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NB FOOTWEAR LIMITED

FOOTWEAR

20th Annual Report
2007 - 2008

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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 - Director
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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NOTICE CONVENING TWENTIETH ANNNUAL GENERAL MEETING

Notice is hereby given that the TWENTIETH ANNUAL GENERAL MEETING of the Company will be held at Lakshminarayan Hall, Hotel Ganga, No.16, Officers Line, Vellore 632 101 on Monday, the 15th September 2008 at 11.00 a.m. to transact the following business :-

ORDINARY BUSINESS

01. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2008 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 Kannan A Yadav. 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 Gregory Pereira 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.

SPECIAL BUSINESS

05. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :-

Increasing the Authorised share Capital of the Company :-

"RESOLVED

That pursuant to the order of Honourable Board for Industrial and Financial Reconstruction dated 7th July 2008 in case No. 19/01 and pursuant to Section 94 and all other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is increased from Rs. 5,00,00,000/- (Rupees Five Crores Only) divided into 50,00,000 (Fifty Lakhs Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each to Rs. 20,00,00,000/- (Rupees Twenty Crores Only) divided into 2,00,00,000 (Two Crores Only) Equity Shares of Rs. 10/- each ranking pari passu in all respects with the existing equity shares in the Company.

RESOLVED FURTHER

That pursuant to Section 16 and all other applicable provisions, if any, of the Companies Act, 1956, Clause V of the Memorandum of Association of the Company be and is hereby amended to read that the Authorised Share Capital of the Company is Rs. 20,00,00,000/- (Rupees Twenty Crores Only) divided into 2,00,00,000 (Two Crores Only) Equity Shares of Rs. 10/- each.

RESOLVED ALSO FURTHER

That pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, Article 3 of the Articles of Association of the Company be and is hereby deleted and the following new Article substituted therefor :-

Capital 3. The Authorised share capital of the Company is Rs. 20,00,00,000/- (Rupees Twenty Crores Only) divided into 2,00,00,000/- (Two Crores Only) equity shares of Rs. 10/- (Rupees Ten Only) each".

06. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :-

To convert the unsecured loan of Rs. 9 Crores into equity share capital :-

"RESOLVED

That pursuant to the order of the Honourable Board for Industrial and Financial Reconstruction dated 7th July 2008 in case No. 19/01 thereby allowing the Company to convert unsecured loan of Rs. 9 Crores brought in by promoter and promoter group into equity share capital, approval of the shareholders be and is hereby given by way of special resolution for conversion of unsecured loan of Rs. 9 Crores into equity share capital and allotment of 90,00,000 equity shares of Rs. 10/- each thereagainst".

By order of the Board

Place : Mumbai
Date : 31.07.2008

KANNAN A YADAV
DIRECTOR & CEO

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 form 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 1st September. 2008 to 15th September 2008 (both days inclusive).

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

By order of the Board

Place : Mumbai
Date : 31.07.2008

KANNAN A YADAV
DIRECTOR & CEO

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Explanatory Statement pursuant to Section 173(2) of the Companeis Act, 1956

Item No. 5 : Increasing the Authorised share Capital of the Company :-

It is brought to the notice of the Members that the Honourable Board for Industrial and Financial Reconstruction vide order dated 1st May 2008 as amended by Order dated 7th July 2008 in case No. 19/01 allowed the Company to increase the Authorised Share Capital from the present level of Rs. 5 Crores to Rs. 20 Crores and exempted the Company from the compliance of applicable provisions of the Companies Act, 1956 including the provision as laid down under Section 81(1A) of the said Act and also the SEBI Guidelines/Regulations for increase in the Company's authorized share capital, paid up capital and also exempt the company from payment of any fee in this regard to concerned authorities.

Accordingly, the special resolution for increasing the authorized share capital from Rs. 5 Crores to Rs. 20 Crores and consequent amendment to Clause V of the Memorandum of Association and Article 3 of the Articles of Association is placed before Members for approval. The above orders of Honourable Board for Industrial and Financial Reconstruction are available for inspection by the Members during office hours at the Registered Office of the Company on any working day upto the date of the meeting.

Your Directors commend the resolution for adoption.

None of the Directors is concerned or interested in the special resolution.

