

# **SEAX LEATHER EXPORTS LIMITED**

**ELEVENTH ANNUAL REPORT  
2005**

**REGISTERED OFFICE**  
M.N.O. Complex, No. 81, Greams Road  
Chennai - 600 006.

**SEAX LEATHER EXPORTS LIMITED****Contents**

<b>Notice</b>	<b>4</b>
<b>Director's Report</b>	<b>9</b>
<b>Corporate Governance</b>	<b>11</b>
<b>Auditor's Report</b>	<b>17</b>
<b>Balance Sheet</b>	<b>20</b>
<b>Profit &amp; Loss Account</b>	<b>21</b>
<b>Schedules</b>	<b>22</b>
<b>Balance Sheet Abstract</b>	<b>28</b>
<b>Cash Flow Statement</b>	<b>29</b>

**BOARD OF DIRECTORS**

Mr. K. SHIRAJ  
Chairman

Mr. KAZIM ALI  
Whole Time Director

Mrs. TAJ SULTANA

Mr. D. SRINIVASAN

**AUDITORS**

Mr. N. SUBRAMANIAN  
Chartered Accountant  
81, MNO Complex,  
Greams Road,  
Chennai - 600 006.

**BANKERS**

IDBI BANK  
Greams Road  
Chennai - 600 006.

**REGISTERED OFFICE**

M.N.O. Complex  
No. 81, Greams Road  
Chennai - 600 006.  
Web site : www.seaxlexpo.net

**REGISTRARS**

CAMEO CORPORATE SERVICES LTD  
"Subramanian Building",  
1, Club House Road,  
Chennai - 600 002.

**SEAX LEATHER EXPORTS LIMITED****NOTICE**

NOTICE is hereby given that the 11th Annual General Meeting of the members of the company will be held on Monday, the 27<sup>st</sup> Day of March 2006 at Asha Nivas, 9 Rutland Gate, 5th Street, Chennai - 600 006 at 11 A.M to transact the following business:-

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Balance Sheet for the year ended 31<sup>st</sup> December 2005 the Profit & Loss Account as on that date and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr.D. Srinivasan who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mrs. Taj Sultana, who retires by rotation, and being eligible offers herself for re-appointment.
4. To appoint auditor and to fix his remuneration.

**SPECIAL BUSINESS**

5. To consider and, if thought fit to pass, with or without modifications, the following resolution as an Ordinary Resolution.

RESOLVED THAT Mr. V. Meenakshi Sundaram, be and is hereby appointed as Director of the Company, whose period of office shall be subject to retirement by rotation.

**CHANGE OF NAME**

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT, pursuant to the provisions of Section 21 and all other applicable provisions, if any, of the Companies Act, 1956 (including and statutory modification and reenactment thereof for the time being in force) and

subject to approval of the Central Government through Registrar of Companies, Chennai the name of the Company be changed from "SEAX LEATHER EXPORTS LIMITED" to SEAX GLOBAL VENTURES LIMITED"

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to sign applications, papers, documents and do all such acts, deeds and things as may be required to give effect to this resolution and to make alteration in the Memorandum & Articles of Association of the Company."

**ALTERATION OF ARTICLES OF ASSOCIATION**

7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution.

"RESOLVED THAT Pursuant to Section 31 and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the existing regulation numbers 1 to 81 of Articles of Association of the company be and are hereby deleted and new Regulation numbers 1 to 289 be inserted in its place as per the revised Articles of Association placed before the shareholders at the time of General meeting and available for inspection as given in the Explanatory Statement annexed hereto."

Further Resolved That the Board of directors of the Company be and are hereby authorized to make necessary alterations/modification in the Articles of Association and generally to do all acts deed and things in order to give effect to the above resolution.

**POWER TO HYPOTHECATE THE PROPERTIES OF THE COMPANY**

8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

**SEAX LEATHER EXPORTS LIMITED**

“RESOLVED THAT pursuant to Section 293 (1)(a) and other applicable provisions of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to pledge, hypothecate, mortgage, lease, on such terms and conditions and at such time or times and in such form or manner as it may think fit either the whole or substantially the whole or any one or more of the Company's immovable properties/undertakings or all its undertakings or major division forming a part of whole undertaking including the present and future properties/assets thereto to any other body corporate whether the same be its own subsidiary or otherwise, for securing the company's borrowings up to an extent of Rs.100.00 crores (Rupees one hundred crores only)”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to appoint a director or directors or committee of directors as they think fit to finalize and execute the above sale or lease and grant power to execute any documents/deeds/papers and writings and to do all such acts, deeds and things as may be necessary or expedient for implementing the same.”

