of and for the year ended 31st March, 2021, we have audited the internal financial controls over financial reporting of MIRZA INTERNATIONAL LIMITED (hereinafter referred to as "the Company") and its subsidiary companies as of 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. 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 respective 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.

## Auditor's Responsibility

Our responsibility is to express an opinion on the 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. 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 internal financial controls system over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India.

## Meaning of Internal Financial Controls Over Financial Reporting

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

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls over Financial Reporting

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

## Opinion

In our opinion, 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, 2021, 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

**Himanshu Singh**
Partner
M.No. 418577
UDIN: 21418577AAAABG2070

Place: New Delhi
Date: 27th July 2021

# CONSOLIDATED BALANCE SHEET

(₹ in Lakh)

| Particulars | Note No. | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 2 | 42696 | 42810 |
| Capital work-in-progress | 2A | 1123 | 1065 |
| Right of Use Assets | 2B | 13759 | 15707 |
| Financial Assets | | | |
| Investments | 3 | 194 | 110 |
| Other Financial Assets | 4 | 1274 | 1294 |
| Other Non Current assets | 4.1 | 28 | 189 |
| **Total Non-Current assets** | | **59074** | **61175** |
| **Current assets** | | | |
| Inventories | 5 | 42627 | 41324 |
| Financial Assets | | | |
| Trade receivables | 6 | 7967 | 14051 |
| Cash and cash equivalents | 7 | 1208 | 1557 |
| Other financial current assets | 8 | 2832 | 3039 |
| Other current assets | 9 | 3336 | 4875 |
| **Total Current assets** | | **57970** | **64846** |
| **Total Assets** | | **117044** | **126021** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity Share capital | 10A | 2406 | 2406 |
| Other Equity | 10B | **61414** | **60386** |
| Non-Controlling Interest | | **10** | |
| **Total Equity** | | **63830** | **62792** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| **Financial Liabilities** | | | |
| Borrowings | 11 | 439 | 1800 |
| Provisions | 12 | 1333 | 1393 |
| Deferred tax liabilities (Net) | 13 | **1463** | 1765 |
| Other non-current Liabilities | 14 | 19373 | 16012 |
| **Total Non-current liabilities** | | **22608** | **20970** |
| **Current liabilities** | | | |
| Financial Liabilities | | | |
| Borrowings | 15 | 11689 | 25214 |
| Trade payables | 16 | | |
| (i) MSME | | 283 | 431 |
| (ii) Trade payable other than MSME | | 10694 | 9112 |
| Other financial current liabilities | 17 | 7760 | 7206 |
| Non financial current liabilities | 17.1 | 133 | 205 |
| Provisions | 18 | 47 | 91 |
| **Total current liabilities** | | **30606** | **42259** |
| **Total Liabilities** | | **53214** | **63229** |
| **Total Equity and Liabilities** | | **117044** | **126021** |
| See accompanying Notes to the Financial Statements | 1-40 | | |
| Significant Accounting Policies | 41 | | |

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

**Rashid Ahmed Mirza**
Chairman and Managing Director

**Tauseef Ahmad Mirza**
Whole Time Director

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

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

**Priyanka Pahuja**
Company Secretary

Place : New Delhi
Date : July 27, 2021

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in Lakh)

| Particulars | Note No. | Year ended March 31, 2021 | Year ended March 31 2020 |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from operations | 19 | 104893 | 126120 |
| Other income | 20 | 120 | 167 |
| **Total Income** | | **105013** | **126287** |
| **EXPENSES** | | | |
| Cost of materials consumed | 21 | 18080 | 31756 |
| Purchases of Stock-in-Trade | | 44053 | 37579 |
| Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade | 22 | (3265) | 994 |
| Employee benefits expense | 23 | 8940 | 10780 |
| Finance costs | 24 | 4101 | 4558 |
| Depreciation and Amortization expense | 25 | 6654 | 6344 |
| Other expenses | 26 | 25257 | 27832 |
| **Total Expenses** | | **103820** | **119843** |
| **Profit before tax Including Non- Controlling Interest** | | **1193** | **6444** |
| **Net Income Allocable to Non-Controlling Interest** | | **4** | |
| **Profit Before tax after Non-Controlling Interest** | | **1189** | **6444** |
| **Tax Expense** | | | |
| Current tax | | 657 | 1827 |
| Deferred tax | | -302 | -154 |
| **Profit for the Year** | | **834** | **4771** |
| **Other comprehensive Income:** | | | |
| **i. Items that will not be reclassified to Statement of Profit and Loss** | 20 (i) | 226 | 21 |
| Income tax relating to items that will not be reclassified to Profit and Loss | | (59) | (5) |
| **ii. Items that will be reclassified to Statement of Profit and Loss** | 20(ii) | (75) | (23) |
| Income Tax on above | | 20 | 6 |
| Other Comprehensive Income for the year | | **112** | **(1)** |
| **Total comprehensive income for the year** | | **946** | **4770** |
| **Earning per equity share of face value of ₹ 2 each** | | | |
| **Basic (in ₹)** | | **0.69** | **3.97** |
| **Diluted (in ₹)** | | **0.69** | **3.97** |
| See accompanying Notes to the Financial Statements | 1-40 | | |
| Significant Accounting Policies | 41 | | |

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

**Rashid Ahmed Mirza**
Chairman and Managing Director

**Tauseef Ahmad Mirza**
Whole Time Director

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

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

**Priyanka Pahuja**
Company Secretary

Place : New Delhi
Date : July 27, 2021

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## (A) Equity Share Capital

(₹ in Lakh)

| | | |
|---|---|---|
| **As at March 31, 2019** | | **2406** |
| Changes in equity share capital | 9A | - |
| **As at March 31, 2020** | | **2406** |
| Changes in equity share capital | 9A | - |
| **As at March 31, 2021** | | **2406** |

## (B) Other Equity

(₹ in Lakh)

| Other Equity | Reserves & surplus | | | Other Comprehensive Income | | Total equity |
|---|---|---|---|---|---|---|
| | General Reserve | Securities Premium | Retained Earnings | IDLS Subsidy Reserve (Note 2) | Hedging Reserves (Note 3) | |
| **Balance as at March 31, 2019** | **11253** | **5** | **46948** | **226** | **327** | **58759** |
| Add : Profit for the year 2019-20 | | | 4771 | | | **4771** |
| Add : Other Comprehensive Income (net of tax) | | | 16 | | | **16** |
| Less : Change in Fair Value of Hedging instruments net of taxes | | | | | (344) | **(344)** |
| Less : Income Tax Adjustment (Net) | | | (175) | | | **(175)** |
| Less : Distribution of Shareholders | | | (2166) | | | **(2166)** |
| Less : Dividend Tax | | | (445) | | | **(445)** |
| Less : Transferred from Profit & Loss Account | 500 | | (500) | (30) | | **(30)** |
| **Balance as at March 31, 2020** | **11753** | **5** | **48449** | **196** | **(17)** | **60386** |
| Add : Profit for the year 2020-21 | | | 834 | | | **834** |
| Add : Other Comprehensive Income (net of tax) | (6) | | 167 | | | **161** |
| Add:- Capital Revalution Reserve | | | | | | |
| Add : Change in Fair Value of Hedging instruments net of taxes | | | | | (38) | **(38)** |
| Add : Income Tax Adjustment (Net) | | | 88 | | | **88** |
| Less : Transferred from Profit & Loss Account | 6 | | | (23) | | **(17)** |
| **Balance as at March 31, 2021** | **11753** | **5** | **49538** | **173** | **(55)** | **61414** |

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

This is the Consolidate Statement of Change in Equity referred to in our report of even date attached.

For **DRA & Co**
Chartered Accountants
FRN: 006476N

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

Place : New Delhi
Date : July 27, 2021

**Rashid Ahmed Mirza**
Chairman and Managing Director

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

**Tauseef Ahmad Mirza**
Whole Time Director

**Priyanka Pahuja**
Company Secretary

# CONSOLIDATED STATEMENT OF CASH FLOWS

(₹ in Lakh)

| | Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|---|
| **(A)** | **CASH FROM OPERATING ACTIVITIES** | | |
| | Net profit before tax | 1193 | 6444 |
| | Adjustments for | | |
| | Add : | | |
| | (Profit)/Loss on sale of Property, Plant & Equipment | 81 | 4 |
| | Depreciation & amotisation for the year | 6654 | 6344 |
| | Finance cost | 4101 | 4558 |
| | | **10836** | **10906** |
| | Less : | | |
| | Interest Income | 80 | 113 |
| | Income from Govt. Grant | 23 | 30 |
| | **Operating Profit before Working Capital Changes** | **11926** | **17207** |
| | | | |
| | **Adjustments For** | | |
| | Trade & other Receivables | 6084 | 1517 |
| | Inventory | (1304) | 2036 |
| | Trade Payables | 1756 | 2426 |
| | Others | 5372 | 1555 |
| | Cash Generated from Operations | **23834** | **24741** |
| | Direct Taxes Paid | (50) | (1951) |
| | Cash flow before extra ordinary items | 23784 | 22790 |
| | Net Cash generated from Operating Activity | 23784 | 22790 |
| | | | |
| **(B)** | **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| | Purchase of Property, Plant & Equipment | (4910) | (6941) |
| | Sales of Property, Plant & Equipment | 740 | 602 |
| | Government Grant Received | 23 | 0 |
| | Interest Received | 80 | 113 |
| | Purchase of Investment | 0 | (50) |
| | Net Cash used in Investing Activities | **(4067)** | **(6276)** |
| | | | |
| **(C)** | **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| | Dividend Paid | 3 | (2142) |
| | Dividend Tax Paid | 0 | (445) |
| | Proceeds from Long Term Borrowings | 0 | 864 |
| | Repayment of Long Term Borrowings | (1306) | (1384) |
| | Repayment of Short Term Borrowings | (13525) | (6395) |
| | Payment of lease liabilities | (2111) | (2716) |
| | Finance cost | (3127) | (3466) |
| | Net cash used in financing activities | **(20066)** | **(15684)** |
| | Net Increase/(Decrease) in Cash & Equivalents | (349) | 830 |
| | Cash & Equivalents at the beginning of the year | 1557 | 727 |
| | Cash & Equivalents at the end of the year | 1208 | 1557 |
| | | | |
| | **Components of cash and cash equivalents** | | |
| | Cash and cheques on hand | 202 | 145 |
| | Balances with banks: | | |
| | - On current accounts | 1006 | 1412 |

# CONSOLIDATED STATEMENT OF CASH FLOWS

(₹ in Lakh)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Bank overdraft | - | - |
| - On deposit accounts with original maturity of less than 3 months | - | - |
| - On deposit account for more than 3 months and less than 12 months | - | - |
| - On deposit accounts with original maturity of between 3 months and 12 months | - | - |
| | **1208** | **1532** |
| Less: Fixed deposits with original maturity of between 3 months and 12 months | | |
| **Total cash and cash equivalents (note 10 A)** | **1208** | **1532** |

Cash flows are reported using indirect method, thereby profit for the year is adjusted for the effects of the transactions of a non-cash nature, any deferrals of accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated. The company considers all highly liquid investments that are readily convertible to known amount of cash to be cash equivalents.

Notes on Financial Statements: Note No. 1-40 ; Significant Accounting Policies Note No. 41

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 : New Delhi
Date : July 27, 2021

**Rashid Ahmed Mirza**
Chairman and Managing Director

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

**Tauseef Ahmad Mirza**
Whole Time Director

**Priyanka Pahuja**
Company Secretary

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

## Note 1 BASIS OF CONSOLIDATION

The Consolidated Financial Statements comprise the financial statements of the Group as at March 31, 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

  Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

  The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or dispos1xl of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

  Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the Consolidated Financial Statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Company, i.e., year ended on March 31, 2020. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- Combine like items of assets, liabilities, equity. income, expenses and cash flows of the parent on line by line basis with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the Consolidated Financial Statements al the acquisition date.

- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

- Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-¬controlling interests, even if this results in the non-controlling interests having a deficit balance.

- A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:
  - Derecognises the assets (including goodwill) and liabilities of the subsidiary
  - Derecognises the carrying amount of any non-controlling interests
  - Derecognises the cumulative translation differences recorded in equity
  - Recognises the fair value of the consideration received
  - Recognises the fair value of any investment retained
  - Recognises any surplus or deficit in profit or loss
  - Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

Investments accounted for using the equity method.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar 10 those necessary to determine control over the subsidiaries

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group· s share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as Share of profit of an associate and a joint venture in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

## Note 2 PROPERTY, PLANT & EQUIPMENT

(₹ in Lakh)

| Property, plant and equipment | Gross Block | | | | Accumulated Depreciation | | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 01, 2020 | Additions/ (Disposals) | Deductions/ Adjustments | Balance as at Mar 31, 2021 | Balance as at April 01, 2020 | Depreciation charge for the year | Impairment | On disposals | Balance as at Mar 31, 2021 | Balance as at March 31, 2021 | Balance as at March 31, 2020 |
| A **Land** | | | | | | | | | | | |
| Land Freehold | **918** | 0 | - | **918** | **-** | - | - | - | **-** | 918 | 918 |
| Land Leasehold | **3555** | 0 | - | **3555** | **450** | 43 | 0 | - | **493** | 3062 | 3105 |
| Buildings | **20946** | 1007 | 36 | **21917** | **5074** | 665 | 0 | 5 | **5734** | 16183 | 15872 |
| **Plant & Machinery** | | | | | | | | | | | |
| Machinery | **28635** | 1744 | 1632 | **28747** | **14621** | 1542 | 12 | 912 | **15263** | 13484 | 14014 |
| Effluent Treatment Plant | **1183** | 10 | 0 | **1193** | **435** | 72 | 0 | 0 | **507** | 686 | 748 |
| Tools & Shoe Lasts | **4716** | 386 | 1492 | **3610** | **4331** | 598 | 0 | 1492 | **3437** | 173 | 385 |
| Furniture Fixtures, Office Equipments & Electrical Installation | **9712** | 1694 | 164 | **11242** | **3434** | 915 | 0 | 157 | **4192** | 7050 | 6278 |
| Vehicles | **2078** | 31 | 185 | **1924** | **785** | 213 | 0 | 110 | **888** | 1036 | 1293 |
| Computers | **1489** | 55 | 310 | **1234** | **1292** | 147 | 0 | 309 | **1130** | 104 | 197 |
| Right of Use (Lease Rent) | | | | | | | | | | | |
| **Total** | **73232** | **4927** | **3819** | **74340** | **30422** | **4195** | **12** | **2985** | **31644** | **42696** | **42810** |
| 2A Capital Work In Progress | | | | | | | | | | 1123 | 1065 |
| **Total** | **73232** | **4927** | **3819** | **74340** | **30422** | **4195** | **12** | **2985** | **31644** | **43819** | **43875** |
| Previous Year : Property Plant & Equipment | (68873) | (6437) | (2108) | (73202) | (28022) | (3898) | | (1503) | (30417) | (42787) | (40853) |
| Capital W.I.P. | | | | | | | | | | (1065) | (539) |

