

WORLDWIDE LEATHER EXPORTS LIMITED

**9th Annual Report
1998-99**

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ZEBRA LEATHER, INC.

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WORLDWIDE LEATHER EXPORTS LIMITED**BOARD OF DIRECTORS**

ANIL KUMAR AGARWAL
Managing Director

ANIL AGARWAL
Jt. Managing Director

S. K. AGARWAL
Director

ASHUTOSH SINGHAL
Whole Time Director

B. P. SINGH
Additional Director

R. L. BHATNAGAR
Additional Director

BANKERS

VIJAYA BANK
17, BARAKHAMBA ROAD
NEW DELHI - 110 001.

AUDITORS

B. CHHAWCHARIA & Co.
75, PARK STREET
CALCUTTA - 700 016

REGISTERED OFFICE

5F, EVEREST,
46/C CHOWRINGHEE ROAD,
CALCUTTA - 700 071.

**HEAD OFFICE & SHARE
DEPARTMENT**

B-145, KALKAJI, NEW DELHI - 110 019

REPORT FACTORIES**GARMENT DIVISION**

TA-94 A,B,C
RAVI DAS MARG,
TUGLAKABAD EXTN.,
NEW DELHI.

FOOTWEAR DIVISION

38th MILE STONE,
BERHAMPUR ROAD,
VILLAGE KHANDSA
DELHI-JAIPUR NATIONAL-
HIGHWAY NO.8
GURGAON HARYANA.

WORLDWIDE LEATHER EXPORTS LIMITED**NOTICE**

NOTICE is hereby given that the 9th Annual General Meeting of the company will be held on Thursday, the 30th Day of September, 1999 at Hotel Shalimar, 3 S.N. Banerjee Road, Calcutta 700013 at 1.00 P.M to consider and transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 1999 and the profit and Loss Account for the year ended on that date and report of the Auditors and Directors thereon.
2. Sh. S.K. Agarwal, Director who retires by rotation at this Annual General Meeting has expressed his desire not to seek re-election.
3. To appoint Auditors of the company for the period commencing from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if through fit, to pass with or without modification the following resolution as an Ordinary Resolution:
"RESOLVED that Sri R. L. Bhatnagar be and is hereby appointed a Director of the Company."
5. To consider and, if through fit, to pass with or without modification the following resolution as an Ordinary Resolution:
"RESOLVED that Sri B. P. Singh be and is hereby appointed a Director of the Company."

By order of the Board

Place: New Delhi
Date: 25th August 1999

Anil Kumar Agarwal
Managing Director

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company.
2. Proxy forms duly filled up and executed must be received/lodged at the Registered Office of the company not less than 48 hours before the time fixed for the meeting.
3. An Explanatory Statement to the items of special business specified above is annexed.
4. Members are requested to notify the company, change in their address, if any, at its Head Office at B - 145, Kaikaji, New Delhi 110 019.
5. The Register of Members and Share Transfer Register books of the company shall remain closed on 30th Sept, 1999.
6. Members are requested to bring with them their copy of the notices and attendance slips at the Annual General Meeting.

WORLDWIDE LEATHER EXPORTS LIMITED

EXPLANATORY STATEMENT pursuant to Section 173(2) of the Companies Act, 1956.

ITEM NO. 4

At its meeting held on 25th August, 1999 the Board of Directors appointed Sri R.L. Bhatnagar as an Additional Director of the Company.

Pursuant to Article 80 of the Articles of Association of the Company read with section 262 of the Companies Act, 1956, Sri. Bhatnagar holds office up to the date of the forthcoming Annual General Meeting of the Company and is eligible for appointment as a Director. Notice together with the requisite deposit under Section 257 of the Companies Act, 1956, has been received from a Member signifying his intention to propose Mr. Bhatnagar as a Director at the forthcoming Annual General Meeting.

Sri Bhatnagar has 37 years of experience in the shoe industry. He has worked with Bata India Ltd. and Carona Ltd. as Vice President-Tech. The Board considers that Sri Bhatnagar's valuable experience will be useful to the Company and recommends his appointment as a Director.

No Director except Sri Bhatnagar is concerned or interested in the business set out at item No. 4.

