

annual report

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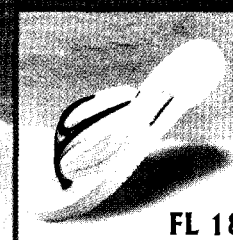
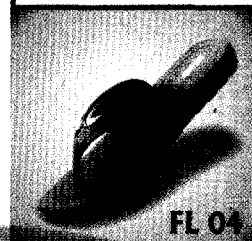
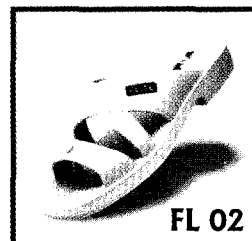
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BOARD OF DIRECTORS

R.K.DUA	Managing Director
M.L. DUA	Whole Time Director
NIKHIL DUA	Director
G.C. RASTOGI	Director
S.K. SAPRA	Director
R.K. GUPTA	Director

COMPANY SECRETARY

Rajiv Trehan

G.M. (FINANCE & ACCOUNTS)

Sushil Batra

AUDITORS

GUPTA & JHUNJHUNWALA

Chartered Accountants

9, Darya Ganj, New Delhi - 110 002

BANKER

STATE BANK OF INDIA

Mayapuri, New Delhi - 110 064

SHARE TRANSFER AGENTS

M/s Karvy Computershare Private Limited

46, Avenue 4, Street No. 1,

Banjara Hills

Hyderabad - 500034

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

-30/3/2, Rakba Mooja Hasanpur,

Tikri Border (Near Sales Tax Office),

Bahadurgarh (Haryana)