## Note 2B Right of Use Assets

(₹ in Lakh)

| Right of Use Assets | As at April 01, 2020 | Additions/ (Disposals) | Deductions/ Adjustments | Balance as at Mar 31, 2020 | Balance as at April 01, 2019 | Depreciation charge for the year | Impairment | On disposals | Balance as at Mar 31, 2020 | Balance as at March 31, 2020 | Balance as at March 31, 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Right of Use (Building) | **18147** | 522 | 0 | **18669** | **2440** | **2470** | 0 | 0 | **4910** | 13759 | 15707 |
| Previous Year | - | (18147) | | (18147) | | (2440) | | | (2440) | (15707) | - |

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

## Note 3 INVESTMENTS (NON CURRENT)

(₹ in Lakh)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Investment in Equity instruments | 194 | 110 |
| Other non-current investments | | |
| **Total** | **194** | **110** |

(₹ in Lakh)

| Particulars | 2021 | 2020 |
|---|---|---|
| Aggregate amount of Quoted investments | 1 | 1 |
| Aggregate Market Value of Quoted Investments | 1 | 1 |
| Aggregate amount of unquoted investments | 193 | 109 |

## A. Details of Trade Investments

(₹ in Lakh)

| Sr. No. | Name of the Body Corporate | Subsidiary / Associate / JV/ Structured entity | No. of Shares / Units | | Quoted / Unquoted | Partly Paid / Fully paid | Amount | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | 2021 | 2020 | | | 2021 | | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | 8 FV | 9 BV | 10 FVT OCI |
| 1 | Industrial Infrastructure Services (India) Ltd. | Structured | 240000 | 240000 | Unquoted | Fully Paid | 55 | 24.0 | 30.7 |
| 2 | Kanpur Unnao Leather Cluster Development Co. Ltd. | Structured | 250000 | 250000 | Unquoted | Fully Paid | 107 | 25.0 | 81.8 |
| 3 | J.P.Associates Ltd. | Structured | 2000 | 2000 | Quoted | Fully paid | 0 | 0.3 | -0.1 |
| 4 | Sarup Industries Ltd. | Structured | 500 | 500 | Quoted | Fully paid | 0 | 0.3 | -0.2 |
| 5 | Superhouse Ltd. | Structured | 150 | 150 | Quoted | Fully paid | 0 | 0.1 | 0.1 |
| 6 | Super Industries Ltd. | Structured | 1000 | 1000 | Quoted | Fully paid | 0 | 0.1 | 0.0 |
| | | | | | | | | 0.0 | 0.0 |
| | **Total** | | | | | | **194** | **58** | **137** |

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

## Note 4 OTHER FINANCIAL ASSETS (NON CURRENT)

(₹ in Lakh)

| Other Financial Assets (Non Current) | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| **Unsecured, considered good** | | | | |
| **Security Deposits** | | | | |
| Security Deposit - Rent | 898 | | 963 | |
| Security Deposit - Others | 376 | 1274 | 331 | 1294 |
| **Total** | | **1274** | | **1294** |

## Note 4.1 OTHER NON CURRENT ASSETS

(₹ in Lakh)

| Other Non Current Assets | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Unsecured, considered good** | | |
| Advance for Capital Goods | 28 | 189 |
| **Total** | **28** | **189** |

## Note 5 INVENTORIES*

(₹ in Lakh)

| Inventories* | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| a. Raw Materials and components | 4471 | | 6320 | |
| | | 4471 | | 6320 |
| b. Work-in-progress | 2382 | | 3730 | |
| | | 2382 | | 3730 |
| c. Finished goods | 14935 | | 19418 | |
| d. Stock-in-trade | 19968 | | 10854 | |
| Goods-in transit | 607 | | 625 | |
| | | 35510 | | 30897 |
| e. Stores and spares | 264 | | 377 | |
| | | 264 | | 377 |
| **Total** | | **42627** | | **41324** |

For mode of valuation refer Significant Accounting Policies (Point-12 of note no. 41)

## Note 6 TRADE RECEIVABLES

(₹ in Lakh)

| Trade Receivables | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| **Unsecured, considered good** | | | | |
| **Trade Receivable -Related Parties*** | **1213** | | **1128** | |
| Trade receivables considered good- unsecured (Other then related parties | 6754 | 7967 | 12923 | 14051 |
| **Total** | | **7967** | | **14051** |

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

(₹ in Lakh)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| A Company in which directors are members | 1213 | 1128 |
| | **1213** | **1128** |

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

## Note 7 CASH AND CASH EQUIVALENTS

(₹ in Lakh)

| Cash and Cash Equivalents | | As at March 31, 2021 | | As at March 31, 2020 |
|---|---|---|---|---|
| a. Balances with banks | | 1006 | | 1412 |
| This includes: | | | | |
| Earmarked Balances (Unpaid dividend accounts) | 79 | | 76 | |
| Balance with banks held as margin money deposits against guarantees* | 401 | | 181 | |
| b. Cash in hand | | 202 | | 145 |
| **Total** | | **1208** | | **1557** |

*Details of FDs that are pledged with the Bank as margin money for LCs

## Note 8 OTHER FINANCIAL CURRENT ASSETS

(₹ in Lakh)

| Other Financial Current Assets | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Incentive Receivable (Export) | 1317 | 1230 |
| Duty Drawback Receivable | 412 | 317 |
| Focus Product License | 102 | 1077 |
| Advances to Employees | 102 | 142 |
| Advance to Other | 128 | 129 |
| Interest Receiveable | 9 | 15 |
| Others | 36 | 129 |
| **ECGC Claim Receivable*** | 726 | 0 |
| **Total** | **2832** | **3039** |

* During the year two foreign buyers defaulted on their dues to the Company on account of insolvency filed by them in their respective countries as a result of pandemic disruption.

Since the relevant export outstanding were duly covered under ECGC, 90% of such dues are claimable from ECGC. The claim for the amount under default of ₹ 806 Lacs was duly filed by the management within the specified time period with ECGC.

The Company in terms of its accounting policy has provided for the balance 10% of the outstanding dues in its books of account till such time the claim settlement is under process and also reverse the claim of Duty Drawback on such export.

The management is optimistic that the claim amount would be settled during the next financial year.

## Note 9 OTHER CURRENT ASSETS

(₹ in Lakh)

| Other Current Assets | | As at March 31, 2021 | | As at March 31, 2020 |
|---|---|---|---|---|
| **(i) Advances other then Capital Advance** | | **353.00** | | **1,223.00** |
| Advance to related party | - | | - | |
| Suppliers Advance | 353 | | 1,223.00 | |
| **(ii) Others** | | **2,983.00** | | **3,652.00** |
| Advance Income Tax (Net of Provision) | 83 | | 865 | |
| Duties & Taxes (Others) | 50 | | 15 | |
| Duties & Taxes (GST) | 2663 | | 2557 | |
| Prepaid Expenses | 187 | | 215 | |
| **Total** | | **3336** | | **4875** |

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

## Note 10A EQUITY SHARE CAPITAL

| Share Capital | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | Number | ₹ in Lakh | Number | ₹ in Lakh |
| **Authorised** | | | | |
| Equity Shares of ₹ 2/- each | 256250000 | 5125 | 256250000 | 5125 |
| | **256250000** | **5125** | **256250000** | **5125** |
| **Issued, Subscribed & Paid up** | | | | |
| Equity Shares of ₹ 2/- each fully paid up | 120306000 | 2406 | 120306000 | 2406 |
| **Total** | **120306000** | **2406** | **120306000** | **2406** |

## Note 10A.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 | **2406** |
| Preference Shares converted into Equity Shares | NIL | NIL |
| Shares bought back during the year | NIL | NIL |
| Shares outstanding at the end of the year | 120306000 | 2406 |

## Note 10A.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.

## Note 10A.3 The details of Shareholders holding more than 5% shares

| | EQUITY SHARES | | | |
|---|---|---|---|---|
| Name of Shareholder | As at March 31, 2021 | | As at March 31, 2020 | |
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| RASHID AHMED MIRZA | 13665520 | 11.36% | 13665520 | 11.36% |
| SHAHID AHMAD MIRZA | 10152053 | 8.44% | 10152053 | 8.44% |
| TAUSEEF AHMAD MIRZA | 17558453 | 14.59% | 17558453 | 14.59% |
| TASNEEF AHMAD MIRZA | 14076104 | 11.70% | 14076104 | 11.70% |
| SHUJA MIRZA | 10201740 | 8.48% | 10202099 | 8.48% |

## Note 10A.4 Information regarding issue of shares in the last five years

a. shares allotted as fully paid up pursuant to scheme without payment being received in cash

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

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

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

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

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

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

## Note 10A.5 Disclosure pursuant to Note no. 6(U) of Part I of Schedule III to the Companies Act, 2013

(₹ in Lakh)

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| Dividends proposed to be distributed to equity shareholders | NIL | NIL | NIL | NIL |

## Note 10B OTHER EQUITY

(₹ in Lakh)

| Other Equity | Reserves & surplus | | | Other Comprehensive Income | | Total equity |
|---|---|---|---|---|---|---|
| | General Reserve | Securities Premium | Retained Earnings | IDLS Subsidy Reserve (Note 2) | Hedging Reserves (Note 3) | |
| **Balance as at March 31, 2019** | **11253** | **5** | **46948** | **226** | **327** | **58759** |
| Add : Profit for the year 2019-20 | | | 4771 | | | **4771** |
| Add : Other Comprehensive Income (net of tax) | | | 16 | | | **16** |
| Less : Change in Fair Value of Hedging instruments net of taxes | | | | | (344) | **(344)** |
| Less : Income Tax Adjustment (Net) | | | (175) | | | **(175)** |
| Less : Distribution of Shareholders | | | (2166) | | | **(2166)** |
| Less : Dividend Tax | | | (445) | | | **(445)** |
| Less : Transferred from Profit & Loss Account | 500 | | (500) | (30) | | **(30)** |
| **Balance as at March 31, 2020** | **11753** | **5** | **48449** | **196** | **(17)** | **60386** |
| Add : Profit for the year 2020-21 | | | 834 | | | **834** |
| Add : Other Comprehensive Income (net of tax) | (6) | | **167** | | | **161** |
| Add : Change in Fair Value of Hedging instruments net of taxes | | | | | (38) | **(38)** |
| Add : Income Tax Adjustment (Net) | | | 88 | | | **88** |
| Less : Transferred from Profit & Loss Account | 6 | | 0 | (23) | | **(17)** |
| **Balance as at March 31, 2021** | **11753** | **5** | **49538** | **173** | **(55)** | **61414** |

Note-1 IDLS reserve is diminished every year by the amount in proportion of the depreciation of the assets considering the life of 15 years which is equivalent to Depreciation chargeable during the year to the machinery value purchased from IDLS subsidy..

Note-2 The company has designated certain foreign currency forward contracts as cash flow hedges in respect of foreign exchange risks.

## Note 11 BORROWINGS (NON CURRENT)

(₹ in Lakh)

| Borrowings (Non Current) | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | Non-Current | Current | Non-Current | Current |
| **Secured** | | | | |
| From banks * | 367 | 1673 | 1575 | 1579 |
| From banks (Auto Loan)# | 54 | 114 | 168 | 123 |
| From others (Auto Loan)# | 18 | 40 | 57 | 70 |
| **Total** | **439** | **1,827** | **1,800** | **1,772** |

*(1) PNB Term loan ₹ 967 lakh (1623 lakh) secured by first 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, & Plot No. 8, Noida, Gautam Budh Nagar (U.P).

(2) HDFC Loan ₹ 1073 lakh (1530 Lakh) secured by Equitable mortage of land at Company's Unit-5 at Unnao by pass, Unnao, UP and perfection of Pari-Passu charge (with PNB and CITI Bank) on Fixed Assets and all current assets. Exclusive charge on asstes funded from HDFC Bank TL.

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

#Secured against the assets purchased under the arrangements.

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

Maturity Profile :

(₹ in Lakh)

| | Payment Type | No. of Instalment | Current 0- 1 Yrs | Non Current 1 -2 Yrs | 2 -3 Yrs | 3 -4 Yrs |
|---|---|---|---|---|---|---|
| **Term Loans from Banks** | | | | | | |
| **Secured** | | | | | | |
| **Term Loans** | | | **1673** | **200** | **167** | **0** |
| P.N.B. TERM LOAN (22) | Quaterly | 3 | 600 | 200 | 167 | 0 |
| HDFC BANK TERM LOAN (21) | Quaterly | 12 | 333 | 0 | 0 | 0 |
| HDFC BANK TERM LOAN (20) | Quaterly | 4 | 740 | 0 | 0 | 0 |
| | | | 114 | 48 | 6 | 0 |
| **Auto Loans** | | 1 | **1** | **0** | **0** | **0** |
| HDFC BANK AUTO LOAN (8) | | 17 | 7 | 3 | 0 | 0 |
| HDFC BANK AUTO LOAN (9) | Monthly | 18 | 10 | 6 | 0 | 0 |
| HDFC BANK AUTO LOAN (10) | Monthly | 24 | 9 | 10 | 0 | 0 |
| HDFC BANK AUTO LOAN (11) | Monthly | 21 | 3 | 3 | 0 | 0 |
| HDFC BANK AUTO LOAN (12) | Monthly | 21 | 3 | 3 | 0 | 0 |
| HDFC BANK AUTO LOAN (13) | Monthly | 27 | 9 | 10 | 3 | 0 |
| HDFC BANK AUTO LOAN (14) | Monthly | 28 | 8 | 9 | 3 | 0 |
| YES BANK LTD AUTO LOAN (16) | Monthly | 8 | 17 | 0 | 0 | 0 |
| YES BANK LTD AUTO LOAN (17) | Monthly | 13 | 47 | 4 | 0 | 0 |
| YES BANK LTD AUTO LOAN NO. (18) | Monthly | | 40 | 18 | 0 | 0 |
| **Auto Loans (From other)** | | 17 | **40** | **18** | **0** | **0** |
| BMW India Financial Services Pvt Ltd. (19) | **Monthly** | | 1827 | 265 | 173 | 0 |
| **Total** | | | **1827** | **266** | **173** | **0** |

## Note 12 PROVISIONS

(₹ in Lakh)

| Provisions | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Provision for employee benefits** | | |
| Superannuation (unfunded) | | |
| Gratuity (unfunded) | 1333 | 1393 |
| **Total** | **1333** | **1393** |

## Note 13 DEFERRED TAX LIABILITIES(NET)

(₹ in Lakh)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Deferred tax relates to the following:** | | |
| **Deferred tax related to items recognised in statement of profit and loss:** | | |
| **Deferred tax liabilities (gross)** | | |
| Difference in written down value as per books of account and tax laws | (589) | (564) |
| (a) | **(589)** | **(564)** |
| **Deferred tax assets (gross)** | | |
| Impact of Lease rent Liabilities | 286 | 410 |
| (b) | 286 | 410 |
| (c ) = (b) + (a) | **(302)** | **(154)** |
| **Deferred tax liabilities (net)** | (302) | (154) |

