WORLDWIDE LEATHER EXPORTS LTD



TWENTEETH ANNUAL REPORT 2009-10

WORLDWIDE LEATHER EXPORTS LIMITED

Directors	Anil Agarwal	*Chairman & Managing Director*
	Rakhee Agarwal	*Whole Time Director*
	B.P.Singh	*Director (Advisor Finance)*
	Lalit Chhawchharia	*Director (Advisor Corporate Affairs)*
Auditors	B.Chhawchharia & Co.	
Bankers	Vijaya Bank	
Registered Office	5-F, Everest, 46/C, Chowringhee Road, Kolkata – 700 071	
Factory & Head Office	38th Milestone, N.H. 8, Behrampur Road, Gurgaon – 122 001 Haryana	
Secretarial Services	Punit Handa & 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	
E-mail	rakhee@wleltd.com	
Website	www.wleltd.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

NOTICE

Notice is hereby given that 20th Annual General Meeting of members of M/s Worldwide Leather Exports Limited will be held on Tuesday, the 28th day of September, 2010 at 2.00 P.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, 2010 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. B.P.Singh 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."

By order of the Board

26th July, 2010
Gurgaon
Registered Office:
5-F Everest,
46/C, Chowringhee Road,
Kolkata-700 071

Anil Agarwal
(Chairman & 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 to be a member of the Company. 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.**
2. The Register of members and the share transfer book shall remain closed on 27th and 28th of September, 2010.
3. Member seeking 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.
4. 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.
5. Members are requested to bring their copies of Annual Report at the meeting as additional copies will not be circulated in the meeting.
6. Members attending the meeting are requested to bring their Attendance Slips duly filled and deliver the same at the entrance of the meeting.
7. All the relevant documents mentioned in the in the aforesaid business are available at for inspection at the Registered Office of the Company during normal office hours.

By order of the Board

26th July, 2010
Gurgaon
Registered Office:
5-F Everest,
46/C, Chowringhee Road,
Kolkata-700 071

Anil Agarwal
(Chairman & Managing Director)

WORLDWIDE LEATHER EXPORTS LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors present the 20th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2010.

Financial Result

		Rs. In Lacs
	2009-10	2008-09
Sales and other income	**983.26**	1265.12
Profit before depreciation (29.64)	**39.74**	82.26
And extraordinary item (NIL)		
Depreciation	**29.64**	29.81
Profit/ (Loss) after extraordinary Items & Tax	**7.40**	30.29
Add: Surplus from previous year	**2.09**	1.80
Transfer to General Reserve	**NIL**	30.00
Proposed Dividend	**NIL**	NIL
Surplus Carried to Balance Sheet	**9.49**	2.90

Performance

Sales inclusive of export incentives have decreased over the previous year. The financial year 2009-10 shows a profit of Rs.7.40 lacs after providing Rs. 29.64 lacs towards depreciation.

The Company's performance could not improve due to the rolling effect of the global melt down which hit the Company's business during this financial year. Efforts to secure orders continues by taking active participation in the most popular Riva Del Garda, Italy fair. Though the Company's portfolio of Footwear from the R&D aspect is being appreciated in the international market, orders have shrunk due to acute competition in the international market especially in view of the forex rate conditions prevailing overseas.

Dividend

The Directors express their inability to recommend any dividend

Fixed Deposit

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

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 judgments 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. B.P.Singh, Director, retires by rotation and being eligible offers himself for re-appointment. Your Directors recommend his re-appointment.

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.888.97 lacs on account of exports and the total foreign exchange outgo was Rs.31.23 lacs on account of commissions, traveling expenses and foreign 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.

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 : 26th July, 2010
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 designs and is making samples 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. 42.14 Lacs
Total	Rs. 42.14 Lacs

Total R & D Expenditure as a % to the Turnover is 4.74%

Technology absorption, adoption and innovation.

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

The Company participated in fairs in Italy and also the Company is working closely with designers and technicians from Portugal, France and Spain.

2 Benefit derived as a result of the above efforts

As a result of the above interaction, penetration into new markets has been possible.

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:	NIL
Year of Import	N.A.
Has the technology been fully absorbed?	N.A.
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 : 26th July, 2010
Place : Gurgaon

