



MANZILEIN AUR BHI HAIN...



RELAXO FOOTWEAR LIMITED

Annual Report 1998-99

School
S H O E S
SCHOOL MATE 03



Executive Style
S H O E S
MOCCASIN 06



Casual
S H O E S
CASUAL 315



Light
H A W A I
HI HEEL 02



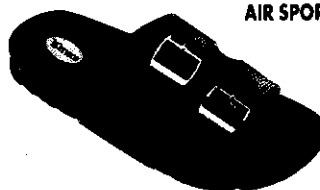
Bahamas
SANDALS
BAHAMAS 09



Canvas
S H O E S
ATHLETE 01



Air
S L I P P E R S
AIR SPORT



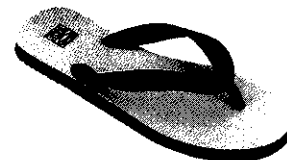
Jogger
S H O E S
JOGGER 04



Elena
S H O E S
ELENA 15



Hawai
S L I P P E R S
CUSHION-02



Made for
Comfort.
Designed
to Last.



MANZILEIN AUR BHI HAIN...

RELAXO FOOTWEARS LIMITED

ANNUAL REPORT - 1998-99



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BOARD OF DIRECTORS

R. K. DUA
Managing Director

M. L. DUA
Whole Time Director

USHA DUA
Director

NIKHIL DUA
Director

P.P. MUKHERJEE
Director

REGISTERED OFFICE

RELAXO FOOTWEARS LIMITED
316 - 319, Allied House, Plot No. 2,
Inderlok Chowk
Delhi - 110035

WORKS

Plot No. 326 & 327, MIE
Bahadurgarh, Haryana

D.G.M., (FINANCE) & COMPANY SECRETARY

SANJAI MAHESHWARI

BANKERS

CANARA BANK
Rajouri Garden, New Delhi

AUDITORS

GUPTA & JHUNJHUNWALA
Chartered Accountants
9, Darya Ganj, New Delhi - 110 002

REGISTRAR & TRANSFER AGENTS

MCS LIMITED
Srivenkatesh Bhawan, 212 - A,
shahpurjat (Behind Ranchsheel Club),
New Delhi - 110049

NOTICE

Notice is hereby given that the 15th Annual General Meeting of the Members of RELAXO FOOTWEARS LIMITED will be held at the Convention Hall, Jamia-Hamdard, Hamdard Nagar, M.B. Road, New Delhi, on the 24th of September, 1999 at 9.30 a.m. to transact, with or without modifications, the following business as :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 1999 and the Profit and Loss Account for the year ended on that date and reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Shri Nikhil Dua who retires by rotation as a Director and, being eligible, offers himself for re-appointment.
3. To declare a Dividend.
4. To appoint Auditors and to fix their Remuneration and for this purpose, to pass the following Resolution as an Ordinary Resolution.

"RESOLVED that M/s. Gupta & Jhunjhunwala, Chartered Accountants, the statutory Auditors of the Company, who retire at this meeting be and are hereby re-appointed as the Statutory Auditors of the Company for the Accounting Year 1999-2000 and to hold office of the Auditors from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration as may be decided by the Board of Directors".

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution:

"RESOLVED that pursuant to the provisions of section 198, 269, 309, 310 & 311, schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such sanctions as may be necessary, the company hereby approves the reappointment of Mr. R. K. Dua as Managing Director of the Company for a further period of five years with effect from 01.04.99 on the terms and conditions as to remuneration, perquisites and benefits as set out in the Explanatory statement attached to the notice convening this Annual General Meeting; with liberty to the Board of Directors of the Company to alter and vary such remuneration, perquisites and benefits provided the same are in accordance with the provisions of the companies Act, 1956 or any re-enactment thereof and/or any Rules or Regulations framed thereunder".

6. To consider and, if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution:

"RESOLVED that pursuant to the provisions of section 198, 269, 309, 310 & 311, schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such sanctions as may be necessary, the company hereby approves the reappointment of Mr. M. L. Dua, Whole Time Director of the Company for a further period of five years with effect from 01.04.99 on the terms and conditions as to remuneration, perquisites and benefits as set out in the Explanatory statement attached to the notice convening this Annual General Meeting; with liberty to the Board of Directors of the Company to alter and vary such remuneration, perquisites and benefits provided the same are in accordance with the provisions of the companies Act, 1956 or any re-enactment thereof and/or any Rules or Regulations framed thereunder".