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

(₹ in Lakh)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Deferred tax relates to the following:** | | |
| **Deferred tax related to items recognised in OCI:** | | |
| **Deferred tax assets (gross)** | | |
| Re-measurement losses on defined benefit plans | 23 | 5 |
| Re-valuation of Equity Investments | 36 | 0 |
| (d) | 59 | 5 |
| | | |
| **Deferred tax liabilities (gross)** | | |
| Deferred tax related to items recognised in equity | -20 | -6 |
| (e) | -20 | -6 |
| (f)=(d) + (e) | **39** | **-1** |
| **Deferred tax liabilities (net)** | 39 | -1 |

**Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2021 and 1st April, 2020:**

(₹ in Lakh)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Accounting profit/(loss) before income tax (Holding Company) | 1046 | 6440 |
| At India's applicable statutory income tax rate i.e. Income Tax (25%) plus Cess (4%) (PY Income Tax (25%) plus Cess (4%) (Holding Company) | 25.168% | 25.168% |
| Current tax expense reported in the statement of profit and loss | 657 | 1827 |
| Deferred tax expense reported in the statement of profit and loss | (302) | (154) |
| **Non-deductible expenses for tax purposes:** | | |
| Impact of Lease rent Liabilities | 974 | 1089 |
| Depreciation and amortization expense (net) | 6627 | 6338 |
| Other non deductible expenses | 82 | 311 |
| **Deductible expenses for tax purposes:** | | |
| Depreciation as per IT Act,1961 | 4222 | 4211 |
| Others | 2111 | 2717 |
| At the effective income tax rate | **603** | **1825** |
| Current tax expense reported in the statement of profit and loss | 657 | 1827 |
| Deferred tax expense/(credit) reported in the statement of profit and loss | (302) | (154) |

**Reconciliation of deferred tax assets (net):**

(₹ in Lakh)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Opening balance of DTA/DTL (net) | 1,765 | 1,927 |
| Deferred tax income/(expense) during the period recognised in profit or loss | (302) | (154) |
| Impact of Others | - | (8) |
| **Closing balance of DTA/DTL (net)** | **1,463** | **1,765** |

## Note 14 OTHER NON CURRENT LIABILITIES

(₹ in Lakh)

| Other Non Current Liabilities | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Others** | | |
| (a) Trade Payables | | |
| (b) Others | | |
| Security deposits - for franchise | 6003 | 2163 |
| Lease Rent Liabilities (net) | 13370 | 13849 |
| **Total** | **19373** | **16012** |

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

## Note 15 BORROWINGS

(₹ in Lakh)

| Borrowings | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Secured** | | |
| **Working capital loans repayable on demand** | | |
| From Other banks* | 8021 | 19818 |
| From Foreign Bank* | 3668 | 5396 |
| **Total** | **11689** | **25214** |

*(1) PNB ₹ 1279 Lakhs (13413 lakh) Secured By First 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 to be held on pari-passu basis with other Banks, 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. The facilities are collaterally secured by the Equitable Mortgagae of Company's Prperties mentioned in Note no 10 above.

(2) HDFC Loan ₹ 6742 lakh (6405 lakh) secured by equitable mortage of land at Companies Unit-5 at Unnao by pass Unnao. Stock and book debts- pari-passu with other Banks. New WCL of ₹ 5000 Lakh Sanctioned during the year. Approval of Pari-passu charge on stock and book debt from PNB is yet to be received.

(3) Citi Bank ₹ 3668 lakh (5396 lakh) Secured By Equitable Mortgage of Corporate office at Mohan Cooperative Industrial Estate, Mathura Road, New Delhi. Also as per sanction letter Charge on property situated at Plot No 18, 19 Nand Nagar, Industrial Estate, Phase 1, Mahuakheraganj Kashipur, Uttrakhand is also to be created,

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

## Note 16 TRADE PAYABLE

(₹ in Lakh)

| Trade Payable | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Micro, Small and Medium Enterprises * | 283 | 431 |
| Others | 10694 | 9112 |
| **Total** | **10977** | **9543** |

* The Company does not owe any dues outstanding for more than the period specified in Micro, Small & Medium Enterprises Development Act, 2006 as at Mar 31, 2021, to any Micro, Small & Medium Enterprises. This information is based on data available with the company.

## Note 17 OTHER FINANCIAL CURRENT LIABILITIES

(₹ in Lakh)

| Other Financial Current Liabilities | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **(a) Current maturities of long-term debt (Refer Note No. 11)** | | |
| Term Loans from banks | 1787 | 1701 |
| Term Loans from others | 40 | 71 |
| **(b) Interest accrued but not due on borrowings** | 54 | 24 |
| **(c) Unpaid dividends *** | 79 | 76 |
| **(d) Other payables** | | |
| Commission Payable on Inland Sales | 1347 | 199 |
| Outstanding Liabilities # | 434 | 973 |
| Salary Payable | 389 | 394 |
| Bonus Payable | 534 | 495 |
| Audit Fees Payable | 15 | 15 |
| Unpaid Commission on Export Sales | 254 | 364 |
| Duties & Taxes (TDS payable) | 212 | 201 |
| Lease Rent Liabilites | 2534 | 2670 |
| **Foreign currency forward contract** | **81** | **23** |
| **Total** | **7760** | **7206** |

* 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 ₹ lakh 66.30 Lakh (₹ 75.06 Lakh), Export Expenses payable ₹ 47.51 Lakh (₹ 35.40 lakh) & Power & Electricity charges of ₹ 83.57 Lakhs (₹ 103.73 lakh).

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

## Note 17.1 NON FINANCIAL CURRENT LIABILITIES

(₹ in Lakh)

| Non Financial Current Liabilities | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Advance Received From Customers | 133 | 205 |
| **Total** | **133** | **205** |

## Note 18 PROVISIONS

(₹ in Lakh)

| Provisions | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **(a) Provision for employee benefits** | | |
| Gratuity (Unfunded) | 47 | 91 |
| **Total** | **47** | **91** |

## Note 19 REVENUE FROM OPERATIONS

(₹ in Lakh)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Sale of products | 102647 | 121995 |
| Other operating revenues | 2246 | 4125 |
| **Total** | **104893** | **126120** |

## Note 20 OTHER INCOME

(₹ in Lakh)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Interest Income | 80 | 113 |
| **Other non-operating income** | | |
| Other Income | 17 | 24 |
| Income from Govt. Grant | 23 | 30 |
| **Total** | **120** | **167** |

## Note 20 (i) Other Comprehensive Income- Items that will not be reclassified to Profit and Loss

(₹ in Lakh)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Remeasurement gain/(loss) of Defined Benefit Plan | 90 | |
| Equity investments Through OCI | 136 | 21 |
| **Total** | **226** | **21** |

## Note 20 (ii) Other Comprehensive Income- Items that will be reclassified to Profit and Loss

(₹ in Lakh)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Hedge Reserve | -75 | -23 |
| **Total** | **-75** | **-23** |

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

## Note 21 COST OF MATERIALS CONSUMED

(₹ in Lakh)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Hides & Finished Leather | 4586 | 8223 |
| Chemicals | 3397 | 5455 |
| Others | 9904 | 17447 |
| Stores & Spares | 193 | 631 |
| **Total** | **18080** | **31756** |

## Note 22 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in Lakh)

| Particulars | For the year ended March 31, 2021 | | For the year ended March 31, 2020 | |
|---|---|---|---|---|
| **Inventories (at close)** | | | | |
| Finished Goods | 35510 | | 30897 | |
| Stock-in-Process | 2382 | 37892 | 3730 | 34627 |
| **Inventories (at commencement)** | | | | |
| Finished Goods | 30897 | | 29683 | |
| Stock-in-Process | 3730 | 34627 | 5938 | 35621 |
| **Change in Inventories Decrease/(Increase)** | | **(3265)** | | **994** |

## Note 23 EMPLOYEE BENEFIT EXPENSE

(₹ in Lakh)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Salaries and Wages | 7891 | 9520 |
| Contribution to Provident and Other Funds | 483 | 566 |
| Gratuity to Employees | 235 | 251 |
| Staff Welfare Expenses | 331 | 443 |
| **Total** | **8940** | **10780** |

## Note 23.1 EMPLOYEE BENEFITS :

The Company is providing the following benefits to their employees :

a) Gratuity

b) Provident Fund

c) Leave encashment

The amounts recognised in Balance Sheet are as follows:

(₹ in Lakh)

| Present value of defined benefit obligation | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| A) – Wholly funded | - | - |
| – Wholly unfunded | 1380 | 1484 |
| | **1380** | **1484** |
| Less: Fair value of plan assets | 0 | 0 |
| Add: Amount not recognised as an asset [limit in para 64(b)] | 0 | 0 |
| Amount to be recognised as liability or (asset) | 1380 | 1484 |
| B) Amounts reflected in the Balance Sheet | | |
| Liabilities | | |
| Assets | 1380 | 1484 |
| Net liability/(asset) | 0 | 0 |
| Net liability/(asset) - current # | 1380 | 1484 |
| Net liability/(asset) - Non-current | 47 | 91 |
| | **1333** | **1393** |

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

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

(₹ in Lakh)

| Particulars | 2020-21 | 2019-20 |
|---|---|---|
| Current service cost | 137 | 139 |
| Interest cost | 98 | 104 |
| Interest income on plan assets | - | - |
| Remeasurement - Actuarial losses/(gains) - | - | - |
| Difference between actual return on plan assets and interest income | - | - |
| Remeasurement - Actuarial losses/(gains) - Others | -90 | -20 |
| Past service cost | - | - |
| Actuarial gain/(loss) not recognised in books | - | - |
| Adjustment for earlier years | - | - |
| Remeasurement - Effect of the limit in para 64(b) | - | - |
| Translation adjustments | - | - |
| Amount capitalised out of the above | | |
| **Total** | **145** | **223** |
| Amount included in “employee benefits expense” | 235 | 243 |
| Amount included as part of “finance cost” | - | - |
| Amount included as part of “other comprehensive income” | -90 | -20 |

(₹ in Lakh)

| Particulars | 2020-21 | 2019-20 |
|---|---|---|
| Opening balance of the present value of defined benefit obligation | 1,484 | 1,371 |
| Add: Current service cost | 137 | 139 |
| Add: Interest cost | 98 | 104 |
| 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 | -54 | -5 |
| iii) Actuarial (gains)/losses arising from changes in experience adjustments | -36 | -15 |
| Less: Benefits paid | -249 | -110 |
| Add: Past service cost | - | - |
| Add: Liabilities assumed on transfer of employees | - | - |
| Add: Business combination/acquisition | - | - |
| Add: Adjustment for earlier years | - | - |
| Add/(less): Translation adjustments | - | - |
| **Closing balance of the present value of defined benefit obligation** | **1380** | **1484** |

(₹ in Lakh)

| Change in Fair Value of Assets | 2020-21 | 2019-20 |
|---|---|---|
| Plan assets at beginning of period | - | - |
| Investment Income | - | - |
| Return on Plan Assets, Excluding amount recognised in Net Interest Expense | - | - |
| Actual Company contributions | 249 | 110 |
| Fund Transferred | - | - |
| Employee contributions | - | - |
| Benefits paid | -249 | -110 |
| Plan assets at the end of period | - | - |

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

**The key assumptions used in the calculations are as follows :**

**1. Financial Assumptions**

| | 2020-21 | 2019-20 |
|---|---|---|
| Discount Rate | 6.90% p.a. | 6.60% p.a. |
| Rate of increase in salaries | 6.00% p.a. | 6.00% p.a. |

**2. Demographic Assumptions**

| | 2020-21 | 2019-20 |
|---|---|---|
| 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 |

3. 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.

4. 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.

5. 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 been determind based on reasonably possible changes of the assumptions occuring at the end of the reporting period, while holding all other assumptions constant. The result of sensitivity analysis is given below :

| Particulars | As on 31/03/2021 | As on 31/03/2020 |
|---|---|---|
| Defined Benefit Obligation (Base) | 1380 | 1484 |

| Particulars | As on 31/03/2021 | | As on 31/03/2020 | |
|---|---|---|---|---|
| | Decrease | Increase | Decrease | Increase |
| Discount Rate (- / + 1%) | 1574 | 1219 | 1666 | 1330 |
| % change compared to base due to sensitivity | 14.07% | -11.69% | 12.28% | -10.37% |
| Salary Growth Rate (- / + 1%) | 1213 | 1577 | 1325 | 1669 |
| % change compared to base due to sensitivity | -12.09% | 14.32% | -10.72% | 12.49% |
| Attrition Rate (- / + 50%) | 1364 | 1394 | 1476 | 1491 |
| % change compared to base due to sensitivity | -1.14% | 0.99% | -0.57% | 0.49% |
| Mortality Rate (- / + 10%) | 1377 | 1382 | 1483 | 1486 |
| % change compared to base due to sensitivity | -0.18% | 0.18% | -0.10% | 0.10% |

## Note 24 FINANCE COST

(₹ in Lakh)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Interest & Bank Charges | 4101 | 4558 |
| **Total** | **4101** | **4558** |

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

## Note 25 DEPRECIATION AND AMORTISATION EXPENSES

(₹ in Lakh)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Depreciation Expenses | 6611 | 6301 |
| Leasehold Land Amortisation | 43 | 43 |
| **Total** | **6654** | **6344** |

## Note 26 OTHER EXPENSES

(₹ in Lakh)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Processing Charges | 2876 | 5747 |
| Commission | 10503 | 7621 |
| Freight and Transport | 3851 | 3400 |
| Power and Fuel | 2294 | 2907 |
| Selling & Advertisement Expenses | 2535 | 4343 |
| Rent * | 66 | 120 |
| Vehicle Running & Maintenance | 195 | 271 |
| Repair and Maintenance (other than building & machinery) | 634 | 660 |
| Traveling & Conveyance Expenses | 310 | 531 |
| Insurance | 400 | 274 |
| Security Expenses | 305 | 465 |
| Postage & Courier | 192 | 235 |
| Telephone & Telex | 102 | 111 |
| Legal & Professional Chrgs | 247 | 269 |
| Rates and Taxes, excluding taxes on income | 114 | 297 |
| Repairs to machinery | 87 | 82 |
| Repairs to buildings | 41 | 95 |
| Printing & Stationery | 91 | 155 |
| Donation and Subscription | 8 | 10 |
| (Profit)/Loss on Sale of Property, plant and equipment | 81 | 4 |
| Miscellaneous Expenses | 129 | 17 |
| Audit Fees | 19 | 17 |
| Corporate Social Responsibilities | 177 | 201 |
| **Total** | **25257** | **27832** |