ITEM NO. 5

At its meeting held on 25th August, 1999 the Board of Directors appointed Sri B.P. Singh as an Additional Director of the Company.

Pursuant to Article 80 of the Articles of Association of the Company read with section 262 of the Companies Act, 1956, Sri Singh holds office up to the date of the forthcoming Annual General Meeting of the Company and is eligible for appointment as a Director. Notice together with the requisite deposit under Section 257 of the Companies Act, 1956, has been received from a Member signifying his intention to propose Sri Singh as a Director at the forthcoming Annual General Meeting.

Sri Singh is a practicing Chartered Accountant with over 22 years of experience in the profession having worked with A.F.Ferguson & Co., Chartered Accountants and Peat Marwick Mitchell & Co., Public Accountants (now KPMG) in India and overseas respectively. The Board considers that Sri Singh's valuable experience will be useful to the Company and recommends his appointment as a Director.

No Director except Sri Singh is concerned or interested in the business set out at item No. 5

By order of the Board

Place: New Delhi
Date: 25th August 1999

Anil Kumar Agarwal
Managing Director

WORLDWIDE LEATHER EXPORTS LIMITED**DIRECTORS' REPORT****TO THE MEMBER(S)**

Your Directors have pleasure in presenting the Ninth Annual Report together with Audited Statement of Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS :

	(1998-99)	(Rs. in lacs) (1997-98)
Sales and Other Income	1583.76	2088.45
Profit before Depreciation	67.66	48.71
Depreciation	18.92	20.24
Profit after tax	46.02	25.34
Add: Surplus from previous year	60.75	35.41
Profit available for Appropriation	106.77	60.75
The Proposed appropriation are :		
Transfer to General reserve	Nil	Nil
Proposed Dividend	Nil	Nil
Balance carried to Balance Sheet	106.75	60.75

PERFORMANCE

Total sales declined by 20% as compared to the previous year. This was mainly due to increased competition being faced in the export market from the South-East Asian countries. The sales of Garment Division declined by 30% in value and 32% in quantity. The drop in sales of Footwear Division was 7% by value and 13% by quantity. However, inspite of stiff resistance in the export market the per unit gross sales realisation of Garment Division increased by 2% and that of Footwear Division by 7%. Due to tighter control over operational costs the overall profitability increased over the previous year. The earning per share has increased to Rs. 1.04 from Rs. 0.57 in the previous year

DIVIDEND

The performance of your company shows a marked improvement over the last financial year. The company has been able to post a net profit of Rs 46.02 lacs in the year under review. The Board of Directors have decided to plough back these profits in the business and hence no dividend is recommended for the financial year 1998-99.

SUBSIDIARY COMPANIES

As required under Section 212 of the Companies Act, 1956 the Statement of Accounts along with the Report of the Board of Directors and Auditors' thereon of M/s Zebra Leather, inc., USA is annexed along with the Statement of Accounts of the Company.

FIXED DEPOSITS

The Company has not accepted any deposit from the public, as such, there are no outstanding deposits, in terms of the Companies (Acceptance of Deposits) Rules, 1975.

DIRECTORS

Shri S. K Agarwal, Director retires by rotation at the ensuing Annual General Meeting. He has expressed his desire not to seek re-appointment. We wish to record our sincere appreciation for his valuable contribution during his tenure. At the meeting of the Board held on 25th August, 1999 Shri R. L. Bhatnagar and Shri B. P. Singh have been appointed as Additional Directors. Accordingly, they hold office upto the date of the forthcoming Annual General Meeting. Shri Bhatnagar and Shri Singh both bring in valuable experience to the Company and your Board recommends their appointment as Directors of the Company.

PERSONNEL

There is no employee in respect of whom particulars pursuant to Section 217(2A) of the Companies Act, 1956 are required to be given.

WORLDWIDE LEATHER EXPORTS LIMITED**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO.****TECHNOLOGY ABSORPTION AND CONSERVATION OF ENERGY**

The shoe plant was installed under the supervision of International Shoe Machine Co (G.B) Limited (ISMC), the collaborators. ISMC has also provided training to Company's technicians which has helped the company in absorbing technology from the technical collaborator. The products from the Shoe plant have achieved the requisite standard of quality and the same have been well accepted by the foreign buyers. Adequate steps have been taken at the implementation stage to ensure conservation of energy. As our company is not covered in the list of industries mentioned in the schedule to "Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988," the statement in Form 'A' is not given.

