

Annual Report 2002 - 2003



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Quality Par Excellence

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 Rohatak Road, Delhi-110 035

WORKS

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

Contents	Page. No.
Directors' Report	3-6
Auditors' Certificate on Corporate Governance	7
Corporate Governance Report	8-11
Auditors' Report	12-13
Balance Sheet	14
Profit & Loss Account	15
Schedules	16-22
Accounting Policies & Notes on Account	23-28
Balance Sheet Abstract	29
Cash Flow Statement	30
Management Discussion & Analysis Report	31-35
Shareholders' Information	36-40

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Nineteenth Annual Report and Audited Accounts for the Financial Year 2002-2003.

I. FINANCIAL RESULTS

The key highlights of the financial result for the year 2002-2003 were as follows: -

	(Rs in lacs)	
Particulars	2002-2003	2001-2002
Total Income	15,152.00	15,157.41
Total Expenditure	14,349.25	14,287.18
Profit before Depreciation & Tax	802.75	870.23
Depreciation	324.52	243.95
Profit before tax	478.23	626.28
Extraordinary losses due to fire	-	3.61
Provision for Taxation	129.22	216.07
Profit after Tax	349.01	406.60
Add: - Balance in P&L A/c	235.85	321.35
Add (less): - Prior period adjustment	(10.20)	(0.68)
Amount available for Appropriation	574.66	727.27
Appropriation: -		
Proposed Dividend	90.01	90.01
Tax on proposed dividend	11.53	-
Transfer to General Reserve	300.00	400.00
Balance carried to Balance Sheet	173.12	237.26

2. OPERATION

The turnover of the Company for the year was Rs. 15084.25 Lacs as against Rs 15015.10 Lacs in the previous year showing a marginal increase of 0.46 %. However the profit for the year after provision of tax is Rs 349.01 lacs which was lower by 14.16 % as compared to previous year's profit after tax of Rs 406.60 lacs. The decrease in profit was on account of increase in depreciation of Bhiwadi unit and lack of dividend income of the Company in the current year.

3. DIVIDEND

Your Directors are happy to recommend dividend @ 15 % on the equity shares of the Company for the year ended 31st March, 2003.

4. CAPITAL EXPENDITURE

As at 31st March, 2003, the gross fixed assets stood at Rs 5017.01 lacs and the net fixed assets at Rs 4019.02 lacs. Additions during the year amounted to Rs 185.44 Lacs.

5. 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 limit. The Board of Directors recommend the re-appointment of the Auditors to hold office of the Auditors from the conclusion of the 19th Annual General Meeting upto the conclusion of the 20th Annual General Meeting of the Company.



DIRECTORS' REPORT

6. AUDITORS' REPORT

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

7. 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.

8. DIRECTORS

Shri S.K.Sapra retires by rotation at the ensuing Annual General Meeting and being offers himself for re-appointment.

9. 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 2003-2004 have been paid.

10. CORPORATE GOVERNANCE

Your Directors reaffirm their commitment to the Corporate Governance Standards prescribed by 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 30th June, 2003 in line with Clause 49 of the Stock Exchange Listing Agreement is annexed to and forms part of the Directors' Report as Annexure -A.

11. 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:

- (i) That in the preparation of the Annual Accounts for the financial year ended 31st March, 2003, 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;
- (iv) That the Directors had prepared the Accounts for the financial year ended 31st March, 2003 on a going concern basis.

12. 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.

DIRECTORS' REPORT**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.
- Waste recycling.
- Raw material substitution.
- Use of reprocessed material in lieu of virgin material.

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.

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

- Introduction of low shrinkage footwear.
- Introduction of wear resistant & flex resistance footwear.
- Introduction of Light weight footwear.
- Introduction of low compression footwear.

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.
- Reduction in overall cost of production.

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

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

13. 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. NIL /- on import of capital goods, and a sum of Rs. 1,21,85,734 /- on import of raw materials and Rs 96,611 on foreign travelling of Directors/ Officials of the Company.