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

## Note 26.1 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, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| **(I) To Statutory Auditors** | | |
| a. For Audit Services | 18 | 16 |
| b. For reimbursement of expenses | - | - |
| **(ii) To Branch Auditors for Audit Services** | 1 | 1 |
| | - | - |
| **Total** | **19** | **17** |

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

## Note 26.2 Details of Corporate Social Responsibility Expenditure

(₹ in Lakh)

| Corporate Social Responsibilities | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| **a) Total amount required to be spent for the financial year** | 173 | 201 |
| b) Amount spent during the financial year | 177 | 201 |
| **Total** | **177** | **201** |

## Note 27 EARNINGS PER SHARE (EPS)

(₹ in Lakh)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| (I) Net Profit after tax as per statement of Profit and Loss attributable to Equity Shareholders | 834 | 4771 |
| (ii) Weighted Average number of equity shares used as denominator for calculating EPS | 120306000 | 120306000 |
| (iii) Basic and Diluted Earnings per share (₹) | 0.69 | 3.97 |
| (iv) Face Value per equity share (₹) | 2 | 2 |

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

(₹ in Lakh)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| A BILLS DISCOUNTED | **5562** | 10098 |
| B IMPORT DUTY PAYABLE | **163** | 238 |
| In case of non-fulfillment of export obligation under | | |
| EPCG Scheme (not yet due) | | |
| C BANK GUARANTEES / LETTER OF CREDITS | **1719** | 7668 |
| D T 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 One case of stamp duty in respect of land in Hapur is pending with Asst. Commissioner (stamp), Hapur for deficiency in stamp duty. | 8 | 8 |
| F TAXES | | |
| (I) ENTRY TAX - for 1999-2000 liability is pending | 4 | 4 |
| (II) VAT & CST | | |
| (a) UTTAR PRADESH : Pending against UP VAT and CST for the F.Y. 2008-2009 ₹ 71.58 lacs, F.Y. 2010-11 ₹ 61.33 lacs, F.Y. 2015-16 ₹ 49.68 lacs, due to non submission of Form C and against UP (RITC) ₹ 13.53 lacs | 196 | 133 |
| (b) GUJRAT : F.Y. 2009-10 ₹ 2.25 lacs, F.Y. 2010-11 ₹ 32.68 lacs & F.Y. 2011-12 ₹ 2.34 lacs. Company has preferred appeal against the said Demand. Out of which ₹ 2.00 lacs has been deposited against demand. | 50 | 37 |
| (c) KERALA : VAT Demand of ₹ 4.91 lacs against which 30% amount of ₹ 1.47 lacs has been paid and for balance Bank Guarantee has been provided. | 5 | 5 |
| (d) Haryana: Pending against Haryana CST for the F.Y. 2016-17 ₹ 53.50 lacs, due to non submission of Form C | 54 | - |
| (III) SERVICE TAX - One case of Service tax on a matter during the year 2009-10 amounting to ₹ 17.05 lacs confirmed and reduced to ₹ 15.46 lacs by Commissioner (Appeals) Central Excise and Service Tax, Lucknow, now the appeal is pending at CESTAT, Allahabad | 15 | 15 |
| **G COMMITMENT** | | |
| A CAPITAL EXPENDITURE (Net of fund already deployed) | 754 | 774 |
| B UNCLAIMED DIVIDEND | 79 | 76 |

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

## Note 29 SEGMENT REPORTING

Segment Information for the year ended March 31, 2021

Information about Primary Business Segments

(₹ in Lakh)

| | SHOE DIVISION (FOOTWEAR) | TANNERY DIVISION (LEATHER) | GAR & ACC DIVISION | UNALLOCATED | TOTAL |
|---|---|---|---|---|---|
| External | 61974 | 12719 | 34258 | 120 | 109071 |
| | (91398) | (18953) | (27940) | (167) | (126287) |
| Inter - Segment | | 4058 | | | 4058 |
| | | (12171) | | | (12171) |
| Total Revenue | **61974** | **8661** | **34258** | **120** | **105013** |
| | **(91398)** | **(6782)** | (27940) | **(167)** | **(126287)** |
| **Result** | | | | | |
| Segment Result (Profit before Interest & Tax) | 5327 | (2036) | 2843 | 124 | 6257 |
| | (10049) | 1966 | (4172) | (167) | (12422) |
| Less: Interest Expenses | | | | (4101) | (4101) |
| | | | | 4558 | 4558 |
| Unallocated Expenditure net of unallocated income | | | | (963) | (963) |
| | | | | 1420 | 1420 |
| Profit before Taxation | **5327** | **(2036)** | **2843** | **(4940)** | **1193** |
| | **(10049)** | **1966** | (4172) | **5811** | **(6444)** |
| Net Income Allocable to Non - Controlling Interest | 4 | | | | 4 |
| Profit before tax after Net Non - Controlling Interest | 5323 | (2036) | 2843 | (4940) | 1189 |
| Provision for Taxation | | | | (355) | (355) |
| | - | - | | 1827 | 1827 |
| Net Profit | 5323 | (2036) | 2843 | (5295) | 834 |
| | (10049) | 1966 | (4172) | 7638 | (4617) |
| **Other Information** | | | | | |
| Segment Assets | 71195 | 17515 | 25692 | 2642 | 117044 |
| | (80629) | (19123) | (23975) | (2243) | 125970 |
| Segment Liabilities | 27505 | 6954 | 16943 | 1812 | 53214 |
| | (33788) | (11873) | (15752) | (1765) | (63178) |
| Capital Expenditure | 3987 | 134 | 802 | 4 | 4927 |
| | (4753) | (833) | (763) | (117) | (6466) |
| Depreciation | 2585 | 899 | 493 | 163 | 4140 |
| | (3607) | (888) | (1710) | (139) | (6344) |

### Information about Secondary Business Segments

(₹ in Lakh)

| Revenue by Geographical Market | WITHIN INDIA | OUTSIDE INDIA | TOTAL |
|---|---|---|---|
| External | 71396 | 33497 | 104893 |
| | (73411) | (52876) | (126287) |
| Inter Segment | - | - | - |
| | - | - | - |
| Total | 71396 | 33497 | 104893 |
| | (73411) | (52876) | (126287) |
| Carrying amount of segment assets | 117044 | - | 117044 |
| | (125970) | - | (125970) |
| Additions to Fixed Assets | 4927 | - | 4927 |
| | (6466) | - | (6466) |

* Includes Export incentive received on Export

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

**Notes :**

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

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

Shoe Division - Manufacturing Finished Leather Shoes.

Garments/ Accessories Division - Trading of Garments/Accessories.

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 30 REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

(₹ in Lakh)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| 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 31 RELATED PARTY TRANSACTIONS

(₹ in Lakh)

| Sl. No. | Particulars | Nature of Relationship | Volume of Transactions | Outstanding | Volume of Transactions | Outstanding |
|---|---|---|---|---|---|---|
| For the year ended March 31 | | | 2021 | as on March 2021 | 2020 | as on March 2020 |
| 1 | **Purchase** | | | | | |
| | Euro Footwear Pvt. Ltd. | Enterprise over which Key Management Personnel are able to exercise significant Influence | 7274 | 37 Cr. | 10721 | 75 Cr. |
| | Gempack Enterprises | Enterprise over which Key Management Personnel are able to exercise significant Influence | 248.00 | 14 Cr. | 524 | 27 Cr. |
| | Shoemac Leather Tech Eng. Ltd. | Enterprise over which Key Management Personnel are able to exercise significant Influence | 75 | 16 Cr. | 194 | 31 Cr. |
| | Mirza (HK) Limited | Foreign Wholly Owned Subsidiary company | 0 | 1 Cr. | 1 | 1 Cr. |
| | Sen en Mirza Industrial Supply Chain LLP | Subsidiary | 90 | 13 Cr. | 124 | 0 Cr. |

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

(₹ in Lakh)

| Sl. No. | Particulars | Nature of Relationship | Volume of Transactions | Outstanding | Volume of Transactions | Outstanding |
|---|---|---|---|---|---|---|
| For the year ended March 31 | | | 2021 | as on March 2021 | 2020 | as on March 2020 |
| 2 | **Jobwork expenses** | | | | | |
| | Mars International, Knp | Whole Time Directors are the relatives of firm's proprietor | 0 | 0 | 291 | 3 Cr. |
| | Euro Footwear Pvt. Ltd. | Enterprise over which Key Management Personnel are able to exercise significant Influence | 0 | 0 | 1 | 0 |
| | Sen en Mirza Industrial Supply Chain LLP | Subsidiary | 88 | 0 | 2 | 0 |
| 3 | **Rent & Maintenance charges Paid** | | | | | |
| | Mr. Irshad Mirza | Key Management Personnel | 0 | 0 | 13 | 3 Cr. |
| | Mrs Sabiha Hussain | Key Management Personnel | 2 | 0 | 4 | 1 Cr. |
| | Shoemac Leather Tech Eng. Ltd. | Enterprise over which Key Management Personnel are able to exercise significant Influence | 5 | 0 | 3 | 0 |
| 4 | **Sales** | | | | | |
| | Mirza (UK) Ltd. | Enterprise over which Key Management Personnel are able to exercise significant Influence | 7725 | 578 Dr. | 15404 | 879 Dr. |
| | Shoemac Leather Tech Eng. Ltd. | Enterprise over which Key Management Personnel are able to exercise significant Influence | 0 | 0 | 1 | 0 |
| | Mars International | Whole Time Directors are the relatives of firm's proprietor | 0 | 0 | 18 | 0 |
| | Sen en Mirza Industrial Supply Chain LLP | Subsidiary | 0 | 0 | 102 | 31 Dr. |
| | RTS Fashion FZE | Enterprise over which Key Management Personnel are able to exercise significant Influence | 677 | 635 Dr. | 571 | 218 Dr. |
| 5 | **Jobwork income** | | | | | |
| | Euro Footwear Pvt. Ltd. | Enterprise over which Key Management Personnel are able to exercise significant Influence | 0 | 0 | 24 | 0 |

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

(₹ in Lakh)

| Sl. No. | Particulars | Nature of Relationship | Volume of Transactions | Outstanding | Volume of Transactions | Outstanding |
|---|---|---|---|---|---|---|
| For the year ended March 31 | | | 2021 | as on March 2021 | 2020 | as on March 2020 |
| | Sen en Mirza Industrial Supply Chain LLP | Subsidiary | 35 | 0 | 28 | 0 |
| 6 | **Guarantee Commission** | | | | | |
| | Mr. Rashid Ahmed Mirza | Key Management Personnel | 0 | 0 | 150 | 0 |
| | Mr. Shahid Ahmed Mirza | Key Management Personnel | 75 | 0 | 150 | 0 |
| | Mr. Tauseef Ahmed Mirza | Key Management Personnel | 75 | 0 | 150 | 0 |
| | Mr. Tasneef Ahmed Mirza | Key Management Personnel | 75 | 0 | 150 | 0 |
| 7 | **Salaries** | | | | | |
| | To Relatives of Key Management Personel | | | | | |
| | Mr. Faraz Mirza | | 66 | 6 | 72 | 6 Cr. |
| | Mr. Mustafa Mirza | | 1 | 0 | | |
| | Ms. Hiba Mirza | | 1 | 0 | | |
| 8 | **Managerial Remuneration** | | | | | |
| | Directors Remuneration | | 805 | 73.5 Cr. | 1138 | 92 Cr. |
| | Directors Perquisites | | 9 | 0 | | |
| | | | | | | |
| 9 | **Directors Sitting Fee** | | 3 | 0 | 3 | 0.5 Cr |
| 11 | **Corporate Social Responsibilities** | | | | | |
| | Mirza Foundation | Enterprise over which Key Management Personnel are able to exercise significant Influence | 170 | - | 84 | - |
| | Mirza Charitable Hospital Limited | Enterprise over which Key Management Personnel are able to exercise significant Influence | 1 | - | 94 | - |
| | Kilkari Charitable Trust | Enterprise over which Key Management Personnel are able to exercise significant Influence | 0 | - | 10 | - |
| 12 | Export Commission | | | | | |
| | RTS Fashion FZE, Dubai | Enterprise over which Key Management Personnel are able to exercise significant Influence | 411 | 0 | 167 | 167 Cr. |

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

**RELATED PARTY DISCLOSURE**

Related Party Disclosures, as required by IND-AS24, are given below:

Relationships :

| | |
|---|---|
| i) Subsidiaries : | Mirza (HK) Limited, Mirza Bangla Limited, Sen En Mirza Industrial Supply Chain LLP |
| ii) Key Management Personnel & Relatives: | Mr. Rashid Ahmed Mirza (Chairman and Managing Director), Mr. Shahid Ahmad Mirza, Mr. Tauseef Ahmad Mirza, Mr. Tasneef Ahmad Mirza, Mr. Narendra Prasad Upadhyaya, Mr. Shuja Mirza (Whole-time Directors), Mr. Faraz Mirza, (President-Production), Ms. Priyanka Pahuja (Company Secretary), Mr. V.T. Cherian (C.F.O), Mr. Rajan Wig (Director of Mirza Bangla Limited) |
| iii) Related Companies: | Shoemax Engineering Ltd., Shoemac Leather Tech Engineers Ltd., Mirza Charitable Hospital Ltd., Tilbrook Enterprises Ltd., Mirza (UK) Ltd., Euro Footwear Pvt. Ltd., EmGee Projects Pvt. Ltd., Genesisriverview Resorts Pvt. Ltd., Genesis Infra Projects Pvt. Ltd., Granule Infra India Pvt. Ltd., RTS Fashions Pvt. Ltd., Aarem Heights Pvt. Ltd., MIrza Investment Pvt. Ltd., Silver Spark Pvt. Ltd., Kasi 1981 Alumni Foundation,RTS Fashion FZE-UAE, Bertelsman Corporate services India Pvt Ltd., Penguin Random House Publisers India Pvt. Ltd, Nuvanta Infradevelopers Pvt. Ltd., Merchant Chamber of Uttar Pradesh |
| iv) Related Parties/Firms: | Achee Shoes LLP, Red Tape International LLP, Mirza Holdings LLP, Mughal Express LLP, F&R Farms LLP, Mirza Projects, Gempack Enterprises, Mars International, Waves International, Mirza Foundation, Kilkari Charitable Trust, Ms. Sabiha Hussain, Ms. Hiba Mirza, Mr. Mustafa Mirza, Mr. Irshad Mirza |

## Note 32 Following payments to Directors are included in various heads of expenditure :

(₹ in Lakh)

| Particulars | 2021 | 2020 |
|---|---|---|
| Salary | 805 | 1089 |
| Perquisites | 9 | 49 |
| Sitting Fees | 3 | 3 |
| Guarantee Commission | 225 | 600 |
| **Total** | **1042** | **1741** |

## Note 32A FORWARD CONTRACTS

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

Forward contracts EURO INR 9.17 lakhs (20.00 lakhs) Sell Hedging

Forward contracts GBP INR 56.05 lakhs (145.00 lakhs) Sell Hedging

Forward contracts USD INR 75.70 lakhs (168.60 lakhs) Sell Hedging

Forward contracts USD INR 188.07 lakhs (75.29 lakhs) Purchase Hedging

## Note 33 Figures of previous year have been regrouped/rearranged wherever necessary to make them comparable with the figures of current year.

