

NB FOOTWEAR LIMITED

MD	✓		BKC	✓
CS	✓		EPY	2/1
RC	✓		DIV	2/1
TRA	N/A		AC	✓
ACM		✓	SEI	✓
VE		✓		



9th ANNUAL REPORT



NB Footwear Limited

BOARD OF DIRECTORS

Mr. A.S. Chowdri
Mr. A.L. Prasad
Mr. Rajen K. Desai
Mr. Sudhakar Shetty
Mr. Kannan A. Yadav
Mr. Gregory Pereira
Mr. Neville P. Charna

AUDITORS

A.F. Ferguson & Co.
Chartered Accountants
Chennai.

BANKERS

Bank of India
Chennai Corporate Banking Branch
4th Floor, Tarapore Towers
Anna Salai, Chennai - 600 002.

REGISTERED OFFICE & WORKS

63, Sedhuvalai Village
Pin Number at : 632 104
Virinjipuram Post
Vellore Tlk.
North Arcot Ambedkar Dt.
Tamilnadu, India.

ADMINISTRATIVE OFFICE

Corp. Off. Gr. Floor
Bldg. Door No. at 3A, Beemanna Gdn. Salai
Off. C.P. Ramaswamy Shalai
Abhiraamapuram Area
Chennai, Pincode - 600 018.
Tamilnadu, India.

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Annual Report

NOTICE TO SHAREHOLDERS

Notice is hereby given that the NINTH ANNUAL GENERAL MEETING of the Company will be held at LAKSHMI NARAYANAN HALL, Hotel Ganga, 16, Officer's Line, Vellore - 632 101 on Monday, 29th September '97 at 11.30 AM to transact the following business:

- 1) To receive, consider and adopt the Directors' Report, the accounts for the year ended 31st March, 1997 and the Auditors' Report thereon.
- 2) To appoint a Director in the place of Sri A.S. Chowdri, who retires by rotation under Article 86 of the Articles of Association of the Company and being eligible offers himself for re-election.
- 3) To appoint a Director in the place of Sri. A.L. Prasad, who retires by rotation under Article 86 of the Articles of Association of the Company and being eligible offers himself for re-election.
- 4) To appoint a Director in the place of Sri. Rajen K. Desai, who retires by rotation under Article 86 of the Articles of Association of the Company and being eligible offers himself for re-election.
- 5) To appoint Auditors and fix their remuneration. The retiring Auditors, M/s. A.F. Ferguson & Co., Chartered Accountants are eligible for re-appointment. The declaration under Section 224(1-B) of the Companies Act, 1956 has been received.

SPECIAL BUSINESS

- 6) To consider and if thought fit, to pass with or without modifications, the following resolution which will be proposed as a special resolution:

"RESOLVED THAT in consideration of Mr. Rajen K. Desai having executed guarantee for Rs.725 lakhs in favour of Bank of India, to secure the Working Capital Facility by the Bank to the Company, the Company shall execute necessary Deed of Indemnity in favour of Mr. Rajen K. Desai, indemnifying him against all losses, costs and expenses sustained or incurred by him in the event of the Bank invoking the Guarantee/Surety executed by Mr. Rajen K. Desai, and making any claims or demands against him".

- 7) To consider and if thought fit, to pass with or without modifications, the following resolution which will be proposed as a special resolution:

"RESOLVED THAT in consideration of Mr. S. Krishnan, President and Secretary, having executed guarantee for Rs.22,86,117.13 in favour of M/s. Amrutanjan Finance Ltd., to finance assets taken on lease by the Company, the Company shall execute necessary Deed of Indemnity in favour of Mr. S. Krishnan, indemnifying him against all losses, costs and expenses sustained or incurred by him, in the event of M/s. Amrutanjan Finance Ltd. invoking the guarantee/surety executed by Mr. S. Krishnan, and making any claims or demands against him".

By Order of the Board

Place : Mumbai

A. KANNAN YADAV

Date : 25th August, 1997

Director

NOTES:

1. Any member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of himself. The proxy need not be a member of the Company. The proxies should however be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
2. The Register of Members of the Company will be closed from 16th September 1997 to 29th September 1997 (both days inclusive).
3. The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business set out under items 6 and 7 is annexed.
4. All communications relating to share transfers/transmission are to be addressed only to the Registered Office of the Company at 63, Sedhuvalai Village Pin Number at : 632 104, Virinjipuram Post Vellore Taluk, North Arcot Ambedkar Dt., Tamilnadu, India.
5. Members are requested to notify immediately any change in their address.

