



Quality Par Excellence

# RELAXO FOOTWEARS LIMITED

Annual Report 2013-2014



Quality Par Excellence

चलो तो  
रेटाईल से।



HF-30



HF-28



HF-27



HF-26



Salman Khan is wearing HF-17

## Corporate Information

### BOARD OF DIRECTORS

|                    |                      |
|--------------------|----------------------|
| Ramesh Kumar Dua   | Managing Director    |
| Mukand Lal Dua     | Whole Time Director  |
| Nikhil Dua         | Whole Time Director  |
| Deval Ganguly      | Whole Time Director  |
| Vivek Kumar        | Independent Director |
| Pankaj Shrimali    | Independent Director |
| Kuruvila Kuriakose | Independent Director |

### COMPANY SECRETARY

Kapil Garg

### CHIEF FINANCIAL OFFICER

Sushil Batra

### AUDITORS

Gupta & Dua  
Chartered Accountants  
9, Darya Ganj, Delhi-110 002

### BANKERS

State Bank of India  
HDFC Bank  
Standard Chartered Bank  
ING Vysya Bank  
Yes Bank

### SHARE TRANSFER AGENTS

M/s Karvy Computershare Private Limited  
17-24, Vittal Rao Nagar  
Madhapur-Hyderabad  
Andhra Pradesh-500 081

### REGISTERED OFFICE

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

### CORPORATE OFFICE

Aggarwal City Square, Plot No. 10,  
Mangalam Palace, District Centre, Sector -3,  
Rohini, New Delhi-110 085

### WORKS

**RFL-I & II** Plot No. 326-327, MIE, Bahadurgarh, Haryana  
**RFL-III** A-1130 & 1130 (A), RIICO Industrial Area,  
Phase-III, Bhiwadi, Rajasthan  
**RFL-IV** 30/3/2, Rakba Mooja Hasanpur  
Tikri Border (Near Sales Tax Office), Bahadurgarh, Haryana  
**RFL-V** 83-92, SIDCUL Industrial Area  
BHEL, Haridwar, Uttarakhand  
**RFL-VI** 342-343, Footwear Park, Industrial Estate,  
Sector-17, Bahadurgarh, Haryana  
**RFL-VII** Plot No. 328-329, MIE, Bahadurgarh, Haryana  
**RFL VIII** Plot No. 37, Sector 4B, Bahadurgarh, Haryana

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## From the desk of **Ramesh Kumar Dua, Managing Director**

Dear Stakeholders,

It gives me immense pleasure to write to you at the end of another successful year at Relaxo. This is especially notable, given the fact that Indian economy was going through one of the most difficult times in recent past with consumer spending at an all-time low. Even in such a challenging environment, your company was not only able to accelerate sales growth but also significantly improve profitability.

FY14 revenue grew by 20% to over ₹ 1,200 Crore and Our EBITDA margins have improved from 11.04% in FY13 to 12.39% in FY14, a significant 34.7% increase in operating bottom line. Your company's PAT margins have also subsequently improved from 4.46% in FY13 to 5.44% in FY14. In conjunction to the company's performance, your Board of Directors have recommended a dividend of 50% for FY14.

With performance and accolades come higher responsibility and accountability. At this point of time, I would like to reflect over some of our initiatives that have worked well for us as well as our priorities for the future.

Our business has performed well across all operating parameters. Our deep understanding of our consumers and our trade and developing a 'forward looking' outlook has helped us build a comprehensive portfolio of products, catering to a large set of Indian consumers. Our Investments in technology have helped us to improve quality, processes and save material & energy costs. Our product innovation and R&D investments have helped us to maintain a cutting edge in terms of quality and freshness of design in our portfolio. We are gradually building a strong position across all categories and consumer needs in the footwear space.

Significant distribution related changes have been made in the last year and we continue to aggressively expand our distribution network to ensure that our wide product portfolio as well brand reach is translated into revenues. I am pleased to announce that Relaxo is now present in Modern Trade and E – Commerce channels, which will redefine the operating model in times to come. We also continue to expand our retail distribution network, and during the year, our fully owned retail outlets have increased from 168 to 179 and the trend will continue in the years to come. With increased distribution, we have not lost sight of our ability to serve. Our investments in Manufacturing and Supply Chain continue to help us serve our customers faster and better. Our production capacity has increased from 4.54 lacs pairs to 5.35 lacs pairs per day. With the slippers capacity expansion at Bhiwadi and the central warehousing facility at Bahadurgarh, Relaxo is well positioned to capitalise the increasing demand for our products and enhance service at all levels.

After one of the most sought-after elections in the history of India, everyone is looking forward to a new dawn. There's a long list of things that has to be reviewed by the new government and the common man is very hopeful about the bright future. The new government is expected to open new avenues for an unprecedented industrial growth. It is predicted that under the new government, India is likely to witness a golden era of industrial revolution. To give boost to the footwear industry, the government has already announced relaxation in the excise duty on footwear in the price range of ₹ 500 to ₹ 1000.

I would like to recognize that your company has always counted on decisive support of its Board of Directors, consumers, business partners, the management and all the valued employees for their significant contribution and stellar performance in last year. We would also acknowledge the support of our shareholders and feel privileged for an opportunity to create value for all of you. We sincerely thank you all and share the success that Relaxo has achieved with all of you.

With best regards

**Ramesh Kumar Dua**

Managing Director





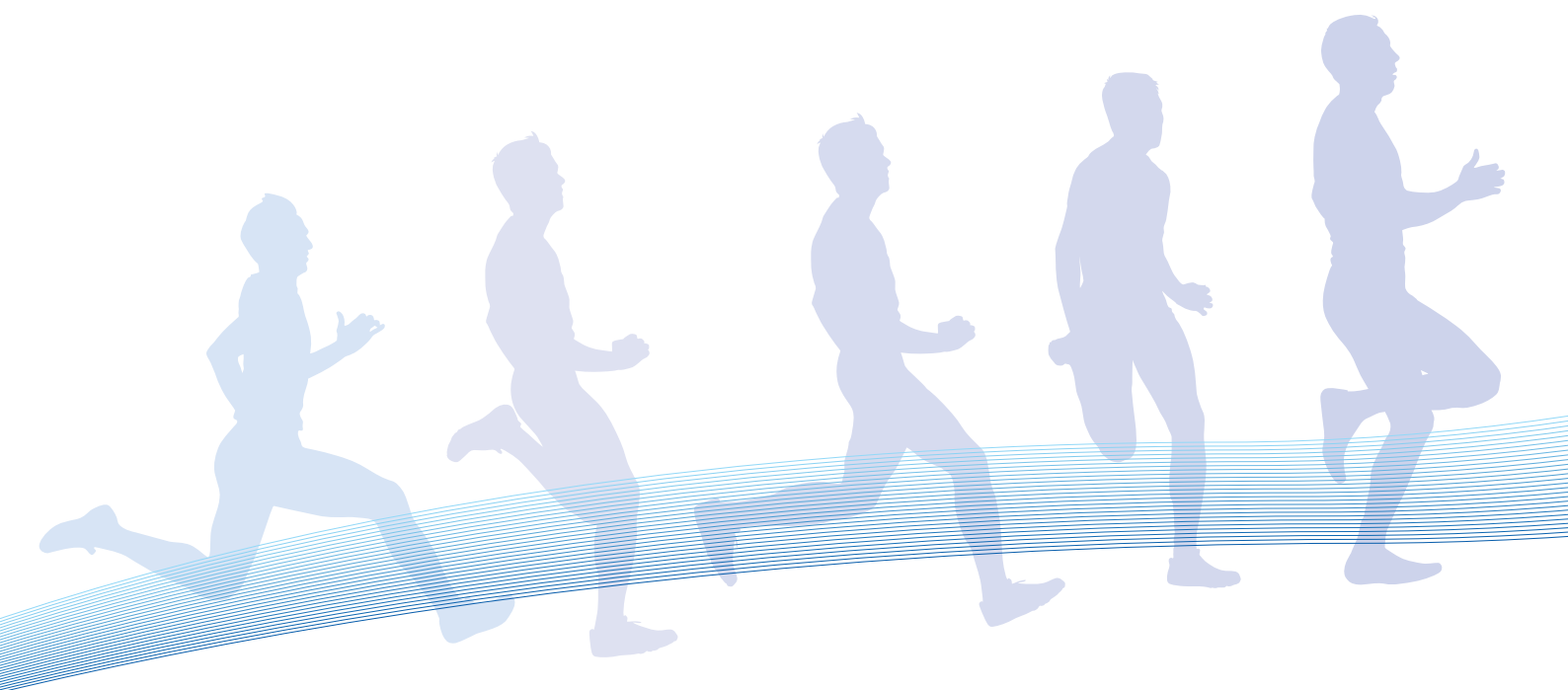
# PERFORMANCE – AN OVERVIEW

Your Company has demonstrated the resilience of its business model amidst operating in a volatile and uncertain industrial environment.

## Business Plan for Growth

To imbibe the principle of planning, Relaxo has initiated to work upon a long term business plan with a clear-cut direction in preparing annual operating plans so as to meet its long term objective. Relaxo, regularly assess the Company's performance against the plans and targets for which they already have set the bench mark, to meet out the Company's objectives. At Relaxo the management reviews progress every month. This regular assessment helps in taking corrective and preventive measures so as to bridge the gaps.

Relaxo plans are always more specific and precisely defined, the objectives set for functions are realistic and deliverable. At Relaxo the business plan includes a summary of what our business is all about, how it can be developed better and what can be achieved. In particular, it covers the entire strategy for improving our working and control mechanism through well defined processes to achieve the desired growth.



## Revenues – Driving Growth

Your company's Net Sales has increased by 20% YoY, from ₹ 1004.83 cr to ₹ 1205.83 cr in the period under discussion. A significant increase, when compared with last year and with respect to industry benchmarks amidst the uncertain political and economic environment last year. The revenue increase is attributed to a healthy mix of volume driven growth as well as premiumization.

Our significant sales growth has been possible on the back of strong Go-to-Market strategy defined by the company with clear cut action points in each sales area. Some of the key driving factors behind this growth have continuously drive to penetrate in new towns & channels, constant investment behind our strong brands and internal operational efficiencies. We believe these changes will improve sales effectiveness & transform the sales function in future also.

The retail division has witnessed a healthy growth of 26% on overall sales, in line with the best retail organizations in the Indian context. Targeted initiatives towards customer centricity and product portfolio management have ensured that the business performs on par with Industry benchmarks. We have also implemented several initiatives towards improving our supply chain and distribution with an aim to satisfy our customers. In the upcoming financial year, Retail business will increasingly focus on achieving increased market penetration and ensuring increased customer acquisition by targeted marketing initiatives.



## Advertising & Sales promotion – Building Brands

We have consciously focused on increasing our selling expenditure throughout the entire last year in line with our objective of brand building. Relaxo has engaged with three well known celebrities for its brands which have taken our Brand Metrics (Awareness, Trial and Conversion) to an altogether different level. We have also taken cognizance of our trade's requirements and our Sales Promotion spends have been targeted to deliver 'Bang for buck' for our distributors.

With its never ending focus on quality, product innovation and value for money products, Relaxo has built specialist brands - Relaxo Hawaii, Flite, Sparx and Schoolmate, which cater to different footwear requirements of consumers.

## Material & Manufacturing Costs – Driving Efficiency

Our Material & Manufacturing costs have shown significant efficiency improvements in the year gone by. This has been possible, as a result of initiatives undertaken as part of Research & Development as well as easing of Raw Material costs.

We have embarked on an organization wide manufacturing excellence program called as "Parivartan". As part of Parivartan, we are working towards standardization and cross plant collaboration to enhance the learning curve as well as horizontal deployment of best practices followed in one plant to another plant.

Our Parivartan initiative is incomplete without the mention of thousands of workers and staff who have been working on the ground to make this change happen. We are committed towards greater employee satisfaction & capability enhancement and will continue focusing on the same in the times to come.





## Fixed Costs – Controlling budgets

A significant degree of transformation has been achieved in last year in terms of controlling our fixed expenditure. This is where our large volumes, widespread distribution network and well maintained facilities provide us benefits of economies of scale. We have managed to put a measured check on elements such as people cost by ensuring productivity, while at the same time maintaining Market relevant compensation for our employees.



# MANAGEMENT DISCUSSION & ANALYSIS

## Industry Structure & Development

The Indian Footwear Market is standing on the threshold of a revolution. The facets of this revolution lie in the inherently dynamic operating environment, the evolving income – demographic pyramids and more importantly the changing consumer behavior.

## The Dynamic Operating Environment

FY 14 has been one of the toughest years for the Indian economy. The declining GDP growth rate driven by falling consumption and investment has led to significant changes in consumer behavior, supply dynamics and competitive rivalry in the industry. High inflation led to a serious cut in consumer expenditure whereas a weakening rupee placed tremendous bottom line pressure on organizations involved in import of raw material. It becomes extremely important to be able to attract, delight and retain consumers in the marketplace, which will act as a shield against the relentless pressure on both revenues and margins, the likes of which were seen last year.

## The Evolving Income - Demographics

The income – demographic profile of the Indian consumer has also been evolving fast over the last couple of years. India is known as a country of young people. With our declining population growth rate and general longevity in life span due to advancement in the field of medicine, the years to come will see a shift in the age profile of the people. The demographic trends suggest that while Kids and Youth will continue being dominant segments, it is the Middle Age Segment that will expand in the next 10 – 15 years. Similarly the changing income pyramid provides opportunity to those firms which can leverage their market position in the middle class consumer segment. The rural per – capita consumption has also seen a significant increase in the last few years. One of the key imperatives thus becomes to consolidate position in urban markets while focusing on rural markets for the next wave of growth.

## The Changing Consumer Behaviour

Indian consumers are also evolving with the market - habits, lifestyles, tastes and preferences. The advent of organized retailing malls and multiplexes has transformed the shopping habits and purchase behavior of the Indian consumer. There are significant changes that can be seen in the purchasing behavior of Indian consumer. A typical upper middle class young consumer is looking beyond the utility aspect of a product to seek intangibles like brand and lifestyle statement associated with the

product. The modern consumer wants his purchases to reflect his lifestyle aspiration. With rise in income & increased awareness about products and proliferation of choices, consumers have become pickier with purchases. No longer is this consumer loyal. According to an industry research, ~85% of consumers are evaluating switching to competition brands and ~77% consumers believe that offerings across leading players are not very differentiated.

## The Evolving Indian Footwear Industry

India is the second largest global producer of footwear after China, accounting for 13% of global footwear production of 16 billion pairs. The Indian Footwear Industry is highly fragmented. There are nearly 4000 units engaged in manufacturing footwear in India. The industry is dominated by small scale units contributing nearly 55% of total production. The industry has seen many changes in the years that have gone by and is now one of the fastest growing sectors in the country.

The footwear sector is evolving from the level of the manual footwear manufacturing method to the automated footwear manufacturing systems. Footwear production units are installed with world class machines. Manned by skilled technicians, these machines help to turn any new innovative idea into reality. Support systems created for the sector have indeed served the footwear industry well. With technology and quality of the footwear improving year after year, Indian Footwear industry is stamping its class and expertise in the global footwear trade.

On the consumer front, Footwear manufacturers have gained a sudden upsurge in the retailing of footwear with the rise of e-commerce and the growing trend of online shopping. For the first time, there is concerted effort being put across by players in terms of brand building, product innovation and increased Retail presence. These are structural changes that have slowly started shaping industry dynamics for future.

## Opportunities & Threats

Despite significant macro – economic pressures in last year, the Indian Economy has shown a lot of resilience to overcome the challenges and is poised to improve in the years to come. After one of the most sought-after elections in the history of India, it is believed that long term initiatives will be taken by the new government leading to an uptick in consumption. To give boost to the footwear industry the government has already announced the relaxation in the excise duty on footwear pricing in the range of ₹ 500 to ₹ 1000.

Opportunities will lie largely in the three domains of product portfolio - reach, availability & internal efficiency. An enhanced, customer centric product portfolio would enable satisfying all consumer needs. The products need to be made available to the consumer at their convenience, which is where reach and availability will play a major role whereas improving internal efficiency and building systems will enable the industry to capitalize on the opportunities presented by the market.

Rising Material Costs, scarcity of skilled labour, stagnant socio – economic reforms will be some of the key concern areas for footwear industry. However, your Company enjoys the benefit of being in the business for more than four decades and has a better understanding of the footwear market. Your Company has been adopting appropriate strategies, e.g., Brand Building; focus on Quality & Innovation, Talent Management etc. to achieve its objectives

## Internal Control System and its adequacy

The Company has special financial, operational and other control systems which are carried out by internal process and which involve monitoring, independent evaluation and timely reporting to management levels systematically in order to ensure that all the activities are performed by management levels in accordance with current policies, methods, instructions and limits. The Company has a systematic audit process which is carried out by internal auditors independently as a part of internal control function and in the form of financial activities and compliance audit independent of the external auditor's activities, considering the management and organizational needs. The Company has all the mechanisms concerning the process of standard-setting, reporting, verifying the compliance with standards, decision-making and implementing, which are established by the board of directors in order to monitor, to keep under control and if necessary, to change the risk/return structure of the future cash flows of the bank and accordingly, the quality and the extend of the activities.

## Outlook

In the transforming era where footwear industry in India has shown an outgrowth in the recent years due to its increased demand, however the industry has faced multiple challenges in terms of infrastructure, resources and facilities etc. With the arrival of latest advancements, the growth of non-leather footwear in India has become prominent. The Company has a wide scope for growth of footwear industry with all the positives on its side. Our access to state-of-the-art machineries opens up a number of possibilities as a stimulating factor.

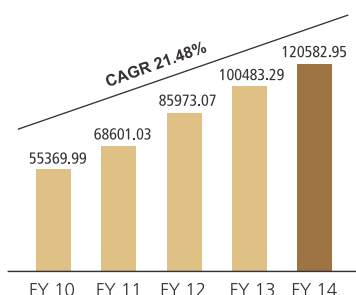
After China, India has topped the countdown to be such global producer of footwear, accounting for the major production centres with such 1.10 million centres engaged in the footwear manufacturing industry. The way footwear sector has become prominent in the non-leather industry, at present most of footwear brands in India are putting efforts on deploying resources and producing high-quality and durable non-leather footwear for the entire family.

# FINANCIAL HIGHLIGHTS

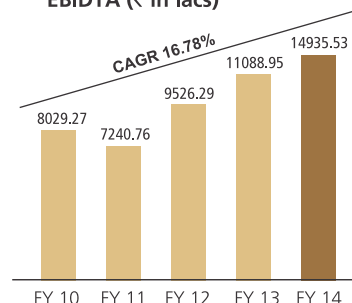
(₹ in lacs)

| Particulars                                  | 2013-14   | 2012-13   | 2011-12  | 2010-11  | 2009-10  |
|--|-----------|-----------|----------|----------|----------|
| No of Pairs sold (in lacs)                   | 1077.84   | 1002.44   | 924.60   | 865.74   | 842.97   |
| Sales  | 120582.95 | 100483.29 | 85973.07 | 68601.03 | 55369.99 |
| Total Income                                 | 121461.18 | 101090.97 | 86573.20 | 69213.20 | 55781.93 |
| EBIDTA                                       | 14935.53  | 11088.95  | 9526.29  | 7240.76  | 8029.27  |
| Finance Cost                                 | 2265.87   | 1770.29   | 1867.18  | 1590.85  | 1105.69  |
| Depreciation                                 | 3116.47   | 2549.82   | 2310.29  | 2095.48  | 1545.70  |
| Tax  | 2989.55   | 2288.02   | 1358.32  | 883.12   | 1608.66  |
| Net Profit                                   | 6563.64   | 4480.82   | 3990.50  | 2671.31  | 3769.22  |
| Equity Share Capital                         | 600.06    | 600.06    | 600.06   | 600.06   | 600.06   |
| Net Worth                                    | 27656.18  | 21443.56  | 17243.55 | 13462.27 | 10992.69 |
| Gross Fixed Assets( Tangible and Intangible) | 54981.12  | 48094.63  | 39977.61 | 35373.68 | 29222.05 |
| Net Fixed Assets(Tangible and Intangible)    | 39005.62  | 35045.89  | 29260.64 | 26926.27 | 22841.06 |
| Capital Employed                             | 50682.71  | 46939.26  | 37376.56 | 34242.62 | 27525.64 |
| Capital Expenditure                          | 6886.49   | 8117.02   | 4569.52  | 6186.04  | 7950.65  |
| Growth in Sales(%)                           | 20.00     | 16.88     | 25.32    | 23.90    | 35.89    |
| EBIDTA to Sales(%)                           | 12.39     | 11.04     | 11.08    | 10.55    | 14.50    |
| EPS in ₹                                     | 10.94     | 37.34     | 33.25    | 22.26    | 31.41    |
| Dividend(%)                                  | 50        | 40        | 30       | 30       | 30       |
| Book Value per share (in ₹)                  | 46.09     | 178.68    | 143.68   | 112.18   | 91.60    |
| ROCE(%)                                      | 25.18     | 22.85     | 21.07    | 18.62    | 33.79    |

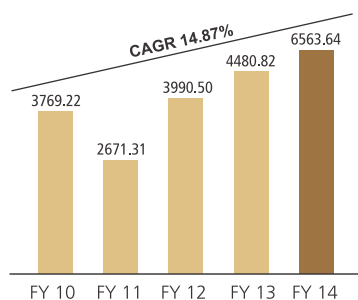
Sales (₹ in lacs)



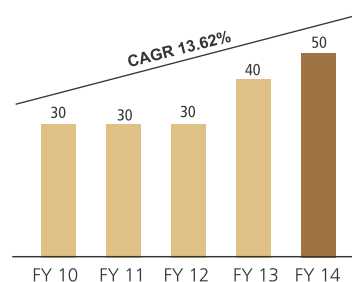
EBIDTA (₹ in lacs)



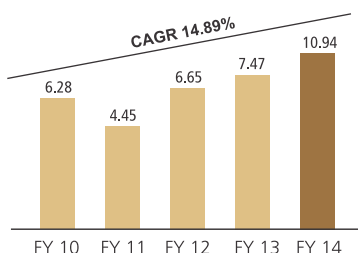
Net Profit (₹ in lacs)



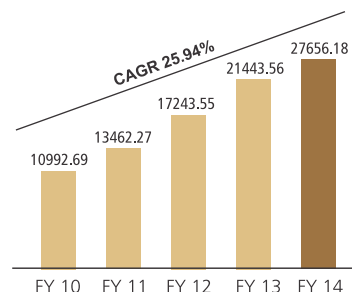
Dividend (%)



Adjusted EPS (₹)



Net Worth (₹ in lacs)





# DIRECTORS' REPORT

Dear Members,

The Board of Directors of your Company take pleasure in presenting its report on the working of the Company for the Financial Year 2013-14.

