

18th

**ANNUAL REPORT
2001-2002**



MANZILEIN AUR BHI HAIN...

RELAXO FOOTWEARS LIMITED

Quality Policy

We, at Relaxo are
Committed to Provide Consistent,
Value Added Quality Footwear
and Services to
Satisfy our Customers through
Continual Improvement
and Innovation.



Quality par excellence



BOARD OF DIRECTORS

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

DGM (FINANCE) & COMPANY SECRETARY

SANJAI MAHESHWARI

AUDITORS

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

BANKER

CANARA BANK
Rajouri Garden, New Delhi-110027

SHARE TRANSFER AGENTS

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

REGISTERED OFFICE

RELAXO FOOTWEARS LIMITED
316-319, Allied House, Inderlok Chowk,
Old Rohtak Road, Delhi-110035

WORKS

- Plot No. 326 & 327,
MIE Bahadurgarh,
Haryana
- A-1130 & 1130 (A)
RIICO Industrial Area,
Phase-III Bhiwadi
Rajasthan



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DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Eighteenth Annual Report and Audited Accounts for the Financial Year 2001-2002.

1. FINANCIAL RESULTS

The key highlights of the financial results for the year 2001-2002 were as follows: -

Particulars	(Rs in lacs)	
	2001-2002	2000-2001
Total Income	15,157.41	14,052.36
Total Expenditure	14,287.18	12,996.29
Profit before Depreciation & Tax	870.23	1056.06
Depreciation	243.95	146.21
Profit before tax	626.28	909.85
Extraordinary losses due to fire	3.61	49.02
Provision for Taxation	216.07	175.00
Profit after Tax	406.60	685.83
Add: - Balance in P&L A/c	321.35	290.36
Add (less): - Prior period adjustment	(.68)	5.99
Amount available for Appropriation	727.27	982.19
Appropriation: -		
Proposed Dividend	90.01	90.01
Tax on proposed dividend	-	9.18
Transfer to General Reserve	400.00	500.00
Balance carried to Balance Sheet	237.26	383.00

2. OPERATION

The turnover of the Company for the year was Rs.15015.10 Lacs as against Rs.14009.37 Lacs in the previous year showing an increase of 7.18 %. However the profit for the year after provision of tax is Rs 406.60 lacs which was lower by 40.71 % as compared to previous year's profit after tax of Rs 685.83 lacs. The decrease in profit was on account of additional provision of depreciation of Bhiwadi project, additional liability of tax on account of deferred tax provision and increase in advertisement and finance charges of the Company and provision for doubtful debts.

3. DIVIDEND

Your Directors recommend dividend @ 15% on the equity shares of the Company for the year ended 31st March, 2002.

The Finance Bill 2002 which was presented on 28th February, 2002 had introduced a provision, making dividend subject to tax in the hands of recipients. Considering the interest of small investors and based on performance of the first three quarters, the Board proposed to declare an interim dividend of 15% on equity shares. However subsequently on SEBI's directives that the notice of the record date must be for a minimum period of 30 days, in compliance with listing agreement, the Board withdrew its proposal to pay the interim dividend.

4. CAPITAL EXPENDITURE

As at 31st March, 2002, the gross fixed assets stood at Rs 4858.27 lacs and the net fixed assets at Rs 4178.41 lacs. Additions during the year amounted to Rs 2705.29 Lacs which also includes a sum of Rs 854.40 lacs transferred from Capital Work in progress.

5. INSURANCE CLAIM

During the year, your Company received a sum of Rs 917 lacs from Insurance Company on account of losses of Capital assets and Inventories due to fire. There is a nominal shortfall of Rs 3.61 lacs in receipt of insurance claim vis-a-vis provision in the books of accounts which has been charged to profit & loss Account as Extra Ordinary Losses.



DIRECTORS' REPORT

6. AUDITORS

M/s Gupta & 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 (IB) 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 18th Annual General Meeting upto the conclusion of the 19th Annual General Meeting of the Company.

7. AUDITORS' REPORT

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.

8. 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.

9. DIRECTORS

Mr. P. P. Mukherjee resigned as Director of the Company with effect from 1st April, 2002. The Directors record their appreciation of the valuable services rendered by Mr. P. P. Mukherjee during his long association with the Company.

Shri Nikhil Dua retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

10. 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 2002-2003 have been paid.

11. CORPORATE GOVERNANCE

Your Directors reaffirm their commitment to the Corporate Governance Standards prescribed by the Securities Exchange Board of India (SEBI). This Annual Report carries a section on Corporate Governance and benchmarks your Company with the SEBI code on Corporate Governance. Your Company's Statutory Auditors' Certificate dated 31st July, 2002 in line with Clause 49 of the Stock Exchange Listing Agreement, is annexed to and forms part of the Directors' Report as Annexure -A.

12. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that in the preparation of the Annual Accounts for the financial year ended 31st March, 2002, the applicable Accounting Standards had been followed along with proper explanation relating to material departures; 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; 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; that the directors had prepared the Accounts for the financial year ended 31st March, 2002 on a going concern basis.

The following Accounting Standards were not applicable to the Company during the year under review due to non occurrence of events and transactions covered under the scope of these Accounting Standards:

AS-14 : Accounting for amalgamations.

AS-17 : Segment Reporting.

AS-19 : Accounting for lease.

