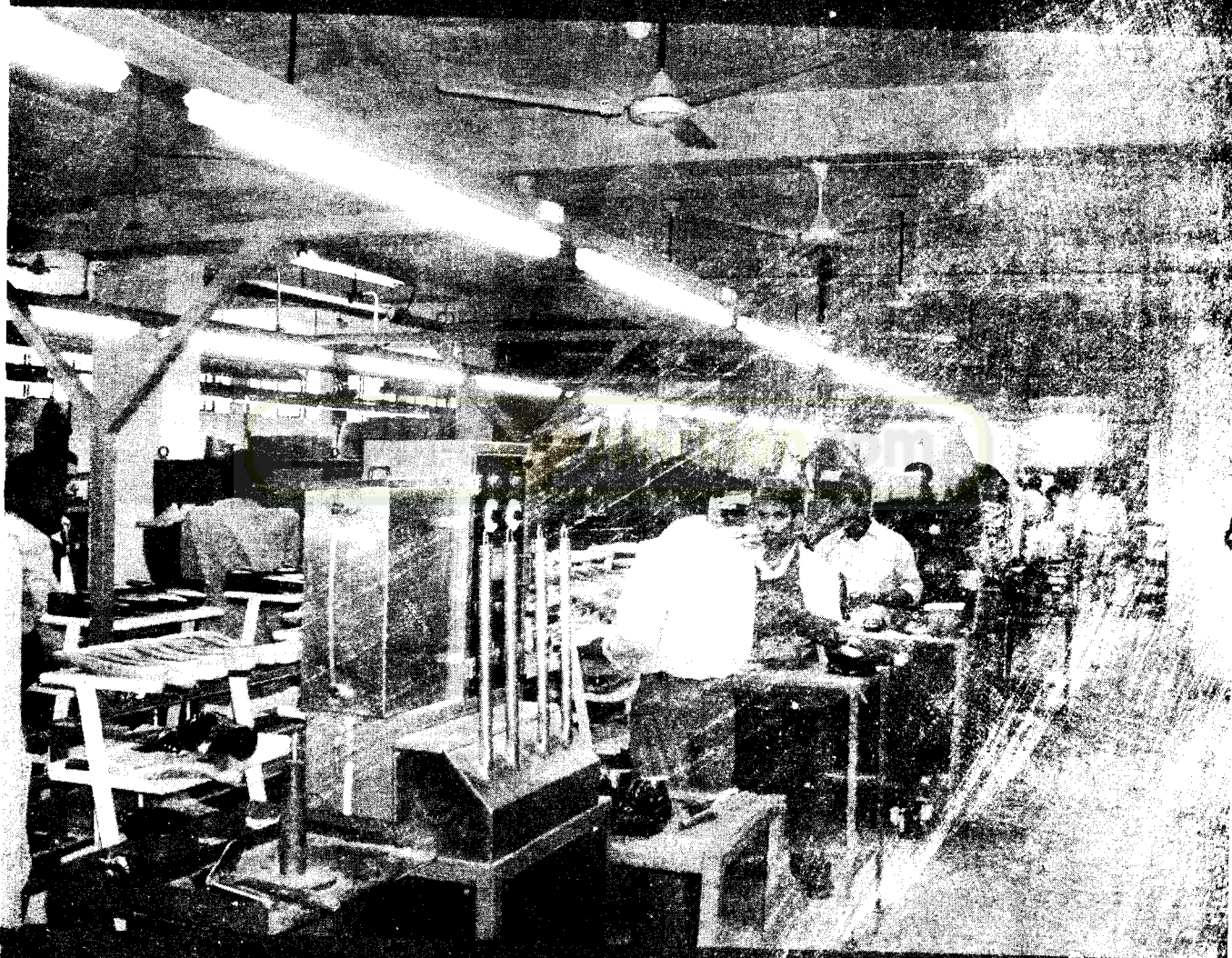


WORLDWIDE LEATHER EXPORTS LIMITED



SIXTEENTH ANNUAL REPORT 2005-06

WORLDWIDE LEATHER EXPORTS LIMITED

Directors	Anil Agarwal Rakhee Agarwal B.P.Singh R.L.Bhatnagar Rajat Agarwal Lalit Chhawchharia	<i>Chairman & Managing Director</i> <i>Whole Time Director</i> <i>Director (Advisor Finance)</i> <i>Director (Advisor Technical)</i> <i>Director (Advisor Marketing)</i> <i>Director (Advisor Corporate Affairs)</i>
Auditors	B.Chhawchharia & Co.	
Bankers	Vijaya Bank	
Registered Office	5F, Everest, 46C Chowringhee Road, Kolkata – 700 071	
Factory & Head Office	38th Milestone, N.H. 8, Behrampur Road, Gurgaon – 122 001 Haryana	
Secretarial Services	M/s Ritu Mangla & Associates	
Registrars & Share Transfer Agents	Beetal Financial & Computer Services Pvt. Ltd., Beetal House, 3rd Floor, 99 Madangir, Behind Local Shopping Complex, Near Dada Harsukhdas Mandir, New Delhi – 110 062	
Investor Service Department	38th Milestone, N.H. 8, Behrampur Road, Gurgaon – 122 001 (HR) Tel # - (0124) - 2215447-50 isd@wltd.com	
E-mail	worldwide@vsnl.com	
Website	wltd.com	
Listing at Stock Exchanges	The Calcutta Stock Exchange Association Ltd. 7 Lyons Range, Kolkata 700 001 The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers, Mumbai 400 001	

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WORLDWIDE LEATHER EXPORTS LIMITED

From the desk of the Chairman

Dear fellow Shareholders

Thank you, once again for responding to my appeal made last year to the shareholders regarding dematting their shares. The liquidity in the market has improved considerably. Your shares are being traded continuously but still substantial numbers of shares remain undematted.

The Shareholders are requested to direct their communications relating to share transfers and change of address to M/s Beetal Financial & Computer Services Pvt. Ltd.

However, the Company's Investor Service Department at 38th Milestone, NH-8, Behrampur Road, Gurgaon 122001, Haryana, continues to handle the exchange of old shares consequent to demerger of the Company in 2000. Shareholders who have not yet got their old shares exchanged for the new shares of the Company are requested to do so immediately.

Looking forward to a very fruitful future.

Anil Agarwal

Gurgaon, 18th November, 2006

WORLDWIDE LEATHER EXPORTS LIMITED

NOTICE

Notice is hereby given that 16th Annual General Meeting of members of M/s Worldwide Leather Exports Limited will be held on the 29th day of December, 2006 at 11.30 A.M. at 'Kala Kunj' (Basement Kalamandir), 48, Shakespeare Sarani, Kolkata-700 017 to transact the following businesses