## 1. FINANCIAL RESULTS

(₹ in lacs)

| Particulars   | 2013-14        | 2012-13        |
|---|----------------|----------------|
| Sales & Other Income                                      | 121461.17      | 101090.97      |
| Total Expenditure   | 108791.51      | 91772.31       |
| Profit before Depreciation & Tax                          | 12669.66       | 9318.66        |
| Depreciation  | 3116.47        | 2549.82        |
| Profit before Tax   | 9553.19        | 6768.84        |
| Payment/Provision for Tax                                 | 2989.55        | 2288.02        |
| Profit after Tax  | 6563.64        | 4480.82        |
| Balance brought forward from Previous year                | 310.46         | 610.45         |
| Amount available for Appropriation                        | 6874.10        | 5091.27        |
| <b>Appropriation :</b>                                    |                |                |
| Final Dividend  | 300.03         | 240.02         |
| Tax on Final Dividend                                     | 50.99          | 40.79          |
| Transfer to General Reserve                               | 6000.00        | 4500.00        |
| Balance carried to Balance Sheet                          | 523.08         | 310.46         |
| <b>TOTAL</b>  | <b>6874.10</b> | <b>5091.27</b> |
| Basic and Diluted Earnings per Share of ₹ 1/- each (in ₹) | 10.94          | 7.47           |

## 2. BUSINESS PERFORMANCE

Your Company has demonstrated the resilience of its business model amidst operating in a volatile and uncertain industrial environment. The key highlights of the Company's financial performance during the financial year 2013-14 are given here below:-

- Net Sales increased by 20.0% to ₹ 120582.95 lacs
- EBITDA increased by 34.7% to ₹ 14935.53 lacs; EBITDA margins increased by 135 bps to 12.39%
- Net Profit increased by 46.5% to ₹ 6563.64 lacs; Net Profit margins increased by 98 bps to 5.44%
- Total retail outlets increased from 168 to 179 during FY14

Your Company has recently initiated modern trade through institutional sales and online shopping access to the customers, to boost sales and have presence in all trade options.

Parivartan, a strategic initiative targeted towards improving operating efficiency was undertaken by Relaxo in the year and it has been making contributions in improving the productivity.

### 3. DIVIDEND

Your Directors are pleased to recommend dividend of ₹ 0.50 per share i.e. 50% on equity share of ₹1/- each for the financial year 2013-14.

### 4. AUDITORS

The Statutory Auditors of the Company M/s. Gupta & Dua, Chartered Accountants hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have given their consent to act as Statutory Auditors of the Company for the financial year 2014-15. Further, they have also confirmed that they do not suffer from any disqualifications prescribed under section 141 of the Companies Act, 2013.

### 5. AUDITORS' REPORT

The observation 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.

### 6. DIRECTORS

Mr. Deval Ganguly, Whole Time Director of the Company will retire at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Pursuant to provision of section 149 and other applicable provisions of Companies Act, 2013, Independent Directors are required to be appointed for a term of five consecutive years and shall not be liable to retire by rotation. Accordingly Mr. Vivek Kumar, Mr. Pankaj Shrimali and Mr. Kuruvila Kuriakose existing Independent Directors being eligible and have given their consent to act as Independent Director.

However, Mr. Umesh Nath Kapur had expressed his inability to continue as Director of the Company.

Further in order to comply the requirement of appointing a women director under section 149 of Companies Act, 2013, the Board of Directors have proposed the appointment of Ms. Deepa Verma as an Independent Director of the Company. She is eligible and has also given her consent to act as an Independent Director of the Company.

Your Directors recommend their appointment as the Directors of the Company.

### 7. RELATED PARTY TRANSACTIONS

The appointments of Mr. Ritesh Dua as Executive Vice President (Finance), Mr. Gaurav Dua, as Executive Vice President (Marketing), Mr. Nitin Dua, Executive Vice President (Retail) and Mr. Rahul Dua, Executive (Manufacturing) fall under the related party transactions as defined under Companies Act, 2013. The transaction required members approval by way of special resolution and hence the Board has decided to seek member's approval at the ensuing AGM. The justification of above mentioned appointments has been given here below:-

Mr. Ritesh Dua is qualified MBA from Fore School of Management. He is specialized in mobilizing fund based and non fund based requirement of the Company. He deals with the financial institutions and banks for meeting fund based and non fund based requirement of the Company. He has strengthened Direct and Indirect Tax system by implementing good strategy and planning. He has also played pivotal role in expanding Export turnover of the Company that resulted in international recognition of footwears manufactured by the Company.

Mr. Gaurav Dua is qualified MBA (Marketing) from University of Wales, Cardiff. He has been a distinct personality as far as vision planning and results are concerned. He played instrumental role in the product development and diversification as a result of which the company has good number of product range in all segment of footwears. His vision of Sales and Marketing's strategy lead to new path of heights in terms of enhancement of turnover of the Company. The turnover of the Company has touched new heights in last three years.

Mr. Nitin Dua is qualified MBA (Marketing) from Appejay Institute of Management. He conceived the idea and plan for entering into RETAIL chain. He laid down and formulated the vision and plans for opening the retail chain. The same has direct impact on the turnover of the Company. It helped to display the entire range of footwears manufactured by the Company at one place as a result of which the awareness in respect of fashionable and qualitative footwears manufactured by the Company spread among the customers. It resulted positive impact in the establishment of brand and goodwill of the Company.

Mr. Rahul Dua is B.Com (H). He has played an instrumental role in setting up plant for High Fashionable Footwear with state of art PU technology with additional features of longevity, skid-resistance, light weight. His credential efforts have helped the Company to increase the sale of PU based technology footwear which has got instant acceptance and appreciation from customers.

## 8. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report as required under Clause 49 of the Listing Agreement with the Stock Exchanges forms part of this Report.

## 9. CREDIT RATING

The ICRA and CARE have assigned the rating A1 for short term fund facility and A for long term fund facility to your Company. These ratings represent adequate safety of credit facilities given to the Company.

## 10. CORPORATE GOVERNANCE REPORT

The Corporate Governance Report as stipulated under Clause 49 of the Listing Agreement, forms part of this Report.

The requisite certificate from the Statutory Auditors of the Company, M/s. Gupta & Dua, Chartered Accountants, confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49 is attached to Corporate Governance Report.

## 11. FIXED DEPOSITS

The Company has not invited or accepted any Fixed Deposits from Public during the year under review.

## 12. DIRECTORS' RESPONSIBILITY STATEMENT

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

1. That the applicable Accounting Standards have been followed in the preparation of the Annual Accounts and that there have been no material departures there from.
2. That the Directors have selected such accounting policies and applied them consistently and made judgement and estimates that are 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 financial year 2013-14 and of the profit of the Company for year under review.
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe-guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Directors have prepared the Annual Accounts on a going concern basis.

## 13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUT GO

The particulars as prescribed under section 217(1)(e) of the Companies Act, 1956 read with Companies [Disclosure of Particulars in the report of Board of Directors] Rules, 1988, are set out in Annexure forming part of the Directors' Report.

## 14. EMPLOYEES STOCK OPTION SCHEME

Your Company has been consistently growing year to year in terms of turnover, profit, production and number of employees of the Company. The main challenge before the Company is to retain its key employees for a longer period of time to serve the goals of the Company. Accordingly it was decided to implement Employees Stock Option Scheme in the Company that would help to retain the productive talent in the Company and would give motivation to key employees of the Company for their effective contribution in the growth of the Company.

In this regard, the Board had already given in-principle approval for Employees Stock Option Scheme (ESOS) to be executed in one or more tranches subject to approval of Shareholders. In this scheme maximum 1.50 % equity shares of issued, subscribed and paid up capital may be offered to eligible employees.

Further, the shareholders of the Company have also given their consent by passing special resolution through postal ballot for implementation of "RFL ESOP PLAN-2014" that would boost the morale of key employees of the Company and would bring among them a sense of ownership

in the Company in order to deliver their best in efficient manner so as to achieve goals and objectives of the Company within a stipulated time period.

## 15. SUPPLY CHAIN MANAGEMENT

Supply Chain Management plays a vital role in your Company by meeting the deadlines well from the beginning till the end. During the year under review, it was considered feasible to further improve the benchmark of working efficiency and strengthening the existing control system in Supply Chain Management in view of future growth and expansion of the Company. In this regard following goal oriented steps were taken by the Company.

Your Company has opened four more Regional Distribution Centre (RDC) at Guwahati, Cuttack, Ranchi and Lucknow to cater to the demand of distance customers by way of dispatching our manufacturing footwears at right time and right place. Further your Company has outsourced functioning of its Central Distribution Centre (CDC) in order to improve working efficiency that is resulting high productivity in professional manner.

To keep pace with the current growth rate and future expansion of the Company in the years to come, your company has built its 1.60 lacs Sq ft warehouse at Bahadurgarh, Haryana with all modern apparatus, machines and latest technical facilities which shall be operational during current financial year.

Your Company has also streamlined its transporter operation through the transport module in SAP which is adding transparency and quality in the existing control system of Supply Chain Management.

## 16. FINANCIAL RISK

The Company has policy to hedge payment of foreign currency in order to reduce risk of volatile international market of foreign exchange. All properties, including building, plant, machinery, furniture, fixture and stock of the Company have been properly insured against all kind of risks.

Further, the Company has obtained a separate insurance policy to cover any peril which may arise on account of incoming and outgoing movement of raw material/ finished goods across its manufacturing units upto the places of distributors respectively.

## 17. HUMAN RESOURCE MANAGEMENT & INDUSTRIAL RELATIONS

Successful HR is the foundation of any successful Business. To enhance it's HR effectiveness, Relaxo has made significant investments in transforming the HR function. Several HR processes and systems including talent acquisition, performance management, rewards management and talent development have been redesigned in line with business needs and leading market practices. The Industrial Relations in all the manufacturing units of the Company continued to be cordial during the year under review.

## 18. CEO AND CFO CERTIFICATION

Pursuant to the requirement of Clause 49 of the Listing Agreement, the CEO and CFO certification is attached herewith the Annual Report. The Managing Director & CEO and the Chief Financial Officer also provide quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement.

## 19. PARTICULARS OF EMPLOYEES

The Statement of Particulars pursuant to section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 2002 forms part of this report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Reports and Accounts are being sent to all shareholders excluding the above statement. The statement is available for inspection at the Registered Office during working hours up to the date of the Annual General Meeting or may write to the Company Secretary for a copy.

## 20. ACKNOWLEDGEMENT

Your Directors express their gratitude to the Company's shareholders, business partners and suppliers for their understanding and support. The Directors also take this opportunity to thank Banks, Government and Regulatory Authorities and Stock Exchanges, for their continued support. Finally, your Directors acknowledge the dedicated services rendered by all employees of the Company.

For and on behalf of the Board of Directors

Delhi, 9th August, 2014

|                         |                       |
|-------------------------|-----------------------|
| <b>Ramesh Kumar Dua</b> | <b>Mukand Lal Dua</b> |
| Managing Director       | Whole Time Director   |



## Annexure to the Directors' Report

### A. CONSERVATION OF ENERGY

Energy conservation is an ongoing process in the Company by investing in the latest energy efficient technologies, to conserve energy on all locations, plants and sites of the Company. As a part of Company's endeavour towards conservation of energy and prevention of energy wastage, constant improvements are undertaken in order to conserve energy on an ongoing basis.

The energy conservation measure indicated above has helped the Company to restrict the impact of increase in the cost of energy thereby reducing the cost of production of goods to that extent by installing following apparatus and equipment:-

- Energy efficient T-5 lights in plants.
- Variable AC drives on Air compressors.
- Servo controller MINZ on EVA Injection molding.
- Boiler ID fan control through Drives

### B. TECHNOLOGY ABSORPTION

#### I. RESEARCH AND DEVELOPMENT

##### a) Specific areas in which R & D carried out by the Company:

- Material Development
- Product/process development
- Energy Saving by modification of process
- Moulds Development and design modification
- Waste recycling

##### b) Benefits derived as a result of R & D

- Improvement in quality and rejection control
- Increase in production efficiency

##### c) Expenditure on R & D

- Recurring: ₹ 85.92 lacs charged out as expenses through respective heads of accounts

#### II. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

##### a) Efforts made towards technology

- Introduction of improved grades of polymer in footwear
- Introduction of newly developed additives –in Hawai strap compound
- Introduction of improved screen printing material with special additives
- Installation of Air ventilation system at RFL-III, Bhiwadi

##### b) Benefit derived as a result of the above efforts

- Better market acceptance through improvement in overall aesthetics/ properties and cost reduction
- Improvement in quality-by reduction of bloom in straps
- Improvement in durability of printing leading to customer satisfaction
- Improvement in General Environment in the plant

##### c) Technology imported during last 5 years : Nil

#### III. FOREIGN EXCHANGE EARNINGS AND OUTGO

##### a) Activities relating to export initiatives taken to increase exports, development of new export for products and export plans:

Your Company has developed markets of Asia, Middle East, Europe, Africa, South America & Oceania and these markets will increase overall export of Company in coming years.

##### b) Total Foreign Currency used and earned

Used: ₹ 18430.55 lacs

Earned: ₹ 3034.41 lacs

# CORPORATE GOVERNANCE REPORT

## AT THE HEART OF THE CORPORATE

Corporate Governance is about our commitment to human values in business and translates into ethical corporate conduct. It is story, a Company chooses to manage itself. Corporate Governance is concern of many - the corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. Timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company is an important part of Corporate Governance. When adhered to and implemented in the best of spirit, Corporate Governance can measurably impact the activities, processes and policies of the organization, and portray a positive vision to investors, and enhance the trust and confidence of the stakeholders. It can also influence its immediate corporate environment and the society at large in a positive way and have a healthy impact on the national economy.

At Relaxo Footwears Limited, we fully comply with, and indeed go beyond, all of them. We believe that sound Corporate Governance is vital for retaining stakeholder faith and in winning new investor trust. Some of the salient principles of Corporate Governance at Relaxo Footwears Limited are satisfying not just the letter - but the spirit of law, transparency in conduct and communication, making a clear distinction between personal conveniences and corporate resources, clarity and timeliness in dissemination of information, compliance with all laws and an ethical and honest corporate structure that is driven solely by business considerations.

### 1. PHILOSOPHY OF THE COMPANY ON CORPORATE GOVERNANCE

Corporate Governance has occupied pivotal position at Relaxo Footwears Limited since inception. The business has, since then, been conducted in most transparent and ethical manner. All the necessary steps have been taken, with changing socio-economic scenario to ensure that the conduct of business is as per the policies of the Management, namely Honesty, Transparency and Ethical Behaviour. The Company's policies and practices are aimed at efficient conduct of business and in sincerely and effectively meeting its obligations towards its stakeholders, through an effective and professional Board of Directors, complete and timely dissemination of information through timely disclosure and maximization of shareholders wealth.

### 2. BOARD OF DIRECTORS

In terms of Clause 49 of the Listing Agreement, the Board should have an optimum combination of Executive and Non-Executive Directors and at least 50% of the Board should comprise of Non-Executive Directors. Further at least one-third of the Board members should comprise of Independent Directors, if the Chairman is Non-Executive and at least half of the Board should be of Independent Directors in case of an Executive Chairman.

## COMPOSITION OF THE BOARD OF DIRECTORS

The composition of the present Board of Directors of the Company is in line with Clause 49 of the Listing Agreement. It has one Managing Director, three Whole Time Directors and three Non-Executive Independent Directors.

| Category                                 | Name of Directors      |                      |
|--|------------------------|----------------------|
| Promoters and Executive Directors        | Mr. Ramesh Kumar Dua   | Managing Director    |
|  | Mr. Mukand Lal Dua     | Whole Time Director  |
|  | Mr. Nikhil Dua         | Whole Time Director  |
|  | Mr. Deval Ganguly      | Whole Time Director  |
| Independent and Non- Executive Directors | Mr. Vivek Kumar        | Independent Director |
|  | Mr. Pankaj Shrimali    | Independent Director |
|  | Mr. Kuruvila Kuriakose | Independent Director |

## Details of Board Meetings

During the Financial year 2013-14 the Board of Directors met five times.

The maximum gap between any two Board meetings was less than 4 months, as given below:

| Date of Meeting | No. of Directors present | Total Strength of the Board |
|-----------------|--------------------------|-----------------------------|
| 11.05.2013      | 8                        | 8                           |
| 27.07.2013      | 5                        | 8                           |
| 26.10.2013      | 7                        | 8                           |
| 30.01.2014      | 8                        | 8                           |
| 29.03.2014      | 7                        | 8                           |

Attendance records of the Directors at Board Meetings and at the Annual General Meeting (AGM) during the Financial year 2013 - 14 is as under :

| Name of Directors      | No. of Board Meetings attended | Attendance in AGM held on 19.09.2013 | Number of other Companies in which Directorship held |
|------------------------|--------------------------------|--------------------------------------|--|
| Mr. Ramesh Kumar Dua   | 5                              | Present                              | 3  |
| Mr. Mukand Lal Dua     | 3                              | Present                              | 2  |
| Mr. Nikhil Dua         | 4                              | Present                              | -  |
| Mr. Vivek Kumar        | 5                              | Present                              | 1  |
| Mr. Pankaj Shrimali    | 5                              | Present                              | 2  |
| Mr. Umesh Nath Kapur   | 5                              | Present                              | 1  |
| Mr. Kuruvila Kuriakose | 4                              | Present                              | 7  |
| Mr. Deval Ganguly      | 4                              | Present                              | -  |

### 3. COMMITTEES OF THE BOARD OF DIRECTORS AS ON 31.03.2014

- I. Audit Committee
- II. Stakeholders Relationship Committee
- III. Nomination and Remuneration Committee

#### I. AUDIT COMMITTEE

The Company constituted the Audit Committee in line with the requirement of Section 177 of Companies Act, 2013, read with Clause 49 of the Listing Agreement.

The role of Audit Committee is as follows:-

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Directors' Report in terms of sub-section (2AA) of Section 217 of the Companies Act, 1956.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgement by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the

report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

7. Review and monitor the auditor's independence and performance, and effectiveness of audit process.
8. Approval or any subsequent modification of transactions of the company with related parties.
9. Scrutiny of inter-corporate loans and investments.
10. Valuation of undertakings or assets of the company, wherever it is necessary.
11. Evaluation of internal financial controls and risk management systems.
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
13. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
14. Discussion with internal auditors of any significant findings and follow up there on.
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
18. To review the functioning of the Whistle Blower mechanism.
19. Approval of appointment of CFO (i.e. the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee is empowered, pursuant to the terms of reference to:

- Investigate any activity within its terms of reference and to seek any information it requires from any employee.
- Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant expertise, which is considered necessary.

