

DIRECTORS' REPORT

**Dear Members,
Mayur Leather Products Ltd.**

Your Directors have pleasure in presenting the Twenty Ninth Annual Report of your Company along with Audited Annual Accounts for the year ended 31st March, 2014.

FINANCIAL RESULTS

The financial performance of the Company for the year ended on 31st March, 2014 is as follows:

Particulars	31.03.2014	31.03.2013
Turnover (FOB)	2,31,021,672.64	2,17,512,777.00
Other Income	10,612,583.16	6,548,945.71
Less: Total Expenditure	2,16,818,221.89	2,03,157,287.93
Profit before interest, depreciation and tax	24,816,033.91	20,904,434.78
Interest	3,522,816.18	4,258,498.61
Depreciation	3,771,248.00	3,686,426.00
Profit before Exceptional & extra -ordinary items & Tax	17,521,969.73	12,959,510.17
Less: Exceptional Item	1,732,759.85	1,116,605.00
Add/Less: Extra Ordinary Items	-	-
Profit before Tax	15,789,209.88	11,842,905.17
Less: Deferred tax	(1,019,729.00)	2,356,110.00
Less: Income tax	6,271,373.00	2,732,532.58
Net Profit/ (Loss) after Tax for the year	10,537,565.88	6,754,262.59
Profit/ (Loss) brought forward	74308524.92	7,33,73,388.33
Profit available for appropriation	84846090.80	80127650.92
<u>Appropriations:</u>		
Interim Dividend on Equity Shares for the year	2417400.00	24,17,400.00
Proposed dividend on equity shares	2417400.00	24,17,400.00
Tax on proposed dividend	840348.00	7,84,326.00
Transfer to general reserve	2,00,000.00	2,00,000.00
Balance carried forward	78970942.80	74308524.92

Previous year figures have been re-grouped and rearranged wherever considered necessary.

OPERATIONS

Currently in India, the national economy and marketplace is undergoing rapid changes and transformation. The volatility in the macroeconomic environment during the FY 2013-14 continued to cast its shadow and most of the markets where Mayur Leather operates, were impacted. Today the companies are operating in such a marketplace where the survival of the fittest is the law. Even in this environment, the Company recorded an exemplary financial performance. The major contributing factors for such all-round performance across all the geographies and industry verticals was the Company's customer-centric approach and its ability to innovate customer specific products, focus on pricing, disciplined execution of

imple x projects and the rigor in following strong internal processes. This coupled with favorable foreign exchange rate provided better profit margin.

Changing economic scenario and business conditions, evolving consumer preferences, rapid technological innovations and adoption and globalization are driving Mayur Leather to transform the manner in which they operate.

Major challenge is high inflation rate in India and shortage of Leather. This is posing a big problem as the acceptability selling price does not increase in the same ratio as compare to increase in cost of Raw Material. Especially Leather which has been increasing 15% to 25% per annum along with shortage of availability is a huge challenge. Your Company is now focused o n its core business objective i.e. growth, profitability and asset efficiency.

During the year 2012 - 13, revenue from operation increased by 3.29% as compared to year 2011-2012 and in current year we have achieved 6.21% increment as compared to previous year.

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
	Rs. 2105.80 Lacs	Rs. 60.72 Lacs	Rs. 2166.52 Lacs
2012 - 13	Rs. 2175.13 Lacs	Rs. 65.49 Lacs	Rs.2240.62Lacs
2013 - 14	Rs. 2310.22 Lacs	Rs. 106.13 Lacs	Rs.2416.35Lacs

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: European union is under recession. We are trying to stabilize out turnover and increase our customer base and product profile
b.	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.
c.	Development is on for new customers in Oman and Qatar to nullify reduction due to recession in middle east. We are also making efforts to develop addition customers in the middle east to support these efforts.
d.	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. During the year 2011-12 & 2012-13 due to recession effect on local market our local turnover was stable in both the years, it was around 1.50 crore in each year. But during the current year we achieved a target sale of 63860 Prs in domestic Market valued at Rs 3.78 Crore Approx. which is a tremendous increment in domestic sales almost 152 % as compared to Pr evious Year . Efforts are on to increase local market hence to supplement decrease in export market. However the thrust is to enter the Indian market in a big way as even in India people are moving towards safety consciousness and demand is slowly increasin g for quality safety footwear even though price expectation is a challenge. We expect to supplement the decrease in demand in Europe due to recession with increase in domestic supplies.