## Note 34

### Right-of-use assets and Lease Liability:

Information about leases for which the company is a lessee is presented below:

### Right-of-use assets (ROU Assets)

| Particulars | (₹ in Lakh) |
|---|---|
| **Balance as on April 01, 2020** | **15707** |
| Addition for the new leases* | **521** |
| Depreciation charge for the year | **(2470)** |
| Deletions for terminated leases | **-** |
| **Balance as on March 31, 2021** | **13758** |

*included initial direct cost.

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

The aggregate depreciation expense on ROU assets amounting to INR 2470 Lakhs is included under depreciation and amortization expense in the Statement of Profit and Loss.

The following is the movement in the lease liabilities during the year ended March 31, 2021:

As at Balance Sheet date, the Company is not exposed to future cash flows for extension / termination options, residual value guarantees, and leases not commenced to which lessee is committed.

The table below provides details regarding the contractual maturities of lease liabilities as at March 31 2021 on an undiscounted basis:

| Lease Liability | 31/03/2021 |
|---|---|
| **Balance as on April 01 2020** | **16519** |
| Addition for New leases | 522 |
| Accreditation of Interest | 974 |
| Payment of Lease Liability | (2111) |
| Deletions for Terminated Leases | - |
| **Balance as on March 31, 2021** | **15904** |

Lease liabilities included in the statement of financial position at March 31, 2021

| | 31/03/2021 |
|---|---|
| Current | 2445 |
| Non-Current | 13459 |
| **Total** | **15904** |

The Company does not face a significant liquidity risk with regard to its Lease Liabilities as the Current assets are sufficient to meet the obligations related to lease liabilities as when they fall due.

For the transitional impact of Ind AS 116 and accounting policy, refer accounting policy section

## NOTE-35 Ind AS 107, Financial risk management objective and policies

The Company's principal financial instruments are as follows:

Financial assets: Investments, Cash and bank balance, Loans, Trade and other receivables,

Financial liabilities: Borrowings, Trade and other payables.

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

| Risk | Exposure arising from | Measurement | Management |
|---|---|---|---|
| Credit Risk | Investment, Cash and Cash equivalents | Aging analysis | Bankdeposits, diversification of asset base |
| Liquidity Risk | Borrowing and other Liabilities | Cash flow forecast | Availability of borrowing facilities |

The Company's risk management is carried out by a central treasury department (of the Company) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk and credit risk.

### (i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

Foreign currency exchange rate risk Company uses forward exchange contracts to hedge its foreign exchange risk of anticipated sales or purchase transactions in the normal course of business, which occur within the next twelve months, for which it has a firm commitment from a customer or to a supplier.

The terms of these contracts are consistent with the timing of the transactions being hedged. The hedges related to forecasted transactions are designated and documented at the inception of the hedge as cash flow hedges.

The following table sets forth information relating to foreign currency exposure as at March 31, 2021:

(₹ in Lakh)

| | USD | EUR | GBP | Others |
|---|---|---|---|---|
| Net financial assets | 76 | 9 | 56 | - |
| Net financial liabilities | 188 | - | - | - |

### (ii) Interest rate risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. Further Company's has no major investments in any interest bearing instrument. Hence, the Company is not significantly exposed to interest rate risk.

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

## (iii) Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents and financial assets measured at amortized cost. The Company continuously monitors default of other counter parties and incorporates this information into its credit risk controls.

### a) Credit risk management

The Company assesses and manages credit risk of financial assets based on the following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A. Low Credit Risk

B. Moderate Credit Risk

C. High Credit Risk

| Asset Group | Basis of Categorization | Provision for expected credit loss |
|---|---|---|
| Low Credit Risk | Cash and cash equivalents, investments and other financial assets | 12 month expected credit loss |
| Moderate Credit Risk | NA | Lifetime expected credit loss |
| High Credit Risk | NA | Lifetime expected credit loss or fully provided for |

Cash and cash equivalents and bank deposits:

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country:

Assets under Low credit risk

(₹ in Lakh)

| Credit rating | Particulars | 31-03-2021 | 31-03-2020 |
|---|---|---|---|
| Low Credit Risk | Cash and cash equivalents investments and other financial assets | 13458 | 19999 |

### b) Credit exposure

Provisions for expected credit losses:

The Company provides for 12 month expected credit losses for following financial assets:

As at March 31, 2021

(₹ in Lakh)

| Particulars | Estimated gross carrying amount | Expected credit loss | Expected credit losses | Carrying amount net of impairment provision |
|---|---|---|---|---|
| Trade Receivable | 7967 | | | 7967 |
| Cash and cash equivalents | 1208 | | | 1208 |
| Other financial assets | 4283 | | | 4283 |

As at March 31, 2020

(₹ in Lakh)

| Particulars | Estimated gross carrying amount | Expected credit loss | Expected credit losses | Carrying amount net of impairment provision |
|---|---|---|---|---|
| Trade Receivable | 14051 | | | 14051 |
| Cash and cash equivalents | 1557 | | | 1557 |
| Other financial assets | 4391 | | | 4391 |

## (iv) Other financial assets

Loans and receivable from related parties are periodically reviewed by the management in conjunction with the re-measured fair values of the Company's investments in those parties. Where the carrying amount of any receivable exceeds the re-measured fair value of investment, an impairment loss, to that extent, is provided for in the financial statements.

Cash and bank balances are managed by the Company's treasury department. Concentration risk is constantly monitored to mitigate financial loss.

The Company's maximum exposure to credit risk for the components of the financial assets as at, March 31, 2021 and April 01, 2020 is to the extent of their respective carrying amounts as disclosed in respective notes.

## (v) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

Company's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements, both immediate and long-term. The finance needs are monitored and managed by the Company's treasury department, in consultation with the project teams and management. The Company takes support from its secured lenders to finance and support the Company's operations.

## Note: 36 Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from October 02, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. Based on the information and records available with the management, there are no outstanding dues to the Micro, Small and Medium Enterprises development Act, 2006.

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year | Nil | Nil |
| The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | Nil | Nil |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006. | Nil | Nil |
| The amount of interest accrued and remaining unpaid at the end of each accounting year; and | Nil | Nil |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006 | Nil | Nil |

## Note: 37 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

- Maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

The Company manages its capital structure and make adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amounts of dividends paid to shareholders, return capital to shareholders.

(₹ in Lakh)

| Particulars | March 31, 2021 | March31, 2020 |
|---|---|---|
| Net Debt* | 12747 | 27229 |
| Total Equity | 63830 | 62792 |

*Net debt = Long Term Borrowings + Short Term borrowings - Cash & cash equivalents

## Note: 38 Financial instruments - Fair values and accounting classifications

Set out below, are the fair values of the financial instruments of the Company, including their accounting classifications:

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

(₹ in Lakh)

| Particulars | Note No. | March 31, 2021 | | | March 31, 2020 | | |
|---|---|---|---|---|---|---|---|
| | | Amortised Cost | FVTOCI | FVTPL | Amortised Cost | FVTOCI | FVTPL |
| **Financial assets** | | | | | | | |
| Investments | 2 | | 194 | | | 110 | |
| Security deposits | 3 | 1,274 | | | 1,294 | | |
| Trade receivables | 5 | 7,967 | | | 14,051 | | |
| Cash and cash equivalent | 6 | 1,208 | | | 1,557 | | |
| Incentive Receivable (Export) | 7 | 1,317 | | | 1,230 | | |
| Duty Drawback Receivable | 7 | 412 | | | 317 | | |
| Focus Product License | 7 | 102 | | | 1,077 | | |
| Advances to Employees | 7 | 102 | | | 142 | | |
| Advance to Other | 7 | 129 | | | 129 | | |
| Interest Receivable | 7 | 9 | | | 15 | | |
| Others | 7 | 19 | | | 77 | | |
| ECGC Claim Receivable | 7 | 725 | | | - | | |
| **Total** | | **13,264** | **194** | **-** | **19,889** | **110** | **-** |
| | | | | | | | |
| **Financial liabilities** | | | | | | | |
| Term loan from bank | 10,16 | 2,266 | | | 3,572 | | |
| Provision- Gratuity | 11,17 | 1,333 | | | 1,393 | | |
| Security deposits - for franchise | 13 | 6,003 | | | 2,163 | | |
| Lease Rent Liabilities (net) | 13,16 | 13,370 | | | 13,849 | | |
| Working Capital Loan from banks | 14 | 11,689 | | | 25,214 | | |
| Trade Payable | 15 | 10,977 | | | 9,543 | | |
| Unpaid Dividends | 16 | 79 | | | 76 | | |
| Commission Payable on Inland Sales | 16 | 1,347 | | | 199 | | |
| Outstanding Liabilities | 16 | 434 | | | 973 | | |
| Salary Payable | 16 | 389 | | | 394 | | |
| Bonus Payable | 16 | 534 | | | 495 | | |
| Audit Fees Payable | 16 | 15 | | | 15 | | |
| Unpaid Commission on Export Sales | 16 | 254 | | | 364 | | |
| Duties & Taxes (TDS payable) | 16 | 212 | | | 201 | | |
| Forward Contract due to bank | 16 | 81 | | | 23 | | |
| **Total** | | **48,983** | **-** | **-** | **58,474** | **-** | **-** |

### Financial instruments- Fair value hierarchy

The Company categorizes financial assets and financial liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

i) Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

ii) Level 2 - Inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the financial asset or financial liability.

iii) Level 3 - Inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

The following table provides the fair value measurement hierarchy of the financial assets and financial liabilities of the Company:

### Quantitative disclosures fair value measurement hierarchy for assets/liabilities as at period end:

(₹ in Lakh)

| | 31-Mar-21 | | | | 31-Mar-20 | | | |
|---|---|---|---|---|---|---|---|---|
| | | Level of Input used in | | | | Level of Input used in | | |
| | Carrying Amount | Level I | Level II | Level III | Carrying Amount | Level I | Level II | Level III |
| **A Financial Assets** | | | | | | | | |
| **a) Measured at amortised cost** | | | | | | | | |
| Security deposits | 1,274 | 1,274 | | | 1,294 | 1,294 | | |
| Trade receivables | 7,967 | 7,967 | | | 14,051 | 14,051 | | |
| Cash and cash equivalent | 1,208 | 1,208 | | | 1,557 | 1,557 | | |
| Incentive Receivable (Export) | 1,317 | 1,317 | | | 1,230 | 1,230 | | |
| Duty Drawback Receivable | 412 | 412 | | | 317 | 317 | | |
| Focus Product License | 102 | 102 | | | 1,077 | 1,077 | | |
| Advances to Employees | 102 | 102 | | | 142 | 142 | | |
| Advance to Other | 129 | 129 | | | 129 | 129 | | |
| Interest Receivable | 9 | 9 | | | 15 | 15 | | |
| Others | 19 | 19 | | | 77 | 77 | | |
| ECGC Claim Receivable | 725 | 725 | | | - | - | | |
| **Sub Total** | **13,264** | **13,264** | **-** | **-** | **19,889** | **19,889** | **-** | **-** |
| **b) Measured at Fair value through OCI** | | | | | | | | |
| Investment | 194 | | 194 | | 110 | | 110 | |
| **Sub Total** | **194** | **-** | **194** | **-** | **110** | **-** | **110** | **-** |
| **c) Measured at Fair value through profit or loss** | | | | | | | | |
| **Total** | **13,458** | **13,264** | **194** | **-** | **19,999** | **19,889** | **110** | **-** |
| **B Financial Liabilities** | | | | | | | | |
| **a) Measured at amortised cost** | | | | | | | | |
| Term loan from bank | 2,266 | 2,266 | | | 3,572 | 3,572 | | |
| Provision- Gratuity | 1,333 | 1,333 | | | 1,393 | 1,393 | | |
| Security deposits - for franchise | 6,003 | 6,003 | | | 2,163 | 2,163 | | |
| Lease Rent Liabilities (net) | 13,370 | 13,370 | | | 13,849 | 13,849 | | |
| Working Capital Loan from banks | 11,689 | 11,689 | | | 25,214 | 25,214 | | |
| Trade Payable | 10,977 | 10,977 | | | 9,543 | 9,543 | | |
| Unpaid Dividends | 79 | 79 | | | 76 | 76 | | |
| Commission Payable on Inland Sales | 1,347 | 1,347 | | | 199 | 199 | | |
| Outstanding Liabilities | 434 | 434 | | | 973 | 973 | | |
| Salary Payable | 389 | 389 | | | 394 | 394 | | |
| Bonus Payable | 534 | 534 | | | 495 | 495 | | |
| Audit Fees Payable | 15 | 15 | | | 15 | 15 | | |
| Unpaid Commission on Export Sales | 254 | 254 | | | 364 | 364 | | |
| Duties & Taxes (TDS payable) | 212 | 212 | | | 201 | 201 | | |
| Forward Contract due to bank | 81 | 81 | | | 23 | 23 | | |
| **Total** | **48,983** | **48,983** | **-** | **-** | **58,474** | **58,474** | **-** | **-** |

**Notes:**

i) Fair valuation of current financial liabilities is considered as approximate to respective carrying amount due to the short-term maturities of these instruments.

ii) Fair value of non-current financial assets has not been disclosed as these are bank deposits with maturity more than 12 months, and there are no significant differences between their carrying value and fair value.

iii) Trade receivables, cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets, trade payables and other financial liabilities have fair values that approximate to their carrying amounts due to their short-term nature.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2021 and March 31, 2020.

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

## Note: 39 Impact of Global Health Pandemic COVID-19

The Company has assessed the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of Receivables, Inventories, Investments and other assets / liabilities. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these standalone financial statements has used internal and external sources of information. As on current date, the Company has concluded that the impact of COVID – 19 is not material based on these estimates. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties in future periods, if any.

## Note: 40 FRAUD

The Company identified Seven instances of Fraud at Six different Retail Stores of the Company located at Uttar Pradesh, Orissa, Kerala, Madhya Pradesh, Karnataka and Delhi. The employees of the respective stores were involved in the fraud against the company. The total amount of fraud amounted to ₹ 79,28,645/- out of which ₹ 8,91,403/- has been recovered from the employees and ₹ 48,75,563/- is written off in the books of accounts being irrecoverable. Whereas ₹ 21,61,679/- is still lying as recoverable from the employees as management is optimistic of recoverability of the same.

The aforesaid matter has been taken up before the appropriate authorities and requisite legal action has been initiated against the employees. The company has plugged the corresponding control weaknesses on account of which the fraud was perpetrated in the system by incorporating necessary changes in the e-platform. The company has during the year implemented authorisations at various levels through suitable internal controls as part of the rectification process.

## Note: 41 GROUP OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

### 1) GENERAL INFORMATION:

Mirza International Limited ('The Holding Company') and it's 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 and allied products.

