



Khamesra Bhatia & Mehrotra
Chartered Accountants

Independent Auditor's Report

**To the Members of
Mirza International Limited.**

Report on the Financial Statement

We have audited the accompanying financial statements of **Mirza International Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

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- b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

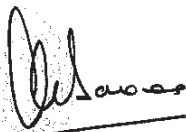
1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:
- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For Khamesra Bhatia & Mehrotra.

Chartered Accountants

FRN:001410C



Anand Saxena
(Partner)

M No. :075801

Place: Kanpur

Date:25/05/2013

The Annexure to Independent Auditors' Report

Referred to in paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements of the Our Report of even date"

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- (i) (a) The Company has maintained proper books / records to show full particulars including quantitative details and situations of its fixed assets.

(b) As explained to us, all the assets of the company have been physically verified by the management using a regular program of verification by rotation, which, in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.

(c) Fixed assets disposed off during the year were not substantial and such sale has not affected the going concern of the company.

- (ii) (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.

- (iii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has neither taken nor granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c), iii (d), iii (e), iii (f), iii (g) of the order are not applicable to the Company.

- (iv) In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit,



no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.

- (v) a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.

b) The transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act 1956 are made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
- (vii) As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) As We have broadly reviewed the books of accounts relating to materials, labour, and other items of cost maintained by the Company pursuant to the rules made by the Central Government, for the maintenance of cost records under clause (d) of subsection (1) of section 209 of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us there were no undisputed outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes except the following

| Related To | Authority where Case is pending | Financial Year | Disputed Amount remaining unpaid (Rs. in Lacs) |
|---------------------|--|---------------------------------|--|
| Entry Tax/Trade tax | Hon'ble High Court | 1999-2000 | 4.06 |
| Entry Tax/Trade tax | Hon'ble Supreme Court | 2000-2001, 2003-2004, 2004-2005 | 20.18 |
| Income Tax | Income Tax Appellate Tribunal | 2007-08 relevant to AY 2008-09 | 603.62 |
| Service Tax | Commissioner (Appeals), Central Excise & Service Tax, Kanpur | FY 2004-05 & 2005-06 | 2.77 |
| | | TOTAL | 630.63 |

- (x) The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- (xiv) According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
- (xvi) In our opinion, the term loan raised by the company during the year has been applied for the purpose for which it was raised.
- (xvii) Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds

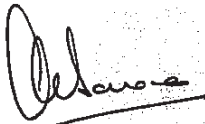
raised on short-term basis have been used for long-term investment by the Company.

- (xviii) Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
- (xix) The Company has no outstanding debentures during the period under audit.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For Khamesra Bhatia & Mehrotra.

Chartered Accountants

FRN:001410C



Anand Saxena
(Partner)

M.No. :075801

Place: Kanpur

Date: May 25, 2013

MIRZA INTERNATIONAL LIMITED
 Regd. Office : 14/6, CIVIL LINES, KANPUR
AUDITED FINANCIAL RESULTS FOR THE QUARTER/YEAR ENDED 31ST MARCH, 2013

PART I

(Rs. In Lacs)

