

Relaxo Footwears Limited

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Growing at every step

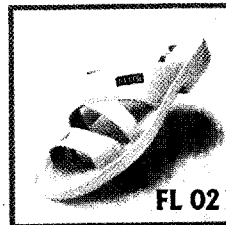
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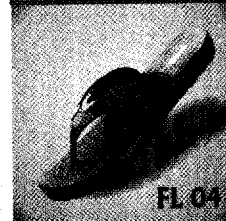


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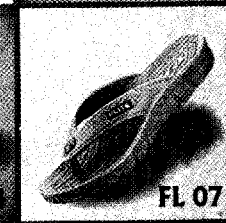
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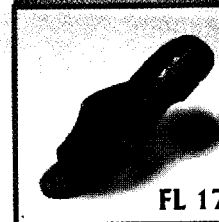
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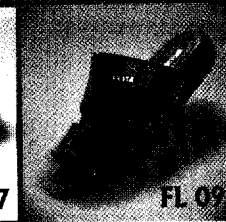
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BOARD OF DIRECTORS

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>
R. K. GUPTA	<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,
W-40, Okhla Industrial Area, Phase-II
New Delhi-110020

REGISTERED OFFICE

RELAXO FOOTWEARS LIMITED

316-319, Allied House, Inderlok Chowk,
Old Rohtak Road, Delhi-110 035

WORKS

-Plot No. 326 & 327,MIE
Bahadurgarh, Haryana
-A-1130 & 1130 (A)
RIICO Industrial Area,
Phase-III, Bhiwadi
Rajasthan
-30/3/2, Rakba Mooja Hasanpur
Tikri Border, (Near Sales Tax Office)
Bahadurgarh (Haryana)



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DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Twentieth Annual Report and Audited Accounts for the Financial Year 2003-2004.

1. FINANCIAL RESULTS

The key highlights of the financial results for the year 2003-2004 were as follows: -

	(Rs in lacs)	
Particulars	2003-04	2002-2003
Total Income	20164.76	15,152.00
Total Expenditure	19090.84	14,349.25
Profit before Depreciation & Tax	1073.92	802.75
Depreciation	335.55	324.52
Profit before tax	738.37	478.23
Provision for Taxation	198.00	129.22
Profit after Tax	540.37	349.01
Add: Balance in P&L A/c	173.07	235.85
Add/(less): Prior period adjustment	8.32	(10.20)
Amount available for Appropriation	721.76	574.66
Appropriation: -		
Proposed Dividend	90.01	90.01
Tax on proposed dividend	11.53	11.53
Transfer to General Reserve	300.00	300.00
Balance carried to Balance Sheet	320.22	173.12

2. OPERATION

The turnover of the Company for the year was Rs. 20071.10 Lacs as against Rs 15084.25 Lacs in the previous year showing an impressive increase of 33.06 %. The profit for the year after provision of tax is Rs 540.37 lacs which was higher by 54.83 % as compared to previous year's profit after tax of Rs 349.01 lacs. The increase in profit was on account of better capacity utilization of the plants of the company on the back of improved sales volume in the current year.

3. DIVIDEND

Your Directors recommend a final dividend of 15 % on the equity shares of the Company for the year ended 31st March, 2004.

4. CAPITAL EXPENDITURE

As at 31st March, 2004, the gross fixed assets stood at Rs 6249.66 lacs and the net fixed assets at Rs 4921.37 lacs. Additions during the year amounted to Rs 1242.11 Lacs. These capital expenses were made mainly on account of setting up a new project to manufacture light weight footwears at Tikri Border, Bahadurgarh (Haryana).

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 re-appointment as Auditors, 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 20th Annual General Meeting up to the conclusion of the 21st 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 G.C.Rastogi retires by rotation at the ensuing Annual General Meeting and offers himself for re-appointment.

9. LISTING OF SECURITIES OF THE COMPANY

The equity shares of the Company are listed at the Stock Exchanges of Delhi (Regional), Mumbai, Ahmedabad, Chennai & Jaipur and the listing fee for the year 2004-2005 have been paid.

10. CORPORATE GOVERNANCE

It has always been your company's endeavour to excel through Corporate Governance and fair and transparent practices. Your Company believes in leveraging the resources to translate dreams into opportunities and opportunities into realities. Your Company infuse people with vision that sparks dynamism and entrepreneurship to create a system of succession which reflects stability combined with flexibility and continuity with change.

