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# MIRZA INTERNATIONAL LIMITED

(Formerly Mirza Tanners Limited)

Regd. Off : 14/6, Civil Lines, Kanpur - 208 001

## NOTICE OF POSTAL BALLOT

[Pursuant to Section 192A of the Companies Act, 1956]

To,  
The Members

NOTICE is hereby given that the following resolution is circulated herewith for the approval of the members of the company to be accorded by Postal Ballot in accordance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001:

To consider and, if thought fit, to give **assent/dissent** to the following Resolution:

### **ORDINARY RESOLUTION FOR THE SALE OF SURPLUS ASSETS OF UNIT IV (CLOSED) OF THE COMPANY LOCATED AT NOIDA:**

To Consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 192A, Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals and permissions as may be required, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to sell, transfer or otherwise dispose off in any manner whatsoever of the surplus assets of Unit IV(Closed) of the Company located at Noida at such consideration and with effect from such date as the Board of Directors of the Company may think fit and the Board of Directors of the Company be and is hereby authorized to deal, negotiate, finalise terms and conditions and to enter into, sign, seal and deliver such assignments, contracts, deeds, conveyances or any other instrument that may be considered necessary, usual and proper for the transfer of the surplus assets of Unit IV of the Company which the Board of Directors may consider beneficial and convenient for the company and to all such acts, deeds, matters and things as may be necessary, desirable or expedient in this regard for and on behalf of the Company.”

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

**(D.C. PANDEY)  
G.M. (Accounts) &  
Company Secretary**

**Place : Kanpur  
Date : 30th July, 2008**

### **NOTES:**

1. Explanatory Statement and reasons for the proposed special business above pursuant to Section 173(2) read with Section 192A of the Companies Act, 1956 is given hereunder.
2. The Company has appointed Mr. Sanjay Kumar Gupta, Practicing Company Secretary as Scrutinizer to scrutinize the Poatal Ballots in a fair and transparent manner. The Scrutinizer will submit his report to the Chairman.
3. The notice is being sent under Certificate of Posting to those shareholders whose names would appear in the Register of Members/ Record of Depositories as on 23<sup>rd</sup> August, 2008.
4. Any member desiring to exercise vote by Postal Ballot may complete the Postal Ballot Form and send it to the Scrutinizer in the enclosed self addressed Business reply envelope. Postage will be borne and paid by the Company. However, envelopes containing Postal Ballot Form, if sent by courier or by Registered Post at the expense of or deposited by the registered member will also be accepted. The envelopes containing the Postal Ballot should reach the company not later than the close of Working Hours on Wednesday, 24<sup>th</sup> September, 2008.
5. The result of the Postal Ballot shall be announced by the Chairman or in his absence by any other person, so authorized by the Chairman of the Company at the Annual General Meeting of the Company scheduled to be held on Thursday, 25<sup>th</sup> September, 2008 at 11:00 A.M.

and the resolution will be taken as passed effectively on the date of announcement of the result by the Chairman, if the result of the Postal Ballot indicates that the requisite majority of the shareholders had assented to the resolution. The result of the Postal Ballot shall be announced through newspaper advertisement and on the website of the company at [www.mirza.co.in](http://www.mirza.co.in).

6. A copy of all the documents referred to in the accompanying Explanatory statement are open for inspection at the Registered Office of the Company on all working days, except holidays between 11:00 A.M. & 1:00 P.M. up to the date of declaration of the results of Postal Ballot.
7. Members are requested to carefully read the instructions printed on the backside of the Postal Ballot Form before exercising their vote.

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

In view of the commencement of production activity in new Unit V of the Company located at UPSIDC Industrial Area, Unnao on a larger piece of land, the manufacturing operations of the small factory-Unit IV were closed down on 21<sup>st</sup> April, 2008 to achieve the benefits of reorganization and thereby surplus assets of Unit IV were to be disposed off. Since, Unit IV of the Company is situated on a comparatively smaller size of plot where operations of the Company can not be expanded to a economical/cost effective level on account of paucity of space. The scope for further expansion of unit was not available there. In view of this, the closure of Unit IV shall not be adverse to the overall production of the Company as the expanded capacity of Shoe unit was created in new Unit V. Keeping this in view, the Board of Directors in its meeting held on 30<sup>th</sup> July, 2008 having discussed other pros and cons decided to sell, transfer & dispose of the surplus assets of Closed Unit IV of the Company after the transfer of all moveable assets of Unit IV to other Shoe Units of the Company, subject to the consent of members.

The Directors, unanimously, are of the opinion that it would be in the interest of the company and its shareholders and accordingly commend the Ordinary Resolution for approval by exercising their vote through a Postal Ballot as required in terms of Section 293(1)(a) and Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001.

The Directors of the Company may be deemed to be concerned or interested in the resolution as set out in the Notice pursuant to Section 192A of the Companies Act, 1956 to the extent of shares held by them in the Company.

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

**(D.C. PANDEY)  
G.M. (Accounts) &  
Company Secretary**

**Place : Kanpur  
Date : 30th July, 2008**

**MIRZA INTERNATIONAL LIMITED**  
*(Formerly Mirza Tanners Ltd.)*  
**Regd. Off.: 14/6, Civil Lines, Kanpur – 208001, U.P. (India)**

**POSTAL BALLOT FORM**

Name of the Shareholder(s) :  
(in block letters)  
(including Joint holders, if any)

Registered address of the sole/  
First named Shareholder :

Registered Folio No./  
DP ID No. & Client ID No. :  
(In case of share held in demat form)

No. of Shares held :

I/We hereby exercise my/ our vote in respect of the Resolution to be passed through postal ballot as stated in the Notice dated July 30, 2008 of the Company by sending my / our assent or dissent to the said Resolution by placing the tick (✓) mark in the appropriate box below:

Item	No. of Shares	I/We assent to the Resolution	I/We dissent to the Resolution
Ordinary Resolution Under Section 293(1)(a) of the Companies Act, 1956, for authorizing Board of Directors of the company to sell, transfer or otherwise dispose off the surplus assets of Unit IV (Closed) of the Company located at Noida			

**Place :**

**Date :**

**(Signature of Shareholder)**

Note: Please read carefully the instructions printed overleaf before exercising the vote.

TEAR HERE

## INSTRUCTIONS

1. Any member desiring to exercise vote by Postal ballot may complete the Postal Ballot Form and send it to the scrutinizer in the enclosed self-addressed Business reply Envelope. Postage will be borne and paid by the Company. However, envelopes containing Postal Ballots, if sent by courier or by Registered Post at the expense of or deposited by the registered member will also be accepted. The envelopes containing the Postal Ballot should reach the company not later than the close of working hours on Wednesday, 24<sup>th</sup> September, 2008.
2. The self addressed envelope bears the address of the Scrutinizer appointed by the Board of Directors of the Company.
3. This form should be filled and signed by the shareholder, in case of joint shareholding this form should be completed and signed (as per specimen signature with the company) by the first named shareholder and in his absence by the next named Shareholder.
4. Incomplete, unsigned or incorrectly ticked Postal Ballot Form will be rejected.
5. Duly completed Postal Ballot Form should reach the Scrutinizer not later than the close of working hours on Wednesday, 24<sup>th</sup> September, 2008. Postal Ballot forms received after this date will be strictly treated as if the reply from the shareholder has not been received.
6. Voting rights shall be reckoned on the number of shares registered in the name of the shareholder on the date of dispatch of the notice.
7. Postal Ballot Form signed in the representative capacity must be accompanied by the requisite certified true copy of Power of Attorney/ Resolution of Board of Directors.
8. Shareholders are requested not to send any other paper along with the Postal Ballot Form. They are also requested not to write anything on the Postal Ballot Form except giving their assent or dissent and putting their signature.



# MIRZA INTERNATIONAL LIMITED

(Formerly MIRZA TANNERS LTD.)

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

## NOTICE

**NOTICE** is hereby given that the Twenty ninth Annual General Meeting of members of the Company will be held at Auditorium of Council for Leather Exports, HBTI Campus, Nawabganj, Kanpur on Thursday, the 25<sup>th</sup> day of September, 2008 at 11:00 A.M. to transact the following business :

### **ORDINARY BUSINESS: -**

1. To receive, consider and adopt the Audited Balance Sheet as on 31<sup>st</sup> March, 2008 and the Profit & Loss Account for the year ended on that date together with the reports of Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. Shahid Ahmad Mirza who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. Narendra Prasad Upadhyay who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Mr. Subhash Sapra who retires by rotation and being eligible offers himself for reappointment.
6. To appoint Auditors and fix their remuneration.

### **SPECIAL BUSINESS: -**

7. To consider and if thought fit to pass, with or without modification(s), the following resolution as **Ordinary Resolution**:  
“RESOLVED THAT Mr. Islamul Haq, who was appointed as an Additional Director of the Company and who holds office up to the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
8. To consider and if thought fit to pass with or without modification(s), the following resolution as **Ordinary Resolution**:  
“RESOLVED THAT Mr. Sudhindra Jain, who was appointed as an Additional Director of the Company and who holds office up to the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
9. To consider and if thought fit to pass, with or without modification(s), the following resolution as **Ordinary Resolution**:  
“RESOLVED THAT pursuant to the provisions of Section 192A, Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals and permissions as may be required, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to sell, transfer or otherwise dispose off in any manner whatsoever of the surplus assets of Unit IV(Closed) of the Company located at Noida at such consideration and with effect from such date as the Board of Directors of the Company may think fit and the Board of Directors of the Company be and is hereby authorized to deal, negotiate, finalise terms and conditions and to enter into, sign, seal and deliver such assignments, contracts, deeds, conveyances or any other instrument that may be considered necessary, usual and proper for the transfer of the surplus assets of Unit IV of the Company which the Board of Directors may consider beneficial and convenient for the company and to all such acts, deeds, matters and things as may be necessary, desirable or expedient in this regard for and on behalf of the Company.”
10. To consider and if thought fit to pass, with or without modification(s), the following resolution as **Special Resolution**:  
“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the Company hereby approves the appointment of Mr. Irshad Mirza as Chairman (Executive) of the Company to exercise powers of day to day management of affairs of the Company as may be entrusted by the Board of Directors of the company from time to time for a period of 3 (three) years with effect from 1<sup>st</sup> October, 2008 on the terms and conditions including remuneration as set out in the Explanatory Statement and the draft of the agreement to be entered into between the Company and Mr. Irshad Mirza, a copy whereof is placed before this meeting.  
RESOLVED FURTHER THAT the terms and conditions of the said appointment may be varied, altered or modified from time to time during the tenure of Mr. Irshad Mirza as Chairman (Executive) in compliance with the provisions of Schedule XIII read with other applicable provisions of the Companies Act, 1956 or any modification or re-enactment thereof for the time being in force and the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, desirable or expedient in this regard to give effect to this resolution.”
11. To consider and if thought fit to pass, with or without modification(s), the following resolution as **Special Resolution**:  
“RESOLVED THAT pursuant to provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the consent of Central Government and subject to such conditions, limitations and other restrictions as may be imposed by Central Government while granting such approval, the Company hereby approves the re-appointment of Mr. Rashid Ahmed Mirza as Managing Director of the Company for a period of 3 (Three) years with effect from 1<sup>st</sup> October, 2008 on the existing terms and conditions including remuneration as set out in the explanatory statement to exercise powers of day to day management of affairs of the company as may be entrusted by the Board of Directors of the company from time to time and the draft of the agreement to be entered into between the Company and Mr. Rashid Ahmed Mirza, a copy whereof is placed before this meeting.  
RESOLVED FURTHER THAT the terms and conditions of re-appointment including remuneration may be varied, altered or modified from time to time during the tenure of Mr. Rashid Ahmed Mirza as Managing Director of the Company in compliance with the provisions of the Companies Act, 1956 or any modification or re-enactment thereof for the time being in force.  
RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, desirable or expedient in this regard to give effect to this resolution.”
12. To consider and if thought fit to pass, with or without modification(s), the following resolution as **Special Resolution**:  
“RESOLVED THAT pursuant to provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the consent of Central Government and subject to such conditions, limitations and other restrictions as may be imposed by

Central Government while granting such approval, the Company hereby approves the re-appointment of Mr. Shahid Ahmad Mirza as Whole-time Director of the Company for a period of 3 (Three) years with effect from 1<sup>st</sup> October, 2008 on the existing terms and conditions including remuneration as set out in the explanatory statement to exercise powers of day to day management of affairs of the company as may be entrusted by the Board of Directors of the company from time to time and the draft of the agreement to be entered into between the Company and Mr. Shahid Ahmad Mirza, a copy whereof is placed before this meeting.

RESOLVED FURTHER THAT the terms and conditions of re-appointment including remuneration may be varied, altered or modified from time to time during the tenure of Mr. Shahid Ahmad Mirza as Whole-time Director of the Company in compliance with the provisions of the Companies Act, 1956 or any modification or re-enactment thereof for the time being in force.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, desirable or expedient in this regard to give effect to this resolution.”

13. To consider and if thought fit to pass, with or without modification(s), the following resolution as **Special Resolution:**  
“RESOLVED THAT pursuant to provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the consent of Central Government and subject to such conditions, limitations and other restrictions as may be imposed by Central Government while granting such approval, the Company hereby approves the re-appointment of Mr. Tauseef Ahmad Mirza as Whole-time Director of the Company for a period of 3 (Three) years with effect from 1<sup>st</sup> October, 2008 on the existing terms and conditions including remuneration as set out in the explanatory statement to exercise powers of day to day management of affairs of the company as may be entrusted by the Board of Directors of the company from time to time and the draft of the agreement to be entered into between the Company and Mr. Tauseef Ahmad Mirza, a copy whereof is placed before this meeting.  
RESOLVED FURTHER THAT the terms and conditions of re-appointment including remuneration may be varied, altered or modified from time to time during the tenure of Mr. Tauseef Ahmad Mirza as Whole-time Director of the Company in compliance with the provisions of the Companies Act, 1956 or any modification or re-enactment thereof for the time being in force.  
RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, desirable or expedient in this regard to give effect to this resolution.”
14. To consider and if thought fit to pass, with or without modification(s), the following resolution as **Special Resolution:**  
“RESOLVED THAT pursuant to provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the consent of Central Government and subject to such conditions, limitations and other restrictions as may be imposed by Central Government while granting such approval, the Company hereby approves the re-appointment of Mr. Tasneef Ahmad Mirza as Whole-time Director of the Company for a period of 3 (Three) years with effect from 1<sup>st</sup> October, 2008 on the existing terms and conditions including remuneration as set out in the explanatory statement to exercise powers of day to day management of affairs of the company as may be entrusted by the Board of Directors of the company from time to time and the draft of the agreement to be entered into between the Company and Mr. Tasneef Ahmad Mirza, a copy whereof is placed before this meeting.  
RESOLVED FURTHER THAT the terms and conditions of re-appointment including remuneration may be varied, altered or modified from time to time during the tenure of Mr. Tasneef Ahmad Mirza as Whole-time Director of the Company in compliance with the provisions of the Companies Act, 1956 or any modification or re-enactment thereof for the time being in force.  
RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, desirable or expedient in this regard to give effect to this resolution.”
15. To consider and if thought fit to pass, with or without modification(s), the following resolution as **Special Resolution:**  
“RESOLVED THAT pursuant to provisions of Section 198, 269, 309, 310, 311 and other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956, the company hereby approves the re-appointment of Mr. N.P. Upadhyay as Whole-time Director of the Company for a period of 3 (Three) Years with effect from 1<sup>st</sup> October, 2008 on the terms and conditions as set out in Explanatory Statement to exercise powers of day to day management of affairs of the company as may be entrusted by the Board of Directors of the company from time to time and the draft of the agreement to be entered into between the Company and Mr. NP Upadhyay, a copy whereof is placed before this meeting.  
RESOLVED FURTHER THAT the terms and conditions of the said re-appointment including remuneration may be varied, altered or modified from time to time during the tenure of Mr. N.P. Upadhyay as Whole-time Director of the Company within the maximum permissible limit laid down in Schedule XIII read with other applicable provisions of the Companies Act, 1956 or any amendment(s) or modification(s) thereof for the time being in force.  
RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, desirable or expedient in this regard to give effect to this resolution.”

**By Order of the Board  
FOR MIRZA INTERNATIONAL LTD.  
(D.C. Pandey)  
G.M. (Accounts) &  
Company Secretary**

Place : Kanpur  
Date : 30<sup>th</sup> July, 2008

#### NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE, INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTY- EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING OF THE COMPANY.
2. The Register of members and Share Transfer Books of the Company will remain closed from 17<sup>th</sup> September, 2008 to 25<sup>th</sup> September, 2008 (both days inclusive).
3. Dividend, if declared at the meeting will be paid to those shareholders, whose names appear in the Register of Members of the Company on 25<sup>th</sup> September, 2008 or in the Register of Beneficial Owners maintained by the depositories as at the close of their business hours before 17<sup>th</sup> September, 2008.

4. Kindly note that in terms of Section 205C of the Companies Act, 1956 the unclaimed dividend which has remained unclaimed for a period of seven years will become due for transfer to Investors' Education and Protection Fund (IEPF). Members are, therefore, advised that once the unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof.
5. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Special businesses is annexed hereto.
6. The members are requested to:
  - To bring their copy of the Annual Report and the Attendance slip duly filled in with them at the Annual General Meeting;
  - Inform any change in their address/mandate/bank details;
  - Consider dematerialising the equity shares held by them;
  - Approach the company for consolidation of folios, if physical shareholdings are under multiple folios;
  - Send to the company duly filled in form for appointment of nominee for the shares held. The prescribed format for appointment of nominee will be made available on request.
7. With respect to the Resolution at item no. 9 of the Notice, members are required to vote only by Postal Ballot in terms of Section 192A of the Companies Act, 1956. A Postal Ballot Form along with Postage pre-paid envelope is enclosed. Votes cast otherwise than in the enclosed Postal Ballot Form will be rejected. Please read the instructions in the Postal Ballot Form carefully. Depending upon the result of the Postal Ballot, the said resolution will be declared having been passed or otherwise at the Annual General Meeting.
8. The documents referred to in the notice and explanatory statement are open for inspection at the Registered Office of the Company on all working days, except holidays between 11:00 a.m. to 1:00 p.m. upto the date of Annual General Meeting.

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

##### **ITEM NO. 7**

The Board of Directors of the Company at its meeting held on 28<sup>th</sup> March, 2008 appointed Mr. Islamul Haq as an Additional Director of the Company. In terms of provisions of Section 260 of the Companies Act, 1956, Mr. Islamul Haq holds office upto the date of the Annual General Meeting. The Company has received a notice from a member under Section 257 of the Companies Act, 1956 alongwith requisite deposit from a member proposing the candidature of Mr. Islamul Haq as a Director of the Company. Mr. Islamul Haq aged 73 years is an industrialist having nearly 40 years of rich experience in Leather Industry & business management. His varied experience and his continuance on the Board will immensely benefit the Company. He is also a director on Jalees Commercial Ltd. He is also a member of Share Transfer & Investor Grievance Committee & Remuneration Committee of the Board of Directors of the Company. The Board commends the resolution for acceptance. None of the Directors of the Company except Mr. Islamul Haq is concerned or interested in the resolution.

##### **ITEM NO. 8**

The Board of Directors of the Company at its meeting held on 30<sup>th</sup> July, 2008 appointed Mr. Sudhindra Jain as an Additional Director of the Company. In terms of provisions of Section 260 of the Companies Act, 1956, Mr. Sudhindra Jain holds office upto the date of the Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 alongwith requisite deposit from a member proposing the candidature of Mr. Sudhindra Jain as a Director of the Company. Mr. Sudhindra Jain aged 52 years is a Chartered Accountant and is having around 25 years of rich and varied experience in the field of finance, Taxation & Accounting and his continuance on the Board will immensely benefit the Company. He is also director of U.P. Stock Exchange Association Ltd., M.P. Udyog Ltd. & M.P. Chini Industries Ltd. The Board commends the resolution for acceptance.

None of the Directors of the Company except Mr. Sudhindra Jain is concerned or interested in the resolution.

##### **ITEM NO. 9**

In view of the commencement of production activity in new Unit V of the Company, located at UPSIDC Industrial Area, Unnao on a larger piece of land, the manufacturing operations of the small factory-Unit IV were closed down on 21<sup>st</sup> April, 2008 to achieve the benefits of reorganization and thereby surplus assets of Unit IV were to be disposed off. Since, Unit IV of the Company is situated on a comparatively smaller size of plot where operations of the Company can not be expanded to an economical/cost effective level on account of paucity of space. The scope for further expansion of unit was not available there. In view of this, the closure of Unit IV shall not be adverse to the overall production of the Company as the expanded capacity of Shoe unit was created in new Unit V. Keeping this in view, the Board of Directors in its meeting held on 30<sup>th</sup> July, 2008 having discussed other pros and cons decided to sell, transfer & dispose of the surplus assets of Closed Unit IV of the Company after the transfer of all moveable assets of Unit IV to other Shoe Units of the Company, subject to the consent of members.

The Directors, unanimously, are of the opinion that it would be in the interest of the company and its shareholders and accordingly commend the Ordinary Resolution for approval by exercising their vote through a Postal Ballot as required in terms of Section 293(1)(a) and Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001.

The Directors of the Company may be deemed to be concerned or interested in the resolution as set out in the Notice pursuant to Section 192A of the Companies Act, 1956 to the extent of shares held by them in the Company.

##### **ITEM NO. 10**

The present term of Mr. Irshad Mirza as Chairman (Non-Executive) shall be expiring on 30<sup>th</sup> September, 2008. The Board of Directors has approved, subject to the approval of members, the appointment of Mr. Irshad Mirza as Executive Chairman of the Company for a period of 3 (three) years on the following terms & conditions.

- 1) **Remuneration** : Nil
- 2) The Chairman shall be entitled to following benefits which shall not be treated as remuneration:
  - a) The Chairman shall be entitled to maintain office(s) at suitable locations for the Company's business including residence-cum-camp office.
  - b) The Chairman shall be entitled to use Company's Car with driver for official purposes at all locations & telephone at residence (including payment for local calls & long distance official calls).
  - c) The Chairman shall be entitled to reimbursement of the expenses incurred by him in the medical treatment, whether in India or abroad, for self & spouse.

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

The approval of members is, therefore, sought for the appointment of Mr. Irshad Mirza as Chairman (Executive) of the Company. Mr. Irshad Mirza shall not be liable to retire by rotation as Director of the Company during his tenure of Chairman (Executive) of the Company. None of the Directors except Mr. Irshad Mirza, Chairman and Mr. Rashid A. Mirza, Managing Director, Mr. Shahid A. Mirza, Mr. Tauseef A. Mirza, Mr. Tasneef A. Mirza, Whole-time Directors of the Company being sons of Mr. Irshad Mirza is concerned or interested in resolution.