**BORROWING POWERS**

9. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 293 1(d) of the Companies Act, 1956 the Company hereby accords its consent to the Board of Directors, to borrow money from banks and other persons, firms, bodies corporate or financial institutions, whether by way of cash credit, advance or deposits, loans or bill discounting or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Companies assets and properties whether

movable or immovable and all or any of the undertakings of the Company, notwithstanding that the money to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from Companies bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided, however, that the total amount of monies so borrowed and outstanding shall not, at any time, exceed the sum of Rs.100.00 crores (Rupees one hundred crores).”

**APPOINTMENT OF MANAGING DIRECTOR**

10. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:

a) “RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. K. Shiraj, Director be and is hereby appointed as the Managing Director of the Company for a period of Five years with effect from 01.04.2006, on a remuneration of not exceeding a sum of Rs. 75,000/- per month (inclusive of all allowances and Perquisites) as approved by the remuneration committee.”

b) “FURTHER RESOLVED THAT the authority be and is hereby granted to the Board of Directors/Remuneration Committee to alter and vary the terms including the amount of remuneration and commission as also the type and amount of perquisites and other benefits payable to Mr. K. Shiraj, in such manner as may be agreed to between the Board of Directors and Mr. K. Shiraj provided, however, that the remuneration payable to him shall not exceed the

**SEAX LEATHER EXPORTS LIMITED**

limits specified above as also the limits prescribed under Schedule XIII to the Companies Act, 1956, including any amendment, modification, variation or re-enactment thereof."

- c) "RESOLVED FURTHER THAT in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of Mr. K. Shiraj, the remuneration payable to him by way of salary, allowances, commission and perquisites shall not, without the approval of Central Government (if required), exceed the limits prescribed under the Companies Act, 1956, or any amendment, modification, variation or re-enactment thereof."
- d) "RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its power herein conferred to any committee of directors or director(s) to give effect to the aforesaid resolutions."

**POWER TO INVEST**

11. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution:

"Resolved That pursuant to the provisions of Section 372A and any other applicable provisions, if any, of the Companies Act, 1956 or of any other law for the time being in force, the Board of Directors of the Company, be and is hereby authorised to make investments in excess of 60% of the paid up share capital and free reserves of the Company or 100% of the free reserves of the Company whichever is more prescribed under Section 372A in all Bodies Corporate whether subsidiary or not and whether in India or abroad, as they may, in their absolute discretion deem beneficial

and in the interest of the Company, upto an aggregate amount of Rs.10 crores.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be deemed expedient and necessary to give effect to this resolution."

By order of the Board  
For Seax Leather Exports Limited

Place: Chennai

Date: 23.02.2006

Director

**NOTES:**

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- The relevant explanatory statements pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under item nos 5 to 10 are enclosed herewith.
- Members are requested to notify immediately their change of address, if any, quoting their folio numbers to the Registered office of the company at No. 81, MNO Complex, Greaves Road, Chennai 600 006.
- The Register of Members and the Share Transfer Books will remain closed from March 16th 2006 to March 27th 2006 (Both days inclusive).
- Information pursuant to Clause 49 of the Listing Agreement for appointment/re-appointment of Directors:

**SEAX LEATHER EXPORTS LIMITED****Re-appointment of Directors retiring by rotation:****1. Mr. D. Srinivasan:**

Mr. D. Srinivasan aged 42 years, is a B.A. Graduate and has about 15 years experience in the leather industry. His organizational skills have contributed to the growth of the company. He is a member of the Audit Committee, Remuneration Committee and Shareholders/ Investors Grievance and Share Transfer Committee. He does not hold any shares in M/s. Seax Leather Exports Ltd.

**2. Mrs. Taj Sultana:**

Mrs. Taj Sultana aged 38 years is a B.Sc Graduate. She was appointed as Director with effect from 1.7.2002. She is a member of the Audit Committee and Shareholders / Investors Grievance and Share Transfer Committee. She does not hold any shares in M/s. Seax Leather Exports Ltd.

**Appointment of Directors:****1. Mr. V. Meenakshi Sundaram:**

Mr. V. Meenakshi Sundaram, B.Com, C.A, aged 35 years has rich and wide accounting and management experience. He does not hold any shares in M/s. Seax Leather Exports Ltd. He holds directorship as an independent director of Saag RR Ltd. He is a member of the Audit Committee and Remuneration Committee in that Company.