(Anil Agarwal)
Chairman & Managing Director

BALANCE SHEET AS AT 31 MARCH, 2010

	SCHEDULE		31-Mar-10 Rupees		31-Mar-09 Rupees
SOURCE OF FUNDS					
SHAREHOLDERS' FUNDS :					
Share Capital	1	**29,703,000**		29,703,000	
Reserves & Surplus	2	**47,031,210**		46,290,832	
			76,734,210		75,993,832
LOAN FUNDS :					
Secured Loans	3		**3,391,694**		9,571,496
DEFERRED TAX LIABILITY	4		**3,072,000**		3,342,000
			83,197,904		88,907,328
APPLICATION OF FUNDS					
FIXED ASSETS					
a) Gross Block		**63,490,717**		63,881,379	
b) Less :Depreciation		**29,070,883**		28,950,434	
c) Net Block	5		**34,419,834**		34,930,945
INVESTMENTS	6		**2,852,265**		888,200
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	7	**6,673,798**		9,344,812	
Sundry Debtors	8	**15,340,466**		16,600,021	
Cash & Bank Balances	9	**20,523,988**		25,564,643	
Loans & Advances	10	**20,958,416**		20,338,109	
		63,496,668		71,847,585	
LESS : Current Liabilities & Provisions	11				
Current Liabilities		**10,621,363**		12,301,248	
Provisions		**6,949,500**		6,458,154	
		17,570,863		18,759,402	
NET CURRENT ASSETS			**45,925,805**		53,088,183
			83,197,904		88,907,328
NOTES ON ACCOUNTS	22				
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE	23				

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

(VINIT BAGARIA)
Partner

ANIL AGARWAL
Chairman & Managing Director

Place : Gurgaon
Dated : 26th July, 2010

RAKHEE AGARWAL
Whole Time Director

WORLDWIDE LEATHER EXPORTS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2010

	SCHEDULE	2009-2010 Rupees	2008-2009 Rupees
INCOME			
Sales	12	**89,894,811**	118,174,380
Export Incentive		**9,088,698**	11,793,447
Difference in Exchange		**(1,184,283)**	(562,851)
Other Income	13	**2,240,368**	1,174,895
Increase/(Decrease) in Stock	14	**(1,713,357)**	(4,068,366)
		98,326,237	126,511,505
EXPENDITURE			
Purchase of finished goods		**1,159,913**	1,556,602
Cost of Materials	15	**53,248,329**	69,704,278
Expenses on Employees	16	**11,612,859**	11,032,897
Fabrication, Processing & other Charges		**10,695,862**	14,414,554
Power & Fuel		**1,656,696**	1,719,851
Cost of borrowings	17	**(48,937)**	351,634
Selling and Distribution Expenses	18	**6,243,630**	7,379,696
Depreciation		**2,963,759**	2,981,084
Other Expenses	19	**9,783,748**	12,125,759
		97,315,859	121,266,355
PROFIT BEFORE TAXATION AND EXTRA ORDINARY ITEM		**1,010,378**	5,245,150
Less : Extra Ordinary Items	20	**–**	2,757
PROFIT BEFORE TAXATION		**1,010,378**	5,242,393
Direct Taxes	21	**270,000**	2,213,000
Profit after Tax		**740,378**	3,029,393
Profit brought forward		**209,157**	179,764
Transfer to General Reserve		**–**	3,000,000
Profit available for appropriation		**949,535**	209,157
Earning per Share - Face Value Rs.10 each (Basic & Diluted)		**Rs.0.25**	Rs.1.02
NOTES ON ACCOUNTS	22		
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE	23		

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

(VINIT BAGARIA)
Partner

ANIL AGARWAL
Chairman & Managing Director

Place : Gurgaon
Dated : 26th July, 2010

RAKHEE AGARWAL
Whole Time Director

Cash Flow Statement for the year ended 31st March, 2010

		2009-2010 Rupees	2008-2009 Rupees
A	**Cash flow from operating activities**		
	Net profit before taxation	**1,010,378**	5,242,393
	Adjusted for		
	Depreciation	2,963,759	2,981,084
	Interest income	(397,041)	(381,527)
	Profit on sale of Investment	(5,015)	-
	Dividend income	(123,368)	(80,740)
	Interest expense (Net)	(48,937)	351,634
	Fixed Assets written off	-	133,892
	Loss on sale of Fixed Assets	274,442	703,283
	Operating profit before working capital change	**3,674,218**	8,950,019
	Adjusted for		
	Trade and Other receivables	2,580,354	5,077,071
	Inventories	2,671,014	6,328,186
	Trade payables and advance from customers	(1,728,539)	803,097
	Cash generated from operations	**7,197,047**	21,158,373
	Direct Taxes (paid)/ refunded (net)	**(1,941,106)**	(1,474,078)
	Net cash from operating activities	**5,255,941**	19,684,295
B	**Cash flows from investing activities**		
	Purchase of fixed assets	(3,045,090)	(2,333,522)
	Proceeds from disposal of fixed assets	318,000	956,933
	Purchase / Sale of Long Term Investments - Net	(1,959,050)	288,732
	Dividend income	123,368	80,740
	Interest received (Net)	397,041	381,527
	Net cash used in investing activities	**(4,165,731)**	(625,590)
C	**Cash flows from financing activities**		
	Repayment of long term borrowings	**(156,943)**	(151,018)
	Increase/(Decrease) in Export Credit Facilities (Net)	**(6,022,859)**	(16,297,627)
	Interest paid	**48,937**	(351,634)
	Net cash from financing activities	**(6,130,865)**	(16,800,279)
	Net increase/(decrease) in cash or cash equivalents	**(5,040,655)**	2,258,426
	Cash and cash equivalents at beginning of year	**25,564,643**	23,306,217
	Cash and cash equivalents at end of year	**20,523,988**	25,564,643

