

# Annual Report 2000-2001

To soar to the heights,  
the feet need to be  
firmly placed.



अतिरिक्त सेवा ही है...

**RELAXO FOOTWEARS LIMITED**



MANZILEIN AUR BHI HAIN...



**RELAXO FOOTWEARS LIMITED**

ANNUAL REPORT - 2000-2001



## **BOARD OF DIRECTORS**

<b>R. K. DUA</b>	<i>Managing Director</i>
<b>M. L. DUA</b>	<i>Whole Time Director</i>
<b>NIKHIL DUA</b>	<i>Director</i>
<b>P. P. MUKHERJEE</b>	<i>Director</i>
<b>G.C. RASTOGI</b>	<i>Director</i>
<b>S.K. SAPRA</b>	<i>Director</i>

## **DGM (FINANCE) & COMPANY SECRETARY**

**SANJAI MAHESHWARI**

## **REGISTRAR & TRANSFER AGENTS**

**MCS LIMITED**  
Srivenkatesh Bhawan, 212-A,  
Shahpurjat (Behind Panchsheel Club),  
New Delhi-110 049

## **AUDITORS**

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

## **REGISTERED OFFICE**

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

## **BANKER**

**CANARA BANK**  
Rajouri Garden, New Delhi

## **WORKS**

Plot No. 326 & 327, MIE  
Bahadurgarh, Haryana  
A 1130 & 1130/A  
Industrial Area,  
Bhiwadi, Rajasthan

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## DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Seventeenth Annual Report and Audited Accounts for the Financial Year 2000-2001.

### I. FINANCIAL RESULTS

The key highlights of the financial result for the year 2000-2001 were as follows: -

Particulars	(Rs in lacs)	
	2000-2001	1999-2000
Total Income	14,052.36	12,518.08
Total Expenditure	12,996.29	11,411.33
Profit before Depreciation & Tax	1,056.06	1,106.75
Depreciation	146.21	112.89
Profit before tax	909.85	993.86
Extraordinary losses due to fire	49.02	0.00
Provision for Taxation	175.00	205.00
Profit after Tax	685.83	788.86
Add: - Balance in P&L A/c	290.36	138.98
Add (less): - Prior period adjustment	5.99	(9.38)
Amount available for Appropriation	982.19	918.46
<b>Appropriation: -</b>		
Proposed Dividend	90.01	60.00
Tax on proposed dividend	9.18	6.60
Transfer to General Reserve	500.00	500.00
Balance carried to Balance Sheet	383.00	351.86

### 2. OPERATION

The operation of the Company during the year was affected due to a mishap of fire which gutted the whole of Unit-II situated at Bahadurgarh (Haryana) which caused the collapse of the building structure and extensive damages to the plant & machinery. The decline in the profitability of the Company is on account of total interruption of production of Unit-II resulting increased overhead allocation due to restricted output at Unit-I and also on account of extra ordinary losses of Rs.49.02 Lacs due to under coverage of insurance of stock of goods.

The turnover of the Company for the year was Rs.140.09 crores as against Rs.124.24 crores in the previous year showing an increase of 12.75 %, However the profit for the year after provision of tax was lower by 13.06 % as compared to previous year on account of adverse impact of fire on the profitability of the Company.

### 3. DIVIDEND

Your Directors are happy to recommend a dividend @ 15% on the Equity Shares of the Company for the year ended 31<sup>st</sup> March, 2001. The proposed dividend including corporate dividend tax will absorb Rs 99.19 Lacs as against a sum of Rs 66.61 Lacs for the previous year.

### 4. AUDITORS

M/s Gupta & Jhunhunwala, Chartered Accountants, Auditors of the Company hold office up to 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 17<sup>th</sup> Annual General Meeting up to the conclusion of the 18<sup>th</sup> 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.



## **DIRECTORS' REPORT**

### **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. DIRECTORS**

Mrs. Usha Dua resigned as Director of the Company with effect from 31<sup>st</sup> July, 2001. The Directors record their appreciation for the valuable services rendered by Mrs. Usha Dua during her tenure as Director. The Board appointed Mr. S. K. Sapra as Director in the casual vacancy caused due to resignation of Mrs Usha Dua. The Board of Directors has also appointed Shri G.C. Rastogi as Additional Director during the year. Shri Rastogi will hold office as Director up to the date of the ensuing Annual General Meeting. The Company has received a notice under section 257 of the Companies Act, 1956, proposing his appointment as Director, subject to retirement by rotation.

Shri P.P. Mukherjee retires by rotation at the ensuing Annual General Meeting and being offers himself for reappointment.