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2006 and the Profit and Loss Account for the year ended on that date and the report of the Auditors and Directors thereon.
2. To re-appoint a Director in place of Mr. R.L. Bhatnagar who retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment.
3. To re-appoint Auditors and fix their remuneration. In this connection, to consider and if thought fit to pass, with or without modification, the following resolution as an Ordinary resolution.

"RESOLVED that Messrs B. Chhawchharia & Co., Chartered Accountants, be and are, hereby, appointed as the Statutory Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at a remuneration as may be decided by the Board.

Special Business

4. To Consider and if thought fit to pass, with or without modification, the following resolution as a Ordinary Resolution:
 "RESOLVED THAT pursuant to sections 198, 269, 309 & 310, read with Schedule XIII and other applicable provisions of the Companies Act, 1956, including any amendment thereof, consent of the Company be and is hereby given to the re-appointment of Mr. Anil Agarwal as Chairman & Managing Director of the company for further period of 5 years effective from 1st October 2006, on terms and conditions including remuneration as set out in the Explanatory Statement attached to the Notice convening this Meeting, a copy whereof is placed before this Meeting."
- (i) SALARY: Rs.60,000 p.m.
 - (ii) ANNUAL PERFORMANCE INCENTIVE:
 As may be decided by the Board subject to a ceiling of 100% of salary.
 - (iii) HOUSING:
 - a) The expenditure by the Company on hiring unfurnished accommodation will be subject to ceiling of 50% 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.
 - (iv) MEDICAL REIMBURSEMENT:
 Medical Insurance for self and family. In addition, expenses actually incurred for self and family.
 - (v) LEAVE TRAVEL CONCESSION:
 For self and family once in year for any destination in India or abroad.
 - (vi) 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.
 - (vii) PERSONAL ACCIDENT INSURANCE:
 Premium not to exceed Rs. 1000/- per month.
 - (viii) PROVIDENT FUND:
 Contribution to Provident Fund as per rules of the Company subject to a ceiling of 10% of salary.
 - (ix) SUPERANNUATION FUND:
 Contribution to Provident Fund as per rules of the Company subject to condition that such contribution together with Provident fund shall not exceed 25% of salary as laid down under the Income Tax Rules, 1962.
 - (x) GRATUITY:
 Payable as per rules of the Company but not exceeding half months salary for each completed year of service.

