

NB FOOTWEAR LIMITED



FOOTWEAR

14th Annual Report 2001-2002

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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NB Footwear Limited**NOTICE TO SHAREHOLDERS**

Notice is hereby given that the FOURTEENTH ANNUAL GENERAL MEETING of the company will be held at Lakshminarayan Hall, Hotel Ganga, 16, Officers Line, Vellore - 632 101, on Friday, 27th September, 2002 at 10.00 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 2002 and the Auditors' Report thereon.

1. To appoint a Director in the place of Mr. Kannan. A. Yadav, who retires by rotation under Article 86 of the Articles of Association of the company and being eligible, offers himself for re-election.
2. To appoint a Director in the place of Mr. Sudhakar Shetty 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. 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.
4. 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 : 19.08.2002

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 commencing of the meeting.
2. The Register of Members of the company will be closed from 27th September, 2002 to 6th October, 2002 (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, Pin Code- 632 104.
4. Members are requested to notify immediately any change in their address.

By order of the Board,

Place : Mumbai
Date : 19.08.2002

S. KRISHNAN
Director

Annual Report

DIRECTORS REPORT

The Directors are pleased to present their **Fourteenth Annual Report** together with the audited accounts for the year ended 31st March, 2002.

FINANCIAL RESULTS

	(Rs. in lakhs)	
	2001-2002	2000-2001
Turnover	16.34	99.04
Operating Loss	63.20	419.94
Provision for Doubtful debts/ Advances/Write off	—	405.50
Loss before interest and depreciation	63.20	825.44
Interest	145.44	118.71
Depreciation	24.06	23.76
Net Loss	232.70	967.91

(A) GENERAL REVIEW

The company was declared a sick company by the BIFR. The BIFR also directed the company to make a Techno Economic Viability Study on the viability of the unit. Central Leather Research Institute (CLRI) was appointed by the Operating Agency, Bank of India, to conduct the study. The Board is pleased to inform you that the CLRI has completed the study, submitted its report to the Operating Agency. The report confirms that the unit is viable. The matter is currently with the BIFR for disposal.

The One Time Settlement entered into with Exim Bank has been completed.

OUTLOOK FOR THE FUTURE

The outlook for the future would highly depend on the decision to be taken by BIFR on the TEV Study by CLRI and observations of the Operating Agency. The Directors are of the view that they will be in a position to review the unit, on a favourable disposal of the rehabilitation package

(B) DIRECTORS

Mr. Rajen K. Desai, Mr. Kannan. A. Yadav and Mr. Sudhakar Shetty retire by rotation at the ensuing annual general meeting and are eligible for re-election.

(C) AUDITORS

M/s. A.F. Ferguson & Co. Chartered Accountants retire at the ensuing 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 No. 13 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 rehabilitation package by the Bankers.

(D) FOREIGN EXCHANGE EARNING AND OUTGO

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

(E) DEPOSITS

The Company has not accepted any deposits from the public.

(F) EMPLOYEES

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

(G) DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2A) 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.

(H) CORPORATE GOVERNANCE

Securities and exchange Board of India (SEBI) have, through amendments to listing agreement, introduced the time bound code for implementation of Corporate Governance. Accordingly your company is already made the process of implementation of Corporate Governance in the current financial year.

For and on behalf of the Board,

Place : Mumbai
Date : 19.08.2002

RAJEN K DESAI
Director

S. KRISHNAN
Director

NB Footwear Limited**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 2002.

RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION

There was no activity in the company's plant for most part of the year.

For and on behalf of the Board,

Place : Mumbai
Date : 19.08.2002

RAJEN K DESAI
Director

S. KRISHNAN
Director

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Annual Report

REPORT OF THE AUDITORS

TO THE MEMBERS OF NB FOOTWEAR LIMITED

We have audited the attached balance sheet of NB FOOTWEAR LIMITED, as at 31st March, 2002 and also the profit and loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- (iii) the balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
- (iv) in our opinion, the balance sheet and profit and loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) Mr.A.L.Prasad and Mr.A.S.Chowdri, directors of the company, have not produced written representations as to whether the companies in which they are directors as on 31st March, 2002 have not defaulted in terms of Section 274 (1) (g) of the Companies Act, 1956. In the absence of such representations, we are unable to comment whether Mr.A.L.Prasad and Mr.A.S.Chowdri are disqualified from being

appointed as a director under section 274 (1) (g) of the Companies Act, 1956. As far as other directors are concerned, on the basis of the written representations received from such directors as on 31st March, 2002, and taken on record by the Board of Directors, we report that none of the remaining directors are disqualified as on 31st March, 2002 from being appointed as a director in terms of section 274 (1) (g) of the Companies Act, 1956.

- (vi) (a) *Attention is invited to note 13 regarding recoverability of intercorporate deposit of Rs 1,20,94,284. In view of the uncertainty regarding recoverability of the said amounts, we are unable to express an opinion as to whether any further provision is necessary and the consequential effect on the results for the year.*
- (b) *The Company has incurred a net loss of Rs 23,269,773 during the year ended 31st March, 2002 and, as of that date its accumulated losses have exceeded shareholder's funds by Rs 129,611,264. The Company has also been declared sick by the Board for Industrial and Financial Reconstruction (BIFR). Because of insignificant level of operations during the year, continuing operating losses and severe liquidity problems, we are of the opinion that the going concern basis is not an appropriate basis for the presentation of the accounts of the Company. Consequently, adjustments may be required to the recoverability and classification of recorded asset amounts, or to amounts and classification of liabilities, the impact of which is not ascertained.*
- (vii) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and consequent to our comments in paragraph (vi) above, does not give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the balance sheet, of the state of affairs of the company as at 31st March, 2002; and
 - (b) in the case of the profit and loss account, of the loss for the year ended on that date.

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

Place : Bangalore
Date : 20.08.2002

H.L.SHAH
Partner