## COMPOSITION AND ATTENDANCE

The Audit Committee comprised Four Directors, namely, Mr. Pankaj Shrimali, Independent Director and Chairman of the Committee, Mr. Kuruvila Kuriakose, Independent Director, Mr. Vivek Kumar, Independent Director and Mr. Nikhil Dua, Executive Director.

The details of the meetings and the attendance of members of the Committee in the meetings held during the Financial Year 2013-14 are given below:

| Name of Members        | No. of Meetings held | No. of Meetings attended |
|------------------------|----------------------|--------------------------|
| Mr. Pankaj Shrimali    | 4                    | 4                        |
| Mr. Nikhil Dua         | 4                    | 3                        |
| Mr. Kuruvila Kuriakose | 4                    | 3                        |
| Mr. Vivek Kumar        | 4                    | 3                        |

Mr. Vivek Kumar was appointed as member of Audit Committee w.e.f. 11.05.2013

Members of the Audit Committee have requisite Financial and Management expertise. The Company Secretary of the Company acts as the Secretary of the Committee.

## II. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Company has constituted Stakeholders Relationship Committee to specifically look into the redressal of Stakeholders and Investors complaints.

The role of Stakeholders Relationship Committee is as follows:-

The Committee supervises the mechanism for redressal of investors' grievance and ensures cordial investors relations. The Committee performs the following functions:

- Transfer/transmission of shares.
- Split-up/sub-division and consolidation of shares.
- Issue of new and duplicate share certificates.
- Registration of Power of Attorneys, Probates, Letter of transmission or other documents.

- To open /close Bank Account(s) of the Company for remittance of dividend and issue instructions to bank from time to time in this regard
- To look into the redressal of shareholders' complaints and enquiries.
- Any allied matter out of and incidental to these functions

### COMPOSITION AND ATTENDANCE

The Committee comprised three Directors, Mr. Vivek Kumar, Non Executive Independent Director and Chairman of the Committee, Mr. Ramesh Kumar Dua, Managing Director and Mr. Mukand Lal Dua, Whole Time Director.

During the financial year 2013-14, five meetings of the Committee were held and the attendance of members at the meetings is given below:

| Name of Members      | No. of Meetings held | No. of Meetings attended |
|----------------------|----------------------|--------------------------|
| Mr. Vivek Kumar      | 5                    | 5                        |
| Mr. Ramesh Kumar Dua | 5                    | 5                        |
| Mr. Mukand Lal Dua   | 5                    | 5                        |

All complaints, suggestions and grievances are promptly dealt with and resolved within 15 days unless there is some dispute and/or other legal constraint.

Mr. Kapil Garg, Company Secretary is the Compliance Officer of the Company.

### III. NOMINATION AND REMUNERATION COMMITTEE

The Company constituted "Nomination and Remuneration Committee" to recommend the Board of Directors, the compensation and remuneration of Directors and Senior Managerial Personnel.

The role of Nomination and Remuneration Committee is as follows:

- Determining / recommending the criteria for appointment of Executive, Non-Executive and Independent Directors to the Board;
- Determining / recommending the criteria for qualifications, positive attributes and independence of Directors;
- Identifying candidates who are qualified to become Directors and who may be appointed in Senior Management and recommending to the Board their appointment and removal;
- Recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Reviewing and determining fixed component and performance linked incentives for Directors along with the performance criteria;
- Determining policy on service contracts, notice period, severance fees for Directors and Senior Management;
- Evaluating performance of each Director and performance of the Board as a whole;

The Committee also plays a role of a Compensation Committee and is responsible for administering the Stock Option Plan and Performance Share Plan of the Company and determining eligibility of employees for stock options.

### COMPOSITION AND ATTENDANCE

The Committee comprised three Non-Executive cum Independent Directors, Mr. Pankaj Shrimali, Chairman of the Committee, Mr. Umesh Nath Kapur and Mr. Vivek Kumar, members of the Committee. During the financial year 2013-14, one meeting of the Committee was held on 27.07.2013 which was attended by all the members of the Committee.

### 4. DETAILS OF REMUNERATION PAID TO DIRECTORS FOR THE FINANCIAL YEAR 2013-14

- The Managing Director and Whole-Time Directors are paid remuneration as per the terms approved by the Board of Directors of the Company and confirmed by the Shareholders of the Company and subject to such other statutory approvals as may be necessary. Details of remuneration paid to the Executive Directors for the financial year 2013-14 are as follows:

(Amount in ₹)

| Name of Directors    | Designation         | Salary  | Commission | Total    |
|----------------------|---------------------|---------|------------|----------|
| Mr. Ramesh Kumar Dua | Managing Director   | 4704000 | 42787544   | 47491544 |
| Mr. Mukand Lal Dua   | Whole Time Director | 4704000 | 42787544   | 47491544 |
| Mr. Nikhil Dua       | Whole Time Director | 5287296 | -          | 5287296  |
| Mr. Deval Ganguly    | Whole Time Director | 7029814 | -          | 7029814  |

Mr. Ramesh Kumar Dua, Managing Director and Mr. Mukand Lal Dua, Whole-time Director of the Company were appointed with effect from 01.04.2014 for a period of five years. Mr. Nikhil Dua, Whole-time Director was appointed with effect from 01.10.2013 for a period of three years.



Mr. Deval Ganguly, Whole-time Director was appointed with effect from 05.11.2012 for a period of three years.

However, no one is entitled for any kind of severance fees from the Company.

- ii) Non Executive Directors: - The sitting fees paid to Non-Executive Directors for the financial year 2013-14 was ₹ 150000/- to Mr. Pankaj Shrimali, ₹152500/-to Mr. Vivek Kumar, ₹110000/- to Mr. Kuruvila Kuriakose, ₹ 110000/- to Mr. Umesh Nath Kapur for attending the meetings

## 5. VENUE & TIME OF ANNUAL GENERAL MEETINGS

| Year    | Venue   | No. of Special Resolution | Day and Date                   | Time       |
|---------|---|---------------------------|--------------------------------|------------|
| 2012-13 | Sri Sathya Sai International Centre,<br>Lodhi Road, Institutional Area,<br>Pragati Vihar, New Delhi-110 003 | 6                         | Thursday, 19th September, 2013 | 10.30 a.m. |
| 2011-12 | -- do --  | -                         | Monday, 17th September, 2012   | 10.30 a.m. |
| 2010-11 | -- do --  | -                         | Tuesday, 20th September, 2011  | 10.30 a.m. |

## 6. POSTAL BALLOT

There is no resolution at the ensuing Annual General Meeting of the Company which is required to be passed through Postal ballot process. However, the Company has conducted postal ballot in following matters which were duly approved by the Shareholders of the Company as per the requirements of Companies Act, 2013.

- Approval of Employee Stock Plan-2014.
- Enhancement of Borrowing Limit from ₹ 250 Crore to ₹ 500 Crore.
- Creating mortgage/charge against the assets of the Company.
- To give donation to bona fide charitable fund.

Mr. Baldev Singh Kashtwal, practicing Company Secretary was appointed as scrutinizer to conduct the postal ballot exercise.

The voting pattern of above mentioned special resolutions was duly intimated to the stock exchanges.

## 7. DISCLOSURES

### a. Related Party Transactions

There were no materially significant related party transactions with its Promoters, Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. All related party transactions have been reported and forms part of the Notes to Accounts of the Balance Sheet.

### b. Disclosure of Accounting Treatment

The Company has followed all relevant Accounting Standards while preparing the Financial Statements.

### c. Non-Compliance by the Company

There has not been any non-compliance by the Company and no penalties or stricture imposed on the Company by Stock Exchange, SEBI or any statutory authority, on any matter related to capital markets, during the last three years. The Company has complied with applicable rules and regulations prescribed by Stock Exchange, SEBI or any other statutory authority relating to Capital Market.

All Returns/Reports were filed within stipulated time with the Stock Exchanges / other authorities.

### d. Compliance of Clause 49 of Listing Agreement

The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement.

### e. Policy for Prevention of Insider Trading

With a view to preventing trading of shares of the Company by an insider on the basis of unpublished price sensitive information, the Board has approved Policy for Prevention of Insider Trading in pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. Under the Policy, insiders are prohibited to deal in the Company's shares while in possession of unpublished price sensitive information.

## 8. RECONCILIATION OF SHARE CAPITAL

A qualified Practicing Company Secretary carried out quarterly examination of Secretarial Records to reconcile the total admitted share capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirmed that the total issued /paid-up capital was in agreement with the aggregate of total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

## 9. CODE OF CONDUCT

The Company has laid down a Code of Conduct for all the Board Members and Senior Management of the Company. The Code of Conduct is available on the web-site of the Company [www.relaxofootwear.com](http://www.relaxofootwear.com). All Board Members and Senior Management personnel have affirmed compliance with Code of Conduct. A declaration signed by the Chief Executive Officer is given below.

All the Board Members and Senior Management Personnel have affirmed compliance with the provisions of the Code of Conduct of Relaxo Footwears Limited in the Financial Year ended on 31st March, 2014.

Delhi, 9th August, 2014

**Ramesh Kumar Dua**

CEO & Managing Director

## 10. MEANS OF COMMUNICATION

The Company ensures timely disclosure of all corporate financial information and other details relevant to the Shareholders.

As per the Listing Agreement with Bombay Stock Exchange Limited and National Stock Exchange of India Limited, Quarterly, Half-yearly, Nine Months and Annual Financial Statements of the Company are generally published in Economic Times (in English Language) and / Navbharat Times (in Hindi Language).

The financial results of the Company for the Quarter, Half yearly, Nine months and Whole year are posted on website of the Company i.e. [www.relaxofootwear.com](http://www.relaxofootwear.com) with:

- Full version of the Annual Report including the Balance Sheet, statement of Profit and Loss, Directors' Report and Auditors' Report, Cash Flow Statement and Quarterly Financial Statements.
- Shareholding Pattern.
- Quarterly presentation over financial performance of the Company for analysts and shareholders.

## 11. GENERAL SHAREHOLDERS INFORMATION

### 1. Annual General Meeting

Date : 18.09.2014  
Time : 10.30 a.m.  
Venue : Sri Sathya Sai International Centre Lodhi  
Road, Institutional Area, Pragati Vihar, New Delhi-110 003

### 2. Financial Year

For the financial year 2014-15, the results will be announced (tentatively)

|                            |   |
|----------------------------|---|
| Last week of July, 2014    | For First Quarter ended on 30th June, 2014          |
| Last week of October, 2014 | For Half year ended on 30th September, 2014         |
| Last week of January, 2015 | For Third Quarter ended on 31st December, 2014      |
| Last week of May 2015      | For Fourth Quarter & Year end as on 31st March 2015 |

### 3. Book Closure Date:

Friday, 12.09.2014 to Thursday, 18.09.2014 (both days inclusive)

### 4. Dividend Payment Date:

On or before 17th, October, 2014, (Subject to the approval of the Shareholders in AGM)

### 5. Registered Office:

316 - 319, Allied House, Inderlok Chowk, Old Rohtak Road, Delhi- 110 035  
Tel.: 23128534, 46800700, Fax: 91-11-46800692

### 6. Listing on Stock Exchanges:

National Stock Exchange of India Limited,

Exchange Plaza C-1, Block - G, Bandra-Kurla Complex, Bandra (E) Mumbai-400 051.

#### Stock Symbol : NSE-RELAXO

(The annual listing fee has been paid to NSE upto year 2014-15).

Bombay Stock Exchange Limited,  
Phirozee Jeejeebhoy Towers, Dalal Street,  
Mumbai-400 001.

#### Stock Code : BSE-530517.

(The annual listing fee has been paid to BSE upto year 2014-15)

The Company has also paid annual custody fee for the year 2014-15 to National Securities Depository Limited (NSDL), and Central Depository Services (India) Limited (CDSL)

## 7. Market Price Data

Table showing monthly price movement on BSE during the Financial Year 2013-14

| Month & Year | High<br>(in ₹) | Low<br>(in ₹) | Close<br>(in ₹) | Market Capitalization<br>(₹ in lacs) |
|--------------|----------------|---------------|-----------------|--------------------------------------|
| Apr-13       | 618.90         | 500.20        | 593.10          | 71179.12                             |
| May-13       | 688.90         | 550.00        | 656.00          | 78727.87                             |
| Jun-13       | 809.00         | 647.25        | 795.50          | 95469.55                             |
| Jul-13       | 819.90         | 668.80        | 782.25          | 93879.39                             |
| Aug-13       | 795.00         | 710.00        | 725.00          | 87008.70                             |
| Sep-13       | 899.00         | 706.00        | 851.85          | 102232.22                            |
| Oct-13       | 921.00         | 805.00        | 853.45          | 102424.24                            |
| Nov-13*      | 181.00         | 169.00        | 176.90          | 106150.61                            |
| Dec-13       | 237.00         | 169.15        | 227.00          | 136213.62                            |
| Jan-14       | 255.50         | 214.10        | 230.90          | 138553.85                            |
| Feb-14       | 276.80         | 227.00        | 252.25          | 151365.14                            |
| Mar-14       | 311.40         | 250.00        | 294.70          | 176837.68                            |

Table showing monthly price movement on NSE during the Financial Year 2013-14

| Month & Year | High<br>(in ₹) | Low<br>(in ₹) | Close<br>(in ₹) | Market Capitalization<br>(₹ in lacs) |
|--------------|----------------|---------------|-----------------|--------------------------------------|
| Apr-13       | 607.00         | 582.00        | 592.65          | 71125.11                             |
| May-13       | 665.00         | 645.00        | 650.00          | 78007.80                             |
| Jun-13       | 810.00         | 792.55        | 800.20          | 96033.60                             |
| Jul-13       | 800.00         | 763.05        | 789.45          | 94743.47                             |
| Aug-13       | 721.00         | 690.00        | 711.85          | 85430.54                             |
| Sep-13       | 880.20         | 845.00        | 852.15          | 102268.23                            |
| Oct-13       | 875.00         | 850.75        | 859.70          | 103174.32                            |
| Nov-13*      | 181.00         | 171.00        | 172.50          | 103510.35                            |
| Dec-13       | 237.85         | 206.25        | 228.75          | 137263.73                            |
| Jan-14       | 240.00         | 228.95        | 230.80          | 138493.85                            |
| Feb-14       | 259.95         | 251.00        | 253.60          | 152175.22                            |
| Mar-14       | 298.95         | 288.70        | 294.30          | 176597.66                            |

\* Split up of Equity Share from face value of ₹ 5/- to ₹ 1/- per share was carried out in November, 2013. So market capitalization was calculated from April, 2013 to October, 2013 on 12001200 equity shares of the Company and from November, 2013 to March, 2014 on 60006000 equity shares of the Company

## 8. Registrar and Transfer Agents

Securities Exchange Board of India (SEBI), has made it mandatory for all the listed Companies that all the work relating to share transfer / registry, both in Physical and Electronic form, to be handled either wholly 'in house' by Companies or wholly by a SEBI registered external Registrar and Transfer Agent. The Company has appointed M/s. Karvy Computershare Private Limited as the Registrar and Transfer Agent of the Company. Detail of the Registrar and Transfer Agent of the Company is given below:-

M/S. KARVY COMPUTERSHARE PRIVATE LIMITED

17-24, Vittal Rao Nagar, Madhapur-Hyderabad, Andhra Pradesh - 500 081, India

Email : srikrishna.p@karvy.com

## 9. Share Transfer System

The request regarding physical share transfers and share certificates should be addressed to Registrar and Transfer Agent. Such requests are processed within stipulated time from the date of receipt provided documents meet the stipulated requirement of statutory provisions in all respect. The share certificate duly endorsed are returned immediately to the shareholder by RTA. The details of transfer and transmission are placed before the Stakeholders Relationship Committee from time to time and the Board for noting and confirmation.

Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, Certificate on half yearly basis confirming due compliance with Share Transfer formalities by the Company and Certificate for timely dematerialization of shares as per SEBI (Depositories and Participants) Regulations, 1996, have been submitted to stock exchange.

**10. Distribution Pattern as on 31st March, 2014**

i) Shareholding pattern (in form of size):

| S. No        | No. of Equity Shares held | No. of Shareholders | % of total Shareholders | No of Shares held | % of total Shares |
|--------------|---------------------------|---------------------|-------------------------|-------------------|-------------------|
| 1            | 1-5000                    | 3547                | 96.44                   | 1563106           | 2.61              |
| 2            | 5001 - 10000              | 51                  | 1.39                    | 385163            | 0.64              |
| 3            | 10001 - 20000             | 25                  | 0.68                    | 343827            | 0.57              |
| 4            | 20001 - 30000             | 10                  | 0.27                    | 249013            | 0.41              |
| 5            | 30001 - 40000             | 9                   | 0.24                    | 324096            | 0.54              |
| 6            | 40001 - 50000             | 2                   | 0.05                    | 90310             | 0.15              |
| 7            | 50001 - 100000            | 12                  | 0.33                    | 897118            | 1.50              |
| 8            | 100001 & Above            | 22                  | 0.60                    | 56153367          | 93.58             |
| <b>Total</b> |                           | <b>3678</b>         | <b>100.00</b>           | <b>60006000</b>   | <b>100.00</b>     |

ii) Shareholding pattern (in form of Ownership Category):

| S. No.       | No. of Equity Shares held       | No. of Shareholders | % of total Shareholders | No. of Shares held | % of total Shares |
|--------------|---------------------------------|---------------------|-------------------------|--------------------|-------------------|
| 1            | Promoters                       | 12                  | 0.33                    | 45004500           | 75.00             |
| 2            | Bodies corporate                | 153                 | 4.16                    | 9640149            | 16.06             |
| 3            | Resident individuals            | 3309                | 89.97                   | 3902303            | 6.50              |
| 4            | H U F                           | 73                  | 1.98                    | 138293             | 0.23              |
| 5            | Clearing Members                | 53                  | 1.44                    | 15596              | 0.03              |
| 6            | Non-resident Indians            | 66                  | 1.79                    | 153080             | 0.26              |
| 7            | Foreign Institutional Investors | 8                   | 0.22                    | 1104732            | 1.84              |
| 8            | Others                          | 4                   | 0.11                    | 47347              | 0.08              |
| <b>Total</b> |                                 | <b>3678</b>         | <b>100.00</b>           | <b>60006000</b>    | <b>100.00</b>     |

**11. Dematerialization of Shares**

The shares of the Company are under compulsory Demat Scheme. For the purpose of dematerialization of the shares, the Company has entered into the Agreements with two Depositories:

- 1 National Securities Depository Limited (NSDL)
- 2 Central Depository Services (India) Limited (CDSL)

The details of shares of the Company in demat and physical forms is given below:-

DEMATERALISATION OF SHARES AS ON 31.3.2014

| Particulars                                    | No. of Shares   | % of Paid up Capital | No. of Shareholders |
|--|-----------------|----------------------|---------------------|
| 1. National Securities Depository Limited      | 58535580        | 97.55                | 2274                |
| 2. Central Depository Services (India) Limited | 701400          | 1.17                 | 1001                |
| SHARES IN DEMAT FORM                           | 59236980        | 98.72                | 3275                |
| SHARES IN PHYSICAL FORM                        | 769020          | 1.28                 | 403                 |
| <b>Total</b>                                   | <b>60006000</b> | <b>100.00</b>        | <b>3678</b>         |

**12. Investors Correspondence:**

All enquiries, clarifications and correspondence should be addressed to the Compliance Officer at the following address:

CS Kapil Garg, Company Secretary & Compliance Officer,

Relaxo Footwears Limited

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

E-mail: kapilgarg@relaxofootwear.com

The Company addresses all complaints, suggestions, grievances and other correspondence expeditiously and replies are sent usually within 7-10 days except in case of other impediments. The Company endeavours to implement suggestions as and when received from the investors. During the year under review, a total of 45 investors' complaints were received and resolved.

