

TWENTY FIFTH (25TH) ANNUAL REPORT 2009 - 2010



AN ISO 9001 : 2000 COMPANY



MAYUR LEATHER PRODUCTS LIMITED

BOARD OF DIRECTORS

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

Managing Director
 Director
 Director
 Director

CHIEF FINANCIAL OFFICER

Shri Rajendra Tripathi

COMPLIANCE OFFICER

Shri Ashok Gupta

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@mayurleather.com

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

Link Intime India Pvt. Ltd.
 A-40, 2nd Floor, Naraina Industrial Area
 Phase-II, Near Batra Banquet Hall
 New Delhi - 110 028
 Ph: 91-11-41410592-94
 Fax: 91-11-41410591
 e-mail: delhi@linkintime.co.in

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

VENUE :

G-60-62 & 67-69, Jaitpura Industrial Estate,
 Jaitpura- 303704, Jaipur (RAJ.)
 Dated: Saturday, 17th July., 2010 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 the Annual General Meeting.

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MAYUR LEATHER PRODUCTS LIMITED

NOTICE OF MEETING

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the Members of **MAYUR LEATHER PRODUCTS LIMITED** will be held on Saturday, 17th day of July, 2010 at 11:00 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, 2010 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 2009-10.
3. To appoint a Director in place of Smt. Amita Poddar, who retires by rotation and being eligible, offers her-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

PLACE: JAIPUR
DATE : 29th May, 2010

Sd/-
R.K. PODDAR
Managing Director

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 13th July, 2010 to 17th July, 2010 (both days inclusive).



MAYUR LEATHER PRODUCTS LIMITED

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, Smt. Amita Poddar, Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer herself for re-appointment. The Board of Directors commends her 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 17th day of July, 2010. 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 31st March 2003, 31st March 2004, 31st March 2005, 31st March 2006, 31st March 2007, 31st March 2008 & 31st March, 2009 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, 2012-2013, 2013-14, 2014-15, 2015-16 & 2016-17 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.
 - 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, 2nd 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.



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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.

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 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

PLACE: JAIPUR
DATE : 29th May, 2010

Sd/-
R.K. PODDAR
Managing Director

ANNEXURE TO THE AGM NOTICE

Details of Director seeking re - appointment at the 25th Annual General Meeting as per Clause 49 of the Listing Agreement

Smt. Amita Poddar is retiring by rotation at the date of ensuing Annual General Meeting and being eligible offers herself for re-appointment. 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.

Details of Smt. Amita Poddar, Director of the Company are as follows:

Name of the Director	Smt. Amita Poddar
Date of Birth	03.08.1953
Date of Appointment	01.12.2002
Qualification(s)	Senior Cambridge
Name of the Companies in which directorship held as on 31.03.2010	Mayur Abodes Private Limited
Member of the Committee of Board of other companies	Nil
No. of Shares held in the Company	5,58,100 Equity Shares of the company



MAYUR LEATHER PRODUCTS LIMITED

DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting the Twenty Fifth Annual Report of your Company along with Audited Annual Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

The financial performance of the Company for the year ended on 31st March, 2010 is as follows:

Particulars	Rs. in Lacs	
	31.03.2010	31.03.2009
Turnover (FOB)	1445.25	1644.62
Other Income	181.63	384.89
Less: Total Expenditure	1479.28	1560.03
Interest	28.04	26.74
Depreciation	49.96	44.36
Profit before Tax & extra-ordinary items	69.60	398.38
Add/Less: Extra Ordinary Items	0.40	4.33
Profit before Tax	70.00	402.71
Less: Provision for Current Tax	18.75	129.50
Provision for FBT	-	2.90
Provision for Deferred Tax	-	-
Add: Provision for FBT written back	-	0.19
Deferred tax written back	15.09	3.98
Less: Income tax for earlier years	5.77	5.72
Net Profit/ (Loss) after Tax for the year	60.57	268.76
Profit/ (Loss) brought forward	798.34	630.77
Profit available for appropriation	858.91	899.53
<u>Appropriations:</u>		
Proposed dividend on equity shares	48.35	67.69
Tax on proposed dividend	8.22	11.50
Transfer to general reserve	10.00	22.00
Balance carried forward	792.35	798.34

OPERATIONS

During the last two years the 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 2008 – 09, it declined by 30% and during the year 2009 – 10 it further declined by 12%.