WORLDWIDE LEATHER EXPORTS LIMITED

(xi) CAR:

Facility of car driver.

(xii) TELEPHONE:

Telephone at residence.

(xiii) LEAVE:

One month leave for eleven months of service. Leave accumulated but not availed will not be encashed. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Chairman & Managing Director.

(xiv) MINIMUM REMUNERATION:

The remuneration aforesaid shall be paid as minimum remuneration in absence or inadequacy of profit for such year.

By order of the Board

Anil Agarwal

(Chairman & Managing Director)

18th November 2006

Gurgaon

Registered Office:

5F Everest, 46/C

Chowringhee Road,

Kolkata-700 071

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 to be a member of the Company.
2. Proxy form duly filled up and executed must be received at the registered office of the Company not less than 48 Hours before the time fixed for meeting.
3. The Register of members and the share transfer book shall remain closed from 27th to 29th of December 2006.
4. Member desiring any further information on the business to be transacted at the meeting should write to the company at least 15 days before the date of meeting so as to enable the management to keep the information, as far as possible, ready at the meeting.
5. Any change of address may please be notified to the Registrar and Share Transfer Agent M/s Beetal Financial & Computer Services (P) Ltd., Beetal House, 3rd Floor, 99 Madangir Behind Local Shopping Centre, Near Dada Harsukh Dass Mandir, New Delhi- 110 062.
6. Members are requested to bring with them their copy of the notices and attendance slips at the Annual General Meeting.
7. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 with respect to special business 4 is forming part of the notice and annexed hereto.

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

Item No. 4

At its meeting held on 31st July, 2006 the Board of Directors resolved to re-appoint Shri Anil Agarwal as Chairman & Managing Director with effect from 1st October 2006 on remuneration which is within the limits specified by Schedule XIII of the Companies Act, 1956, as detailed herein after:

Shri Anil Agarwal, Chairman & Managing Director, and Shri Rajat Agarwal or Ms. Rakhee Agarwal, by virtue of being related to Shri Anil Agarwal are concerned or interested in the business set out at item No.4.

By order of the Board

Anil Agarwal

(Chairman & Managing Director)

18th November 2006

Gurgaon

Registered Office:

5F Everest, 46/C

Chowringhee Road,

Kolkata-700 071

WORLDWIDE LEATHER EXPORTS LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors present the 16th Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2006.

Financial Result

	2005-06	Rs. In Lacs 2004-05
Sales and other income	786.81	1086.28
Profit before depreciation (35.66) And extraordinary item (19.60)	(1.41)	69.60
Depreciation	35.66	30.84
Profit/ (Loss) after extraordinary Items & Tax	(43.60)	14.85
Add: Surplus from previous year	24.77	9.92
Transfer from General Reserve	22.33	
Proposed Dividend	NIL	NIL
Surplus Carried to Balance Sheet	3.50	24.77

Performance

Sales inclusive of export incentives have decreased by 27% over the previous year. In quantitative terms sale of footwear has decreased by 14% as compared to the previous year. The financial year 2005-06 shows a loss of approximately Rs.43.60 lacs. This includes Rs.35.66 lacs towards depreciation and Rs.19.60 lacs towards foreign subsidiary loss written off.

The main reason for the loss was lower turnover. One of our major buyers contributing 50% of our sales year after year for over a decade had drastic marketing policy changes in the year 2004-05 which did not prove right for them. As a result, this buyer sustained heavy losses in the year 2005-06 for the first time ever and consequently affected our business with him. Sudden drop of business from this buyer was the main reason for reduced turnover and before we looked for new buyers/markets, we had already lost the financial year. However, the marketing efforts put in last year after this sudden set back has already shown results in the current year.

As expressed last year, the subsidiary Zebra Leather Inc. has ceased its operations. Efforts are being made to complete the compliances for closure/sell off of the subsidiary.

The Company's product portfolio of Men's Footwear for the export market has undergone a tremendous change with international preferences shifting to casual footwear. The customer base has also widened substantially. Due to this the sales for the first 6 months of the current year has already shown positive results.

During the current year the Company has also added Denmark to its portfolio. On the domestic front this year your Company showcased shoes under the Bertini brand at Shoppers Stop. The Company has also become a preferred supplier to the prestigious chain Shoe Tree. Recently the Company has signed an MOU for supply of select footwear to owners of Egle brand under their new launch of Homme.

Amalgamation

The company is in the process of acquiring fresh funds through Amalgamation of a cash rich company Hytone Commercial (P) Ltd. The amalgamation has been approved in principle.