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

#### **ITEM NO. 11 TO 14**

The present term of Mr. Rashid Ahmed Mirza as Managing Director and Mr. Shahid Ahmad Mirza, Mr. Tauseef Ahmad Mirza, Mr. Tasneef Ahmad Mirza as Whole-time Directors shall be expiring on 30<sup>th</sup> September, 2008. Therefore, the Board of Directors in its meeting held on 14<sup>th</sup> June, 2008 decided to re-appoint them subject to the consent of Central Government and members and continuing the present and existing terms and conditions including remuneration for a period of 3 (three) years with effect from 1<sup>st</sup> October, 2008.

**REMUNERATION:** The appointees shall be entitled to the remuneration as below:

The appointees shall be entitled to remuneration by way of salary, dearness allowance, perquisites, performance based bonus, medical reimbursements, commission and other allowances not exceeding a sum of Rs. 8,33,333/- per month i.e. Rs. 1.00 Crore per annum as may be finalised in consultation with the appointee notwithstanding the individual limits of five percent of the profit for one managerial person and ten percent of Net Profit for all the managerial personnel taken together.

In addition to the Salary, Allowance and Perquisite as above, the appointees shall be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified as above:

- a) The appointees shall be entitled to Gratuity payable at a rate not exceeding half a month's salary for each complete year of service subject to maximum amount of Rs. 5 (five) Lacs.
- b) The appointees shall be entitled to leave with pay not exceeding one month for every eleven months of completed service and un-availed leaves will be allowed to be encashed at the end of the tenure.
- c) The appointees shall be entitled to use of Company's Car with driver for official purpose and telephone at residence (including payment for local calls and long distance official calls).

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

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

None of the Directors of the Company except Mr. Rashid Ahmed Mirza, Mr. Shahid Ahmad Mirza, Mr. Tauseef Ahmad Mirza, Mr. Tasneef Ahmad Mirza and Mr. Irshad Mirza being father of above persons are deemed to be concerned or interested in the resolutions relating to their re-appointment as set out in Item Nos. 11 to 14.

#### **ITEM NO. 15**

The present term of Mr. Narendra Prasad Upadhyay shall be expiring on 30<sup>th</sup> September, 2008. Therefore, the Board of Directors in its meeting held on 14<sup>th</sup> June, 2008 has decided to re-appoint him subject to the consent of members in terms of Schedule XIII to the Companies Act, 1956 for a period of 3 (three) years with effect from 1<sup>st</sup> October, 2008 on the following terms and conditions:

##### **Section – I**

##### **Payable when the Company has Profits:**

Remuneration by way of salary, dearness allowance, perquisites, performance based bonus, medical reimbursements, commission and other allowances not exceeding a sum of Rs. 3,50,000/- per month i.e. Rs. 42.00 Lacs per annum as may be finalised in consultation with the appointee, subject to the individual limit of five percent of that profit for one managerial person and ten percent of Net Profit for all the managerial personnel taken together.

##### **Section – II**

##### **Payable when the Company has no Profits or Inadequate Profits:**

- 1) Remuneration by way of salary, dearness allowance, perquisites, performance based bonus, medical reimbursements, commission and other allowances not exceeding a sum of Rs. 2,00,000/- per month i.e., Rs. 24.00 Lacs per annum as may be finalised in consultation with the appointee.
- 2) In addition to the Salary, Allowances and Perquisites as above, the Whole-time Director shall be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified as above:
  - (a) The Whole-time Director shall be entitled to Gratuity payable at a rate not exceeding half a month's salary for each completed year of service subject to maximum amount of Rs. 5 (Five) Lacs
  - (b) The Whole-time Director shall be entitled to leave with pay not exceeding one month for every eleven months of completed service and un-availed leaves will be allowed to be encashed at the end of the tenure.
  - (c) The Whole-time Director shall be entitled to use of Company's Car with driver for official purpose and telephone at residence (including payment for local calls and long distance official calls).

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

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

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

**By Order of the Board**  
**FOR MIRZA INTERNATIONAL LTD.**  
**(D.C. Pandey)**  
**G.M. (Accounts) &**  
**Company Secretary**

Place : Kanpur  
Date : 30<sup>th</sup> July, 2008



**MIRZA INTERNATIONAL LIMITED**

(Formerly MIRZA TANNERS LTD.)

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

**29<sup>TH</sup> ANNUAL GENERAL MEETING**

**ATTENDANCE SLIP**

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

I hereby record my presence at the 29<sup>th</sup> Annual General Meeting of the Company at Auditorium of Council for Leather Exports, HBTI Campus, Nawabganj, Kanpur on 25<sup>th</sup> September, 2008 at 11.00 A.M.

I am a shareholder of the Company\*  
I am a Proxy/Authorised Representative of the shareholder(s)\*

My name is \_\_\_\_\_  
(Surname) (First Name) (Second Name)

\* Please strike off any one which is not applicable.  
\*\* Applicable for shareholders holding shares in electronic form.

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

-----TEAR HERE-----



**MIRZA INTERNATIONAL LIMITED**

(Formerly MIRZA TANNERS LTD.)

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

**29<sup>TH</sup> ANNUAL GENERAL MEETING**

**PROXY**

I / We ..... of  
..... in  
the district of ..... being a member/members of MIRZA INTERNATIONAL LIMITED  
hereby appoint ..... of .....  
or failing him/her ..... as my/our proxy to attend and  
vote for me/us and on my/our behalf at the 29<sup>th</sup> ANNUAL GENERAL MEETING to be held on 25<sup>th</sup> September, 2008  
at 11.00 A.M. or at any adjournment thereof.

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

Affix a  
Re.1/-  
Revenue  
Stamp

Signed this ..... day of ..... 2008. (Signature)

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

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



# MIRZA INTERNATIONAL LIMITED

(Formerly Mirza Tanners Limited)

## Board Of Directors

Irshad Mirza, *Chairman*  
Rashid Ahmed Mirza, *Managing Director*  
Tauseef Ahmad Mirza  
Dr. Yashveer Singh  
Shahid Ahmad Mirza  
Pashupati Nath Kapoor  
Qazi Noorul Salam  
Tasneef Ahmad Mirza  
N.P. Upadhyay  
Prem S. Khamesra  
Subhash Sapra  
Islam-UI-Haq

## Company Secretary

D.C. Pandey

## Auditors

Khamesra Bhatia & Mehrotra

## Cost Auditor

A.K. Srivastava

## Secretarial Auditors

Savita Jyoti Associates

## Bankers

Punjab National Bank,  
The Mall, Kanpur

## Registered Office

14/6, Civil Lines,  
Kanpur – 208 001

## Corporate & Marketing Office

A - 7, Mohan Co-operative  
Industrial Estate,  
Mathura Road, New Delhi - 110 044

## Works

Kanpur – Unnao Link Road,  
Magarwara, Unnao – 209 801

Kanpur – Unnao Link Road,  
Sahjani, Unnao – 209 801

A-112, Sector - 5,  
Noida – 201 301

C-4, 5, 36 & 37, Sector-59,  
Noida – 201 303

UPSIDC Industrial Area,  
Site II, Unnao - 209801

## Registrars & Share Transfer Agents

Karvy Computershare Pvt. Ltd.  
17 to 24, Vittal Rao Nagar  
Madhapur,  
Hyderabad – 500 081

## Website

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

## E-mail ID for Investors

[dcpandey@redtapeindia.com](mailto:dcpandey@redtapeindia.com).



## AWARDS & CERTIFICATION

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



# Chairman's Message



**Mr. Irshad Mirza, Chairman**

*Dear Shareholders,*

*The last year was a year of turbulence for the entire global economy. The crisis in the US housing market followed by the sub-prime crisis in the financial markets sent the US economy into recession. The other world economies too are not unaffected. Indian economy which recorded growth rate in excess of 9% for last couple of years has started showing signs of deceleration. Uncertainty has gripped financial markets and global capital is seeking refuge in commodities, bullion and crude oil. The resultant flare up in prices of these items has pushed several world economies, including India, into the grips of undesired levels of inflation.*

*While the Indian Government has announced some measures to contain inflation, we have to learn to live with the fact that after globalization, we are no more insulated from global happenings and the Government, with all its good intentions, can be of very little help.*

*The way ahead is to keep ourselves abreast of global developments, take pre-emptive actions where possible and quickly and dynamically adapt to changes and emerging scenario.*

*Around the beginning of the year the pace of capital inflows into the country rose, sharply. Reserve Bank of India whose primarily role is to ensure stability, faltered and the rupee sharply rose by 12% taking the entire Indian industry by surprise. The industry's exhortations for a pro-active intervention, considering the fact that these inflows are reversible, were ignored. Within a year, the flows have reversed. This, coupled with burgeoning trade deficit riding on high oil prices, has now weakened the rupee sharply. Such instability is not good for businesses and the country could do with better exchange rate management.*

*Despite all these factors, your company has registered a steady growth in its operations and has achieved a turnover of Rs. 315.33 Crores and a profit after tax of Rs. 3.61 Crores. This shows the goodwill your company and its products enjoy with its customers world wide. Profitability was muted due to reduced rupee realization of exports because of the strong rupee.*

*With demand from customers on the rise, your company is in an expansion mode and the first phase of Unit V coming up on a 65 acre piece of land at Unnao has been commissioned. The company will keep growing the capacity at this location in phases over the next few years. With coming up of Unit V on a spacious piece of land, the small factory - Unit IV at Noida has been closed.*

*I would like to take this opportunity to express my gratitude to the board of directors, bankers, employees, suppliers and the shareholders for their unstinted support and the confidence reposed on us.*

*With best wishes,*

*Irshad Mirza*



## DIRECTORS' REPORT

Dear Shareholders,

The Directors of your company have pleasure in presenting the Twenty-ninth Annual Report together with Audited Accounts of the company for the year ended 31<sup>st</sup> March, 2008.

### FINANCIAL RESULTS

	(Rs. in Crores)	
	2007-2008	2006-2007
Gross Income	<b>315.33</b>	306.54
Profit before Interest, Depreciation & Taxes	<b>30.20</b>	50.61
Less: Interest	<b>15.12</b>	13.79
Less: Depreciation	<b>8.98</b>	8.23
Provision		
- Current Tax	<b>1.88</b>	9.40
- Deferred Tax	<b>0.23</b>	0.30
- Fringe Benefit Tax	<b>0.38</b>	0.44
- Income Tax Previous Year	-	0.34
Profit after Tax	<b>3.61</b>	18.11
Prior Year Adjustment - Deferred Tax	<b>2.13</b>	-
Surplus from Last Year	<b>44.24</b>	33.43
Profit available for appropriation	<b>49.98</b>	51.54
Appropriations		
Dividend – Equity Shares	<b>2.78</b>	4.64
Corporate Dividend Tax	<b>0.60</b>	0.66
Transfer to General Reserve	<b>0.40</b>	2.00
Balance Carried to Balance Sheet	<b>46.19</b>	44.24

### PERFORMANCE OF THE COMPANY

During the year, your company recorded a Gross Income of Rs. 315.33 Crores against Rs. 306.55 Crores in the previous year. The operating profit before depreciation and interest has been Rs. 30.20 Crores as against Rs. 50.61 Crores in the previous year. After charging a higher Interest of Rs. 15.12 Crores (Rs. 13.79 Crores) and depreciation of Rs. 8.98 Crores (Rs. 8.23 Crores) and providing for tax Rs. 1.88 Crores (Rs. 9.40 Crores) and deferred tax liability of Rs. 0.23 Crores (0.30 Crore), your company has earned a profit after tax of Rs. 3.61 Crores as against Rs. 18.11 in the previous year.

The performance of the company was severely impacted by the sharp rise and sudden strengthening of rupee against global currencies at the beginning of the year, which took not only your company but the entire Indian industry by surprise. Despite stiff competition from low price economies like China and Vietnam, your company is making best efforts to pass on part of the impact of stronger rupee, in its pricing for fresh orders. All round increase

in input prices also put the profitability under further pressure. Despite increased prices in an extremely competitive scenario, your company's products continue to enjoy good market reputation and customer support. To meet the increasing demand, the company has commissioned the first phase of its expansion programme at Industrial Area, Unnao (Unit-V). The capacity at Unit-5 shall continue to grow in phases over the next few years. The ladies footwear segment is growing at a steady pace and is expected to gain greater momentum during the current year.

In the last one year, the retail market has become extremely crowded with the entry of several brands and many players. Your Company is taking measured steps towards augmentation of its retail presence in the Country. The emphasis, now, is on increasing volumes and individual profitability of the outlets already opened. Towards this, the company has launched "RED TAPE" branded garments and expects this segment to grow significantly over the coming years.

### SUB-DIVISION / SPLIT OF EQUITY SHARES

One Equity share of Rs. 10/- was sub-divided into 5 equity shares of Rs. 2/- each to impart greater liquidity to the company's shares and make it more affordable to small investors. The sub-division/split has become effective from 1<sup>st</sup> May, 2007 being the Record date.

### CHANGE IN COMPOSITION OF AUTHORISED SHARE CAPITAL

The Authorised Share Capital of the company was composed of Preference shares of Rs. 20 crores and Equity Shares of Rs. 25 crores. Since neither any issued preference capital is outstanding nor does the company have any plans to raise preference capital of Rs. 25 crores was converted during the year and the entire authorized capital of Rs. 45 Crores is now constituted of Equity share capital.

### DIVIDEND

Despite the pressure on profitability, the Board of Directors of your company are pleased to recommend a dividend of 15% i.e. Re. 0.30 per Equity Share of Rs. 2/- each for the year ended 31<sup>st</sup> March 2008 subject to the approval of shareholders making a payment of Rs. 2.78 Crores for the year. The dividend, if approved, shall result in a payout of 77 % of current year's profits and reflect the management's confidence in future and its resolve to keep the investors' interest at heart.

### EXPANSION PROGRAMME

First phase of expansion programme at Unnao has been commissioned a month back. Work on the next phase has begun. The results of the capacity expansions shall manifest themselves in the coming years.

The planned expansion at Greater Noida has been delayed as the Greater Noida Authority is still in the process of making necessary land acquisitions & land development. Your company is actively pursuing the matter with the Authority and the expansion activities shall commence, once we get possession of the allotted land.



## **CORPORATE GOVERNANCE**

Your Company is committed to good governance practices having the set of policies, processes and practices by which a company conducts its affairs in pursuit of its business goals. It encompasses everyone connected or affected by the activities of the corporation – from the board room to senior management to employees to all other stake holders which includes shareholders, lenders, suppliers and customers.

A separate report on Corporate Governance together with a certificate from Statutory Auditors confirming compliance with corporate governance requirements as stipulated in Clause 49 of the listing agreement with the stock exchanges has been annexed as part of this report.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Industry Structure and Developments**

Leather Industry in India has come a long way over the last four decades. From a resource based industry supplying abundant Indian raw hides in semi-finished and finished state, it is now a major supplier of value added finished goods like footwear, bags & travel accessories, harness & saddlery and fashion accessories like belts and wallets. From the status of exporter of raw hides & semi-finished leather, the country has now turned into a major importer of these goods. With a high employment potential, leather industry has always been on the priority list of government planning. The present Government has placed the development of this industry on a yet higher priority and has formulated a scheme of setting up leather parks across the country. The industry, therefore, will witness accelerated growth over the coming years.

The export of leather and leather products for the first nine months of 2007-08 i.e. April-December 2007 touched US\$ 2485.58 million against the performance of US\$ 2258.81 million in the corresponding period of last year, registering a positive growth of 10.4% in Dollar terms. In rupee terms the export touched Rs. 100435.54 million against the previous year performance of Rs. 103021.12 million showing a decline of 2.51%. Export of footwear (leather, footwear components & non leather footwear) has increased from US\$ 871.92 million in April-December, 2006 to US\$ 1023.31 million in April-December, 2007, registering a growth of 17.36%.

### **Opportunities, Threats, Risks & Concerns**

The pressure on China to strengthen its currency presents a historical opportunity to all Indian exporters who face stiff competition from cheap Chinese products. Your company is no exception. It expects a sustained growth of demand for its products from global customers in the forthcoming years.

Global hardening of crude oil price has led to a sharp escalation in cost of several raw materials. Oil prices in India were held back by the Government but will rise sharply in future. This would have impact on cost of power and fuel, inland transportation, air and sea freight and also an all round increase in costs in the economy. This will pose fresh challenges for your company. A high degree of volatility has characterized the currency markets throughout the last year and the same is expected to continue in future. Such sharp volatility brings along with it, a high degree of uncertainty. In such a scenario, currency risk management is another major challenge before the company.

## **Outlook**

Despite the above challenges the outlook for your company is bright with surging demand for its products. Increased capacities will bring economies of scale. The increase in oil prices has weakened the Indian rupee and the company will be a beneficiary of the same.

## **Segment-wise Performance**

The company's business segment is primarily Shoe Division and Tannery Division. During the year under review, the Shoe Division revenue was Rs. 283.35 Crores and Tannery Division revenue was Rs. 97.30 Crores.

## **Internal Control System and their Adequacy**

The Company has a well established framework of internal controls in operation, including suitable monitoring procedures and self assessment exercises. An independent Internal Audit function reviews the Company's financial and operating controls at various locations.

The company's Risk Management framework ensures compliance with the provisions of Clause 49 of the Listing Agreement. Senior Management has ownership of key risks, their management and mitigation plans. The Board, through the Audit Committee, headed by a non-executive independent director, reviews the key risks, the internal control framework and the audit findings.

## **Discussion of financial performance with respect of operational performance**

Company's operations were almost at the same level as last year. However, profitability of the company has suffered due to increase in cost of all major input items, increase in interest rates, lower value realization on account of stronger rupee. Management is continuously honing competencies to improve the range and designs of our product by making substantial investments for scaling up the capacities to achieve higher profitability.

## **Human Resources**

Human Resources forms an integral part of your Company's strategy for growth. On the Industrial Relations front, your company continued to enjoy a cordial and harmonious relations with its employees and Unions. Your company had a staff strength of 1860 employees as on 31<sup>st</sup> March, 2008.

Your company is a blue chip footwear company, certified for ISO-9001:2000 (Quality Management System), ISO-14001:2004 (Environmental Management System) and SA-8000:2001 (Social Accountability Management System), equipped with Labs accredited SATRA Technology Centre (UK) and accorded Associate Membership by Foot Wear Design & Development Institute (Ministry of Commerce & Industry, Government of India).

## **Corporate Social Responsibility**

Your Company also attempted to leave a mark as a socially responsible corporate citizen, by taking all meaningful measures to enrich the environment and the people all around, especially the backward and economically weaker sections of the society. Your Company is fully aware of its responsibilities towards areas like Human Rights, Business Ethics, Corporate Contributions, Environmental Policies, Community Development and Work Place issues.



# MIRZA INTERNATIONAL LIMITED

(Formerly Mirza Tanners Limited)

## Fixed Deposits

During the year, the Company has not accepted any fixed deposits. No amount on account of principal or interest on deposits was outstanding on the date of the Balance Sheet.

## Exports

Your Company has achieved approximately seventy percent of its total revenue from exports. During the year, company achieved an export sales of Rs. 221.16 Crores as compared to 224.86 Crores during the previous year. The share of branded shoes in export has shown a steady growth.

## DOMESTIC SALES

Your Company enjoys leadership position in the segment in which its products are represented. Company's brand 'RED TAPE' enjoys customer's admiration and confidence and is one of the highest selling brand in Men's footwear market. Opportunities in Ladies footwear markets are also being explored successfully.

## DIRECTORS

### Resignation

Mr. Mohd Aslam Khan resigned as Director w.e.f. 28.03.2008. The Board places on record its appreciation of the valuable services rendered during his long tenure as Director and for his contributions to the deliberations of the Board.

### Appointment

The Board of Directors has appointed Mr. Islam-ul-Haq as an Independent Director of the Company in the casual vacancy caused by the resignation of Mr. Mohd Aslam Khan. A proposal for his appointment as an Independent Director is being placed before the Members for approval at the Annual General Meeting.

### Retirement by Rotation

Mr. Shahid Ahmad Mirza, Mr. N P Upadhyay and Mr. Subhash Sapra retire by rotation and being eligible, offer themselves for re-appointment.

## AUDITORS

M/s Khamesra Bhatia & Mehrotra, Chartered Accountants, Auditors of the Company will retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for the re-appointment.

## AUDITORS' REPORT

The notes to the accounts referred in the Auditor's Report are self-explanatory and, therefore, do not call for any further comments on the Auditors' Report under Section 217(3) of the Companies Act, 1956.

## COST AUDIT

As per the Government directives, the company's Cost records in respect of Footwear for the year ended 31<sup>st</sup> March, 2008 are being audited by Cost Auditor, Mr. A K Srivastava, who was appointed by the Board with the approval of Central Government.

## PARTICULARS OF EMPLOYEES

A Statement of Particular of employees as specified under Section 217(2A) of the Companies Act, 1956 read with Companies

[Particulars of Employees] Rules, 1975 as amended, is set out in the Annexure forming part of the Directors' Report.

## SUBSIDIARY COMPANY

As required under section 212 of the Companies Act, 1956, the audited statement of accounts along with Report of the Board of Directors and Auditors' Report of subsidiary company M/s MTL Trading (Proprietary) Limited, South Africa are annexed herewith.

## CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements have been prepared by the company in accordance with the requirement of Accounting Standard issued by the Institute of Chartered Accountants of India and as stipulated by Clause 32 of Listing Agreement with the stock exchange(s). The audited 'Consolidated Financial Statements' form part of this Annual Report.

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

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

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i) That in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2008, applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair picture of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) That the Directors had prepared the annual accounts for the financial year ended 31<sup>st</sup> March, 2008 on a 'going concern basis'.

## ACKNOWLEDGEMENTS

Your directors take this opportunity to express their gratitude to the bankers, employees, suppliers and the shareholders for their unstinted support and the confidence they have placed in our ability to make MIL a great success.

For and on behalf of the Board

Place : Kanpur  
Date : June 14, 2008

IRSHAD MIRZA  
Chairman



## ANNEXURES TO THE DIRECTORS' REPORT

### STATEMENT AS REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

#### Conservation of Energy:

##### Energy Conservation measures taken during the year:

Company has upgraded the power generation and distribution system for long-term energy saving. Old Generators were replaced by better fuel efficient Generators.

#### Research and Development (R&D)

Company has Research and Development Department in each of its Units to exercise control over Quality and for technical upgradation. Development of new designs for Shoe Uppers and Shoes is carried out throughout the year. Company is accredited with ISO-9001:2000 (Quality Management System) and SA-8000:2001(Social Accountability Management System) and equipped with Labs accredited by SATRA Technology Centre (UK) and has been accorded Associate Membership by Footwear Design & Development Institute (Ministry of Commerce & Industry, Government of India). The Management shall continue to invest in R&D to develop the new designs and add new moulds.

#### Technology Absorption, Adaptation and Innovation

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

#### Foreign Exchange Earnings and Outgo

The Company's performance is continuously improving on export front and the products are finding better acceptance in international markets. The share of branded products is steadily increasing. New markets are also being explored.