NB Footwear Limited

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

ITEM NO.6

The Company was granted Working Capital Facility in May, 1997 to the tune of Rs.725 lakhs, and as per terms and conditions of the loan sanctioned, Mr. Rajen K. Desai has given his personal guarantee to secure the repayment of this loan. In consideration of Mr. Rajen K. Desai having agreed to personally guarantee the Working Capital Facilities availed by the Company, the Company has proposed to indemnify Mr. Rajen K. Desai against any losses that may be incurred owing to the Bank invoking his personal guarantee. In terms of Section 370 of the Companies Act 1956, the proposed guarantee to be issued by the Company is subject to the approval of the shareholders in general meeting by special resolution.

The draft of the Indemnity to be issued by the Company to Mr. Rajen K. Desai is available for inspection at the Registered Office of the Company on any working day during office hours, till the date of the Meeting.

Except Mr. Rajen K. Desai none of the Directors is interested in the above Resolution. The Directors commend the resolution for adoption.

ITEM NO.7

The Company has taken on Lease during the year 1996-'97 assets on lease from M/s. Amrutanjan Finance

Ltd. for a value of Rs.22,86,117.13 and as per the terms and conditions of the lease agreement entered into by the Company with M/s. Amrutanjan Finance Ltd., Mr. S. Krishnan, President & Secretary, has given his personal guarantee to secure the payment of lease rentals for the entire period of the lease. In consideration of Mr. S. Krishnan having agreed to personally guarantee the lease rental payable by the Company, the Company has proposed to indemnify Mr. S. Krishnan against any losses that may be incurred owing to M/s. Amrutanjan Finance Ltd. invoking his personal guarantee. In terms of Section 370 of the Companies Act, 1956, the proposed guarantee to be issued by the Company is subject to the approval of the Shareholders in general meeting by special resolution.

The draft of the Indemnity to be issued by the Company to Mr. S. Krishnan is available for inspection at the Registered Office of the Company on any working day during office hours, till the date of the meeting.

None of the Directors are interested in the above resolution. The Directors commend the resolution for adoption.

By Order of the Board

Place : Mumbai
Date : 25th August, 1997

A. KANNAN YADAV
Director

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Annual Report

DIRECTORS REPORT

The Directors are pleased to present their Ninth Annual Report together with the audited accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS

	(Rs. in Lakhs)	
	31.3.1997	31.3.1996
	(18 months)	
Turnover	838.98	318.10
Profit/(Loss) before depreciation	(81.85)	70.43
Depreciation	22.89	29.27
Profit/(Loss) after depreciation	(104.74)	41.16

GENERAL REVIEW

During the year under review, the growth rates of the previous year and the buoyancy continued into the initial months but subsequent developments had a dampening effect. The general recessionary trend prevailing in the European Market contributed to the slowing down of production. The absence of working capital facility for the company contributed to lack of liquidity. Members may recollect that the company had added capacity with a view to positioning itself for sustained growth in both, Gents and Ladies shoes. Consequent to the sluggish growth in the latter part of the year, there was under utilisation of the capacity resulting in losses.

OUTLOOK FOR THE CURRENT YEAR

The continuing recessionary trend in the German Market, has prompted the company to look at Markets in the U.K. and USA. The Directors are pleased to inform that the shoes supplied by the Company to these markets have been received well and the possibility of a profitable business with these Countries is bright. The Directors are also pleased to inform, that the company has been granted working capital facility since the close of the accounting year and this coupled with the expertise the company has in the manufacture of shoes, should enable the company to achieve the necessary volumes of production and profitability indicated earlier.

However, these circumstances have to be viewed in the context of the highly volatile foreign currency situation. and the company would exercise utmost caution while accepting orders for export.

DIRECTORS

Mr. Boman Mirza, Mr. H.R. Prasad and Mr. Prakash Dhebar resigned from the Board during the year. Since the close of the year, Mr. G.S.A. Saldanha has also resigned from the Board.

The Board wishes to place on record their appreciation of the services rendered by these Directors during their tenure as Directors of the Company.

Mr. A.L. Prasad, Mr. A.S. Choudhri and Mr. Rajen K. Desai retire by rotation at the ensuing Annual General Meeting and are eligible for re-election.

AUDITORS

Messrs. A.F. Ferguson & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for reappointment. The declaration under section 224(1-B) of the Companies Act, 1956 has been received from them.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange earned during the year by export was Rs.685.01 lakhs and the foreign exchange outgo was Rs.233.54 lakhs.

DEPOSITS

The company has not accepted any deposits from the public.

EMPLOYEES

There are no employees covered under section 217(2-A) of the Companies Act, 1956.

ACKNOWLEDGEMENT

The Directors wish to place on record the support from received from Financial Institutions, Bank, Government Authorities and Employees.

For and on behalf of the Board,

RAJEN K. DESAI
KANNAN A. YADAV
Directors

Place : Mumbai
Date : 25th August, 1997