

TWENTIETH (20TH) ANNUAL REPORT 2004 - 2005



AN ISO 9001 : 2000 COMPANY



MAYUR LEATHER PRODUCTS LIMITED

BOARD OF DIRECTORS

Shri R. K. Poddar	Managing Director
Shri Rajesh V. Gupta	Director
Shri D D. Agarwal	Director
Smt. Amita Poddar	Director

COMPANY SECRETARY

Shri Deepak Singhal

PRINCIPAL BANKER

Canara Bank
Overseas Branch, 8, Bhagat Bhawan
M. I. Road, Jaipur - 302 001

AUDITORS

Madhukar Garg & Co.
Chartered Accountants
2-A, Raj Apartment, Keshav Path
C-Scheme, Jaipur - 302 001

REGISTERED OFFICE

B-5, Vrindavan Apartments,
Vrindavan Vihar, King's Road
Jaipur - 302019 (Raj.)
Tel. : 91-141-5176157
Fax : 91-141-2810385
E-mail : mlp@datainfosys.net

WORKS

G-60 to 62 & 67 to 69
Udyog Vihar,
Jaitpura Industrial Estate,
Jaitpura, Dist. Jaipur (Rajasthan)
Ph. : 91-1423-224303 / 224353
Fax : 91-1423-224308

REGISTRAR & TRANSFER AGENT

Intime Spectrum Registry Ltd.
A-31, 3rd Floor, Naraina Industrial Area
Phase - 1, Near PVR Naraina
New Delhi - 110 028
Ph. : 91-11-51410592-94
Fax : 91-11-51410591
E-mail : delhi@intimespectrum.com

INTERNAL AUDITORS :

Verma Prashant & Associates
C-225, Gyan Marg
Tilak Nagar, Jaipur - 302 004

CORPORATE ADVISOR :

V.M. & Associates
Company Secretaries
309-310, Samod Tower
S.C. Road, Jaipur - 302 001

VENUE :

B-5, Vrindavan Apartments, Vrindavan Vihar
King's Road, Jaipur - 302019
Dated : 18th June, 2005 at 11.00 A.M.

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 would be given to the shareholders for attending Annual General Meeting.

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MAYUR LEATHER PRODUCTS LIMITED

NOTICE OF MEETING

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of MAYUR LEATHER PRODUCTS LIMITED, will be held on Saturday the 18th June 2005 at 11 A.M. at its Registered Office at B-5, Vrindavan Apartments, Vrindavan Vihar, King's Road, Jaipur-302019, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2005 and the Profit & Loss Account for the year ended on that date together with the Annexed Auditors' Report thereon and the report of Directors.
2. To declare dividend on Equity Shares.
3. To elect a Director in place of Smt. Amita Poddar, who retires by rotation and being eligible, offers herself for reappointment.
4. To appoint the Auditors and fix their remuneration.

SPECIAL BUSINESS

5. Commencement of New Business

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

“RESOLVED THAT the approval of the Members of the Company be and is hereby accorded pursuant to the provisions of Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956, for commencing and carrying on the business as provided in sub-clause 2 of clause 3(C)- Other Objects of the Memorandum of Association, as mentioned herein below:

Clause 2 : “To carry on the business of hotel, restaurant, cafeteria, beer-house, lodging house keepers, licensed vituallers, wine, beer and spirit merchants, malters, dealers and manufacturers of aerated and artificial waters and other drinks, purveyors, caterers for public amusements, coach-cab carriage and motor car proprietors, livery, stable and garage keepers, importers of food, live and dead stock for the business of the Company, proprietors of clubs, baths, dressing rooms, laundries, reading, writing and newspaper rooms, libraries, grounds and places of amusements, recreations, sports, entertainment and instructions of all kinds, theatrical and opera box office proprietors and general merchants.”

6. Declaration of results of Postal Ballot

To declare the results of Postal Ballot conducted in respect of Special Resolution under section 146(2) of the Companies Act, 1956 regarding shifting of Registered Office of the Company outside the local limits of the city but within the State.

By Order of the Board

Sd/-
(R.K. PODDAR)
Managing Director

PLACE : JAIPUR
DATE : 7th May, 2005



MAYUR LEATHER PRODUCTS LIMITED

NOTES (Forming part of the Notice)

1. A MEMBER ENTITLED TO ATTEND AND VOTE 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 14th June 2005 to 18th June 2005 (Both days inclusive).
3. 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 18th day of June 2005. 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.
4. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial years ended 31st March 2003 & 31st March 2004 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 2010-2011 & 2011-2012 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.**

5. 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 to enable the Company to consolidate their holdings in one folio.
6. Members requiring information on the accounts are requested to write to the Company at least 10 (ten) days before the date of the meeting to enable the Company to furnish the information.
7. Members are requested:
 - a) to bring their copy of the Annual Report alongwith at the meeting.
 - b) to bring the attendance slip, sent herewith, duly filled in for attending the meeting and the same should be deposited at the entrance of the Meeting Hall.
 - c) to bring their depository account number (Client ID), if any for easier identification and recording of attendance at the meeting.
8. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956. in respect of the



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business mentioned under item nos. 5 & 6 of the notice is annexed hereto.

9. All documents referred to in accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company between 11 A.M. and 1 P.M. on any working day excluding Sundays and holidays upto the date of Annual General Meeting.
10. The Members holding shares in physical form are requested to notify change in their address, if any, quoting folio number to intimate to the **Registrar and Transfer Agents M/s. Intime Spectrum Registry Ltd., A-31, 3rd Floor, Naraina Industrial Area, Phase-I, Near PVR Naraina, New Delhi 110 028**. If the shares are held in electronic form, the same has to be notified to your concerned Depository Participant.
11. Members are also requested to furnish their bank account number, name & address of the bank to enable printing these particulars on dividend warrants as a measure of abundant caution to minimise 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.
12. 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.
13. Equity Shares of the Company are listed for trading in the following Stock Exchange(s):-

S.No.	Name of the Exchanges	Address
1.	The Stock Exchange, Mumbai	Phiroze Jeejeebhoy Towers, Dalal Street Mumbai - 400 001
2.	The Calcutta Stock Exchange Association Ltd.	7, Lyons Range, Kolkata - 700 001

The Company has duly paid the listing fee for the year 2005-2006 to the above Exchange(s), where applicable.

ANNEXURE TO NOTICE

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

Item No. 5 :

Apart from present business of manufacturing and selling leather shoes we intend to diversify in other profitable ventures. Yours Directors keep considering various proposals as an ongoing endeavor to enter into new business ventures, as in the fast changing business and economic environment it is imperative for the Company to diversify into new areas to ensure growth momentum and overall enhancement of shareholder value. Since tourism is regarded as the thrust sector for Rajasthan we have contemplated branching out to



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hospitality industry. In this respect efforts are on to identify economic viable location for a Three Star hotel project in Jaipur which will cater to various segments of travelers i.e. business as well as leisure travelers both foreign and domestic. This business activity can be economically and advantageously combined with the main business of the Company. These objects are already included in the 'Other Objects' clause of the Memorandum of Association of the Company. Section 149(2A) of the Companies Act, 1956 requires the Company to take approval of the members by way of special resolution in the general meeting to commence such business. Hence the approval of the members is sought. The activity proposed to be commenced is contained in sub-clause 2 of the 'Other Objects' clause of the Memorandum of Association.

The Board recommends the resolution to the members for their approval. None of the Directors of the company is concerned or interested in this resolution except to the extent of their shareholding in the Company.

Item No. 6 :

In compliance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, the declaration of result of postal ballot for special resolution under Section 146(2) of the Companies Act, 1956 is proposed. The Notice of postal ballot along with relevant explanatory statement is being circulated in compliance with the aforesaid provisions.

Report  junction.com

By Order of the Board

Sd/-
(R.K. PODDAR)
Managing Director

PLACE: JAIPUR

DATE : 7th May, 2005



MAYUR LEATHER PRODUCTS LIMITED

DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting the Twentieth Annual Report of Your Company along with Audited Annual Accounts for the year ended 31st March 2005.

FINANCIAL RESULTS

The financial performance of the Company for the year ended on 31st March 2005 is as follows:

	Rs. in Lacs	
	31.03.2005	31.03.2004
Turnover (FOB)	1692.46	1537.58
Other Income	188.07	185.33
Total Expenditure	1618.58	1501.65
Interest	10.23	10.19
Depreciation	38.42	34.71
Profit before Tax	213.30	176.36
Investment written off/ Forfeiture of shares	-	16.50
Provision for Current Tax	75.00	45.00
Provision for Deferred Tax	0.02	12.60
Add: Provision for taxation written back	1.93	0.52
Net Profit/ (Loss) after Tax for the year	140.21	102.78
Profit/ (Loss) brought forward	279.06	245.82
Profit available for appropriation	419.27	348.60
Appropriations:		
Proposed dividend on equity shares	58.02	48.35
Tax on proposed dividend	7.58	6.19
Transfer to general reserve	25.00	15.00
Balance carried forward	328.67	279.06

OPERATIONS

During the period under review the Company increased its turnover to 432430 pairs from 407667 pairs for period 2003-04. Further there is an increase in the turnover in value terms also. The turn over during 2004-05 is Rs. 1880.53 as compared to Rs. 1722.91 during 2003-04. This has been made possible due to timely conversion of some of our customers from US DOLLAR payment terms to EURO payment terms. The improvement in the EURO realization has offset the decline in the DOLLAR realization. However the strengthening of the RUPEE as predicted is always a cause for concern for export oriented units. The following table indicates the turn over for the last 4 years:

2001 - 02	Rs. 1241.28 Lacs
2002 - 03	Rs. 1743.77 Lacs
2003 - 04	Rs. 1722.91 Lacs
2004 - 05	Rs. 1880.53 Lacs

This is the highest turnover achieved by the Company in its entire history. The earlier highest was Rs. 1743.77 Lacs during 2002-03.

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To fight the anticipated weakening of the US DOLLAR we seriously embarked upon TQM to ensure that we reduce our inefficiencies and strengthen our efficiencies. Results have already begun to show and efficiencies are ever improving. This can be gauged by certain parameters like INVENTORY turn ratio, which was 223.02 on 31st March 2004 and 157.94 as on 31st March 2005. The average monthly electricity bill during the early part of the year was Rs. 2.20 lacs and now it has come down to Rs. 1.70 lacs.

Thanks to the improvement in efficiencies, we are projecting an increase in production to approx. 500000 pairs for the year 2005-06 as compared to approx. 432000 pairs produced in 2004-2005.

In the next year we contemplate going in for manufacturing of PU shoes, which will give us an advantage of being able to compete in the local market. This decision is also a contingency plan to provide cover if Dollar depreciates radically resulting in rendering supplies to Dollar based countries un-viable. However we do not see very much of problem in the immediate future as the Dollar has leveled around Rs. 43.50 to 43.70 in the last few months.

Our efforts to improve efficiency are also evident from the fact that the financial results for the year 2004-2005 have been finalised by the end of April 2005 and we have finalised our balance sheet this year by 7th of May 2005 as against end of May 2004 for the last year.

We are also consolidating our customer base in South Africa and CIS countries like Uzbekistan, Kazakhstan, Azerbaijan etc.

RESERVES

For the period under review the Board proposes to transfer Rs. 25.00 lacs to General Reserve account of the Company.

DIVIDEND

This time again the Board is pleased to recommend a dividend of 12% i.e. Rs. 1.20 per equity share of Rs. 10/- each for the financial year ended 31st March 2005. The dividend, if approved by the shareholders in the forthcoming Annual General Meeting, shall be payable to the shareholders whose name appear on the Register of Members of the Company as on 18th day of June 2005 and to those whose name appear as beneficial owners as at the end of business on 18th day of June 2005, as per the particulars to be furnished by Depositories. The total outgo on account of dividend payment, including dividend tax, will be Rs. 65.60 lacs.

FIXED DEPOSITS

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

DIRECTORS

Smt. Amita Poddar, Director, retires by rotation in terms of Articles of Association of the Company at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.



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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 are 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 2005-2006 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

Of all the resources available to the Company, Human Resource is the only asset that appreciates with time. In its continued efforts to nurture the best human talent, during the year the management continued with its strategy of imparting professional training to the executives and staff at various levels with a view to upgrade their competency and remove all levels of inefficiency in order to make the Company more competitive. This is not a luxury, but a necessity if the Company has to survive in a globally competitive market.

DELISTING OF EQUITY SHARES

The members had passed special resolution in the Annual General Meeting held on 10.07.2004 permitting the Company to delist 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 following exchanges:

1. The Delhi Stock Exchange Association Ltd., New Delhi w.e.f. 20.01.2005;
2. The Jaipur Stock Exchange Association Ltd., Jaipur w.e.f. 19.02.2005 and
3. The Stock Exchange Ahmedabad, Ahmedabad w.e.f. 31.03.2005

The delisting application of the Company is pending with the Calcutta Stock Exchange Association Ltd., Kolkata since December 2004.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed discussion on the industry 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

In terms of Section 217(2AA) of the Companies Act, 1956, your Directors confirm as under:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;



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2. We have selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on 31st March 2005 and of the profit or loss of the Company for that period;
3. To the best of our knowledge, we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. We have prepared the annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

There are no employees in the Company whose particulars are required to be disclosed under the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, from time to time.

CORPORATE GOVERNANCE

The Company has implemented all the provisions of the Corporate Governance as stipulated by Clause 49 of the listing agreements with all the stock exchanges where the Company is listed. It has always been a constant endeavor of the Company to adopt good corporate governance code through independent Board, transparent disclosures and shareholders empowerment for creating and sustaining shareholder value. A separate section on Corporate Governance along with a certificate from the auditors of the Company certifying compliance of stipulations of Clause 49 of listing agreements with the stock exchanges with regards to the Corporate Governance code is present elsewhere.

CONSERVATION OF ENERGY

The Company has taken various steps to reduce consumption of power, fuel, oil and other energy resources by adopting various measures. The Company regularly takes advice from experts on energy conservation measures to be adopted. Regular studies are undertaken for assessing the possibilities of use of various methods by which the Company optimizes the use of energy without effecting the productivity, quality etc. Training programs were conducted to increase awareness on energy saving. As already mentioned the efforts of the Company have already started showing results as the average monthly electricity bill during the early part of the year was Rs. 2.20 lacs and now it has come down to Rs. 1.70 lacs.

RESEARCH & DEVELOPMENT/TECHNOLOGY ABSORPTION

Company continued to give utmost importance to the R&D activities. The Company has its own in-house well-developed Research and Development division. The objective of the Company through continuous Research and Development activities is the introduction of cost effective, state-of-art-products with enhanced life and to increase the production capacity. The Company's Laboratory and R&D division is continuously working towards new developments and keeps pace with the latest developments in high tech areas. R&D during the year has been aimed out to develop capabilities to produce PU Shoes alongwith Rubber Vulcanised Shoes that we have been producing all along. Hopefully the PU soling unit should be installed within the 1st quarter of 2005-06.