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 1.33. Exchange rate is difficult to predict, but it is a global phenomenon and both the exporters and the importers in Europe will have to find a solution to it. The rate of US dollar is in favors of export market it has been increased from 54.32 to 59.95 as compared to previous year.

We have also gone in for diversification. The idea is to expand business areas in same line of business and for the purpose of the same the Company intends to enter into business of Sandals/sleepers also.

RESERVES

For the period under review the Board proposes to transfer Rs 2.00 Lacs to General Reserve Account of the Company.

DIVIDEND

Your Company has always strived to maintain a balance by providing an appropriate return to the shareholders while simultaneously retaining a reasonable portion of the profit to maintain healthy financial leverage with a view to support and sustain the future growth. Company has a concerted dividend policy which ensures the availability of sufficient distributable income to its members. Your Company has paid 1 (One) interim dividend of Rs.0.50 per equity share of Rs 10/- each (i.e.5%) during the financial year ended on 31st March 2014. Board of Directors is pleased to recommend final dividend of Rs. 0.50 per equity share of Rs. 10/- each (i.e. 5%), for the year 2013-14 subject to approval of Shareholders in the Annual General Meeting.

The total outgo on account of dividend payment, including dividend tax, is Rs.56.75 Lacs.

FIXED DEPOSITS

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

CAPITAL STRUCTURE

During FY 13-14, there is no change in the capital structure of Company. The Authorised Share Capital of Company is Rs. 5.80 Crores and Paid up share Capital of Company isRs. 4.83Crores.

DIRECTORS

During the year under review, Mr. Keshav Deo Agarwal (DIN:00172149) has resigned from the directorship of the Company and ceased to be a Director of Company w.e.f. 16.07.2013. The board of directors wishes to place on record their sincere appreciation for contribution made by him, during his tenure as a Director of the Company.

Ms. Amita Poddar (DIN: 00143486), Director of the Company whose period of office is liable to retire by rotation pursuant to provisions of Company Act, 2013 and Article 39 of the Articles of Association of the Company retires by rotation at the ensuing AGM and being eligible offers herself for reappointment.

Further, Mr. Madhusudan Prasad Kejriwal(DIN: 06547411) and Mr. Madhukar Chaturvedi (DIN: 06547404) who were appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting seek your support in confirming their appointment as Independent Directors of the Company not liable to retire by rotation and to hold office for a term up to 31st March, 2019.

A brief resume and other information required under clause 49 of the listing agreement is included in the Annual Report / Notice of Annual General Meeting. The Board recommends their re-appointment.

AUDITORS

M/s. Madhukar Garg & Co., Chartered Accountants, Jaipur having FRN 000866C, the Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. It is proposed to re-appoint them to hold office from the conclusion of this AGM until the conclusion of the **third consecutive AGM**.

The company has received letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 139 of the Companies Act, 2013 and that they are not disqualified for re-appointment within the meaning of Section 141 of the said Act.

The auditors have stated that the company has transacted with the parties covered u/s 301. The directors hereby express that the transaction entered into were basically current account transactions in nature. The rate of interest and other terms & conditions are not prejudicial to the interest of company.

The delay in payment of statutory dues with Income Tax Department, as stated in Auditor's Report, is not serious in nature and was deposited with the concerned authority with interest, as applicable. Other than this, the Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

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 Compliance Certificate for the Financial Year 13-14 from M/s V. M. & Associates, Company Secretaries, Jaipur, 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.

HUMAN RESOURCE DEVELOPMENT

The Company recognizes that its employees are its principal assets and that its 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 aspirations of employees in India remain to be high. This is a challenge as only growth can fulfill these aspirations and in today's market scenarios one has to perform extraordinarily to achieve growth.