| Particulars | Quarter Ended on | | | Year Ended | |
|--|------------------|-----------------|-----------------|-----------------|-----------------|
| | 31.03.2013 | 31.12.2012 | 31.03.2012 | 31.03.2013 | 31.03.2012 |
| | (Audited) | (Un-audited) | (Audited) | (Audited) | (Audited) |
| 1 Income from operations | | | | | |
| a) Net Sales/Income from Operations (Net of excise duty) | 15781.72 | 16736.07 | 12836.49 | 63390.22 | 55315.10 |
| b) Other Operating Income | 9.36 | 16.11 | 19.92 | 32.82 | 31.69 |
| Total Income from operations (net) | 15791.10 | 16752.18 | 12856.41 | 63413.04 | 55346.79 |
| 2 Expenses | | | | | |
| a) Cost of material consumed | 4823.28 | 6676.43 | 5733.14 | 22902.62 | 21391.15 |
| b) Purchases of stock-in-trade | 4179.26 | 3433.32 | 3010.67 | 15298.26 | 13240.56 |
| c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 429.47 | (303.41) | (1336.02) | (1182.35) | (1813.10) |
| d) Employees benefit expenses | 863.72 | 850.62 | 791.69 | 3286.57 | 2863.46 |
| e) Exchange (gain)/loss | (652.75) | (481.86) | 24.14 | (960.24) | (337.72) |
| f) Depreciation and amortisation expenses | 509.24 | 501.88 | 385.89 | 1991.67 | 1526.96 |
| g) Other expenses | 3229.59 | 3174.27 | 2978.93 | 12480.31 | 11201.22 |
| Total expenses | 13381.81 | 13851.23 | 11588.44 | 53816.84 | 48092.53 |
| Profit from Operations before Other Income, finance cost and Exceptional Items (1-2) | 2409.29 | 2900.95 | 1267.97 | 9596.20 | 7254.26 |
| 4 Other Income | | | | | |
| 5 Profit from ordinary activities before finance costs and and Exceptional Items (3+4) | 2409.29 | 2900.95 | 1267.97 | 9596.20 | 7254.26 |
| 6 Finance costs | 736.28 | 849.43 | 650.48 | 3157.09 | 2719.51 |
| 7 Profit from ordinary activities after finance costs but before Exceptional Item(5-6) | 1673.01 | 2051.52 | 617.49 | 6439.11 | 4534.75 |
| 8 Exceptional Items | | | | | |
| 9 Profit (+) / Loss (-) from Ordinary Activities before tax (7+8) | 1673.01 | 2051.52 | 617.49 | 6439.11 | 4534.75 |
| 10 Tax expenses | 555.75 | 631.00 | 208.96 | 2094.76 | 1514.96 |
| 11 Net Profit (+) / Loss (-) from Ordinary Activities after tax (9-10) | 1117.26 | 1420.52 | 408.53 | 4344.35 | 3019.79 |
| 12 Extraordinary Item (Net of Tax expense Rs.) | | | | | 511.22 |
| Prior Year Adjustment | | | | | |
| 13 Net Profit (+) / Loss (-) for the period (11-12) | 1117.26 | 1420.52 | 408.53 | 4344.35 | 3531.01 |
| 14 Paid-up equity share capital (Face Value of Rs. 2/- per Share) | 1854.12 | 1854.12 | 1854.12 | 1854.12 | 1854.12 |
| 15 Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year) | | | | 23277.71 | 18826.48 |
| 16.i Earning Per Share (before extraordinary items) | | | | | |
| (of Rs. 2 /- each) (not annualised) : | | | | | |
| (a) Basic | 1.21 | 1.53 | 0.44 | 4.69 | 3.26 |
| (b) Diluted | 1.21 | 1.53 | 0.44 | 4.69 | 3.26 |
| 16.ii Earning Per Share (after extraordinary items) | | | | | |
| (of Rs. 2 /- each) (not annualised) : | | | | | |
| (a) Basic | 1.21 | 1.53 | 0.44 | 4.69 | 3.81 |
| (b) Diluted | 1.21 | 1.53 | 0.44 | 4.69 | 3.81 |

PART II Select Information for the Quarter & Year ended 31st March, 2013

| PARTICULARS OF SHAREHOLDING | Quarter Ended on | | | Year Ended | |
|--|------------------|------------|------------|------------|------------|
| | 31.03.2013 | 31.12.2012 | 31.03.2012 | 31.03.2013 | 31.03.2012 |
| 1 Public Shareholding | | | | | |
| - Number of shares | 31550019 | 31550019 | 31550019 | 31550019 | 31550019 |
| - Percentage of shareholding | 34.03 | 34.03 | 34.03 | 34.03 | 34.03 |
| 2 Promoters and promoter group Shareholding | | | | | |
| a) Pledged / Encumbered | | | | | |
| - Number of shares | | | | | |
| - Percentage of shares (as a % of the total shareholding of promoter and promoter group) | | | | | |
| - Percentage of shares (as a % of the total share capital of the Company) | | | | | |
| b) Non-encumbered | | | | | |
| - Number of shares | 61155981 | 61155981 | 61155981 | 61155981 | 61155981 |
| - Percentage of shares (as a % of the total shareholding of promoter and promoter group) | 100 | 100 | 100 | 100 | 100 |
| - Percentage of shares (as a % of the total share capital of the Company) | 65.97 | 65.97 | 65.97 | 65.97 | 65.97 |

| PARTICULARS | Quarter ended 31/03/2013 |
|--|-----------------------------|
| INVESTOR COMPLAINTS | |
| Pending at the beginning of the quarter | 0 |
| Received during the quarter | 18 |
| Disposed of during the quarter | 18 |
| Remaining unsolved at the end of the quarter | 0 |