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

"RESOLVED that in accordance with the provisions of section 31 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) and re-enactment thereof, for the time being in force and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the company, be and are hereby altered as follows :-

That after the existing article I, the following sub-clauses shall be inserted namely.

"Beneficial owner" shall mean the beneficial owner as defined in clause (a) of sub-section (1) of section 2 of the Depositories Act, 1996.

"Depositories Act" means the Depositories Act, 1996 and shall include any statutory modification(s) or re-enactment thereof for the time being in force.



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“Depository” shall mean a depository as defined under clause (e) of sub-section (1) of section 2 of the Depositories Act, 1996.

“Shareholders” or “Members” mean the duly registered holder of the shares from time to time and includes the subscribers to the Memorandum of Association of the company and the beneficial owner (s) as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.

That after the existing Article 3, following sub clause shall be inserted namely :

Notwithstanding anything contained in this Act, but subject to the provisions of sub sec (2) and section 77 (B), a company may purchase its own shares or other specified securities from -

- i) out of its free reserves, or
- ii) out of the securities premium account, or
- iii) out of the proceeds of an earlier issue other than fresh issue of shares made specifically for buy back purposes.

That after the existing Article 9, the following sub clause shall be inserted namely :

Provided however, that the provisions relating to progressive numbering shall not apply to the shares of the company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form.

That after the existing Article 13, the following sub clause shall be inserted namely :

Notwithstanding anything contained in section 79, the Board may issue sweat equity shares of a class of shares already issued in accordance with provisions of section 79A of the Act.

That after the existing Article 16, the following sub clause shall be inserted namely:

Save as herein otherwise provided, the company shall be entitled to treat the person whose name appears as the beneficial owner of the shares in the records of the Depository as the absolute owner thereof and accordingly the company shall not (except by an order of account of competent jurisdiction or as required by law) be bound to recognise any benami trust or equitable, contingent or other interest in such shares on the part of any other person whether or not it shall have express or implied notice thereof.

That after the existing Article 30, a new article 30 (A) be incorporated namely :

Article30(A). Notwithstanding anything contained in Articles 27 to 30, no share certificate (s) shall be issued for shares held with a depository.

That after the existing Article 72, a new Article 72 (A) be incorporated namely :

Article72(A) Notwithstanding anything provided in Articles 57 to 72, in the case of transfer of shares, where the company has not issued any certificates and where such shares, are being held in an electronic and fungible form, the provisions of the Depositories Act shall apply and accordingly the depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of shares, on behalf of the beneficial owner. Further more, nothing contained in section 108 of the Act or in these Articles shall apply to a transfer of shares effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

That after the existing Article 115, a new Article 115 (A) be incorporated namely :

Article115-A - Depository as the registered owner shall not have any voting rights or any other rights in respect of the shares held by the depository and the beneficial owner shall be entitled to all such voting rights and other rights and benefits in respect of its shares held with a depository.

That in Article 166 & 167 the word Section 372 (A) shall be inserted after the word Section 372 so as amended Article shall read as follows

Article 166 : The Board may subject to Section 205 (2A) of the Act from time to time, before recommending any dividend, set apart any portion of the profits of the Company as it thinks fit as reserves to meet contingencies or for the liquidation of any debentures, debts or other liabilities of the Company or for equalisation of dividends



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or for repairing, improving or maintaining any of the property of the Company and for such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interest of the Company and may, subject to the provisions of Section 372 & Section 372 (A) of the Act, invest the several sums so set aside upon such investments (other than shares in the Company as it may think fit and may from time to time deal with and vary such investments and dispose off all or any part thereof for the benefit of the Company and may divide the reserves into such special funds as it thinks fit, with full power to employ the reserve or any part thereof in the business of the company and that without being bound to keep the same separated from the other assets. The Board may also carry forward any profits which it may think prudent not to divide without setting them aside as a reserve.