RESEARCH AND DEVELOPMENT

Specific areas in which R & D is carried out :	The company is developing products of latest design and is making samples for its foreign buyers on a regular basis .
Benefits derived as a result of above :	The products of the company have been well accepted by the quality conscious foreign buyers.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The total foreign exchange outgo during the year under review is Rs. 18.87 lacs on account of import of Raw Materials, Stores & spare parts, Rs. 5.16 on account of Foreign Travel, Rs. 27.33 lacs on account of commission on Exports and Rs. 2.09 lacs on account of Bank Charges. The total foreign exchange earnings of the company during the year under review amounts to Rs. 1322.95 lacs.

Y 2 K Compliance

The Company is taking adequate steps to ensure that all its hardware and software applications are Y2K compliant latest by 30th November, 1999.

DEMERGER

Your Company has two Divisions viz Garment Division and Footwear Division. For better growth and development of the businesses of the said two divisions, the board of Directors of the Company have approved at its meeting held on 20th July 1999, a draft scheme of arrangement for the demerger of the Garment Division of the company in to Elite Leasing Ltd., having registered office at 5F, Everest, 46C Chowringhee Road, Calcutta. This scheme is to subject to the approval of the Hon'ble Calcutta High Court.

AUDITORS

M/s B. Chhawchharia & Co., Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The company has received a Certificate under Section 224 (1-B) of the Companies Act, 1956 to the effect that their re-appointment, if made, will be within the prescribed limit.

ACKNOWLEDGMENTS

Your Directors take this opportunity to express grateful thanks to Central and State Governments, Industrial Development Bank of India and Vijaya Bank for their support and guidance to the company from time to time. The Directors wish to place on record their appreciation of the efficient and loyal services rendered by the workers, officers and staff members of the company. Your company's industrial relations continued to be excellent during the year.

For and on behalf of the Board

Place : New Delhi
Date: 25th August 1999

(ANIL KUMAR AGARWAL)
Managing Director

WORLDWIDE LEATHER EXPORTS LIMITED**AUDITORS' REPORT**

We have audited the attached Balance Sheet of M/S. WORLDWIDE LEATHER EXPORTS LIMITED, as at 31st March, 1999 and also the attached Profit & Loss Account of the company for the year ended on that date and report that:

1. 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;
2. In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of the books;
3. The Balance Sheet and Profit & Loss account dealt with by the report are in agreement with the books of account;
4. In our opinion, subject to our comments hereinafter, the Balance Sheet and the Profit & Loss Accounts comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956 (as amended).
5. In our opinion and to the best of our information and according to the explanations given to us, the annexed accounts together with the notes thereon and Schedules attached thereto, give the information required by the Companies Act, 1956 (as amended) in the manner so required and subject particularly to notes on Schedule "19" regarding (i) non-provision of doubtful debts of Rs. 26.01 lacs awaiting statutory approvals [note 5], (ii) non-provision of liability of gratuity Rs. 3.20 lacs [note 7], (iii) dues to SSI units [note 8] and (iv) non-provision of interest on loans of Rs. 84.89 lacs considered doubtful of realisation and non-provision of doubtful loans [note 9], give a true and fair view:
 - a) In the case of the Balance Sheet of the state of affairs of the company as at 31st March, 1999 and
 - b) In the case of Profit & Loss Account of the Profit for the year ended on that date.
6. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, and on the basis of such checks as we considered appropriate, we further state that-
 - a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets. As informed the fixed assets have been physically verified by the management at reasonable intervals during the year and no material discrepancy was noticed on such verification.
 - b) None of the fixed assets except land has been revalued during the year, particulars of basis whereof is given in note no. 4 on Schedule 19 to the accounts.
 - c) The stock of raw materials semi-finished goods and finished goods has been physically verified by the management during the year at reasonable intervals.
 - d) In our opinion, the procedure of physical verification of stock followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
 - e) The discrepancies noticed on verification of stock as compared to book records were not material and the same have been properly dealt with in the books of accounts.
 - f) On the basis of our examination, we are satisfied that the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
 - g) The company has not taken any loans secured or unsecured from the companies and other parties listed in the registers maintained U/s. 301 of the Companies Act, 1956 or from the companies under the same management as defined U/s. 370 (1B) of the Companies Act, 1956.
 - h) The company has not granted any loans secured or unsecured to the companies and other parties listed in the registers maintained U/s. 301 of the Companies Act, 1956 or to the companies under the same management as defined U/s. 370 (1B) of the Companies Act, 1956.
 - i) Subject to Note 9 on Schedule 19, the parties, including employees, to whom loans or advances in the nature of loans have been given by the company, are repaying the principal amounts as per stipulation in most of the cases, wherever such stipulation exist and are also regular in payment of interest, where applicable.