| Segment wise (primary) Revenue Results and Capital Employed | 3 Months ended | | | Year Ended | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 31.03.2013 | 31.12.2012 | 31.03.2012 | 31.03.2013 | 31.03.2012 |
| Particulars | | | | | |
| Segment Revenue | | | | | |
| Shoes | 14527.38 | 14357.27 | 11179.16 | 55731.31 | 49114.77 |
| Leather | 3702.55 | 4603.07 | 2905.90 | 16952.67 | 14403.00 |
| Others | 9.38 | 16.11 | 17.17 | 32.82 | 28.94 |
| Total | 18239.31 | 18976.45 | 14102.23 | 72716.80 | 63546.71 |
| Less : Inter Segment Revenue | 2448.21 | 2224.27 | 1245.82 | 9303.76 | 8199.92 |
| Income from Operations | 15791.10 | 16752.18 | 12856.41 | 63413.04 | 55346.79 |
| Segment Results (Profit before interest & tax) | | | | | |
| Shoes | 3025.38 | 3230.65 | 2091.26 | 11674.57 | 9627.73 |
| Leather | 18.14 | 19.24 | 31.97 | 195.01 | 164.24 |
| Others | 9.39 | 16.11 | 17.17 | 32.83 | 28.94 |
| Total | 3052.91 | 3266.00 | 2140.40 | 11902.41 | 9820.91 |
| Less: Interest | 736.28 | 849.43 | 650.48 | 3157.09 | 2719.51 |
| - Unallocable expenditure net of other unallocable income | 643.63 | 365.05 | 872.43 | 2306.21 | 2566.65 |
| Total Profit/(Loss) Before Tax | 1673.01 | 2051.52 | 617.49 | 6439.11 | 4534.75 |
| Capital Employed (Segment assets less segment liabilities) | | | | | |
| Shoes | 20207.57 | 19116.56 | 15407.69 | 20207.57 | 15407.69 |
| Leather | 4474.76 | 4419.61 | 4318.46 | 4474.76 | 4318.46 |
| Others | 449.49 | 446.27 | 954.45 | 449.49 | 954.45 |
| Total Capital Employed In segments | 25131.82 | 23982.44 | 20680.60 | 25131.82 | 20680.60 |

BALANCE SHEET

Disclosure of Balance Sheet Items as required under Clause 41 of the Listing Agreement is as under :

| Particulars | As at | As at |
|-------------------------------------|-------------------|-------------------|
| | 31.03.2013 | 31.03.2012 |
| | (Audited) | (Audited) |
| EQUITY AND LIABILITIES | | |
| Shareholders' Fund | | |
| a) Share Capital | 185412000 | 185412000 |
| b) Reserves & Surplus | 2327770623 | 1882647844 |
| Sub-total-shareholders' fund | 2513182623 | 2068059844 |

| | | |
|--|-------------------|-------------------|
| Non-current liabilities | | |
| a) Long-term Borrowings | 503817959 | 458567765 |
| b) Deferred tax liabilities (Net) | 189793000 | 182993000 |
| c) Other long-term liabilities | 20280267 | 17283707 |
| d) Long-term provisions | 48257363 | 43437575 |
| Sub-total Non-current liabilities | 762148589 | 702282047 |
| Current liabilities | | |
| a) Short-term borrowings | 1040244858 | 1023980170 |
| b) Trade payables | 484988566 | 344409762 |
| c) Other current liabilities | 183163449 | 378099154 |
| d) Short-term provisions | 75830052 | 70830025 |
| Sub-total-Current liabilities | 1784206925 | 1817319111 |
| TOTAL - EQUITY AND LIABILITIES | 5059538137 | 4597661002 |

B ASSETS

| | | | |
|---|--------------------------------------|-------------------|-------------------|
| 1 | Non-current assets | | |
| | (a) Fixed Assets | | |
| | Gross Block | 3710635273 | 3259566627 |
| | Less: Depreciation | 1194402311 | 1011691902 |
| | Net Block | 2516232962 | 2247874725 |
| | Capital Work in Progress | 298363665 | 165191189 |
| | | 6973808 | 6973808 |
| | (b) Non-current investments | 47065167 | 63243186 |
| | (c) Long term loans and advances | | |
| | Sub-total- non-current assets | 2868635602 | 2483282908 |
| 2 | Current assets | | |
| | (a) Inventories | 1382963474 | 1274471925 |
| | (b) Trade Receivables | 325479290 | 369638982 |
| | (c) Cash and cash equivalents | 38682121 | 119725126 |
| | (d) Short term loans and advances | 16562581 | 45387970 |
| | (e) Other current assets | 427215068 | 295154091 |
| | Sub-total- current assets | 2190902535 | 2104378094 |
| | TOTAL- ASSETS | 5059538137 | 4587661002 |

NOTES :

- The above financial results have been reviewed and recommended by the Audit Committee and subsequently approved by the Board of Directors at their meeting held on 25th May, 2013.
- Figures for the previous period/year have been regrouped to confirm to Schedule VI (as amended) of The Companies Act, 1956.
- Figures for the quarter ended 31st March 2013 are the balancing figure between audited figures for the full financial year and the year to date figures up to the third Quarter of the current financial year after regrouping.
- The Board of Directors have recommended Dividend @ 25% (Re 0.50 per share) on the Equity Share Capital for the financial year ended, 31st March 2013. (Previous Year – Re 0.50 per Equity share of Rs. 2/- each i. e. 25%).

ON BEHALF OF THE BOARD OF DIRECTORS


CHAIRMAN

Place : KANPUR
Date : 25TH May, 2013