DIRECTORS' REPORT**14. HUMAN RESOURCES MANAGEMENT & INDUSTRIAL RELATION**

Your Company has always believed in attaining, developing and retaining a diverse team of highly committed and capable manpower working in an environment that fosters accomplishment, creativity, mutual trust and respect. Your Company's human resource philosophy aims at nurturing a culture that respects people, empowers and enables them to deliver high quality performance and rewards talent.

Your Company's major area of thrust is on training and continuous development of human resources through a combination of in-house, on the job and external training to meet the core competency of the Industry. The company has in place various employee motivation, incentive, promotional and job rotation scheme with the focus on quality recruitment.

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 to protect the assets of the Company from any natural or other disaster. The Company has sufficient qualified manpower to train the workers and staffs to handle these equipments to deal effectively in case of any disaster. There was no major accident during the year.

16. QUALITY MANAGEMENT

Your Company has already been certified for ISO 9001:2000 by B.S.I. 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 basic 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	: Mr. M.L. Dua
Qualification	: B. Sc
Age (years)	: 54
Designation	: Whole Time Director
Date of commencement	: 01.04.94
Experience (years)	: 31
Gross remuneration (Rs)	: 23,61,418
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. ACKNOWLEDGEMENTS

Your Directors acknowledge with gratitude the commitment and dedication of the employees at all levels, that has contributed to the growth and success of the Company. The Directors would also like to thank other stakeholders including bankers, business associates who have continued to provide support and encouragement, The Directors take this opportunity to record their appreciation for all those who contributed to the success of the Company and look forward to your continuing support in the years to come.

For and on behalf of the Board of Directors

Place : New Delhi
Date : June 30,2003

R. K. DUA
Managing Director

M. L. DUA
Whole time Director

Annexure-A
Auditor Certificate on Corporate Governance



TO THE MEMBERS OF
RELAXO FOOTWEARS LTD.

We have examined the compliance of conditions of Corporate Governance by **RELAXO FOOTWEARS LIMITED** for the year ended on 31st March, 2003, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

The compliance of the conditions 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' Grievance Committee.

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

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FOR GUPTA & JHUNJHUNWALA
Chartered Accountants

Place : New Delhi
Date : June 30, 2003

(MUKESH DUA)
Partner



CORPORATE GOVERNANCE

Company's Philosophy

The Company firmly believes that it must so organise its affairs, as to optimize satisfaction amongst all its stakeholders, which includes shareholders, lenders, suppliers, customers and employees. The Company's Policies and practices are aimed at efficient conduct of business and in effectively meeting its obligations to shareholders. The Company has set, as a mission, the implementation of a system to ensure transparency, control, accountability, responsibility and complete fairness in all areas of operations.

The Company sees the Corporate Governance norms originating in the stock market institutions as an integral part of its Corporate Governance philosophy. These guidelines are reviewed and reaffirmed on an ongoing basis to ensure that the code is followed in substance rather than in mere form.

BOARD OF DIRECTORS

The Board presently comprises five Directors consisting of the Managing Director, one executive Director and three non executive directors. The composition of the Board is compliant with the requirements of clause 49(I)(A) i.e. more than 50% of the Directors are Non Executive Directors and more than 33% of the Directors are independent Directors.

Composition and Category of Directors

Sr.No	Category	Name of Directors
I	Promoters 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 G.C.Rastogi Mr S.K. Sapra

Attendance of Directors at the Meeting of Board of Directors held during the Financial year 2002-03 and the last Annual General Meeting (AGM) held on September 26, 2002 are as follows :

Details of Meeting of Board of Directors held during the year 2002-2003:

Sr. No.	Date	No. of Directors Present
1.	29.04.02	05
2.	31.07.02	05
3.	28.10.02	05
4.	28.01.03	05

Name of Directors	No of Board Meeting Attended	Attendance at the AGM
Mr R. K. Dua	04	Present
Mr M. L. Dua	04	Present
Mr Nikhil Dua	04	Present
Mr G. C. Rastogi	04	Present
Mr S. K. Sapra	04	Present