

WORLDWIDE LEATHER EXPORTS LIMITED

10th Annual Report
1999-2000

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WORLDWIDE LEATHER EXPORTS LIMITED

Directors	Anil Agarwal	<i>Managing Director</i>
	Anil Kumar Agarwal	<i>Managing Director</i>
	B.P.Singh	
	R.L.Bhatnagar	
	Rajat Agarwal	
Auditors	B.Chhawchharia & Co.	
Bankers	Vijaya Bank	
Registered Office	5F, Everest, 46C Chowringhee Road, Calcutta – 700 071	
Factory & Head Office	38 th Milestone, N.H. 8, Behrampur Road, Gurgaon – 122 001 Haryana	
Investor Service Department	FF-23 Anupam PVR Complex, 1 Community Centre, Saket, New Delhi 110 017	

CONTENTS

Notice	1-3
Director's Report	4-5
Balance Sheet	6
Profit and Loss Account	7
Schedules	8-15
Auditors' Report	16-17
Cash Flow Statement	18-19
Annexure to Directors' Report Reports and Accounts of Subsidiary Company	19-22
Nomination Form	23
Proxy Form	24

NOTICE

Notice is hereby given that the 10th Annual General Meeting of the Company will be held on Tuesday, the 31st October, 2000 at Hotel Shalimar, 3 S.N.Bannerjee Road, Calcutta 700013 at 1.00 P.M. to consider and transact the following businesses:

ORDINARY BUSINESS

- 1 To receive, consider and adopt the Audited Balance Sheet as at 31st March 2000 and the Profit and Loss A/c for the year ended on that date and report of Auditors and Directors thereon.
- 2 Shri R.L. Bhatnagar, Director who retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment.
- 3 To appoint Auditors and fix their remuneration. In this connection, to consider and, if thought fit, to pass the following resolution as an ordinary resolution:
"Resolved that Messrs. B. Chhawchharia & Co., Chartered Accountants, be and are hereby appointed as the Auditors of the Company to hold such office until the conclusion of the next Annual General Meeting at a remuneration of Rs.50,000 payable in one or more installments plus service tax as applicable, and reimbursement of out-of-pocket expenses incurred."

SPECIAL BUSINESS

- 4 To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution :
"RESOLVED that Shri Rajat Agarwal be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."
- 5 To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution :
"RESOLVED that, in accordance with applicable provisions of the Companies Act, 1956, or any amendment or modification thereof, this Meeting hereby approves the enhanced remuneration of Shri Anil Agarwal, Managing Director of the Company, with effect from 1st April, 2000, on such remuneration as set out in the Explanatory Statement attached to the Notice convening this Meeting, a copy whereof is placed before this Meeting."
- 6 To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution :
"RESOLVED that, in accordance with applicable provisions of the Companies Act, 1956, or any amendment or modification thereof, this Meeting hereby approves the appointment of Shri Brijniti Prasad Singh be appointed as a Wholetime Director of the Company for a period of three years, with effect from 1st October, 2000, on such remuneration as set out in the Explanatory Statement attached to the Notice convening this Meeting, a copy whereof is placed before this Meeting."
- 7 To consider and if thought fit, to pass with or without modification the following resolution as a special resolution :
"RESOLVED that, pursuant to Section 21 of the Companies Act, 1956 and subject to the approval of the Central Government, the name of the Company be changed from "WORLDWIDE LEATHER EXPORTS LTD." TO "WLE LIMITED".

By order of the Board

Place: Gurgaon
Date: 12th September, 2000

Anil 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.
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, to the Investor Service Department, FF-23 Anupam PVR Complex, 1 Community Center, Saket, New Delhi 110017.
5. Members are requested to bring with them their copy of the notices and attendance slips at the Annual General Meeting.

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

ITEM NO. 4

At its meeting held on 6th April 2000 the Board of Directors appointed Shri Rajat Agarwal as an Additional Director of the Company.

Shri Rajat Agarwal has six years of experience in the shoe industry. He is presently the President and Director of Zebra Leather Inc. USA; the Company's wholly owned subsidiary and looks after the Company's marketing and distribution operations in USA and Europe. The Board considers that Shri Rajat Agarwal's valuable experience will be useful to the Company and recommends his appointment as a Director.

Pursuant to Article 80 of the Articles of Association of the Company read with section 260 of the Companies Act, 1956, Shri Rajat Agarwal holds office up to the date of the forthcoming Annual General Meeting of the Company and is eligible for appointment as a Director.

