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NB FOOTWEAR LIMITED

FOOTWEAR

15th Annual Report
2002-2003

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NB Footwear Limited

BOARD OF DIRECTORS

Mr. Rajen K. Desai - Director
Mr. S. Krishnan - Director
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,Sedhuvalaai Village
Pin Number at : 632 104
Virinjipuram Post
Vellore Dist.
Tamil Nadu,India.

ADMINISTRATIVE OFFICE

No.11,Beemanna Garden Road,
Alwarpet
Chennai - 600 018.
Tamil Nadu, India.

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NOTICE TO SHAREHOLDERS

Notice is hereby given that the FIFTEENTH ANNUAL GENERAL MEETING of the company will be held at Lakshminarayan Hall, Hotel Ganga, 16, Officers Line, Vellore – 632 101, on Tuesday, 30th September, 2003 at 11.00 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 2003 and the Auditors' Report thereon.

(2) To appoint a Director in the place of Mr. Rajan 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.

(3) To appoint a Director in the place of Mr. S. Krishnan, 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. 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.

(5) To appoint Auditors and fix their remuneration. The retiring Auditors, M/s. A.F. Ferguson & Co., Chartered Accountants are eligible for reappointment. The declaration under Section 224(1-B) of the Companies Act,1956 has been received.

By order of the Board,

Place : Mumbai
Date : 01.09.2003

S. KRISHNAN
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 30th September, 2003 to 15th October, 2003 (both days inclusive).

3. All communications relating to share transfer/ transmission are to be addressed only to the Registered Office of the company at 63, Seduvalai Village, Virinjipuram post, Vellore District - 632 104.

4. Members are requested to notify immediately any change in their address.

By order of the Board,

Place : Mumbai
Date : 01.09.2003

S. KRISHNAN
Director

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DIRECTORS REPORT

The Directors are pleased to present their **Fifteenth Annual Report** together with the audited accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS (Rs. in lakhs)

	2002-2003	2001-2002
Turnover	—	16.34
Operating Loss	35.06	63.20
Provision for Doubtful debts/ Advances/Write off	12.85	—
Loss before interest and depreciation	47.91	63.20
Interest	236.56	145.44
Depreciation	24.00	24.06
Net Loss	308.47	232.70

GENERAL REVIEW

The Company did not have any operations during the year under review. Pending disposal by the BIFR of the Techno Economic Viability Study conducted by the CLRI(Central Leather Research Institute), the Company has submitted a proposal for a one time settlement of its dues to Bank of India and the same is pending.

OUTLOOK FOR THE FUTURE

The outlook for the future depends highly on the favourable disposal by BIFR of the Techno Economic Viability Study or alternatively the acceptance of the One Time Settlement proposal by Bank of India. The Board is of the view that with lapse of time the Company is losing considerable ground on the marketing front.

DIRECTORS

Mr. Rajan K Desai, Mr. Gregory Pereira and Mr. S. Krishnan retire by rotation at the ensuing annual general meeting and are eligible for reelection.

AUDITORS

M/s. A.F.Ferguson & Co., Chartered Accountants retire at the ensuring Annual Meeting and are eligible for reappointment. The declaration under Section 224(1-B) of the Companies Act, 1956 has been received from them. As regards the auditors observation in para (vi) (a) of their report, we wish to state that note No10 of notes to accounts forming part of the Accounts is self explanatory.

As regards the auditors observation in para (vi) (b) of their report, we wish to state that the future prospects of the company is good subject however to a favourable disposal of the one time settlement package by the Banker.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earned during the year by export was Rs. Nil Lakhs and the foreign exchange outgo was Rs Nil 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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that they have:

i. Followed the applicable accounting standards in the preparation of the annual accounts:

ii. Selected such accounting policies and applied them consistently and made judgement and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the company for the year under review;

iii. Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and detecting fraud and other irregularities;

iv. Prepared the accounts for the financial year on a 'going concern' basis.

TRAINING AND DEVELOPMENT

Your company firmly believes that a genuine and deep-seated commitment to excellence in human development is essential for organizational success. Over the years it has through various systems consistently striven to implement affirmative actions for the growth and development of its people.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a Report on Corporate Governance with Auditor's Certificate on compliance of conditions of Corporate Governance and a Management Discussion & Analysis Report have been attached to form part of the Annual Report.