Article 167 : All moneys carried to the reserves shall nevertheless remain and be the profits of the Company applicable. Subject to due provisions being made for actual loss or depreciation, for the payment of dividends and such moneys and all other moneys of the company not immediately required for the purposes of the company may subject to the provisions of sections 370 section 372 and Section 372 (A) of the Act, be invested by the Board in or upon such investments or securities as it may select or may be used as working capital or be kept with any Bank or deposit or otherwise as the Board may from time to time think proper."

8. To consider and, if thought fit, to pass, with or without modification, the following resolution as a special resolution:

"RESOLVED that in accordance with the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 and other applicable laws, rules and regulations and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications, as may be considered necessary by the Board, the consent of the company be and is hereby accorded to the Board of Directors of the company to issue, offer and allot equity shares/preference shares/fully convertible debentures/partly convertible debentures/non convertible debentures/bonds and other instruments for an aggregate sum as may be decided by the Board of Directors in their sole discretion provided however the resultant paid up share capital shall be within the Authorised share capital of the company, from time to time, with or without warrants, to the promoters/directors, their friends, associates and relations and Associate/Group companies, members, employees, non resident Indians, Indian public, overseas corporate bodies, international institutions, foreign institutional investors, companies, banks, mutual funds, financial institutions, other entities/persons as may be allowed under applicable regulations by public issue, right issue, private placement or preferential allotment or by one or more of the above method(s) and at such time or times as board may think fit on such terms and conditions including the face value, premium amount, premium on conversion, number of conversions, number of transfer, exercise price for warrants/options, rate of interest, redemption period, manner of redemption, amount of premium on redemption/conversion, nature of security, manner of calls etc. with authority to retain such over subscription amount as may be permitted."

RESOLVED FURTHER that these equity shares/preference shares/fully convertible debentures/partly convertible debentures/non convertible debentures/bonds/other instruments as are not subscribed may be disposed by the Board in its absolute discretion in such manner as they may deem fit.

RESOLVED FURTHER that for the purpose of giving effect to the above resolution, the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable and to settle any query difficulty or doubt that may arise in regard to the offer, issue and allotment of the equity shares/preference shares/fully convertible debentures/partly convertible debentures/non convertible debentures/bonds/other instruments.

9. To consider and if thought fit, to pass, with or without modification, the following resolution as a special resolution:

"RESOLVED that in accordance with the provisions of section 81 and other applicable provisions of the companies Act, and relevant provisions of the Memorandum and Articles of the company and subject to any Securities Exchange Board of India (SEBI) guidelines on employee stock option Plan(ESOP) which may be made hereafter, the Board of Directors (hereinafter referred to as the Board, which term shall be deemed to include employees compensation and ESOP committee and any other committee thereof) be and is hereby authorised on behalf of the company to issue, offer and allot equity shares not exceeding in the aggregate five percent of the issued equity shares of the company of the nominal value of Rs.10 each under employee stock option plan to be created by company for the benefit of the employees inter alia on the following terms and conditions:

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- a) Each option to be granted to eligible employees shall entitle the employee to apply for and be allotted one Equity Share of nominal value of Rs.10/- each of a fair market price to be determined by the Board subject to any regulation or guidelines of the SEBI as applicable from time to time.
- b) Each option shall be vested in the employee after a minimum of 12 months from the date of allocation of the option or of such times as may be determined by the Board from time to time, subject to the minimum vesting period.
- c) The option shall be valid and exercisable for such periods as may be determined by Board, from time to time.
- d) The Company shall conform to the accounting policies mandated by applicable law or regulations of the SEBI or such other competent authority as may be made applicable to the accounting of such options.
- e) Subject to the approval of the Stock Exchanges, the relevant Equity Share on exercise of the options shall be listed on the Stock Exchanges.
- f) The Equity Shares issued upon exercise of the options shall rank pari passu in all respects with the existing Equity Shares save and except their entitlement to dividend which will commence only from the date of allotment of such Equity Shares and pro-rata for the financial year in which the dividend is declared
- g) The Board shall have the power to make a fair and reasonable adjustment to the number of options and to the exercise price in case of rights issues, bonus issues and other corporate actions.

