

# **NB FOOTWEAR LIMITED**



**FOOTWEAR**

## **18th Annual Report 2005 - 2006**

## N B 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  
 Mr. Gregory Pereira - Director

### AUDITORS

J.V. Ramanujam & Co.,  
 Chartered Accountants  
 Chennai.

### BANKERS

Union Bank of India  
 Broadway Branch  
 Chennai - 600 108.

### REGISTERED OFFICE & WORKS

#63, Seduvalai 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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## N B Footwear Limited

### NOTICE CONVENING EIGHTEENTH ANNUAL GENERAL MEETING

Notice is hereby given that the EIGHTEENTH ANNUAL GENERAL MEETING of the Company will be held at Lakshminarayan Hall, Hotel Ganga, No.16, Officers Line, Vellore 632 101 on Saturday, the 30<sup>th</sup> September 2006 at 11.00 a.m. to transact the following business :-

#### ORDINARY BUSINESS

01. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2006 and the Profit and Loss Account for the year ended on that date together with the report of Directors and Auditors thereon.
02. To appoint a Director in the place of Mr A S Chowdri who retires by rotation in terms of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
03. To appoint a Director in the place of Mr A L Prasad who retires by rotation in terms of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
04. To appoint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General meeting and fix up their remuneration. M/s. J V Ramanujam & Co., Chartered Accountants, the retiring Auditors are eligible for re-appointment.

By order of the Board

Place : Mumbai  
Date : June 30, 2006

**KANNAN A YADAV**  
DIRECTOR

#### Notes :-

01. A Member entitled to attend and vote at the meeting shall be entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. The proxy in order to be valid, shall be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
02. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September 2006 to 30<sup>th</sup> September 2006 (both days inclusive).
03. Members are requested to notify immediately any change in their address.

By order of the Board

Place : Mumbai  
Date : 30.06.2006

**KANNAN A YADAV**  
DIRECTOR

## Annual Report

### DIRECTORS REPORT

To  
The Members,  
NB FOOTWEAR LIMITED

Dear Sirs,

The Directors are pleased to present their **EIGHTEENTH ANNUAL REPORT** together with the audited annual accounts for the year ended 31<sup>st</sup> March 2006.

#### **01. FINANCIAL RESULTS**

The financial results for the year ended 31<sup>st</sup> March 2006 are given below :-

Description	2005-2006 (Rs. in lakhs)	2004-2005
Turnover/Income	<b>200.99</b>	1096.16
Operating Profit	<b>156.67</b>	1071.58
Profit before Interest and Depreciation	<b>156.67</b>	1071.58
Interest	-	8.22
Depreciation	<b>22.71</b>	24.14
Net Profit	<b>133.96</b>	1039.22

#### **02. PERFORMANCE**

There was no manufacturing activity during the year under review. The operations have resulted in a net profit of Rs. 133.96 lakhs which was mainly on account of write back of interest/principal arising out of the one time settlement with International Finance Corporation, Washington.

#### **03. OUTLOOK FOR THE FUTURE**

The Company is awaiting a favourable disposal of its application pending with BIFR. The industry is continuing to pass through a difficult phase. The Company, however, is in a state of readiness keeping in mind the need to re-start operations.

#### **04. DIRECTORS**

Mr. A.S. Chowdri and Mr. A. L. Prasad, Directors retire at the forth coming Annual General Meeting and being eligible, offer themselves for re-appointment.

#### **05. AUDITORS**

M/s. J V Ramanujam & Co., Chartered Accountants, the Statutory Auditors of the Company hold office until the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

#### **06. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND ADAPTATION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The details relating to conservation of energy, technology absorption and adaptation and foreign exchange earnings and outgo for the year ended 31<sup>st</sup> March 2006 as required under Section 217(1)(e) of the Companies Act, 1956 are NIL.

#### **07. DEPOSITS**

The Company has not accepted any deposits from the public.

#### **08. EMPLOYEES**

There are no employees who are in receipt of the remuneration as prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and hence annexure as per the Section 217(2A) is not attached.

#### **09. 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 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 profit 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.

#### **10. CASH FLOW STATEMENT**

As required by Clause 32 of the Listing Agreement, Cash Flow Statement for the year ended 31<sup>st</sup> March 2006 is enclosed.

#### **11. CORPORATE GOVERNANCE**

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

For and on behalf of the Board

Place : Mumbai  
Date : June 30, 2006

**KANNAN A YADAV**  
DIRECTOR

## N B Footwear Limited

### REPORT ON CORPORATE GOVERNANCE

#### 01) 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.

#### 02) Board of Directors

The Board comprises of the following Directors as on 31<sup>st</sup> March 2006.