**13. Corporate Identity Number (CIN): L74899DL1984PLC019097****14. Per Share Data**

| Particulars  | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
|--|---------|---------|---------|---------|---------|---------|---------|
| Net Earning (₹ in lacs)                                | 6563.64 | 4480.82 | 3990.50 | 2671.31 | 3769.22 | 1423.23 | 1052.41 |
| Cash Earning (₹ in lacs)                               | 9680.11 | 7030.64 | 7662.94 | 5649.91 | 6924.80 | 3485.36 | 2608.26 |
| EPS (in ₹)   | 10.94   | 37.34   | 33.25   | 22.26   | 31.41   | 11.86   | 8.77    |
| CEPS (in ₹)  | 16.13   | 58.58   | 63.85   | 47.08   | 57.70   | 29.04   | 21.74   |
| Dividend (including Interim Dividend per share) (in ₹) | 0.50    | 2.00    | 1.50    | 1.50    | 1.50    | 0.75    | 0.75    |
| Dividend Pay out (%)                                   | 4.57    | 5.36    | 4.51    | 6.74    | 4.78    | 6.32    | 8.55    |
| Book Value Per Share (in ₹)                            | 46.09   | 178.68  | 143.68  | 112.18  | 91.60   | 61.63   | 50.64   |
| Face value Per Share (in ₹)                            | 1.00    | 5.00    | 5.00    | 5.00    | 5.00    | 5.00    | 5.00    |

**15.** There was no outstanding ADRs/GDRs/Warrants or any other convertible instruments, conversions date and likely impact on equity during the year under review.

**16. Transfer of unclaimed amount to Investor Education and Protection Fund (IEPF)**

Pursuant to the provisions of Section 205-A of the Companies Act, 1956, the dividend declared by the Company which remain unclaimed for a period of seven years shall be transferred by the Company to Investor Education and Protection Fund established by the Central Government under section 205C of the Companies Act, 1956 read with the Investors Education and Protection Fund (Awareness and Protection of Investors) Rule, 2001.

During the year under review, the Company has deposited a sum of ₹ 19052/- to the Investor Education and Protection Fund in respect of unpaid dividend of financial year ended on 31.03.2006.

**17. Other useful information for the shareholders:**

- Equity Shares of the Company are under compulsory demat trading. To avail the advantage of scripless trading, Shareholders are advised to consider dematerialization of their shareholding so as to avoid inconvenience in future.
- Members/Beneficial owners are requested to quote their Folio No./ D.P. & Client ID Nos. as the case may be, in all correspondence with the Company.
- In case of loss/misplacement of shares, complaint shall be lodged with the Police Station and an intimation shall be sent to the Company along with original or certified copy of FIR/acknowledgement of the Complaint.
- Beneficial owners of shares, in demat form, are advised that in terms of the Regulations of NSDL & CDSL, their Bank Account details, as furnished to the Depository Participants (DP)) will be printed on their Dividend Warrants. The Company will not entertain requests for change of such bank details printed on their dividend warrants.
- Members holding shares in physical form, are requested to notify to the Company, change in their Address/Pin Code Number and Bank Account details promptly.
- Beneficial owners of shares in demat form, are requested to send their instructions regarding change of address, bank details, nomination, power of attorney etc. directly to their DP as the same are maintained by them.
- Section 72 of Companies Act, 2013 extends nomination facility to individuals holding shares in physical form in Companies. Members, in particular those holding shares in single name, may avail of the above facility by furnishing the particulars of their nomination in the prescribed Nomination form.

For and on behalf of the Board of Directors

**Ramesh Kumar Dua**      **Mukand Lal Dua**  
Managing Director      Whole Time Director

Delhi, 9th August, 2014



# CEO/CFO CERTIFICATION

To

The Board of Directors

Relaxo Footwears Limited

## **SUB: CEO/CFO Certification**

We Ramesh Kumar Dua, Chief Executive Officer and Managing Director and Sushil Batra, Chief Financial Officer of Relaxo Footwears Limited, Certify that:

1. We have reviewed financial statements and the cash flow statements for the financial year ended on 31st March, 2014.
2. To the best of our knowledge and information:
  - i) these statements do not contain any untrue statement or omit any material fact or contain statements that might be misleading.
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions, entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
5. We have indicated to the Auditors and the Audit Committee.
  - i) Significant changes in internal control over financial reporting during the year, if any;
  - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, if any; and
  - iii) Instances of fraud, whether or not significant, of which we have become aware and the involvement thereto, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Ramesh Kumar Dua**

Chief Executive Officer and Managing Director

**Sushil Batra**

Chief Financial Officer

Delhi, 9th August, 2014

# AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

**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 on March 31, 2014, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with stock exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 certify that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the stakeholders relationship Committee.

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

**For Gupta & Dua**

Chartered Accountants  
(Registration No. 003849N)

**CA Mukesh Dua**

Partner

M.No. 085323

Delhi, 25th July, 2014

# INDEPENDENT AUDITORS' REPORT

## To the Members of

## RELAXO FOOTWEARS LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of RELAXO FOOTWEARS LIMITED ('the Company'), which comprise the Balance Sheet as at 31st March, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure hereto, a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
  - e) On the basis of written representations received from the directors as on 31st March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For Gupta & Dua**

Chartered Accountants  
(Registration No. 003849N)

**CA Mukesh Dua**

Partner

Delhi, 10th May, 2014

M. No. : 085323

# ANNEXURE TO INDEPENDENT AUDITORS' REPORT

**(Referred to in Paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" of our report of even date)**

- 1) In respect of its fixed assets:
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) As explained to us, the fixed assets have been physically verified by the management in phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies have been noticed on such verification.
  - c) In our opinion, the company has not disposed off any substantial/ major part of its fixed assets during the year and the going concern status of the company is not affected.
- 2) In respect of its inventories:
  - a) As explained to us, inventories were physically verified by the management at reasonable intervals during the year.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. As explained to us, no material discrepancies were noticed on physical verification of inventories as compared to the book records.
- 3) In respect of loans, secured or unsecured, granted or taken by the Company to/from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 ('the Act'):
  - a) The company has not granted any loan to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, paragraphs 4(iii) (a) to 4(iii) (d) of the Order are not applicable.
  - b) The Company has taken unsecured loan from one party. In respect of the said loan, the maximum amount outstanding at any time during the year was ₹ 1113.57 lacs and the year-end balance amounted to ₹ 1113.57 lacs.
  - c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions, are not prima facie prejudicial to the interest of the company.
  - d) The Company is regular in paying the principal amount as stipulated and has been regular in payment of interest in respect of loans referred to in (b) above.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal control.
- 5) In respect of contracts or arrangements that need to be entered in the register maintained in pursuance of section 301 of the Companies Act, 1956:
  - a) To the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements, as the case may be, that need to be entered into the register have been so entered.
  - b) According to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements, as the case may be, exceeding the value of ₹ five lacs in respect of each party during the year have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time and as per information available with the Company.
- 6) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit within the meaning of Section 58 A and Section 58AA of the Companies Act, 1956.
- 7) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- 8) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of manufacture of its products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 9) In respect of statutory dues :-
  - a) According to the information and explanations given to us and on the basis of our examination of the records of the company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess, Investor Education and Protection Fund and other material statutory dues have generally been regularly deposited with the appropriate authorities.  
According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2014 for a period of more than six months from the date they became payable.
  - b) According to information and explanations given to us, the following disputed statutory dues aggregating to ₹ 3614.17 lacs, that have not been deposited on account of matters pending before appropriate authorities, are as under :-

(₹ in lacs)

| S.No.        | Name of the Statute                                       | Nature of dues and period to which amount relates  | Forum where dispute is pending  | Amount                             |
|--------------|---|--|---|------------------------------------|
| 1.           | Haryana General Sales Tax Act, 1973                       | Purchase Tax 2001-02<br>2002-03  | Jt. Excise & Taxation Commissioner<br>Jt. Excise & Taxation Commissioner  | 19.92<br>14.73                     |
| 2.           | Delhi Value Added Tax, 2005                               | Input Tax 2005-06  | Appellate Tribunal, Delhi   | 3.45                               |
| 3.           | Rajasthan Tax on Entry of Goods Into Local Area Act, 1999 | Entry Tax From 2007-08 To 2013-14<br>Interest on Tax Demanded                                  | High court, Jodhpur   | 8.58<br>3.56                       |
| 4.           | Entry of Goods Into Local Area Act, 2008*                 | Local Area Development Tax/Entry Tax From 2006-07 To 2013-14<br>Interest On Tax Demanded       | Supreme court of India  | 2354.33<br>1170.33                 |
| 5.           | Income Tax Act, 1961                                      | Regular demand 2009-10<br>2010-11<br>TDS<br>From 2008-09 To 2011-12<br>From 2013-14 To 2014-15 | Income tax Appellate Tribunal<br>Commissioner of Income Tax (Appeals)<br><br>Commissioner of Income Tax (Appeals)<br>Commissioner of Income Tax (Appeals) | 15.51<br>2.33<br><br>9.10<br>12.33 |
| <b>Total</b> |   |  |   | <b>3614.17</b>                     |

\*The matter has been decided in favour of the Company, although the department has preferred appeal at higher levels.

- 10) The Company has no accumulated losses at the end of financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- 11) Based on the audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the company has not defaulted in the repayment of dues to any financial institution and banks.
- 12) According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and others securities.
- 13) In our opinion, the company is not a chit fund / a nidhi / mutual benefit fund / society. Therefore, clause (xiii) of paragraph 4 of the Order is not applicable to the Company.
- 14) The company is not dealing or trading in shares, securities, debentures and other investments; therefore requirement of maintenance of proper records of such transaction and contracts does not arise.
- 15) According to information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16) In our opinion the term loans have been utilized for the purposes for which the same were raised.
- 17) According to the cash flow statement and other records examined by us and according to the information and explanations given to us, on an overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- 18) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19) The company has not issued debentures and therefore the question of securities or charge to be created in respect of debenture does not arise.
- 20) The Company has not raised any money by way of public issue during the year.
- 21) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year that causes the financial statements to be materially misstated.

**For Gupta & Dua**

Chartered Accountants  
(Registration No.: 003849N)

**CA Mukesh Dua**

Partner

Delhi, 10th May, 2014

M. No. : 085323

## BALANCE SHEET AS AT 31st MARCH, 2014

(₹ in lacs)

| Particulars                         | Note No. | As at<br>31st March, 2014 | As at<br>31st March, 2013 |
|-------------------------------------|----------|---------------------------|---------------------------|
| <b>EQUITY AND LIABILITIES</b>       |          |                           |                           |
| <b>Shareholders' Funds</b>          |          |                           |                           |
| Share Capital                       | 1        | 600.06                    | 600.06                    |
| Reserves and Surplus                | 2        | 27056.12                  | 20843.50                  |
|                                     |          | <b>27656.18</b>           | <b>21443.56</b>           |
| <b>Non Current Liabilities</b>      |          |                           |                           |
| Long Term Borrowings                | 3        | 11430.95                  | 15024.36                  |
| Deferred Tax Liabilities (Net)      | 4        | 2638.43                   | 2412.69                   |
| Other Long Term Liabilities         | 5        | 552.82                    | 565.26                    |
| Long Term Provisions                | 6        | 286.05                    | 337.68                    |
|                                     |          | <b>14908.25</b>           | <b>18339.99</b>           |
| <b>Current Liabilities</b>          |          |                           |                           |
| Short Term Borrowings               | 7        | 4840.80                   | 5466.21                   |
| Trade Payables                      | 8        | 5868.61                   | 4514.30                   |
| Other Current Liabilities           | 9        | 11881.44                  | 8433.74                   |
| Short Term Provisions               | 10       | 526.64                    | 503.79                    |
|                                     |          | <b>23117.49</b>           | <b>18918.04</b>           |
| <b>TOTAL</b>                        |          | <b>65681.92</b>           | <b>58701.59</b>           |
| <b>ASSETS</b>                       |          |                           |                           |
| <b>Non Current Assets</b>           |          |                           |                           |
| Fixed Assets                        | 11       |                           |                           |
| Tangible Assets                     |          | 36056.82                  | 32159.69                  |
| Intangible Assets                   |          | 527.11                    | 512.01                    |
| Capital Work-in-Progress            |          | 2315.81                   | 2336.78                   |
| Intangible Assets under Development |          | 105.88                    | 37.41                     |
|                                     |          | <b>39005.62</b>           | <b>35045.89</b>           |
| Non Current Investments             | 12       | 6.01                      | 6.01                      |
| Long Term Loans and Advances        | 13       | 1272.28                   | 1469.08                   |
| Other Non Current Assets            | 14       | 38.66                     | 77.27                     |
|                                     |          | <b>40322.57</b>           | <b>36598.25</b>           |
| <b>Current Assets</b>               |          |                           |                           |
| Inventories                         | 15       | 16399.93                  | 15943.94                  |
| Trade Receivables                   | 16       | 6821.81                   | 3596.42                   |
| Cash and Bank Balances              | 17       | 566.42                    | 297.14                    |
| Short Term Loans and Advances       | 18       | 1283.28                   | 1991.74                   |
| Other Current Assets                | 19       | 287.91                    | 274.10                    |
|                                     |          | <b>25359.35</b>           | <b>22103.34</b>           |
| <b>TOTAL</b>                        |          | <b>65681.92</b>           | <b>58701.59</b>           |

Accompanying Notes 1 to 37 are an Integral part of the Financial Statements.

As per our report of even date

**For Gupta & Dua**

Chartered Accountants

**CA Mukesh Dua**

Partner

M.No. 085323

Delhi, 10th May, 2014

For and on behalf of the Board of Directors

**Ramesh Kumar Dua**

Managing Director

**Mukand Lal Dua**

Whole Time Director

**Sushil Batra**

Chief Financial Officer

**Kapil Garg**

Company Secretary

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014

(₹ in lacs)

| Particulars  | Note No. | For the year ended<br>31st March, 2014 | For the year ended<br>31st March, 2013 |
|--|----------|--|--|
| <b>REVENUE</b>   |          |  |  |
| Revenue from Operations (Gross)  | 20       | 122538.93                              | 101658.08                              |
| Less: Excise Duty  |          | 1355.61                                | 675.35                                 |
| Revenue from Operations (Net)  |          | 121183.32                              | 100982.73                              |
| Other Income   | 21       | 277.85                                 | 108.24                                 |
| <b>TOTAL</b>   |          | <b>121461.17</b>                       | <b>101090.97</b>                       |
| <b>EXPENSES</b>  |          |  |  |
| Cost of Materials Consumed [Refer Note 29(b)]  |          | 46961.41                               | 43495.25                               |
| Purchases of Stock-in-Trade [Refer Note 29(a)]                                       |          | 7495.31                                | 6800.91                                |
| Changes in Inventories of Finished Goods,<br>Stock-in-Trade and Work-in-Progress     | 22       | 645.93                                 | (3354.08)                              |
| Employee Benefits Expenses   | 23       | 11459.14                               | 11120.31                               |
| Selling and Distribution Expenses  | 24       | 17509.96                               | 14387.97                               |
| Finance Costs  | 25       | 2265.87                                | 1770.29                                |
| Depreciation and Amortization Expenses   | 11       | 3116.47                                | 2549.82                                |
| Other Expenses   | 26       | 22453.89                               | 17551.66                               |
| <b>TOTAL</b>   |          | <b>111907.98</b>                       | <b>94322.13</b>                        |
| <b>Profit Before Tax</b>   |          | <b>9553.19</b>                         | <b>6768.84</b>                         |
| <b>Tax Expense</b>   |          |  |  |
| Current tax  |          | 2763.81                                | 1955.93                                |
| Add : MAT Credit   |          | -                                      | 120.30                                 |
| Net Current Tax  |          | 2763.81                                | 2076.23                                |
| Deferred Tax   |          | 225.74                                 | 211.92                                 |
| Tax for Earlier Years (Net)  |          | -                                      | (0.13)                                 |
| <b>TOTAL</b>   |          | <b>2989.55</b>                         | <b>2288.02</b>                         |
| <b>Profit for the Year</b>   |          | <b>6563.64</b>                         | <b>4480.82</b>                         |
| Basic and Diluted Earnings Per Equity Share of ₹ 1/- each ( In ₹)<br>(Refer Note 33) |          | 10.94                                  | 7.47                                   |

Accompanying Notes 1 to 37 are an Integral part of the Financial Statements.

As per our report of even date

**For Gupta & Dua**  
Chartered Accountants

**CA Mukesh Dua**

Partner  
M.No. 085323

Delhi, 10th May, 2014

For and on behalf of the Board of Directors

**Ramesh Kumar Dua**  
Managing Director

**Sushil Batra**  
Chief Financial Officer

**Mukand Lal Dua**  
Whole Time Director

**Kapil Garg**  
Company Secretary



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

(₹ in lacs)

| Particulars   | For the year ended<br>31st March, 2014 | For the year ended<br>31st March, 2013 |
|---|--|--|
| <b>Cash Flow from Operating Activities</b>                              |  |  |
| Profit Before Tax   | 9553.19                                | 6768.84                                |
| Adjustments for   |  |  |
| Depreciation and Amortization   | 3116.47                                | 2549.82                                |
| Finance Costs   | 2265.87                                | 1770.29                                |
| Interest Income   | (56.57)                                | (13.02)                                |
| Dividend Income   | (26.91)                                | (11.08)                                |
| Provisions no Longer Required Written Back                              | (20.52)                                | -                                      |
| Rental Income   | -                                      | (2.45)                                 |
| Provision for Doubtful Debts  | 16.09                                  | 17.46                                  |
| (Profit)/Loss on Sale of Fixed Assets                                   | 81.44                                  | 3.38                                   |
| <b>Operating Profit Before Working Capital Changes</b>                  | <b>14929.06</b>                        | <b>11083.24</b>                        |
| Adjustments for   |  |  |
| Trade Receivables and Other Assets                                      | (2391.63)                              | (3266.97)                              |
| Inventories   | (455.99)                               | (3094.25)                              |
| Trade Payables and Other Liabilities                                    | 3166.57                                | 2768.56                                |
| <b>Cash Generated from Operations</b>                                   | <b>15248.01</b>                        | <b>7490.58</b>                         |
| Net Tax Paid  | (2756.64)                              | (2089.33)                              |
| <b>Net Cash Flow from Operating Activities</b>                          | <b>12491.37</b>                        | <b>5401.25</b>                         |
| <b>Cash Flow from Investing Activities</b>                              |  |  |
| Capital Expenditure on Fixed Assets, including Capital Advances         | (7110.35)                              | (8378.04)                              |
| Proceeds from Sale of Fixed Assets                                      | 53.44                                  | 103.99                                 |
| Interest Income   | 56.57                                  | 13.02                                  |
| Dividend Income   | 26.91                                  | 11.08                                  |
| Rental Income   | -                                      | 2.45                                   |
| <b>Net Cash Flow Used in Investing Activities</b>                       | <b>(6973.43)</b>                       | <b>(8247.50)</b>                       |
| <b>Cash Flow from Financing Activities</b>                              |  |  |
| Proceeds from Borrowings  | -                                      | 7917.80                                |
| Repayments of Borrowings  | (2703.21)                              | (2900.13)                              |
| Change in Earmarked Balances with Banks                                 | 123.17                                 | (94.54)                                |
| Dividend Paid   | (238.79)                               | (180.12)                               |
| Tax on Dividend   | (40.79)                                | (29.20)                                |
| Finance Costs   | (2265.87)                              | (1770.29)                              |
| <b>Net Cash Flow from / (Used in) Financing Activities</b>              | <b>(5125.49)</b>                       | <b>2943.52</b>                         |
| <b>Net Increase in Cash and Cash Equivalents</b>                        | <b>392.45</b>                          | <b>97.27</b>                           |
| Cash and Cash Equivalents at the Beginning of the Year                  | 165.80                                 | 68.53                                  |
| <b>Cash and Cash Equivalents at the End of the Year (Refer Note 17)</b> | <b>558.25</b>                          | <b>165.80</b>                          |
| Earmarked Balances with Banks   | 8.17                                   | 131.34                                 |
| <b>Cash and Bank Balances (Refer Note 17)</b>                           | <b>566.42</b>                          | <b>297.14</b>                          |

Accompanying Notes 1 to 37 are an Integral part of the Financial Statements.

