

# **NB FOOTWEAR LIMITED**



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**FOOTWEAR**

## **17th Annual Report 2004-2005**

## 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

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

### BANKERS

Union Bank of India  
 Broadway Branch  
 Chennai - 600 108.

### 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 SEVENTEENTH ANNUAL GENERAL MEETING of the company will be held at Lakshminarayan Hall, Hotel Ganga, 16, Officers Line, Vellore - 632 101, on Wednesday, 21<sup>st</sup> September, 2005 at 11.00 a.m. to transact the following business.

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2005 and the Profit and Loss Account for the year ended on that date together with the report of Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. George Pereira, who retires by rotation in terms of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr. S. Krishnan, who retires by rotation in terms of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
4. 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 : 12.08.2005

**S. KRISHNAN**  
Director

**Notes:**

1. 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.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from 16<sup>th</sup> September, 2005 to 21<sup>st</sup> September, 2005 (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,

**S. KRISHNAN**  
Director

Place : Mumbai  
Date : 12.08.2005

## Annual Report

### DIRECTORS REPORT

To  
The Members,  
NB FOOTWEAR LIMITED

Dear Sirs,

The Directors are pleased to present their **Seventeenth Annual Report** together with the audited annual accounts for the year ended 31<sup>st</sup> March, 2005.

#### 01. FINANCIAL RESULTS

The financial results for the year ended 31<sup>st</sup> March, 2005 are given below:

Description	2004-2005 (Rs. in lakhs)	2003-2004
Turnover/Income	1096.16	8.24
Operating Loss (Loss)	1071.58	(20.86)
Provision for Doubtful debts/ Advances/Write off	—	2.63
Profit (Loss) before interest and depreciation	1071.58	(23.49)
Interest	8.22	262.23
Depreciation	24.14	33.50
Net Profit (Loss)	1039.22	(319.22)

#### 02. GENERAL REVIEW

The Company did not have operations during the year under review. Bank of India vide its letter dated 04.03.2005 accepted the Company's offer for a one time settlement for Rs.350 lakhs. The Company has completed the settlement on 26.03.2005. Based on the one time settlement reached with Bank of India, the Company approached International Finance Corporation, Washington (IFC) for a similar settlement. The International Finance Corporation, Washington (IFC) accepted the Company's offer for payment of US \$ 48,000 in full and final settlement and the settlement was completed on 30.06.2005. The Company continued to maintain its buildings, plant and machinery keeping in mind the need to restart the operations.

#### 03. OUTLOOK FOR THE FUTURE

The Board in the last year had mentioned that with the lapse of time, the Company is losing considerable ground in the business. With the passing of one more year, the Directors are of the opinion that, given the uncertain condition in the industry, it would be difficult to restart operations immediately.

#### 04. DIRECTORS

Mr. George Pereira and Mr. Krishnan, Directors retire at the forthcoming Annual General Meeting and being eligible, they 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, 2005 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:

- Followed the applicable accounting standards in the preparation of the annual accounts;
- 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;
- 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;
- Prepared the accounts for the financial year on a 'going concern' basis.

## NB Footwear Limited

### 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, 2005 is enclosed.

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.

### 11. CORPORATE GOVERNANCE

For and on behalf of the Board,

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a Report on Corporate Governance

Place : Mumbai  
Date : 12.08.2005

**RAJEN K DESAI**  
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

The Board comprises of the following Directors who are non-executive independent Directors as on 31<sup>st</sup> March, 2005.

S. No.	Name of the Director	Category
1.	Mr. Rajen K. Desai	Promoter Director
2.	Mr. Kannan A. Yadav	Non-executive Independent
3.	Mr. Sudhakar Shetty	Non-executive Independent
4.	Mr. S. Krishnan	Non-executive Independent
5.	Mr. Gregory Pereira	Non-executive Independent
6.	Mr. A.S. Chowdri	Non-executive Independent
7.	Mr. A.L. Prasad	Non-executive 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 seven times during the financial year on 30<sup>th</sup> April 2004, 31<sup>st</sup> July 2004, 1<sup>st</sup> September 2004, 31<sup>st</sup> October 2004, 31<sup>st</sup> January 2005, 25<sup>th</sup> February 2005 and 7<sup>th</sup> March 2005.