The consolidated financial statements for the year ended on March 31, 2021 were approved for issue by Company's Board of Directors on July 27, 2021.

### 2) STATEMENT OF COMPLIANCE:

These consolidated 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.

### 3) BASIS OF PREPARATION OF 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. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rule 2015 and relevant amendments rules issued thereafter.

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 ordinarily 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.

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

## 4) 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 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 consolidated financial statements.

## 5) PROPERTY PLANT AND EQUIPMENT:

1. 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 if capitalization criteria are met, 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).

   The useful lives, residual values and method of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively.

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

## 6) DEPRECIATION & AMORTIZATION

1) Depreciation on Building, Plant and machinery, Furniture & fixtures, Vehicles and Computers is provided as per the Straight Line Method (SLM), over the estimated useful lives of assets.

2) Lease hold land are amortized over the useful life remaining from the date, it put to use. The useful life of leasehold land is lease term remaining unexpired.

3) The Group depreciates its property, plant and equipment (PPE) over the useful life in the manner prescribed in Schedule II to the Act. Management believes that useful life of assets are same as those prescribed in Schedule II to the Act.

4) The residual values are not more than 5% of the original cost of the asset. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

5) Depreciation on additions / deletions is calculated pro-rata from the month of such addition / deletion, as the case maybe.

6) Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

## 7) CASH AND CASH EQUIVALENTS

Cash and short-term deposits in the balance sheet comprise cash at banks and cash in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents include bank overdrafts are form an integral part of Company's cash management."

## 8) 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.

## 9) LEASES:

The Company's lease assets largely contain leases for buildings/showrooms taken for warehouses and retail stores. At inception of a contract, the Company assesses whether a contract contains a lease. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, then the contract is considered as lease. Following factors are considered to determine whether a contract conveys the right to control the use of an identified asset:

(i) The contract encompasses the use of an identified asset.

(ii) The Company has extensively all of the economic benefits from use of the asset during the period of the lease; and

(iii) The Company is a position to direct the use of the asset.

On the beginning of the lease, except for leases with a term of twelve months or less and low value leases, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease provisions in which it is a lessee.

For leases with a term of twelve months or less and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Where the lease provisions include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities adjusted only when it is reasonably certain that they will be exercised.

The ROU assets are initially accounted for at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. Subsequently they are measured at cost less accumulated depreciation and impairment losses, if any.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying ROU asset. Whenever events or changes in circumstances designate that their carrying amounts may not be recoverable ROU assets are evaluated for recoverability.

The lease liabilities at the commencement are measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are re-measured with a consistent change to the related ROU asset if the Company changes its appraisal about exercise of option for extension or termination.

Lease liabilities and ROU assets have been presented separately in the Balance Sheet and lease payments have been classified as financing cash flows.

## 10) FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

**Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in following categories:

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

A) **Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

All financial liabilities are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the issue of financial liabilities, that are not at fair value through profit or loss are added to the fair value on initial recognition. After initial measurement, such financial liabilities are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

B) **Debt instruments at fair value through other comprehensive income (FVTOCI)**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

C) **Debt instruments at fair value through profit or loss (FVTPL)**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**Equity investments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 (Business Combinations) applies are classified as at FVTPL. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

The rights to receive cash flows from the asset have expired, or

The respective company has transferred their rights to receive cash flows from the asset or have assumed the obligation to pay the received cash flows in full without material delay to a third party under a 'pass- through' arrangement; And

**Either the Company:**

(a) has transferred substantially all the risks and rewards of the asset, or

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

(b) has neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the continuing involvement of Company. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

The Group measures its equity investment other than in subsidiaries, joint ventures and associates at fair value through profit and loss.

However where the Group management makes an irrevocable choice on initial recognition to present fair value gains and losses on specific equity investments in other comprehensive income (Currently no such choice made), there is no subsequent reclassification, on sale or otherwise, of fair value gains and losses to the Statement of Profit and Loss.Further, where insufficient or more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair vale within that range in those cases cost is considered an appropriate estimate of fair value.

(iii) Impairment of financial assets

The Group measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(iv) Income recognition Interest income

Interest income from debt instruments is recognised using the effective interest rate method.

**Dividends**

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established.

**Interest Income**

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

## 11) INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Investments in subsidiaries, joint ventures and associates are recognised at cost as per Ind AS 27. Except where investments accounted for at cost shall be accounted for in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, when they are classified as held for sale.

## 12) 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.

## 13) FOREIGN CURRENCY TRANSACTIONS

(i) **Functional and presentation currency**

The financial statements are presented in Indian rupee (INR), which is Group functional and presentation currency.

ii) **Financial Instruments**

Derivative financial instruments such as forward contracts, option contracts and cross currency swaps, to hedge its foreign currency risks are initially recognized at fair value on the date a derivative contract is entered into and are

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

subsequently remeasured at their fair value with changes in fair value recognized in the Statement of Profit and Loss in the period when they arise

(iii) Transactions and balances

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

## 14) SEGMENT REPORTING:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

## 15) 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 recognised immediately in profit or loss.

Amounts previously recognised 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 recognised 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.

## 16) REVENUE RECOGNITION:

Ind AS 115 on "Revenue from contracts with Customers" notified by the Ministry of Corporate Affairs (MCA) is effective from accounting periods beginning on or after April 01, 2018 i.e., from the current financial year. In terms of Ind AS 115 revenue needs to be now recognized by entities on "transfer of control over goods/services" instead of the earlier recognition criteria of "transfer of risk and rewards" as per Ind AS 18/ Ind AS 11.

The Company has applied Ind AS 115, which helps in recognizing the Revenue from Operations. The company derives revenues primarily from sale of manufactured goods, traded goods and related services.

Ind AS 115 five step model is used to determine whether revenue should be recognized at a point in time or over the period of time and at what amount, the five steps are as follows:

Step 1: Identify the Contract with the Customer.

Step 2: Identify the Performance obligation in the contract.

Step 3: Determine the Transaction price.

Step 4: Allocate the Transaction price to the Performance obligation.

Step 5: Recognize revenue when the entity satisfies performance obligation.

Revenue from Sale of Goods and Export Incentives- Revenue is recognized upon transfer of control of promised products or services to customers 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. Export Incentives under various schemes are accounted in the year of export.

Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Revenue from related party is recognized based on transaction price which is at arm's length.

The Company operates a loyalty program for the customers for the sale of non-discounted goods only. The customers accumulate points for purchases made

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

of fresh articles only, which entitles them to discount on future purchases. A contract liability for the award points is recognized at the time of the sale. Revenue is recognized when the points are redeemed or on expiry. The expenditure of loyalty program is netted-off to revenue.

Interest Income is recognized on time proportion basis taking into account the amount outstanding and the applicable interest rates and is disclosed in "other income"

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

**Other operating revenue - Export incentives**

Export Incentives under various schemes are accounted in the year of export.

## 17) 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 nonpayment of the same is reflected in the Notes to the Accounts.

## 18) EMPLOYEE BENEFITS:

(i) **Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) **Leave Encashment**

The liabilities for earned leave and sick leave are settled as when accrued within the financial year.

(iii) **Post-employment obligations**

The Group operates the following post-employment schemes:

(a) defined benefit plans such as gratuity and pension; and

(b) defined contribution plans such as provident fund etc.

**Pension and gratuity obligations**

The liability or asset recognized in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

**Defined Contribution Plans**

Defined Contribution Plans such as Provident Fund etc., are charged to the Statement of Profit and Loss as incurred. Further for certain employees, the monthly contribution for Provident Fund is made to a Trust administered by the Group. The interest payable by the Trust is notified by the Government. The Group has an obligation to make good the shortfall, if any.

**Termination benefits**

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

## 19) TAXES ON INCOME:

Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statement. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are excepted to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses, only if, it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are off set where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in the Statement of Profit and Loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively

Minimum Alternate Tax credit is recognized as deferred tax asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period

## 20) INTANGIBLE ASSETS

Intangible assets acquired separately are measured in initial recognition at cost. Following initial recognition, intangibles, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with finite life are reviewed at least at the end of each reporting period.

### Subsequent measurement (amortization)

The cost of capitalized software is amortized over a period of 5 years from the date of its acquisition.

The cost of usage rights is being amortized over the concession period in the proportion in which the actual revenue received during the accounting year bears to the projected revenue from such intangible assets till the end of concession period.

## 21) 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 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.

## 22) 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.

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

**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

## 23) EVENTS AFTER THE REPORTING PERIOD:

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

## 24) 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 overdue life of the assets. Where the Grants carry conditions of specific performance, the contingent aspect is disclosed in due notes to the accounts.

## 25) IMPAIRMENT OF TANGIBLE & INTANGIBLE ASSETS:

### (i) Financial assets (other than at fair value)

The Group assesses at each date of balance sheet whether a financial asset or a Group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, the Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

### (ii) Non-financial assets

The company assess at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre -tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the company

# NOTES AND SIGNIFICANT ACCOUNTING POLICIES

estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Profit or Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as an increase in revaluation.

26) OPERATING CYCLEFOR CUREENT AND NON-CUREENT 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 up to the realization of receivables within the agreed credit period normally applicable to the respective lines of business.

27) ECGC Policy

As per the accounting policy of ECGC, only 90% of the claim amount is claimable from ECGC and for balance 10% of claim amount company must made necessary provision.

For **DRA & Co**
Chartered Accountants
FRN: 006476N

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

Place : New Delhi
Date : July 27, 2021

**Rashid Ahmed Mirza**
Chairman and Managing Director

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

**Tauseef Ahmad Mirza**
Whole Time Director

**Priyanka Pahuja**
Company Secretary

# MIRZA INTERNATIONAL LIMITED

**CIN:** L19129UP1979PLC004821
**Registered Office:** 14/6, Civil Lines, Kanpur-208001
**Phone:** +91-512-2530775
**E-mail:** priyanka.pahuja@redtapeindia.com; **Website**: www.mirza.co.in

# NOTICE

Notice is hereby given that the Forty Second Annual General Meeting of the Members of Mirza International Limited will be held on Friday, 24th September, 2021 at 11:00 A.M. (IST) at the Auditorium of Directorate of Extension, Chandra Shekhar Azad (CSA) University of Agriculture and Technology, Nawabganj, Kanpur-208002 to transact the following businesses:

## ORDINARY BUSINESS

1. **To consider and adopt:**

   The Audited Financial Statements of the Company for the financial year ended 31st March, 2021 alongwith the reports of the Board of Directors and Auditors thereon and the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2021 and Auditors' Report thereon.

2. To appoint a Director in place of Mr. Narendra Prasad Upadhyaya (DIN: 00049196), who retires by rotation and being eligible, offers himself for re-appointment.

## SPECIAL BUSINESS

3. **Ratification of the Remuneration payable to Cost Auditor**

   To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Section 148 of the Companies Act, 2013 ("Act") read with Rule 14 of Companies (Audit and Auditors) Rules, 2014 and any other applicable provisions of the Act (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to the recommendation of Audit Committee and Board of Directors of the Company, Mr. A.K. Srivastava, Cost Accountant (Membership No. 10467), who was appointed as the Cost Auditor of the Company by the Board of Directors to audit the cost records for Financial Year 2021-2022, be and is hereby appointed at a remuneration of ₹ 40,000/- per annum plus applicable tax and out of pocket expenses incurred in carrying out the said audit.

   **RESOLVED FURTHER THAT** the Board of Directors of the Company or any Committee thereof be and are hereby authorised to perform all such acts and things and to sign all such deeds and documents, as may be considered necessary, desirable or expedient to give effect to this resolution."

4. **Approval for Related Party Transactions with Euro Footwear Private Limited**

   To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Section 188 of the Companies Act, 2013 ("Act") and rules made thereunder and other applicable provisions, if any, of the Act, Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and approval of the Audit Committee and Board of Directors of the Company, approval of Members of the Company be and is hereby accorded to the Board of Directors of the Company, to enter into material contract(s)/ arrangement(s)/ transaction(s) with Euro Footwear Private Limited, a related party as defined under the provisions of the Act and Listing Regulations, on such terms and conditions as the Board of Directors may deem fit, up to a maximum aggregate value of ₹ 35,000 Lac plus applicable Goods and Service Tax during the financial year 2021-22, for the purposes as set out in the explanatory statement annexed hereto, provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall be in the ordinary course of business of the Company and at arm's length basis.

   **RESOLVED FURTHER THAT** for the purpose of giving effect to the foregoing resolution, the Board or any Committee thereof be and is hereby authorized to agree, make, accept and finalize all such terms, condition(s), modification(s) and alteration(s) as it may deem fit within the aforesaid limits and the Board / Committee is also hereby authorized to resolve and settle all questions, difficulties or doubts that may arise and to finalize and execute all agreements, documents and writings and to do all acts, deeds and things in this connection and incidental as the Board / Committee in its absolute discretion may deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have been given approval thereto expressly by the authority of this resolution."

5. **Approval for Related Party Transactions with Mirza (U.K.) Limited**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Section 188 of the Companies Act, 2013 ("Act") and rules made thereunder and other applicable provisions, if any, of the Act, Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and approval of the Audit Committee and Board of Directors of the Company, approval of Members of the Company be and is hereby accorded to the Board of Directors of the Company to enter into material contract(s)/ arrangement(s)/ transaction(s) with Mirza (U.K) Limited, a related party as defined under the provisions of the Act and Listing Regulations, on such terms and conditions as the Board of Directors may deem fit, up to a maximum aggregate value of ₹ 65, 000 Lac plus applicable Goods and Service Tax during the financial year 2021-22, for the purposes as set out in the explanatory statement annexed hereto, provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall be in the ordinary course of business of the Company and at arm's length basis.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the foregoing resolution, the Board or any Committee thereof be and is hereby authorized to agree, make, accept and finalize all such terms, condition(s), modification(s) and alteration(s) as it may deem fit within the aforesaid limits and the Board / Committee is also hereby authorized to resolve and settle all questions, difficulties or doubts that may arise and to finalize and execute all agreements, documents and writings and to do all acts, deeds and things in this connection and incidental as the Board / Committee in its absolute discretion may deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have been given approval thereto expressly by the authority of this resolution."

By order of the Board
For **Mirza International Limited**

**(Priyanka Pahuja)**
Company Secretary &
Compliance Officer
Membership No. A59086

Place : New Delhi
Date : 27th July, 2021

## NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“Act”) setting out material facts on special businesses under Sl. Nos. 3 to 5, is annexed hereto.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATEND AND VOTE ON A POLL ON HIS/ HER BEHALF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A proxy shall be sent in the form enclosed and in order to be effective must reach the registered office of the Company at least **FORTY-EIGHT HOURS** before the scheduled time of the meeting. Proxies submitted on behalf of the companies, societies, etc must be supported by appropriate resolution/ authority as applicable.