During the year, the foreign exchange earned was Rs. 215.78 Crores mainly on account of exports. The foreign exchange outgo was Rs. 52.43 Crores.

### STATEMENT OF PARTICULARS UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008.

Name	Designation	Gross remuneration (Rs.)	Qualification	Experience (Years)	Date of Commencement of Employment	Age (Years)	Particulars of Previous Employment
Mr. Rashid Ahmed Mirza	Managing Director	85,24,037	Diploma in Leather Technology, London	32	05.9.1979	52	Promoter
Mr. Shahid Ahmad Mirza	Whole-time Director	66,25,657	Diploma in Leather Goods Technology U.K.	30	06.9.1979	51	Leather Trends Pvt. Ltd.
Mr. Tauseef Ahmad Mirza	Whole-time Director	81,21,980	Diploma in Shoe Technology, London	19	06.9.1989	39	Leather Trends Pvt. Ltd.
Mr. Tasneef Ahmad Mirza	Whole-time Director	61,33,793	Degree in Leather Technology	11	01.01.1997	36	Leather Trends Pvt. Ltd.
Mr. Shuja Mirza	Vice President (Marketing)	30,00,000	Degree in Management from USA	03	01.10.2004	27	First Employment
Mr. P.S. Khamesra	Whole-time Director	24,00,000	Chartered Accountant	30	30.07.2005	52	Chartered Accountant in practice

#### Notes:

- All appointments are on contractual basis except of Mr. Shuja Mirza.
- Mr. Rashid Ahmed Mirza, Mr. Shahid Ahmad Mirza, Mr. Tauseef Ahmad Mirza, Mr. Tasneef Ahmad Mirza and Mr. Shuja Mirza are related to each other within the meaning of Companies Act, 1956.
- Remuneration includes salary and perquisites as per rules of the Company and recorded under Income Tax Act, 1961.

For and on behalf of the Board

Place : Kanpur  
Date : June 14, 2008

IRSHAD MIRZA  
Chairman



## REPORT ON CORPORATE GOVERNANCE

### 1. Company's philosophy on Corporate Governance

Corporate Governance is a process of inculcating and the practice of best corporate standards for ensuring transparency, accountability, integrity to enhance investor confidence in an attempt to accomplish duty as a socially responsible person. The company believe in ensuring complete & timely compliances with all the relevant legal and regulatory requirements. All Directors and employees are bound by code of conduct that sets out the fundamental standards to be followed in all facets of its operation and dealings with shareholders, creditors, government authorities and the public at large.

The company has made full compliance with the norms and disclosures required by Clause 49 of the Listing Agreement with the Stock Exchanges.

### 2. Board of Directors:

The Board of Directors of Mirza International Ltd. presently consists of twelve directors out of which, six are non-executive directors including Chairman out of which five are Independent Directors and six directors are whole-time executive directors including Managing Director. Mr. Irshad Mirza, non-executive Director is the Chairman of the company. Mr. Mohd Aslam Khan resigned from the Board & Mr. Islam-UI-Haq was appointed as additional director on the Board on 28th March, 2008.

During the year, six Meetings of the Board of Directors of the Company were held on May 31, July 30, October 27, December 24, 2007 & January 28, March 28, 2008. The maximum time gap between any consecutive two meetings was not more than 4 months.

The Composition and category of the Directors on Board, their attendance at the Board Meetings during the year and at the last Annual General Meeting, as also number of Directorships and Committee memberships/ chairmanships and number of shares held by them as on 31st March, 2008 are as follows:

Name of Directors	Category of Directorship	No. of Board Meetings Held	No. of Board Meetings Attended	Last A.G.M. Attended	Other Director-Ship	Other Committee	
						Chairman-Ship	Member-Ship
1. Mr. Irshad Mirza	Chairman (Non-Executive)	6	6	Yes	5	1	-
2. Mr. Rashid A. Mirza	Managing Director	6	3	NO	7	-	2
3. Mr. Shahid A. Mirza	Executive Director	6	4	YES	3	-	-
4. Mr. Tauseef A. Mirza	Executive Director	6	2	NO	4	-	-
5. Mr. Tasneef A. Mirza	Executive Director	6	1	YES	4	-	-
6. Mr. P.S. Khamesra	Executive Director	6	6	YES	3	-	1
7. Mr. N.P. Upadhyay	Executive Director	6	4	YES	-	-	-
8. Mr. Q.N. Salam	Non-Executive Director	6	4	YES	-	-	2
9. Mr. M.A.Khan (Resign) (up to 28/03/2008)	Non-Executive Director	6	-	NO	-	-	-
10. Mr. P.N. Kapoor	Non-Executive Director	6	4	YES	-	-	1
11. Dr. Yashveer Singh	Non-Executive Director	6	2	YES	-	1	2
12. Mr. Subhash Sapra	Non-Executive Director	6	5	YES	2	1	-
13. Mr. Islamul Haq (From 28/03/2008 )	Non-Executive Director	1	1	N.A.	1	-	-

Mr. Irshad Mirza, Chairman is the father of Mr. Rashid Ahmed Mirza, Managing Director, Mr. Shahid Ahmad Mirza, Mr. Tauseef Ahmad Mirza & Mr. Tasneef Ahmad Mirza, whole-time directors of the company.

**Disclosures regarding appointment/re-appointment of Directors**

As per the Statute, two-third of the Directors should retire by rotation. One-third of these Directors are required to retire every year and if eligible, they can offer themselves for re-appointment.

Accordingly, Mr. Shahid Ahmad Mirza, Mr. N.P. Upadhyay and Mr. Subhash Sapra directors of the company will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Further, Mr. Islamul Haq who was appointed as additional director on the Board will retire at the ensuing Annual General Meeting. A brief resume of the Directors to be appointed/eligible for re-appointment is separately annexed and forms part of the report.

**3. Audit Committee :**

The powers, role and terms of reference of the Audit Committee covers the areas as contemplated under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 besides other terms as may be referred by the Board of Directors. The Audit Committee constituted by the Board of Directors consists of three independent Non-executive Directors. During the year the Audit Committee met for four times i.e. on May 31, July 30, October 27, 2007 & January 28, 2008. The composition and attendance record of the Audit Committee meeting is as under:

Name of the Director	Status	No. of Meetings	Meetings Attended
Dr. Yashveer Singh	Chairman	4	1
Mr. Q.N. Salam	Member	4	4
Mr. P.N. Kapoor	Member	4	3

Mr. P.S. Khamesra, Director (Finance) and Mr. A.K. Srivastava, Cost Auditor and representative of internal audit team were also present in the aforementioned audit committee meetings.

**4. Shareholders' / Investors' Grievance Committee :**

Shareholders/Investor's grievance committee looks into the redressing of shareholders' and investors' complaints like transfer of shares, non-receipt of balance sheet, dividend etc and the action taken by the company. The Committee specifically works to assure timely redressal without any pendency. The Composition of the Committee is as under:

Mr. Irshad Mirza	Chairman, Non-executive (Non-Independent)
Dr. Yashveer Singh	Member, Non-executive (Independent)
Mr. P. S. Khamesra	Member, Executive

During the year, the Shareholders' Committee met for four times on May 31, July 30, October 27, 2007 & January 28, 2008 which were attended by Mr. Irshad. Mirza & Mr. P. S. Khamesra while Dr. Yashveer Singh was present in the meeting on May 31, 2007. During the year, 48 complaints were received from the shareholders, which were replied/ resolved to the satisfaction of the shareholders.

**5. Remuneration Committee :**

The Remuneration Committee of the company recommends to the Board the compensation terms of Executive Directors and its responsibilities include: a) Framing and implementing on behalf of the Board and on behalf of the shareholders, credible and transparent policy on remuneration of Executive Directors; b) Considering, approving and recommending to the Board the changes in designation and increase in salary of the executive Directors; c) Ensuring that remuneration policy is good enough to attract, retain and motivate the Directors; d) Bringing about objectivity in determining the remuneration package while striking a balance between the interest of the company and the shareholders.

The Committee constituted by the Board of Directors consists of three Independent Non-executive Directors. During the year, the meeting of Remuneration Committee was held on 31st May, 2007.

Mr. Subhash Sapra - Chairman  
Dr. Yashveer Singh - Member  
Mr. Q.N. Salam - Member

**6. Remuneration Policy :**

The remuneration paid to the executive directors of the company is decided by the Board of Directors on the recommendation of the remuneration committee. The existing remuneration policy of the company is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing industry practice.

**1. Non-Executive Directors**

Non-Executive Directors are paid sitting fees for attending the meetings of the Board of Directors within the prescribed limits.

**Sitting fees paid to them for the year ended 31st March, 2008 is given below :-**

-Mr. Irshad Mirza	Rs. 60,000/-
-Mr. Q.N. Salam	Rs. 40,000/-
-Mr. P.N. Kapoor	Rs. 40,000/-
-Dr. Yashveer Singh	Rs. 20,000/-
-Mr. Subhash Sapra	Rs. 50,000/-
-Mr. Islamul Haq	Rs. 10,000/-

**TOTAL** **Rs.2,20,000/-**

Besides sitting fees, Mr. Irshad Mirza, Chairman (Non-executive) has been paid Guarantee Commission of Rs. 60,50,000/- in consideration of extending his personal guarantee for the Credit Facilities enjoyed by the Company from its bankers.

**2. Executive Directors**

The remuneration committee makes annual appraisal of the performance of the executive directors based on a detailed performance evaluation and recommends the remuneration payable to them, within the parameters approved by the shareholders, to the board for their approval.

As per terms of appointment, remuneration paid to the Directors during the year is as under:

Name of the Directors	Salary	Medical Expenses	Other Perks	Total
Mr. Rashid Ahmed Mirza	Rs. 84,00,000	Rs. 1,24,037	-	Rs. 85,24,037
Mr. Shahid Ahmad Mirza	Rs. 66,00,000	Rs. 25,657	-	Rs. 66,25,657
Mr. Tauseef Ahmad Mirza	Rs. 78,00,000	Rs. 3,21,980	-	Rs. 81,21,980
Mr. Tasneef Ahmad Mirza	Rs. 60,00,000	Rs. 1,33,793	-	Rs. 61,33,793
Mr. N.P Upadhyay	Rs. 18,00,000	Rs. 1,10,415	Rs. 20,000	Rs. 19,30,415
Mr. P.S. Khamesra	Rs. 24,00,000	-	-	Rs. 24,00,000

**7. Compliance Officer :**

Mr. D.C. Panday, G.M. (Accounts) has taken over as Company Secretary & Compliance Officer w.e.f. 01.12.2007 on the resignation of Mr. S.K. Bajpai.



## 8. General Body Meetings :

The last three Annual General Meetings were held as under:

Year	Date	Type of Meeting	Venue	Time
2005-06	29.09.2005	Annual General Meeting	14/76, Merchants' Chamber of Uttar Pradesh, Kanpur	1:00 PM
2006-07	21.09.2006	Annual General Meeting	14/76, Merchants' Chamber of Uttar Pradesh, Kanpur	3:00 PM
2007-08	27.09.2007	Annual General Meeting	14/76, Merchants' Chamber of Uttar Pradesh, Kanpur	1:00 PM

Date of Annual General Meeting	Particulars of Special Resolutions passed in the last three Annual General Meetings
27 <sup>th</sup> September, 2007	Approval for payment of remuneration to Managing Directors & Whole-time Directors upto the limits of Rs. 1.00 Crore per annum
21 <sup>st</sup> September, 2006	Approval for appointment of Mr. Shuja Mirza, relative of Director to the Post of Vice President (Marketing)
29 <sup>th</sup> September, 2005	<ol style="list-style-type: none"> <li>1. Alteration in object Clause of Articles of Association of the company.</li> <li>2. Commencement of new business</li> <li>3. Appointment of Mr. Irshad Mirza as Chairman (Non-executive) of the Company for a period of 3 Years w.e.f. 1<sup>st</sup> October, 2005.</li> <li>4. Appointment of Mr. Rashid Ahmed Mirza as Managing Director, Mr. Shahid Ahmad Mirza, Mr. Tauseef Ahmad Mirza &amp; Mr. Tasneef Ahmad Mirza, Mr. Prem S. Khamesra &amp; Mr. N.P. Upadhyay as whole-time directors for a period of 3 Years w.e.f. 1<sup>st</sup> October, 2005.</li> <li>5. Authorisation for issue of FCCBs, equity shares and other securities convertible into equity shares upto an aggregate amount of US\$ 50 Million or equivalent thereof.</li> </ol>

All the resolutions including special resolution set out in respective Notices were passed by the shareholders. The company has not passed any resolution through Postal ballot during the past financial year.

## 9. CEO/CFO Certification :

In terms of requirements of Clause 49(V) of the Listing Agreement, the Chief Executive Officer and Chief Financial Officer have submitted necessary certificate to the Board at its meeting held on 14th June, 2008, stating the particulars specified under the said Clause.

## 10. Disclosures :

- There are no materially significant related party transactions made by the company with its promoters, directors or management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large. Transactions with the related parties are disclosed in Notes to the Accounts in the Annual Report.
- During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any other statutory authority for non-compliance of any matter related to the capital markets.
- The Code of Conduct applicable to all directors and senior management personnel of the company have been posted on Company's website. For the year under review, all directors and senior management personnel of the company have confirmed their adherence to the provision of the said codes.
- The company has complied with all the mandatory requirements and has adopted part of the non-mandatory requirement too, of Clause 49 of the Listing Agreement.

## 11. Means of Communication:

- The Quarterly and Annual results are published in widely circulating national & local dailies such as The Economic Times, Business Standard, The Pioneer (in English) and Danik Jagran (in Hindi). These are not sent individually to the shareholders.



- The Company's results and other related information are displayed on the Company's web site- [www.mirza.co.in](http://www.mirza.co.in)
- Management Discussion and Analysis Report forms part of the Annual Report.

**12. General Shareholders Information**

- Annual General Meeting : Date : Thursday, 25th September, 2008  
Time : 11:00 A.M.  
Venue : Auditorium of Council for Leather Exports, HBTI Campus, Nawabganj, Kanpur
- Financial Calendar : April - March
- Board Meetings (Provisional):  
First Quarter Results : 3/4 week of July, 2008  
Second Quarter Results : 3/4 week of Oct., 2008  
Third Quarter Results : 3/4 week of Jan., 2009  
Results for the quarter/year ending on March 31st, 2009 : 3/4 week of April / June, 2009
- Book Closure Date : From 17th September, 2008 to 25th September, 2008 (Both Days Inclusive)
- Dividend Payment Date : Dividend : (15%) 1st October, 2008
- Listing of Equity Shares : The Stock Exchange, Mumbai.  
National Stock Exchange of India Ltd., Mumbai.  
Uttar Pradesh Stock Exchange Association Ltd., Kanpur

**Stock Code:**Trading Symbol (Physical) : **BSE: 526642, NSE: MIRZAINT**Demat ISIN No. in NSDL & CDS(I)L : **INE771A01026**Corporate Identity Number (CIN) : **L19129UP1979PLC004821**

Annual Listing fees for the year 2008-2009 have been duly paid to all the above Stock Exchanges.

**Market Price Data :**

MONTH	National Stock Exchange			Bombay Stock Exchange		
	HIGH	LOW	TOTAL MONTHLY VOLUME OF SHARES	HIGH	LOW	TOTAL MONTHLY VOLUME OF SHARES
APR' 07	41.10*	143.60	212369	172.70	34.65	195576
MAY' 07	38.60	31.00	375715	39.10	30.65	335238
JUNE' 07	33.00	28.00	505434	33.00	27.05	342815
JULY' 07	31.00	24.10	636324	30.95	24.00	510475
AUG.' 07	26.40	20.25	561226	26.00	20.00	654907
SEPT' 07	28.50	20.65	5519451	28.50	20.60	4168976
OCT.' 07	32.50	19.50	7709372	32.70	19.40	6561706
NOV.' 07	25.40	17.00	9497625	24.90	17.00	8346024
DEC.' 07	35.75	22.00	21800267	36.20	22.10	18040708
JAN.' 08	36.50	19.95	2985558	36.80	20.20	3871452
FEB.' 08	24.10	18.60	1134778	24.50	18.65	1025860
MAR' 08	20.00	13.50	1553769	20.10	13.50	1320162

\* Share of Rs. 10/- each splitted into 5 Share of Rs. 2/- each.

**Registrar & Transfer Agents :****KARVY COMPUTERSHARE PVT. LTD.**

17-24, Vittal Rao Nagar, Madhapur

Hyderabad - 500081

Phone: 040-23420815-28

Fax No.: 040-23420814

**Share Transfer System:**

Your company is providing facility of common agency for all the work related to share registry in terms of both physical and electronic at a single point by our Registrar & Share Transfer Agent i.e. Karvy Computershare Pvt. Ltd., Hyderabad. Presently, the share transfers which are received in physical form are processed and the share certificates returned within a period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects.

**Distribution of Shareholding as on 31st March, 2008:**

Category		Shareholders		Nominal Value	
From	To	Number	% of cases	Amount (Rs.)	Amount (Percent)
1	5000	23619	95.10	23513394	12.68
5001	10000	701	2.82	5358734	2.89
10001	20000	272	1.10	4136952	2.23
20001	30000	74	0.30	1860108	1.01
30001	40000	46	0.18	1658408	0.89
40001	50000	23	0.09	1031720	0.56
50001	100000	49	0.20	3512264	1.89
100001 & Above		51	0.21	144340420	77.85
<b>Total</b>		<b>24835</b>	<b>100.00</b>	<b>185412000</b>	<b>100.00</b>

**Shareholding Pattern as on 31st March, 2008**

Category	Number of shares	Percentage of shares
<b>1. Promoters Holding</b>		
Indian Promoters	58729640	63.35
Foreign Promoters	1205000	1.30
Sub Total	<b>59934640</b>	<b>64.65</b>
<b>2. Non Promoters Holding</b>		
a) Mutual Funds & UTI	5500	0.01
b) Banks, FIs, Insurance Cos	36500	0.04
c) FII 's	7997714	8.63
Sub Total	<b>8039714</b>	<b>8.68</b>
<b>3. Others</b>		
a) Private Corporate Bodies	5742124	6.19
b) Individual/ HUF	17903033	19.31
c) NRI 's / OCBs	944518	1.02
d) Clearing Members / Trust	141971	0.15
Sub Total	<b>24731646</b>	<b>26.67</b>
<b>GRAND TOTAL</b>	<b>92706000</b>	<b>100.00</b>

Note:- 10147232 equity shares, being held by Foreign Promoters / FIIs / NRIs / OCBs / Foreign collaborators and Foreign Nationals representing 10.95% of share capital.

**Dematerialisation of shares and liquidity:**

The Company's equity shares are included in the list of companies whose scrip have been mandated by Securities Exchange Board of India for settlement only in dematerialised form by all investors. The company has signed agreements with National Securities Depositories Ltd. and Central Depositories Services (India) Ltd. to offer depository services to its shareholders. As on 31st March, 2008, a total of 9,08,87,133 out of a total 9,27,06,000 equity shares of the company constituting 98.04 percent of share capital, stand dematerialised. The processing activities of De-mat requests are normally confirmed within an average of 15 days.

**Unpaid Dividend :**

Pursuant to Section 205C of the Companies Act, 1956, there were no unclaimed dividend to be transferred to the Investors Education & Protection Fund of the Central Government during the Financial Year 2007-08.

**Electronic Clearing Service :**

The Company has availed ECS facility for distribution of dividend to the Shareholders.

**Outstanding GDRs /ADRs / Warrants or any convertible instruments conversion date and likely impact on equity:** Not applicable**Works Locations of the Company:**

- ❖ Kanpur- Unnao Link Road, Magarwara, Unnao- 209 801
- ❖ Kanpur-Unnao Link Road, Sahajani, Unnao- 209 801
- ❖ Plot No. C-4, 5, 36 & 37, Sector-59, NOIDA-201 303
- ❖ A-112, Sector-5, NOIDA-201 301 (Closed on 21st April, 2008)
- ❖ UPSIDC Industrial Area, Site II, Unnao- 209 801

**Address for Correspondence:**

Shareholders correspondence should be addressed to our Registrar & Share Transfer Agents at the address mentioned above. Contact Persons: **Mr. K Sreedharmurthy, Manager.** Ph. No. 040-23420815-28, Email id. : [sreedharmurthy@karvy.com](mailto:sreedharmurthy@karvy.com).

Shareholders may also contact **Mr. D.C. Pandey, Company Secretary** at the Registered Office of the Company for any assistance Ph . 0512-2530775 Email id: [dcpandey@redtapeindia.com](mailto:dcpandey@redtapeindia.com)

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.

**Secretarial Audit for reconciliation of Capital:**

In compliance of SEBI circular No. D/CC/FITTC/CIR-16/2002 your company has appointed Mrs. Savita Jyoti, Practising Company Secretary to certify and conduct audit relating to reconciliation of total capital held in Depositories, viz, NSDL and CDSL and in physical form with the total issued/paid up capital. The certificate given by her is submitted to the Stock Exchanges where the securities of the company are listed within 30 days of the end of each quarter. The company also obtains from a practising Company Secretary half yearly certificate of compliance as required under Clause 47(c) of Listing Agreement and files the same with Stock Exchanges.

**DECLARATION ON CODE OF CONDUCT**

As per clause 49 of the Listing Agreement with the Stock Exchanges, this is to confirm that all the Board Members and Senior Management personnel have affirmed compliance with the Code of conduct of the Company for the Financial Year 2007-08.

Place : Kanpur  
Date : June 14, 2008

RASHID AHMED MIRZA  
Managing Director



**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The Board of Directors,  
Mirza International Limited.

We have examined the compliance of conditions of Corporate Governance by Mirza International Limited ("the Company") for the year ended on 31st March 2008, as stipulated in Clause 49 of the Listing Agreement of the company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

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

We state that no investor grievance is pending for a period exceeding one month as per the records maintained by the Share Transfer committee /Investor Grievance Committee.

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

For Khamesra Bhatia & Mehrotra  
*Chartered Accountants*

Place: Kanpur  
Date : June 14, 2008

ANAND SAXENA  
*Partner*  
M. No. 75801



## AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of MIRZA INTERNATIONAL LIMITED [Formerly known as MIRZA TANNERS LIMITED] as at March 31, 2008 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956. We annex hereto a statement on the matters specified in the said order.
3. Further to our comments in the Annexure referred to in paragraph (2) above, we report that:
  - (a) We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) In our opinion, proper Books of Accounts as required by law, have been kept by the Company so far it appears from the examination of the said books.
  - (c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the Books of Accounts.

- (d) In our opinion, the Balance Sheet and the Profit & Loss Account comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
- (e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Sec.274 of the Companies Act 1956.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the accounts read with and subject to the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2008 and;
  - ii) In the case of the Profit & Loss Account of the Company of the profit of the company for the year ended on that date.
  - iii) In case of Cash Flow statement of the cash flows for the year ended on that date.

