

# **TWENTY SEVENTH (27<sup>TH</sup>) ANNUAL REPORT 2011 -2012**



## **MAYUR LEATHER PRODUCTS LTD.**

ISO 9001:2008 Certified Star Export House



# MAYUR LEATHER PRODUCTS LTD.

<b>BOARD OF DIRECTORS</b> Shri R.K. Poddar- Director Shri Rajesh V. Gupta -Director Shri K.D. Agarwal- Director Smt. Amita Poddar- Director	<b>INTERNAL AUDITORS</b> Verma Prashant & Associates C-225, Gyan Marg, Tilak Nagar, Jaipur – 302 004	
<b>CHIEF FINANCIAL OFFICER</b> Shri Rajendra Tripathi		
<b>COMPLIANCE OFFICER</b> Shri Nitesh Kumar Kumawat	<b>CORPORATE ADVISOR</b> V. M. & Associates, Company Secretaries, 403, Royal World, S.C. Road, Jaipur – 302 001	
<b>PRINCIPAL BANKER</b> Canara Bank Overseas Branch, 8, Bhagat Bhawan, M.I. Road, Jaipur – 302 001		
<b>AUDITORS</b> Madhukar Garg & Co. Chartered Accountants K-2-B, II Floor, Raj Apartment, Keshav Path, C- Scheme, Jaipur – 302 001	<b>VENUE</b> G-60-62 & 67-69, Jaitpura Industrial Estate, Jaitpura- 303704, Jaipur (Raj.) Dated: Saturday, the 28 <sup>th</sup> July 2012 at 03:30 P.M.	
<b>REGISTERED OFFICE &amp; WORKS</b> G-60-62 & 67-69, Jaitpura Industrial Estate, Jaitpura – 303 704, Jaipur, Rajasthan INDIA Tel: 91-1423-224303, 512303, 224353 Fax: 91-1423-224308 e-mail : <a href="mailto:mlp@mayurleather.com">mlp@mayurleather.com</a>	As a measure of economy, copies of the Annual report will not be distributed at the Annual General Meeting. Shareholders are requested to bring their copies to the meeting. No gifts or coupons will be given to the shareholders for attending the Annual General Meeting.	
<b>CORRESPONDENCE OFFICE</b> B-5, Vrindavan Apartments, Vrindavan Vihar, King’s Road, Jaipur – 302 019, Rajasthan Ph: 91-99289 11947 Fax: 91-141-2810385	<b>CONTENTS</b> Notice Director's Report Corporate Governance Report Management Discussion & Analysis Report Auditor’s Report on corporate governance Compliance Certificate Auditor’s Report Balance Sheet Profit & Loss A/c Notes on Accounts Cash Flow Statement	Page No. 1 5 12 22 25 26 29 35 36 37 62
<b>REGISTRAR &amp; TRANSFER AGENT</b> Link Intime India Pvt. Ltd. A-40, 2 <sup>nd</sup> Floor, Naraina Industrial Area, Phase-II, Near Batra Banquet Hall, New Delhi –110 028 Ph: 91-1141410592-94/ Fax: 91-11-41410591 e-mail: <a href="mailto:delhi@linkintime.co.in">delhi@linkintime.co.in</a>		



# MAYUR LEATHER PRODUCTS LTD.

## NOTICE OF MEETING

**NOTICE** is hereby given that the Twenty Seventh Annual General Meeting of the Members of **MAYUR LEATHER PRODUCTS LIMITED** will be held on Saturday, the 28<sup>th</sup> day of July, 2012 at 03:30 P.M. at its Registered Office at G-60-62 & 67-69, Jaitpura Industrial Estate, Jaitpura- 303704, Jaipur, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2012 and the Profit & Loss Account for the year ended on that date together with the reports of the Auditors and the Directors thereon.
2. To declare Dividend on Equity Shares of the Company for the year 2011-12.
3. To appoint a Director in place of Shri R.K. Poddar, who retires by rotation and being eligible, offers him-self for re-appointment.
4. To appoint the Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** M/s. Madhukar Garg & Co., Chartered Accountants be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

### SPECIAL BUSINESS:

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

**"RESOLVED THAT** M/s V. M. & Associates, Company Secretaries, Jaipur be and is hereby appointed for the issuance of Compliance Certificate under section 383A of the Companies Act, 1956 and to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Directors of the Company in consultation with the said firm."

