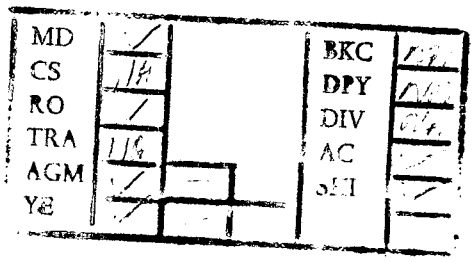
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MAYUR LEATHER PRODUCTS LIMITED

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TWELFTH ANNUAL REPORT
1996-97

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Twelfth Annual Report 1996-97

MAYUR LEATHER PRODUCTS LTD.

BOARD OF DIRECTORS :

Mr. S.K. PODDAR
Chairman

Mr. R.K. PODDAR
Managing Director

Mr. R.V. GUPTA
Director

Mr. H.N. VOHRA
Director

Mr. B.R. GUPTA
Director

BANKERS :

Canara Bank
Overseas Branch
Gopinath Marg, M.I. Road,
Jaipur.

AUDITORS :

Madhukar Garg & Co.
Chartered Accountants
3, Gangwal Park, Jaipur.

REGD. OFFICE :

1st Floor, Rotary Bhawan,
Church Road, Jaipur.

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NOTICE

NOTICE is hereby given that the Twelfth Annual General Meeting of the Members of M/s. MAYUR LEATHER PRODUCTS LIMITED, will be held at Registered Office of the Company at Rotary Bhawan, Church Road, Jaipur on Monday the 27th October, 1997 at 11.00 AM to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997 and the Profit & Loss Account for the year ended on that date and Report of Directors and Auditors thereon.

2. To appoint a Director in place of Shri B. R. Gupta, who retires by rotation and is eligible for reappointment.

3. To appoint a Director in place of Shri H. N. Vohra, who retires by rotation and is eligible for reappointment.

4. To appoint the Auditors and fix their remuneration.

By Order of the Board

(S. K. PODDAR)
Chairman

Place : Jaipur
Dated : 1st October, 1997.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

2. THE INSTRUMENT APPOINTING THE PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A BLANK PROXY FORM IS ANNEXED TO THE ANNUAL REPORT.

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DIRECTORS' REPORT

To
The Members,

Yours Directors have pleasure in presenting the Twelfth Annual Report of the Company together with Audited Accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS :

The financial performance of the Company for the Year ended on 31st March, 1997 is as follows :

(Rs. in Lacs)

	31st March, 1997	31st March, 1996
Turnover	741.14	921.07
Other Income	103.17	47.02
Total Expenditure	789.46	851.13
Interest	18.76	3.13
Profit after Interest but before Depreciation and Tax	36.09	113.83
Depreciation	17.28	9.26
Provision for Taxation	2.46	--
Net Profit after Tax	16.35	104.57

The projected figures for the year ended on 31st March, 1997 given in the Prospectus issued by the Company dated 3rd January, 1996 are as follows:

	(Rs. in Lacs)
Sales / Turnover	1800.00
Other Income	105.00
Profit before Tax	172.54
Net Profit after Tax	165.64

The shortfall in Turnover and profitability is due to slow progress of the company with respect to complete shoes and the commercial production from the Expansion Project was also delayed. The Company has also experienced wide fluctuations in Exchange Rates of DM during the year under consideration resulting into low turnover and profitability.

The figures of Net Profit of Rs. 16.35 lacs is arrived at after calculating the depreciation on Single Shift basis as per Straight Line Method as prescribed in Schedule XIV of the Companies (Amendment) Act, 1988. However upto last year company was following written down value method for depreciation. The change in Method of depreciation is mainly on consideration of company's acquiring substantial value of Fixed Assets during the year due to Expansion of Complete Shoe Project. This change in method of accounting mainly adopted to spread over the time the high burden of depreciation in initial years. The Profit and Fixed Assets of the company is overstated to this extent and the same is also qualified by the Auditors in their Report.

The investments of the Company pertains to Equity Shares of premium Financial Institution of India, i.e., The Industrial Development Bank of India. The loss in value of Rs. 1.26 lacs is considered very temporary by the Company due to which no provision is created in the Books of Accounts. The same is also qualified by the Auditors in their Report.

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MARKETING :

The Company is presently exporting its entire production of safety shoe uppers to Germany and other EEC countries. The Company has selected Germany as its target market for the Complete safety shoes and Gents Leather shoes under its expansion programme. The entire production of safety shoes would be sold to the Company's existing customers of safety shoe uppers at Germany.