**2. Mr. K. Shiraj as Managing Director:**

Mr. K. Shiraj, aged 46 years an arts graduate, has over two decades of experience in leather processing and other related activates and export of leather products. Being the promoter of the company, he has contributed to the growth of the company with his rich and varied experience. He does not hold any directorships in other companies.

**ITEM NO. 5**

The Company has received a Notice dated 20.02.2006 from a member, pursuant to the provisions of section 257 of the Companies Act, 1956 signifying his intention to propose the name of Mr. V. Meenakshi Sundaram as Director of the company along with a deposit of Rs.500/-

Mr. V. Meenakshi Sundaram, B. Com, C.A, aged 35 years has rich and wide accounting and management experience.

The resolution in Item No.5 is being placed before the shareholders for approval.

None of the directors is interested or concerned in the above resolution.

**ITEM NO. 6**

The Company's present main object is to carry on the business of buying, selling and dealing in all types of leather, leather products of all description. Since the existing business carried on by the company has not shown an increasing trend due to global recession in the leather industry, the Board of Directors of your Company have proposed to carry on the business of fabricating, Importing, Exporting and Dealing in, apart from leather related products, all kinds of Goods, Commodities, Merchandise, Articles, instruments, iron & Steel, textile, Plant & Machinery and Capital Equipments etc., Further, the company has already started getting enquiries from various clients for carrying out the aforesaid activities.

Since the company's present name reflects the objects of the company in a narrow manner and since your company's name doesn't suit for the proposed activities to be carried on by the company, your Board of Directors proposes to Change the name of the Company from "SEAX LEATHER EXPORTS LIMITED" to SEAX GLOBAL VENTURES LIMITED."

The Company has already got the above name approved by the Registrar of Companies, Chennai Vide their letter no NA/CN/515/STAT/2006 Dated 08.02.2006.

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



**SEAX LEATHER EXPORTS LIMITED**

Since the Change of Name of Company requires the approval of the shareholder in General Meeting the Board recommends the above resolution to be passed as a Special Resolution.

None of the Directors is concerned or interested in the resolution.

**ITEM NO. 7**

Since, the regulations contained in the existing Articles of Association of the Company is not up-to-date, the board of directors have decided to delete the entire Articles of Association of the Company and to include a new set of updated Regulations.

The Existing Articles of Association as on date along with the proposed amendments are available for inspection during business hours on all working days at the Registered office of the company till the date of 11th AGM.

None of the Directors is concerned or interested in the resolution.

**ITEM NO. 8 & 9**

The resolutions in Item No.8 & 9 are being put forth before the share holder so as to enable the Board of directors to Borrow/ obtain financial assistance from Banks, Financial Institutions or any other Government, Semi-Government, other Bodies Corporate or from any other persons and to mortgage, hypothecate, pledge and/or lease the properties, movable or immovable properties of the company for the purpose of obtaining the financial assistance from the aforesaid persons.

None of the directors is interested or concerned in the above resolution.

**ITEM NO. 10**

The rapid increase in the volume of business of the company and its complexity has made the managing the affairs of the company extremely important and vital. Hence the Board of directors have decided to appoint Mr. K. Shiraj as the

Managing Director of the Company w.e.f 01.04.2006, for a period of 5 years on a remuneration of not exceeding a sum of Rs.75,000/- per month (inclusive of all allowances and Perquisites) as approved by the remuneration committee, in order to look after the day to day management of the company after recognising the valuable contribution made by him as Director, his extensive experience and expertise in Exim & Leather Market and also the additional responsibilities shouldered by him.

This shall be treated as an abstract of the terms of the above reappointment pursuant to Section 302 of the Companies Act, 1956.

None of the directors is interested or concerned in the above resolution except Mr. K. Shiraj, Mrs. Taj Sultana & Mr. Kazim Ali.

**ITEM NO. 11**

Your company proposes to enter trading activities in overseas countries, and the board felt that the company may, in future, set up subsidiaries and / or special purpose vehicle companies in abroad, for marketing the products dealt with by the company as well as for the overall supervision of the activities of the company in abroad, which will result in investing in the shares of foreign bodies corporate. Section 372 A of the Companies Act, 1956 requires the prior consent of the members by a Special Resolution when the aggregate of the loans and investments and the amounts for which guarantee or securities so far provided to or in all other bodies corporate, along with the investment, loan, guarantee or security proposed to be made or given by the Board, exceeds the permissible limits as allowed under the above referred section. Since the proposed investment will exceed the limits prescribed under Section 372 A of the Companies Act, 1956 consent of the Members is sought for the above resolution.