### **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 2001-2002 have been paid.

### **8. EXPANSION PROJECT**

During the year, your Company has reconstructed the collapsed building and reinstalled / repaired the damaged Plant & Machinery which was gutted in the fire occurred on Oct. 12, 2000 in Unit-II at Bahadurgarh (Haryana). The production at the unit was recommenced in the month of Feb., 2001 which will boost up the profitability of the Company in the Current Year i.e. 2001-2002.

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 has implemented a Hitech Hawaii manufacturing Plant at Bhiwadi (Rajasthan), which will be largest Hawaii manufacturing plant in India. This plant has commenced commercial production in the month of July, 2001 and the impact of the expansion on bottom line of the Company will be partial during the ensuing year but will be reflected in full in the next year i.e. 2002-2003.

### **9. CORPORATE GOVERNANCE**

In line with the recommendation of the Securities and Exchange Board of India (SEBI) on Corporate Governance and provision of section 292A of the Companies Act 1956, two separate committees for Audit and protection of shareholders' interest were formed and named as Audit Committee and Shareholders' / Investors' Grievances Committee respectively. The Company has taken steps to comply with the provision of the Corporate Governance Report and Listing Agreements of the Stock Exchanges. Accordingly separate reports on Corporate Governance and Management's Discussion and Analysis giving details of Company's business and operating results are annexed as part of the Annual Report.

### **10. DIRECTORS' RESPOSIBILITY STATEMENT**

Pursuant to requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the Annual Accounts for the financial year ended 31<sup>st</sup> March, 2001, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (ii) that the Directors had selected such Accounting Policies and applied them consistently and made judgements 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 year and of the profit or loss of the Company for the year under review;
- (iii) that the Directors had 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 for preventing and detecting fraud and other irregularities;

**DIRECTORS' REPORT**

(iv) that the Directors had prepared the Accounts for the financial year ended 31<sup>st</sup> March, 2001 on a going concern basis.

## 11. 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 process and accordingly Company has laid emphasis on creating awareness amongst employees for improving efficiency of the machinery and equipments. The measures taken by the Company have resulted in saving in energy consumption.

### B. 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 focus on development of new products through sustained R&D. Future benefits are expected to flow in from the initiatives undertaken.

#### 4. Expenditure on R & D:

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

### C. 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 efforts:

Better market acceptance  
 Improvement in quality  
 Reduction in process cycle time  
 Control on wastage & process loss

In case of imported technology (imported during the last five year 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 has not taken place, reasons therefore and future plan of action. | -NA- |



## DIRECTORS' REPORT

### D. FOREIGN EXCHANGE EARNING AND OUTGO

There was no foreign exchange earnings during the year under review. The Company has however incurred a sum of Rs. 23900/- on import of capital goods, and a sum of Rs. 1,10,72,160/- on import of raw materials and Rs. 2,58,349 on foreign travelling of Directors.

### 12. HUMAN RESOURCES

Relaxo remains totally committed to its Human Resources, which it believes are its life source. 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, which has given its a competitive edge in the Footwear Industry.

### 13. ACKNOWLEDGEMENT

The Directors place on record their sincere appreciation for the valuable assistance and support extended to the Company by various Departments 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 EMPLOYEE IN TERMS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956.

NAME	M.L.DUA
QUALIFICATION	B.Sc
AGE (YRS)	51
DESIGNATION	WHOLE TIME DIRECTOR
DATE OF COMMENCEMENT	01.04.94
EXPERIENCE (YRS)	29
GROSS REMUNERATION (RS.)	31,33,092
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 11, 2001  
Place: New Delhi

R.K.DUA  
Managing Director

M.L.DUA  
Whole Time Director



## CORPORATE GOVERNANCE

The Company strongly believes that good Corporate Governance is a pre-requisite for enhancing Shareholders' long term value. The Company's Policies and Practices are aimed at efficient conduct of business and in effectively meeting its obligations to shareholders. The Company has consistently sought to improve its focus by increasing transparency and accountability to all its stakeholders.

Though the provisions of clause 49 of the listing agreement pertaining to Corporate Governance are to be implemented during 2001-02, but not later than 31<sup>st</sup> March, 2002, the Company has started implementing the provision of the said clause from the beginning of the year and now complied all the provision of the clause.