3. A person can act as proxy on behalf of members not exceeding Fifty in number and holding in aggregate not more than 10% of total share capital of the Company carrying voting rights. However, a member holding more than 10% of total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

4. **M/s. D R A & Co., Chartered Accountants, Firm Registration No. 006476N, were appointed as Statutory Auditors of the Company from conclusion of 38th Annual General Meeting till conclusion of 43rd Annual General Meeting of the Company, subject to ratification at every Annual General Meeting of the Company at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors. The Ministry of Corporate Affairs (MCA) vide its circular dated 7th May 2018 notified various sections of The Companies (Amendment) Act, 2017, thereby modifying Section 139 of Companies Act, 2013. Accordingly, the requirement for ratification of appointment of Statutory Auditors by the shareholders at every Annual General Meeting has been omitted, hence no such resolution is proposed at this Annual General Meeting.**

5. A copy of the Financial Statements of the Company for the financial year ended 31st March, 2021 together with the Auditors’ and Directors’ Reports thereon are enclosed.

6. Members are requested to write to the Company their query(ies), if any, on the accounts and operations of the Company at least 7 days before the meeting to keep the information ready at the meeting.

7. The Board of Directors has not recommended any Final Dividend for the financial year ended 31st March, 2021.

8. Securities and Exchange Board of India (“SEBI”) has made it mandatory for all companies to use the bank account details furnished by the Depositories and the bank account details maintained by the Registrar and Share Transfer Agents for payment of dividend to Members electronically. The Company has extended the facility of electronic credit of dividend directly to the respective bank accounts of the Member(s) through Electronic Clearing Service (ECS) / National Electronic Clearing Service (NECS) / Real Time Gross Settlement (RTGS) / Direct Credit, etc.

   Members holding shares in electronic mode are therefore requested to furnish their Bank particulars in which they wish to receive dividend, through their Depository Participants (DPs). Members holding shares in physical form, if any, and desirous of availing the NECS / ECS facility, are requested to update their Bank particulars by sending it to the Company’s Registrar and Share Transfer Agent, M/s. KFin Technologies Private Limited (“RTA”), directly for instant credit of dividend and other cash entitlements.

   The Company or RTA cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars. Such changes are to be intimated only to the Depository Participants of the Members. Further instructions, if any, already given by them in respect of shares held in physical form, if any, will not be automatically applicable to shares held in the electronic mode.

9. SEBI vide its circular dated 20th April, 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 Corporate Office or to 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).

10. Shareholders of the Company are informed that pursuant to the provisions of Section 124(5) of the Companies Act, 2013, the amount of dividend which remains unpaid/ unclaimed for a period of 7 consecutive years is required to be transferred to the ‘Investor Education & Protection Fund’ (IEPF) constituted by the Central Government. Accordingly,

unpaid/unclaimed dividend upto the year 2012-2013 has been transferred to IEPF.

Shareholders who have not encashed their dividend warrant(s) for the year from 2013-2014 to 2019-2020 are requested to make claim with the Company immediately. Dividend declared by the Company for the financial year 2013-2014, remain unpaid/unclaimed is due for transfer on or after 19th October, 2021 to IEPF. A statement containing names, last known addresses and unpaid dividend of such shareholders is available on the website of the Company i.e. www.mirza.co.in.

Shareholders whose amount has been transferred to IEPF as above may claim refund from IEPF in accordance with provisions of Companies Act, 2013 and rules made thereunder. Further, pursuant to the provisions of Section 124 of the Companies Act, 2013, and of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, all shares in respect of which dividend has not been paid or claimed by the Shareholders for seven consecutive years, the Company is required to transfer such Equity Shares of the members to the Demat Account of the IEPF. Accordingly, the Company has transferred 38059 equity shares of ₹ 2/- each to IEPF whose dividend was not encashed for consecutive seven years from 2012-2013, data of which are available on website of the Company. The Company sent a communication to all shareholders concerned and had also published a Notice in the leading Newspaper, viz, Business Standard (both in English and Vernacular paper), with respect to the formalities and process of such transfers. Similarly, the Company will transfer such shares to Demat account of IEPF Authority on which dividend for 2013-2014 will remain un-encashed for seven consecutive years, as per the guidelines issued by the concerned authority(ies) from time to time.

11. 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 Corporate 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.

12. All members who have either not received or have not yet encashed their dividend warrant(s) for the financial year ended 31st March, 2014 till the financial year ended 31st March, 2020 are requested to write to the Company's Registrar and Share Transfer Agent i.e. M/s. KFin Technologies Private Limited at 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.

13. During the financial year ended 31st March, 2021, the Company has deposited a sum of ₹ 6,50,324/- (Six lakh Fifty Thousand Three Hundred Twenty Four Rupees only) into the specified bank account of the IEPF, Government of India, towards unclaimed / unpaid dividend for the financial year 2012-13. The due dates for transfer of the unclaimed / unpaid dividend relating to subsequent years to IEPF are as follows:

| FINAL/INTERIM DIVIDEND FOR THE FINANCIAL YEAR ENDED | DUE DATE FOR TRANSFER TO IEPF |
|---|---|
| 31st March, 2014 (Final) | 19/10/2021 |
| 31st March, 2015 (Final) | 28/10/2022 |
| 31st March, 2016 (Final) | 28/10/2023 |
| 31st March, 2017 (Final) | 27/10/2024 |
| 31st March, 2018 (Final) | 25/10/2025 |
| 31st March, 2019 (Final) | 18/10/2026 |
| 12th February, 2020 (Interim) | 09/03/2027 |

14. Members holding shares in physical form, if any, and desirous of making a nomination or cancellation/ variation in nomination already made in respect of their shareholdings in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to submit the prescribed Form No. SH.13 to the Registrar and Share Transfer Agent of the Company for nomination and Form No. SH.14 for cancellation/ variation as the case may be. Shareholders holding shares in demat form are also advised to avail nomination facility by submitting the prescribed form to their respective Depository Participants (DPs).

15. Pursuant to General Circulars Nos. 14/2020, 17/2020, 20/2020 and 02/2021 dated 8th April, 2020, 13th April, 2020, 5th May, 2020 and 13th January, 2021 respectively issued by Ministry of Corporate Affairs ("MCA Circulars") and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January, 2021 issued by Securities and Exchange Board of India ("SEBI Circulars"), Notice of the AGM along with the Annual Report for the financial year 2020-21 are being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report for the financial year 2020-21

are also available on the Company's website i.e. www.mirza.co.in, websites of National Stock Exchange of India Limited and BSE Limited and on the website of Registrar and Share Transfer Agent of the Company.

16. No request for effecting transfer of shares in physical form is being processed w.e.f. 1st April, 2019, in terms of Press Release No. 49/2018 dated 3rd December, 2018 of SEBI except in case of transmission, transposition of shares subject to necessary compliances.

17. As required under Regulations 26(4) and 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI), the relevant information in respect of Directors seeking appointment/re-appointment at the Annual General Meeting is provided herein below and forms a part of this Notice.

18. 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.

19. 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.

20. The Company has designated an exclusive e-mail ID "priyanka.pahuja@redtapeindia.com" for redressal of shareholders' complaints / grievances.

21. 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.

22. All the documents as required under the Act and referred to in the accompanying Notice of the AGM and the Explanatory Statement shall be available for inspection by the Members of the Company without payment of fees at the Corporate Office of the Company at A-7, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi - 110044 on any working day between 10.00 A.M. to 05.00 P.M. till the date of the AGM and shall also be available at the venue of the AGM.

23. **Voting through Electronic Means:**

i. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), MCA Circulars and SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December, 2020, the Company is pleased to provide its Members, facility to exercise their right to vote on resolutions proposed to be passed at the meeting by electronic means. The Members may cast their votes using electronic voting system from a place other than the venue of the meeting ('remote e-voting'). The facility for voting through ballot paper will also be made available at the Annual General Meeting (AGM) and the Members attending the AGM who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Members who have cast their votes by remote e-voting prior to the AGM, may attend the AGM, but shall not be entitled to cast their votes again.

ii. Pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December, 2020 on "E-Voting facility provided by Listed Companies", e-voting process has been enabled to all the **individual demat account holders**, by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process.

iii. Individual demat account holders would be able to cast their vote without having to register again with the e-voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs to access e-voting facility.

iv. The Company has engaged the services of KFin Technologies Private Limited (KFintech) as the Authorised Agency to provide e-voting facilities.

v. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the members/beneficial owners as on the cut–off date i.e. on close of business hours of Friday, 17th September, 2021.

vi. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. on close of business hours of Friday, 17th September, 2021 only shall be entitled to avail the facility of remote e-voting/ballot.

vii. Any person who becomes a Member of the Company after dispatch of the Notice of the meeting and holding shares as on the cut-off date i.e. on close of business hours of Friday, 17th September, 2021, may contact KFintech to obtain User ID and password to vote on the resolution set out in the Notice through remote e-voting procedure. However, if he / she is already registered with KFintech for remote e-voting then he / she can use his / her existing User ID and password for casting the vote.

viii. Members are requested to carefully read the instructions for remote e-voting before casting their vote.

ix. The remote e-voting facility will be available during the following voting period after which the portal will be blocked and shall not be available for e-voting:

| | |
|---|---|
| Commencement of e-voting | From 9:00 A.M. (IST) on Tuesday, 21st September, 2021 |
| End of e-voting | Upto 5:00 P.M. (IST) on Thursday, 23rd September, 2021 |

x. The details of the process and manner for remote e-voting are explained herein below:

**Step 1:** Access to Depositories e-voting system in case of individual shareholders holding shares in demat mode.

**Step 2:** Access to KFintech e-voting system in case of shareholders holding shares in physical and non-individual shareholders in demat mode.

## Details on Step 1 are mentioned below:

**Login method for remote e-voting for Individual shareholders holding securities in demat mode.**

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL | 1. **User already registered for IDeAS facility:**<br>I. Visit URL: https://eservices.nsdl.com.<br>II. Click on the "Beneficial Owner" icon under "Login" under 'IDeAS' section.<br>III. On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-voting".<br>IV. Click on company name or e-voting service provider and you will be re-directed to e-voting service provider website for casting the vote during the remote e-voting period.<br>2. **User not registered for IDeAS e-Services**<br>I. To register click on link : https://eservices.nsdl.com.<br>II. Select "Register Online for IDeAS" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp.<br>III. Proceed with completing the required fields.<br>IV. Follow steps given in point 1. |
| | 3. **Alternatively by directly accessing the e-voting website of NSDL**<br>I. Open URL: https://www.evoting.nsdl.com/.<br>II. Click on the icon "Login" which is available under 'Shareholder/Member' section.<br>III. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen.<br>IV. Post successful authentication, you will be requested to select the name of the company and the e-voting Service Provider name, i.e. KFintech.<br>V. On successful selection, you will be redirected to KFintech e-voting page for casting your vote during the remote e-voting period. |
| Individual Shareholders holding securities in demat mode with CDSL | **1. Existing user who have opted for Easi / Easiest**<br>Visit URL: https://web.cdslindia.com/myeasi/home/login or<br>URL: www.cdslindia.com<br>I. Click on New System Myeasi.<br>II. Login with your registered user id and password.<br>III. The user will see the e-voting Menu. The Menu will have links of ESP i.e. KFintech e-voting portal.<br>IV. Click on e-voting service provider name to cast your vote.<br>2. **User not registered for Easi/Easiest**<br>I. Option to register is available at<br>https://web.cdslindia.com/myeasi/Registration/EasiRegistration<br>II. Proceed with completing the required fields.<br>III. Follow the steps given in point 1.<br>3. **Alternatively, by directly accessing the e-voting website of CDSL**<br>I. Visit URL: www.cdslindia.com.<br>II. Provide your Demat Account Number and PAN No.<br>III. System will authenticate user by sending OTP on registered Mobile & Email as recorded in the Demat Account.<br>IV. After successful authentication, user will be provided links for the respective ESP, i.e **KFintech** where the e-voting is in progress. |

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholder login through their demat accounts / Website of Depository Participant | I. You can also login using the login credentials of your Demat account through your DP registered with NSDL / CDSL for e-voting facility.<br>II. Once logged-in, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-voting feature.<br>III. Click on options available against company name or e-voting service provider – **Kfintech** and you will be redirected to e-Voting website of **KFintech** for casting your vote during the remote e-Voting period without any further authentication. |

**Important note:** Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at respective websites.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

| Login type | Helpdesk details |
|---|---|
| Securities held with NSDL | Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: **1800 1020 990** and **1800 22 44 30** |
| Securities held with CDSL | Please contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at **022- 23058738** or **022-23058542-43** |

**Details on Step 2 are mentioned below:**

**Login method for e-voting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

(A) Members whose email IDs are registered with the Company/ Depository Participants(s), will receive an email from KFintech which will include details of E-Voting Event Number (EVEN), USER ID and password. They will have to follow the following process:

i. Launch internet browser by typing the URL: https://emeetings.kfintech.com/.

ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx, 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 KFintech for e-voting, you can use your existing User ID and password for casting the vote.

iii. After entering these details appropriately, click on **"LOGIN"**.

iv. You will now reach 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 your contact details like mobile number, email ID etc. on first login. You may also enter a 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 "EVEN" i.e., "MIRZA INTERNATIONAL LIMITED- AGM" and click on "Submit"

vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/ AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

viii. Members holding multiple folios/Demat accounts shall choose the voting process separately for each folio/Demat accounts.

ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.

x. You may then cast your vote by selecting an appropriate option and click on "Submit".

xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution(s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., authorizing its representative to attend the AGM on its behalf and to cast its vote through remote e-voting. Together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email id ankit99000@gmail.com with a copy marked to evoting@kfintech.com. The scanned image of the above-mentioned documents should be in the naming format "Corporate Name Event No."

(B) Members whose email IDs are not registered with the Company/Depository Participants(s), and consequently the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, will have to follow the following process:

i. Members who have not registered their email address and in consequence the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, may temporarily get their email address and mobile number provided with KFintech, by accessing the link: https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx. Members are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, member may write to einward.ris@kfintech.com.

ii. Alternatively, member may send an e-mail request at the email id einward.ris@kfintech.com along with scanned copy of the signed request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice of AGM and the e-voting instructions.

iii. After receiving the e-voting instructions, please follow all steps above to cast your vote by electronic means.

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.KFintech.com or contact Mrs. C Shobha Anand of KFin Technologies Private Limited at 18003094001 (toll free)

24. **General:**

i. In case, Members cast their vote exercising both the options i.e. voting through Electronic means (remote e-voting) and by means of ballot paper at the meeting, then votes cast through remote e-voting shall only be taken into consideration and treated valid whereas votes cast by means of ballot paper at the meeting, shall be treated as invalid.

ii. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

iii. The Board of Directors has appointed Mr. Ankit Misra, Company Secretary in Practice, (ACS No. 30650, CP No. 23471) as the Scrutinizer to scrutinize remote e-voting process and voting by ballot at the meeting in a fair and transparent manner.