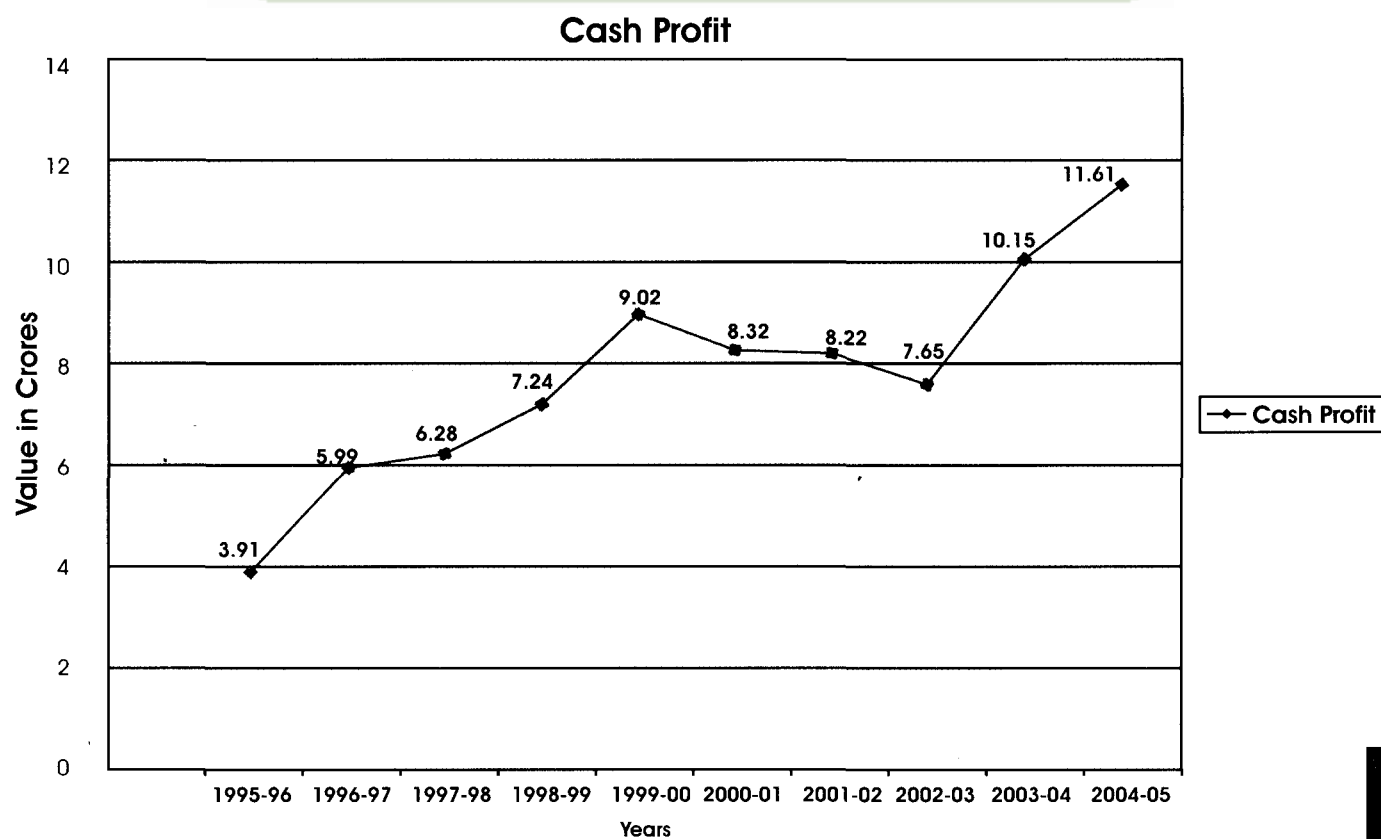
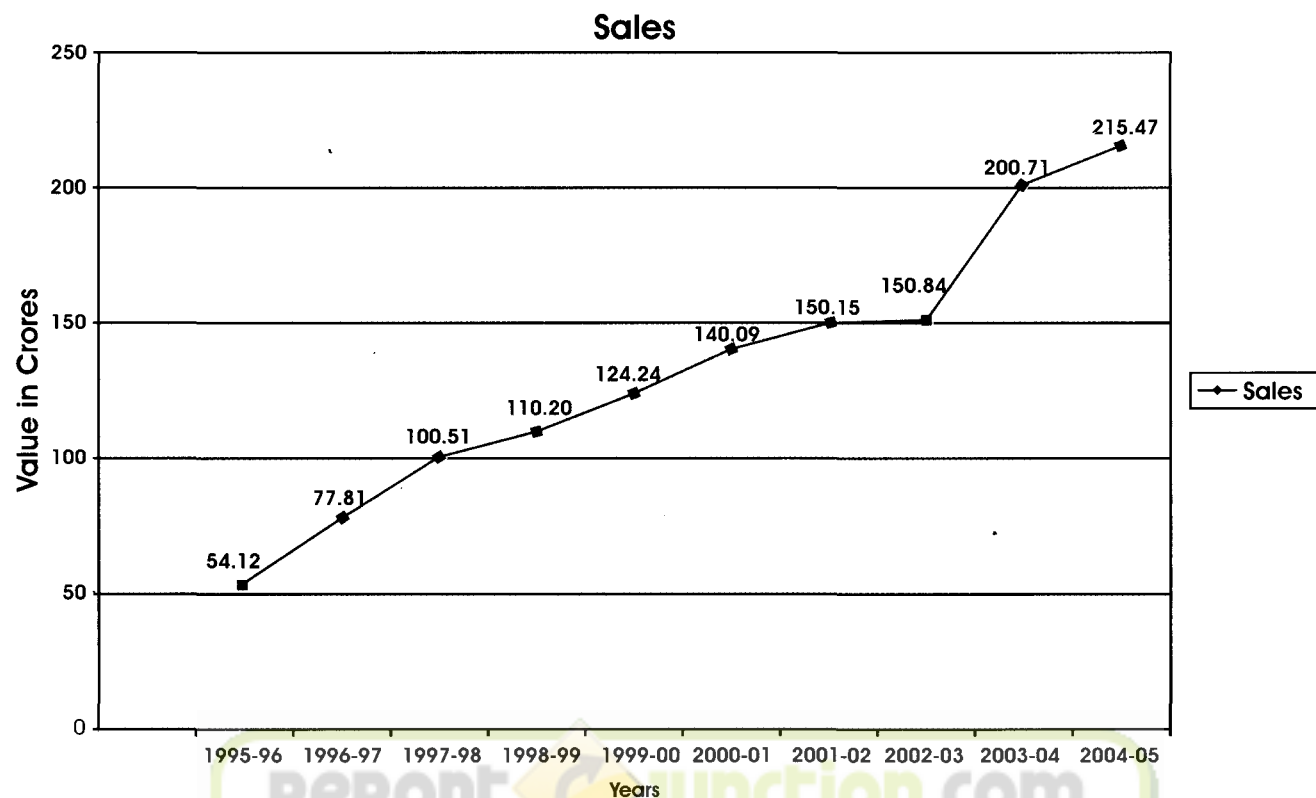
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Company's Performance in last 10 years





Directors' Report

Dear Shareholders,

Your Directors are pleased to present the Twenty first Annual Report and Audited Accounts for the Financial Year 2004-2005.