For Khamesra Bhatia & Mehrotra  
Chartered Accountants

ANAND SAXENA  
Partner  
M.No. 075801

Place : Kanpur  
Date : June 14, 2008

## Annexure to the Auditors' Report

### Referred to in paragraph 2 of our report of even date,

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

- (i)
  - (a) The Company has maintained proper books/records to show full particulars including quantitative details and situations of its fixed assets.
  - (b) All the assets have not been physically verified by the management during the year and a regular program of verification by rotation is in force, which, in our opinion, is reasonable, having regard to the size of the company.
  - (c) Fixed Assets disposed off during the year were not substantial and such sale has not affected the going concern of the company.
- (ii)
  - (a) Inventory has been physically verified by the management. In our opinion, the frequency of verification is reasonable.
  - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material

and have been properly dealt with in the books of account.

- (iii)
  - (a) The company has neither granted nor taken any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, paragraph 4 (iii) (a), (b), (c), (d), (e), (f), (g) of the Companies (Auditor's Report) Order 2003 are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- (v)
  - (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
  - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies



# MIRZA INTERNATIONAL LIMITED

(Formerly Mirza Tanners Limited)

Act, 1956 are made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- (vi) In our opinion and according to the information and explanations given to us, company has not accepted any Public deposits during the year.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of accounts relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under clause (d) of subsection (l) of section 209 of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) According to information & explanation given to us and the records of the company examined by us, in our opinion, the company is generally regular in depositing undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, Service Tax, custom duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the company examined by us, in our opinion, no undisputed amounts payable in respect of provident fund, investor education protection fund, employees' state insurance, income tax, wealth tax, sales tax, service tax, custom duty, excise duty and Cess were in arrears, as at 31st March 2008 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us and the records of the company examined by us, in our opinion, no undisputed amount payable in respect of provident fund, investor education protection fund, employees' state insurance, income tax, wealth tax, sales tax, service tax, custom duty, excise duty and Cess, which have not been deposited on account of any dispute. However in case of sales tax and income tax, demands aggregating Rs. 570.85 lacs have not been deposited on account of disputes as the details below:

Related to	Authority where case is pending	Financial Year	Disputed Amount Rs in Lac
EntryTax/ Trade Tax	Hon'ble Allahabad High Court	1999-2000	4.96
EntryTax/ Trade Tax	Hon'ble Allahabad High Court	2000-2001	15.95
Income Tax	CIT (Appeals)	1998-1999	18.52
Income Tax	Hon'ble Allahabad High Court	1999-2000 to 2001-2002	198.60
Income Tax	Hon'ble Allahabad High Court	2002-2003	194.56
Income Tax	CIT (Appeals)	2003-2004	138.26
<b>Total</b>			<b>570.85</b>

- (x) The company does not have any accumulated losses at the end of financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) The company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to information and explanations given to us, the company is not a chit fund or a nidhi or mutual benefit fund/society. Accordingly, the provisions of clause 4 (xiii) of the order are not applicable to the company.
- (xiv) According to information and explanation given to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the order are not applicable to the company.
- (xv) On the basis of records examined by us and information provided by the management, we are of the opinion that the company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, the term loan raised by the company during the year has been applied for the purpose for which it was raised.
- (xvii) Based on an overall examination of the Balance Sheet of the company and a review of the consolidated funds flow statement for the year, we report that no funds raised on short-term basis have been used for long –term investment.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act, during the year.
- (xix) The Company has not issued any debentures during the year. Therefore, provisions of Clause 4(xix) of the order are not applicable to the company.
- (xx) The Company has not raised any money from the public during the year under audit.
- (xxi) According to the information and explanation given to us, and based on audit procedures performed, we report that no fraud on or by the company has been noticed or reported during the year ended on March 31, 2008.

For Khamesra Bhatia & Mehrotra  
Chartered Accountants

ANAND SAXENA  
Partner  
M.No. 075801

Place : Kanpur  
Date : June 14, 2008

**BALANCE SHEET AS AT 31st MARCH, 2008**

	Schedule	2008 Rs.	2007 Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholder's Funds</b>			
Share Capital	1	18,54,12,000	18,54,12,000
Reserves and Surplus	2	1,08,31,93,252	1,06,07,54,069
		<b>1,26,86,05,252</b>	1,24,61,66,069
<b>Deferred Tax</b>	3	16,78,00,000	18,67,70,000
<b>Loan Funds</b>			
Secured Loans	4	1,13,12,28,623	92,03,61,481
Unsecured Loans	5	—	20,19,46,338
		<b>1,13,12,28,623</b>	1,12,23,07,819
Total		<b>2,56,76,33,875</b>	2,55,52,43,888
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	6	1,80,83,66,989	1,66,19,11,921
Less: Depreciation		56,62,47,569	48,35,53,866
Net Block		1,24,21,19,420	1,17,83,58,055
Capital Work in Progress		30,36,32,836	17,79,75,356
		<b>1,54,57,52,256</b>	1,35,63,33,411
<b>Investments</b>	7	96,46,408	89,06,896
<b>Current assets, Loans and Advances</b>			
Inventories	8	91,25,02,955	99,73,97,151
Sundry Debtors	9	30,52,86,045	34,79,72,068
Other Current Assets	10	17,31,67,162	16,67,25,529
Cash and Bank Balances	11	3,49,65,702	1,57,57,759
Loans and advances	12	4,65,60,954	8,43,27,010
		<b>1,47,24,82,818</b>	1,61,21,79,517
<b>Less : Current Liabilities and Provisions</b>	13	46,02,47,607	42,21,75,936
<b>Net Current Assets</b>		<b>1,01,22,35,211</b>	1,19,00,03,581
Total		<b>2,56,76,33,875</b>	2,55,52,43,888
Significant Accounting Policies	20		
Contingent Liabilities & Notes	21		
Balance Sheet Abstract and Company Profile	22		

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

For Khamesra Bhatia & Mehrotra  
*Chartered Accountants*

IRSHAD MIRZA  
*Chairman*

RASHID AHMED MIRZA  
*Managing Director*

Anand Saxena  
*Partner*  
M.No. 75801

D.C. PANDEY  
*G.M. (Accounts) &  
Company Secretary*

TASNEEF AHMAD MIRZA  
P.S. KHAMESRA  
P.N. KAPOOR  
SUBHASH SAPRA  
Q.N. SALAM  
ISLAMUL HAQ

Directors

Place : Kanpur  
Date : June 14, 2008



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008**

	Schedule	2008 Rs.	2007 Rs.
<b>INCOME</b>			
Income from Operations	14	<b>3,14,80,17,803</b>	3,06,05,21,111
Other Income/(Loss)	15	<b>52,53,282</b>	49,52,646
		<b><u>3,15,32,71,085</u></b>	<b><u>3,06,54,73,757</u></b>
<b>EXPENDITURE</b>			
(Increase)/Decrease In Stock	16	<b>12,33,95,631</b>	(24,45,216)
Material Consumed	17	<b>1,74,19,21,842</b>	1,70,71,11,961
Other Expenses	18	<b>98,59,49,690</b>	85,46,45,157
Interest	19	<b>15,11,53,254</b>	13,79,30,024
Depreciation		<b>8,98,04,788</b>	8,23,26,095
		<b><u>3,09,22,25,205</u></b>	<b><u>2,77,95,68,021</u></b>
Profit Before Tax		<b>6,10,45,880</b>	28,59,05,736
Provision for Taxation - Current		<b>1,88,00,000</b>	9,40,00,000
Provision for Taxation - Deferred		<b>23,00,000</b>	30,00,000
Provision of Taxation - Fringe Benefit		<b>38,50,000</b>	44,47,250
Income Tax (Previous Year)		—	33,74,289
Profit After Tax		<b>3,60,95,880</b>	18,10,84,197
Prior Year Adjustment - Deferred Tax		<b>2,12,70,000</b>	—
Surplus From Last Year		<b>44,24,17,700</b>	33,42,51,247
<b>Amount Available for Appropriation</b>		<b><u>49,97,83,580</u></b>	<b><u>51,53,35,444</u></b>
<b>APPROPRIATIONS</b>			
Transfer to General Reserve		<b>40,00,000</b>	2,00,00,000
Dividend on Equity Shares		<b>2,78,11,800</b>	4,63,53,000
Dividend Tax		<b>60,39,668</b>	65,64,744
Balance carried to Balance Sheet		<b>46,19,32,112</b>	44,24,17,700
		<b><u>49,97,83,580</u></b>	<b><u>51,53,35,444</u></b>
Earning Per Share (Refer Note F of Part II of Schedule 21)		<b>0.39</b>	9.77
Significant Accounting Policies	20		
Contingent Liabilities & Notes	21		
Balance Sheet Abstract and Company Profile	22		

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

For Khamesra Bhatia & Mehrotra  
*Chartered Accountants*

IRSHAD MIRZA  
*Chairman*

RASHID AHMED MIRZA  
*Managing Director*

Anand Saxena  
*Partner*  
M.No. 75801

D.C. PANDEY  
*G.M. (Accounts) &  
Company Secretary*

TASNEEF AHMAD MIRZA  
P.S. KHAMESRA  
P.N. KAPOOR  
SUBHASH SAPRA  
Q.N. SALAM  
ISLAMUL HAQ

} *Directors*

Place : Kanpur  
Date : June 14, 2008



	2008 Rs.	2007 Rs.
<b>Schedule 1 : SHARE CAPITAL</b>		
<b>Authorised</b>		
Nil (20,00,000) Redeemable Preference Shares of Rs.100 each	—	20,00,00,000
22,50,00,000 (2,50,00,000 Shares of Rs. 10/- each)		
Equity Shares of Rs. 2/- each	<b>45,00,00,000</b>	25,00,00,000
	<b>45,00,00,000</b>	<b>45,00,00,000</b>
<b>Issued, Subscribed &amp; Paid Up :</b>		
9,27,06,000 (1,85,41,200 Equity shares of Rs. 10/- each)		
Equity Shares of Rs. 2/- each fully paid up	<b>18,54,12,000</b>	18,54,12,000
	<b>18,54,12,000</b>	<b>18,54,12,000</b>
<b>Notes :</b>		
Out of 9,27,06,000 Equity Shares of Rs. 2/- each above		
1. 9400 Equity Shares of Rs.100/- each issued for consideration other than cash on 04.10.1979		
2. Equity Shares of Rs.100/- each subdivided into 10 equity shares of Rs.10/- each vide resolution passed in Extra Ordinary General Meeting held on 30.11.1992		
3. 10,20,000 equity shares of Rs.10/- each issued under a Public issue on 24.11.1994		
4. 1,50,59,200 Equity shares issued as bonus shares by capitalisation of reserves on 04.11.1992, 25.08.1993, 15.02.1997 and 08.04.2000		
5. 22,50,000 equity shares of Rs.10/- each issued to shareholders of erstwhile Leather Trends Pvt Ltd. pursuant to Scheme of Amalgamation.		
6. Composition of Authorised Capital of the Company was changed by converting 20,00,000 Preference shares of Rs. 100/- each and 2,50,00,000 Equity shares of Rs. 10/- each into 22,50,00,000 (Twenty two crore fifty lacs) equity shares of Rs. 2/- each vide resolution passed in the extra ordinary general meeting held on 29.03.2007.		
<b>Schedule 2 : RESERVES &amp; SURPLUS</b>		
<b>General Reserve</b>		
As per Last Balance Sheet	<b>60,08,00,000</b>	58,08,00,000
Add : Transferred from P&L Account	<b>40,00,000</b>	2,00,00,000
Add : Transferred from Capital Investment Subsidy	<b>26,68,042</b>	—
	<b>60,74,68,042</b>	60,08,00,000
<b>Share Premium Account</b>		
Gross Premium	<b>5,17,650</b>	5,17,650
Less : Calls in Arrears	<b>(1,47,251)</b>	(1,59,911)
	<b>3,70,399</b>	3,57,739
<b>Capital Investment Subsidy</b>		
As per Last Balance Sheet	<b>26,68,042</b>	
Less : Transferred to General Reserve	<b>26,68,042</b>	26,68,042
<b>Tannery Modernisation Scheme Subsidy</b>		
As per Last Balance Sheet	<b>1,09,09,536</b>	25,02,500
Received during the year	—	90,00,825
Less: Transferred to Profit & Loss Account	<b>(5,93,789)</b>	(5,93,789)
<b>Foreign Currency Translation Reserve</b>		
As per Last Balance Sheet	<b>36,01,052</b>	28,07,288
Add: Appreciation in Foreign Investment	—	7,93,764
Less: Fluctuation in Foreign Investment	<b>(4,94,100)</b>	—
<b>Profit and Loss Account</b>		
Balance as per Profit & Loss Account	<b>46,19,32,112</b>	44,24,17,700
	<b>1,08,31,93,252</b>	<b>1,06,07,54,069</b>



	2008 Rs.	2007 Rs.
<b>Schedule 3 : DEFERRED TAX</b>		
<b>A. Liabilities:</b>		
Depreciation	17,73,59,000	19,50,59,000
<b>B Assets:</b>		
Expenses allowable for Tax when paid	<u>95,59,000</u>	<u>82,89,000</u>
Deferred Tax (A-B)	<u>16,78,00,000</u>	<u>18,67,70,000</u>

**Schedule 4 : SECURED LOANS**

**Loans and Advances from Bank:**

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

Term Loan	44,38,40,988	20,17,04,050
Packing Credit (Foreign Currency)	17,16,13,000	—
Working Capital Demand Loan	5,04,15,132	5,04,54,269
Packing credit	39,98,05,533	57,63,90,672
Cash Credit	6,55,53,970	9,18,12,490
	<u>1,13,12,28,623</u>	<u>92,03,61,481</u>

**Schedule 5 : UNSECURED LOANS**

From Allahabad Bank	—	2,63,627
From Bank of Baroda	—	20,16,82,711
	<u>—</u>	<u>20,19,46,338</u>



**Schedule 6 : FIXED ASSETS**

PARTICULARS	GROSS BLOCK (Rs.)			DEPRECIATION (Rs.)			NET BLOCK (Rs.)			
	As on 01.04.2007	Additions during the year	Deduction/ Sale	As on 31.03.2008	Up to 31.03.2007	For the year	Deduction/ Sale	Up to 31.03.2008	As on 31.03.2008	As on 31.03.2007
Land & Development (Free Hold)	4,00,62,311	8,52,579	—	4,09,14,890	—	—	—	—	4,09,14,890	4,00,62,311
Land & Development (Lease Hold)	4,13,45,300	1,44,150	—	4,14,89,450	—	—	—	—	4,14,89,450	4,13,45,300
Buildings	25,69,96,245	66,37,100	—	26,36,33,345	6,25,75,415	81,95,900	—	7,07,71,315	19,28,62,030	19,44,20,830
Machinery	94,76,53,006	9,46,24,364	21,73,768	1,04,01,03,602	26,81,07,674	4,78,91,371	1342936	31,46,56,109	72,54,47,493	67,95,45,332
Effluent Treatment Plant	46,61,298	—	—	46,61,298	22,94,439	2,21,412	—	25,15,851	21,45,447	23,66,859
Tools & Shoe Lasts	13,83,50,454	2,01,07,886	6,99,855	15,77,58,485	4,23,38,998	89,51,791	699855	5,05,90,934	10,71,67,551	9,60,11,456
Furniture, Fittings & Electrical Installation	10,00,09,831	2,45,07,259	—	12,45,17,090	4,56,70,461	67,94,171	—	5,24,64,632	7,20,52,458	5,43,39,370
Motor Vehicles	5,87,34,040	1,19,12,304	1,32,03,706	57,44,26,38	1,38,67,299	54,42,166	5068295	1,42,41,170	4,32,01,468	4,48,66,741
Computers	7,40,99,436	37,46,755	—	7,78,46,191	4,86,99,581	1,23,07,977	—	6,10,07,558	1,68,38,633	2,53,99,855
<b>Grand Total:</b>	1,66,19,11,921	16,25,32,397	1,60,77,329	18,08,366,989	48,35,53,867	8,98,04,788	7111086	56,62,47,569	1,24,21,19,420	1,17,83,58,054
Figures for the previous year Rs.	(1,51,83,30,259)	(15,85,13,584)	(1,49,31,922)	(1,66,19,11,921)	(40,84,39,713)	(8,23,26,095)	(72,11,941)	(48,35,53,867)	(1,17,83,58,054)	(1,10,98,90,546)
<b>CAPITAL WORK IN PROGRESS</b>		<b>2008</b>	<b>2007</b>							
		30,36,32,836	17,79,75,356							

\* Land (Lease hold) includes Rs. 333200 paid towards cost of Time Share in holiday resorts.

\* Capital WIP includes instalments paid for leasehold land allotted at Greater Noida Rs. 88769105 (Rs. 69308661). The Company is yet to get possession of the land and necessary conveyance deed in its favour.

**MIRZA INTERNATIONAL LIMITED**

(Formerly Mirza Tanners Limited)

	2008 Rs.	2007 Rs.
<b>Schedule 7 : INVESTMENTS</b>		
<b>TRADE INVESTMENTS [(Unquoted) valued at cost] LONG TERM</b>		
900 (900) Equity Shares of GBP 100 each in Mirza UK Ltd. (Formerly known as MCF Trading (UK) Ltd.)	71,67,600	76,61,700
240000 (NIL) Equity Shares of Rs. 10/- each in Industrial Infrastructure Services (India) Ltd.	24,00,000	—
<b>INVESTMENT IN SUBSIDIARY COMPANY</b>		
900 (900) Equity Shares of South African Rand 1 each in MTL Trading (PTY) Ltd. At Cost	11,71,388	
Less : Diminution in value	11,66,388	
	<u>5,000</u>	<u>11,71,388</u>
Aggregate value of unquoted Investment (at cost)	<u>95,72,600</u>	<u>88,33,088</u>
<b>NON TRADE INVESTMENTS [(Quoted) Valued at cost] - LONG TERM</b>		
* 2000 (400) Shares of J.P. Associates Ltd of Rs. 2/- each fully Paid up	27,283	27,283
500 Shares of Sarup Tannery Ltd of Rs.10/- each fully Paid up	30,900	30,900
150 Shares of Super House Ltd Rs.10/- each fully Paid up	9,425	9,425
* 500 (100) Shares of Super Tannery Ltd of Rs. 2/- each fully Paid up	6,200	6,200
	<u>73,808</u>	<u>73,808</u>
<b>TOTAL INVESTMENTS</b>	<u>96,46,408</u>	<u>89,06,896</u>
1. Aggregate Market Value of Quoted Investments. 50 Shares of Superhouse Ltd. held in erstwhile Leather Trends Pvt Ltd, are yet to be transferred in the name of company.	4,73,877	2,42,398
2. * The change in no. of shares is due to split of shares of Rs. 10/- each into 5 shares of Rs. 2/- each by respective companies.		
<b>Schedule 8 : INVENTORIES</b>		
Stores & Spares	1,63,15,799	1,89,08,381
Raw Materials	36,73,23,940	32,45,96,292
Work in Progress	18,28,21,036	22,46,56,756
Finished Goods	31,33,04,578	39,48,64,489
Excise Duty on Finished Goods	1,60,22,411	1,57,98,455
Modvat Credit Receivable	1,67,15,191	1,85,72,778
	<u>91,25,02,955</u>	<u>99,73,97,151</u>
<b>Schedule 9 : SUNDRY DEBTORS (Unsecured Considered Good)</b>		
Over Six Months	7,61,80,371	6,44,85,924
Others	22,91,05,674	28,34,86,144
	<u>30,52,86,045</u>	<u>34,79,72,068</u>
<b>Schedule 10 : OTHER CURRENT ASSETS</b>		
Accrued Interest	45,401	1,30,670
Duty Draw Back Receivable	2,58,54,590	3,38,78,294
Income Tax (Net of Provisions)		
Tax Payment	45,72,03,198	
Tax Provision	36,50,33,380	
Duty Entitlement Pass Book	1,00,369	1,37,35,941
Incentive Receivable	5,49,96,984	4,45,14,201
	<u>17,31,67,162</u>	<u>16,67,25,529</u>



	2008 Rs.	2007 Rs.
<b>Schedule 11 : CASH &amp; BANK BALANCES</b>		
Cash in Hand	19,05,861	27,44,604
Balances with Scheduled Banks		
Current Accounts	2,70,20,741	80,08,861
Deposit Accounts	60,39,100	50,04,294
	<u>3,49,65,702</u>	<u>1,57,57,759</u>
<b>Schedule 12 : LOANS AND ADVANCES (Unsecured Considered Good)</b>		
Advances recoverable in cash or in kind or for value to be received	3,50,48,651	7,28,21,979
Security Deposit	1,15,12,303	1,15,05,031
	<u>4,65,60,954</u>	<u>8,43,27,010</u>
<b>Schedule 13 : CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A. Current Liabilities</b>		
Sundry Creditors	28,84,63,523	25,94,68,039
Outstanding Liabilities	9,07,60,090	6,66,15,805
Unclaimed Dividend	38,81,092	36,17,235
<b>B. Provisions</b>		
Provision for Gratuity	2,81,22,805	2,32,81,403
Audit Fee	4,59,270	4,77,255
Proposed Dividend	2,78,11,800	4,63,53,000
Tax on Dividend	47,26,616	65,64,744
Excise Duty on Finished Goods	1,60,22,411	1,57,98,455
	<u>46,02,47,607</u>	<u>42,21,75,936</u>
<b>Schedule 14 : INCOME FROM OPERATIONS</b>		
Export Sales	2,21,15,95,817	2,24,86,00,019
Inland Sales (Less Excise Duty)	66,59,96,601	60,84,51,495
Export Incentive	27,04,25,385	20,34,69,597
	<u>3,14,80,17,803</u>	<u>3,06,05,21,111</u>
<b>Schedule 15 : OTHER INCOME</b>		
Interest Income	1,89,346	1,72,236
Dividend from Trade Investments (Long Term)	—	7,84,660
Dividend from Non Trade Investments	2,615	2,880
Other Income	50,61,321	39,92,870
	<u>52,53,282</u>	<u>49,52,646</u>



	2008 Rs.	2007 Rs.
<b>Schedule 16 : (INCREASE)/DECREASE IN STOCKS</b>		
<b>Closing Stock</b>		
Finished Goods	<b>31,33,04,578</b>	39,48,64,489
Work in Progress	<b>18,28,21,036</b>	22,46,56,756
	<b><u>49,61,25,614</u></b>	<b><u>61,95,21,245</u></b>
<b>Opening Stock</b>		
Finished Goods	<b>39,48,64,489</b>	34,68,38,504
Work in Progress	<b>22,46,56,756</b>	27,02,37,525
	<b><u>61,95,21,245</u></b>	<b><u>61,70,76,029</u></b>
(Increase)/Decrease in Stock	<b><u>12,33,95,631</u></b>	<b><u>(24,45,216)</u></b>

