



MANZILEIN AUR BHI HAIN...

RELAXO FOOTWEARS LIMITED

ANNUAL REPORT - 1999-2000

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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

**DGM (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 Panchsheel Club),
New Delhi - 110049

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the sixteenth Annual Report and Audited Accounts for the Financial Year 1999-2000.

1. FINANCIAL RESULTS

The key highlights of the financial results for the year 1999-2000 were as follows :-

	(Rs.in lacs)	
Particulars	1999-2000	1998-1999
Total Income	12518.08	11070.77
Total Expenditure	11411.33	10142.01
Profit before Depreciation & tax	1106.75	928.76
Depreciation	112.89	67.39
Profit before Tax	993.86	861.37
Provision for Taxation	205.00	205.00
Profit after Tax	788.86	656.37
Add :- Balance in P&L A/c	138.98	142.40
Add/(less) :- Prior period adjustment	(9.38)	0.12
Amount available for Appropriation	918.46	798.89
Appropriation :-		
Proposed Dividend	60.01	90.01
Tax on proposed dividend	6.60	9.90
Transfer to General Reserve	500.00	500.00
Balance carried to Balance Sheet	351.85	198.98

2. REVIEW OF PERFORMANCE

The turnover of the company for the year under review was Rs. 124.24 crores as against Rs.110.21 crores in the previous year showing an increase of 11.27%. The profit for the year before and after provision of tax was higher by 19.16% and 20.19% respectively as compared to previous year. A rapidly changing competitive business environment calls for astute business strategies on the part of the management of the company. Realising the changing business dynamics, your company has repositioned and transformed itself into one of the largest hi tech hawai footwears manufacturer in the country.

3. DIVIDEND

An interim dividend of Rs.60.01 lacs at the rate of 20% on equity shares of Rs.10 each was paid to the members of the company. The same is recommended as the final dividend for the year 1999-2000.

4. AUDITORS

M/s Gupta and Jhunjhunwala, Chartered Accountants, Auditors of the company hold office upto the conclusion of the ensuing Annual General Meeting of the Company. They are eligible for re-appointment and the certificate U/S 224 (1B) has been received from them confirming that their appointment, if made, will be within the specified limits. The Board of Directors recommend the re-appointment of the Auditors to hold office of the Auditors from the conclusion of the 16th Annual General Meeting upto the conclusion of the 17th Annual General Meeting of the company.

The observations of the Auditors on the Accounts for the year under report have been suitably explained in the notes to Accounts and do not require any further clarification.

5. FIXED DEPOSITS

The Company has not raised any money by way of Fixed Deposits under Section 58A of the Companies Act, 1956 during the year under review.

6. Y2K COMPLIANCE

All the units of your company have successfully undergone year 2000 rollover. All systems/equipments are functioning in a normal manner.

DIRECTORS' REPORT**7. LISTING OF SECURITIES OF COMPANY :**

The equity shares of the company are listed at the stock exchange of Delhi (Regional), Mumbai, Ahmedabad, Chennai & Jaipur and the listing fee for the year 2000-2001 have been paid, however due to complete erosion of volume of trading in company's equity shares at Ahmedabad, Chennai and Jaipur Stock Exchanges, company is contemplating to get its shares delisted from these Stock Exchanges by following prescribed laws, rules and procedures.

8. EXPANSION PROJECT :

During the year your company has implemented an expansion project at existing works situated at Bahadurgarh which has doubled the manufacturing capacity of the company. The impact of the expansion on bottom line of the company is partial during the current year but will be reflected in full in the ensuing year i.e. 2000-2001.

As we step into the new millennium, possessing hitech technology is a pre requisite to stay in business and steer the company for achieving higher productivity and profitability. Keeping this in view, your company is contemplating to further increase production capacity by installing a hitech hawai manufacturing plant at Bhiwadi (Rajasthan) which will be largest hawai manufacturing plant in India. Land has been acquired and civil work have been completed for this project and company is in the process of placing order for plant & machineries.

9. DIRECTORS

Smt. Usha Dua retires by rotation at the conclusion of the 16th Annual General Meeting and being eligible offers herself for re-appointment. Your Directors recommend her re-appointment in view of her vast experience in the field of Footwears.

10. CONSERVATION OF ENERGY, ABSORPTION OF TECHNOLOGY AND FOREIGN EXCHANGE EARNINGS AND OUTGO :**A. CONSERVATION OF ENERGY**

Your Company is not covered by the Schedule of Industries under Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, requiring furnishing of information regarding conservation of energy. However the Company is of the opinion that energy conservation is a continuous programme and accordingly company has laid emphasis on creating awareness amongst employees for improving efficiency of the machinery and equipment. The measures taken by the company have resulted in saving in energy consumption.

TECHNOLOGY ABSORPTION**Research and Development****1. Specific areas in which R & D carried out by the company :**

- Import substitution of various components and spares
- Product/process improvement and development
- Quality improvement

2. Benefits derived as a result of R & D :

Improvement in quality and new product/process developments.

3. Future plan of Action :

Continuous developemnt of products and processes

4. Expendiutre on R & D :

No separate account of the expenditure incurred on R & D has been maintained.