**By Order of the Board**

**Sd/-  
R.K. PODDAR  
Director**

**PLACE: JAIPUR  
DATE : 30.05.2012**



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## NOTES (Forming part of the Notice):

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (the "Meeting") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULE TIME OF THE MEETING. A BLANK PROXY FORM IS ANNEXED TO THE ANNUAL REPORT.**
2. The register of members and share transfer books of the Company will remain closed from 26<sup>th</sup> July, 2012, to 28<sup>th</sup> July, 2012 (both days inclusive).
3. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business is annexed hereto.
4. In Terms of Article 89 of the Article of Association of the Company, read with Section 256 of the Companies Act, 1956, Shri R.K. Poddar, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board of Directors, commend his re-appointment.
5. The dividend as recommended by the Board, if sanctioned at the meeting, will be paid to those members whose names appear on the Company's Register of Members on 28<sup>th</sup> July. In respect of the shares in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by the Depositories for this purpose.
6. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial years ended 31<sup>st</sup> March 2005, 31<sup>st</sup> March 2006, 31<sup>st</sup> March 2007, 31<sup>st</sup> March 2008, 31<sup>st</sup> March, 2009, 31<sup>st</sup> March, 2010 & 31<sup>st</sup> March, 2011 which remains unclaimed for a period of 7 years from the date of transfer of the same will be transferred by the Company to the **Investor Education and Protection Fund (IEPF)** established by the Central Government pursuant to Section 205C of the Companies Act, 1956, in the years 2012-2013, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18 & 2018-19 respectively.  
  
Shareholders who have not so far en-cashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company immediately. **Shareholders are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.**
7. Members who are holding shares in identical order of names in more than one folio are requested to write to the Company enclosing their share certificate so as to enable the Company to consolidate their holdings in one folio.
8. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company at least 7 days in advance, so as to enable the Company to keep the information ready.
9. Members are requested to bring the following with them at the Annual General Meeting:
  - a) Copy of the Annual Report.



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- b) Duly filled Attendance Slip for attending the meeting and the same should be deposited at the entrance of the Meeting Hall.
  - c) Depository account number (Client ID), if any, for easier identification and recording of attendance at the meeting.
10. All documents referred to in accompanying Notice are open for inspection at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on any working day excluding Sundays and holidays up to the date of Annual General Meeting.
11. The Members holding shares in physical form are requested to notify change in their address, if any, quoting their folio number to intimate to the **Registrar and Transfer Agents M/s. Link India Intime Pvt. Limited.**, A-40, 2<sup>nd</sup> Floor, Naraina Industrial Area, Phase-II, Near Batra Banquet Hall, New Delhi 110 028. If the shares are held in electronic form, the same has to be notified to your concerned Depository Participant.
12. Members are also requested to furnish their bank account number, name & address of the bank to enable printing of these particulars on dividend warrants as a measure of abundant caution to minimize the loss due to dividend warrant falling into improper hands through forgery or fraud. As an alternative, members residing at specified cities may give their mandates for payment of dividend through Electronic Clearing Services (ECS). A format requiring the relevant information is being enclosed.
13. The details pertaining to director seeking re-appointment, as required to be provided pursuant to clause 49 of the Listing Agreement are furnished in the Corporate Governance Report published elsewhere in this report.
14. As per Circular No. MRD/Dop/Cir-5/2009 dated May 20, 2009 issued by Securities and Exchange Board of India (SEBI), it is mandatory to quote PAN for transfers of shares in physical form. Therefore, the transferee(s) are required to furnish a copy of their PAN to the Registrar and Share Transfer Agents of the Company.
15. Members are informed that Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" (Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing paperless compliances by companies through electronic mode. Companies are now permitted to send various notices/documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders. Your company has also decided to be a part of this initiative and request the shareholders to send/update their email id's in the company's record. This initiative will enable better flow of the information required to be disseminated to the members and save the environment by saving the paper. We seek your whole-hearted support for this initiative.

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

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

#### **ITEM NO. 5**

As per the requirements of section 383A of the Companies Act, 1956 and (Companies Compliance) Certificate Rules, 2001 the Company has to obtain a certificate from Company



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Secretary in practice certifying that legal and procedural requirement under the Companies Act, 1956 have been duly complied with by the Company. For which appointment of M/s V. M. & Associates, Company Secretaries, Jaipur for conducting and issuing Compliance Certificate u/s 383A of Companies Act, 1956 is sought.

None of the directors are interested in the said resolution.

Your directors recommend the resolution for your approval.

**By Order of the Board**

**Sd/-  
R.K. PODDAR  
Director**

**PLACE: JAIPUR  
DATE : 30.05.2012**

### **ANNEXURE TO THE AGM NOTICE**

#### **Details of Director seeking re - appointment at the 27<sup>th</sup> Annual General Meeting as per Clause 49 of the Listing Agreement**

Shri R.K. Poddar is retiring by rotation at the date of ensuing Annual General Meeting and being eligible offers himself for re-appointment. He is qualified as B.Com(Hons)

Presently, he is also Chairman of Audit Committee of the Board of Directors.