**Schedule 17 : MATERIAL CONSUMED**

	Opening Stock (Rs.)	Purchases (Rs.)	Closing Stock (Rs.)	Consumption (Rs.)
<b>A. Raw Materials</b>				
Hides & Finished Leather	<b>12,81,96,209</b>	<b>49,23,29,740</b>	<b>16,13,48,344</b>	<b>45,91,77,605</b>
	(14,51,00,768)	(41,17,12,396)	(12,81,96,209)	(42,86,16,955)
Purchase of Finished Goods	—	<b>55,10,27,419</b>	—	<b>55,10,27,419</b>
	(—)	(57,16,54,023)	(—)	(57,16,54,023)
Chemicals	<b>3,47,72,376</b>	<b>21,44,39,455</b>	<b>4,54,48,468</b>	<b>20,37,63,363</b>
	(2,35,09,493)	(22,05,09,560)	(3,47,72,376)	(20,92,46,677)
Others	<b>16,11,39,788</b>	<b>50,74,82,445</b>	<b>15,97,23,376</b>	<b>50,88,98,857</b>
	(13,40,98,406)	(50,37,81,537)	(16,11,39,788)	(47,67,40,155)
<b>Total :</b>	<b><u>32,41,08,373</u></b>	<b><u>1,76,52,79,059</u></b>	<b><u>36,65,20,188</u></b>	<b><u>1,72,28,67,244</u></b>
	(30,27,08,667)	(1,70,76,57,516)	(32,41,08,373)	(1,68,62,57,810)
<b>B. Stores &amp; Spares</b>				
Stores & Spares	<b>1,54,65,458</b>	<b>1,71,18,797</b>	<b>1,35,29,657</b>	<b>1,90,54,598</b>
	(1,88,47,837)	(1,74,71,772)	(1,54,65,458)	(2,08,54,151)
<b>Total (A+B)</b>	<b><u>33,95,73,831</u></b>	<b><u>1,78,23,97,856</u></b>	<b><u>38,00,49,845</u></b>	<b><u>1,74,19,21,842</u></b>
	(32,15,56,504)	(1,72,51,29,288)	(33,95,73,831)	(1,70,71,11,961)



	2008 Rs.	2007 Rs.
<b>Schedule 18 : OTHER EXPENSES</b>		
Salaries, Wages & Bonus	16,39,63,980	12,27,38,928
Contribution to Provident and Other Funds	94,17,764	84,95,632
Workmen & Staff Welfare Expenses	1,16,55,323	1,46,31,113
Provision / Payment for E.S.I.	31,84,940	28,10,865
Gratuity	68,17,323	56,84,887
Rent, Rates & Taxes	1,64,44,344	1,12,16,706
Printing & Stationery	48,10,856	47,49,001
Travelling Expenses	1,57,13,185	1,37,23,627
Telephone & Telex	87,37,921	87,53,822
Processing Charges Paid	21,06,08,600	18,14,76,582
Repairs & Maintenance	2,01,28,701	2,19,44,692
Power & Fuel	12,68,33,512	14,09,81,866
Insurance	1,54,48,796	2,00,53,216
Legal & Professional Charges	98,32,174	57,40,224
Vehicle Running & Maintenance	1,94,19,613	1,54,83,274
Security Expenses	77,02,320	64,04,590
Freight & Transport	11,58,76,867	10,39,56,714
Advertising & Sales Promotion	5,95,38,154	8,34,04,009
Commission to Selling agents	8,12,95,348	7,25,00,679
Postage & Courier	1,25,62,980	1,12,90,309
Donation & Subscription	29,98,539	11,87,580
Audit Fees	4,50,000	5,05,620
Miscellaneous Expenses	25,11,304	44,50,961
Exchange Fluctuation Difference	5,76,93,774	(1,05,00,993)
Wealth Tax	5,86,082	4,60,642
(Profit)/Loss on sale of Fixed Assets (Net)	5,50,902	25,00,611
Diminution in Investment Value	11,66,388	—
	<u>98,59,49,690</u>	<u>85,46,45,157</u>
<b>Schedule 19 : INTEREST</b>		
On Term Loan	2,30,99,795	1,90,36,058
On Working Capital & Other Charges	12,38,08,135	10,95,35,589
On Unsecured Loans	21,79,410	77,05,087
On Foreign Currency Loan	20,65,914	16,53,290
	<u>15,11,53,254</u>	<u>13,79,30,024</u>

**Schedule 20 : SIGNIFICANT ACCOUNTING POLICIES****(1) Basis of Accounting**

- (i) The accounts have been prepared under the historical cost convention on accrual basis.
- (ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles (GAAP), the provisions of the Companies Act, 1956 and the Accounting Standards issued by the Institute of Chartered Accountants of India from time to time.
- (iii) The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reported period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual result could differ from those estimates. Any revision to financial estimates is recognized prospectively in the financial statements when revised

**(2) Fixed Assets**

- (i) Fixed assets of the company are valued at cost which include allocation / apportionment of direct and indirect expenses incurred in relation to such fixed assets. The said cost is not reduced by specific Grants/ subsidy received against the assets.
- (ii) Leased Assets under finance lease are capitalised.

**(3) Depreciation**

Depreciation on fixed assets including assets acquired on lease is provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

**(4) Borrowing Cost**

- (a) Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of cost of such assets. Borrowing costs comprise of interest and other costs incurred in connection with borrowing of funds.

**(5) Leased Assets**

- a) Leasehold land is capitalised and treated at par with freehold land.
- b) Assets acquired under finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payment at the inception of the leased term and disclosed as leased assets. lease payments are apportioned between the finance charges and the reduction of the leased liability so as to achieve a constant rate of interest on the remaining balance of the liability.

**(6) Investments**

Long term investments are valued at cost.

The Cost of Investments made in Foreign Currency is translated at rates prevailing on the Balance Sheet date and gain/loss if any is accumulated in Foreign Currency Translation Reserve.

Diminution in the value of Long Term Investments is recognized only if the same is, in the opinion of the management, of a permanent nature.

**(7) Inventories**

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

- a. Bought Out Items : On First in First Out (FIFO) method except raw hides (valued at six months average purchase price in case of Indigenous hides and full year weighted average price in case of imported hides). In respect of bought out items where CENVAT CREDIT is permitted excise duty is excluded from purchase price for determining the cost.
- b. Goods In Process : At cost plus estimated value addition/cost of conversion at each major stage of production.
- c. Finished Goods : At direct cost plus allocation of all overheads (including interest on working capital) other than Marketing, Selling & Distribution Expenses and Interest on Term Loan / Debentures.



**(8) Foreign Currency Transactions**

- (i) Sales in Foreign Currencies are recorded at the mid exchange rate prevailing on the first day of the month. Purchases are recorded at the rates prevailing on the date of the transaction. Current Assets and Current liabilities are translated at the year end rate. The difference between the rate prevailing on the date of the transaction and on the date of settlement as also on translation of Current Assets and Current Liabilities at the end of the year is recognised as Income or expense as the case may be.
- (ii) In respect of Forward Contracts of Foreign Exchange, the difference between the Forward Rate and the Exchange rate at the inception of the Contract is recognised as Income or Expense over the period of the contract, except in respect of Fixed Assets where it is adjusted to the cost of acquisition thereof. In case of forward contract outstanding at the close of the year, unrealised gain in respect thereof is derecognised.
- (iii) Gains or losses on cancellation of forward exchange contracts are recognised as Income or Expense except in respect of Fixed Assets where adjustment is made to the cost of acquisition thereof.

**(9) Receivables**

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

**(10) Retirement Benefits**

The Company makes regular contributions to Provident Fund and these are charged to revenue. The liability of the Company for gratuity is assessed at each year end and based on such year end assessment, the liability for gratuity is provided in the books of the Company. The company, as a policy, doesn't encourage accumulation of earned leave and discharges its liability on a year to year basis.

**(11) Income Tax**

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

**(12) Earnings Per Share**

Earnings per share is calculated in accordance with the procedure laid out in the relevant Accounting Standard (AS-20) issued by The Institute of Chartered Accountants of India.

**(13) Contingent Losses/ Liabilities**

Contingent losses &/or consequential contingent liabilities are disclosed in the notes to the accounts, where the company is reasonably assured that no loss/liability will arise but where the possibility of a loss/liability does exist.

**(14) Events occurring after the Balance Sheet date**

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

**(15) Government Grants**

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

**(16) Impairment of Assets**

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. (Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.)

**Schedule 21 : CONTINGENT LIABILITIES & NOTES****I. Contingent Liabilities**

- a) Bills discounted with the Company's bankers Rs. 6133 Lacs (Rs. 7301 Lacs).
- b) Import duty payable in case of non-fulfillment of export obligation under EPCG Scheme (not yet due) Rs. 730 Lacs (Rs. 112 Lacs).
- c) Bank guarantees / LCs issued by the companies bankers outstanding at the balance sheet date Rs. 65 Lacs (Rs. 153 Lacs).
- d) Labour cases pending in various courts amount indeterminable.
- e) Counter guarantee given by the company to its directors against their guarantee given to bank Rs. 224 Crores (169 Crores).
- f) Demands raised by the authorities contested at various levels:-
  - i) Entry tax Rs. 20 Lacs (Rs. 20 Lacs)
  - ii) Income tax Rs. 570.85 Lacs (Rs. 532.32 Lacs) (Details at note N)

**II. Notes**

- A)** Capital Commitments net of funds already deployed Rs. 861 Lacs (Rs. 832 Lacs).
- B)** Unclaimed Dividend Rs. 38.81 Lacs (Rs. 36.17 Lacs) includes dividend retained by the Company in exercise of its lien on unpaid calls Rs. 6.74 Lacs (Rs. 6.11 Lacs).
- C)** Amount of Interest capitalised during the year Rs. 230.37 Lacs (Rs. 74.48 Lacs).

**D) SEGMENT REPORTING**

Segment Information for the Year ended 31st March, 2008

(I) Information about Primary Business Segments

	<b>Shoe Division</b>	<b>Tannery Division</b>	<b>Unallocated</b>	<b>Total</b>
	(Rs. in lacs)			
<b>Revenue</b>				
External	28335.37	3144.81	52.53	31532.71
	(27084.21)	(3470.32)	(100.21)	(30654.74)
Inter-Segment	—	6585.24	—	6585.24
	—	(5553.99)	—	(5553.99)
<b>Total Revenue</b>	<b>28335.37</b>	<b>9730.05</b>	<b>52.53</b>	<b>38117.95</b>
	<b>(27084.21)</b>	<b>(9024.31)</b>	<b>(100.21)</b>	<b>(36208.73)</b>
<b>Result</b>				
Segment Result (Profit before Interest & Tax)	3856.59	(107.44)	—	3749.15
	(4614.66)	(380.74)	—	(4995.40)
<b>Less: Interest Expenses</b>	—	—	(1511.53)	(1511.53)
	—	—	(1379.30)	(1379.30)
Unallocated Expenditure net of unallocated income	—	—	(1615.50)	(1615.50)
	—	—	(757.04)	(757.04)
Profit before Taxation and Exceptional items	<b>3856.59</b>	<b>(107.44)</b>	<b>(3127.03)</b>	<b>622.12</b>
	<b>(4614.66)</b>	<b>(380.74)</b>	<b>(2136.34)</b>	<b>(2859.06)</b>
Provision for Taxation	—	—	(249.50)	(249.50)
	—	—	(1048.22)	(1048.22)
Profit after Taxation and before Exceptional Items	3856.59	(107.44)	(3376.53)	372.62
	(4614.66)	(380.74)	(3184.56)	(1810.84)
Deminution in value of investment	11.66	—	—	11.66
	—	—	—	—
<b>Net Profit</b>	<b>3844.93</b>	<b>(107.44)</b>	<b>(3376.53)</b>	<b>360.96</b>
	<b>(4614.66)</b>	<b>(380.74)</b>	<b>(3184.56)</b>	<b>(1810.84)</b>
Other Information				
Segment Assets	16157.93	10359.28	3761.60	30278.81
	(16204.48)	(11824.30)	(1745.42)	(29774.20)
Segment Liabilities	8076.69	6489.88	3026.19	17592.76
	(8289.06)	(7548.15)	(1475.33)	(17312.54)
Capital Expenditure	1138.29	308.09	178.94	1625.32
	(1332.20)	(176.81)	(76.13)	(1585.14)
Depreciation	517.17	259.76	121.12	898.05
	(496.87)	(203.05)	(123.34)	(823.26)

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

	<b>Within India</b>	<b>Outside India</b>	<b>Total</b>
External	9416.75 (8168.74)	22115.96 (22486.00)	31532.71 (30654.74)
Inter Segment	—	—	—
<b>Total</b>	<b>9416.75</b> <b>(8168.74)</b>	<b>22115.96</b> <b>(22486.00)</b>	<b>31532.71</b> <b>(30654.74)</b>
Carrying amount of segment assets	30278.81 (29774.20)	—	30278.81 (29774.20)
Additions to Fixed Assets	1625.32 (1585.14)	—	1625.32 (1585.14)

\* Includes Export incentive received on Export

**(III) Notes :**

- (i) The Company is organised into two main business segments, namely:  
**Tannery Division** - Manufacturing Finished Leather from Raw Hides & Wet Blue.  
**Shoe Division** - Manufacturing Finished Leather Shoes.  
 Segments have been identified and reported considering the distinct nature of products and differing risks and returns accruing there from, the organisation structure, and the internal financial reporting systems.
- (ii) Segment Revenue in each of the above business segments primarily includes domestic and export sales, export incentives and other miscellaneous income. It also includes inter Segment transfers priced at cost plus a predetermined rate of profit.
- (iii) The Segment Revenue in the geographical segments considered for disclosure are as follows:  
 (a) Revenue within India includes sales to customers located within India and earnings in India.  
 (b) Revenue outside India includes sales to customers located outside India and earnings outside India.
- (iv) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

**E) Related Party Disclosures**

Related Party Disclosures, as required by AS-18, issued by the Institute of Chartered Accountants of India, are given below:

## 1. Relationships:

- (i) Subsidiary Company : MTL Trading (PTY) Ltd.
- (ii) Associate Company : Mirza (UK) Ltd.
- (iii) Related Company : Euro Footwear Ltd., Shoemax Engineering Ltd., Emgee Projects Pvt. Ltd., Mirza Holdings Pvt. Ltd., Mirza Agrotech Pvt. Ltd., Achee Shoes (P) Ltd., Neeraj Traders Pvt. Ltd.
- (iv) Related Parties/Firms : Jamil Ara Begum, Mars International, Pacific Leathers, Sabiha Hussain, Genesis International, Mirza Projects.
- (v) Key Managerial Personnel : Mr. Irshad Mirza, (Chairman), Mr. Rashid Ahmed Mirza (Managing Director), Mr. Shahid Ahmad Mirza, Mr. Tauseef Ahmad Mirza, Mr. Tasneef Ahmad Mirza, Mr. P.S. Khamesra, Mr. N.P. Upadhyay (Whole time Directors), Mr. Shuja Mirza, Vice President (Marketing).

**MIRZA INTERNATIONAL LIMITED**

(Formerly Mirza Tanners Limited)

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

	Volume of Transactions (Rs.) 2008	Volume of Transactions (Rs.) 2007
<b>1 Purchase</b>		
Euro Footwear Ltd.	30,42,83,331	28,44,37,954
Pacific Leathers	48,61,030	41,63,492
Shoemax Engineering Ltd.	66,26,714	-
<b>2 Jobwork Paid</b>		
Mars International	1,23,52,439	1,07,29,299
<b>3 Rent &amp; Maintenance charges paid</b>		
Mrs. Jamil Ara Begum	4,20,000	4,20,000
Mrs. Sabiha Hussain	2,10,000	-
<b>4 Sales</b>		
Euro Footwear Ltd.	11,25,08,000	8,25,17,000
Mirza (UK) Ltd.	1,54,69,27,429	1,56,32,12,998
MTL Trading (Pty) Ltd.	2,28,688	2,92,75,386
<b>5 Jobwork Received</b>		
Euro Footwear Ltd.	30,49,521	22,37,834
<b>6 Gurantee Commission Paid</b>		
Irshad Mirza	60,50,000	48,00,000
<b>7 Salary Paid</b>		
Shuja Mirza	30,00,000	5,40,000
<b>8 Managerial Remuneration</b>	3,37,35,882	1,77,58,539
<b>9 Sitting Fees</b>		
Irshad Mirza	60,000	60,000
<b>F) Earnings Per Share</b>		
Net Profit after tax for the year (Rs)	3,60,95,880	18,10,84,197
Weighted Average Number of Issued		
Equity Shares during the year face value Rs. 2/- (Previous year face value Rs. 10/-)	9,27,06,000	1,85,41,200
Basic Earnings Per Share (Rs.)	0.39	9.77
Diluted Earnings per Share (Rs.)	0.39	9.77
<b>G) Following payments to Directors are included in various heads of expenditure :</b>		
Salary	3,30,00,000	1,73,25,000
Perquisites	7,35,882	4,33,539
Sitting Fees	2,20,000	2,70,000
Guarantee Commission	60,50,000	48,00,000
	4,00,05,882	2,28,28,539
<b>H) Bills discounted include bills of Rs. 5961 Lacs (Rs. 5293 Lacs) drawn on Mirza (UK) Ltd. and Rs. NIL Lacs (Rs.109 Lacs) drawn on MTL Trading (Pty) Ltd.</b>		
<b>I) Sundry Debtors include dues from the following companies under the same management arising under the normal course of business.</b>		
	<b>Outstanding as on 31.03.2008</b>	<b>Maximum amount outstanding at any time during the year</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
Mirza (UK) Ltd.	4,85,52,140	10,36,31,358
<b>J) Payment to Auditors</b>	<b>2008</b>	<b>2007</b>
Audit Fees	4,00,000	4,00,000
Tax Audit Fees	50,000	50,000



- K)** No provision has been made for interest receivable on allotment money in arrears.
- L) Income Tax**
- i) The Company has recognised and accounted for cumulative net deferred tax liability in accordance with Accounting Standard (AS-22) issued by the Institute of Chartered Accountants of India, "Accounting for Taxes on Income" in respect of net aggregate timing differences as on 31st March, 2008.
- ii) On the basis of measurement of deferred tax assets & liabilities on the balance sheet date a sum of Rs. 212.70 Lacs (net) has been written back to profit & loss account.
- M)** Exchange fluctuation Difference of Rs. 576.94 Lacs (Rs. 105.00 Lacs) consists of premium on Forward contract (Net) Rs. 87.96 Lacs (Rs. 0.67 Lacs), discount on forward contract NIL (Rs. 28.26 Lacs) Loss on cancellation of Forward Contracts (net) Rs. 397.26 Lacs (Rs. 260.45 Lacs), Loss due to Exchange Fluctuation Rs. 573.10 Lacs (Profit Rs. 336.52 Lacs) and exchange fluctuation on export/import Rs. 305.47 Lacs.
- N)** The Income Tax Act, 1961 was amended by the Direct Tax Laws Amendment Act 2006. The amendment which came into effect retrospectively from 01-04-1998 provides for treating profit from transfer of DEPB credits as domestic income and not eligible for concessional tax treatment offered by provisions of Section 80 HHC of the Act. The provisions of the amendment Act were ambiguous and did not define the term "Profit", taking advantage where of the tax authorities have taken the view that the entire consideration received on transfer of DEPB credit is profit. A demand of Rs. 18.52 Lacs, Rs.194.56 Lacs & Rs. 138.26 Lacs has been raised for Assessment year 1999 - 2000, 2003-2004 & 2004-2005 respectively and further demands of Rs. 199.50 Lacs can be raised for subsequent year. The company alongwith others has challenged the constitutional validity of the amendment and the Hon'ble High Court has put the operation of the amendment and all demands arising thereof under abeyance. The company has also challenged the Departments interpretation of the term, "profit" before the appropriate appellate authorities. In the opinion of the management, the company has a strong case both before the High Court and before the Appellate Authorities. No provision for the liability, has therefore, been considered necessary.
- O)** The company does not owe any dues outstanding for more than the period specified in The Micro, Small & Medium Enterprises Development Act, 2006 as at 31st March 2008, to any Micro, Small & Medium Enterprises. This information is based on data available with the company.
- P)** The company selectively uses forward contracts & derivative contracts to hedge its foreign currency exposures relating to underlying forecast transaction, and /or firm commitments. The company does not enter into derivative instruments for speculative purpose. The contracts outstanding on 31st March 2008 were as under:-
- | <b>CURRENCY PAIR</b>                            | <b>USD/INR</b> | <b>GBP/USD</b> | <b>EURO/USD</b> |
|---|----------------|----------------|-----------------|
| a) Number of sell contracts                     | 21             | —              | 1               |
| b) Aggregate Amount                             | USD 961.5 Lacs | —              | EURO 25 Lacs    |
| c) Number of buy contracts                      | —              | —              | —               |
| d) Aggregate Amount                             | —              | —              | —               |
| Foreign currency exposures remaining unhedged:- |                |                |                 |
| a) Exports                                      | —              | GBP 300 Lacs   | EURO 5 Lacs     |
| b) Imports                                      | USD 100 Lacs   | —              | EURO 20 Lacs    |
- Q)** MTL Trading (PTY) Ltd. the subsidiary of the company in South Africa has suffered losses & eroded its net worth due to adverse economic conditions. Consequently, the investment in the said subsidiary has diminished its value and a provision of Rs. 11,66,388 has been made towards the same, during the year.
- R)** Figures of previous year have been regrouped/rearranged wherever necessary to make them comparable with the figures of current year.


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

Sl. No.	Class of Goods Manufactured	Unit	Opening Stock		Production	Purchase		Turnover/Issue		Closing Stock	
			Qty.	Value (Rs.)	Qty.	Qty.	Value (Rs.)	Qty.	Value (Rs.)	Qty.	Value (Rs.)
1	Chrome Leather	Sq.Mtr.	2,02,019 (1,99,191)	17,21,17,291 (14,95,25,195)	3,97,043 (5,48,603)	—	—	4,78,525 (5,45,775)	29,98,25,589 (33,45,88,981)	1,20,537 (2,02,019)	10,65,09,216 (17,21,17,291)
2	Footwear	Pair	2,81,844 (2,33,389)	20,23,84,585 (18,26,64,232)	28,18,627 (26,19,177)	11,75,059 (12,08,702)	52,50,58,543 (54,98,56,081)	39,78,371 (37,79,424)	2,52,83,24,439 (2,50,77,32,748)	2,97,159 (2,81,844)	18,08,65,608 (20,23,84,585)
3	Shoe Uppers	Pair	23,990 (48,511)	73,24,737 (1,46,49,077)	28,60,266 (26,18,639)	—	—	28,55,851 (26,43,160)	—	28,405 (23,990)	85,55,055 (73,24,737)
4	Others		—	1,30,37,876 —	—	—	2,59,68,876 (2,17,97,942)	—	4,94,42,389 (1,47,29,785)	—	1,73,74,699 (1,30,37,876)

**II. RAW MATERIALS CONSUMED**

		2008 Rs.		2007 Rs.
Raw Hides & Wet Blue	<b>540054.5 Hides</b>	<b>45,91,77,605</b>	6,86,876.5 Hides	42,86,16,955
Chemicals		<b>20,37,63,363</b>	—	20,92,46,677
Fittings & Others		<b>1,07,89,80,874</b>	—	1,06,92,48,329

\* Of the above 121 (279.5) Hides and 1098.5 pairs (630) Pairs of shoes were issued as sample to C.L.R.I., Customs, Buyers & Customers. 5560.5 Hides (3263.50) Hides were lost in process.