S.No.	Name of the Director	Category
01.	Mr. Rajen K. Desai	Promoter Director
02.	Mr. Kannan A.Yadav	Non-Executive Independent Director
03.	Mr. Sudhakar Shetty	-do-
04.	Mr. S.Krishnan	-do-
05.	Mr. Gregory Pereira	-do-
06.	Mr. A.S.Chowdri	-do-
07.	Mr. A.L.Prasad	-do-

#### 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 Five times during the financial year on 30<sup>th</sup> April 2005, 30<sup>th</sup> July 2005, 12<sup>th</sup> August 2005, 31<sup>st</sup> October 2005 and 30<sup>th</sup> January 2006.

Name of the Director	Category	No. of Board meetings	Whether attended last AGM	Membership in other Boards	Membership in other committees
Mr. Rajen K. Desai	Chairman	5	No	3	Nil
Mr. Kannan A.Yadav	Director	5	Yes	2	Nil
Mr. Sudhakar Shetty	Director	5	No	1	Nil
Mr. S.Krishnan	Director	3	Yes	1	Nil
Mr. Gregory Pereira	Director	5	No	1	Nil
Mr. A.S.Chowdri	Director	Nil	No	Nil	Nil
Mr. A.L.Prasad	Director	Nil	No	Nil	Nil

#### 4) Audit Committee

##### i) Brief description of terms of reference

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the board.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department.
- Discussion with internal auditors any significant findings and follow up thereon
- 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.

## Annual Report

- (h) Discussions with external auditors before the audit commences on the nature and scope of audit as well as 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.

### ii) 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 4 Meetings during the year on 30<sup>th</sup> April 2005, 30<sup>th</sup> July 2005, 31st October 2005 and 30<sup>th</sup> January 2006

Name of the Member	Designation	Number of Meetings attended
Mr. Kannan A Yadav	Chairman (Independent)	4
Mr. Sudhakar Shetty	Member (Independent)	4
Mr. Gregory Pereira	Member (Independent)	4

### 5) Remuneration Committee

No remuneration was paid to any Director during the year. Hence, the need for constitution of Remuneration Committee does not arise.

### 6) Share Transfer / Investors Grievance Committee

The Share Transfer / Investor Grievance Committee consists of Mr. Rajen K. Desai, Mr. S. Krishnan and Mr. Kannan A. Yadav. This Committee is authorised to approve the transfers / transmissions once in a fortnight and to look into grievances of shareholders.

Name and designation of the Compliance officer: Mr. C. Ramakrishnan, Compliance officer-cum CFO

Requests for dematerialisation are confirmed on a daily basis.

During the year there were no complaints received from the shareholders and there are no pending investors grievances as on 31.03.2006.

### 7) General Body Meetings

The last three Annual General Meetings were held as under :

Date of AGM	Time	Venue
September 21 <sup>st</sup> 2005	11.00 a.m	Lakshminarayan Hall, Hotel Ganga, 16, Officers Line, Vellore – 632 101
September 30 <sup>th</sup> 2004	11.00 a.m	Lakshminarayan Hall, Hotel Ganga, 16, Officers Line, Vellore – 632 101
September 30 <sup>th</sup> 2003	10.00 a.m	Lakshminarayan Hall, Hotel Ganga, 16, Officers Line, Vellore – 632 101

No Special/Ordinary resolutions were required to be put through Postal Ballot at the AGM held on 21.09.2005.

### 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.

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.



## N B Footwear Limited

### 9) Means of communication

The unaudited Quarterly results are published in "The Trinity Mirror" in English and "Makkal Kural" in Tamil. The Company does not have a website. The quarterly results and the shareholding pattern are regularly sent to all the stock exchanges where the Company's shares are listed. The Management Discussion and Analysis Report form part of Annual report.

### 10) General Shareholder information

#### a) Annual General Meeting for 2006

Date : 30th September 2006

Time : 11.00 a.m.

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

#### b) Financial Calendar for 2006-2007

Unaudited results for the quarter ended 30 <sup>th</sup> June 2006	31 <sup>st</sup> July 2006
Unaudited results for the quarter ended 30 <sup>th</sup> September 2006	On or before 31 <sup>st</sup> October 2006
Unaudited results for the quarter ended 31 <sup>st</sup> December 2006	On or before 31 <sup>st</sup> January 2007
Audited Financial Results for the year ended 31 <sup>st</sup> March 2007	On or before 30 <sup>th</sup> June 2007

#### c) Book Closure Period

23rd September 2006 to 30th September 2006

### d) Listing on Stock Exchanges

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

Bombay Stock Exchange Ltd.  
Floor 25, PJ Towers,  
Dalal Street, Mumbai - 400 001

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

### e) Listing

Annual Listing fees for 2006-2007 has been paid to all stock exchanges where the shares are listed

### f) Stock code

MSE NB FOOT

BSE 523242

VSE 523242

### g) Registrar and Transfer Agents.

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

### h) 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.

### i) DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2006

CATEGORY (NO OF SHARES)	NO OF SHAREHOLDERS	PERCENTAGE	NO.OF SHARES	PERCENTAGE
UPTO 1000	3351	97.84	1866844	41.48
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	0.77	2412300	53.61
	<b>3425</b>	<b>100.00</b>	<b>4500000</b>	<b>100.00</b>