WORLDWIDE LEATHER EXPORTS LIMITED

- j) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of stores, raw materials, plant & machineries, equipments and other assets and for the sale of goods.
- k) In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services, wherever made in pursuance of contracts or arrangements entered in the registers maintained U/s. 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods or services have been made with other parties.
- l) As explained to us, the company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods and adequate provision for the loss as determined has been made in the accounts.
- m) The company has not accepted any deposit from the public during the year.
- n) In our opinion, the company is maintaining reasonable records for the sale and disposal of realisable scraps. The company has no by-product.
- o) In our opinion, the company has a formal internal audit system commensurate with the size and nature of business of the company.
- p) As per the records of the company, the company has generally not been regular in depositing Employees Provident Fund dues and Employees State Insurance dues with the appropriate authority.
- q) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty, as applicable, were outstanding as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
- r) During the course of our audit of the books of accounts carried out in accordance with generally accepted auditing practices, we have not come across any personal expense which has been charged to revenue account.
- s) Provisions of clauses (xvi) & (xx) of paragraph 4A of the Manufacturing and Other Companies (Auditors' Report) Order, 1988 are not applicable to the company.

for B. CHHAWCHHARIA & CO.
Chartered Accountants

Place: New Delhi

Date: 20th July, 1999

(P. K. Chhawchharia)
Partner

WORLDWIDE LEATHER EXPORTS LIMITED**BALANCE SHEET AS AT 31ST MARCH, 1999**

SCHEDULES		AS AT 31/03/99		AS AT 31/03/98	
		Rs	Rs	Rs	Rs
SOURCES OF FUNDS					
Shareholders' Funds:					
Share Capital	1	43624000		43624000	
Reserves & Surplus	2	<u>43869065</u>	87493065	<u>23824869</u>	67448869
Loan Funds					
Secured Loans	3		<u>49374043</u>		62140673
			<u>136867108</u>		<u>129589542</u>
APPLICATION OF FUNDS					
Fixed Assets:					
a) Gross Block	4	56558594		39114442	
b) Less : Depreciation		<u>10011122</u>		<u>8133365</u>	
c) Net Block		46547472		30981077	
Capital Work-in-progress		<u>-</u>	46547472	<u>149713</u>	31130790
Investments	5		2986212		4367564
Current Assets, Loans & Advances					
Inventories	6	19440944		25468974	
Sundry Debtors	7	35180476		37631048	
Cash & Bank Balances	8	5793998		9374187	
Loans & Advances	9	<u>37707470</u>		<u>35874952</u>	
		98122888		108349161	
Less : Current Liabilities and Provisions					
Net Current Assets	10	<u>12569735</u>	85553153	<u>16461937</u>	91887224
Miscellaneous Expenditure	11		<u>1780271</u>		<u>2203964</u>
			<u>136867108</u>		<u>129589542</u>
NOTES ON ACCOUNTS	19				
BALANCE SHEET ABSTRACT					
AND COMPANY'S GENERAL					
BUSINESS PROFILE	20				

The Schedules referred above form an integral part of the accounts.
In terms of our report of even date attached herewith
for B. Chhawchharia & Co.
Chartered Accountants

(P. K. Chhawchharia)
Partner
Place : New Delhi
Date : 20th July, 1999

Anil Kumar Agarwal
Managing Director

Anil Agarwal
Jt. Managing Director