As per our report of even date

**For Gupta & Dua**

Chartered Accountants

**CA Mukesh Dua**

Partner

M.No. 085323

Delhi, 10th May, 2014

For and on behalf of the Board of Directors

**Ramesh Kumar Dua**

Managing Director

**Mukand Lal Dua**

Whole Time Director

**Sushil Batra**

Chief Financial Officer

**Kapil Garg**

Company Secretary

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in lacs)

| Particulars   | As at<br>31st March, 2014 | As at<br>31st March, 2013 |
|---|---------------------------|---------------------------|
| <b>Note 1 Share Capital</b>   |                           |                           |
| <b>Authorised</b>   |                           |                           |
| 20,00,00,000 Equity Shares of ₹ 1/- (Previous year 2,00,00,000 Equity Shares of ₹ 5/-) each | 2000.00                   | 1000.00                   |
| <b>Issued, Subscribed and Fully Paid up</b>   |                           |                           |
| 6,00,06,000 Equity Shares of ₹ 1/- (Previous year 1,20,01,200 Equity Shares of ₹ 5/-) each  | 600.06                    | 600.06                    |

**Shareholders holding more than 5% Equity Shares at the end of the year**

|                        | As at 31st March, 2014      |        | As at 31st March, 2013      |        |
|------------------------|-----------------------------|--------|-----------------------------|--------|
| Name of Shareholder    | Number of Shares held and % |        | Number of Shares held and % |        |
| Ramesh Kumar Dua       | 15736575                    | 26.23% | 3147315                     | 26.23% |
| Mukand Lal Dua         | 13385350                    | 22.31% | 2677070                     | 22.31% |
| VLS Finance Limited    | 4528880                     | 7.55%  | 905776                      | 7.55%  |
| VLS Securities Limited | 4075000                     | 6.79%  | 815000                      | 6.79%  |

**Reconciliation of Equity Shares outstanding at the beginning and at the end of the year**

| Particulars   | As at 31st March, 2014 |        | As at 31st March, 2013 |        |
|---|------------------------|--------|------------------------|--------|
|   | Number of Shares       | Amount | Number of Shares       | Amount |
| At the beginning of the year<br>Equity Shares of face value ₹ 5/- each  | 12001200               | 600.06 | 12001200               | 600.06 |
| Addition on account of Sub-Division of Equity Shares of<br>₹ 5/- face value into Equity Shares of ₹1/- face value | 48004800               | -      | -                      | -      |
| Outstanding at the end of the year<br>Equity Shares of face value ₹1/- each<br>(Previous year ₹ 5/- each)         | 60006000               | 600.06 | 12001200               | 600.06 |

**Sub-Division of Equity Shares**

Pursuant to recommendation of the Board of Directors of the Company at its meeting held on 27th July, 2013 and followed by approval of the members in the Annual General Meeting held on 19th September, 2013, each Equity Share of the face value of ₹ 5/- fully paid up was sub-divided into five Equity shares of ₹1/- each fully paid up in November, 2013. In accordance with the Accounting Standard 20 pertaining to Earnings Per Share, the Company has given effect to the above mentioned sub-division of shares in computing the Earnings Per Share for the applicable previous year.

**Rights, Preferences and Restrictions attached to Equity Shares**

The Company has only one class of equity shares having a face value of ₹1/- per share. Each holder of Equity Shares is entitled to one vote per share. The Dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the company in proportion to their number of Equity Shares after distribution of all preferential amounts.

The Equity Shares of the Company are listed at Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Annual Listing Fee has been paid for the year.

(₹ in lacs)

| Particulars  | As at<br>31st March, 2014 | As at<br>31st March, 2013 |
|--|---------------------------|---------------------------|
| <b>Note 2 Reserves and Surplus</b>                             |                           |                           |
| <b>Capital Reserve</b>   |                           |                           |
| As per Last Financial Statements                               | 45.36                     | 45.36                     |
| <b>Securities Premium Account</b>                              |                           |                           |
| As per Last Financial Statements                               | 73.94                     | 73.94                     |
| <b>General Reserve</b>   |                           |                           |
| As per Last Financial Statements                               | 20413.74                  | 15913.74                  |
| Add : Transferred from Surplus in Statement of Profit and Loss | 6000.00                   | 4500.00                   |
|  | <b>26413.74</b>           | <b>20413.74</b>           |
| <b>Surplus in Statement of Profit and Loss</b>                 |                           |                           |
| As per Last Financial Statements                               | 310.46                    | 610.45                    |
| Add : Profit for the year                                      | 6563.64                   | 4480.82                   |
| Less : Appropriations  |                           |                           |
| Transferred to General Reserve                                 | 6000.00                   | 4500.00                   |
| Proposed Dividend on Equity Shares*                            | 300.03                    | 240.02                    |
| Tax on Proposed Dividend                                       | 50.99                     | 40.79                     |
|  | <b>523.08</b>             | <b>310.46</b>             |
|  | <b>27056.12</b>           | <b>20843.50</b>           |

\* For the year ended 31st March, 2014, the Board of Directors has proposed a Dividend of ₹ 0.50 per share of face value of ₹ 1/- each (31st March, 2013 @ ₹ 2/- per share of ₹ 5/- each)

**Note 3 Long Term Borrowings**

|  |                 |                 |
|--|-----------------|-----------------|
| <b>Secured Loans</b>                                     |                 |                 |
| Term Loans from Banks                                    |                 |                 |
| In Local Currency  | 375.00          | 625.00          |
| In Foreign Currency                                      | 9745.06         | 11492.97        |
|  | 10120.06        | 12117.97        |
| Less : Current Maturities of Term Loans ( Refer Note 9 ) | 3563.51         | 2047.90         |
|  | <b>6556.55</b>  | <b>10070.07</b> |
| <b>Unsecured Loans *</b>                                 |                 |                 |
| Related Parties  | 4827.76         | 4911.85         |
| Others   | 46.64           | 42.44           |
|  | <b>4874.40</b>  | <b>4954.29</b>  |
|  | <b>11430.95</b> | <b>15024.36</b> |

\* The Unsecured Loans from Promoters and/or their relatives shall be repaid only with the prior approval of Lending Banks . These are Long Term Borrowings and are always subordinate to the Loans of Banks.

## Nature of Securities and Terms of Repayment

(₹ in lacs)

| Particulars of Loans   | As at<br>31st March, 2014 | As at<br>31st March, 2013 | Details of Securities   |
|--|---------------------------|---------------------------|---|
| <b>Local Currency Loan</b>   |                           |                           |   |
| Repayable in 16 quarterly installments with last payment due on 24th August, 2015 alongwith interest @ 10.05% per annum.   | 375.00                    | 625.00                    | Exclusive Charge on Movable and Immovable Property at Plot No. 328 MIE Bahadurgarh, Haryana and Personal Guarantee of Managing Director and Whole Time Director.  |
| <b>Foreign Currency Loan</b>   |                           |                           |   |
| Repayable in 16 quarterly installments with last payment due on 07th November, 2014 alongwith interest @ 9.45% per annum.  | 378.57                    | 769.17                    | Exclusive Charge on Movable and Immovable Property at Plot No. 328 MIE Bahadurgarh, Haryana and Personal Guarantee of Managing Director and Whole Time Director.  |
| Repayable in 16 quarterly installments with last payment due on 15th October, 2015 alongwith interest @ 9.25% per annum.   | 949.71                    | 1534.15                   | Exclusive Charge on Properties at Plot No.30 Mooja Hasanpur, Tikri Border, Bahadurgarh, Haryana in the name of relatives of Directors, Plot No. 37, Sector 4B, Industrial Estate, Bahadurgarh, Haryana and Plot No. A-1130/1130 (A), Industrial Area-III, Bhiwadi, Rajasthan and Personal Guarantee of Managing Director and Whole Time Director. |
| Repayable in 16 quarterly installments with last payment due on 16th November, 2016 alongwith interest @10.60% per annum.  | 1486.41                   | 2052.65                   |   |
| Repayable in 16 quarterly installments with last payment due on 13th August, 2017 alongwith interest @ 11.25% per annum.   | 1446.37                   | 1653.00                   |   |
| Repayable in 16 quarterly installments with last payment due on 14th February, 2018 alongwith interest @ 10.60% per annum. | 5484.00                   | 5484.00                   |   |
|  | <b>9745.06</b>            | <b>11492.97</b>           |   |
|  | <b>10120.06</b>           | <b>12117.97</b>           |   |

| Particulars  | As at<br>31st March, 2014 | As at<br>31st March, 2013 |
|--|---------------------------|---------------------------|
| <b>Note 4 Deferred Tax Liabilities (Net)</b>                           |                           |                           |
| <b>Tax effect of items constituting Deferred Tax Liability</b>         |                           |                           |
| Difference between Depreciation as per Books and as per Income Tax Act | 3569.68                   | 3226.18                   |
| <b>Tax effect of items constituting Deferred Tax Assets</b>            |                           |                           |
| Entry Tax  | 805.11                    | 635.15                    |
| Unavailed Leaves and Other Employee Benefits                           | 108.02                    | 126.83                    |
| Doubtful Debts   | 18.12                     | 19.63                     |
| Others   | -                         | 31.88                     |
|  | 931.25                    | 813.49                    |
| <b>Deferred Tax Liabilities (Net)</b>                                  | <b>2638.43</b>            | <b>2412.69</b>            |
| <b>Note 5 Other Long Term Liabilities</b>                              |                           |                           |
| Retention Money  | 19.89                     | 25.38                     |
| Security Deposits  | 532.93                    | 539.88                    |
|  | <b>552.82</b>             | <b>565.26</b>             |

| Particulars  | As at<br>31st March, 2014 | As at<br>31st March, 2013 |
|--|---------------------------|---------------------------|
| <b>Note 6 Long Term Provisions</b>   |                           |                           |
| <b>Provision for Employee Benefits</b>   |                           |                           |
| Unavailed Leaves   | 286.05                    | 337.68                    |
| <b>Note 7 Short Term Borrowings</b>  |                           |                           |
| <b>Secured Loans</b>   |                           |                           |
| Working Capital Loans Repayable on Demand from Banks   | 4840.80                   | 5466.21                   |
| <b>Details of Securities</b>   |                           |                           |
| Secured by way of first Pari Passu charge on Inventories, Book Debts, Specific Immovable Properties of the Company and Personal Guarantee of Managing Director and Whole Time Directors.   |                           |                           |
| <b>Note 8 Trade Payables</b>   |                           |                           |
| Trade Payables *   | 5868.61                   | 4514.30                   |
| * The company has not received intimation from vendors regarding their status under the Micro, Small & Medium Enterprises Development Act 2006, hence disclosures relating to amounts unpaid as at the year end together with interest paid/payable under the Act have not been given. |                           |                           |
| <b>Note 9 Other Current Liabilities</b>  |                           |                           |
| Current Maturities of Term Loans (Refer Note 3)  | 3563.51                   | 2047.90                   |
| Interest Accrued and Due on Borrowings   | 31.27                     | 12.92                     |
| Interest Accrued but not Due on Borrowings   | 181.90                    | 211.88                    |
| Advances from Customers  | 73.75                     | 173.72                    |
| Payable to Employees   | 1177.96                   | 1111.79                   |
| Directors' Commission Payable  | 855.75                    | 608.98                    |
| Expenses Payable   | 2244.58                   | 1099.86                   |
| Retention Money  | 64.93                     | 52.42                     |
| Payable for Capital Goods  | 735.37                    | 756.31                    |
| Entry Tax payable  | 2368.66                   | 1868.63                   |
| Other Taxes and Statutory Dues   | 578.22                    | 485.02                    |
| Unpaid Dividends* ( Refer Note 17)   | 5.54                      | 4.31                      |
|  | <b>11881.44</b>           | <b>8433.74</b>            |
| *Unpaid Dividends shall be transferred to Investor Education and Protection Fund as and when due.  |                           |                           |
| <b>Note 10 Short Term Provisions</b>   |                           |                           |
| <b>Provision for Employee Benefits</b>   |                           |                           |
| Unavailed Leaves   | 110.26                    | 70.98                     |
| <b>Provision for Others</b>  |                           |                           |
| Income Tax (Net)   | 58.65                     | 53.59                     |
| Interest on Income Tax   | 0.59                      | 0.53                      |
| Wealth Tax   | 6.12                      | 4.07                      |
| Proposed Dividend  | 300.03                    | 240.02                    |
| Dividend Distribution Tax  | 50.99                     | 40.79                     |
| Provision for Old Inventory  | -                         | 93.81                     |
|  | <b>526.64</b>             | <b>503.79</b>             |

(₹ in lacs)

| Particulars | Gross Block                 |           |                           |                              | Depreciation/Amortization   |                 |                           |                              | Net Block                    |                              |
|-------------|-----------------------------|-----------|---------------------------|------------------------------|-----------------------------|-----------------|---------------------------|------------------------------|------------------------------|------------------------------|
|             | As at<br>1st April,<br>2013 | Additions | Deletions/<br>Adjustments | As at<br>31st March,<br>2014 | As at<br>1st April,<br>2013 | For the<br>Year | Deletions/<br>Adjustments | As at<br>31st March,<br>2014 | As at<br>31st March,<br>2014 | As at<br>31st March,<br>2013 |

**Note 11 Fixed Assets**

|                                     |                 |                 |                |                 |                 |                |               |                 |                 |                 |
|-------------------------------------|-----------------|-----------------|----------------|-----------------|-----------------|----------------|---------------|-----------------|-----------------|-----------------|
| <b>Tangible Assets</b>              |                 |                 |                |                 |                 |                |               |                 |                 |                 |
| Land                                |                 |                 |                |                 |                 |                |               |                 |                 |                 |
| Free Hold                           | 3113.70         | 261.37          | -              | 3375.07         | -               | -              | -             | -               | 3375.07         | 3113.70         |
| Leasehold                           | 560.61          | -               | -              | 560.61          | 9.60            | 2.40           | -             | 12.00           | 548.61          | 551.01          |
| <b>Buildings</b>                    | 11852.30        | 1150.77         | -              | 13003.07        | 1322.67         | 423.72         | -             | 1746.39         | 11256.68        | 10529.63        |
| Leasehold Improvements              | -               | 536.44          | -              | 536.44          | -               | 66.28          | -             | 66.28           | 470.16          | -               |
| Plant and Machinery                 | 16389.18        | 2821.39         | 85.54          | 19125.03        | 5880.77         | 1160.69        | 42.01         | 6999.45         | 12125.58        | 10508.41        |
| Moulds                              | 4334.04         | 866.56          | 4.92           | 5195.68         | 2671.04         | 488.03         | 2.83          | 3156.24         | 2039.44         | 1663.00         |
| Computers                           | 791.90          | 130.12          | 2.48           | 919.54          | 444.62          | 102.01         | 1.30          | 545.33          | 374.21          | 347.28          |
| Motor Vehicles-Other                | 702.47          | 336.83          | 164.24         | 875.06          | 258.18          | 74.77          | 111.90        | 221.05          | 654.01          | 444.29          |
| Motor Vehicles-Transport            | 333.37          | 74.58           | 24.30          | 383.65          | 143.71          | 36.70          | 17.59         | 162.82          | 220.83          | 189.66          |
| Furniture and Fittings              | 852.12          | 239.50          | 10.08          | 1081.54         | 195.67          | 60.77          | 3.07          | 253.37          | 828.17          | 656.45          |
| Electrical Fittings                 | 1366.11         | 282.14          | -              | 1648.25         | 297.10          | 76.48          | -             | 373.58          | 1274.67         | 1069.01         |
| Office Equipments                   | 935.14          | 205.23          | 33.03          | 1107.34         | 169.74          | 54.37          | 11.01         | 213.10          | 894.24          | 765.40          |
| Wooden Structure                    | 91.85           | 75.15           | -              | 167.00          | 91.85           | 37.47          | -             | 129.32          | 37.68           | -               |
| Wind Mills                          | 3523.93         | -               | -              | 3523.93         | 1202.08         | 364.38         | -             | 1566.46         | 1957.47         | 2321.85         |
|                                     | <b>44846.72</b> | <b>6980.08</b>  | <b>324.59</b>  | <b>51502.21</b> | <b>12687.03</b> | <b>2948.07</b> | <b>189.71</b> | <b>15445.39</b> | <b>36056.82</b> | <b>32159.69</b> |
| <b>Intangible Assets</b>            |                 |                 |                |                 |                 |                |               |                 |                 |                 |
| Computer Software                   | 817.53          | 179.10          | -              | 996.63          | 341.05          | 162.10         | -             | 503.15          | 493.48          | 476.48          |
| Technical Know-how                  | 7.53            | -               | -              | 7.53            | 7.53            | -              | -             | 7.53            | -               | -               |
| Trade Marks                         | 48.66           | 4.40            | -              | 53.06           | 13.13           | 6.30           | -             | 19.43           | 33.63           | 35.53           |
|                                     | <b>873.72</b>   | <b>183.50</b>   | <b>-</b>       | <b>1,057.22</b> | <b>361.71</b>   | <b>168.40</b>  | <b>-</b>      | <b>530.11</b>   | <b>527.11</b>   | <b>512.01</b>   |
| Capital Work-in-Progress            | 2336.78         | 2265.83         | 2286.80        | 2315.81         | -               | -              | -             | -               | 2315.81         | 2336.78         |
|                                     | <b>2336.78</b>  | <b>2265.83</b>  | <b>2286.80</b> | <b>2315.81</b>  | <b>-</b>        | <b>-</b>       | <b>-</b>      | <b>-</b>        | <b>2315.81</b>  | <b>2336.78</b>  |
| Intangible Assets under Development | 37.41           | 74.02           | 5.55           | 105.88          | -               | -              | -             | -               | 105.88          | 37.41           |
|                                     | <b>37.41</b>    | <b>74.02</b>    | <b>5.55</b>    | <b>105.88</b>   | <b>-</b>        | <b>-</b>       | <b>-</b>      | <b>-</b>        | <b>105.88</b>   | <b>37.41</b>    |
| <b>Total</b>                        | <b>48094.63</b> | <b>9503.43</b>  | <b>2616.94</b> | <b>54981.12</b> | <b>13048.74</b> | <b>3116.47</b> | <b>189.71</b> | <b>15975.50</b> | <b>39005.62</b> | <b>35045.89</b> |
| <b>Previous Year</b>                |                 | <b>10556.14</b> | <b>2439.12</b> | <b>48094.63</b> | <b>10716.97</b> | <b>2549.82</b> | <b>218.05</b> | <b>13048.74</b> | <b>35045.89</b> |                 |

| Particulars   | As at<br>31st March, 2014 | As at<br>31st March, 2013 |
|---|---------------------------|---------------------------|
| <b>Note 12 Non Current Investments</b>  |                           |                           |
| <b>Investment in Equity Instruments</b>   |                           |                           |
| 6040 Equity Shares (Including 30 Bonus Shares) of ₹ 100/- each fully paid of Relaxo Rubber Private Limited, an Associate Company (Unquoted) (Trade) (At Cost) | 6.01                      | 6.01                      |
| <b>Note 13 Long Term Loans and Advances</b>   |                           |                           |
| <b>Unsecured, Considered good</b>   |                           |                           |
| Capital Advances  | 132.56                    | 233.29                    |
| Loans and Advances to Employees   | 6.59                      | 1.52                      |
| Security Deposits   | 1123.18                   | 1044.50                   |
| Prepaid Expenses  | 8.93                      | 189.77                    |
| Balances with Government Authorities  | 1.02                      | -                         |
|   | <b>1272.28</b>            | <b>1469.08</b>            |
| <b>Note 14 Other Non Current Assets</b>   |                           |                           |
| Balances with Bank held as Margin Money on Letter of Credit, Bank Guarantees and Other Commitments  | 1.16                      | 2.27                      |
| Grants Receivable   | 37.50                     | 75.00                     |
|   | <b>38.66</b>              | <b>77.27</b>              |
| <b>Note 15 Inventories (Valued at Lower of Cost or Net Realisable Value)</b>  |                           |                           |
| Raw Materials (Includes in transit ₹ 304.40 lacs, Previous year ₹ 255.69 lacs)  | 4368.77                   | 3341.67                   |
| Packing Materials (Includes in transit ₹ 0.54 lacs, Previous year ₹ 5.17 lacs)  | 196.30                    | 181.31                    |
| Work-in-Progress  | 2545.28                   | 2731.28                   |
| Finished Goods  | 6381.76                   | 6969.97                   |
| Stock-in-Trade  | 2439.26                   | 2311.80                   |
| Fuel (Includes in transit ₹ 1.85 lacs, Previous year ₹ 1.91 lacs)   | 57.87                     | 68.70                     |
| Stores and Spares (Includes in transit ₹ 4.34 lacs, Previous year ₹ 2.57 lacs)  | 410.69                    | 339.21                    |
|   | <b>16399.93</b>           | <b>15943.94</b>           |
| <b>Note 16 Trade Receivables</b>  |                           |                           |
| <b>Debts Outstanding for a Period Exceeding Six Months from the date they are due for Payment (Unsecured)</b>   |                           |                           |
| Considered, Good  | 1.58                      | 2.59                      |
| Doubtful  | 53.32                     | 57.75                     |
|   | 54.90                     | 60.34                     |
| Less: Provision for Doubtful Debts  | 53.32                     | 57.75                     |
|   | <b>1.58</b>               | <b>2.59</b>               |
| <b>Other Debts</b>  |                           |                           |
| Secured, Considered Good  | 472.51                    | 156.44                    |
| Unsecured, Considered Good  | 6347.72                   | 3437.39                   |
|   | <b>6820.23</b>            | <b>3593.83</b>            |
|   | <b>6821.81</b>            | <b>3596.42</b>            |