	2008 Rs.	2007 Rs.
<b>III. EARNING IN FOREIGN EXCHANGE</b>		
F.O.B. Value of Export	<b>2,15,77,78,380</b>	2,20,03,71,631
Dividends	—	7,84,660

**IV. EXPENDITURE IN FOREIGN CURRENCY**

Overseas Trade Exhibition Expenses	<b>4,35,097</b>	4,67,178
Commission on Export Sales.	<b>2,76,49,616</b>	3,29,53,362
Foreign Travelling Expenses	<b>19,84,718</b>	32,26,258
Advertisement	—	12,82,397
Interest on P.C.F.C & FC	<b>64,46,023</b>	24,85,317
Consultancy	<b>28,68,307</b>	—

**V. VALUE OF IMPORT ON C.I.F. BASIS**

1. Raw Material including Chemicals	<b>39,78,02,400</b>	32,62,61,548
2. Stores & Spare Parts	<b>70,26,238</b>	95,92,230
3. Capital Goods	<b>8,00,78,590</b>	7,97,92,886

**VI. VALUE OF RAW MATERIAL CONSUMED**

Imported	<b>23%</b>	<b>40,06,08,904</b>	21.61%	35,44,87,605
Indigenous	<b>77%</b>	<b>1,34,13,12,938</b>	78.39%	1,35,26,24,356

**VII. AMOUNT OF DIVIDEND REMITTED IN FOREIGN CURRENCY**

—

**VIII. LICENSED CAPACITY & INSTALLED CAPACITY**

(Figures in lacs)

Particulars	Unit	Licenced Capacity (As per LI/Licence)		Installed Capacity		*Actual Production	
		2008	2007	2008	2007	2008	2007
Footwear	Pairs	N.A	N.A.	<b>33.00</b>	30.00	<b>28.19</b>	26.19
Chrome Leather	Sq. Mtr.	N.A	N.A.	—	—	<b>3.97</b>	5.48

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



# MIRZA INTERNATIONAL LIMITED

(Formerly Mirza Tanners Limited)

## Schedule 22 : INFORMATION REQUIRED IN PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

### Balance Sheet Abstract and Company's General Business Profile

#### I. Registration Details

Registration No. 

0	4	8	2	1
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 State Code 

2	0
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Balance Sheet Date 

3	1
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0	3
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2	0	0	8
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Date Month Year

#### II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	<table border="1"><tr><td></td><td></td><td>-</td><td></td><td></td><td></td></tr></table>			-				Rights Issue	<table border="1"><tr><td></td><td></td><td>-</td><td></td><td></td><td></td></tr></table>			-			
		-													
		-													
Bonus Issue	<table border="1"><tr><td></td><td></td><td>-</td><td></td><td></td><td></td></tr></table>			-				Private Placement	<table border="1"><tr><td></td><td></td><td>-</td><td></td><td></td><td></td></tr></table>			-			
		-													
		-													

#### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	<table border="1"><tr><td>3</td><td>0</td><td>2</td><td>7</td><td>8</td><td>8</td><td>1</td></tr></table>	3	0	2	7	8	8	1	Total Assets	<table border="1"><tr><td>3</td><td>0</td><td>2</td><td>7</td><td>8</td><td>8</td><td>1</td></tr></table>	3	0	2	7	8	8	1
3	0	2	7	8	8	1											
3	0	2	7	8	8	1											

##### Sources of Funds

Paid Up Capital	<table border="1"><tr><td></td><td>1</td><td>8</td><td>5</td><td>4</td><td>1</td><td>2</td></tr></table>		1	8	5	4	1	2	Reserves & Surplus	<table border="1"><tr><td>1</td><td>0</td><td>8</td><td>3</td><td>1</td><td>9</td><td>3</td></tr></table>	1	0	8	3	1	9	3
	1	8	5	4	1	2											
1	0	8	3	1	9	3											
Secured Loans	<table border="1"><tr><td>1</td><td>1</td><td>3</td><td>1</td><td>2</td><td>2</td><td>9</td></tr></table>	1	1	3	1	2	2	9	Unsecured Loans	<table border="1"><tr><td></td><td></td><td>-</td><td></td><td></td><td></td><td></td></tr></table>			-				
1	1	3	1	2	2	9											
		-															
Deferred Tax	<table border="1"><tr><td></td><td>1</td><td>6</td><td>7</td><td>8</td><td>0</td><td>0</td></tr></table>		1	6	7	8	0	0									
	1	6	7	8	0	0											

##### Application of Funds

Net Fixed Assets	<table border="1"><tr><td>1</td><td>5</td><td>4</td><td>5</td><td>7</td><td>5</td><td>2</td></tr></table>	1	5	4	5	7	5	2	Investments	<table border="1"><tr><td></td><td></td><td></td><td>9</td><td>6</td><td>4</td><td>6</td></tr></table>				9	6	4	6
1	5	4	5	7	5	2											
			9	6	4	6											
Net Current Assets	<table border="1"><tr><td>1</td><td>0</td><td>1</td><td>2</td><td>2</td><td>3</td><td>5</td></tr></table>	1	0	1	2	2	3	5	Misc. Expenditure	<table border="1"><tr><td></td><td></td><td>-</td><td></td><td></td><td></td><td></td></tr></table>			-				
1	0	1	2	2	3	5											
		-															
Accumulated Losses	<table border="1"><tr><td></td><td></td><td></td><td>-</td><td></td><td></td><td></td></tr></table>				-												
			-														

#### IV. Performance of Company (Amount in Rs. Thousands)

Turnover	<table border="1"><tr><td>3</td><td>1</td><td>5</td><td>3</td><td>2</td><td>7</td><td>1</td></tr></table>	3	1	5	3	2	7	1	Total Expenditure	<table border="1"><tr><td>3</td><td>0</td><td>9</td><td>2</td><td>2</td><td>2</td><td>5</td></tr></table>	3	0	9	2	2	2	5
3	1	5	3	2	7	1											
3	0	9	2	2	2	5											
Profit before Tax	<table border="1"><tr><td></td><td></td><td>6</td><td>1</td><td>0</td><td>4</td><td>6</td></tr></table>			6	1	0	4	6	Profit after Tax	<table border="1"><tr><td></td><td></td><td>3</td><td>6</td><td>0</td><td>9</td><td>6</td></tr></table>			3	6	0	9	6
		6	1	0	4	6											
		3	6	0	9	6											
Earning per Share (Rs.)	<table border="1"><tr><td></td><td>0</td><td>.</td><td>3</td><td>9</td></tr></table>		0	.	3	9	Dividend Rate %	<table border="1"><tr><td>1</td><td>5</td></tr></table>	1	5							
	0	.	3	9													
1	5																

#### V. Generic Names of Three Principal Products/Services of Company

(as per monetary terms)

Item Code No.	<table border="1"><tr><td>4</td><td>1</td><td>0</td><td>7</td><td>9</td><td>9</td></tr></table>	4	1	0	7	9	9
4	1	0	7	9	9		
Product Description	Finished Leather						
Item Code No.	<table border="1"><tr><td>6</td><td>4</td><td>0</td><td>6</td><td>1</td><td>0</td></tr></table>	6	4	0	6	1	0
6	4	0	6	1	0		
Product Description	Shoe Uppers						
Item Code No.	<table border="1"><tr><td>6</td><td>4</td><td>0</td><td>3</td><td>5</td><td>1</td></tr></table>	6	4	0	3	5	1
6	4	0	3	5	1		
Product Description	Shoes						

Signatures to Schedules 1 to 22

For Khamesra Bhatia & Mehrotra  
Chartered Accountants

Anand Saxena  
Partner  
M.No. 75801

Place : Kanpur  
Date : June 14, 2008

IRSHAD MIRZA  
Chairman

D.C. PANDEY  
G.M. (Accounts) &  
Company Secretary

RASHID AHMED MIRZA  
Managing Director

TASNEEF AHMAD MIRZA  
P.S. KHAMESRA  
P.N. KAPOOR  
SUBHASH SAPRA  
Q.N. SALAM  
ISLAMUL HAQ

Directors

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2008**

	2008 Rs.	2007 Rs.
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax & Extra-ordinary Items	6,10,45,880	28,59,05,736
<b>Adjustment for</b>		
Loss on sale of Fixed Assets	5,50,902	25,00,611
Depreciation	8,98,04,788	8,23,26,095
Interest	15,11,53,254	13,79,30,024
Wealth Tax	5,86,082	4,60,642
Deferred Tax	2,12,70,000	—
Diminution in value of Investment	11,66,388	—
	<u>26,45,31,414</u>	<u>22,32,17,372</u>
<b>Less :</b>		
Interest Income	2,13,695	1,72,236
Dividend Received	2,615	7,87,540
Income from Govt. Grant	5,93,789	5,93,789
	<u>8,10,099</u>	<u>15,53,565</u>
Operating Profit before Working Capital Changes	<u>32,47,67,195</u>	<u>50,75,69,543</u>
<b>Adjustment for</b>		
Trade & other Receivables	4,18,86,023	(10,86,76,265)
Inventory	8,48,94,197	(1,39,00,689)
Trade Payables	6,20,77,730	94,00,289
Others	2,14,83,419	4,17,78,556
	<u>21,03,41,369</u>	<u>(7,13,98,109)</u>
Cash Generated from Operations	53,51,08,564	43,61,71,434
Direct Taxes Paid	(4,50,77,605)	(14,61,95,142)
Net Cash from Operating Activity	49,00,30,959	28,99,76,292
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(28,35,06,066)	(19,97,60,174)
Sales of Fixed Assets	84,15,341	52,19,370
Interest Received	2,13,695	1,72,236
Dividend Income	2,615	7,87,540
Purchase of Investment	(16,00,000)	—
Net Cash used in Investing Activities	<u>(27,64,74,415)</u>	<u>(19,35,81,028)</u>



	2008 Rs.	2007 Rs.
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from unsecured loans	—	20,16,82,711
Repayment of unsecured loans	<b>(20,19,46,338)</b>	(10,02,43,683)
Proceeds from calls in Arrears	<b>12,660</b>	1,51,200
Government Grant received	—	90,00,825
Dividend Paid	<b>(4,60,89,143)</b>	(4,68,51,856)
Dividend Tax Paid	<b>(60,39,668)</b>	(65,64,744)
Proceeds from Term Loan	<b>30,00,00,000</b>	3,56,97,740
Repayment of Bank Loan	<b>(2,86,50,941)</b>	(5,32,74,801)
Repayment of Term Loan	<b>(6,04,81,917)</b>	
Interest paid	<b>(15,11,53,254)</b>	(13,79,30,024)
Net cash used in financing activities	<b>(19,43,48,601)</b>	(9,83,32,632)
Net Increase in Cash & Equivalents	<b>1,92,07,943</b>	(19,37,368)
Cash & Equivalent as on 01.04.2007 (Opening Balance)	<b>1,57,57,759</b>	1,76,95,127
Cash & Equivalent as on 31.03.2008 (Closing Balance)	<b>3,49,65,702</b>	1,57,57,759

For and on behalf of the Board

As per our Report of eventdate.

For Khamesra Bhatia & Mehrotra  
*Chartered Accountants*

ANAND SAXENA

*Partner*

M. No. 75801

Place : Kanpur

Date : 14th June, 2008

D.C. Pandey  
G.M. (Accounts) &  
Company Secretary

Prem S. Khamesra  
Director

Rashid Ahmed Mirza  
Managing Director

**Detail of Directors seeking appointment / re-appointment at the Annual General Meeting***[In pursuance of Clause 49 of the Listing Agreement]*

1. **Name of Director:** Mr. Irshad Mirza, Chairman (Non-Executive); **Age:** 73 Years; **Qualification:** BSc., Leather Technologist; **Date of appointment:** 5<sup>th</sup> September, 1979; **Expertise:** Industrialist & Leather Technocrat having rich & vast experience of around 45 years in the field of Leather Technology & business management; **Other Directorships:** Industrial Infrastructure Services (India) Ltd., Achee Shoes Pvt. Ltd., Shoemax Engineering Ltd., Mirza (U.K.) Ltd.; **Membership of organizations:** President of ASSOCHAM(U.P.), Member of Managing Committee of Federation of Indian Exports Organization; **Chairman/ Membership of Committees:** Mirza International Ltd.-Audit Committee-Member; **Awards:** Awarded Millennium 2000 U.P. Ratna Award by All India Intellectuals Conference U.P. Chapter; **Shareholding in the Company** 5972200 Equity Shares of Rs. 2/- each.
2. **Name of Director:** Mr. Rashid Ahmed Mirza, Managing Director; **Age:** 52 Years; **Qualification:** Diploma in Leather Technology, London; **Date of appointment:** 5<sup>th</sup> September, 1979; **Expertise:** Industrialist & Leather Technologist having rich & vast hands – on experience of around 33 Years & knowledge in areas of Leather Technology & business management. He is a promoter of the company; **Other Directorships:** Jagran Prakashan Ltd., Emgee Projects Pvt. Ltd., Mirza Holdings Pvt. Ltd., Mirza Agrotech Pvt. Ltd., Achee Shoes Pvt. Ltd., Mirza Trading (Pty.) Ltd., Mirza (U.K.) Ltd.; **Shareholding in the Company:** 4413200 Equity Shares of Rs. 2/- each.
3. **Name of Director:** Mr. Shahid Ahmad Mirza, Whole-time Director; **Age:** 51 Years; **Qualification:** Diploma in Leather Goods Technology, London; **Date of appointment:** 6<sup>th</sup> September, 1979; **Expertise:** Leather Technologist having rich & vast hands- on experience of three decades in the leather goods & overall charge of Shoe Division of the Company at Unit I at Magarwara, Unnao; **Other Directorships:** Emgee Projects Pvt. Ltd., Mirza Holdings Pvt. Ltd., Achee Shoes Pvt. Ltd.; **Shareholding in the Company:** 4295750 Equity Shares of Rs. 2/- each.
4. **Name of Director:** Mr. Tauseef Ahmad Mirza, Whole-time Director; **Age:** 39 Years; **Qualification:** Diploma in Shoe Technology, London; **Date of appointment:** 6<sup>th</sup> September, 1989; **Expertise:** Industrialist having rich & vast experience of nearly 20 Years in the field of Leather Industry looking after all manufacturing operations at Shoe Division of the Company at Unit III, Noida & monitoring overall marketing operations; **Other Directorships:** Neeraj Traders Pvt. Ltd., Emgee Projects Pvt. Ltd., Mirza Holdings Pvt. Ltd., Mirza Agrotech Pvt. Ltd.; **Shareholding in the Company:** 6944000 Equity Shares of Rs. 2/- each.
5. **Name of Director:** Mr. Tasneef Ahmad Mirza, Whole-time Director; **Age:** 36 Years; **Qualification:** Degree in Leather Technology, London; **Date of appointment:** 1<sup>st</sup> January, 1997; **Expertise:** Industrialist & leather Technologist having good experience in his line of business looking after core operations of the company (manufacturing of high quality leather) & is overall incharge of Tannery Division of the Company at Magarwara, Unnao; **Other Directorships:** Neeraj Traders Pvt. Ltd., Emgee Projects Pvt. Ltd., Mirza Holdings Pvt. Ltd., Shoemax Engineering Ltd.; **Shareholding in the Company:** 7728650 Equity Shares of Rs. 2/- each.
6. **Name of Director:** Mr. Narendra Prasad Upadhyay, Whole-time Director; **Age:** 59 Years; **Qualification:** B.Tech in Mechanical Engineering, Post Graduate Diploma in Business Management; **Date of appointment:** 1<sup>st</sup> April, 1997; **Expertise:** rich & vast experience of 37 Years in the field of Engineering, Cement & Chemicals; **Other Directorships:** Nil; **Shareholding in the Company:** Nil
7. **Name of Director:** Mr. Subhash Sapra, Independent Director; **Age:** 66 Years; **Qualification:** B.Tech in Mechanical Engineering; **Date of appointment:** 8<sup>th</sup> March, 2002; **Expertise:** rich & vast experience in the field of Water/Waste Water Sewage Treatment Systems; **Other Directorships:** U.E.M. India Ltd. & S.S. Constructions & Engineers Ltd.; **Chairman/ Membership of Committees:** Mirza International Ltd.- Audit Committee- Member, Remuneration Committee- Member; **Shareholding in the Company:** 1000 equity shares of Rs. 2/- each.
8. **Name of Director:** Mr. Islamul Haq, Independent Director; **Age:** 73 Years; **Qualification:** B.Com; **Date of appointment:** 28<sup>th</sup> March, 2008; **Expertise:**Industrialist having rich & vast hands-on experience of around four decades in the field of Leather Industry & business management; **Other Directorships:** Jalees Commercials Ltd.; **Chairman/ Membership of Committees:** Mirza International Ltd.- Share Transfer & Investor Grievance Committee- Member, Remuneration Committee- Member; **Shareholding in the Company:** Nil.
9. **Name of Director:** Mr. Sudhindra Jain, Independent Director; **Age:** 52 Years; **Qualification:** M.Com, L.L.B., FCA; **Date of appointment:** 30<sup>th</sup> July, 2008; **Expertise:** Practicing Chartered Accountant having rich & varied experience of around 25 Years in the field of Finance, Taxation & Accounting; **Other Directorships:** U.P. Stock Exchange Association Ltd., M.P. Udyog Ltd., M.P. Chini Industries Ltd.; **Chairman/Membership of Committees:** Mirza International Ltd.- Audit Committee- Chairman, Share Transfer & Investor Grievance Committee- Member, U.P. Stock Exchange Association Ltd.- Audit Committee- Member; **Shareholding in the Company:** Nil.
- **DISCLOSURE OF INTEREST:** Mr. Irshad Mirza, Chairman is father of Mr. Rashid A. Mirza, Managing Director, Mr. Shahid A. Mirza, Mr. Tauseef A. Mirza, Mr. Tasneef A. Mirza, Whole-time Directors of the Company & therefore may be deemed as concerned or interested in resolutions relating to each-others appointment/ re-appointment as the case may be.

**ANNEXURE TO THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2008****STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO COMPANY'S INTEREST IN THE SUBSIDIARY COMPANY**

1	Name of Subsidiary Company	:	MTL TRADING (PTY) LTD.
2	Financial Year of the Subsidiary Company Ended on	:	31 <sup>st</sup> March 2008
3	Number of Share held by Mirza International Ltd. with its nominees in the Subsidiary companies at the end of financial year of the Subsidiary Companies		
	(i) Equity Shares of South African Rand 1 each fully paid up	:	900 Shares
	(ii) Extent of holding	:	90%
	(iii) Share application money (Rs.)	:	-
4	Date from which it became Subsidiary Company	:	5 <sup>th</sup> June, 1999
5	The net aggregate of profit/(Loss) of the Subsidiary Companies as far as it concerns the members of the Holding Company		
	(i) Not dealt with in the Holding Company's Accounts		
	(a) For the Previous Financial Years of the Subsidiary	:	NIL
	(b) For the Previous Financial years since it became the Holding Company's Subsidiary	:	NIL
	(ii) Dealt with in the Holding Company's Accounts		
	(a) For the Previous Financial Years of the Subsidiary	:	S.A. Rand (262063) INR (1291970)
	(b) For the Previous Financial years since it became the Holding Company's Subsidiary	:	S.A. Rand (262063) INR (1291970)
6	Changes in the interest of MTL Trading (Pty.) Ltd. between the end of the Subsidiary's Financial year and 31st March, 2008.		
	Number of shares acquired	:	NIL
	Material Changes between the end of the Subsidiary's Financial year and 31st March, 2008		
	(i) Fixed Assets (Net Addition) (Capital Work-in-progress)		NIL
	(ii) Investments		NIL
	(iii) Moneys lent by the Subsidiary		NIL
	(iv) Moneys borrowed by the Subsidiary Company other than for meeting Current Liabilities		NIL

For Khamesra Bhatia & Mehrotra  
*Chartered Accountants*

IRSHAD MIRZA  
*Chairman*

RASHID AHMED MIRZA  
*Managing Director*

Anand Saxena  
*Partner*  
M.No. 75801

Place : Kanpur  
Date : June 14, 2008

D.C. PANDEY  
G.M. (Accounts) &  
Company Secretary

TASNEEF AHMAD MIRZA  
P.S. KHAMESRA  
P.N. KAPOOR  
SUBHASH SAPRA  
Q.N. SALAM  
ISLAMUL HAQ

} *Directors*



# MIRZA INTERNATIONAL LIMITED

(Formerly Mirza Tanners Limited)

## MTL TRADING (PROPRIETARY) LIMITED

ANNUAL FINANCIAL STATEMENTS AT MARCH 31, 2006

Directors	BR Carmichael S Hussain (British) I Mirza (Indian) R A Mirza (Indian)
Holding Company	Mirza International Limited
Auditors	Mazars Moores Rowland
Bankers	Nedcor Bank Limited
Company Registration Number	1998/006313/07
Registered Office	4 Mill Street PO Box 257 PAARL PAARL 7646 7620

Contents	Page
Report of the independent auditors	2-3
Report of the directors	4
Balance Sheet	5
Income statement	6
Statement of changes in equity	
Cash Flow Statement	8
Notes to the financial statements	9-13
Supplementary schedule (not forming part of the annual financial statements)	14

### APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 4 to 13 were approved by the directors and are signed on their behalf by:

Date : June 9, 2008                      DIRECTOR                      DIRECTOR

### REPORT OF THE DIRECTORS FOR THE YEAR ENDED MARCH 31, 2008

#### Business and Operations

The Company distributes footwear and related apparel.

#### Financial Results

The results of operations for the year are set out in the income statement and the financial position is set out in the balance sheet.

#### Directors

Particulars of the present directors, who served throughout the year, are given on page 1.

#### Events Subsequent to the year end

No fact or circumstance which is material in effect on these financial statements has occurred between the year end and the date of this report.

Date : June 9, 2008                      DIRECTOR

### REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF M T L TRADING (PROPRIETARY) LIMITED

We have audited the annual financial statements of M.T.L. Trading (Proprietary) Limited, which comprise the director's report, the balance sheet as at March 31, 2008, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 13.

#### Director's responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director, as well as evaluating the overall presentation of the financial statements.

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

#### Qualification

At year end, the company held inventory with a value of R200 000. We did not observe the counting of inventory at year end and were unable to obtain sufficient audit evidence regarding physical quantities from other audit procedures.

#### Qualified audit opinion

In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the physical inventory quantities, these financial statements fairly present, in all material respects, the financial position of the company at March 31, 2008 and the results of its operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in manner required by the Companies Act of South Africa.

#### Emphasis of matter

Without further qualifying our opinion above, we draw attention to the matters raised under "Going Concern" in the directors report. These conditions indicate the existence of material uncertainty, which may cast significant doubt about the company's ability to continue as a going concern.

#### Supplementary information

The supplementary schedule set out on page 14 does not form part of the annual financial statements and is presented as additional information. We have not audited this schedule and accordingly we do not express an opinion thereon.

#### Accountin and secretarial duties

With the written consent of the shareholder, we have performed certain accounting and secretarial duties.

MAZARD MOORES ROWLAND

Registered Auditor

June 9, 2008

Paarl

Partner: Yvette Bristow  
Chartered Accountant (SA)

### BALANCE SHEET AS AT 31ST MARCH, 2008

	Note	R	2007 R
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	2	31 712	49 939
Deferred Taxation		-	11 466
		<b>31 712</b>	<b>61 405</b>
<b>Current Assets</b>		<b>676 449</b>	<b>2 246 478</b>
Inventory	3	200 000	1 280 667
Trade and other receivables	4	445 126	882 659
Bank and cash		31 323	68 309
Taxation		-	14 843
<b>Total Assets</b>		<b>708 161</b>	<b>2 307 883</b>
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves			
Share Capital	5	100 000	100 000
Accumulated (Loss)/income		(291 181)	460 596
Shareholders' (deficit)/interest		(191 181)	560 596
<b>Current Liabilities</b>		<b>899 342</b>	<b>1 747 287</b>
Trade and other payables	6	891 217	1 747 287
Bank overdraft		8 125	-
<b>Total Equity and Liabilities</b>		<b>708 161</b>	<b>2 307 883</b>

### INCOME STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	Note	R	2007 R
<b>TURNOVER</b>	8	2 791 515	7 985 948
Cost of sales		(2 345 533)	(6 125 309)
<b>GROSS PROFIT</b>		<b>445 982</b>	<b>1 860 639</b>
Other income		38 714	6 254
Selling and marketing expenses		(172 543)	(606 674)
Other operating and administrative expenses		(1 069 816)	(1 734 781)
<b>NET LOSS FROM OPERATIONS</b>	9	<b>(757 663)</b>	<b>(474 562)</b>
Finance and foreign exchange net gain/(loss)	10	17 352	(437 804)
<b>NET LOSS before taxation</b>		<b>(740 311)</b>	<b>(912 366)</b>
Taxation	11	(11 466)	(269)
<b>NET LOSS after taxation</b>		<b>(751 777)</b>	<b>(912 635)</b>
<b>ACCUMULATED (LOSS)/INCOME</b>			
At the beginning of the year		460 596	1 373 231
At the end of the year		(291 181)	460 596



**MTL TRADING (PROPRIETARY) LIMITED**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2008**

	Share capital	Accumulated income/(loss) 2008	Total 2007
	R	R	R
Balance at April 1, 2006	100 000	1 373 231	1 473 231
Net loss for the year	-	(912 635)	(912 635)
Balance at March 31, 2007	100 000	460 596	560 596
Net loss for the year	-	(751 777)	(751 777)
Balance at March 31, 2008	100 000	(291 181)	(191 181)

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008**

	Note	2007 R	2008 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash utilised in operations	1	(566 309)	(776 085)
Movement in working capital	2	(507 956)	(443 803)
Cash utilised in operating activities		(58 353)	(332 282)
Interest received		2 706	11 430
Interest paid		(4 307)	(9)
Taxation (paid)/received	3	(16 480)	28 813
<b>FINANCING ACTIVITIES</b>			
Decrease in long term liabilities		-	(207 574)
<b>CASH AND CASH EQUIVALENTS</b>			
Net movement for the year		(76 434)	(499 622)
At the beginning of the year		68 309	567 931
At the end of the year	4	(8 125)	68 309

**NOTES**

<b>1 CASH UTILISED IN OPERATIONS</b>			
Net loss for the year		(740 311)	(912 366)
Adjusted for:			
- interest paid		4 307	9
- depreciation		18 227	31 382
- decrease in doubtful debt provision		(35 000)	-
- interest received		(2 706)	(11 430)
- write down of inventory		138 746	94 658
- unrealised foreign exchange cost		50 428	21 662
		566 309	(776 085)
<b>2 MOVEMENT IN WORKING CAPITAL</b>			
Decrease in trade and other receivables		472 533	3 366 177
Decrease/(increase) in inventory		941 921	(97 737)
Decrease in trade and other payables		(906 498)	(2 824 637)
		507 956	443 803
<b>3 TAXATION PAID</b>			
Amount owed at the beginning of the year		(14 843)	(43 656)
Amount owed at the end of the year		31 323	14 843
Amount paid/(received)		16 480	(28 813)

**NOTES TO THE FINANCIAL STATEMENTS AT MARCH 31, 2008**

**1 ACCOUNTING POLICIES**

The financial statements are prepared on the historical cost basis and incorporate the following principal accounting policies:

**1.1 Fixed assets**

Fixed assets are depreciated on the straight line basis at rates estimated to write down each asset to estimated residual value over the term of its useful life. The actual annual rates are:

Office equipment	-16,6%
Computer equipment	-33,3%
Furniture and fittings	-10%

**1.2 Inventory**

Inventory is stated at the lower of cost, determined on the first-in first-out basis, and net realisable value.

**1.3 Financial instruments**

Financial instruments recognised on the balance sheet include cash and cash equivalents, trade and other receivables, trade and other payables and borrowings.

**1.4 Transactions in foreign currencies**

Foreign currency transactions are recorded at the exchange rate ruling on the transaction date. The foreign loan, foreign creditor and foreign currency debtor balances, are translated at the ruling exchange rates at the balance sheet date.

**1.5 Deferred taxation**

Deferred taxation, calculated according to the liability method at current rates, arises from differences in timing between recognition of income and expenditure for taxation and accounting purposes.

**2 FIXED ASSETS**

	Office equipment R	Computer equipment & Software R	Furniture & fittings R	Total R
<b>2008</b>				
Beginning of the year				
- assets at cost	6 712	164 323	106 217	277 252
- accumulated depreciation	(6 712)	(156 716)	(63 885)	(227 313)
	-	7 607	42 332	49 939
Current year movements				
- depreciation	-	(7 607)	(10 620)	(18 227)
Balance at end of the year	-	-	31 712	31 712

Made up as follows:

- assets at cost	6 712	164 323	106 217	277 252
- accumulated depreciation	(6 712)	(164 323)	(74 505)	(245 540)
Net book value	-	-	31 712	31 712

**2007**

<b>2007</b>				
Beginning of the year				
- assets at cost	6 712	164 323	106 217	277 252
- accumulated depreciation	(6 401)	(136 243)	(53 287)	(195 931)
	311	28 080	52 930	81 321
Current year movements				
- depreciation	(311)	(20 473)	(10 598)	(31 382)
Balance at end of the year	-	7 607	42 332	49 939

Made up as follows:

- assets at cost	6 712	164 323	106 217	277 252
- accumulated depreciation	(6 712)	(156 716)	(63 885)	(227 313)
Net book value	-	7 607	42 332	49 939

	2008 R	2007 R
<b>3. INVENTORY</b>		
Merchandise for resale	200 000	1 280 667
<b>4. TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	460 126	932 659
Less: Provision for doubtful debts	(15 000)	(50 000)
	445 126	882 659
<b>5. SHARE CAPITAL</b>		
Authorised and issued		
1 000 Ordinary shares of R1 each	1 000	1 000
Share premium		
- arising on the allotment of shares in 1999	99 000	99 000
	100 000	100 000
<b>6. TRADE AND OTHER PAYABLES</b>		
Trade payables	14 892	1 637 244
Other payables	876 325	110 043
	891 217	1 747 287

The following amounts owing to group companies are included in trade and other payables:

Mirza International Limited	454 765	1 359 187
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**7. FOREIGN EXCHANGE**

Uncovered

The following amounts, included in trade payables at year end, were not covered by forward exchange contracts.

Currency		
US Dollars - US\$1 = R8, 12 (2007 US\$1 = R7, 29)	556 000	\$186 445
Included in trade receivables at year end were dollar denominated debtors of	28 960	\$39 564

**8. TURNOVER**

Turnover represents trade sales and direct commission earned on goods imported on behalf of third parties.

**9. NET LOSS FROM OPERATIONS**

The net (loss)/income from operations is stated after:

Auditor's remuneration	17 700	58 500
- current year	-	55 000
- prior year underprovision	17 700	3 500
Depreciation	18 227	31 382
Operating lease expenses		
- premises	116 592	103 988
Remuneration other than to employees for		
- consulting and technical fees	75 000	75 000
- sales commission	18 797	263 788
Director's emoluments		
- for managerial services	-	365 373



**MTL TRADING (PROPRIETARY) LIMITED**

	2008 R	2007 R
<b>10. FINANCE AND FOREIGN EXCHANGE NET GAIN/(COST)</b>		
Interest received	2 706	11 430
Interest paid	(4 307)	(9)
	<u>(1 601)</u>	<u>11 421</u>
Foreign exchange gain/(loss)		
- realised	69 381	(470 887)
- unrealised	(50 428)	21 662
	<u>18 953</u>	<u>(449 225)</u>
	<u>17 352</u>	<u>(437 804)</u>
<b>11. TAXATION</b>		
S A normal taxation		
- deferred	11 466	269
Reconciliation of tax rate	%	%
Standard rate	29,00	29,00
Timing differences reversed	1,55	0,03
Assessed loss carried forward	(29,00)	(29,00)
Effective rate	-	0,03

**12. FINANCIAL INSTRUMENTS**

**Interest rate management**

As part of the process of managing the company's interest rate risk, interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

**Credit risk management**

The company only deposits cash surpluses with major banks of high quality credit standing.

Trade account receivables comprise a widespread customer base. Ongoing credit evaluation is performed in respect of customers and, where appropriate, credit guarantee insurance is purchased. The provision of credit to customers is monitored by the directors. At the end of the year the directors did not consider there to be significant concentration of credit risk which has not been adequately provided for.

**Foreign currency management**

It is the company's policy not to take out forward cover on foreign currency denominated debtors and creditors.

**Liquidity risk**

The company has minimised its liquidity risk by ensuring that it has adequate banking facilities and reserve borrowing capacity with a major shareholder.

**Fair value**

The directors are of the opinion that the book value of financial instruments approximates fair value.

**DETAILED INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2008**

	2008 R	2007 R
<b>TRADING</b>		
Sales and commission	2 791 515	6 197 957
Cost of sales	(2 345 533)	(4 395 134)
	<u>445 982</u>	<u>1 802 823</u>
<b>AGENCY BUSINESS</b>		
Sales	-	1 640 020
Cost of sales	-	(1 640 020)
Commission earned	-	147 970
Commission paid	-	(90 155)
	<u>445 982</u>	<u>1 860 638</u>
<b>OTHER INCOME</b>		
Bad debts recovered	4 989	1 254
Foreign exchange net gain	18 953	-
Interest received	2 706	11 430
Rental income	33 725	5 000
	<u>506 355</u>	<u>1 878 322</u>
<b>EXPENSES</b>	<u>(1 246 666)</u>	<u>(2 790 688)</u>
Accounting fees	39 000	-
Advertising	2 809	90 000
Auditor's remuneration	17 700	58 500
Bad debts	6 502	16 348
Bank charges	33 825	58 033
Computer expenses	46 583	46 462
Consulting and technical fees	75 000	75 000
Depreciation	18 227	31 382
Discount allowed	27 269	95 533
Doubtful debt provision	(35 000)	-
Entertainment	13 962	8 327
Foreign exchange net loss	-	449 225
General expenses	4 442	6 141
Insurance	16 359	162 174
Interest paid	4 307	9
Legal fees	1 197	12 430
Levies	1 126	5 425
Loss due to theft	71 812	184 178
Personnel expenses	586 789	865 078
Postage, printing and stationery	7 834	26 287
Rent and security	116 592	103 988
Repairs and maintenance	3 438	3 610
Sales commission	18 797	173 633
Skills development levy	2 644	6 071
Subscriptions	2 138	4 380
Telephone and fax	53 608	69 293
Travel - local	70 614	50 073
Travel - overseas	39 092	189 108
NET LOSS before taxation	<u>(740 311)</u>	<u>(912 366)</u>

## CONSOLIDATED AUDITOR'S REPORT TO THE MEMBERS

We have examined the attached Consolidated Balance Sheet of MIRZA INTERNATIONAL LIMITED, (formerly known as MIRZA TANNERS LIMITED), its subsidiary MTL Trading (Pty.) Limited, South Africa and its associate Mirza (UK) Ltd., U.K., as at 31<sup>st</sup> March, 2008, the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with and identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the over all financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. The financial statements of the Subsidiary – MTL Trading (Pty) Limited reflect total assets of Rs 34.91 Lacs as at 31st March 2008 and total revenues of Rs. 137.62 Lacs for the period of 12 months then ended, and the Associate -Mirza (UK) Ltd. reflect total assets of Rs 11812.44 Lacs as at 31st March 2008 and total revenues of Rs. 19429.22 Lacs for the year then ended.

The accounts of these companies have been audited by other auditors and we have relied upon such audited financial statements for the purpose of our examination of the consolidated financial statements. The Auditors of the Subsidiary Company viz., M/s. MTL Trading Pty. Ltd., South Africa have reported in their report dated June 9, 2008 that: "At year end, the subsidiary company' held inventory with a value of R200 000(INR 986000). They did not observe the counting of inventory at year end and were unable to obtain sufficient audit evidence regarding physical quantities from our audit procedures."

3. a) Subject to above, We report that the Consolidated financial statements have been prepared by the company in accordance with the Accounting Standard 21, 'Consolidated Financial Statements' and Accounting Standard 23 'Accounting for Investment in Associates in consolidated Financial Statements', issued by Institute of Chartered Accountants of India and on the basis of the separate financial statements of the Company and Certified Accounts of its subsidiary and Associates included in the Consolidated Financial Statements.
- b) On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the company, its aforesaid subsidiary and associate, we are of the opinion that:
  - i. The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of MIRZA INTERNATIONAL LTD., its subsidiary and Associate as at 31st March, 2008.
  - II. The Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of MIRZA INTERNATIONAL LTD. and its subsidiary and Associate for the year then ended, and
  - III. The Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of MIRZA INTERNATIONAL LTD.its Subsidiary and associates for the year then ended in conformity with the accounting principles generally accepted in India.

For Khamesra Bhatia & Mehrotra  
*Chartered Accountants*

Place : Kanpur  
Date : June 14, 2008

ANAND SAXENA  
*Partner*  
M.No. 75801



# MIRZA INTERNATIONAL LIMITED

(Formerly Mirza Tanners Limited)

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

SOURCES OF FUNDS	Schedule	2008 Rs.	2007 Rs.
<b>Shareholder's Funds</b>			
Share Capital	1	18,54,12,000	18,54,12,000
Reserves and Surplus	2	1,13,37,26,227	107,39,93,911
		<u>1,31,91,38,227</u>	<u>1,25,94,05,911</u>
<b>Minority Interest</b>			
<b>Loan Funds</b>			
Secured Loans	3A	1,13,12,68,680	92,03,61,481
Unsecured Loans	3B	-	20,19,46,338
		<u>1,13,12,68,680</u>	<u>1,12,23,07,819</u>
<b>Deferred Tax Liabilities (NET)</b>	4	16,78,00,000	18,67,01,089
<b>Total :</b>		<u>2,61,82,06,907</u>	<u>2,56,87,51,737</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>	5		
Gross Block		1,80,97,33,841	1,66,42,08,693
Less: Depreciation		56,74,58,081	48,49,20,017
Net Block		1,24,22,75,760	1,17,92,88,676
Capital Work in Progress		30,36,32,836	17,79,75,356
		<u>1,54,59,08,596</u>	<u>1,35,72,64,032</u>
<b>Investments</b>	6	6,11,41,025	1,94,35,657
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	7	91,34,69,835	1,00,70,19,601
Sundry Debtors	8	30,74,80,516	35,32,76,849
Other Current Assets	9	17,33,21,584	16,68,14,735
Cash and Bank Balances	10	3,49,65,702	1,61,68,296
Loans and Advances	11	4,65,60,954	8,43,27,010
		<u>1,47,57,98,591</u>	<u>1,62,76,06,491</u>
<b>Less : Current Liabilities and Provisions</b>	12	46,46,41,305	43,55,54,443
<b>Net Current Assets</b>		<u>1,01,11,57,286</u>	<u>1,19,20,52,048</u>
<b>Total :</b>		<u>2,61,82,06,907</u>	<u>2,56,87,51,737</u>
Significant Accounting Policies	19		
Contingent Liabilities & Notes	20		

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

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

For Khamesra Bhatia & Mehrotra Chartered Accountants	IRSHAD MIRZA Chairman	RASHID AHMED MIRZA Managing Director	
Anand Saxena Partner M.No. 75801	D.C. PANDEY G.M. (Accounts) & Company Secretary	TASNEEF AHMAD MIRZA P.S. KHAMESRA P.N. KAPOOR SUBHASH SAPRA Q.N. SALAM ISLAMUL HAQ	Directors
Place : Kanpur Date : 14 <sup>th</sup> June, 2008			

## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	Schedule	2008 Rs.	2007 Rs.
<b>INCOME</b>			
Income from Operations	13	3,15,60,67,188	3,07,04,15,211
Other Income / (Loss)	14	55,50,921	50,51,384
		<u>3,16,16,18,109</u>	<u>3,07,54,66,595</u>
<b>EXPENDITURE</b>			
(Increase)/Decrease in Stock	15	12,33,95,631	(24,45,216)
Material Consumed	16	1,75,03,79,320	1,71,31,90,784
Other Expenses	17	98,92,11,118	86,35,05,054
Interest	18	15,13,41,245	13,82,78,856
Depreciation	5	8,98,94,647	8,25,14,701
		<u>3,10,42,21,961</u>	<u>2,79,50,44,179</u>
Profit Before Tax		5,73,96,148	28,04,22,416
Provision for Taxation - Current		1,88,56,528	9,40,00,000
Provision for taxation - Deferred		23,00,000	30,01,616
Provision for Taxation - Fringe B.Tax		38,50,000	44,47,250
Income Tax (Previous Year)		-	33,74,289
Profit After Tax		3,23,89,620	17,55,99,261
Prior Yr Adjustment- Deferred Tax		17,79,75,356	-
Net Profit after Taxation but before Unrealised Profit & Minority Interest		53659,620	17,55,99,261
Less: Unrealised Profit		(19,120)	(9,51,671)
Less: Minority Interest		-	(2,76,818)
Net Profit		5,36,40,500	17,43,70,772
Surplus From Last Year		44,05,04,469	33,90,51,441
Amount Available for Appropriation		<u>49,41,44,969</u>	<u>51,34,22,213</u>
<b>APPROPRIATIONS</b>			
Transfer to General Reserve		40,00,000	2,00,00,000
Dividend on Equity Shares		2,78,11,800	4,63,53,000
Tax on Dividend		60,39,668	65,64,744
Balance carried to Balance Sheet		45,62,93,501	44,05,04,469
		<u>49,41,44,969</u>	<u>51,34,22,213</u>
Earning Per Share (Refer Note F Part II Schedule 20)		0.35	9.47
Significant Accounting Policies	19		
Contingent Liabilities & Notes	20		

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

This is the Consolidated Profit & Loss Account referred to in our report of even date attached

For Khamesra Bhatia & Mehrotra Chartered Accountants	IRSHAD MIRZA Chairman	RASHID AHMED MIRZA Managing Director	
Anand Saxena Partner M.No. 75801	D.C. PANDEY G.M. (Accounts) & Company Secretary	TASNEEF AHMAD MIRZA P.S. KHAMESRA P.N. KAPOOR SUBHASH SAPRA Q.N. SALAM ISLAMUL HAQ	Directors
Place : Kanpur Date : 14 <sup>th</sup> June, 2008			

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS**
**Schedule 1 : SHARE CAPITAL**

	2008 Rs.	2007 Rs.
<b>Authorised</b>		
Nil (20,00,000) Redeemable Preference shares of Rs.100/- each	-	20,00,00,000
22,50,00,000 (2,50,00,000 Equity Shares of Rs.10 each) of Rs. 2/- each	<b>45,00,00,000</b>	25,00,00,000
	<u>45,00,00,000</u>	<u>45,00,00,000</u>
<b>Issued, Subscribed &amp; Paid Up :</b>		
9,27,06,000 (1,85,41,200) Equity Shares of Rs. 10 each	<b>18,54,12,000</b>	18,54,12,000
Equity shares of Rs. 2/- each fully paid up		
	<u>18,54,12,000</u>	<u>18,54,12,000</u>

**Notes :**

- Out of 9,27,06,000 Equity Shares of Rs. 2/- each above
- 9400 Equity Shares of Rs.100/- each issued for consideration other than cash on 04.10.1979
  - Equity Shares of Rs.100/- each subdivided into 10 equity shares of Rs.10/- each vide resolution passed in Extra Ordinary General Meeting held on 30.11.1992
  - 10,20,000 equity shares of Rs.10/- each issued under a Public issue on 24.11.1994
  - 1,50,59,200 Equity shares issued as bonus shares by capitalisation of reserves on 04.11.1992, 25.08.1993, 15.02.1997 and 08.04.2000
  - 22,50,000 equity shares of Rs.10/- each issued to shareholders of erstwhile Leather Trends Pvt Ltd. pursuant to Scheme of Amalgamation.
  - Composition of Authorised Capital of the Company was changed by converting 20,00,000 Preference shares of Rs. 100/- each and 2,50,00,000 Equity shares of Rs. 10/- each into 22,50,00,000 (Twenty two crore fifty lacs) equity shares of Rs. 2/- each Vide resolution passed in the extra general meeting held on 29.03.2007.

