



MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DIV	NA
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

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**STIEFEL UND SCHUH
(INDIA) LIMITED**

ANNUAL REPORT 96-97

Annual Report 1996-97

Chairman

DR. ERICH GUTMANN

Vice Chairman

SRI PURNENDU GUPTA

Managing Director

SRI SAMDEV DASGUPTA

Director

Ms. BRIGITTE STOCKMANN

Bankers

DEUTSCHE BANK
ORIENTAL BANK OF COMMERCE
STATE BANK OF INDIA

Auditors

DELOITTE HASKINS & SELLS

Registered Office

STIEFEL HOUSE
P15 KASBA INDUSTRIAL ESTATE
PHASE-I, E.M. BYE PASS
CALCUTTA - 700 078

Annual Report 1996-97

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Third Annual General Meeting of the Company will be held on Wednesday the 10th day of June 1998 at 11 a.m. at "STIEFEL HOUSE", P15 KASBA INDUSTRIAL ESTATE, PHASE-I E.M. BYE PASS, CALCUTTA 700 078 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 1997 and the Balance Sheet as on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. ERICH GUTMANN who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

To consider, and if thought fit to pass with or without modification the following resolutions as Ordinary Resolutions.

4. RESOLVED that Sri Tapas Sengupta be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.
5. RESOLVED that the Company hereby accords its approval to the appointment and remuneration payable to Sri Tapas Sengupta as a wholetime Director designated Technical Director of the Company for a period of 5 years w.e.f. 10th June 1998 upon terms and conditions contained in the agreement to be entered into by the Company with Sri Sengupta, a draft of which is placed before the meeting and initialled by the Chairman for the purpose of identification.

Dated : 16th February, 1998

Registered Office :

"STIEFEL HOUSE"

P15, Kasba Industrial Estate
Phase - I, Calcutta-700078

By Order of the Board of Directors

Samdev Dasgupta
Managing Director

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. **A Proxy need not be a member of the Company.** A blank form of proxy is enclosed and if intended to be used, must be received at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is annexed.

Annual Report 1996-97

EXPLANATORY STATEMENT

ITEM NO. 4 & 5

The Board of Directors of the Company [Board] is of the opinion that with the increase of the operations of the Company, it would be desirable to appoint a Director who would be in charge of the technical functions of the Company. With this end in view the Board recommends the appointment of Sri Tapas Sengupta as a Technical Director of the Company. Sri Sengupta is an expert in footwear technology and has considerable experience of 25 years in the business. Your Company has received a Notice from a member in terms of Section 257 of the Companies Act, 1956 (the Act) signifying his intention to propose the appointment of Sri Sengupta as a Director of your Company. Sri Sengupta is willing to act as a Director of the Company if so appointed and has filed with your Company his consent pursuant to section 264 (I) of the Act.

Sri Sengupta is proposed to be appointed as a Technical Director upon terms and conditions contained in the draft agreement to be entered into by the Company with Sri Sengupta subject to the approval of the members of the Company.

The principal terms and conditions contained in the aforesaid agreement are as follows :

- a) The appointment will be for a period of 5 years.
- b) He will be the Technical Director and incharge of production and development of the footwear business.
- c) His monthly remuneration will be as follows :
 - i) 1st year Rs. 30,000/-
 - ii) 2nd year Rs. 30,000/-

Thereafter, the Board may decide to increase the salary by not exceeding Rs. 10,000/- for each subsequent year.

Perquisites :

Commission : 1% of the Net Profits subject to the limit of Rs. 5,00,000/- in a year may be paid to Sri Sengupta at the discretion of the Board.

House Rent Allowance : 50% of the Basic Salary or actual rent paid by Sri Sengupta or Rs. 15,000/- per month whichever is lower.

Leave Travel Allowance : To & Fro Air Ticket for Sri Sengupta and his spouse in Economy Class (Excursion) to any one place in the world by a shortest possible route. Hotel charges be paid subject to one month's salary.

Medical Reimbursement : Actual expenses incurred by Sri Sengupta and his spouse subject to the limit of one month's salary in a year or three months salary over a period of three year.

Gratuity : Payable at a rate not exceeding half a month's salary for each completed year of service.

Leave encashment : One month basic salary and the encashment of leave at the end of the tenure.

The aggregate of the salary, gratuity, leave encashment and all other perquisites shall not exceed the limits specified in Section 198 and 309 of the Act.

In the event of inadequacy of profit of the Company in any financial year during the period of appointment of Sri Sengupta shall be entitled to receive/enjoy the aforesaid salary and perquisites (but no commission).

Sri Sengupta will not receive any sitting fees for attending the meetings of the Board or any Committee thereof.

The Agreement also sets out mutual rights and obligations of the parties.

The appointment and remuneration of Sri Sengupta as a Technical Director of the Company requires the approval of the members of the Company in General Meeting in terms of Part III of Schedule XIII of the Act and the remuneration payable also requires the approval of the Company in the General Meeting under Section 309 of the Act.

The appointment of Sri Sengupta on the terms proposed satisfies the conditions laid down in Part I and II and Clause I of Part III of Schedule XIII of the Act and the return in the prescribed form (along with certificate under Clause II of Part III of Schedule XIII of the Act) under section 269(2) will be duly filed with Registrar of Companies, West Bengal.