AS-21 : Consolidated Financial Statements.

AS-23 : Accounting for investments in Associates in Consolidated financial statements.

DIRECTORS' REPORT



13. 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 equipments. This has enabled the Company to not only reduce energy consumption, but also result in increase in the production.

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
 Pollution control & Quality improvement
 Waste recycling
2. Benefits derived as a result of R & D:
 Improvement in quality and new product/process developments.
3. Future plan of Action:
 -Continuous development of products and processes.
 -To continue R & D work to achieve excellence in Footwear Industry.
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:
 - Introduction of Weather resistant footwear range.
 - Introduction of Light weight footwear.
 - 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.
 - Reduction in wastage & process losses.
 - Reduction in overall energy consumption.

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 | -NA- |
| has not taken place, reasons therefore | |
| and future plan of action. | |

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.5,15,75,140 /- on import of capital goods, and a sum of Rs.2,06,19,962 /- on import of raw materials and Rs.20,17,067/- on foreign travelling of Directors/ officials of the Company.



DIRECTORS' REPORT

14. HUMAN RESOURCES MANAGEMENT & INDUSTRIAL RELATIONS

Human Capital is one of the key elements to attain competitive advantage and an effective tool for creation of shareholders' value. Your Company's human resource philosophy aims at nurturing an organisational culture that respects people, empowers and enables them to deliver high quality performance and rewards talent.

During the year the following human resource initiatives were implemented in your Company:-

- Incentive scheme, based on production potential.
- Performance linked remuneration/increment/promotion to officers/staffs.
- Identification of best performer in each group and suitable reward and recognition to him.
- Development of multi skills in workers / staffs.
- Introduction of concept of rotation of job and duties amongst staff.

15. ENVIRONMENT AND SAFETY

Adequate measures for safeguarding safety and health of employees and labourers were installed at the plants of the Company. The Company has also installed fire fighting equipments at all the manufacturing plants and workers/staffs were trained to handle these equipments effectively in case of any disaster. There was no major accident during the year.

16. QUALITY MANAGEMENT

Your Company has been successfully certified for ISO 9001-2000 by B.S.I. during the year. This certification enables an organisation to improve product quality and enhance productivity. This assessment will signify your Company's capability to manage and control manufacturing process and demonstrates the philosophy that quality is business value that Company constantly plans to deliver to its customers.

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

Name	M. L. Dua
Qualification	B.Sc
Age (Yrs.)	53
Designation	Whole Time Director
Date of Commencement	01.04.94
Experience (Yrs.)	30
Gross Remuneration (Rs.)	26,80,505
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.

18. APPRECIATION

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

Your Directors place on record deep appreciation of commitment and contribution of your Company's employees.

Your support as Shareholders is greatly valued. Your Directors thank you and look forward to your continuing support.

By and on behalf of the Board of Directors

Date : July 31, 2002
Place : New Delhi

R.K.DUA
Managing Director

M.L.DUA
Whole Time Director



AUDITORS' CERTIFICATE

To, the Members of

RELAXO FOOTWEARS LIMITED

We have examined the compliance of conditions of Corporate Governance by **RELAXO FOOTWEARS LIMITED** for the year ended as on 31st March 2002, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of the condition of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of the opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by Shareholders/Investors Grievance Committee.

We state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or the effectiveness with which management has conducted the affairs of the Company.

FOR GUPTA & JHUNJHUNWALA

Chartered Accountants

Place : New Delhi

Date : July 31, 2002

MUKESH DUA

Partner

CORPORATE GOVERNANCE REPORT 2001-02

**I (A) CORPORATE PHILOSOPHY:**

The Company has a firm conviction 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 follows the principles of transparency, professionalism and accountability in all sphere. The Company continuously endeavours to improve and excel in these areas. The Company believes in the following:

1. Honest and fair dealing with Customers, Shareholders, Suppliers, Employees and all other Agencies associated directly or indirectly with business operations.
2. That the fruit of growth, success and prosperity are to be shared by all concerned i.e., the Company, Shareholders, Customers and Employees.
3. Professional, disciplined and fearless working at all levels by promoting individual initiative and drive in all the areas where it can lead to better results or improved economical performances.
4. That the essence of success lies in team work and team building. It discourages strongly any efforts towards breaking/ hindering team function.
5. Value addition to products in terms of quality and durability for the satisfaction of its valued customers.
6. Nurturing Human Resources by integrating their individual growth with the growth of the Company.
7. That people who work solely for money, seldom get money; but people who work with commitment, dedication and sincerity, money automatically comes to them.

(B) CORPORATE ETHICS :

Relaxo Group has a clearly defined document, which serves as a guide to each employee on the values, ethics and business principles expected of him or her. The ethical policy sets forth, inter alia –

1. Fair Competition.
2. Adopting Value based Strategies and Risk based Management.
3. Better disclosure norms.
4. Transparent dealing with Customers, Suppliers, bankers and outside parties.
5. Effective & continuous shareholder communication.
6. Reward shareholders adequately through Dividend, Bonus and Capital appreciation.
7. Concern for Health, Safety & Environment.
8. Political Non-Alignment.
9. Strict regulatory compliance.
10. Ethical code of conduct.

II BOARD OF DIRECTORS – AS ON 31.03.2002***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	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 2001-02 and the last Annual General Meeting (AGM) held on September 14 , 2001 are as follows :