(₹ in lacs)

| Particulars   | As at<br>31st March, 2014 | As at<br>31st March, 2013 |
|---|---------------------------|---------------------------|
| <b>Note 17 Cash and Bank Balances</b>   |                           |                           |
| <b>Cash and Cash Equivalents</b>  |                           |                           |
| Balances with Banks   | 452.95                    | 44.45                     |
| Cash on Hand  | 105.30                    | 121.35                    |
|   | <b>558.25</b>             | <b>165.80</b>             |
| <b>Other Bank Balances (Earmarked)</b>  |                           |                           |
| Balances with Bank held as Margin Money on Letter of Credit,<br>Bank Guarantees and Other Commitments | 2.63                      | 127.03                    |
| Unpaid Dividend Accounts (Refer Note 9)   | 5.54                      | 4.31                      |
|   | <b>8.17</b>               | <b>131.34</b>             |
|   | <b>566.42</b>             | <b>297.14</b>             |

|  |                |                |
|--|----------------|----------------|
| <b>Note 18 Short Term Loans and Advances</b> |                |                |
| <b>Unsecured, Considered Good</b>            |                |                |
| Loans and Advances to Employees              | 16.62          | 27.73          |
| Advance to Suppliers                         | 510.30         | 209.31         |
| Prepaid Expenses                             | 420.81         | 1445.36        |
| Balances with Government Authorities         | 335.55         | 309.34         |
|  | <b>1283.28</b> | <b>1991.74</b> |

|   |               |               |
|---|---------------|---------------|
| <b>Note 19 Other Current Assets</b>                       |               |               |
| Interest Accrued on Deposits                              | 1.11          | 4.86          |
| Export Incentives Receivable                              | 189.80        | 165.10        |
| Grants Receivable   | 37.50         | 37.50         |
| Unamortised Premium on Foreign Currency Forward Contracts | 55.91         | 65.58         |
| Insurance Claims Receivable                               | 3.59          | 1.06          |
|   | <b>287.91</b> | <b>274.10</b> |

| Particulars                                    | For the year ended<br>31st March, 2014 | For the year ended<br>31st March, 2013 |
|--|--|--|
| <b>Note 20 Revenue from Operations (Gross)</b> |  |  |
| <b>Sale</b>                                    |  |  |
| Products (Manufactured and Traded)             |  |  |
| Footwear                                       | 119317.06                              | 100388.34                              |
| Others   | 2261.31                                | 322.46                                 |
| Power  | 360.19                                 | 447.84                                 |
| Services                                       | -                                      | 14.98                                  |
|  | <b>121938.56</b>                       | <b>101173.62</b>                       |
| <b>Other Operating Revenues</b>                |  |  |
| Scrap Sale                                     | 327.81                                 | 251.52                                 |
| Export Incentives                              | 272.56                                 | 232.94                                 |
|  | <b>600.37</b>                          | <b>484.46</b>                          |
|  | <b>122538.93</b>                       | <b>101658.08</b>                       |

| Particulars  | For the year ended<br>31st March, 2014 | For the year ended<br>31st March, 2013 |
|--|--|--|
| <b>Note 21 Other Income</b>  |  |  |
| Interest Income on Fixed Deposits and Security Deposits                                      | 56.57                                  | 13.02                                  |
| Dividend Income from Current Investments   | 26.91                                  | 11.08                                  |
| Gain on Sale of Current Investments (Net)  | 2.82                                   | -                                      |
| Foreign Exchange Gain ( Net)   | 148.05                                 | 62.52                                  |
| Miscellaneous Income   | 43.50                                  | 21.62                                  |
|  | <b>277.85</b>                          | <b>108.24</b>                          |
| <b>Note 22 Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress</b> |  |  |
| <b>Inventories at the end of the year</b>  |  |  |
| Finished Goods   | 6381.76                                | 6969.97                                |
| Stock-in-Trade   | 2439.26                                | 2311.80                                |
| Work-in-Progress   | 2545.28                                | 2731.28                                |
|  | <b>11366.30</b>                        | <b>12013.05</b>                        |
| <b>Inventories at the beginning of the year</b>  |  |  |
| Finished Goods   | 6969.97                                | 4696.94                                |
| Stock-in-Trade   | 2311.80                                | 1671.47                                |
| Work-in-Progress   | 2731.28                                | 2276.27                                |
|  | <b>12013.05</b>                        | <b>8644.68</b>                         |
| <b>Net (Increase) / Decrease</b>   |  |  |
| Finished Goods   | 588.21                                 | (2273.03)                              |
| Stock-in-Trade   | (127.46)                               | (640.33)                               |
| Work-in-Progress   | 186.00                                 | (455.01)                               |
|  | <b>646.75</b>                          | <b>(3368.37)</b>                       |
| Change in Excise Duty  | (0.82)                                 | 14.29                                  |
|  | <b>645.93</b>                          | <b>(3354.08)</b>                       |
| <b>Note 23 Employee Benefits Expenses</b>  |  |  |
| Salaries & Wages   | 9817.07                                | 9732.60                                |
| Contribution to Provident and Other Funds (Refer Note 32A)                                   | 1122.70                                | 945.94                                 |
| Staff Welfare Expenses   | 519.37                                 | 441.77                                 |
|  | <b>11459.14</b>                        | <b>11120.31</b>                        |
| <b>Note 24 Selling and Distribution Expenses</b>   |  |  |
| Advertisement and Publicity  | 4727.33                                | 5507.62                                |
| Sales Promotion Schemes  | 5313.46                                | 2234.25                                |
| Cash Discount  | 3273.51                                | 2879.91                                |
| Freight and Forwarding Charges   | 4195.66                                | 3766.19                                |
|  | <b>17509.96</b>                        | <b>14387.97</b>                        |
| <b>Note 25 Finance Costs</b>   |  |  |
| Interest Expense   | 2136.65                                | 1655.13                                |
| Other Borrowing Costs  | 22.67                                  | 24.15                                  |
| Amortised Premium on Foreign Currency Borrowings   | 106.55                                 | 91.01                                  |
|  | <b>2265.87</b>                         | <b>1770.29</b>                         |

(₹ in lacs)

| Particulars                     | For the year ended<br>31st March, 2014 | For the year ended<br>31st March, 2013 |
|---------------------------------|--|--|
| <b>Note 26 Other Expenses</b>   |  |  |
| Power and Fuel                  | 4325.54                                | 3881.64                                |
| Stores Consumed                 | 633.36                                 | 685.31                                 |
| Contract Processing Charges     | 8028.81                                | 4942.02                                |
| Repairs                         |  |  |
| Building                        | 63.09                                  | 27.29                                  |
| Machinery (Including Spares)    | 632.38                                 | 572.26                                 |
| Others                          | 649.18                                 | 670.21                                 |
| Rent (Refer Note 31)            | 2997.16                                | 2326.53                                |
| Insurance                       | 138.96                                 | 108.63                                 |
| Rates and Taxes                 | 53.81                                  | 34.64                                  |
| Printing and Stationery         | 116.89                                 | 104.54                                 |
| Travelling and Conveyance       | 1063.24                                | 1083.01                                |
| Communication Expenses          | 263.86                                 | 314.05                                 |
| Legal and Professional Expenses | 2463.83                                | 1578.26                                |
| Security Expenses               | 537.20                                 | 413.32                                 |
| Provision for Doubtful Debts    | 16.09                                  | 17.46                                  |
| Bad debts Written off           | 12.77                                  | -                                      |
| Loss on Sale of Assets (Net)    | 81.44                                  | 3.38                                   |
| Miscellaneous Expenses          | 376.28                                 | 789.11                                 |
|                                 | <b>22453.89</b>                        | <b>17551.66</b>                        |

## Note 27 Company Information and Significant Accounting Policies

### 27.1 Company Information

Relaxo Footwears Limited (the Company) is a Public Limited Company registered in India and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The company is one of the leading players in the Footwear Industry engaged in manufacturing and trading of footwear and other articles. The company has 'state of the art' manufacturing facilities at Bahadurgarh (Haryana), Bhiwadi (Rajasthan) & Haridwar (Uttarakhand). The selling arrangements are through its wholesale, export and retail network.

### 27.2 Significant Accounting Policies

#### 27.2.1 Basis of Preparation of Accounts

The Financial Statements have been prepared in accordance with the historical cost convention under accrual basis of accounting as per Indian Generally Accepted Accounting Principles (Indian GAAP). All the Accounting Standards (AS) specified in Companies (Accounting Standard) Rules, other pronouncement of ICAI, guidelines issued by SEBI, provisions of the Companies Act, 1956 and notified provisions of Companies Act, 2013 as applicable are complied.

Indian GAAP enjoins management to make estimates and

assumptions that affect reported amount of assets, liabilities, revenue, expenses and contingent liabilities pertaining to year, the financial statement relate to. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the period in which the results are known / materialise.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/ non-current classification of assets and liabilities.

#### 27.2.2 Valuation of Inventories

##### Raw Materials, Packing Materials, Consumables, Spares and Fuel

These are valued at lower of cost and net realizable value. The costs of inventories comprise all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase consist of the

purchase price including duties and taxes, freight inward and other expenditure directly attributable to the acquisition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on weighted average basis.

#### **Work- in- Progress and Finished Goods**

These are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

### **27.2.3 Cash Flow Statements**

#### **Cash and Cash Equivalents**

Cash and Cash equivalents comprise cash on hand and balances with Banks other than earmarked balances.

#### **Cash Flow Statement**

Cash flows are reported using the indirect method, whereby net profit or (loss) before extraordinary items and tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

### **27.2.4 Prior Period Items & Changes in Accounting Estimates**

Prior period items as well as changes in accounting estimates having material impact on the current period financial statements of the company are disclosed separately.

### **27.2.5 Depreciation Accounting**

Depreciation has been provided on straight-line method (SLM) at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

The value of leasehold land has been granted for longer period and is therefore, not amortized, except value of leasehold land of Windmill, which is amortised over the period of lease. Cost of leasehold improvements are amortised over the period of lease.

### **27.2.6 Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

#### **Sale of Goods**

Sales are recognised when the substantial risks and rewards of ownership in the goods are transferred to the buyer upon supply of goods and are recognised net of trade discounts, returns, sales taxes and including excise duty. It does not include inter-divisional/ inter-unit transfers.

#### **Sale of Services**

Revenue from services rendered is recognised when the services are rendered and related costs are incurred.

#### **Interest Income**

Interest income is accounted on a time proportion basis taking into account the amounts invested and the rate of interest.

#### **Dividend Income**

Dividend income is recognised when the right to receive is established.

### **27.2.7 Tangible Fixed Assets**

Fixed assets are held with the intention of being used for the purpose of producing goods or providing services and is not held for sale in the normal course of business.

Fixed assets are stated at historical cost of acquisition i.e. cost less accumulated depreciation.

All cost including interest relating to qualifying fixed assets till the time, asset is ready for its intended use is capitalized.

Grant/ subsidy received have been reduced from the cost of specific fixed assets.

Project under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost and directly attributable expenses.

### **27.2.8 Intangible Assets**

Intangible assets are carried at cost less accumulated amortisation. The cost of an intangible asset comprises its purchase price including import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use. Intangible assets are amortised on straight line basis.

Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

Intangible Assets under development are shown separately and at the cost incurred in bringing the asset in its present condition.

The Trade Marks are amortized over their useful life or ten years whichever is lower.

Softwares are being amortized over the period of five years on straight line basis.

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

### 27.2.9 Foreign Currency Transaction

#### Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying the exchange rate between the reporting currency and the foreign currency at the date of the transaction, to the foreign currency amount.

#### Subsequent Recognition

Monetary current assets and liabilities at the year-end are translated at the rate prevailing on Balance Sheet date. The difference thereon and also the exchange difference on settlement of foreign currency transactions during the year are recognized as income or expenses in Statement of Profit and Loss.

Non-monetary items are carried at historical cost and reported using the exchange rate at the date of transaction.

#### Forward Exchange Contracts

Premium/ discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortized over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date.

#### Derivative Transactions

Derivative transactions are considered as off-balance sheet items and cash flows arising thereon are recognized in the books of account on principle of Prudence as prescribed in the Accounting Standard (AS)- 1 issued by the Institute of Chartered Accountants of India.

### 27.2.10 Government Grants

Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve under shareholders' fund.

Any Grant/ Subsidy received against specific fixed assets have been reduced from the cost of fixed assets.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

### 27.2.11 Investments

Long Term Investments are stated at cost. Cost of investment includes acquisition charges such as brokerage, fees and duties.

### 27.2.12 Employee Benefits

#### Provident Fund, Employee State Insurance & Gratuity

Contribution towards provident fund and employee state insurance for employee is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the company does not carry any further obligations, apart from the contributions made on a monthly basis. Such contributions are charged to the Statement of Profit and Loss for the period of service rendered by the employee.

In case of gratuity, the company funds the benefits through annual contributions to Life Insurance Corporation of India under its Employees Group Gratuity Scheme, where the

company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the company does not carry any further obligations, apart from the contributions made on a yearly basis.

#### Leave Encashment (Compensated Absences)

Accumulated leaves, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating leaves as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated leaves, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The company's liability is actuarially determined (using the Projected Unit Credit Method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

### 27.2.13 Borrowing Costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss in the period in which they are incurred.

Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date, asset is ready for its intended use.

### 27.2.14 Leases

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are expensed with reference to lease terms and other considerations.

### 27.2.15 Earnings Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is computed by dividing the profit/ (loss) after tax (including the post-tax effect of extraordinary items, if any) for the period attributable to equity shareholders by the weighted-average number of shares outstanding during the period.

### 27.2.16 Tax on Income

Current tax is determined on the basis of estimated taxable income computed in accordance with the provisions of Income Tax Act, 1961.

Deferred tax is recognized on timing difference between the book and taxable profit for the year and quantified using the tax rates and law enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forwarded only to the extent that there is a reasonable certainty that asset will be realized in future.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal Income Tax during the specified period. In the period/ year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal Income Tax during the specified period.

#### **27.2.17 Impairment of Assets**

Any impairment loss is recognized to the extent, the carrying amount of assets exceed their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

#### **27.2.18 Provisions & Contingent Liabilities**

##### **Provisions**

Provisions are recognized when there is a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

##### **Contingent Liabilities**

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability. Material contingent liabilities are disclosed by way of notes.

**Note 28 Contingent Liabilities and Commitments**

(₹ in lacs)

| Particulars   | As at<br>31st March, 2014 | As at<br>31st March, 2013 |
|---|---------------------------|---------------------------|
| <b>Contingent Liabilities</b>   |                           |                           |
| Claims against the company not acknowledged as debt   |                           |                           |
| Sales Tax Matters   | 38.10                     | 38.82                     |
| Income Tax Matters  | 39.19                     | 27.08                     |
| Haryana State Industrial & Infrastructure Development Corporation Limited (HSIIDC)  | -                         | 155.59                    |
|   | 77.29                     | 221.49                    |
| Guarantees  |                           |                           |
| Surety Bonds given to Government Authorities  | 5.50                      | 5.50                      |
| Others  |                           |                           |
| Interest on Entry Tax, Haryana - The matter has been decided in favour of the Company, although the department has preferred appeal before Hon'ble Supreme Court of India | 1170.33                   | 672.67                    |
| Interest on Entry Tax, Rajasthan - Under dispute and department appeal is pending before Hon'ble High Court, Jodhpur  | 3.56                      | 2.26                      |
|   | 1173.89                   | 674.93                    |
| <b>Commitments</b>  |                           |                           |
| Capital Commitments   |                           |                           |
| Estimated amount of contracts remaining to be executed on capital account and not provided for  | 1130.55                   | 1595.11                   |
| Others*   |                           |                           |
| Total Export obligation against total duty saved of ₹ 1125.70 lacs (Previous year ₹ 693.48 lacs)  | 9005.60                   | 5547.84                   |

Cash outflows for the above are determinable only on pronouncement of judgements pending at various forums/ authorities.

\*The Company has obtained licenses under the Export Promotion Capital Goods (EPCG) Scheme for importing capital goods at the concessional/Zero rate of custom duty. As per the scheme, the company is obliged to export eight times of duty saved in next 8 years.

The lawsuits in respect of certain Intellectual Property Rights and Trademarks are pending in Courts. The proceedings are going on before appropriate authorities and the ultimate outcome of the matter cannot presently be determined. No provision for any liability that may result has been made.

**Note 29 Additional Information Required Under Schedule VI of The Companies Act, 1956****(a) Details of Opening Stock, Purchases, Sales and Closing Stock**

| Particulars                    | Opening Stock                      | Purchases                          | Sales                                  | Closing Stock                      |
|--------------------------------|------------------------------------|------------------------------------|--|------------------------------------|
| Footwear - Manufactured/Traded | 9176.79<br>(6291.23)               | 5786.66<br>(6561.14)               | 119317.06<br>(100388.34)               | 8738.64<br>(9176.79)               |
| Others - Manufactured/Traded   | 104.98<br>(77.18)                  | 1708.65<br>(239.77)                | 2261.31<br>(322.46)                    | 82.38<br>(104.98)                  |
| Power                          | -<br>-                             | -<br>-                             | 360.19<br>(447.84)                     | -<br>-                             |
| Services- Job Work             | -<br>-                             | -<br>-                             | -<br>(14.98)                           | -<br>-                             |
|                                | <b>9281.77</b><br><b>(6368.41)</b> | <b>7495.31</b><br><b>(6800.91)</b> | <b>121938.56</b><br><b>(101173.62)</b> | <b>8821.02</b><br><b>(9281.77)</b> |

Previous year figures are given in brackets.



**(b) Materials Consumed**

(₹ in lacs)

| Particulars      | For the year ended<br>31st March, 2014 | For the year ended<br>31st March, 2013 |
|------------------|--|--|
| Raw Rubber       | 5717.70                                | 5789.18                                |
| EVA              | 13799.70                               | 13164.15                               |
| Synthetic Rubber | 658.01                                 | 753.14                                 |
| Packing Material | 6698.40                                | 5778.16                                |
| Others           | 20087.60                               | 18010.62                               |

**(c) Value of Raw Materials, Spare Parts and Components Consumed**

| Particulars | For the year ended<br>31st March, 2014 |          | For the year ended<br>31st March, 2013 |          |
|-------------|--|----------|--|----------|
|             | %                                      | Value    | %                                      | Value    |
| Imported    | 37.03                                  | 17770.27 | 15.32                                  | 6663.37  |
| Indigenous  | 62.97                                  | 30219.99 | 84.68                                  | 36831.88 |

**(d) C.I.F. Value of Imports**

| Particulars            | For the year ended<br>31st March, 2014 | For the year ended<br>31st March, 2013 |
|------------------------|--|--|
| Materials              | 14281.25                               | 5746.97                                |
| Capital Goods          | 2300.73                                | 2890.75                                |
| Traded Goods           | 408.99                                 | 397.11                                 |
| Consumables and Spares | 25.90                                  | 23.76                                  |

**(e) Expenditure in Foreign Currency**

| Particulars                        | For the year ended<br>31st March, 2014 | For the year ended<br>31st March, 2013 |
|------------------------------------|--|--|
| Travelling Expenses                | 17.22                                  | 11.72                                  |
| Interest*                          | 1221.68                                | 843.40                                 |
| Professional and Consultation Fees | 77.10                                  | -                                      |
| Others                             | 97.68                                  | 101.43                                 |

\* Includes ₹ Nil (Previous year - ₹ 302.63 lacs) capitalised.