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	7	No	Nil	Nil
Mr. Kannan A. Yadav	Director	7	Yes	Nil	Nil
Mr. Sudhakar Shetty	Director	7	No	Nil	Nil
Mr. S. Krishnan	Director	2	Yes	Nil	Nil
Mr. Gregory Pereira	Director	2	No	Nil	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 auditor, fixation of audit fee and also approval for payment for any other services.

## Annual Report

- (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.
- (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.

### 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, 2004, 31<sup>st</sup> July 2004, 31<sup>st</sup> October 2004 and 31<sup>st</sup> January 2005

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 to Directors

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, Executive-Accounts.

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 31.3.2005. Nevertheless, SEBI has through its letter dated 30.09.2004 intimated that 5 complaints have been received from the investors. The Company has already attended to the Complaints.

### 7) General Body Meeting

The last three Annual General Meetings were held as under :

Date of AGM	Time	Venue
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	11.00 a.m	Lakshminarayan Hall, Hotel Ganga, 16, Officers line, Vellore - 632 101
September 27 <sup>th</sup> 2002	10.00 a.m	Lakshminarayan Hall, Hotel Ganga, 16, Officers line, Vellore - 632 101

1 (One) Extraordinary General Meetings was held on 23.3.2005 during the year under review. No Extraordinary General Meetings were held during 2002-2003 and 2003-2004.

No Special/Ordinary resolutions were required to be put through Postal Ballot at the AGM held on 30.09.2004.



## NB Footwear Limited

### 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.

### 9) Means of communication

The 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 2005

Date : September 21, 2005

Time : 11.00 a.m.

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

#### b) Financial Calendar for 2005-2006

Annual Accounts	end September
Unaudited results for the first quarter ending 30 <sup>th</sup> June 2005	30 <sup>th</sup> July, 2005
Unaudited results for the first quarter ending 30 <sup>th</sup> September 2005	Before 31 <sup>st</sup> October 2005
Unaudited results for the first quarter ending 31 <sup>st</sup> March 2006	Before 30 <sup>th</sup> April 2006

#### j) Distribution of Shareholding as of 31.03.2005

Category (No. of Shares)	No. of Shareholders	Percentage	No. of Shares	Percentage
UPTO - 1000	3351	97.84	18,66,844	41.48
1001 - 2000	7	0.20	9,356	0.21
2001 - 3000	5	0.14	11,800	0.26
3001 - 4000	5	0.14	18,600	0.41
4001 - 5000	12	0.35	55,600	1.24
5001 - 10000	19	0.56	1,25,500	2.79
Above 10000	26	0.77	24,12,300	53.61
	3425	100.00	45,00,000	100.00

### c) Book Closure Period

16<sup>th</sup> September 2005 to 21<sup>st</sup> September 2005

### d) 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

### e) Listing

Annual Listing fees for 2005-2006 has been paid to all stock exchanges where the shares are listed.

### f) Stock code

MSE NB FOOT  
BSE 5232412  
VSE 523242

### g) Share Price Data

It has been ascertained from Madras Stock Exchange that there has been no trading of the company's equity shares in the Madras Stock Exchange.

### h) Registrar and Transfer Agents

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

### i) 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.

## Annual Report

### k) Pattern of Shareholding as on March 31, 2005

Category	No. of. Shares	%
Non-Resident Individuals	13,500	0.31
Corporate Bodies	15,44,456	34.32
Individuals and others	29,42,044	65.37
<b>Total</b>	<b>45,00,000</b>	<b>100.00</b>

### l) 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

### m) Plant Location

63, Seduvalai, Virinjipuram, Vellore - 632 104.

### n) Address for communication

#### Registered Office:

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

#### Share Transfer Agent:

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 31<sup>st</sup> March 2005, 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 across all companies in which they are directors.

The unaudited quarterly results for the Quarter ended 30.09.2004 and 31.12.2004 were not published and Limited review for the Quarter ended 30.06.2004, 30.09.2004, and 31.12.2004 have also not been carried out and filed with the stock exchanges.

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 31<sup>st</sup> March 2005 there were no investor grievances remaining unattended for more than 30 days. However the SEBI has through its letter dated 30.09.2004 intimated that 5 complaints have been received from the investors. The company has written a letter to the SEBI regarding this on 20.10.2004 followed by reminders. Reply from SEBI is awaited.

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 **J.V.RAMANUJAM & CO.**  
Chartered Accountants

Place : Chennai  
Date : 12.08.2005

**J. VEDANTHA RAMANUJAM**  
M.No. 22188, Partner