Dividend

The Directors express their inability to recommend any dividend in view of the loss.

Subsidiary Company

As per Provision of Section 212 of the Companies Act, 1956 your company has sought exemption from complying with the provision of sub section (8) of Section 212 of the Companies Act 1956. However, investor seeking any information relating to the accounts of the Subsidiary Company may write to the company at any point of time.

Fixed Deposit

The Company has neither invited nor accepted fixed deposit from the public within the meaning of Companies (Acceptance of Deposit) Rule 1975.

WORLDWIDE LEATHER EXPORTS LIMITED

Directors Responsibility Statement

In terms of provisions of Section 217(2AA) of the Companies Act, 1956 your Directors confirm that: -

- In the preparation of Annual Accounts the applicable accounting standard have been followed along with proper explanation and no material departure have been made from the same.
- They have selected such accounting policy and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of state of affairs of the Company at the end of the financial year and profit or loss of the company for that period.
- They have taken proper and sufficient care for the maintenance of adequate accounting record in accordance with the provision of Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- The Annual accounts have been prepared on a going concern basis.

Directors

Pursuant to the provision of Section 256(3) of the Companies Act, 1956 and Article 84 of the Article of Association of the Company Mr. R.L. Bhatnagar, Director, retires by rotation and being eligible offers himself for re-appointment. Your Directors recommend his re-appointment.

The tenure of Shri Anil Agarwal expires on 30th September 2006. The Board at its meeting held on 31st July, 2006 has re-appointed him as the Chairman & Managing Director for a further period of 5 years effective from 1st October 2006. The Board considers that Shri Agarwal's valuable experience will be useful to the Company and recommends his re-appointment as Chairman & Managing Director of the Company.

Particular of employees

There were no employees in respect of whom particulars pursuant to section 217(2A) of the Companies Act, 1956 read with Companies (Particular of Employee amendment rule) 1998 are required to be given.

Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo

As required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rule 1988 the information is furnished below.

A Conservation of Energy

The Company has on going program to increase the awareness of Employee on conservation of Energy. Regular maintenance of captive generator sets, switching off machine and other Electrical Equipment when not in use are standard practices at the manufacturing facility and being regularly followed.

B Technology Absorption

Effort made for Technology absorption is as per Form – B attached as Annexure to this report.

C Foreign Exchange Earning and Outgo

The total foreign exchange earnings of the company during the year under review was Rs.616.81 lacs on account of Exports and the total foreign exchange outgo was Rs.21.05 lacs on account of import of machinery, commissions, traveling expenses and bank charges.

Auditors

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

Auditor's Report

The qualification in the Auditors' report is adequately explained in relevant notes to the accounts.

Listing of Shares

The Shares of the Company are listed and traded in two stock exchanges i.e. Mumbai and Calcutta (Regional) Stock Exchange and addresses of the stock exchanges are mentioned elsewhere in this Annual Report. The Company has paid the Annual Listing fees to Mumbai and Calcutta Stock exchanges.

WORLDWIDE LEATHER EXPORTS LIMITED**ISO 9001:2000 CERTIFICATION**

Your Company continues to enjoy the status of ISO 9001: 2000

Acknowledgement

Your Directors take this opportunity to express grateful thanks to the Central Government and State Government 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 relation continued to be excellent during the year.

For and behalf of the Board of Directors

Date : 18th November, 2006

Place : Gurgaon

(Anil Agarwal)

Chairman & Managing Director

Form B
(See Rule-2)

Research and Development

- 1 Specific Areas where the Company carries out R&D

The Company is developing products of latest design and is making sample for its foreign buyer on regular basis.

- 2 Benefit derived as a result of the above R&D

The product of the company has been well accepted by the quality of conscious buyers

- 3 Future plan and action

The Company plans to send its technical staff to trade fairs overseas to seek exposure to latest trends and technology.

- 4 Expenditure on R&D

Capital	NIL
Recurring	Rs. 8.16 Lacs
Total	Rs. 8.16 Lacs

Total R & D Expenditure as a % to the Turnover 1.06%

Technology absorption, adoption and innovation.

- 1 Efforts made in brief, made towards technology absorption, adoption and innovation.

The Company technical persons visited fairs in Australia and Italy.

- 2 Benefit derived as a result of the above efforts

Production of new types of construction of gents casual footwear was undertaken.

- 3 In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished.