### BOARD OF DIRECTORS

#### Composition and Category of Directors

Sr.No	Category	Name of Directors
I	Promoter and Executive Directors	Mr R.K Dua, Managing Director Mr M.L.Dua, Whole time Director
II	Promoter and Non Executive Director	Mr Nikhil Dua
III	Independent and Non Executive Directors	Mr P.P. Mukherjee Mr G.C.Rastogi Mr S.K. Sapra

Attendance of Directors at the Meeting of Board of Directors held during the Financial year 2000-01 and the last Annual General Meeting (AGM) held on September 22,2000 are as follows :

#### Details of Meeting of Board of Directors held during the year 2000-2001 :

Sr. No.	Date	No. of Directors Present
1.	19.04.00	05
2.	22.06.00	05
3.	31.07.00	05
4.	21.08.00	05
5.	29.08.00	05
6.	28.10.00	05
7.	09.01.01	05

Name of Directors	No of Board Meeting attended	Attendance at the AGM
Mr R.K.Dua	07	Present
Mr M.L.Dua	07	Present
Mr Nikhil Dua	07	Present
Smt.Usha Dua	07	Absent
Mr P.P. Mukherjee	07	Present

### COMMITTEES OF BOARD OF DIRECTORS

#### Audit Committee

##### Brief Description of Term of Reference:

To Oversee the Company's Financial reporting process, internal control systems, retrieving the Accounting Policies and Practices, report of the Company's internal Auditor and quarterly / half yearly/ yearly financial statement as also to review financial and risk Management Policies.





## CORPORATE GOVERNANCE

Constitution : Constituted by the Board of Directors at its Meeting held on July 31, 2001.  
 Composition, Names: Consists of 3 Independent Directors as under :  
 of members & Chairman  
 1. Mr G.C.Rastogi, Chairman  
 2. Mr Nikhil Dua  
 3. Mr S.K. Sapra

As Audit Committee was constituted after close of financial year 2000-01, hence no Meeting was held during the year 2000-01.

### Shareholders'/ Investors' Grievance Committee

Brief Description and terms of Reference

To Specifically look into the redressal of complaints like transfer of share, non receipt of annual report etc received from shareholders / Investors and improve the efficiency in investors' services, wherever possible.

Constitution : Constituted by the Board of Directors at its Meeting held on July 31, 2001.  
 Composition, Names: Consists of 3 Independent Directors as under :  
 Of members and Chairman

1. Mr G.C.Rastogi ,Chairman
2. Mr R.K. Dua
3. Mr S.K.Sapra

As Committee was constituted after close of financial year 2000-01, hence no Meeting was held during the year 2000-01.

### Details of remuneration paid to the Executive Directors for Financial Year 2000-2001.

Name of Directors	Designation	Salary (Rs.)	Perks (Rs.)	Commission (Rs.)	Total (Rs.)
Mr R.K.Dua	Managing Director	8,64,000	1,14,480	21,54,613	31,33,093
Mr M.L.Dua	Whole time Director	8,64,000	1,14,480	21,54,612	31,33,092

## ANNUAL GENERAL MEETINGS

### Details of last three Annual General meeting held:

Particulars	F.Y 1997-98	F.Y 1998-99	F.Y 1999-2000
Day	Friday	Friday	Friday
Date	25.09.98	24.09.99	22.09.00
Time	9.30 A.M	9.30 A.M	10.30 A.M
Venue	Convention Hall, Jamia Hamdard, Hamdard Nagar M.B. Road, New Delhi	Convention Hall, Jamia Hamdard, Hamdard Nagar, M.B. Road, New Delhi	Convention Hall, Jamia Hamdard, Hamdard Nagar, M.B.Road, New Delhi.

## DISCLOSURES

(I) *Disclosure on the materially significant related party transaction i.e transactions of the Company of material nature, with its promoters, Directors or the management their subsidiaries or relatives etc, that may have potential conflict with the interest of the Company at large :*

None of the transactions with any of the related partners were in conflict with the interest of the Company.

(II) *Details of Non- Compliance by the Company , penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets during the last three years:*

The Company has complied with the requirement of regulatory authorities on matters related to capital market during the last three years :

**CORPORATE GOVERNANCE****MEANS OF COMMUNICATION**

Half-yearly report sent to each household of Shareholders :	No
Quarterly Result :	Published in the Economics Times, Delhi, Nav Bharat Times, Delhi
Websites where quarterly results are displayed :	No
Whether it also displays official news releases :	No
The presentations made to the Institutional Investors or to the Analysts :	No
Whether MD &A is a part of Annual Report or not :	Yes

**GENERAL SHAREHOLDER INFORMATION**

All the required information has been given in the general Shareholders Information appearing on page no 30 to 33 of the Annual Report.

**NON-MANDATORY REQUIREMENTS**

The Company proposes to adopt the non-mandatory requirements given in Annexure-3 of clause 49 of the listing agreement in due course of time.

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