"RESOLVED FURTHER that the purpose of giving effect to this resolution, the Board be and are hereby authorised to do all such acts, deeds, matters and things as if may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer, issue, allotment and utilisation of the proceeds and further to do all such acts, deeds, matters and things and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient as if may deem fit."

10. To consider and, if thought fit, to pass the following resolution, with or without modification as an ordinary resolution.

"RESOLVED that the consent of the company be and is hereby accorded to the Board of Directors of the Company in terms of section 293 (1) (d) and other applicable provisions if any of the Companies Act, 1956 for borrowing money from time to time even though the money to be borrowed by the company apart from temporary loan obtained from company's Banker in the ordinary course of business exceed to aggregate of paid up share capital of the company and its free reserves, that is it to say reserve not set apart for any specific purpose provided however the total amount of such borrowing shall not exceed the sum of Rs.60.00 crores (Rs. Sixty crores)".

"RESOLVED FURTHER that the consent of the Company be and is hereby accorded in terms of section 293 (1)(a) and other applicable provisions if any, of the Companies Act, 1956 to the Board of Directors of the company to mortgage and/or charge all the immovable and movable properties of the company whensoever required, present and future and over raw-material, finished goods, work in process, packing and other miscellaneous store material to secure term loans from Financial Institutions/Banks and/or Finance Companies and working capital limit sanctioned/to be sanctioned by Banks/Financial Institutions."

"RESOLVED FURTHER that the Board of Directors of the company be and is hereby authorised to do and execute all such acts, deeds and things as may be necessary for giving effect to the above resolutions".

11. To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

"RESOLVED that the consent of the company be and is hereby accorded to the Board of Directors contributing and/or subscribing from time to time to any national, charitable, benevolent, public or general and other funds not directly relating to the business of the company or the welfare of its employee upto an aggregate amount of Rs.100 lacs (Rupees one hundred lacs) in the financial year 1999-2000 as may be considered proper by the Board of Directors notwithstanding that such amount in any financial year may exceed Rs.50,000 or five percent of the average net profits of the company, as determined in accordance with the provisions of sections 349 and 350 of the companies Act, 1956 during the three financial years immediately preceeding, whichever is greater".

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EXPLANATORY STATEMENT :-

Item 5: The Board of Directors of the Company at its meeting held on the 1st of April, 1999 reappointed Mr. R.K. Dua, as Managing Director for a further period of five years subject to the approval of the Shareholders at the General Meeting.

The remunerative terms and conditions are as under :-

A: Salary Rs.72,000/- P.M.

B: Commission 2 1/2% p.a. of the Net Profits of the Company. Subject to provisions of section 198 & 309 the total remuneration by way of salary, dearness allowance, perquisites, commission and other allowances shall not exceed 5% of the net profits of the company for the year or such higher percentage as may be allowed as per the companies Act, 1956 from time to time.

Notwithstanding anything contained in A & B above where in any financial year during the currency of tenure of the Managing Director, if the company has no profits or its profits are in-adequate, the Managing Director shall be paid a monthly remuneration inclusive of salary, dearness allowance, perquisites or any other allowance not exceeding Rs.87,500/- or such higher amount as may be allowed as per the Companies Act, 1956 from time to time.

C: In addition to the remuneration as per and/or B above he shall also be eligible for the following perquisites :-

- (a) Contribution to provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- (b) Gratuity payable at a rate not exceeding half month's salary for each completed year of service, and
- (c) Encashment of leave at the end of the tenure.
- (d) In the event of loss or inadequacy of profits in any financial year, the Managing Director shall be paid remuneration by way of salary and perquisites as specified above.

The Managing Director so long as he functions as such not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof from the date of his appointment.

The Company shall reimburse to the Managing Director entertainment, travelling and all other expenses incurred by him for the business of the company.

The Company's present growth and stature is contributed by the able and effective professional management team under the leadership of Mr. R.K.Dua. Therefore it is in the interest of the Company to reappoint Mr. R.K.Dua as Managing Director for further a period of five years with effect from 01.04.99. Hence the resolution. The Resolution set out in item No.5 and the Explanatory Statement thereof may be treated as Memorandum of understanding under section 302 of the Companies Act, 1956.