1. FINANCIAL RESULTS

The key highlights of the financial results for the year 2004-2005 are as follows:-

Particulars	(Rs in lacs)	
	2004-05	2003-04
Total Income	21671.69	20164.76
Total Expenditure	20462.07	19090.84
Profit before Depreciation & Tax	1209.62	1073.92
Depreciation	606.23	335.55
Profit before tax	603.39	738.37
Provision for Taxation	231.08	198.00
Profit after Tax	372.31	540.37
Add : Balance in P&LA/c	318.77	173.07
Add (less) : Prior period adjustments	13.39	8.32
Amount available for Appropriation	704.47	721.76
Appropriation:		
Proposed Dividend	90.01	90.01
Tax on proposed dividend	12.62	11.53
Transfer to General Reserve	300.00	300.00
Balance carried to Balance Sheet	301.84	320.22

2. OPERATION

The turnover of the Company for the year was Rs.21547.21 Lacs as against Rs.20071.10 Lacs in the previous year showing an increase of 7.35 %. The profit for the year after provision of tax is Rs.372.31 lacs as compared to previous year's profit after tax of Rs.540.37 lacs. The decrease in profit was on account of depreciation of new project at Tikri border Bahadurgarh.

3. DIVIDEND

Your Directors' are pleased to recommend a dividend @15 % on the equity shares of the Company for the year ended 31st March, 2005.

4. 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 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 21st Annual General Meeting upto the conclusion of the 22nd Annual General Meeting of the Company.

5. 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.

6. 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.



Directors' Report

7. CHANGE IN REGISTRAR OF TRANSFER AGENT

M/s Karvy Computershare Pvt.Ltd., Hyderabad has been appointed as the Registrar & Share Transfer Agents of the Company w.e.f. 01.04.2005 in place of M/s MCS Ltd., both for shares held by the shareholders in physical and electronic mode.

8. DIRECTORS

Shri Nikhil Dua and Shri S.K.Sapra retires by rotation at the ensuing Annual General Meeting and offers themselves 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 2005-2006 have been paid. However, the Company is planning to delist shares from these Stock Exchanges except Mumbai Stock Exchange.

10. CORPORATE GOVERNANCE

Your Director reaffirm their commitment to the Corporate Governance Standards prescribed by the Securities Exchange Board of India.

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, 2005 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, 2005, the applicable accounting standards has 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, 2005 on a going concern basis.

12. CONSERVATION OF ENERGY, ABSORPTION OF TECHNOLOGY AND FOREIGN EXCHANGE EARNINGS AND OUT GO:

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.

B. TECHNOLOGY ABSORPTION

Research and Development

1. Specific areas in which R & D carried out by the Company:

- Import substitution of various components and spares



Directors' Report

- 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 Footwear industry.

4. Expenditure on R & D:

- Expenses of Rs.70,428 has been incurred for R & D.

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 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- |

13. FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no foreign exchange earnings during the year under review. The Company has used Rs.2910.47 lacs in foreign exchange.

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 empowers them to deliver high quality performance and rewards talent.

The Industrial Relations in all the units of the Company remained cordial and peaceful throughout the year.

15. ENVIRONMENT AND SAFETY

Adequate measures for safeguarding the 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 are trained to handle these equipments effectively in case of disaster. There was no major accident during the year.



Directors' Report

16. QUALITY MANAGEMENT

Your Company has 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)	56
Designation	WholeTime Director
Date of commencement	01.04.94
Experience (years)	33
Gross remuneration (Rs)	35,44,746
Last employment	Relaxo Rubber Ltd.

Name	Mr R.K. Dua
Qualification	B.Com, LPRI (London)
Age (years)	51
Designation	Managing Director
Date of commencement	01.04.94
Experience (years)	30
Gross remuneration (Rs)	35,58,752
Last employment	Relaxo Rubber Ltd.

NOTES

1. Remuneration includes salary, commission and taxable perquisites.
2. Remuneration to Whole Time Director and Managing Director is as per the provisions of Schedule XIII of the Companies Act, 1956.
3. Mr.M.L.Dua, WholeTime Director is the relative of Mr.R.K.Dua, Managing Director of the Company.
4. Nature of employment is contractual.

18. ACKNOWLEDGEMENTS

The Directors' place on record their sincere appreciation for the valuable assistance and support extended to the Company by various agencies of Government and State Bank of India, the main Bankers' 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

Place : New Delhi
Date : 30th June, 2005

R.K.DUA
Managing Director

M.L.DUA
WholeTime 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 LTD., for the year ended on 31st March, 2005, 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 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 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, 2005

(MUKESH DUA)
Partner
M.No.85323



Corporate Governance

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 shareholder 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	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 G.C.Rastogi Mr S.K.Sapra Mr R.K.Gupta