

NB FOOTWEAR LIMITED



FOOTWEAR

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11th ANNUAL REPORT
1998 - 99

NB Footwear Limited

BOARD OF DIRECTORS

Mr. Rajen K. Desai – Chairman
 Mr. S. Krishnan – Wholetime Director & Chief Executive
 Mr. A.S. Chowdri – Director
 Mr. A.L. Prasad – Director
 Mr. Sudhakar Shetty – Director
 Mr. Kannan A. Yadav – Director
 Mr. Gregory Pereira – Director

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 Dist.
 Tamil Nadu, India.

ADMINISTRATIVE OFFICE

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

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NB Footwear Limited

NOTICE TO SHAREHOLDERS

Notice is hereby given that the ELEVENTH ANNUAL GENERAL MEETING of the company will be held at LAKSHMI NARAYAN HALL, (Annexe), Hotel Ganga, 16, Officers Line, Vellore - 632 101 on Wednesday, 29th September, 1999 at 11.30 A.M. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report, the accounts for the year ended 31st March, 1999 and the Auditors' Report thereon.
2. To appoint a Director in the place of Mr. Gregory Pereira 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 Mr. 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 Mr. Rajen K. Desai, who retires by rotation under Article 86 of the Articles Association of the Company and being eligible, 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. Appointment of Director.
To consider, and if thought fit to pass with or without modification, the following as an Ordinary Resolution:
"RESOLVED THAT Mr. S. Krishnan be and he is hereby appointed a Director of the Company".
7. Appointment of Whole time Director.
To consider, and if thought fit to pass with or without modification, the following as an Ordinary Resolution"

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 and read with Schedule XIII, and other applicable if any, of the Companies Act, 1965 and subject to any other approval as may be necessary, the Company hereby approves the terms of appointment and remuneration of Mr. S. Krishnan and Whole time Director of the Company for a period of three years from 17th October, 1998 to 16th October 2001. On the terms and conditions as set out in the Explanatory Statement annexed hereto, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment as may be agreed between the Board and Mr. S. Krishnan".

By Order of the Board

S. KRISHNAN

*Wholetime Director
& Chief Executive*

Place : Mumbai

Date : 30th July, 1999

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 14th September 1999 to 29th September 1999 (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 are annexed.
4. All Communications relating to share transfers/ transmission are to be addressed only to the Registered office of the company at 63, Seduvalai village pin number at ; 632 104, Virinjipuram Post vellore Dist., Tamil Nadu, India.
5. Members are requested to notify immediately any change in their address.

Annual Report

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

Mr.S.Krishnan was appointed as Additional Director on the Board of the Company on 17th October, 1998 and as Whole Time Director & Chief Executive of the Company for a period of three years from 17th October, 1998.

Mr.S.Krishnan is a graduate in Science and is a member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He joined the Company in 1992 and took over as Chief Executive in the year 1994. He has knowledge of international trade and a good hold on the leather and footwear industry. Your Directors are of the opinion that his appointment will be highly beneficial to the Company. The appointment and remuneration payable is subject to the approval of the shareholders.

The remuneration payable will be as per limits laid down under Schedule XIII of the Companies Act, 1956 as follows :

- a) Salary Rs. 25,000/= per month in the scale of Rs.25000-1500-40000.
- b) Perquisites shall be allowed in addition to salary. However, it shall be restricted to an amount equal to the annual salary.
 - i) **Housing /House Rent Allowance :**
The expenditure incurred by the Company will be subject to a ceiling of 60% of the salary.
 - ii) **Medical Reimbursement :**
Expenses incurred for self and family subject to a ceiling of one month's salary in a year.
 - iii) **Leave Travel Concession :**
Leave Travel Concession for self and family once in a year incurred in accordance with the rules of the Company.
 - iv) **Club fees :**
Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.
 - v) **Personal Accident Insurance :**
Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs. 1000/=.

- vi) Contribution towards provident fund and super annuation fund at the rates prevailing.
- vii) **Gratuity :**
Gratuity payable shall not exceed one half month's salary for each completed year of service.
- viii) **Encashment of leave :**
- ix) **Provision of Company 's car for business and personal use.**
- x) **Provision of telephone at residence.**

Contribution to provident fund and gratuity fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act. Gratuity payable should not exceed half a month's salary for each completed year of service.

Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

The documents relating to the appointment and payment of remuneration to Mr.S.Krishnan are available for inspection at the Registered Office of the Company on any working day during business hours.

This may also be treated as an abstract of the draft agreement to be entered into between Mr.S.Krishnan and the Company Pursuant to Section 302 of the Companies Act 1956.

Notice as required under section 257 of the Companies Act, 1956 together with the stipulated deposit amount has been received from a member proposing the appointment of Mr.S.Krishnan.

Except Mr.S.Krishnan, no other Director is interested in the resolution.

By Order of the Board

S. KRISHNAN
Wholetime Director
& Chief Executive

Place : Mumbai
Date : 30th July, 1999

NB Footwear Limited

DIRECTORS' REPORT

The Directors are pleased to present their Eleventh Annual Report together with the audited accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS	(Rs. in Lakhs)	
	1998-99	1997-98
Turnover	655.33	237.59
Loss before interest and depreciation	47.56	54.40
Interest	55.63	21.47
Depreciation	23.24	22.92
Net Loss	126.43	98.79

GENERAL REVIEW

It was another disappointing year for the Company. The policy initiatives were not sufficient to improve performance. The last quarter witnessed a change in trends but this by itself was inadequate to enhance capacity utilisation during the year.

OUTLOOK FOR THE CURRENT YEAR

Your Directors are more optimistic on the prospects for the year 1999-2000. In addition to improved demand, the situation in East Europe should help in increased production and performance. As part of a long term strategy, your Company has generated new business opportunities which would enable the Company to ensure higher growth rate in future.

DIRECTORS

Mr. S. Krishnan, was appointed as an Additional Director of the Company at the Board meeting of the Company held on 17th October, 1998. Mr. S. Krishnan will vacate office at the forthcoming Annual General Meeting of the Company. The Company has received notice in writing as required under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose the reappointment of Mr. S. Krishnan as a Director.

Mr. S. Krishnan has been appointed as Wholetime Director and Chief Executive of the Company with effect from 17th October, 1998 for a period of three years. The appointment and remuneration payable to him are subject to the approval of the shareholders at the forthcoming Annual General Meeting.

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

AUDITORS

M/s. 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.589 Lakhs and the foreign exchange outgo was Rs.205 Lakhs.

DEPOSITS

The Company has not accepted any deposits from the public.

EMPLOYEES

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

TRAINING AND DEVELOPMENT

Your Company continues its endeavours to be a learning organisation. Also, the policy of the management of attaching great importance of the welfare of the employees has provided a conducive work atmosphere and cordial industrial relations during the year.

YEAR 2000 (Y2K) RELATED ISSUES

Your Company does not face any major Y2K related issues that could significantly affect its operations. Your Directors have taken steps to ensure that all date dependent systems are fully Y2K compliant. Your Company also has contingency plans to ensure continuity in its operations, in the unlikely event of failure of any of these systems.

AUDITORS' REPORT

With regard to the opinion of Auditors given in para 2 (e) of their report, it is submitted that Note 13 of Notes on Accounts forming part of the accounts for the year is self explanatory.

ACKNOWLEDGEMENT

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

For and on behalf of the Board,

RAJEN K. DESAI
Chairman
S. KRISHNAN
Wholetime Director
& Chief Executive

Place : Mumbai
Date : 30th July, 1999

Annual Report**FORM B**

Disclosure of particulars with respect to Research and Development and Technology Absorption as required under Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 and forming part of the Report of the Board of Directors for the year ended 31st March, 1999.

RESEARCH AND DEVELOPMENT

The Company has directed its efforts towards development of new designs for the fashion oriented markets of Europe and USA.

TECHNOLOGY ABSORPTION

The Company is in the process of developing designs through CAD systems. Further, the Company has taken measures to improve product quality and productivity.

For and on behalf of the Board,

RAJEN K. DESAI

Chairman

S. KRISHNAN

Wholetime Director

& Chief Executive

Place : Mumbai

Date : 30th July, 1999

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