Details of Shri R.K. Poddar, Director of the Company are as follows:

Name of the Director	Shri R.K. Poddar
Date of Birth	03/03/1955
Date of Appointment	17/06/1987
Qualification(s)	B.Com(Hons)
Name of the Companies in which directorship held as on 31.03.2012	MAYUR ABODES LIMITED
Member of the Committee of Board of other companies	NIL
No. of Shares held in the Company	943643

# MAYUR LEATHER PRODUCTS LTD.

## DIRECTOR'S REPORT

### To the Members

Your Directors have pleasure in presenting the Twenty Seventh Annual Report of your Company along with Audited Annual Accounts for the year ended 31<sup>st</sup> March, 2012.

### FINANCIAL RESULTS

The financial performance of the Company for the year ended on 31<sup>st</sup> March, 2012 is as follows:

Particulars	31.03.2012	31.03.2011
Turnover (FOB)	1896.63	1820.08
Other Income	269.89	273.61
Less: Total Expenditure	2072.68	2005.11
Interest	39.06	24.72
Depreciation	46.35	55.16
<b>Profit before Tax &amp; extra-ordinary items</b>	<b>8.43</b>	<b>8.70</b>
Add/Less: Extra Ordinary Items	-	-
<b>Profit before Tax</b>	<b>8.42</b>	<b>8.70</b>
Less: Provision for Current Tax	7.11	1.00
Provision for FBT	-	-
Provision for Deferred Tax	-	1.14
Add: old provision for tax written back	-	2.11
Deferred tax written back	3.87	-
Less: Income tax for earlier years	-	-
<b>Net Profit/ (Loss) after Tax for the year</b>	<b>5.19</b>	<b>8.67</b>
Profit/ (Loss) brought forward	757.73	792.35
Profit available for appropriation	762.92	801.02
<u>Appropriations:</u>		
Proposed dividend on equity shares	24.17	36.26
Tax on proposed dividend	4.02	6.03
Transfer to general reserve	1.00	1.00
<b>Balance carried forward</b>	<b>733.73</b>	<b>757.73</b>

### OPERATIONS

During the last two years global recession was at its peak which seriously affected certain sectors, exports not being an exception. Mayur Leather Products Limited being a predominantly export oriented unit has also suffered serious negative consequences of the recession in Europe over the last two years which in turn has severely effected our export turn over. During the year 2009 10, it declined by 12% as compared to year 2008-2009. But in the year 2010-11 it was increased by 25.94% and in current year we have achieved 4.21% increment as compared to previous year's turnover. In spite of this increment our profit margin comes down because of the effect of inflation on the price of raw materials.



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The table below shows the comparative growth in revenue of the Company since last three years:

Financial year	Revenue from operations	Other income	Total revenue
2009 – 10	Rs. 1574.26 Lacs	Rs. 52.62 Lacs	Rs. 1626.88 Lacs
2010 - 11	Rs. 2041.53 Lacs	Rs. 52.16 Lacs	Rs. 2093.69 Lacs
2011 - 12	Rs. 2105.80 Lacs	Rs. 60.72 Lacs	Rs. 2166.52 Lacs

In order to increase our market share to offset the decline in export, the Company has taken various steps, major of them are follows:

- In collaboration with M/s UVEX our German buyers: European union is under recession. We are trying to stabilize our turnover and increase our customer base.
- We undertook project implementation to start Vulka Shoe production for the Company Heckel Securite, France. This has helped to nullify the reduction in exports to Europe over the last few years.
- Development is on for new customers in Oman and Qatar to nullify reduction due to recession in middle east.
- We are undertaking various activities to develop local Indian market: Our presence in the local market was negligible in the year 2006 –07. We have started activities during the year 2007-08 & by 2008-09. Our local market was approx. 29429 Pairs valued at approx. Rs. 1.49 Crores. In the year 2010-11 our local turnover was increased approx. 64% in comparison with the year 2009-10.  
  
This year due to recession effect on local market our local turnover has decreased to 28250 pairs valued at 1.50 crore which is 43.62% decrease as compared to last year. Efforts are on to increase local market hence to supplement decrease in export market.

With reference to the above steps taken by the Company, the Company is confident of recovering the lost ground due to the recession in Europe.

However, there is one uncertainty in export business and that is the status of EURO. At the moment, it is very volatile and has decreased as compared with US Dollar from 1.45 to 1.30. Exchange rate is difficult to predict, but it is a global phenomena and both the exporters and the importers in Europe will have to find a solution to it.