**(f) Earnings in Foreign Exchange**

| Particulars                 | For the year ended<br>31st March, 2014 | For the year ended<br>31st March, 2013 |
|-----------------------------|--|--|
| Export of goods (FOB value) | 3034.41                                | 2899.79                                |

**Note 30 Related Party Disclosures**

In pursuant to Accounting Standard (AS) - 18, "Related Party Disclosures" are as under:

**A. Key Management Personnel (KMP)**

| Name                 | Designation         |
|----------------------|---------------------|
| Mr. Ramesh Kumar Dua | Managing Director   |
| Mr. Mukand Lal Dua   | Whole Time Director |
| Mr. Nikhil Dua       | Whole Time Director |
| Mr. Deval Ganguly    | Whole Time Director |

**B. Associate Company**

Relaxo Rubber Private Limited

**C. Entities Where Key Management Personnel Exercise Significant Influence**

Marvel Polymers Private Limited

Nuwave Shoes

Patel Oil Mills

Sh. Ramesh Kumar Dua ( H.U.F)

Sh. Mukand Lal Dua ( H.U.F)

Sh. Mool Chand Dua ( H.U.F)

Shri Mool Chand Dua Memorial Society

Shrimati Ram Ditti Dua Memorial Society

**D. Relatives of Key Management Personnel**

| Name             | Relationship                    |
|------------------|---------------------------------|
| Ms. Usha Dua     | Wife of Whole Time Director     |
| Ms. Lalita Dua   | Wife of Managing Director       |
| Mr. Ritesh Dua   | Son of Whole Time Director      |
| Mr. Nitin Dua    | Son of Whole Time Director      |
| Mr. Gaurav Dua   | Son of Managing Director        |
| Ms. Sakshi Dua   | Daughter of Managing Director   |
| Mr. Rahul Dua    | Son of Managing Director        |
| Ms. Garima Dua   | Wife of Whole Time Director     |
| Ms. Shashi Mehra | Sister of Managing Director     |
| Ms. Aalya Dua    | Daughter of Whole time Director |

**E. Related Party Transactions**

(₹ in lacs)

| Nature of Transactions                    | Associates         | Entities in which KMP exercise significant influence | Key Management Personnel | Relatives of Key Management Personnel | Total              |
|---|--------------------|--|--------------------------|---------------------------------------|--------------------|
| <b>In Relation to Profit and Loss A/c</b> |                    |  |                          |                                       |                    |
| Sale of Goods                             | -<br>(3.94)        | -<br>(0.88)  | -<br>-                   | -<br>-                                | -<br>(4.82)        |
| Purchase of Goods                         | -<br>(4.40)        | 0.05<br>(9866.45)                                    | -<br>-                   | -<br>-                                | 0.05<br>(9870.85)  |
| Rent Paid                                 | 253.44<br>(256.74) | 321.69<br>(288.22)                                   | 132.36<br>(128.01)       | 258.50<br>(262.67)                    | 965.99<br>(935.64) |
| Rent Received                             | -<br>-             | -<br>(2.45)  | -<br>-                   | -<br>-                                | -<br>(2.45)        |
| Rendering of Services (Job Work)          | -<br>-             | -<br>(14.98)   | -<br>-                   | -<br>-                                | -<br>(14.98)       |
| Dividend Paid                             | -<br>-             | 0.50<br>(0.38)                                       | 125.49<br>(94.11)        | 54.02<br>(40.52)                      | 180.01<br>(135.01) |
| Payment of Salary / Perquisites           | -<br>-             | -<br>-   | 217.25<br>(161.24)       | 142.31<br>(111.56)                    | 359.56<br>(272.80) |
| Commission                                | -<br>-             | -<br>-   | 855.75<br>(608.98)       | -<br>-                                | 855.75<br>(608.98) |
| Interest on Unsecured Loans               | -<br>-             | 97.83<br>(86.64)                                     | 140.39<br>(104.47)       | 281.21<br>(259.73)                    | 519.43<br>(450.84) |
| Donation                                  | -<br>-             | 25.00<br>(300.00)                                    | -<br>-                   | -<br>-                                | 25.00<br>(300.00)  |
| Reimbursement of Expenses                 | -<br>-             | 2.68<br>-  | -<br>-                   | -<br>-                                | 2.68<br>-          |

**In Relation to Balance Sheet**

(₹ in lacs)

|   |                    |                    |                        |                      |                        |
|---|--------------------|--------------------|------------------------|----------------------|------------------------|
| Purchase of Assets                        | 64.16<br>(1.06)    | 5.89<br>(208.52)   | -<br>-                 | -<br>-               | 70.05<br>(209.58)      |
| Outstanding Payable                       | -<br>-             | -<br>(0.75)        | -<br>-                 | -<br>-               | -<br>(0.75)            |
| Security Deposits Paid (As at 31st March) | 230.40<br>(230.40) | 39.58<br>(40.31)   | 5.84<br>(2.98)         | 3.06<br>(4.93)       | 278.88<br>(278.62)     |
| Loans (As at 31st March)                  | -<br>-             | 982.02<br>(869.13) | 1269.27<br>(1305.87)   | 2576.47<br>(2736.85) | 4827.76<br>(4911.85)   |
| <b>Guarantees and Collaterals Taken</b>   | -<br>-             | -<br>-             | 33059.75<br>(29059.75) | -<br>-               | 33059.75<br>(29059.75) |

Perquisites includes Employer's Provident Fund Contribution relating to KMP's

Previous year figures are given in brackets

**Note 31 Disclosure on Operating Leases**

The company has operating leases for premises. These lease arrangements range for a period between 11 months to 9 years, which include both cancelable and non-cancelable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses.

The lease rentals charged during the year for cancelable/ non-cancelable leases relating to rent of building premises as per the agreements and maximum obligation on long term non-cancelable operating leases are as follows:

| Particulars                                       | For the year ended<br>31st March, 2014 | For the year ended<br>31st March, 2013 |
|---|--|--|
| Lease Rentals payable as Rent (Refer Note No. 26) | 2997.16                                | 2326.53                                |
| <b>Obligations on non-cancelable leases</b>       |  |  |
| Not later than one year                           | 440.17                                 | 337.82                                 |
| Later than one year but not later than five years | 1690.57                                | 1604.63                                |
| Later than five years                             | 1286.13                                | 1732.89                                |
|   | <b>3416.87</b>                         | <b>3675.34</b>                         |

**Note 32 Disclosure on Employee Benefits**

Disclosure is hereby given in pursuant to Accounting Standard (AS) 15 - "Employee Benefits"

**A. Defined Contribution Plan**

During the year, the Company has recognised the following amount in the Statement of Profit and Loss (Refer Note no. 23)

| Particulars  | For the year ended<br>31st March, 2014 | For the year ended<br>31st March, 2013 |
|--|--|--|
| Employer's Contribution to Provident and Other Fund  | 607.24                                 | 569.12                                 |
| Employer's Contribution to ESIC Scheme               | 174.94                                 | 165.44                                 |
| Employer's Contribution to LIC Group Gratuity Scheme | 340.52                                 | 211.38                                 |
|  | <b>1122.70</b>                         | <b>945.94</b>                          |

**B. Defined Benefit Plan**

The present value of obligation is determined based on actuarial valuation, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

| Particulars : Leave Encashment (Unfunded)                                     | For the year ended<br>31st March, 2014 | For the year ended<br>31st March, 2013 |
|---|--|--|
| <b>Reconciliation of opening and closing balances of Defined Benefit Plan</b> |  |  |
| Present Value of Obligation as at the beginning of the year                   | 408.66                                 | 379.61                                 |
| Current Service Cost  | 126.50                                 | 109.38                                 |
| Interest Cost   | 32.69                                  | 32.64                                  |
| Actuarial (gain)/ loss on obligations   | (32.35)                                | (37.33)                                |

(₹ in lacs)

|   |                              |         |
|---|------------------------------|---------|
| Benefit Paid  | (139.19)                     | (75.64) |
| Present Value of Obligation as at the end of the Year         | 396.31                       | 408.66  |
| <b>Reconciliation of Fair value of assets and obligations</b> |                              |         |
| Fair Value of Plan Assets                                     | -                            | -       |
| Present value of obligation                                   | 396.31                       | 408.66  |
| Amount recognised in Balance Sheet                            | 396.31                       | 408.66  |
| <b>Expenses Recognised during the year</b>                    |                              |         |
| Current Service Cost  | 126.50                       | 109.38  |
| Interest Cost   | 32.69                        | 32.64   |
| Expected Return on Plan Assets                                | -                            | -       |
| Actuarial (gain)/ loss on obligations                         | (32.35)                      | (37.33) |
| Net cost  | 126.84                       | 104.69  |
| <b>Actuarial assumptions</b>                                  |                              |         |
| Discount Rate (per annum)                                     | 8.80%                        | 8.00%   |
| Expected Rate of Return on Plan Assets                        | -                            | -       |
| Rate of escalation in salary (per annum)                      | 8.00%                        | 8.00%   |
| Method of Computation   | Projected unit credit method |         |
| Demographic Assumption: Life Expectancy                       | IALM (2006-2008)             |         |

The above information is certified by Actuary. The estimates of escalation in salary take into account inflation, seniority, promotion & other relevant factors.

Included in above is the charge for Key Managerial Personnel for Gratuity and Leave Encashment as these are provided for the Company as a whole.

### Note 33 Disclosure on Earnings Per Share

As per requirement of the Accounting Standard (AS) 20 - "Earnings Per Share", following is the disclosure:

| Particulars  | For the year ended<br>31st March, 2014 | For the year ended<br>31st March, 2013 |
|--|--|--|
| Profit for the Year  | 6563.64                                | 4480.82                                |
| Weighted average number of shares outstanding [6,00,06,000 Equity Shares of ₹ 1/- (Previous year 1,20,01,200 Equity Shares of ₹ 5/-) each] | 60006000                               | 60006000                               |
| Basic and Diluted Earnings Per Share (In ₹)  | 10.94                                  | 7.47                                   |

### Note 34 Foreign Currency Exposure

(Amount in lacs)

| Purpose                                       | Foreign Currency |                           |                           | Local Currency (INR)      |                           |
|---|------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|   | UoM              | As at<br>31st March, 2014 | As at<br>31st March, 2013 | As at<br>31st March, 2014 | As at<br>31st March, 2013 |
| <b>Unhedged Foreign Currency Exposure</b>     |                  |                           |                           |                           |                           |
| <b>Outstanding:</b>                           |                  |                           |                           |                           |                           |
| Import Payables                               | USD              | 0.85                      | 1.54                      | 50.91                     | 83.76                     |
| Import Payables                               | EURO             | 0.17                      | -                         | 14.02                     | -                         |
| Export Receivables                            | USD              | 11.92                     | 9.68                      | 713.89                    | 526.49                    |
| Export Receivables                            | GBP              | 0.02                      | -                         | 2.00                      | -                         |
| Interest on Foreign Currency Loans            | USD              | 0.02                      | 0.01                      | 1.20                      | 0.54                      |
| <b>The details of Derivatives Outstanding</b> |                  |                           |                           |                           |                           |
| Forward Contracts - Import Payables           | USD              | 29.12                     | 15.33                     | 1744.00                   | 833.79                    |
| Forward Contracts - Import Payables           | EURO             | -                         | 3.20                      | -                         | 222.75                    |
| Forward Contracts - Import Orders             | USD              | 28.91                     | 45.20                     | 1731.42                   | 2458.40                   |
| Forward Contracts - Export Receivables        | GBP              | 1.63                      | -                         | 162.66                    | -                         |
| Forward Contracts - Foreign Currency Loans    | USD              | 190.10                    | 231.31                    | 11385.09                  | 12580.79                  |

**Note 35 Remuneration to Auditors\***

(₹ in lacs)

| Particulars                       | For the year ended<br>31st March, 2014 | For the year ended<br>31st March, 2013 |
|-----------------------------------|--|--|
| <b>Statutory Auditors</b>         |  |  |
| Statutory Audit Fee               | 5.62                                   | 5.17                                   |
| Tax Audit                         | 1.91                                   | 1.29                                   |
| Limited Review and Other Services | 5.05                                   | 4.21                                   |
|                                   | <b>12.58</b>                           | <b>10.67</b>                           |

\*Included in Legal and Professional Expenses (Refer Note No. 26)

**Note 36 Segment Reporting**

The Company's business activity falls within a single significant primary business segment, viz. "Footwear and Related Products", therefore no separate segment information is disclosed under Accounting Standard (AS) - 17, "Segment Reporting" issued by The Institute of Chartered Accountants of India (ICAI).

**Note 37** Figures for the previous year have been rearranged/ regrouped wherever necessary in terms of current year's grouping.

As per our report of even date

**For Gupta & Dua**

Chartered Accountants

**CA Mukesh Dua**

Partner

M.No. 085323

Delhi, 10th May, 2014

For and on behalf of the Board of Directors

**Ramesh Kumar Dua**

Managing Director

**Sushil Batra**

Chief Financial Officer

**Mukand Lal Dua**

Whole Time Director

**Kapil Garg**

Company Secretary

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ADD SPARX  
TO YOUR  
LIFE



**SM-193**  
Size: 6-10



**SM-192**  
Size: 6-10



**SM-433**  
Size: 6-10



**SFG-2021**  
Size: 6-10

Akshay Kumar is wearing SM-185



**Quality Par Excellence**

## RELAXO FOOTWEARS LIMITED

**Registered Office:** 316-319, Allied House, Inderlok Chowk, Old Rohtak Road, Delhi - 110 035 (India)

Phone: 91-11-23128354, 23127090 • Fax: 91-11-46800692

CIN: L74899DL1984PLC019097

Email: [rfl@relaxofootwear.com](mailto:rfl@relaxofootwear.com)    [www.relaxofootwear.com](http://www.relaxofootwear.com)

**Corporate Office:** Aggarwal City Square, Plot No.10, Mangalam Place, District Centre, Sector-3, Rohini, Delhi - 110 085 (India)

Phone: 91-11-46800500, 46800600





# RELAXO FOOTWEARS LIMITED

Registered Office: 316-319, Allied House, Inderlok, Delhi 110 035

Phones: 91-11-23128354, 23127090, Fax No: 46800692

CIN: - L74899DL1984PLC019097

E-mail: rfl@relaxofootwear.com, Website: www.relaxofootwear.com

## NOTICE

Notice is hereby given that 30<sup>th</sup> Annual General Meeting of the Members of RELAXO FOOTWEARS LIMITED will be held at Sri Sathya Sai International Centre, Lodhi Road, Institutional Area, Pragati Vihar, New Delhi- 110 003 on Thursday, 18<sup>th</sup> day of September, 2014 at 10.30 a.m. to transact the following business:-

### ORDINARY BUSINESS:-

1. To receive, consider and adopt the Audited Financial statements of the Company for the year ended at March 31st, 2014 and Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Deval Ganguly, Director who retires by rotation as a Director and being eligible, offers himself for re-appointment.
3. To declare dividend on Equity Shares for the financial year 2013-14.
4. To appoint Statutory Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

**“RESOLVED THAT** M/s. Gupta & Dua, Chartered Accountants (Firm Registration No. 003849 N) be and are hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors.”

### SPECIAL BUSINESS :

5. To appoint Mr. Vivek Kumar as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:-

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Vivek Kumar (DIN: 00206819), Director of the Company in respect of whom the Company has received a notice in writing from a member proposing his candidature, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto 31<sup>st</sup> March, 2019 (not liable to retire by rotation)”

6. To appoint Mr. Pankaj Shrimali as an Independent Director and in this regard to consider and thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:-

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Pankaj Shrimali (DIN: 00013142), Director of the Company in respect of whom the Company has received a notice in writing from a member proposing his candidature be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto 31<sup>st</sup> March, 2019 (not liable to retire by rotation)”

7. To appoint Mr. Kuruvila Kuriakose as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:-

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Kuruvila Kuriakose (DIN: 00881039), Director of the Company in respect of whom the Company has received a notice in writing from a member proposing his candidature be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto 31<sup>st</sup> March, 2019 (not liable to retire by rotation)

8. To appoint Ms. Deepa Verma as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:-

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Ms. Deepa Verma (DIN:06944281) Director of the Company in respect of whom the Company has received a notice in writing from a member proposing her candidature be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years (not liable to retire by rotation)”

9. To approve increase in remuneration of Mr. Nikhil Dua as a Whole – Time Director and in this regard to consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:-

**“RESOLVED THAT** pursuant to the provisions of Sections 196 and 197, Schedule V and other applicable provisions of the Companies Act, 2013, the approval of the Company be and is hereby accorded for increase in remuneration of Mr. Nikhil Dua, (DIN: 00157919) as a Whole-Time Director of the Company with effect from 1<sup>st</sup> October, 2014 to 30<sup>th</sup> September 2016 for the remaining tenure on monthly remuneration of ₹ 500000/- (Rupees Five Lacs only) in the pay scale of (₹ 5,00,000-₹ 50,000-₹ 5,50,000) and such other allowances perquisite and other benefits and performance bonus / variable payout i.e., 0.01% of turnover as defined under the Companies Act, 2013, upto a maximum limit of ₹ 25 lacs in a financial year as specified in the Statement pursuant to Section 102 (1) of the Companies Act, 2013 annexed to this Notice.”

**“RESOLVED FURTHER THAT** notwithstanding anything herein above stated where in any financial year closing after March 31, 2014, during the remaining tenure of Mr. Nikhil Dua as a Whole-Time Director of the Company, the Company incurred a loss or its profits are inadequate, the Company shall pay to Mr. Nikhil Dua the above remuneration by way of salary, bonus and other allowances as a minimum remuneration but not exceeding the limits specified under Section II of Part II of Schedule V to the Companies Act, 2013, or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.”

**“RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Section 197, read with Schedule V of the Companies Act, 2013.”

10. To appoint Mr. Ritesh Dua as Executive Vice President (Finance) and in this regard to consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:-

**“RESOLVED THAT** pursuant to provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013, the approval of the Shareholder be and is hereby accorded to the appointment of Mr. Ritesh Dua, (relative of Mr. Mukand Lal Dua, Whole Time Director Mr. Nikhil Dua, Whole Time Director of the Company and Mr. Ramesh Kumar Dua, Managing Director) to hold and continue to hold office or place of profit under the Company and designated as Executive Vice-President (Finance) with effect from 1<sup>st</sup> day of October, 2014 for a period of three (3) years, on monthly remuneration of ₹ 500000/- (Rupees Five Lacs only) in the pay scale of (₹ 5,00,000-₹ 50000- ₹ 6,00,000) and such other allowances, perquisites, benefits and amenities as applicable to the Company's Executives in the similar grade and performance bonus / variable payout i.e., 0.01% of turnover as defined under the Companies Act, 2013, upto a maximum limit of ₹ 25 lacs in a financial year as specified in the Statement pursuant to Section 102 (1) of the Companies Act, 2013 annexed to this Notice.”

**“RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to sign and execute such documents/ writings or other papers as may be necessary and to do all such acts, deeds, matters and things as it may, in its sole discretion, deem necessary, proper, desirable, expedient or incidental for the purpose and to settle any question, difficulty or doubt that may arise in giving effect to this resolution.”

11. To appoint Mr. Gaurav Dua as Executive Vice President (Marketing) and in this regard to consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:-

**“RESOLVED THAT** pursuant to provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013, the approval of the Shareholder be and is hereby accorded to the appointment of Mr. Gaurav Dua (relative of Mr. Ramesh Kumar Dua, Managing Director, Mr. Mukand Lal Dua, Whole Time Director and Mr. Nikhil Dua, Whole Time Director of the Company) to hold and continue to hold office or place of profit under the Company and designated as Executive Vice President (Marketing) with effect from 1<sup>st</sup> day of October, 2014 for a period of three (3) years on monthly remuneration of ₹ 500000/- (Rupees Five Lacs only) in the pay scale of (₹ 5,00,000-50000- ₹ 6,00,000) and such other allowances, perquisites, benefits and amenities as applicable to the Company's Executives in the similar grade and Performance bonus / Variable payout i.e., 0.01% of turnover as defined under the Companies Act, 2013, upto a maximum limit of ₹ 25 lacs in a financial year as specified in the Statement pursuant to Section 102 (1) of the Companies Act, 2013 annexed to this Notice.”

**“RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to sign and execute such documents/writings or other papers as may be necessary and to do all such acts, deeds, matters and things as it may, in its sole discretion, deem necessary, proper, desirable, expedient or incidental for the purpose and to settle any question, difficulty or doubt that may arise in giving effect to this resolution.”

12. To appoint Mr. Nitin Dua as Executive Vice President (Retail) and in this regard to consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:-

**“RESOLVED THAT** pursuant to provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013, the approval of the Shareholder be and is hereby accorded to the appointment of Mr. Nitin Dua (relative of Mr. Mukand Lal Dua, Whole Time Director, Mr. Nikhil Dua, Whole Time Director of the Company and Mr. Ramesh Kumar Dua, Managing Director) to hold and continue to hold office or place of profit under the Company and designated as Executive Vice-President (Retail) with effect from 1<sup>st</sup> day of October, 2014 for a period of three (3) years, on monthly remuneration of ₹ 500000/- (Rupees Five Lacs only) in the pay scale of (₹ 5,00,000-₹ 50000- ₹ 6,00,000) and such other allowances, perquisites, benefits and amenities as applicable to the Company's Executives in the similar grade and Performance bonus / Variable payout i.e., 0.01% of turnover as defined under the Companies Act, 2013, upto a maximum limit of ₹ 25 lacs in a financial year as specified in the Statement pursuant to Section 102 (1) of the Companies Act, 2013 annexed to this Notice.”

**“RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to sign and execute such documents/writings or other papers as may be necessary and to do all such acts, deeds, matters and things as it may, in its sole discretion, deem necessary, proper, desirable, expedient or incidental for the purpose and to settle any question, difficulty or doubt that may arise in giving effect to this resolution.”