DIRECTORS :

Shri B. R. Gupta and Shri H. N. Vohra, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

DIVIDEND :

Due to inadequate profits, no dividend is recommended by the Directors for the Year 1996-97.

AUDITORS :

The present Statutory Auditors of the Company M/s. Madhukar Garg & Co., Chartered Accountants, Jaipur hold office until the conclusion of this Annual General Meeting, being eligible, offer themselves for reappointment.

PERSONNEL :

Your Company considers Human Resources as the most important asset and accords high priority to systematic development of human resources. Your Company has devised various training programmes for sharpening and developing human skills with the prime objectives of achieving corporate goals and simultaneously providing job satisfaction and growth opportunities to the employees. Specialised in-house training programmes, appraisal system and supervisory qualities, etc. The industrial relations remained very cordial throughout the year.

PARTICULARS OF EMPLOYEES REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 :

None of the employees of your Company is covered under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

CONSERVATION OF ENERGY :

Your Company is making continues efforts to reduce energy consumption and achieve high plant operation efficiency. These efforts have started showing results with gradual improvement in overall plant working.

RESEARCH & DEVELOPMENT/ TECHNOLOGY ABSORPTION :

The Company is having its own in house Research & Development. The Company has not taken any Foreign Collaboration. The Company's Research & Development Division is constantly working on high technology items and keeping pace with the latest development in high tech areas.

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FOREIGN EXCHANGE EARNINGS AND OUTGO :

	(Rs. in Lacs)
Earnings :	
Export Sales	740.24
Outgo :	
Travelling Expenses	14.17
Membership Fees	0.41
Sales Commission	14.91
Raw Material	53.29
Plant & Machinery	39.34

ACKNOWLEDGMENT :

Your Directors wish to place on record their sincere appreciation for the whole hearted co-operation received by the Company from the Government & Government Agencies, Canara Bank and look forward to their continuous support.

Your Directors also wish to place on record their sincere appreciation for the valued contribution, unstilted efforts and spirit of dedication shown by the company employees, officers and the executives at all levels which contributed, in no small measure, to the progress and performance of the Company during the year under review.

For and on behalf of the Board of Directors

Sd/-
S. K. PODDAR
Chairman

Place : Jaipur
Dated : 1st October, 1997

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AUDITORS' REPORT

To
The Members of Mayur Leather Products Ltd., Jaipur

RE. : REPORT ON THE ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH, 1997.

We have audited the attached Balance Sheet of MAYUR LEATHER PRODUCTS LIMITED, JAIPUR as at 31st March, 1997 and also the Profit & Loss Account of the company for the year ended on that date.

We Report That :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4-A)(4-C) of the Companies Act., 1956, we are enclosing statement on the matters specified in the said order. Further to our comments in the statements we reports as follows :
   (A) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit.
   (B) In our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of these books
   (C) The Company's Balance Sheet and Profit and Loss Account referred to in this report, are in agreement with the book of account,

2 In our opinion and to the best of our knowledge and information and according to the explanations given to us. The said accounts subject to our note No.15 of Schedule V regarding change in the method of Depreciation by which profit & Fixed assets are overstated by Rs. 57.93 lacs and non-provision of loss in value of investment by Rs. 1.26 lacs by which, profit & investment are overstated by Rs. 1.26 lacs give a true & fair view read together with the other notes thereon give the information required by this Act in the manner so required subject.
   i) In the case of Balance Sheet of the state of affairs of the company as at 31st March, 1997 and
   ii) In the case of the Profit and Loss Account, of the profit of the company for the year ended on that date.

For MADHUKAR GARG & COMPANY
CHARTERED ACCOUNTANTS

JAIPUR
DATED: 25th August, 1997

Sd/-
(SUNIL SHUKLA)
PARTNER

ANNEXURE TO THE AUDITORS REPORT ON THE ACCOUNTS OF MAYUR LEATHER PRODUCTS LIMITED FOR THE YEAR ENDED 31ST MARCH, 1997

1. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. The fixed assets were physically verified by the management during the year. No discrepancies were noticed on physical verification.
2. The company has not revalued any of the fixed assets during the year.
3. As explained to us the stock of finished goods, raw material and stores and spare parts were physically verified at the end of financial year. In our opinion the frequency of such verification is reasonable.

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