NOTE

Cash and cash equivalents represent cash and bank balances only

In terms of our report of even date attached herewith

On behalf of the Board

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

(VINIT BAGARIA)
Partner

ANIL AGARWAL
Chairman & Managing Director

Place : Gurgaon
Dated : 26th July, 2010

RAKHEE AGARWAL
Whole Time Director

SCHEDULES TO THE ACCOUNTS	31-Mar-10 Rupees	31-Mar-09 Rupees
1. SHARE CAPITAL		
Authorised:		
8000000 Equity shares of Rs 10 each.	**80,000,000**	80,000,000
Issued, Subscribed & Paid up		
29,70,300 Equity shares of Rs.10 each fully paid up	**29,703,000**	29,703,000
	29,703,000	29,703,000
Out of the above 757800 Equity shares were alloted pursuant to the scheme of amalgamation, without payment being received in cash.		
2. RESERVES AND SURPLUS		
Capital Reserve -on Revaluation of Land	**7,166,742**	7,166,742
-on Re-issue of Forfeited Shares	**500**	500
	7,167,242	7,167,242
Capital Grants and Subsidies	**383,433**	383,433
Securities Premium Account	**9,031,000**	9,031,000
General Reserve :		
As per last account	**29,500,000**	26,500,000
Add : Transfer from Profit & Loss account	**–**	3,000,000
	29,500,000	29,500,000
Profit & Loss Account	**949,535**	209,157
	47,031,210	46,290,832
3. SECURED LOANS		
I Vijaya Bank:		
i) Packing Credit	**1,100,000**	6,850,000
ii) Foreign Usage Documentary Bills	**–**	–
Secured by charge on Land, Buildings and Plant & Machinery and hypothecation of Raw materials, Semi-finished goods, Finished goods at company's factory at Gurgaon and respective Bills, pledge of Fixed Deposit Receipts and personal guarantee of Managing Director of the Company.		
iii) Overdraft	**2,282,478**	2,555,337
Secured by pledge of certain fixed deposit receipts		
II *ICICI Bank Ltd.	**9,216**	166,159
Secured by hypothecation of vehicles		
	3,391,694	9,571,496
*Installment falling due in next twelve months Rs. 9,216/-		
4. DEFERRED TAX LIABILITIES		
Deferred Tax Liabilities On :		
Fiscal allowances on fixed assets	**3,461,000**	3,656,000
Deferred Tax Assets On :		
Employee's remuneration and retirement benefit	**389,000**	314,000
	389,000	314,000
	3,072,000	3,342,000

5. FIXED ASSETS

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1-Apr-09 Rupees	Additions Rupees	Deductions Rupees	As at 31-Mar-10 Rupees	As at 1-Apr-09 Rupees	For the year Rupees	Adjustment Rupees	As at 31-Mar-10 Rupees	As at 31-Mar-10 Rupees	As at 31-Mar-09 Rupees
Goodwill (on amalgamation)	23,096	–	–	23,096	–	–	–	–	23,096	23,096
Land	8,700,656	–	–	8,700,656	–	–	–	–	8,700,656	8,700,656
Building	9,646,019	–	–	9,646,019	3,640,499	252,746	–	3,893,245	5,752,774	6,005,520
Plant & Machinery	28,812,997	654,470	(57,274)	29,410,193	13,757,063	1,377,830	(15,475)	15,119,418	14,290,775	15,055,934
Lasts	5,704,913	472,575	(2,121,106)	4,056,382	5,704,913	472,575	(2,121,106)	4,056,382	–	–
Moulds & Dies	2,586,302	222,272	–	2,808,574	2,335,895	199,336	–	2,535,231	273,343	250,407
Electric Installation	2,673,941	–	–	2,673,941	1,374,070	121,894	–	1,495,964	1,177,977	1,299,871
Air Conditioner	287,997	–	–	287,997	49,587	13,682	–	63,269	224,728	238,410
Furniture & Fixtures	310,847	–	–	310,847	93,532	16,536	–	110,068	200,779	217,315
Office Equipment	391,623	42,000	–	433,623	123,900	19,284	–	143,184	290,439	267,723
Vehicles	3,948,627	1,550,963	(1,107,439)	4,392,151	1,392,191	417,163	(564,371)	1,244,983	3,147,168	2,556,436
Computer	794,361	102,810	(149,933)	747,238	478,784	72,713	(142,358)	409,139	338,099	315,577
TOTAL	63,881,379	3,045,090	(3,435,752)	63,490,717	28,950,434	2,963,759	(2,843,310)	29,070,883	34,419,834	–
Previous Year	64,385,709	2,333,522	(2,837,852)	63,881,379	27,396,526	2,981,084	(1,427,176)	28,950,434	–	34,930,945