**Schedule 2 : RESERVES & SURPLUS**

<b>General Reserve</b>		
As per Last Balance Sheet	60,08,00,000	58,08,00,000
Transferred from P&L Account	40,00,000	2,00,00,000
Add: Transferred from Capital Investment Subsidy	<b>26,68,042</b>	
	<u>60,74,68,042</u>	<u>60,08,00,000</u>
<b>Share Premium Account</b>		
Gross Premium	5,17,650	5,17,650
Less : Calls in Arrears	<b>(1,47,251)</b>	(1,59,911)
	<u>3,70,399</u>	<u>3,57,739</u>
<b>Capital Investment Subsidy</b>		
As per Last Balance Sheet	26,68,042	
Less : Transferred to General Reserve	<b>26,68,042</b>	26,68,042
<b>Tannery Modernisation Scheme Subsidy</b>		
As per Last Balance Sheet	1,09,09,536	25,02,500
Add: Received during the year	-	90,00,825
Less : Transfer to Deferred Income	<b>(5,93,789)</b>	(5,93,789)
<b>Foreign Currency Translation Reserve</b>		
As per Last Balance Sheet	36,01,052	28,07,288
Add : Appreciation in Foreign Investment	-	7,93,764
Less: Fluctuation on Foreign Investment	<b>(4,94,100)</b>	-
<b>Profit and Loss Account</b>		
Balance as Per Profit & Loss Account	45,62,93,501	44,05,04,469
Capital Investment Reserve	<b>5,61,71,586</b>	1,51,53,073
	<u>1,13,37,26,227</u>	<u>1,07,39,93,911</u>

**Schedule 5 : FIXED ASSETS**

PARTICULARS	GROSS BLOCK (Rs.)				DEPRECIATION (Rs.)				NET BLOCK (Rs.)	
	As on 01.04.2007	Additions during the Year	Deduction/ Sale	Up to 31.03.2008	As on 01.04.2007	For the Year	Deduction/ Sale	Up to 31.03.2008	As on 31.03.2008	As on 31.03.2007
Goodwill on consolidation	6,30,488	-	6,30,488	-	-	-	-	-	-	6,30,488
Land & Development (Free Hold)	4,00,62,311	8,52,579	-	<b>4,09,14,890</b>	-	-	-	-	<b>4,09,14,890</b>	4,00,62,311
Land & Development (Leasehold)	4,13,45,300	1,44,150	-	<b>4,14,89,450</b>	-	-	-	-	<b>4,14,89,450</b>	4,13,45,300
Buildings	25,69,96,246	66,37,100	-	<b>26,36,33,346</b>	6,25,75,415	81,95,900	-	<b>7,07,71,315</b>	<b>19,28,62,031</b>	19,44,20,831
Machinery	94,76,53,006	9,46,24,364	21,73,768	<b>1,04,01,03,602</b>	26,81,07,674	4,78,91,371	13,42,936	<b>31,46,56,109</b>	<b>72,54,47,493</b>	67,95,45,332
Effluent Treatment Plant	46,61,299	-	-	<b>46,61,299</b>	22,94,439	2,21,412	-	<b>25,15,851</b>	<b>21,45,448</b>	23,66,860
Tools & Shoe Lasts	13,83,50,454	2,01,07,886	6,99,855	<b>15,77,58,485</b>	4,23,38,998	89,51,791	6,99,855	<b>5,05,90,934</b>	<b>10,71,67,551</b>	9,60,11,456
Furniture, Fittings & Electrical Installation	10,06,19,166	2,43,85,296	-	<b>12,50,04,462</b>	4,61,03,779	68,46,528	76,245	<b>5,28,74,064</b>	<b>7,21,30,398</b>	5,45,15,387
Motor Vehicles	5,87,34,040	1,19,12,304	1,32,03,706	<b>5,74,42,638</b>	1,38,67,299	54,42,166	50,68,296	<b>1,42,41,169</b>	<b>4,32,01,469</b>	4,48,66,741
Computers (Own)	7,51,56,383	35,69,286	-	<b>7,87,25,669</b>	<b>4,96,32,413</b>	1,23,45,479	1,69,253	6,18,08,639	<b>1,69,17,030</b>	<b>2,55,23,970</b>
<b>Grand Total :</b>	1,66,42,08,693	<b>16,22,32,965</b>	<b>1,67,07,817</b>	<b>1,80,97,33,841</b>	<b>48,49,20,017</b>	<b>8,98,94,647</b>	<b>73,56,585</b>	<b>56,74,58,081</b>	<b>1,24,22,75,760</b>	<b>1,17,92,88,676</b>

	2008	2007
<b>Capital Work in Progress</b>	<u>303632836</u>	<u>177975356</u>

**Schedule 3A: SECURED LOANS**

	2008 Rs.	2007 Rs.
<b>B. Loans and Advances from Bank</b>		
(The Loans are Secured by hypothecation of all the stocks of the company and are further collaterally secured by a first charge on the fixed assets at Head Office and Factories at Magarwara, Sahajani and Noida guaranteed by some of the directors of the company).		
Packing Credit (Foreign Currency)	<b>17,16,13,000</b>	-
Packing Credit	<b>39,98,05,533</b>	57,63,90,672
Working Capital Demand Loan	<b>5,04,15,132</b>	5,04,54,269
Cash credit	<b>6,55,94,027</b>	9,18,12,490
Term Loan	<b>44,38,40,988</b>	20,17,04,050
	<u>1,13,12,68,680</u>	<u>92,03,61,481</u>

**Schedule 3B : UNSECURED LOANS**

From Allahabad Bank	-	2,63,627
From Bank of Baroda	-	20,16,82,711
	<u>-</u>	<u>20,19,46,338</u>

**Schedule 4 : DEFERRED TAX**

<b>A. Assets</b>		
Expenses allowable for Tax when Paid	<b>95,59,000</b>	82,89,000
<b>B Liabilities</b>		
Depreciation	<b>17,73,59,000</b>	19,49,90,089
	<u>16,78,00,000</u>	<u>18,67,01,089</u>

\* Land (Lease hold) includes Rs. 333200 paid towards cost of Time Share in holiday resorts.

\* Capital WIP includes instalments paid for leasehold land allotted at Greater Noida Rs. 88769105 (Rs. 69308661). The Company is yet to get possession of the land and necessary conveyance deed in its favour.





# MIRZA INTERNATIONAL LIMITED

(Formerly Mirza Tanners Limited)

## Schedule 18 : INTEREST

	2008 Rs.	2007 Rs.
On Term Loan	2,30,99,795	1,90,36,058
On Working Capital & Other Charges	12,39,96,126	10,98,84,421
On Unsecured Loans	21,79,410	77,05,087
On Foreign Currency Loan	20,65,914	16,53,290
	<u>15,13,41,245</u>	<u>13,82,78,856</u>

## Schedule-19 : SIGNIFICANT ACCOUNTING POLICIES

### (1) Basis of Consolidation

The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS- 21) "Consolidated Financial Statements" and Accounting Standard 23 (AS 23) "Accounting for Investments in Associates in Consolidated Financial Statement" issued by the Institute Of Chartered Accountants of India.

- The Financial Statements of the company and its Foreign Subsidiary Company have been combined on a line by line basis by adding together the book values of like items of Assets, Liabilities, Income and Expenses after fully eliminating Intra Group Balances and Intra Group Transactions resulting in unrealised Profit or Losses.
- The short fall of cost to the company of its Investment in the Subsidiary over the Company's portion of equity of the Subsidiary is recognised in the Financial Statements as capital reserve.
- The Subsidiary Company considered in the Consolidated Financial Statement is - % of Voting Power held as at 31.03.08 MTL Trading (Pty) Ltd., South Africa 90
- The Consolidated Financial Statements also included consolidation of the Company's investment in its associate Companies viz Mirza (UK) Ltd and, which have been valued on Equity interest Basis on the Basis of their last audited statement dated 31.03.08

### (2) Basis of Accounting

- The accounts have been prepared under the historical cost convention on accrual basis.
- Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles(GAAP), the provisions of the Companies Act, 1956 and the Accounting Standards issued by the Institute of Chartered Accountants of India from time to time.
- The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reported period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual result could differ from those estimates. Any revision to financial estimates is recognized prospectively in the financial statements when revised

### (3) Fixed Assets

- Fixed assets of the company are valued at cost which include allocation / apportionment of direct and indirect expenses incurred in relation to such fixed assets .The said cost is not reduced by specific Grants/ subsidy received against the assets.
- Leased Assets under finance lease are capitalised.

### (4) Depreciation

Depreciation on fixed assets including assets acquired on lease is provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

In case of MTL (PTY). Fixed assets are depreciated on the straight line basis at rates estimated to write down each assets to estimated residual value over the term of its useful life. The actual annual depreciation rates are:

Office Equipment	16.6%
Computer Equipment	33.3%
Furniture and Fittings	10%

### (5) Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of cost of such assets. Borrowing costs comprise of interest and other costs incurred in connection with borrowing of funds.

### (6) Leased Assets

- Leasehold land is capitalised and treated at par with freehold land.
- Assets acquired under finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payment at the inception of the leased term and disclosed as leased assets. Lease payments are apportioned between the finance charges and the reduction of the leased liability so as to achieve a constant rate of interest on the remaining balance of the liability.

### (7) Investments

Long term investments are valued at cost.

The Cost of Investments made in Foreign Currency is translated at rates prevailing on the Balance Sheet date and gain/loss if any is accumulated in Foreign Currency Translation Reserve.

Diminution in the value of Long Term Investments is recognized only if the same is, in the opinion of the management, of a permanent nature.

### (8) Inventories

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

- Bought Out Items :** On First in First Out (FIFO) method except raw hides (valued at six months average purchase price in case of Indigenous hides and full year weighted average price in case of imported hides). In respect of bought out items where CENVAT CREDIT is permitted excise duty is excluded from purchase price for determining the cost.
- Goods In Process :** At cost plus estimated value addition/cost of conversion at each major stage of production.
- Finished Goods :** At direct cost plus allocation of all overheads (including interest on working capital) other than Marketing, Selling & Distribution Expenses and Interest on Term Loan / Debentures.

### (9) Foreign Currency Transactions

- Sales in Foreign Currencies are recorded at the mid exchange rate prevailing on the first day of the month. Purchases are recorded at the rates prevailing on the date of the transaction Current Assets and Current liabilities are translated at the year end rate. The difference between the rate prevailing on the date of the transaction and on the date of settlement as also on translation of Current Assets and Current Liabilities at the end of the year is recognised as Income or expense as the case may be.
- In respect of Forward Contracts of Foreign Exchange, the difference between the Forward Rate and the Exchange rate at the inception of the Contract is recognised as Income or Expense over the period of the contract, except in respect of Fixed Assets where it is adjusted to the cost of acquisition thereof. In case of forward contract outstanding at the close of the year, unrealised gain in respect thereof is derecognised.
- Gains or losses on cancellation of forward exchange contracts are recognised as Income or Expense except in respect of Fixed Assets where adjustment is made to the cost of acquisition thereof.

### (10) Receivables

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

### (11) Retirement Benefits :

The Company makes regular contributions to Provident Fund and these are charged to revenue. The liability of the Company for gratuity is assessed at each year end and based on such year end assessment, the liability for gratuity is provided in the books of the Company.

### (12) Income Tax:

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

### (13) Earnings Per Share:

Earnings per share is calculated in accordance with the procedure laid out in the relevant Accounting Standard (AS-20) issued by The Institute of Chartered Accountants of India.

### (14) Contingent Losses/ Liabilities:

Contingent losses &/or consequential contingent liabilities are disclosed in the notes to the accounts, where the company is reasonably assured that no loss/ liability will arise but where the possibility of a loss/ liability arising does exist.

### (15) Events occurring after the Balance Sheet date:

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

### (16) Government Grants:

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

### (17) Impairment of Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount.

Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

## Schedule-20 : CONSOLIDATED CONTINGENT LIABILITIES & NOTES

### I. Contingent Liabilities

- Bills discounted with the Company's bankers Rs. 6133 Lacs (Rs.7301 Lacs).
- Import duty payable in case of non-fulfilment of export obligation under EPCG Scheme (not yet due) Rs. 730 Lacs (Rs.112 Lacs).
- Demand raised by the authorities contested at various levels:-
  - Entry Tax Rs. 20 Lacs. (20 Lacs)
  - Income tax Rs. 570.85 Lacs (Rs. 532.32 Lacs)

- d) Bank guarantees / LCs issued by the companies bankers and outstanding at the balance sheet date Rs. 65 Lacs (Rs. 153 Lacs).  
 e) Labour cases pending in various courts amount indeterminable.  
 f) Counter guarantee given by the company to its directors against their guarantee given to bank Rs. 224 Crores (169 Crores).

**II. Notes**

- A)** Capital Commitments net of funds already deployed Rs. 861 Lacs (Rs. 832 Lacs).  
**B)** Unclaimed Dividend Rs. 38.81 Lacs (Rs. 36.17 Lacs) includes dividend retained by the Company in exercise of its lien on unpaid calls Rs. 6.74 Lacs (Rs. 6.11 Lacs).  
**C)** Amount of Interest capitalised during the year Rs. 230.37 Lacs (Rs. 74.48 Lacs).

**D) SEGMENT REPORTING**

Segment Information for the Year ended 31st March, 2008

- (I) Information about Primary Business Segments

	(Rs. in Lac)			
	SHOE DIVISION	TANNERY DIVISION	UNALLOCATED	TOTAL
<b>Revenue</b>				
External	28,418.84 (27,075.69)	3,144.81 (3,577.78)	52.53 (101.19)	31,616.18 (30,754.66)
Inter - Segment	- -	6,585.24 (5,553.99)	- -	6,585.24 (5,553.99)
<b>Total Revenue</b>	<b>28,418.84</b> <b>(27,075.69)</b>	<b>9,730.05</b> <b>(9,131.77)</b>	<b>52.53</b> <b>(101.19)</b>	<b>38,201.42</b> <b>(36,308.65)</b>
<b>Result</b>				
Segment Result (Profit before Interest & Tax)	3,821.98 (4,559.84)	(107.44) (384.21)	- -	3,714.54 (4,944.05)
<b>Less: Interest Expenses</b>	- -	- -	(1,513.41) (1,382.79)	(1,513.41) (1,382.79)
Unallocated Expenditure net of unallocated income	- -	- -	(1,615.50) (757.04)	(1,615.50) (757.04)
<b>Profit before Taxation and Exceptional items</b>	<b>3,821.98</b> <b>(4,559.84)</b>	<b>(107.44)</b> <b>(384.21)</b>	<b>(3,128.91)</b> <b>(2,139.83)</b>	<b>585.63</b> <b>(2,804.22)</b>
Provision for Taxation	- -	- -	(250.07) (1,048.24)	(250.07) (1,048.24)
Profit after Taxation and before Exceptional Items	3,821.98 (4,559.84)	(107.44) (384.21)	(3,378.98) (3,188.06)	335.56 (1,755.99)
Diminution in value of investment.	11.66 -	- -	- -	11.66 -
<b>Net Profit</b>	<b>3,810.32</b> <b>(4,559.84)</b>	<b>(107.44)</b> <b>(384.21)</b>	<b>(3,378.98)</b> <b>(3,188.06)</b>	<b>323.90</b> <b>(1,755.99)</b>
Other Information	16,707.60	10,359.28	3,761.60	30,828.48
Segment Assets	(16,473.34)	(11,824.30)	(1,745.42)	(30,043.06)
Segment Liabilities	8,121.03 (8,422.15)	6,489.88 (7,548.15)	3,026.19 (1,475.33)	17,637.10 (17,445.63)
Capital Expenditure	1,135.30 (1,334.27)	308.09 (176.81)	178.94 (76.13)	1,622.33 (1,587.21)
Depreciation	518.07 (498.76)	259.76 (203.05)	121.12 (123.34)	898.95 (825.15)

- (II) Information about Secondary Business Segments

(Rs. in Lacs)

	WITHIN INDIA	OUTSIDE INDIA	TOTAL
Revenue by Geographical Market			
External	9,416.75 (8,168.74)	22,198.86 (22,966.94)	3,1615.61 (31,135.68)
Inter Segment	- -	0.57 (381.02)	0.57 (381.02)
<b>Total</b>	<b>9,416.75</b> <b>(8,168.74)</b>	<b>22,199.43</b> <b>(22,585.92)</b>	<b>31,616.18</b> <b>(30,754.66)</b>
Carrying amount of segment assets	30,278.81 (29,774.20)	549.67 (268.86)	30,828.48 (30,043.06)
Additions to Fixed Assets	1,622.32 (1,587.21)	- -	1,622.32 (1,587.21)

\* Includes Export incentive received on Export

**(III) Notes :**

- (i) The Company is organised into two main business segments, namely:  
**Tannery Division** - Manufacturing Finished Leather from Rawhides & Wet Blue.  
**Shoe Division** - Manufacturing Finished Leather Shoes.  
 Segments have been identified and reported considering the distinct nature of products and differing risks and returns accruing therefrom the organisation structure, and the internal financial reporting systems.
- (ii) Segment Revenue in each of the above business segments primarily includes domestic and export sales, export incentives and other miscellaneous income. It also includes inter Segment transfers priced at cost plus a predetermined rate of profit.
- (iii) The Segment Revenue in the geographical segments considered for disclosure are as follows:  
 (a) Revenue within India includes sales to customers located within India and earnings in India.  
 (b) Revenue outside India includes sales to customers located outside India and earnings outside India.
- (iv) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

**E) Related Party Disclosures**

Related Party Disclosures, as required by AS-18, as issued by the Institute of Chartered Accountants of India, are given below:

## 1. Relationships:

- (i) Subsidiary Company : MTL Trading (PTY) Ltd.  
 (ii) Associate Company : Mirza (UK) Ltd.  
 (iii) Related Company : Euro Footwear Ltd., Shoemax Engineering Ltd., Emgee Projects Pvt. Ltd., Mirza Holdings Pvt. Ltd., Mirza Agrotech Pvt. Ltd., Achee Shoes (P) Ltd., Neeraj Traders Pvt. Ltd.  
 (iv) Related Parties/Firms : Jamil Ara Begum, Mars International, Pacific Leathers, Sabiha Hussain, Genesis International, Mirza Projects.  
 (v) Key Managerial Personnel : Mr. Irshad Mirza, (Chairman), Mr. Rashid Ahmed Mirza (Managing Director), Mr. Shahid Ahmad Mirza, Mr. Tauseef Ahmad Mirza, Mr. Tasneef Ahmad Mirza, Mr. P.S. Khamesra, Mr. N.P. Upadhyay (Whole time Directors), Mr. Shuja Mirza (Vice President- Marketing).

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

		Volume of Transactions (Rs.) 2008	Volume of Transactions (Rs.) 2007
<b>1 Purchase</b>			
Euro Footwear Ltd.		30,42,83,331	28,44,37,954
Pacific Leathers		48,61,030	41,63,492
Shoemax Engineering Ltd.		66,26,714	-
<b>2 Jobwork Paid</b>			
Mars International		1,23,52,439	1,07,29,299
<b>3 Rent &amp; Maintenance charges paid</b>			
Mrs. Jamil Ara Begum		4,20,000	4,20,000
Mrs. Sabiha Hussain		2,10,000	-
<b>4 Sales</b>			
Euro Footwear Ltd.		11,25,08,000	8,25,17,000
Mirza (UK) Ltd.		1,54,69,27,429	1,56,32,12,998
<b>5 Jobwork Received</b>			
Euro Footwear Ltd.		30,49,521	22,37,834
<b>6 Guarantee Commission Paid</b>			
Irshad Mirza		60,50,000	48,00,000
<b>7 Salary Paid</b>			
Shuja Mirza		30,00,000	5,40,000
<b>8 Managerial Remuneration</b>			
Irshad Mirza		3,37,35,882	1,77,58,539
<b>9 Sitting Fees</b>			
Irshad Mirza		60,000	60,000

**F) Earnings Per Share**

Net Profit after tax for the year (Rs.)	3,23,89,620	17,55,99,261
Weighted Average Number of Issued equity Shares during the year face value Rs. 2/-	9,27,06,000	1,85,41,200
(Previous year face value Rs. 10/-)		
Basic Earnings Per Share (Rs.)	0.35	9.47
Diluted Earnings per Share (Rs.)	0.35	9.47

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

	2008 (Rs.)	2007 (Rs.)
Salary	3,48,03,019	1,95,20,891
Perquisites	7,35,882	4,33,539
Sitting Fees	2,20,000	2,70,000
Commission	60,50,000	48,00,000
	<b>4,18,08,901</b>	<b>2,50,24,430</b>



**MIRZA INTERNATIONAL LIMITED**  
(Formerly Mirza Tanners Limited)

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008**

	2008	2007
	Rs.	Rs.
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax & Extra Ordinary Items	5,73,96,148	28,04,22,416
<b>Adjustment For</b>		
Loss on sale of Fixed Assets	5,50,902	25,00,611
Depreciation	8,98,94,647	8,25,14,701
Interest	15,13,41,245	13,82,78,856
Wealth tax	5,86,082	4,60,642
Deferred Tax	2,12,70,000	-
- Diminution in value of investment	11,66,388	-
	<u>32,22,05,412</u>	<u>50,41,77,226</u>
<b>Less :</b>		
Interest Income	2,27,036	2,40,924
Dividend Received	2,615	7,87,540
Income from Govt Grant	5,93,789	5,93,789
Operating Profit before Working Capital Changes	<u>32,13,81,972</u>	<u>50,25,54,973</u>
<b>Adjustment For</b>		
Trade & other Receivables	4,39,69,286	(8,83,01,632)
Inventory	9,02,21,885	(1,39,19,194)
Trade Payables	5,78,97,361	(75,89,500)
Others	2,14,83,419	4,11,36,795
Cash Generated from Operations	<u>21,35,71,951</u>	<u>(6,86,73,531)</u>
Direct Taxes Paid	<u>(4,51,58,851)</u>	<u>(14,60,21,976)</u>
	<u>(4,51,58,851)</u>	<u>(14,60,21,976)</u>
Net Cash From Operating activity	48,97,95,072	28,78,59,466
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(28,35,06,066)	(19,97,60,174)
Sale of Fixed Assets	84,15,341	52,19,370
Purchase of Investment	(16,00,000)	-
Interest Received	2,27,036	2,40,924
Dividend income	2,615	7,87,540
Net Cash used in Investing Activities	<u>(27,64,61,074)</u>	<u>(19,35,12,340)</u>

**(C) CASH FLOW FROM FINANCING ACTIVITIES**

Proceeds from unsecured loans	-	20,16,82,711
Repayment of Unsecured loans	(20,19,46,338)	(10,14,91,203)
Proceeds from calls in Arrears	12,660	1,51,200
Government Grant received	-	90,00,825
Dividend Paid	(4,60,89,143)	(4,68,51,856)
Dividend Tax Paid	(60,39,668)	(65,64,744)
Proceeds from term Loan	30,00,00,000	3,56,97,740
Repayment of Bank Loan	(2,86,50,941)	(5,32,74,801)
Repayment of Term Loan	(6,04,81,917)	-
Interest Paid	(15,13,41,245)	(13,82,78,856)
Net Cash used in Financing Activities	<u>(19,45,36,592)</u>	<u>(9,99,28,984)</u>
Net Increase in Cash & Equivalent	1,87,97,406	(55,81,858)
Cash & Equivalent as on 01.04.07 (Op Bal)	1,61,68,296	2,17,50,154
Cash & Equivalent as on 31.03.08 (Cl Bal)	3,49,65,702	1,61,68,296

For and on behalf of the Board

As per our report of even date.

For Khamesra Bhatia & Mehrotra,  
Chartered Accountants

**ANAND SAXENA**

Partner  
M. No. 75801

D.C. Pandey

G.M. (Accounts) &  
Company Secretary

Prem S. Khamesra  
Director

Rashid A Mirza  
Managing Director

Place : Kanpur

Date : 14th June, 2008



**Production at Unit - V, Unnao - Set up in a record time**



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**Registered Office:**  
14/6, Civil Lines, Kanpur - 208 001  
**Corporate and Marketing Office:**  
A-7, Mohan Cooperative Industrial Estate,  
Mathura Road, New Delhi - 110 044