The Board of Directors of the company has evolved and adopted a model code of conduct based on the good Corporate Governance and best management practices being followed globally.

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, 2004 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, 2004 the applicable accounting standards had been followed and no material departures have been made from the same.
- (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, 2004 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 development
- Waste recycling
- Raw material & Chemical substitution.

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

- Improvement in quality .
- Development of new product / process.

3. Future plan of Action:

- Continuous development of products and processes.
- To continue R & D work to achieve excellence in Footwears 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 Light weight 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 cost of production.

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

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. 9,05,99,061/- on import of capital goods, a sum of Rs.3,75,35,589 /- on import of raw materials, Rs. 8,47,346 on foreign travelling of Directors/ officials of the Company and a sum of Rs. 1,52,246/- on other matters.

DIRECTORS' REPORT

14 HUMAN RESOURCES MANAGEMENT & INDUSTRIAL RELATIONS

Human Resource is a key to future growth and progress of a company . Realising this, the Company is concentrating on Human Resources Management and aligning its H R policies, processes and initiatives to meet the business needs of the Company.

The industrial relations in all the units of the Company remained cordial and peaceful throughout the year .

15. ENVIRONMENT AND SAFETY

The Company has installed fire fighting equipments at all the manufacturing plants to protect the assets of the Company from any natural or other disaster and to protect and safeguard the health and lifes of the employees of the Company. The Company has sufficient qualified manpower to train the workers and staff 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)	55
Designation	Whole Time Director
Date of commencement	01.04.94
Experience (years)	32
Gross remuneration (Rs)	30,51,240
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 and Mr Nikhil Dua , Director of the Company.
4. Nature of employment is contractual.

18.ACKNOWLEDGEMENTS

Your Directors thank all the customers, venders, banks, service providers and regulatory and Governmental authorities for their continued support. 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 and greatly appreciate and acknowledge the significant contribution of the business associates in the initiatives and growth of the Company.

For and on behalf of the Board of Directors

Place: New Delhi
Date: June 30, 2004

R.K.DUA
Managing Director

M.L.DUA
Whole time Director

Annexure-A
Auditors' 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, 2004, 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.

FOR GUPTA & JHUNJHUNWALA
Chartered Accountants

Place : New Delhi
Date : June 30, 2004

(MUKESH DUA)
Partner
M. No. 85323



CORPORATE GOVERNANCE

(A) COMPANY'S PHILOSOPHY :

Relaxo's Corporate Governance Practices are based on high standards of "universally acceptable" ethical values. The Company's Policies and practices are aimed at efficient conduct of business and in effectively meeting its obligations to shareholders, customers, dealers, employees and public at large. 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 believes that all its operations and actions must serve the underlying goal of maximizing shareholders value and safeguarding their interest. The guidelines are reviewed and reaffirmed on an ongoing basis to ensure that the code is followed in substance rather than in mere form. The Company believes in the following :

1. Creating a vibrant and professional Board.
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 shareholders communication.
6. Reward shareholders adequately through Dividend, Bonus and Capital appreciation.

(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. We believe in honest and fair dealing with our customers, shareholders, suppliers, employees and all other agencies associated directly or indirectly with our business operations.
2. We have strong belief that the fruit of growth, success and prosperity are to be shared by all concerned i.e., the company, shareholders customers and employees.
3. Company believes and encourages, 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. We believe that the essence of success lies in team work and team building. It discourages strongly any efforts towards breaking / hindering team functions.
5. We strongly believe in value addition to our products in terms of quality and durability for the satisfaction of our valued customers.
6. We believe in nurturing our Human Resources by integrating their individual growth with the growth of the company.
7. The Company believes that people who work solely for money, seldom get money; but people who work with commitment, dedication and sincerity, money automatically comes to them.

BOARD OF DIRECTORS

The Board presently comprises six Directors consisting of the Managing Director, one Executive Director and four Non- Executive 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	Promoters and Non- Executive Director	Mr Nikhil Dua
III	Independent and Non -Executive Directors	Mr G.C.Rastogi Mr S.K. Sapra Mr R.K.Gupta