Technology Imported: Crimping

Year of Import 2005-06

Has the technology been fully absorbed? Yes

If not fully absorbed areas where this has not taken place, reason therefore and future plan and action

N A

For and behalf of the Board of Directors

Date : 18th November 2006

Place : Gurgaon

(Anil Agarwal)

Chairman & Managing Director

WORLDWIDE LEATHER EXPORTS LIMITED

BALANCE SHEET AS AT 31 MARCH, 2006

	SCHEDULE	31-Mar-06 Rupees	31-Mar-05 Rupees
SOURCE OF FUNDS			
SHAREHOLDERS' FUNDS :			
Share Capital	1	22,125,000	22,125,000
Reserves & Surplus	2	<u>36,049,257</u>	<u>40,409,238</u>
		58,174,257	62,534,238
LOAN FUNDS :			
Secured Loans	3	13,623,499	12,119,828
DEFERRED TAX LIABILITY			
	4	2,649,767	4,236,848
		<u>74,447,523</u>	<u>78,890,914</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
a) Gross Block		63,950,148	59,574,549
b) Less :Depreciation		<u>22,855,791</u>	<u>19,596,246</u>
c) Net Block	5	41,094,357	39,978,303
INVESTMENTS			
	6	1,658,762	3,618,762
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	20,608,673	18,908,870
Sundry Debtors	8	10,907,198	11,561,523
Cash & Bank Balances	9	3,273,525	5,708,514
Loans & Advances	10	6,890,455	7,629,179
		<u>41,679,852</u>	<u>43,808,086</u>
LESS : Current Liabilities & Provisions			
Current Liabilities	11	8,989,294	7,741,159
Provisions		996,154	773,078
		<u>9,985,448</u>	<u>8,514,237</u>
NET CURRENT ASSETS			
		31,694,404	35,293,849
		<u>74,447,523</u>	<u>78,890,914</u>
NOTES ON ACCOUNTS			
	21		
BALANCE SHEET ABSTRACT AND			
COMPANY'S GENERAL BUSINESS PROFILE			
	22		

The Schedules referred to above form an integral part of the accounts.

In terms of our report of even date attached herewith

On behalf of the Board

for **B.CHHAWCHHARIA & CO.**
Chartered Accountants

(ATUL BANSHAL)
Partner

ANIL AGARWAL
Chairman & Managing Director

Place : GURGAON
Dated : 18th November, 2006

RAKHEE AGARWAL
Director

WORLDWIDE LEATHER EXPORTS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2006

	SCHEDULE	2005-06 Rupees	2004-05 Rupees
INCOME			
Sales	12	71,773,812	99,456,663
Export Incentive		4,888,364	8,353,119
Other Income	13	2,019,055	817,901
Increase/(Decrease) in Stock	14	1,821,341	(168,664)
		80,502,572	108,459,019
EXPENDITURE			
Purchase of finished/semi finished goods		480,025	1,994,925
Cost of Materials	15	45,810,994	60,893,416
Expenses on Employees	16	8,282,026	8,497,418
Fabrication, Processing & other Charges		8,434,946	8,739,282
Power & Fuel		1,636,184	1,463,404
Cost of borrowings	17	715,948	914,647
Depreciation		3,566,363	3,084,324
Other Expenses	18	15,283,447	18,994,882
		84,209,933	104,582,298
PROFIT FOR THE YEAR BEFORE TAXATION AND EXTRA ORDINARY ITEM		(3,707,361)	3,876,720
Extra Ordinary Items	19	(1,960,000)	(975,000)
PROFIT/(LOSS) FOR THE YEAR BEFORE TAXATION		(5,667,361)	2,901,720
Provision for Taxation (including Deferred Tax)	20	(1,307,380)	1,416,416
Profit/(Loss) after Tax		(4,359,981)	1,485,304
Profit brought forward		2,477,471	992,165
Transfer from General Reserve		2,233,524	-
Profit available for appropriation		351,014	2,477,469
APPROPRIATIONS			
Surplus carried to Balance Sheet		351,014	2,477,469
		351,014	2,477,469
Earning per Share - Face Value			
Rs. 10 each (Basic & Diluted)	21 (12)	(Rs.1.97)	Rs.0.68
NOTES ON ACCOUNTS	21		
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE	22		

The Schedules referred to above form an integral part of the Profit and Loss Account.

In terms of our report of even date attached herewith

On behalf of the Board

for **B.CHHAWCHHARIA & CO.**

Chartered Accountants

(ATUL BANSHAL)

Partner

Place : GURGAON

Dated : 18th November, 2006

ANIL AGARWAL

Chairman & Managing Director

RAKHEE AGARWAL

Director