Item No. 6 : To convert the unsecured loan of Rs. 9 Crores into equity share capital :-

It is brought to the notice of the Members that the Honourable Board for Industrial and Financial Reconstruction vide order dated 1st May 2008 as amended by Order dated 7th July 2008 in case No. 19/01 allowed the Company to convert the unsecured loans of Rs. 9 Crores into equity share capital; that the Company will also keep all concerned authorities informed of the same; that having considered the facts on record, the Bench exempted the Company from the compliance of applicable provisions of the Companies Act, 1956 including the provision as laid down under Section 81(1A) of the said Act and also the SEBI Guidelines/Regulations for increase in the Company's authorized share capital, paid up capital and also exempt the company from payment of any fee in this regard to concerned authorities.

Accordingly, the special resolution for converting the unsecured loan of Rs. 9 Crores brought in by the promoters into equity share capital and allotment of 90,00,000 equity shares of Rs. 10/- each thereagainst.as per details given below :-

S. No.	Name of the promoter and promoter group	No. of shares to be allotted
01.	Aditya Investments and CommunicationsLimited	1,99,300
02.	Chameleon Commodities Limited	20,61,500
03.	Grandeur Corporation Limited	62,65,200
04.	Transchem Limited	4,74,000
	Total	90,00,000

Your Directors commend the resolution for adoption.

None of the Directors is concerned or interested in the special resolution

By order of the Board

Place : Mumbai
Date : 31.07.2008

KANNAN A YADAV
DIRECTOR & CEO

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DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

S.No.	Particulars	Kannan A Yadav	Gregory Pereira
01.	Date of Birth	24.05.1963	13.02.1962
02.	Date of appointment	22.03.1996	22.03.1996
03.	Qualifications	B.Com	B.Com
04.	Expertise in specific functional area	A graduate in Commerce and having more than two decades of experience in administration and trading.	A graduate in Commerce and having more than two decades of experience in administration and trading.
05.	Directorships held in other Public Companies (including Foreign Companies)	1	1
06.	Memberships/Chairmanships of Committees of other public Companies (include only Audit and Shareholders/ Investors Grievance Committee)	-	-
07.	No. of shares held in the Company	76,700	44,700

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DIRECTORS REPORT

To
The Members,
NB FOOTWEAR LIMITED

Dear Sirs,

The Directors are pleased to present their **TWENTIETH ANNUAL REPORT** together with the audited annual accounts for the year ended 31st March 2008.

01. FINANCIAL RESULTS

The financial results for the year ended 31st March 2008 are given below :-

Description	2007-2008 (Rs. in lakhs)	2006-2007
Turnover/Income	0.00	2.09
Operating Loss	(17.69)	(15.04)
Profit/(Loss) before Interest and Depreciation	(17.69)	(15.04)
Interest	0.00	-
Depreciation	22.31	22.54
Net Profit/(Loss)	(40.00)	(37.58)

02. PERFORMANCE

There was no manufacturing activity during the year under review. The operations have resulted in a net loss of Rs. 40.00 lakhs.

03. OUTLOOK :-

The Company has received the approval of the Board for Industrial and Financial Reconstruction (BIFR) for conversion of the unsecured loans brought in by the promoters into equity. The resolutions required for this purpose are part of the Notice of Annual General Meeting. On receipt of the approval from the Members of the Company, the Company would file a discharge application with BIFR.

The Members are aware that the Company has discontinued operations in 2001. The plant, machinery and other equipment required for manufacture need to be balanced in order to revive commercial production. The Company is looking at reviving the footwear production as also other avenues for revenue generation.

04. DIRECTORS

Mr Kannan A Yadav and Mr Gregory Pereira, Directors retire at the forthcoming 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 OUTO

The details relating to conservation of energy, technology absorption and adaptation and foreign exchange earnings and outgo for the year ended 31st March 2008 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 or 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.

10. CASH FLOW STATEMENT

As required by Clause 32 of the Listing Agreement, Cash Flow Statement for the year ended 31st March 2008 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 : 31.07.2008

KANNAN A YADAV
DIRECTOR & CEO

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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 31st March 2008.

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-

None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.

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 Four times during the financial year on 27th June 2007, 31st July 2007, 31st October 2007 and 31st January 2008.

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	4	No	3	Nil
Mr.Kannan A.Yadav	Director	4	Yes	2	Nil
Mr.Sudhakar Shetty	Director	4	No	1	Nil
Mr. S.Krishnan	Director	2	Yes	1	Nil
Mr.Gregory Pereira	Director	4	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

(a) 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.

(b) Recommending the appointment and removal of external auditors, 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.

(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.

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