The table below shows the declining turnover of the Company due to global recession;

Financial year	Export Turnover
2007 – 08	Rs. 2390.75 Lacs
2008 – 09	Rs. 1644.62 Lacs
2009 – 10	Rs. 1445.25 Lacs



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

a.	In collaboration with M/s UVEX our German buyers: Over 50 Styles are being worked on, which would ensure that we increase our market share to offset the Global recession.
b.	We undertook project implementation to start Vulka Shoe production for Company Heckel Securite, France Full Shoe production for Company Heckel Securite, France has started in March '10 and is expected to get into rhythm within the next 2-3 months. This would help to further supplement the reduction in exports to Europe over the last 2 years.
c.	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 marketing was approx. 29429 Pairs valued at approx. Rs. 1.49 Crores. This year we have increased this to 49737 Pairs valued at approx. Rs. 2.44 Crores which is 64% increase and we expect this to increase during the next year to approx. 60000 Pairs, approx. value Rs. 3.00 Crores another 20% increase.

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 the EURO. At the moment, it is very volatile and has decreased as compared with US Dollar from 1.45 to 1.20. 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 would have initially resulted a capital expenditure and additional revenue expenditure. In the long run, we intend to also 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 ready to take off.

RESERVES

For the period under review the Board proposes to transfer Rs.10.00 lacs to General Reserve Account of the Company.

DIVIDEND

The Board of Directors is pleased to recommend a dividend of Re. 1/- per equity share of Rs. 10/- each, for the year 2009-10, subject to approval of Shareholders in the Annual General Meeting. The total outgo on account of dividend payment, including dividend tax, is Rs. 56.56 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 provisions of Companies Act, 1956 and 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 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 2010-2011 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 recessionary economy, providing better product at better cost requires additional efforts to develop skills and efficiency in the new appointees to face the challenge.

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.

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:

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. that the directors 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, 2010 and of the profit or loss of the Company for that period;
3. that the directors 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. that the annual accounts have been prepared 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.



COMPLIANCE CERTIFICATE

As per the requirements of Section 383A of the Companies Act, 1956 and Companies (Compliance Certificate) Rules, 2001, the Company has obtained a Certificate from M/s V. M. & Associates, Company Secretaries in Whole-time Practice, confirming that the Company has complied with the provisions of the Companies Act, 1956 and a copy of the Compliance Certificate is annexed to this report.

The appointment of M/s V.M. & Associates, Company Secretaries in Whole-time Practice, is also sought, for the year 2010-11, given in the notice.

CORPORATE GOVERNANCE

The Company considers Corporate Governance as an important step towards building investor confidence, improve investor's protection and maximize long term shareholder value. It has implemented all the provisions of the Corporate Governance as stipulated under 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 who along with fulfilling the stipulations of the clause 49 can also provide the valuable support and inputs for the growth of the Company. We are hopeful to make 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. 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 despite 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.

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. Due to the economic slow down, the export market of the regular products has been badly affected. This is being countered by two activities: -

- A. Realign fresh business from existing customers with new products.
- B. Develop an Indian Market network.

Hopefully the results should start showing with in the next six months. It is our endeavor to fight the worldwide recession.



MAYUR LEATHER PRODUCTS LIMITED

		(Rs. in Lacs)
Earning:		
Export (FOB)		1180.95
Outgo:		
Travelling expenses	1.95	
Sales & business promotion	3.86	
Raw material	122.66	
Sales Commission	1.30	
Repairs & Maintenance	2.40	
Plant & machinery	63.82	
Membership Fees	1.24	
Legal & Professional	0.72	197.95

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

PLACE : Jaipur
DATE : 29th May, 2010

Sd/-
R.K. Poddar
Managing Director

Sd/-
Rajesh V. Gupta
Director