For and on behalf of the Board,

Place : Mumbai
Date : 01.09.2003

RAJEN K DESAI
Chairman

S. KRISHNAN
Director

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FORM B

Disclosure particulars with respect to Research and Development Technology Absorption as required under Companies (Disclosures 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 2003.

RESEARCH AND DEVELOPMENT

There was no activity in the company's plant.

For and on behalf of the Board,

Place : Mumbai
Date : 01.09.2003

RAJEN K DESAI *Chairman*

S. KRISHNAN *Director*

REPORT ON CORPORATE GOVERNANCE

1) Philosophy on Code of Governance

The cornerstone of the philosophy of Corporate Governance adopted by your Board has at all times been based on integrity, transparency and fairness in all its dealings. The company will continue to seek enhancement to shareholder value within the framework of business ethics, regulatory compliances and contribution to society.

2) Board of Directors

All the Directors are Non-executive Directors

Mr. Rajen K. Desai
Mr. Kannan A.Yadav (Independent)
Mr. Sudhakar Shetty (Independent)
Mr. S. Krishnan
Mr. Gregory Pereira (Independent)
Mr. A.S. Chowdri (Independent)
Mr. A.L. Prasad (Independent)

3) Details of Attendance at Board Meetings and last Annual General Meeting (AGM) and details of memberships in other Boards and Committees

The Board met six times during the financial year on 30th April 2002 July 31, 2002 31stOctober 2002, 31st December 2002, 31st January 2003, February 28, 2003

Name of the Director	Category	No.of Board meetings attended	Whether attended last AGM	Membership in other Boards	Membership in other committees
Mr. Rajen K. Desai	Chairman	6	No		
Mr.Kannan A.Yadav	Director	6	Yes		
Mr.Sudhakar Shetty	Director	6	No	Details	Details
Mr. S.Krishnan	Director	5	Yes	not available	not available
Mr.Gregory Pereira	Director	6	No		
Mr. A.S.Chowdri	Director	None	No		
Mr. A.L.Prasad	Director	None	No		

4) Audit Committee

(a) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

(b) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.

(c) Reviewing with management the annual financial statements before submission to the board.

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(d) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.

(e) Reviewing the adequacy of internal audit function, including the structure of the internal audit department.

(f) Discussion with internal auditors any significant findings and follow up thereon.

(g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

(h) Discussions with external auditors before the audit commences on the nature and scope of audit as well as have post-audit discussions to ascertain any area of concern.

(i) Reviewing the company's financial and risk management policies.

(j) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

Composition, Name of Members and Chairperson of the Audit Committee

The Company has an Audit Committee of the Board comprising of 3 Directors, The Committee held 3 Meetings during the year on 31st July 2002, 19th August 2002, 31st January 2003

Name of the Member	Designation	Number of Meetings attended
Mr. Kannan Yadav	Chairman (Independent)	3
Mr. Sudhakar Shetty	Member (Independent)	3
Mr. Gregory Pereira	Member (Independent)	3

5) Remuneration to Directors

No remuneration was paid to any Director during the year.

6) Share Transfer / Investors Grievance Committee

The Share Transfer / Investor Grievance Committee consists of Mr. Rajen K.Desai, and Mr. S.Krishnan, and Mr. Kannan A.Yadav. This Committee is authorised to approve the transfers / transmissions once in a month and to look into grievances of shareholders. Name and designation of Compliance officer: Mr. S.Ilavarasan, Manager-Finance.

Requests for dematerialisation are confirmed on a weekly basis.

During the year, there were two complaints received from the shareholders and the same was suitably replied/ resolved.

7) General Body Meeting

The last three Annual General Meetings were held as under :

Date of AGM	Time	Venue
September 27th 2002	10.00 a.m	Lakshminarayan Hall, Hotel Ganga, 16, Officers line, Vellore – 632 101
September 26th 2001	10.00 a.m	Lakshminarayan Hall, Hotel Ganga, 16, Officers line, Vellore – 632 101
September 29th 2000	11.00 a.m	Lakshminarayan Hall, Hotel Ganga, 16, Officers line, Vellore – 632 101

No Extraordinary General Meetings were held during the last three years

No Special/Ordinary resolutions were required to be put through Postal Ballot at the AGM held on 27.09.2002.