We have also gone in for diversification. The idea is to expand business areas and for the purpose of the same the Company entered into business related to hotels, restaurants by altering the Object Clause of Memorandum of Association of the Company.

Our first foray into hospitality has been setting up of two restaurants and a Banquet hall in the Centre of the City. Although this has initially resulted a capital expenditure and additional revenue expenditure resulting decrease in overall profits of company. In the long run, we also intend to diversify into this line in a big way.

There has been very good response from the general public towards our restaurant '**STREETS**' and our Banquet hall at the same premises. Our second restaurant '**SPICES N SAUCES**' is just about





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ready to take off.

## RESERVES

For the period under review the Board proposes to transfer Rs.1.00 lacs to General Reserve Account of the Company.

## DIVIDEND

The Board of Directors is pleased to recommend a dividend of Rs. 0.50 per equity share of Rs. 10/- each, for the year 2011-12, subject to approval of Shareholders in the Annual General Meeting. The total outgo on account of dividend payment, including dividend tax, is Rs. 28.29 Lacs.

## FIXED DEPOSITS

The Company has not accepted or renewed any fixed deposits from public during the year.

## DIRECTORS

Shri R. K. Poddar, Chairman cum Managing Director of the Company informed the Board that due to some pre- occupations, he would like to resign from the post of Managing director of the Company. However this resignation will not affect his directorship in the Company.

Shri R.K.Poddar, Director, retires by rotation in terms of provisions of Companies Act, 1956 and Articles of Association of the Company at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

## AUDITORS

M/s. Madhukar Garg & Co., Chartered Accountants, Statutory Auditors of the Company holds office until the conclusion of the forthcoming Annual General Meeting and is eligible for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956. Accordingly, the said Auditors are proposed to be re-appointed as auditors of the Company for the financial year 2012-2013 at the ensuing Annual General Meeting. The notes to the accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

## HUMAN RESOURCE DEVELOPMENT

The Company recognizes that its employees are its principal assets and that it's continued growth is dependent upon the ability to attract and retain quality people. The Company also recognizes the importance of providing training and development opportunities to its people to enhance their skills and experiences, which in turn enables the company to achieve its business objectives. The morale of employees continued to remain high during the year contributing positively to the progress of the Company.

However due to recession in the global market, our turnover and profitability had reduced considerably.

On the other hand due to high inflation especially in food items, the labour scenario had become very volatile as they expected abnormally high increment which was not possible. Giving the economic scenario, this led to an effort to introduce unionism by a section of workers.



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The management took a strong decision to reduce production capacities in the Jaitpura plant and created a separate production facility at Sitapura.

This was done to minimize dependability on the existing labour force at Jaitpura.

It paid results and we got a larger section of the work force to agree on creation of an internal association of staff and workers and negotiated a more reasonable increment structure. Thereby sidelining certain unreasonable self-profound leader among the workers, the company worked on offering a retirement compensation scheme for those who wished to leave. This would reduce cost of labour which had become redundant due to decrease in turnover, as such reduced productivity.

42 employees offered to resign by accepting the scheme. This cost the Company Rs.44.05 Lacs outflow as gratuity and additional compensation.

However discipline has returned with the removal of undesired elements in the work force. Production is now running smoothly in both the units.

## DELISTING OF EQUITY SHARES

The members have passed a special resolution in the Annual General Meeting held on 10.07.2004 permitting the Company to delist its shares from the stock exchanges of Delhi, Kolkata, Ahmedabad and Jaipur. As on date, out of the four exchanges, the equity shares of the Company have been delisted from the Delhi, Ahmedabad and Jaipur Stock Exchanges. Delisting application of the Company is still pending with the Calcutta Stock Exchange Association Ltd., Kolkata since December 2004. In spite of several reminders, the Company did not get any response from the exchange in the matter of the delisting status.

## SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

On 1<sup>st</sup> October, 2010, "Mayur Abodes Private Limited" became the subsidiary of the Company by acquiring 97.56% holding. The company has converted its name to mayur abodes limited. In current year there are only 66.27% holding in this company.

As required under the Listing agreement with the stock exchange, a consolidated financial statement of the Company and its subsidiary "Mayur Abodes Limited" is attached.

The Board periodically reviews the working and performance of its subsidiary Company.

The Company will make available the Annual Accounts of the subsidiary company and the related detailed information to any member of the company who may be interested in obtaining the same. The Consolidated Financial statements presented by the Company include financial results of its subsidiary also.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed discussion on the industrial structure, development, opportunities, threats, review of operational performance and risks, as required under the Listing Agreements with stock exchanges, forms part of this report and is annexed herewith.

## DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that: