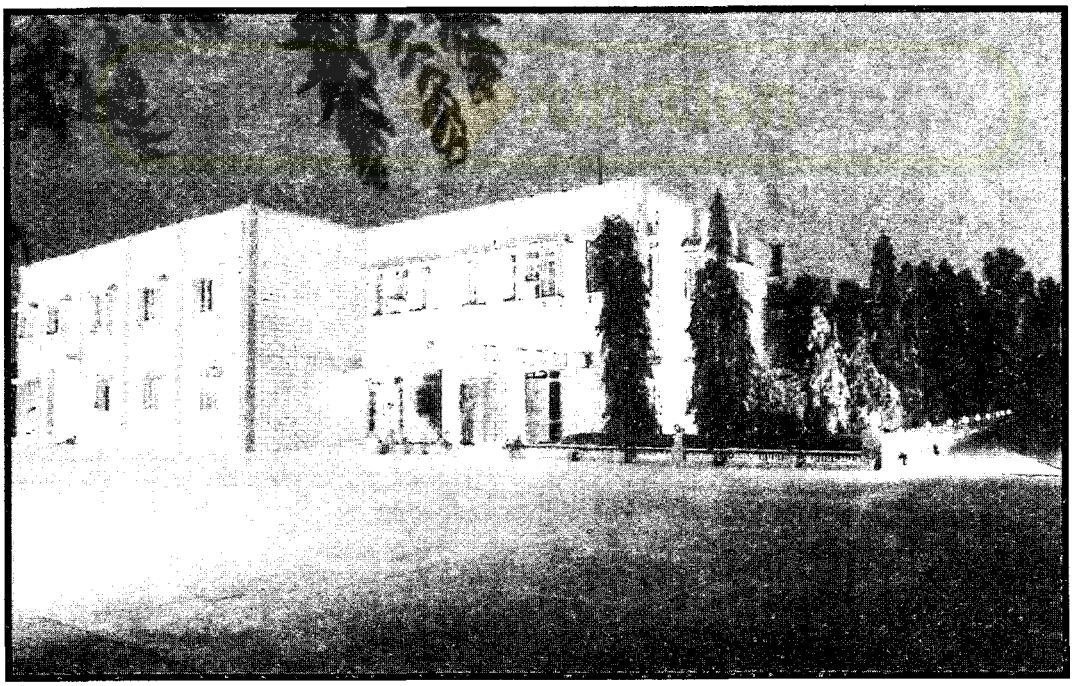
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TWENTY SECOND (22ND) ANNUAL REPORT
2006 - 2007

AN ISO 9001 : 2000 COMPANY



MAYUR LEATHER PRODUCTS LIMITED

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BOARD OF DIRECTORS

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

CFO & COMPANY SECRETARY
Shri J. P. Rawat

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

AUDITORS
Madhukar Garg & Co.
Chartered Accountants
K-2-B, IInd Floor, Raj Apartment
Keshav Path, C-Scheme, Jaipur - 302 001

REGISTERED OFFICE & WORKS
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 : mlp@dil.in

CORRESPONDENCE OFFICE
B-5, Vrindavan Apartments,
Vrindavan Vihar, King's Road,
Jaipur 302 019, Rajasthan
Ph: 91-99289 11947
Fax: 91-141-2810385

REGISTRAR & TRANSFER AGENT
Intime Spectrum Registry Ltd.
A-31, 3rd Floor, Naraina Industrial Area
Phase-I, Near PVR Naraina
New Delhi 110 028
Ph: 91-11-41410592-94
Fax: 91-11-41410591
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
403, Royal World
S.C. Road, Jaipur - 302 001

PRINCIPAL BANKER :
Canara Bank
Overseas Branch, 8, Bhagat Bhawan,
M.I. Road, Jaipur – 302 001

VENUE :
G-60-62 & 67-69, Jaitpura Industrial Estate
Jaitpura- 303704, Jaipur
Dated: Monday, 16th July 2007 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 will be given to the shareholders for attending Annual General Meeting.

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NOTICE OF MEETING

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Members of **MAYUR LEATHER PRODUCTS LIMITED,** will be held on Monday, the 16th July 2007 at 11 A.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 31st March 2007 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 confirm the payment of Interim Dividend and to declare final dividend on Equity Shares for the year 2006-07.
3. To elect a Director in place of Smt. Amita Poddar, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint the Auditors and fix their remuneration.

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By Order of the Board

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

PLACE : JAIPUR
DATE : 12th June 2007

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 09th July 2007 to 16th July 2007 (Both days inclusive).
3. The final 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 16th day of July 2007. 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, 31st March 2005 & 31st March 2006 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

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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, 2012-2013 & 2013-14 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 along with 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. All documents referred to in accompanying Notice 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 up to the date of Annual General Meeting.

9. 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.

10. 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.

11. 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.

By Order of the Board

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

PLACE : JAIPUR
DATE : 12th June 2007

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DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting the Twenty Second Annual Report of your Company along with Audited Annual Accounts for the year ended 31st March 2007.

FINANCIAL RESULTS

The financial performance of the Company for the year ended on 31st March 2007 is as follows:

	Rs. in Lacs	
	31.03.2007	31.03.2006
Turnover (FOB)	2485.46	1806.32
Other Income	301.70	201.16
Less: Total Expenditure	2327.80	1767.16
Interest	24.47	16.39
Depreciation	40.70	42.08
Profit before Tax & extra-ordinary items	**394.19**	**181.85**
Less: Loss on sale of shares (net)	-	30.25
Provision for Bad & Doubtful Debts	1.85	-
Profit before Tax	**392.34**	**151.60**
Less: Provision for Current Tax	118.00	63.00
Provision for FBT	3.75	4.20
Provision for Deferred Tax	5.59	-
Add: Provision for FBT written back	0.93	-
Deferred tax written back	-	3.60
Less: Income tax for earlier years	1.51	1.01
Net Profit/ (Loss) after Tax for the year	**264.42**	**86.99**
Profit/ (Loss) brought forward	352.53	328.67
Profit available for appropriation	616.95	415.66
Appropriations:		
Proposed dividend on equity shares	96.70	48.35
Tax on proposed dividend	16.43	6.78
Transfer to general reserve	25.00	8.00
Balance carried forward	**478.82**	**352.53**

OPERATIONS

The Company increased its turnover to 620290 pairs during the period under review from 493635 pairs (for period 2005-06). Further there is a commendable increase in the turnover in value terms also. The turn over during 2006-07 is Rs.2485.46 lacs as compared to Rs. 1806.32 lacs during 2005–06. This has been made possible due to timely conversion of some of our customers from US DOLLAR payment terms to EURO payment terms and by rigorous marketing, timely deliveries of the quality products as the Company has always done. There has been decline both in the EURO and DOLLAR realization during the period resulting in lower profitability inspite of higher quantitative production and turnover. The following table indicates the comparison of average rate of US Dollar and Euro during the last three years:-

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Year	US Dollar	Euro
2004 - 05	44.80	55.93
2005 06	44.22	53.40
2006 07	45.15	57.84

Further since the foreign currency market has been very volatile recently, it is difficult to predict the rupee movements against these currencies for the time being. The following table indicates the turn over for the last 5 years:

2002 - 03	Rs. 1564.99 Lacs
2003 - 04	Rs. 1537.58 Lacs
2004 - 05	Rs. 1692.46 Lacs
2005 - 06	Rs. 1806.32 Lacs
2006 - 07	Rs. 2485.46 Lacs

This is the highest turnover achieved by the Company in its entire history. The earlier highest was Rs. 1806.32 Lacs during 2005 – 06.

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. Yet there is a long way to go.

There have been very encouraging trends from our European buyers which has resulted in increase of sales to European markets from 2.60 lacs pairs in 2005-06 to 3.92 lacs pairs in 2006-07.

Thanks to the improvement in efficiencies, we are projecting an increase in production to approx. 7.20 lacs pairs for the year 2007-08 as compared to approx.6.22 lacs pairs produced in 2006-2007, a growth of around 15%.

We are also extending our customer base to the Indian market.

RESERVES

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

DIVIDEND

The Board of Directors is pleased to recommend a final dividend of Rs. 1.00 per equity share of Rs. 10.00 each for the year 2006-07, subject to approval of Shareholders in the Annual General Meeting. Together with the interim dividend of Rs. 1.00 per share, paid on 03rd May, 2007, the total dividend for the year is proposed at Rs. 2.00 per share of Rs. 10.00 each. The total outgo on account of dividend payment, including dividend tax, is Rs. 113.13 Lacs.

FIXED DEPOSITS

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

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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.

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 2007-2008 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. However in a growing economy, the attrition rate of human resources is a source of worry. This requires additional effort to develop skills and efficiency in the new appointees.

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 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. Inspite of several reminders, the Company did not get any response from the exchange in the matter of the delisting status.

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;

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 2007 and of the profit or loss of the Company for that period;

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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 revised clause 49 of the listing agreements with the stock exchanges has been made applicable w.e.f. 1st of January 2006. Hence all the listed companies are required to comply with the amended clause 49. 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 except for the requirement pertaining to the Board/ Committee structure. The Company is working rigorously to broad base its Board with aptly qualified and experienced personnel which along with fulfilling the stipulations of the revised clause can also provide the valuable support and inputs for the growth of the Company. We are hopeful of making necessary appointments shortly. 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 are conducted to increase awareness on energy saving. As already mentioned the efforts of the Company have already started showing results as the power, fuel and water expenses have been reduced for the year under review. This reduction has been achieved inspite of escalating power and fuel prices.

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. As a result the Company has commenced the production of PU shoes during the period under review. Company has imported the PU plant from China for production of PU shoes during the year 2005-2006. The plant has been installed completely and the production has commenced successfully.

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FOREIGN EXCHANGE EARNING AND OUTGO

Activities relating to exports; initiatives taken to increase exports, development of new export markets for product and services; and export plans:

The Company is engaged in the manufacture and export of leather safety shoes and shoe uppers. The majority sale is through exports. We are constantly making efforts to increase our export markets. The Company is making rigorous efforts to develop the market for its products in the countries like South Africa, Middle East, Kazakhstan, Kyrgyzstan, Azerbaijan, Uzbekistan etc. Negotiations are going on with various buyers from these countries. We foresee good potential in these countries for the consumption of Company's products. We are aggressively pursuing the marketing in these countries to create new export markets. The Company has also commenced the production of PU shoes during the period under review. This will help the Company to tap the additional market of PU shoes both in exports and domestically.

At present we see very much of problem in the immediate future as the Dollar has leveled around Rs. 40.50 in the last few months.

		Rs. in Lacs
Earning:		
Export (FOB)		2416.64
Outgo:		
Travelling expenses	13.50	
Claims & compensation for quality	8.41	
Sales & business promotion	17.31	
Raw material	256.75	
Plant & machinery	24.62	
Others	3.51	324.10

ACKNOWLEDGEMENT

The Directors express their gratitude to the Central and State Government for their kind co-operation and support. Your Directors place on record the appreciation for the assistance and confidence reposed by the bankers, customers, suppliers and stakeholders during the period under review. The Board also places on record its appreciation for the contribution made by the employees at all levels.

For and on behalf of the Board of Directors

	Sd/-	Sd/-
PLACE : Jaipur	(R. K. Poddar)	(R. V. Gupta)
DATE : 12th June 2007	Managing Director	Director

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CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Mayur Leather Products Ltd. is committed to the highest standards of Corporate Governance in all its activities and processes. It has always believed that an independent and diversified Board following best practices, transparent disclosures and empowerment of shareholders are as necessary as solid financial results for creating and sustaining shareholder value. The Company fully recognizes the rights of its shareholders to information on the performance of the Company and considers itself a trustee of its shareholders. The Company strives for the fullest possible disclosure standards. It provides detailed information on various issues concerning the Company's business and financial performance to its shareholders. The Board of the Company acts with autonomy and independence in exercising strategic supervision, discharging its fiduciary responsibilities and in ensuring that the management observes high standards of ethics, transparency and disclosure.

The revised clause 49 of the listing agreements with the stock exchanges has been made applicable w.e.f. 1st of January 2006. Hence all the listed companies are required to comply with the amended clause 49. 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 except for the requirement pertaining to the Board/ Committee structure. The reason thereof for non-compliance is non-availability of the requisite talented personnel from the industry. The Company is working rigorously to broad base its Board with aptly qualified and experienced personnel which along with fulfilling the stipulations of the revised clause can also provide the valuable support and inputs for the growth of the Company. We are hopeful of making necessary appointments shortly.

BOARD OF DIRECTORS

Composition

The Board of Directors presently consists of four Directors. The composition and category of Directors is as follows:

Category	Name of Directors	DIN No.
Promoter/ Executive Director	Shri Rajendra Kumar Poddar	00143571
Non-Executive Directors	Shri Keshav Deo Agarwal	00172149
	Shri Rajesh V. Gupta	00814841
	Smt. Amita Poddar	00143486

Brief resumes of the Directors being re-appointed, nature of their expertise in specific functional areas and names of companies in which they hold directorship and the membership of the committees of the board are furnished hereunder:

Smt. Amita Poddar is retiring by rotation at the date of ensuing Annual General Meeting and being elegible offers herself for reappointment. She is qualified as Sr. Cambridge from an English medium school of Calcutta. She had also gained experience as Executive Secretary at Soaltee Oberoi, a five star deluxe hotel at Kathmandu during the year 1978-1981. Presently she is also Chairman of Shareholder's/ Investor's Grievance Committee of the Board of Directors.

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