8) Disclosures

During the year the company had not entered into any transaction of material nature with any of the promoters, directors, or the management, subsidiaries or relatives etc., which may have potential conflict with the interests of the company at large.

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There was no instance of non-compliance by the company on any matters relating to the capital markets nor was there any penalty / strictures imposed by the stock exchanges or SEBI or any other statutory authorities during the last three years.

9) Means of communication

The Quarterly results are published in "The Trinity Mirror" and "Makkal Kural"(Tamil), except for the quarter ended 31.03.2003 where results have not been published. Quarterly results are not sent individually to shareholders. The company does not have a website. The quarterly results and the shareholding pattern are sent to stock exchanges through courier / post. The Management Discussion and Analysis Report form part of Annual report.

10) General Shareholder information

Annual General Meeting

To be held on September 30, 2003 at 10.00 a.m.

Lakshminarayan Hall, Hotel Ganga,
16, Officers line, Vellore 632 101

Financial Calendar

Annual Accounts	end September
Unaudited results for the first quarter ending June 30th	end July
Unaudited results for the first quarter ending September 30th	end October
Unaudited results for the first quarter ending December 31st	end January

Book Closure Period

30th September 2003 to 15th October 2003

Listing on Stock Exchanges

The Madras Stock Exchange Limited (MSE)
Second Line Beach, Chennai - 600 001.

The Stock Exchange, Mumbai
Phiroze, Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001.

The Vadodara Stock Exchange Limited
Fortune Towers, Sajajigunj Vadodara – 390 005

Listing

Annual Listing fees for 2003-2004 has been paid to all stock exchanges where the shares are listed

Stock code

MSE NB FOOT
BSE 5232412
VSE 523242

Share Price Data

There has been no trading of the company's equity shares in the Stock Exchanges

Registrar and Transfer Agents

The company has appointed Cameo Corporate Services Limited as the agency for share registry in respect of Demat Shares.

Share Transfer System

The power to approve transfer of shares has been delegated by the Board to the Share Transfer Committee. Share transfer requests are processed within 15 days from the date of receipt. Letters are sent to transferees giving an option for dematerialisation of shares acquired in physical form.

DISTRIBUTION OF SHAREHOLDING AS OF 31.03.2003

Category (No. of Shares)	No. of Shareholders	Percentage	No.of Shares	Percentage
UPTO 1000	3359	97.85	1865844	41.46
1001 – 2000	7	0.20	9356	0.21
2001 – 3000	5	0.14	11800	0.26
3001 – 4000	5	0.14	18600	0.41
4001 – 5000	12	0.35	55600	1.24
5001 – 10000	19	0.56	125500	2.79
Above 10000	26	0.76	2413300	53.63
	3433	100.00	4500000	100.00

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Pattern of Shareholding as on March 31, 2003

Category	No. of. Shares	%
Non-Resident Individuals	13500	0.31
Corporate Bodies	1544456	34.32
Individuals and others	2942044	65.37
Total	4500000	100.00

Dematerialisation of Shares and liquidity

The Company has entered into the necessary agreement with CDSL for Dematerialization of the shares held by the investors.

Demat ISIN Number: INE 006F01018

Plant Location:
63, Seduvalai, Virinjipuram, Vellore – 632 104.

Address for communication

NB FOOTWEAR LIMITED
NO.63 SEDUVALAI, VIRINJIPURAM
VELLORE, TAMIL NADU – 632 104.

(OR)

M/S. CAMEO CORPORATE SERVICES LIMITED
SUBRAMANIAN BUILDING
NO.1, CLUB HOUSE ROAD
CHENNAI, TAMILNADU – 600 002.

CERTIFICATE

To
The Members of NB Footwear Limited

We have examined the compliance of conditions of Corporate Governance by NB Footwear Limited, for the year ended 31st march 2003, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company, for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Details of membership in the boards and committees of other companies are not available in respect of any of the directors. Consequently we are unable to comment as to whether the directors are members in more than 10 committees or act as chairman in more than five committees across all companies in which they are directors.

Subject to the above, In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance note issued by the Institute of Chartered Accountants of India, we have to state that, based on the confirmation given by company, as on 31st march 2003 there were no investor grievances remaining unattended for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **A.F.FERGUSON & CO**
Chartered Accountants

Place : Mumbai
Date : 03.09.2003

H.L.SHAH
Partner

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