The Scrutiniser, after scrutinizing the votes cast at the meeting by ballot and through remote e-voting, will not later than forty eight hours of conclusion of the meeting, make a consolidated scrutinizer's report and submit the same to the Chairman or a person authorised by him. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.mirza.co.in. The result shall simultaneously be communicated to the Stock Exchanges, where the equity shares of the Company are listed.

iv. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the meeting i.e. Friday, 24th September, 2021.

## EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item No. 3

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 and Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a Cost Accountant for auditing the cost records of the Company and the remuneration payable to the said Cost Accountant is required to be ratified by the Shareholders of the Company.

Accordingly, on the recommendation made by the Audit Committee, the Board of Directors of the Company, in their meeting held on 29th June, 2021, appointed Mr. A.K. Srivastava, Cost Accountant to audit the cost records of the Company for the Financial Year 2021-2022 at a remuneration of ₹ 40,000/- per annum plus applicable tax and out of pocket expenses incurred in carrying out the said audit.

The aforesaid remuneration is required to be ratified by the Shareholders of the Company, therefore, the consent of the members is sought for passing an Ordinary Resolution as set out in Item No. 3 of the accompanying Notice for ratification of the remuneration payable to the Cost Auditor for Financial Year 2021-2022.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested financially or otherwise, in the resolution set out under Item No. 3 of the accompanying Notice.

### Item No. 4

Euro Footwear Private Limited ("Euro") is a related party of your Company as defined under the Companies Act, 2013 ("Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Your Company is proposing to enter into various contract(s) / arrangement(s) / transaction(s) with Euro from time to time during the FY 2021-22. Such transaction(s) shall be in the ordinary course of business of the Company and at arm's length basis.

Pursuant to the provisions of Regulation 23 of the Listing Regulations, all material related party transactions shall require approval of shareholders through ordinary resolution, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover as per last Audited Financial Statements of the Company.

During the FY 2021-22, the total value of the proposed transaction(s) with Euro is likely to exceed the said threshold limit of 10% of the annual consolidated turnover of the Company as per its latest Audited Financial Statements. Accordingly, transaction(s) entered into with Euro comes within the meaning of material related party transaction(s) in terms of provisions of the Listing Regulations and the Act and rules made thereunder. The Audit Committee and Board of Directors in their respective meetings held on 29th June, 2021 approved proposed related party transactions with Euro in accordance with the Company's policy on Related Party Transactions. Hence, approval of the shareholders is being sought for the said related party transaction(s) proposed to be entered into by your Company with Euro during the FY 2021- 22.

Pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, particulars of the transactions with Euro are as follows:

| Sl. No. | Particulars | Remarks |
|---|---|---|
| 1. | Name of the Related Party | Euro Footwear Private Limited |
| 2. | Name of the Director or Key Managerial Personnel who is related, if any | Mr. Rashid Ahmed Mirza<br>Mr. Shahid Ahmad Mirza<br>Mr. Tauseef Ahmad Mirza<br>Mr. Tasneef Ahmad Mirza |
| 3. | Nature of Relationship | Related Party u/s 2 (76) (iv) of the Companies Act, 2013 |
| 4. | Nature, material terms,monetary value and particulars of the contract or arrangement | For the purpose of Purchase of Footwear and other Components, Jobwork charges & sale of Leather upto ₹ 35,000 Lac |

Except Mr. Rashid Ahmed Mirza, Mr. Shahid Ahmad Mirza, Mr. Tauseef Ahmad Mirza and Mr. Tasneef Ahmad Mirza and their relatives, none of the other Directors and the Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise in the resolution as set out at item no. 4 of the Notice. No related party will vote to approve the transaction, whether the entity is a related party to the transaction or not.

The Board is of the opinion that the aforesaid related party transactions are in the best interests of the Company and therefore, recommends the resolution under item no. 4 for approval of the members as an Ordinary Resolution.

### Item No. 5

Mirza (U.K) Limited is a related party of your Company as defined under the Companies Act, 2013 ("Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Your Company is proposing to enter into various contract(s) / arrangement(s) /transaction(s) with Mirza (U.K) Limited from time to time during the FY 2021-22. Such transaction(s) shall be in the ordinary course of business of the Company and at arm's length basis.

Pursuant to the provisions of Regulation 23 of the Listing Regulations, all material related party transactions shall require approval of shareholders through ordinary resolution, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover as per last Audited Financial Statements of the Company.

During the FY 2021-22, the total value of the proposed transaction(s) with Mirza (U.K) Limited is likely to exceed the said threshold limit of 10% of the annual consolidated turnover of the Company as per its latest Audited Financial Statements. Accordingly, transaction(s) entered into with Mirza (U.K) Limited comes within the meaning of material related party transaction(s) in terms of provisions of the Listing Regulations and the Act and rules made thereunder. The Audit Committee and Board of Directors in their respective meetings held on 29th June, 2021 approved proposed related party transactions with Mirza (U.K) Limited in accordance with the Company's policy on Related Party Transactions. Hence, approval of the shareholders is being sought for the said related party transaction(s) proposed to be entered into by your Company with Mirza (U.K.) Limited during the FY 2021- 22.

Pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, particulars of the transactions with Mirza (U.K) Limited are as follows:

| Sl. No. | Particulars | Remarks |
|---|---|---|
| 1. | Name of the Related Party | Mirza (U.K) Limited |
| 2. | Name of the Director or Key Managerial Personnel who is related, if any | Mr. Rashid Ahmed Mirza<br>Mr. Shahid Ahmad Mirza<br>Mr. Tauseef Ahmad Mirza<br>Mr. Tasneef Ahmad Mirza |
| 3. | Nature of Relationship | Related Party u/s 2 (76) (iv) of the Companies Act, 2013 |
| 4. | Nature, material terms, monetary value and particulars of the contract or arrangement | For the purpose of Sale of Shoes upto ₹ 65,000 Lac. |

Except Mr. Rashid Ahmed Mirza, Mr. Shahid Ahmad Mirza, Mr. Tauseef Ahmad Mirza and Mr. Tasneef Ahmad Mirza and their relatives, none of the other Directors and the Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise in the resolution as set out at item no. 5 of the Notice. No related party will vote to approve the transaction, whether the entity is a related party to the transaction or not.

The Board is of the opinion that the aforesaid related party transactions are in the best interests of the Company and therefore, recommends the resolution under item no. 5 for approval of the members as an Ordinary Resolution.

**Information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS-2 of ICSI regarding Directors seeking appointment / re-appointment**

**Mr. Narendra Prasad Upadhyaya**

| | |
|---|---|
| **Age** | 72 years |
| **No. of Shares held** | NIL |
| **Qualification** | B.Tech (Mechanical Engineering), PGDBM in Business Management. |
| **Brief Resume and nature of his expertise in specific functional areas** | Mr. Narendra Prasad Upadhyaya possess a rich and a vast experience of the around 48 years in the field of Engineering, Cement & Chemicals apart from working of Leather Industry. He is associated with the company since April,1997. He is responsible for the working of Shoe Units of the Company. |
| **Terms of appointment/re-appointment alongwith details of remuneration** | In accordance with Special Resolution passed by the Shareholders of the Company through Postal Ballot dated 22nd October, 2020. |
| **Remuneration last drawn** | As mentioned in Corporate Governance Report |
| **No. of Board Meetings attended during the year** | As mentioned in Corporate Governance Report |
| **Name of listed entities in which the Directorship is held** | Mirza International Limited |
| **Chairman/Member of the Committees of Board of Listed Companies** | None |
| **Relationships between directors inter-se** | None |

# MIRZA INTERNATIONAL LIMITED

**CIN:** L19129UP1979PLC004821
**Registered Office:** 14/6, Civil Lines, Kanpur-208001
**Phone:** +91-512-2530775
**E-mail:** priyanka.pahuja@redtapeindia.com; **Website**: www.mirza.co.in

## ATTENDANCE SLIP

The Folio No. and Name(s) of the Member(s) is / are to be furnished below in block letters:

Folio No.................................................... No. of Shares held ......................................................

Client ID ................................................... DP ID ..........................................................................

Full Name(s) of Member / Joint Members

1................................................................ 2.....................................................................................

3................................................................ 4.....................................................................................

Full Name of the Proxy if attending the meeting .......................................................................................

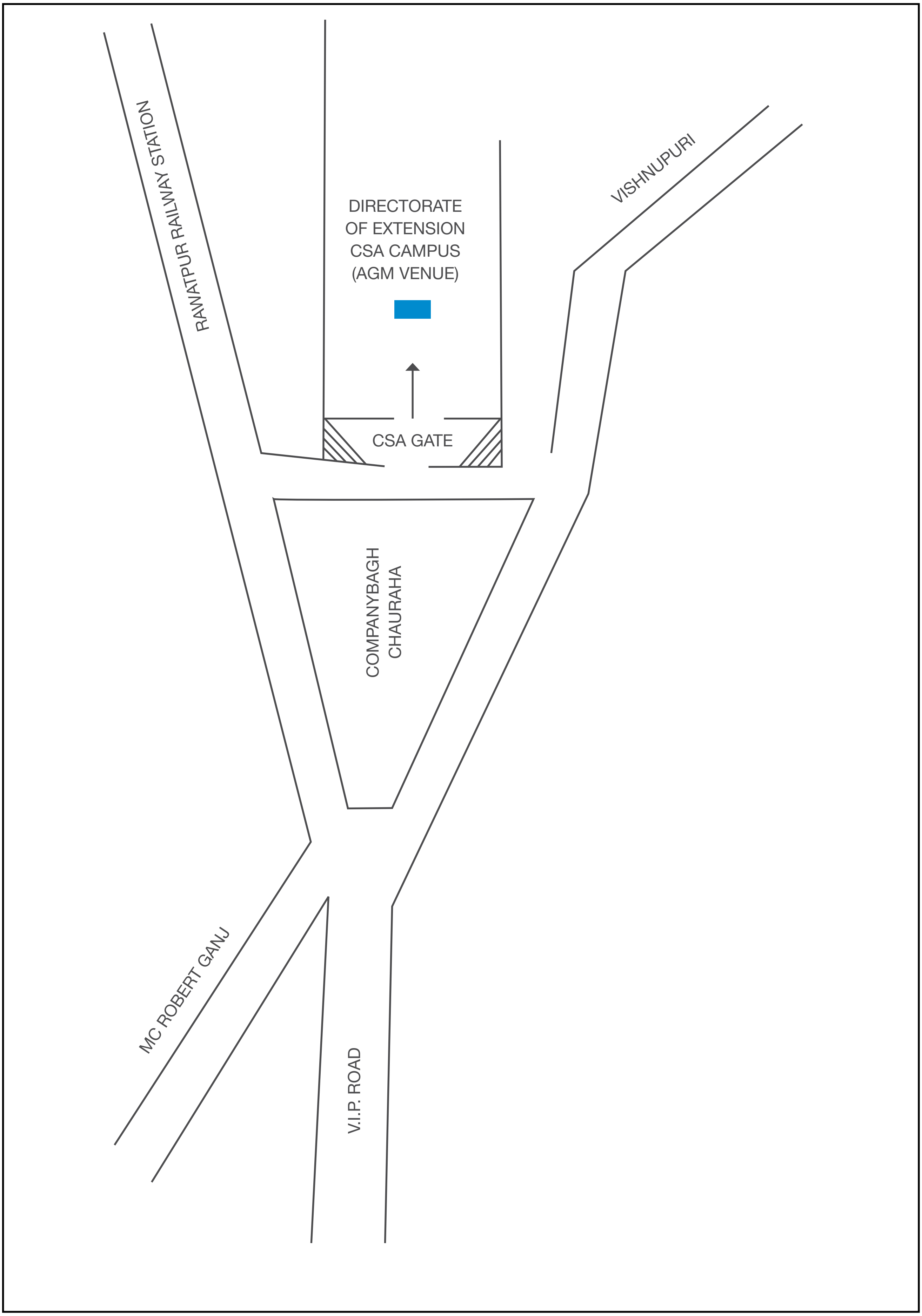
I hereby record my presence at the 42nd Annual General Meeting of the Company held at the Auditorium of Directorate of Extension, Chandra Shekhar Azad (CSA) University of Agriculture and Technology, Nawabganj, Kanpur- 208002 on Friday, 24th September, 2021 at 11:00 A.M. (IST).

……………………………………………………….........................................

Signature of the Member / Joint Members / Proxy attending the meeting

Please complete this attendance slip and hand it over at the entrance of the meeting hall.

## ROUTE MAP OF THE AGM VENUE



# MIRZA INTERNATIONAL LIMITED

**CIN:** L19129UP1979PLC004821
**Registered Office:** 14/6, Civil Lines, Kanpur-208001
**Phone:** +91-512-2530775
**E-mail:** priyanka.pahuja@redtapeindia.com; **Website**: www.mirza.co.in

**Form No. MGT-11**

**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

| | |
|---|---|
| Name of the member(s) | |
| Registered Address | |
| E-mail ID | |
| Folio No./ Client ID & DP | |

I/We, being the member(s) of ……….............. shares of the above named Company, hereby appoint:

1. Name:……………………………................ Address:…………………………………………….............................

   E-mail Id:………………………................... Signature:……………………..........................,or failing him/her

2. Name:……………………………................. Address:……………………………………………..............................

   E-mail Id:………………………................... Signature:……………………..........................,or failing him/her

3. Name:……………………………................ Address:……………………………………………...............................

   E-mail Id:………………………................... Signature:……………………......................................., as my/our

proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 42nd Annual General Meeting of the Company, to be held at the Auditorium of Directorate of Extension, Chandra Shekhar Azad (CSA) University of Agriculture and Technology, Nawabganj, Kanpur- 208002 on Friday, 24th September, 2021 at 11:00 A.M. (IST) and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No. | Resolution | Number of shares | For | Against |
|---|---|---|---|---|
| 1. | To consider and adopt: The Audited Financial Statements of the Company for the financial year ended 31st March, 2021 alongwith the reports of the Board of Directors and Auditors thereon and the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2021 and Auditors' Report thereon. | | | |
| 2. | To appoint a Director in place of Mr. Narendra Prasad Upadhyaya (DIN: 00049196) who retires by rotation and being eligible, offers himself for re-appointment | | | |
| 3. | Ratification of the Remuneration payable to Cost Auditor | | | |
| 4. | Approval for Related Party Transactions with Euro Footwear Private Limited | | | |
| 5. | Approval for Related Party Transactions with Mirza (U.K) Limited | | | |

Signed this………………………….............................day of……..……………...2021

Signature of Shareholder:…………………………………………..................................................

Signature of Proxy holder(s):…………………………………………………...........................

| |
|---|
| Affix Revenue Stamp ₹1/- |

**Note:**

1. The Proxy to be effective should be deposited at the Corporate Office of the Company not less than FORTY EIGHT HOURS before the commencement of the meeting.
2. A Proxy need not be a member of the Company.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
4. The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.
5. In case a member wishes his/her votes to be used differently, he/she should indicate the number of shares under the columns "For" or "Against" as appropriate.


REDTAPE
DRIFT+