Mr. M.L. Dua, Mrs. Usha Dua and Mr. Nikhil Dua being related to Mr. R. K. Dua are interested in the appointment of Mr. R. K. Dua as Managing Director and the remuneration payable to him.

Item 6: The Board of Directors of the Company at its meeting held on the 1st of April, 1999 reappointed Mr. M.L.Dua, as Whole Time Director for a further period of five years subject to the approval of the Shareholders at the General Meeting.

The remunerative terms and conditions are as under :-

A: Salary Rs.72,000/- P.M.

B: Commission-2 1/2% p.a. of the Net Profits of the Company. Subject to provisions of section 198 & 309 the total remuneration by way of salary, dearness allowance, perquisites, commission and other allowances shall not exceed 5% of the net profits of the company for the year or such higher percentage as may be allowed as per the companies Act, 1956 from time to time.

Notwithstanding anything contained in A & B above where in any financial year during the currency of tenure of the Whole Time Director, if the company has no profits or its profits are in adequate, the Whole Time Director shall be paid a monthly remuneration inclusive of salary, dearness allowance, perquisites or any other allowance



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not exceeding Rs.87,500/- or such higher amount as may be allowed as per the Companies Act, 1956 from time to time.

C: In addition to the remuneration as per and/or B above he shall also be eligible for the following perquisites :-

- (a) Contribution to provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- (b) Gratuity payable at a rate not exceeding half month's salary for each completed year of service, and
- (c) Encashment of leave at the end of the tenure.
- (d) In the event of loss or inadequacy of profits in any financial year, the Managing Director shall be paid remuneration by way of salary and perquisites as specified above.

The Whole Time Director so long as he functions as such not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof from the date of his appointment.

The Company shall reimburse to the Whole Time Director entertainment, travelling and all other expenses incurred by him for the business of the company.

The Company's improved performance and leadership in the Hawaii Footwear Industry is greatly contributed by able and effective professional guidance provided by Mr. M.L.Dua. Therefore it is in the interest of the Company to reappoint Mr. M.L.Dua as Whole Time Director for a further period of five years with effect from 01.04.99. Hence the resolution. The Resolution set out in item No.6 and the Explanatory Statement thereof may be treated as Memorandum of understanding under section 302 of the Companies Act, 1956.

Mr. R. K. Dua, Mrs. Usha Dua and Mr. Nikhil Dua being related to Mr. M.L.Dua are interested in the appointment of Mr. M.L. Dua as Whole Time Director and the remuneration payable to him.

Item 7: Consequent to promulgation of the Companies (Amendment) ordinance 1999 and passing of the Depositories Act, 1996, some of the provisions of Companies Act, 1956 pertaining to issue, holding, transfer/transmission, dealing in shares, issue of shares at Discount, purchase of its own shares by company, voting right of members, inter corporate investments have been amended and few existing Articles in the Articles of Association of your company are in conflict with the provisions of the Companies (Amendment) ordinance 1999 and Depositories Act, 1996 and hence are being amended.

A copy of the Articles of Association of the Company proposed to be amended is open for inspection by the members during office hours at the Registered Office of the Company.

Your Directors commend the resolutions as set out in Item No.7 for your approval. None of the Directors of the Company is concerned or interested in the resolution.

Item 8: The company is increasing its production capacity at existing and new industrial sites to cater increased footwear demand and to incorporate newer and innovative design/style product to combat intense competition from Multi National Companies, it might require the company to raise funds for execution of projects, at a short notice.

In view of the above, the Board of Directors of the company thought it advisable to take approval of shareholders for having option to place privately shares/securities with various persons/entities as mentioned in the resolution.

In terms of the listing agreements entered into with the stock exchanges and provisions of section 81 of the companies Act, 1956, new shares/debentures/securities are first to be offered on ~~prorata~~ basis to the existing shareholders, unless the shareholders at the General Meeting decide otherwise by a Special Resolution.

The Board commends passing of the resolution as set out in item No.8 of the accompanying notice.

All the Directors of the Company may be deemed to be concerned or interested in the passing of Resolution No.8 to the extent of the debentures/equity shares/other securities offered to them or to their relatives or to the companies or firms of which they or their relatives are directors or members or partners.