Your Directors consider that the appointment of Sri Sengupta will be to the interest of the Company and accordingly recommend acceptance of the Resolutions set out in item Nos. 4 & 5 of the convening Notice.

A copy of the draft agreement referred to in the resolution will be available for inspection by the members of the Company at its Registered Office on any working day except Saturday prior to the date of meeting between 11 a.m. to 2 p.m. and will also be available at the meeting.

No Director is interested in the Resolutions.

Annual Report 1996-97

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in submitting the Third Annual Report for the period ended 31st March, 1997 together with the Audited Accounts for the said period.

1. OPERATIONS

The Deferred Payment Guarantee which was reissued by the Company's Banker could not be made effective in spite of best effort made by the Company. Ultimately the Deferred Payment Guarantee was cancelled and the concerned machinery could not be imported. As a result the Company faced heavy losses. The Company has lodged a suit before the High Court, Calcutta against UTI Bank Limited claiming compensation and damages of Rs.2112.31 lakhs. The matter is pending before the Hon'ble High Court, Calcutta.

Since, the Company was not manufacturing shoes owing to machinery not being available as per projections, the company from its international contact procured orders for manufacture and deliver of Software and Hardware. The Company had confirmed L/C earmarked by Reserve Bank of India in this respect. Till now the company has not received any payment. The Company has again filed a claim of compensation for a sum of Rs. 4,56,99,990/- The case is pending before the Hon'ble High Court in Calcutta.

However, the Management has now been able to organise the machinery from its own source. The Management has also been able to install the same and started the production for various companies like BATA India Limited, Raymond etc. for domestic and export purposes. Quality of shoes manufactured by the Company has been accepted by the buyers and the Company has started production of various shoes for execution of orders. The Company is confident to reach the desired target level by 2000.

2. FINANCIAL RESULTS

	31.3.97 Rs. (in lakhs)	31.3.96 Rs.(in lakhs)
Turnover	945.12	597.15
Profit before Taxes	300.32	17.11
Prior period adjustments (Net)	(299.30)	-
Provision for Taxation	.41	-
Profit after Taxes	.61	17.11
The amount available for appropriation is	.61	17.11
The appropriations are as follows :		
Transferred to General Reserve	61	17.11

Annual Report 1996-97

3. DIVIDEND

Owing to inadequacy of profit, your Directors are unable to recommend any dividend for the year.

4. DIRECTORS

In accordance with Article 86 of the Articles of Association of the Company, Dr. Erich Gutmann retires by rotation and being eligible offers himself for reappointment.

It is proposed to appoint Sri Tapas Sengupta as Director of the Company at the forthcoming Annual General Meeting. Necessary Notice has been received from a member under Section 257 of the Companies Act, 1956 signifying his intention for appointment of Sri Tapas Sengupta as a Director of the Company.

5. AUDITORS' REPORT

The Auditors comments on the Audited Accounts have been appropriately explained in Schedule Number J forming part of the Accounts.

6. ANNEXURE TO THE DIRECTORS' REPORT COVERING INFORMATION U/S 217 OF THE COMPANIES ACT, 1956 :

Particulars required to be furnished as per Section 217(1) (e) of the Act, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of this report are set out in Annexure 'A'. Details as required under Section 217 (2A) of the Companies Act, 1956 read with The Companies (Particulars of Employees) Rules, 1975 are set out in Annexure 'B'.

7. AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants retire as Auditors and being eligible offer themselves for reappointment.

8. ACKNOWLEDGEMENTS

The Board gratefully acknowledge the support given by the various Government Agencies, clients and staff members of the Company.

Calcutta :
16th February, 1998

By order of the Board

Purnendu Gupta
Vice Chairman

Samdev Dasgupta
Managing Director

Annual Report 1996-97**ANNEXURE 'A'****FORM -- A**

The Provisions relating to the conservation of Energy and Technology Absorption do not apply to the Company.

FORM -- B**RESEARCH AND DEVELOPMENT :**

- i) Specific areas - Products are developed in accordance with international market requirements. This involves fashion research and product component development as per international specification.
- ii) Benefits derived - The Company will be able to compete in the international market and will be in a position to procure export orders.
- iii) Future plan of action :
 - a) Development of production as per different importing Country's requirements.
 - b) Selection of suitable outlets (agents, importers, retailers etc.) for marketing of our product.
 - c) Gradual development of export countries to increase the volume of turnover.
 - d) Total expenditure on Research & Development — Rs.91,664.

TECHNOLOGY ABSORPTION

No technology has been imported from abroad.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings : Nil
Outgo : Rs.22,742/-

ANNEXURE 'B'

STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FOR THE PERIOD ENDED 31ST MARCH, 1997.

Name	Age	Qualification	Date of Employment	Designation	Remuneration	Experience	Last Employment
1	2	3	4	5	6	7	8
Samdev Dasgupta	38	B.Com	27.1.95	Managing Director	Rs. 5,00,000/-	13 Yrs	Managing Director of India Laminating and Packaging Ltd.