None of the Directors are concerned or interested in the above resolution.

**SEAX LEATHER EXPORTS LIMITED****DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Eleventh Annual Report of your company along with the Audited Statement of Accounts for the Financial year ended December 31, 2005.

**FINANCIAL RESULTS:**

The Financial Results of the Company are briefly indicated below:

	(Rs. In Lakhs)	
	Year ended 31.12.2005	Year ended 31.12.2004
Net Sales	670.86	125.06
Other Income	7.12	3.54
Profit before Depreciation & Non-cash Expenses	86.31	29.03
Depreciation	34.50	36.59
Net Profit/(Loss) for the year	67.98	1.39

**REVIEW OF OPERATIONS:**

The Company's core products of dealing in Leather and Leather products have come down during the year and the company's focus is shifted to the trading in other consumer and infrastructure products. The Sales Turnover during the year 2005 increased by 436% as compared to previous year mainly on account of trading activities undertaken in other products. This contributed substantially to absorb the mounting overheads, and also reduced the accumulated losses to a great extent. The Company withdrawn its investments due to losses of Rs. 35.45 lakhs incurred during the year and deployed the funds in trading in other items to earn more income, which started showing positive results. The Company is confident of wiping out the losses during the next financial year.

**DIVIDEND**

In view of the insufficiency of the Profits earned by the company during the year, your Directors have not recommended any dividend on the Equity Shares.

**DEPOSITS**

Your company has not accepted any Deposits from public during the year under review.

**DIRECTORS**

Mr. D. Srinivasan and Mrs. Taj Sultana retire by rotation at the ensuing Eleventh Annual General Meeting and being eligible offer himself/herself for re-appointment.

Mr. Peethala Venkata Nageshwara Rao resigned from the Board on 23.2.2006. The Board places on record the valuable services rendered by him during his tenure. The proposal to appoint Mr. V. Meenakshi Sundaram as Director under Section 257 of the Companies Act, 1956 is placed at the Annual General Meeting.

The resolution for appointment of Mr. K. Shiraj, as Managing Director, is proposed to be placed at the ensuing 11<sup>th</sup> AGM.

**DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors confirm:

- that in the preparation of final accounts, the applicable accounting standards had been followed for the year ended 31st December 2005 along with proper explanation relating to material departures;



**SEAX LEATHER EXPORTS LIMITED**

- ii) that they had selected such accounting policies and applied them consistently and made judgements 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 2005 and of the profit or loss of the company for that period;
- iii) that they had 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;
- iv) that they had prepared the annual accounts for the year 2005 on a going concern basis.

**CORPORATE GOVERNANCE**

As a listed Company, necessary measures are taken to comply with the listing agreements with stock exchanges. A Report on Corporate Governance, alongwith certificate of Compliance from the Auditor and Management Discussion and Analysis Report forms Annexure to this report.

**CONSERVATION OF ENERGY/ RESEARCH AND DEVELOPMENT/TECHNOLOGY ABSORPTION**

Your Company has not carried on any activity relating to Research and Development during the year under review. The technology followed by the Company is well established in the Indian Leather Industry and hence the absorption of technology does not arise. There is no information to be provided for usage of power or action taken for reduction of power consumption as the activities are not power oriented.

**FOREIGN EXCHANGE EARNINGS & OUTGO**

Your company had not incurred any expenditure nor earned any income in foreign exchange during the year under review.

**EMPLOYEES**

During the year no employee of the company received remuneration in excess of the limits fixed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

**AUDITOR**

Mr. N. Subramanian, Chartered Accountant, Chennai, Auditor of the Company retires at the ensuing Annual General Meeting and had confirmed his eligibility for re-appointment.

**ACKNOWLEDGEMENT**

Your Directors place on record the valuable assistance extended by all the employees of the Company and various department and agencies of Central and State Governments during the year under review without which all round growth and prosperity of the Company could not have been possible.

On behalf of the Board  
FOR SEAX LEATHER EXPORTS LIMITED

Place: Chennai  
Date: 23.02.2006

**K. SHIRAJ**  
Chairman