The Company has always provided a congenial atmosphere for work to all sections of the society. Your Company is committed to respect universal human rights. To that end, the Company practices and seeks to work with business associates who believe and promote these standards. The Company is committed to provide equal opportunities at all levels, safe and healthy workplaces and protecting human health and environment. The Company provides opportunities to all its employees to improve their skills and capabilities. The Company's commitment extends to its neighbouring communities to improve their educational, cultural, economic and social well-being. Your Company is an equal opportunity employer and does not discriminate on the grounds of race, religion, nationality, ethnic origin, colour, gender, age, citizenship, sexual orientation, marital status or any disability not affecting the functional requirements of the position held.

DELISTING OF EQUITY SHARES

The members have passed a special resolution in the Annual General Meeting of Company held on 10th July, 2004 permitting the Company to delist its shares from the regional stock exchanges of Delhi, Kolkata, and Ahmedabad. As on date, out of the above-stated four stock 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.

DISCLOSURE OF SUBSIDIARY AND ASSOCIATE COMPANY

The shares of "Mayur Abodes Limited" which became the subsidiary of your Company "Mayur Leather Products Limited" on 1st October, 2010, have been sold through a share sell agreement dated 10th April, 2013. Therefore, as on date "Mayur Leather Products Limited" does not have any Subsidiary Company.

However, the Company exercises significant influence (32.26%) over its Associate Company i.e. "Mayur Global Private Limited". Mayur Global Private Limited is a Footwear Manufacturing company established to fulfill the export demand of leather Footwear.

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 the requirement under Section 217(2AA) of the Companies Act, 1956 and Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, your Directors confirm that:

- 1. that in the preparation of the Annual Accounts for the Financial year 2013-2014, the applicable Accounting Standards have been followed and there are no material departures;**
- 2. that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the State of Affairs of the Company for the financial year and of the statement of profit and loss of the Company for that period.;**
- 3. that the directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate Accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;**
- 4. that the Annual Accounts are 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.

CORPORATE GOVERNANCE REPORT

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI.

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report along with the requisite Certificate from Company Secretaries in Practice, as stipulated, is annexed to this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions of section 217 (1) (e) of the Companies Act, 1956, and rules made therein, the particulars of technology absorption and foreign exchange earnings and outgo is provided as under.

(A) 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.

(B) 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.

(C) 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 slowdown, the export market of the regular products has been badly affected. This is being countered by two activities: -

- A. Re-align fresh business from existing customers with new products.
- B. Develop an Indian Market Network.

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

(Amount in Rs.)

Earning:

Export (FOB) 1609.63

Outgo:

Travelling expenses	4.54	
Claim & compensation for quality & Development	0.81	
Raw material	241.44	
Sales Commission	0.00	
Repairs & Maintenance	0.00	
Plant & machinery	5.11	
Membership Fees	1.89	
Testing fees	0.00	
Royalty	0.00	253.79

INTERNAL AUDITOR

As per Section 138 of Companies Act 2013, every Listed Company is required to appoint an Internal Auditor or a firm of Internal Auditors.

The directors are pleased to confirm the appointment of M/s. Verma Prashant & Associates, as Internal Auditors of the company.

SECRETARIAL AUDITOR

As per section 204 of Companies Act 2013, every listed company is required to annex with its Boards report, a Secretarial Audit Report which shall be issued from the financial year 2014-15 onwards which is to be given by a Company Secretary in practice.

The directors are pleased to confirm the appointment of M/s Jaks & Associates, Company Secretaries, Jaipur as Secretarial Auditor of the company.

ACKNOWLEDGEMENT

Your Directors would like to express their appreciation for assistance and co-operation received from the Bankers, Central & State Government, Local Authorities, Clients, Vendors, Advisors, Consultants and Associates at all levels for their continued guidance and support. Your Directors also wish to place on record their deep sense of appreciation for their commitment, dedication and hard work put in by every member of the Company.

To them goes the credit for the Company's achievement and to you, our shareholders we are deeply grateful for the confidence and the faith that you have always reposed in us.

For and on behalf of the Board of Directors

PLACE : JAIPUR
DATE : 30.05.2014

Sd/-
R.K. Poddar
Director
DIN:00143571

Sd/-
Amita Poddar
Director
DIN:00143486