Due notice under Section 257 of the Companies Act, 1956, has been received from Members proposing Shri Rajat Agarwal as a Director of the Company. Shri Rajat Agarwal has filed requisite consent pursuant to Section 264(1) of the Act to act as such Director, if appointed.

Shri Anil Agarwal, Managing Director by virtue of being related to Shri Rajat Agarwal and Shri Rajat Agarwal are interested in this resolution. None of the other Directors are concerned or interested in this resolution set out at item No. 4.

ITEM NO. 5

Shri Anil Agarwal was drawing a remuneration of Rs.15,000 p.m. till 31st March, 2000. Due to increase in cost of living and to bring the salary in line with the responsibilities handled by Shri Anil Agarwal the Board of Directors resolved to increase Shri Agarwal's remuneration. The increased remuneration is within the limits specified by Schedule XII of the Companies Act, 1956.

At its meeting held on 6th April 2000 the Board of Directors enhanced the remuneration payable to Shri Anil Agarwal, the Managing Director to Rs.55,000 p.m. with effect from 1st April, 2000 along with other benefits and perquisites. At its meeting held on 12th September 2000 the Board of Directors scaled down the remuneration payable to Shri Anil Agarwal, the Managing Director to Rs.35,000 p.m. with retrospective effect from 1st April, 2000, as detailed hereinafter. Earlier, at its meeting held on 30th October 1999 the Board had re-designated Shri Anil Agarwal till then the Joint Managing Director to Managing Director.

1. **SALARY: Rs.35,000 p.m.**
2. **HOUSING:**
 - a) The expenditure by the Company on hiring unfurnished accommodation will be subject to ceiling of 50 percent of the salary.
 - b) Free unfurnished accommodation in case the Company owns the accommodation.
 - c) In case the Company provides no accommodation, House Rent Allowance subject to the ceiling laid down in (a) above.

The expenditure incurred by the Company on gas, electricity, water and furnishings will be valued as per Income Tax Rules, 1962, subject to a ceiling of 10% of the salary.
3. **MEDICAL REIMBURSEMENT:**
Expenses actually incurred for self and family, subject to the ceiling of Rs.15000 in a year or Rs.45000 in a block of three years.
4. **LEAVE TRAVEL CONCESSION:**
For self and family once in a year for any destination in India.
5. **CLUB FEES:**
Fees of Club subject to a maximum of two Clubs may be allowed. The Company will not pay admission and Life membership fees.
6. **PERSONAL ACCIDENT INSURANCE:**
Premium not to exceed Rs.1000/- per month
7. **PROVIDENT FUND:**
Contribution to Provident Fund as per rules of the Company subject to a ceiling of 10% of salary.
8. **SUPERANNUATION FUND:**
Contribution to superannuation fund as per rules of the Company subject to the condition that such contribution together with Provident fund shall not exceed 25% of salary as laid down under the Income Tax Rules, 1962.
9. **GRATUITY:**
Payable as per rules of the Company but not exceeding half months salary for each completed year of service.
10. **CAR:**
Facility of Car with driver.
11. **TELEPHONE:**
Telephone at residence.
12. **LEAVE:**
One month leave for eleven months of service. Leave accumulated but not availed will not be allowed to be encashed. Personal long distance calls on Telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

The remuneration aforesaid shall also be paid as minimum remuneration in absence or inadequacy of profits for such year and the Managing Director shall be paid maximum of Rs.1,00,000/- (Rupees One Lac) per month including perquisites and benefits as mentioned above w.e.f. 1st April 2000."

Shri Anil Agarwal, Managing Director and Shri Rajat Agarwal by virtue of having related to Shri Anil Agarwal are concerned or interested in the business set out at item No. 5

ITEM NO. 6

At its meeting held 12th SEP.2000 the Board of Directors resolved to appoint Shri Brijniti Prasad Singh as a Wholetime Director with effect from 1st.October 2000 on remuneration as detailed hereinafter:

1. **SALARY:** Rs.20,000 p.m.
2. **HOUSING:**
 - a) The expenditure by the Company on hiring unfurnished accommodation will be subject to ceiling of 60 percent of the salary.
 - b) Free unfurnished accommodation in case the Company owns the accommodation.
 - c) In case the Company provides no accommodation, House Rent Allowance subject to the ceiling laid down in (a) above. The expenditure incurred by the Company on gas, electricity, water and furnishings will be valued as per Income Tax Rules, 1962, subject to a ceiling of 10% of the salary.
3. **MEDICAL REIMBURSEMENT:**
Expenses actually incurred for self and family, subject to the ceiling of Rs.15000 in a year or Rs.45000 in a block of three years.
4. **LEAVE TRAVEL CONCESSION:**
For self and family once in a year for any destination in India.
5. **CLUB FEES:**
Fees of Club subject to a maximum of two Clubs may be allowed. The Company will not pay admission and Life membership fees.
6. **PERSONAL ACCIDENT INSURANCE:**
Premium not to exceed Rs.1000/- per month
7. **PROVIDENT FUND:**
Contribution to Provident Fund as per rules of the Company subject to a ceiling of 10% of salary.
8. **SUPERANNUATION FUND:**
Contribution to superannuation fund as per rules of the Company subject to the condition that such contribution together with Provident fund shall not exceed 25% of salary as laid down under the Income Tax Rules, 1962.
9. **GRATUITY:**
Payable as per rules of the Company but not exceeding half months salary for each completed year of service.
10. **CAR:**
Facility of Car with driver.
11. **TELEPHONE:**
Telephone at residence.
12. **LEAVE:**
One month leave for eleven months of service. Leave accumulated but not availed will not be allowed to be encashed. *Personal long distance calls on Telephone and use of car for private purpose shall be billed by the Company to the Wholetime Director.*

The remuneration aforesaid shall be paid as minimum remuneration in absence or, inadequacy of profits for such year. No Director except Sri Singh is concerned or interested in the business set out at item No. 6

ITEM NO. 7

At its meeting held on 27th.July, 2000 the Board of Directors resolved to change the name of the Company. This was felt necessary in view of the proposed diversification into the business of General Imports and distribution and also of exports of non-leather goods. The existing name was restricting and did not reflect the changing profile of business being proposed to be carried on by the Company.

The Company has made an application for availability of name with the Registrar of Companies, West Bengal. The Resolution is required to be passed as a special resolution and would be subject to the approval of the Central Government. None of the Directors are interested in the business set out at item No. 7.

By order of the Board

Place: Gurgaon
Date: 12th.September, 2000

Anil Agarwal
Managing Director

DIRECTORS' REPORT**TO THE MEMBERS**

Your Directors have pleasure in presenting the Tenth Annual Report together with Audited Statement of Accounts for the year ended 31st. March 2000.

FINANCIAL RESULTS

	Rs. In lacs		
	1999-2000	Post Demerger 1998-99	Pre Demerger 1998-99
Sales and Other Income	843.33	796.00	1583.76
Profit before Depreciation	70.37	90.10	67.66
Depreciation	18.41	16.44	18.92
Profit after Tax	49.56	70.94	46.02
Add: Surplus from previous year	106.77		60.75
Profit available for Appropriation	156.34		106.77
The Proposed appropriations are:			
Transfer to General Reserve	125.00		NIL
Proposed Dividend	NIL		NIL
Balance carried to Balance Sheet	31.34		106.77

PERFORMANCE:

During the year under review the demerger of Garment Division was completed. Comparative figures for the previous year for the Company on post demerger basis have been given to make the comparison more meaningful. The sales and Other Income are marginally higher due mainly to increase in Export Incentives and Other Income. Total sales as compared to the corresponding figures of the previous year were marginally lower by 0.62%. Profit after Tax are lower as compared to post-demerger figures of the previous year mainly on account of old pending write off cases of certain export debts amounting to Rs.33.76 lacs that were pending for RBI permission now received during the year.

The Company continued to face stiff competition in the export market from the Southeast Asian countries and China. The per unit gross sales realisation of Footwear declined by 3.59%. The earning per share has increased to Rs2.24 on the reduced capital from Rs1.04 on the original capital in the previous year.

During the current year the Company has been making substantial exports to its wholly owned subsidiary Zebra Leather Inc. The Company's marketing efforts in the North American and European markets are being strengthened. The Company has entered the domestic market in a small way primarily by manufacturing footwear under buyer's brand name. However, exports will continue to be the thrust area. The capital base of the Company's wholly owned subsidiary Zebra Leather Inc. USA has been increased by USD 50,000 subsequent to the year-end.

Keeping in pace with the changing scenario, the Company is also exploring the possibility of entering the field of Import and Distribution of general merchandise. With the easing of import controls it is felt that this area of operation offers a lot of opportunity.

DIVIDEND

In view of the difficult liquidity situation, the Board of Directors have decided to retain the profits in the business and hence no dividend is recommended for the financial year 1999-2000.

SUBSIDIARY COMPANY

As required under section 212 of the Companies Act, 1956, the Statement of Accounts along with the Directors' and Accountant's reports of Zebra Leather Inc., USA is annexed with the Statement of Accounts of the Company.

FIXED DEPOSITS

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

DIRECTORS

Shri Ashutosh Singhal, Wholtime Director resigned from the Board on 30th.October, 1999. We wish to record our sincere appreciation for the valuable contribution to the Company during his tenure.

At the meeting of the Board held on 6th.April 2000 Shri Rajat Agarwal was appointed as an Additional Director. Shri Rajat Agarwal is presently heading the Company's wholly owned subsidiary Zebra Leather Inc. USA. Accordingly, he holds office up to the date of the forthcoming Annual General Meeting. Your Board recommends his appointment as Directors of the Company.

At its meeting held on 12th.September 2000 the Board resolved to appoint Shri B.P.Singh as a Wholtime Director with effect from 1st.October 2000. Shri Singh was appointed to the Board at the last Annual General Meeting of the Company held on 30th.September, 1999. Since his appointment as a Director the Company has immensely benefited from his advice. The Board considers that Sri Singh's valuable experience will be useful to the Company and is in line with professionalising the management of the Company. Your Board recommends his appointment as Wholtime Directors of the Company.

PERSONNEL

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

**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 has been well accepted by the foreign buyers. As your company is not covered in the list of industries mentioned in schedule to "Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988" the statement in Form 'A' is not being given.

RESEARCH AND DEVELOPMENT

Specific areas in which R & D are 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 buyer.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The total foreign exchange outgo during the year under review was Rs.0.38 lacs on account of import of Raw Materials, Rs.0.57 lacs on account of import of spare parts, Rs.3.85 lacs on account of foreign travelling, Rs.23.17 lacs on account of commission on exports, Rs.1.24 lacs on account of bank charges and Rs.1.85 lacs on account of claims. The total foreign exchange earnings of the Company during the year under review was Rs.676.58 lacs on account of Exports and Rs.3.71 lacs on account of Service charges.

DEMERGER

The Hon'ble High Court at Calcutta vide its order dated 17th January 2000, a certified true copy whereof was filed with the Registrar of Companies on 31st March 2000, has sanctioned the scheme of arrangement for demerger of Garment Division of the Company to M/s Elite Leasings Ltd. (ELITE) whereby the Company has transferred the Garment Division to ELITE along with a portion of industrial land at Gurgaon, Haryana, 50% of the amount standing to the credit of Share Premium account, 50% of arrears of allotment money, other related advances, loans, shares and other securities held as investment and the liabilities as on transfer date viz. 1st April 1999. In terms of this scheme the shareholders of the Company are entitled to one Equity Share of Rs.10 each fully paid up of ELITE and one Equity Share of Rs.10 each fully paid up of the Company for every two Equity Shares of Rs.10 each fully paid up held by the shareholders in the Company.

All the shareholders of the Company have been requested to surrender their existing share certificates to the Company. The dispatching of new share certificates is in progress.

CHANGE OF NAME

At its meeting held on 27th July, 2000 the Board of Directors resolved to change the name of the Company from Worldwide Leather Exports Ltd. to WLE Limited, subject to obtaining necessary approvals. This was felt necessary in view of the proposed diversification into the business of General Imports and distribution and also of exports of non-leather goods. The existing name was restricting and did not reflect the changing profile of business being proposed to be carried on by the Company.

The Company has made an application for availability of name with the Registrar of Companies, West Bengal. The Resolution is required to be passed as a special resolution and would be subject to the approval of the Central Government.

AUDITORS' REPORT

With reference to the qualifications in the Auditors' report relating to change in basis of accounting for retirement gratuity, the Company has made this change in order to comply with Accounting Standard 15 issued by the Institute of Chartered Accountants of India. Further, dues to Small Scale Industrial units could not be disclosed separately since sufficient information regarding the status of each supplier is not available with the Company.

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.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to express grateful thanks to the Central and State Governments 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.

Place: Gurgaon
Date: 12th September 2000

For and on behalf of the Board
(ANIL AGARWAL)
Managing Director