Technology absorption, adaptation & innovation**a) Efforts made towards technology absorption, adoption & innovation :**

Weather resistant footwear range developed

Light weight footwear introduced

Technical training & development programmes to employees

b) benefits derived as a result of the above effort :

Better market acceptance

Improvement in quality

Reduction in process cycle time

Control on wastage

DIRECTORS' REPORT

In case of imported technology (imported during the last five years reckoned from the beginning of the financial year):

- | | | |
|----|---|------|
| a) | Technology imported | -NA- |
| b) | Year of import | -NA- |
| c) | Has technology been fully absorbed | -NA- |
| d) | If not fully absorbed, areas where this | -NA- |
- has not taken place, reasons therefore and future plan of action.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no foreign exchange earnings during the year under review. The Company has however incurred a sum of Rs. 2,33,37,260/- on import of capital goods, amount of Rs.3,26,45,312/- on import of raw materials and Rs. NIL on foreign travelling of Directors.

11. HUMAN RESOURCES

The employees of the Company are an asset which can not be shown in the Balance Sheet. However their efforts should be recognised and appreciated. Relaxo believes in the strengths of its people. It is your company's sincere endeavour to ensure that there is always free and fair exchange of views amongst its employees and management.

12. SPECIAL BUSINESS :

As regards the items of the notice of the Annual General Meeting relating to Special Business, the Resolutions incorporated in the notice and the Explanatory Statement relating thereto, fully indicates the reasons for seeking the approval of the members to those proposals. Members' attention is drawn to these items and explanatory statement annexed.

13. ACKNOWLEDGEMENT

The Directors place on record their sincere appreciation for the valuable assistance and support extended to the company by various department of government and Canara Bank, the main banker of the company.

Your Directors deeply appreciate the efforts put in by the employees at all levels. Their dedication and commitment have been and continue to be instrument to success of the company.

14. PARTICULARS OF EMPLOYEES IN TERMS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956.

NAME	M.L. DUA
QUALIFICATION	B.Sc.
AGE (YRS)	50
DESIGNATION	WHOLE TIME DIRECTOR
DATE OF COMMENCEMENT	01.04.94
EXPERIENCE (YRS)	28
GROSS REMUNERATION (RS.)	32,56,348
LAST EMPLOYMENT	RELAXO RUBBER LTD.

NOTES

1. REMUNERATION INCLUDES SALARY, COMMISSION AND TAXABLE PERQUISITES
2. REMUNERATION TO WHOLE TIME DIRECTOR IS AS PER THE PROVISIONS OF SCHEDULE XIII OF THE COMPANIES ACT, 1956.
3. MR. M.L. DUA, WHOLE TIME DIRECTOR IS THE RELATIVE OF MR. R.K. DUA, MANAGING DIRECTOR OF THE COMPANY.
4. NATURE OF EMPLOYMENT IS CONTRACTUAL

By and on behalf of the Board

Date : August 21, 2000

Place : Delhi

R.K. DUA

Managing Director

M.L. DUA

Whole Time Director

AUDITORS' REPORT
**TO THE MEMBERS of
RELAXO FOOTWEARS LIMITED .**

We have audited the attached Balance Sheet of **RELAXO FOOTWEARS LIMITED** as at **31st March, 2000** and also the annexed Profit & Loss Account for the year ended on that date, and report that :

1. As required by the manufacturing and other companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4A) of Companies Act, 1956, We enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order to the extent applicable.
2. Further to our comments in the annexure referred to in paragraph 1 above, we report that :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of such books.
 - (c) The Balance Sheet and Profit and Loss Account of the Company referred to in this report are in agreement with the books of account.
 - (d) In our opinion and to the best of our information, the Balance Sheet and Profit & Loss Account comply with the Accounting Standards referred to Section 211 (3C) of the Companies Act, 1956.
 - (e) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account, read together with the accounting policies and notes forming part of the accounts given in schedule XIII give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:-
 - (i) In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2000; and
 - (ii) In so far as it relates to the Profit and Loss Account of the profit of the Company for the period ended on that date.

FOR GUPTA & JHUNJHUNWALA
Chartered Accountants

Place : New Delhi
Date : August 21, 2000

MUKESH DUA
Partner

**ANNEXURE TO THE AUDITORS' REPORT OF RELAXO FOOTWEARS LIMITED FOR THE PERIOD ENDED
31ST MARCH, 2000**
(REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE).

1. The Company has maintained complete records showing full particulars including quantitative details and situation of fixed assets. These fixed assets have been physically verified by the management at reasonable intervals and no discrepancies have been noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. As explained to us the stocks of finished goods, raw materials, packing materials and goods in process have been physically verified by the management at reasonable intervals during the period. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of the business.
4. In our opinion and according to the information and explanations given to us, the procedure of physical verification of the above referred stock followed by the management were found reasonable and adequate in relation to the size of the Company and nature of its business.
5. As explained to us, there were no material discrepancies noticed on physical verification of the stocks of raw materials, stores and spares and finished goods, having regard to the size of the operations of the company.