13. To appoint Mr. Rahul Dua as Executive (Manufacturing) and in this regard to consider and thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:-

**“RESOLVED THAT** pursuant to provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013, the approval of the Shareholder be and is hereby accorded to the appointment of Mr. Rahul Dua (relative of Mr. Ramesh Kumar Dua, Managing Director, Mr. Mukand Lal Dua, Whole Time Director and Mr. Nikhil Dua, Whole Time Director of the Company) to hold and continue to hold office or place of profit under the Company and designated as Executive (Manufacturing) with effect from 1<sup>st</sup> day of October, 2014 for a period of three (3) years, on monthly remuneration of ₹ 250000/- (Rupees Two Lacs fifty thousand only) in the pay scale of (₹ 250000-₹ 25000-₹ 3,00,000) and such other allowances, perquisites, benefits and amenities as applicable to the Company's Executives in the similar grade and Performance bonus / Variable payout i.e., 0.01% of turnover as defined under the Companies Act, 2013, upto a maximum limit of ₹ 25 lacs in a financial year as specified in the Statement pursuant to Section 102 (1) of the Companies Act, 2013 annexed to this Notice.”

**“RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to sign and execute such documents/writings or other papers as may be necessary and to do all such acts, deeds, matters and things as it may, in its sole discretion, deem necessary, proper, desirable, expedient or incidental for the purpose and to settle any question, difficulty or doubt that may arise in giving effect to this resolution.”

By Order of the Board of Directors  
For Relaxo Footwears Limited

**Kapil Garg**  
Company Secretary

Delhi, 9th August, 2014

#### NOTES:-

- I. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS, BEFORE THE COMMENCEMENT OF THE MEETING.**
- II. **A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS PROVIDED THAT A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER**

- III. Corporate Members intending to send their authorized representative to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- IV.
  - a) The Register of Members and Share Transfer Book of the Company shall remain closed from Friday, 12.09.2014 to Thursday, 18.09.2014 (both days inclusive).
  - b) Dividend on Equity Shares of the Company, as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on or before Friday, 17th day of October, 2014.
  - c) Members may please note that the dividend warrants / drafts / cheques are payable at par at the designated branches of the bank for an initial period of 3 months only. Thereafter, the dividend warrant or revalidation is payable at all branches of the bank. The members are therefore advised to encash dividend warrants/drafts/cheques within initial validity period
- V. Members/proxies are requested to bring their Attendance Slip duly filled in & signed for attending the meeting. Members who hold share in Dematerialized Form are requested to write their Client ID and DP ID and those who hold share in physical form are requested to write their Folio Number in Attendance Slip for attending the meeting & please note that no gift or coupon will be distributed at the meeting.
- VI. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days between 10.00 a.m. and 1.00 p.m. up to the date of Annual General Meeting, except on Sundays and other Holidays.
- VII. Members desiring any information on the Accounts are requested to write to the Company at its Registered Office, 316-319, Allied House, Inderlok Chowk, Old Rohtak Road, Delhi-110 035, giving at least 7 days' notice prior to the date of Annual General Meeting to enable the Management to collect and keep the information ready.
- VIII. In order to avoid the incidence of fraudulent encashment of dividend warrants, the Members holding shares in physical form are requested to provide their Bank Account Number, Name and Address of the Bank/Branch to the Company or Karvy to enable them to incorporate the same in dividend warrant.

Members holding shares in electronic form may please note that the Bank Account details and 9-digit MICR Code of their Bankers, as noted in the records of their depository, shall be used for the purpose of remittance of dividend through National Electronic Clearing Service (NECS), or for printing on dividend warrants wherever applicable. Therefore, members are requested to update their Bank Account particulars, Change of address and other details with their respective Depository Participants.



Members are hereby informed that dividends which remain unclaimed / unencashed over a period of 7 Years have to be transferred by the Company to Investor Education & Protection Fund (IEPF) constituted by the Central Government under section 125 of the Companies Act, 2013.

- IX. The Ministry of Corporate Affairs has introduced "Green Initiative" whereby the documents are permitted to be served on the members through electronic mode i.e. email. The initiative is a step towards protection of environment and enabling faster communication with the members.

Accordingly, the Company proposed to serve all the documents to e-mail addresses of the members. Members are requested to provide/update their e-mail addresses with their respective Depository Participants (DP) or send an email at [einward.ris@karvy.com](mailto:einward.ris@karvy.com) to get the Annual Report and other documents on such e-mail address. Members holding shares in physical form are also requested to intimate their e-mail address to Karvy by email at [einward.ris@karvy.com](mailto:einward.ris@karvy.com) or by sending a communication at the address mentioned below:

**M/s. KARVY COMPUTERSHARE PRIVATE LIMITED**  
17-24, Vittal Rao Nagar  
Madhapur-Hyderabad  
Andhra Pradesh - 500 081, India

- X. The details in respect of unclaimed dividend when due for transfer to the said fund are given below:-

| Financial Year    | Date of Declaration | Date of transfer to Unpaid Dividend A/C | Last date of Claim | Due date of transfer to IEPF | Amount of Unclaimed Dividend as on 31.03.2014 (₹) |
|-------------------|---------------------|---|--------------------|------------------------------|---|
| 2006-07           | 24.09.07            | 30.10.07                                | 29.10.14           | 28.11.14                     | 57540   |
| 2007-08           | 26.09.08            | 01.11.08                                | 31.10.15           | 30.11.15                     | 48243   |
| 2008-09           | 25.09.09            | 31.10.09                                | 30.10.16           | 29.11.16                     | 48899   |
| 2009-10 (Interim) | 31.10.09            | 06.12.09                                | 05.12.16           | 04.01.17                     | 64515   |
| 2009-10           | 24.09.10            | 30.10.10                                | 29.10.17           | 28.11.17                     | 82133   |
| 2010-11 (Interim) | 03.11.10            | 09.12.10                                | 08.12.17           | 07.01.18                     | 39823   |
| 2010-11           | 20.09.11            | 26.10.11                                | 25.10.18           | 24.11.18                     | 68155   |
| 2011-12           | 17.09.12            | 23.10.12                                | 22.10.19           | 21.11.19                     | 111262*   |
| 2012-13           | 19.09.13            | 25.10.13                                | 24.10.20           | 23.11.20                     | 144962  |

\* The unpaid dividend for the financial year 2011-12 represents demand draft issued to the shareholders which are yet to be uncashed.

By Order of the Board of Directors  
For Relaxo Footwears Limited

**Kapil Garg**  
Company Secretary

Delhi, 9th August, 2014

- XI The certificate from Auditors of the Company certifying that the Employee Stock Option Scheme of the Company is being implemented in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and in accordance with the resolutions passed by the Postal Ballot will be placed at the Annual General Meeting
- (III) The Board of Directors have appointed Mr. Baldev Singh Kashtwal, Practicing Company Secretary, 106, (1st floor), Madhuban Tower, A-1, Veer Savarkar Block, Shakarpur Crossing, Delhi-110 092 as **the Scrutinizer**, for conducting the e-voting process in affair and transparent manner.
- XII **Voting through electronic means:**
- (I) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the Companies(Management and Administration) Rules, 2014, a member may exercise his right to vote by electronic means (e-voting) in respect of the resolutions contained in this notice.
- (II) The Company is providing e-voting facility to its members to enable them to cast their votes electronically. The Company has engaged the services of Karvy Computershare Private Limited ("Karvy") as the Authorized Agency to provide-voting facilities.
- (IV) Members are requested to carefully read the instructions for e-voting before casting their vote.
- (V) The e-voting facility will be available during the following Voting period after which the portal will be blocked and shall not be available for e-voting:

|                                 |   |
|---------------------------------|---|
| <b>Commencement of e-voting</b> | <b>From 09:00 a.m. on September 8, 2014</b> |
| <b>End of e-voting</b>          | <b>Upto 6:00 p.m. on September 10, 2014</b> |

- (VI) The cut-off date (i.e. the record date) for the purpose of e-voting is August 08, 2014. The procedure and instructions for e-voting are as under:
- a) Open your web browser during the voting period by typing the URL: <https://evoting.karvy.com>
  - b) Enter the login credentials (i.e. User ID and password mentioned in the email forwarding the Notice of AGM, or mentioned on the Notice of AGM, in case email id is not registered and physical copy of the Annual Report is being received by you). Your Folio No./DP ID Client ID will be your User ID. However, if you hold shares in demat form and you are already registered with Karvy for e-voting, you shall use your existing User ID and password for casting your vote.
  - c) After entering these details appropriately, click on "LOGIN".
  - d) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You will also be required to enter a secret question and answer of your choice to enable you to retrieve your password in case you forget it. **It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.**
  - e) You need to login again with the new credentials.
  - f) On successful login, the system will prompt you to select the Event Number for Relaxo Footwears Limited
  - g) On the voting page you will see the Resolution Description and the options "FOR/AGAINST/ABSTAIN" for voting. Enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut-off date as mentioned above. You may also choose the option "ABSTAIN" in case you do not want to cast vote.
  - h) You may then cast your vote by selecting an appropriate option and click on "Submit".
  - i) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
  - j) Members holding multiple folios /demat accounts shall choose the voting process separately for each of the folios /demat accounts.
  - k) Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: [bkashtwal@yahoo.co.in](mailto:bkashtwal@yahoo.co.in) with a copy to [evoting@karvy.com](mailto:evoting@karvy.com). The scanned image of the above mentioned documents should be in the naming format "Corporate Name EVENT NO."
  - l) Once the vote on a resolution is cast by a Member, the Member shall not be allowed to change it subsequently. **Further, the Members who have casted their vote electronically shall not be allowed to vote again at the Meeting.**
  - m) In case of any query pertaining to e-voting, please contact Karvy's toll free no. 1-800-34-54-001 or visit the FAQ's section available at Karvy's website <https://evoting.karvy.com>
  - n) The voting rights of the Members shall be in proportion to the paid-up value of their shares in the equity capital of the Company as on the cut-off date (i.e. the record date), being Friday, August 08, 2014.
  - o) The Scrutinizer shall after the conclusion of e-voting period and before the closing of working hours on Friday, September 12<sup>th</sup>, 2014 unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and will make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
  - p) The Scrutinizer's decision on the validity of the vote shall be final and binding.
  - q) The Results on resolutions shall be declared on or after the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the resolutions.
  - r) The result declared along with the Scrutinizer's report shall be placed on the website of the Company ([www.relaxofootwear.com](http://www.relaxofootwear.com)) and on Karvy's website (<https://evoting.karvy.com>) within 2 (two) days of passing of the resolutions at the AGM and Communicated to the Stock Exchanges where the Company shares are listed.

By Order of the Board of Directors  
For Relaxo Footwears Limited

**Kapil Garg**  
Company Secretary

Delhi, 9th August, 2014

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013**

### **Item No. 5 to 7**

The provisions of the Companies Act, 2013 with respect to appointment and tenure of the Independent Directors have come into effect. As per the said provisions, the Independent Directors shall be appointed for not more than two terms of five years each and shall not be liable to retire by rotation at every AGM. The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the amended Listing Agreement.

In the opinion of the Board, Mr. Vivek Kumar, Mr. Pankaj Shrimali and Mr. Kuruvila Kuriakose fulfil the conditions specified in the Companies Act, 2013 and the Rules made thereunder for appointment as Independent Directors of the Company.

In accordance with the requirement of the Companies Act, 2013, it is therefore proposed to appoint Mr. Vivek Kumar, Mr. Pankaj Shrimali and Mr. Kuruvila Kuriakose as Independent Directors on the Board of the Company for five consecutive years for a term upto 31<sup>st</sup> March, 2019 (not liable to retire by rotation)”

Mr. Vivek Kumar, Mr. Pankaj Shrimali and Mr. Kuruvila Kuriakose being eligible, offer themselves for appointment as Independent Directors on the Board of the Company.

The Company has received notices in writing from members along with the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidatures of each of Mr. Vivek Kumar, Mr. Pankaj Shrimali and Mr. Kuruvila Kuriakose for the office of Independent Directors of the Company.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointment, are concerned or interested in these Ordinary Resolutions.

The Board recommends the Ordinary Resolutions as set out at item no. 5 to 7 for approval of the Members.

### **Item No. 8**

As per the provisions of Section 149(1) of the Act and amended Clause 49 of the Listing Agreement, the Company should have at least one woman director. Keeping in view the above legal requirements and in deference to Company's shareholders' wishes, the Board of Directors have proposed that Ms. Deepa Verma be appointed as a Director of the Company.

Ms. Deepa Verma is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director of the Company

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Ms. Deepa Verma for the office of Director of the Company.

None of the Directors/Key Management Personnel and their relatives except Ms. Deepa Verma is interested or concerned in the passing of the Ordinary Resolution.

The Board recommends the Ordinary Resolution as set out at item no. 8 for approval of the Members.

### **Item No. 9**

Mr. Nikhil Dua was appointed as Whole-Time Director of your Company vide resolution of shareholders of the Company passed in the 29<sup>th</sup> Annual General Meeting held on 19.09.2013 for a period of three years w.e.f 01.10.2013 on a remuneration mentioned in aforementioned resolution.

In view of increased operations of the Company in last year, the Board at its meeting held on 09.08 2014 approved the increase in remuneration of (subject to the approval of members in the General Meeting) Mr. Nikhil Dua for remaining tenure of his office as a Whole-Time director of the Company with effect from 1<sup>st</sup> October, 2014 to 30<sup>th</sup> September 2016 to make his remuneration compatible with his services.

The terms and conditions of his Remuneration are as follows:

#### **Remuneration :**

1. Gross Salary per month: ₹ 5,00,000/- with an annual increase of ₹ 50,000 p.m.
2. Performance bonus/Variable payout: 0.01% of turnover as defined under the Companies Act, 2013, upto a maximum limit of ₹ 25 lacs in a financial year.
3. Other Benefits:
  - a) Gratuity payable at a rate not exceeding half month's salary for each completed year of service, and
  - b) Encashment of leave as per policy of the Company.
  - c) Other perquisites also include use of Company's car with driver, Group Personal Accident coverage and reimbursement of entertainment and all other expenses incurred by him for the business of the Company as per Company Rules, as applicable to all the employees of the Company from time to time shall not be included in computation of perquisites and allowances.

Now, approval of shareholders is required through Special Resolution.

Mr. Ramesh Kumar Dua, Mr. Mukand Lal Dua and Mr. Nikhil Dua (himself) are interested in the passing of this resolution.

None of the other Directors/Key Management Personnel and their relatives is interested or concerned in the passing of the Special Resolution.

The Board recommends the resolution set forth in Item no. 9 for the approval of the members.

**Item No 10 to 12**

The Board of Directors at its meeting held on 09.08.2014 has approved the appointment of Mr. Ritesh Dua, as Executive Vice President (Finance), Mr. Gaurav Dua, as Executive Vice President (Marketing) and Mr. Nitin Dua, as Executive Vice President (Retail) for a period of three (3) years w.e.f. 1<sup>st</sup> October, 2014 on such remuneration and terms and conditions as approved by Nomination and Remuneration Committee and given here below:-

The terms and conditions of their appointment are as follows:

**Remuneration :**

1. Gross Salary per month: ₹ 5,00,000/- in the pay scale of ₹ (5,00,000-₹ 50000-₹ 6,00,000)
2. Performance bonus/Variable payout: 0.01% of turnover as defined under the Companies Act, 2013, upto a maximum limit of ₹ 25 lacs in a financial year.

The provision of use of Company's car with driver for Official duties, Group Personal Accident coverage and reimbursement of entertainment and all other expenses incurred by him for the business of the Company as per Company Rules, as applicable to all the employees of the Company from time to time shall not be included in computation of perquisites and allowances.

**Information required to be given under rule 15 of the Companies (Meeting of Board and its Power) Rule-2014:-****1) For item No. 10**

| S.No | Particulars  | Description   |
|------|--|---|
| 1    | Name of Related Party  | Mr. Ritesh Dua  |
| 2    | Name of Director or Key Managerial personnel who is related, if any    | Mr. Mukand Lal Dua, Mr. Nikhil Dua & Mr. Ramesh Kumar Dua   |
| 3    | Nature of relationship   | Son of Mr. Mukand Lal Dua and Brother of Mr. Nikhil Dua and a member of HUF in which Mr. Ramesh Kumar Dua is also a member. |
| 4    | Nature, material terms, monetary value and particulars of the contract | Appointment as Executive Vice President (Finance) on terms & conditions as mentioned above.                                 |

**2) For item No. 11**

| S.No | Particulars  | Description  |
|------|--|--|
| 1    | Name of Related Party  | Mr. Gaurav Dua   |
| 2    | Name of Director or Key Managerial personnel who is related, if any    | Mr. Ramesh Kumar Dua, Mr. Mukand Lal Dua and Mr. Nikhil Dua  |
| 3    | Nature of relationship   | Son of Mr. Ramesh Kumar Dua and a member of HUF in which Mr. Mukand Lal Dua and Mr. Nikhil Dua are also member |
| 4    | Nature, material terms, monetary value and particulars of the contract | Appointment as Executive Vice President (Marketing) on terms & conditions as mentioned above.                  |

**3) For item No. 12**

| S.No | Particulars  | Description   |
|------|--|---|
| 1    | Name of Related Party  | Mr. Nitin Dua   |
| 2    | Name of Director or Key Managerial personnel who is related, if any    | Mr. Mukand Lal Dua, Mr. Nikhil Dua & Mr. Ramesh Kumar Dua   |
| 3    | Nature of relationship   | Son of Mr. Mukand Lal Dua and Brother of Mr. Nikhil Dua and a member of HUF in which Mr. Ramesh Kumar Dua is also a member. |
| 4    | Nature, material terms, monetary value and particulars of the contract | Appointment as Executive Vice President (Retail) on terms & conditions as mentioned above.                                  |

Mr. Ramesh Kumar Dua, Mr. Mukand Lal Dua and Mr. Nikhil Dua, being relative of Mr. Ritesh Dua, Mr. Gaurav Dua and Mr. Nitin Dua are deemed to be considered or interested in the passing of above mentioned resolutions.

None of the other Directors/Key Management Personnel and their relatives is interested or concerned in the passing of the Special Resolutions

The Board recommends the Resolutions as set out at Item no. 10 to 12 for approval of the members.



**Item No. 13**

The Board of Directors at its meeting held on 09.08.2014 has approved the appointment of Mr. Rahul Dua Executive (Manufacturing) for a period of three (3) years w.e.f. 1<sup>st</sup> October, 2014 on such remuneration and terms and conditions as approved by Nomination & Remuneration Committee and given here below:-

**Remuneration :**

1. Gross Salary per month: ₹ 2,50,000/- in the pay scale of (₹ 2,50,000-₹ 25000-₹ 3,00,000)
2. Performance bonus/Variable payout: 0.01% of turnover as defined under the Companies Act, 2013, upto a maximum limit of ₹ 25 lacs in a financial year.

The provision of use of Company's car with driver for Official duties, Group Personal Accident coverage and reimbursement of entertainment and all other expenses incurred by him for the business of the Company as per Company Rules, as applicable to all the employees of the Company from time to time shall not be included in computation of perquisites and allowances.

**Information required to be given under rule 15 of the Companies (Meeting of Board and its Power) Rule-2014:-**

| S.No | Particulars  | Description   |
|------|--|---|
| 1    | Name of Related Party  | <b>Mr. Rahul Dua</b>  |
| 2    | Name of Director or Key Managerial personnel who is related, if any    | <b>Mr. Ramesh Kumar Dua, Mr. Mukand Lal Dua and Mr. Nikhil Dua</b>  |
| 3    | Nature of relationship   | <b>Son of Mr. Ramesh Kumar Dua and a member of HUF in which Mr. Mukand Lal Dua and Mr. Nikhil Dua are also member</b> |
| 4    | Nature, material terms, monetary value and particulars of the contract | <b>Appointment as Executive (Manufacturing) on terms &amp; conditions as mentioned above</b>                          |

Mr. Ramesh Kumar Dua, Mr. Mukand Lal Dua and Mr. Nikhil Dua, being relative of Mr. Rahul Dua is deemed to be considered or interested in the passing of this resolution

None of the other Directors/Key Management Personnel and their relatives is interested or concerned in the passing of the Special Resolution

The Board recommends the resolution set forth in Item no.13 for the approval of the members.

**INFORMATION REQUIRED TO BE GIVEN PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT**

- 1 Mr. Deval Ganguly, aged 55 years, is B. Tech from IIT Kanpur. He has more than 33 years of experience in areas of Manufacturing, Project and Plant Management. He joined Relaxo Footwears Limited as President (Manufacturing) and remained associated with the Company for more than one year before his appointment as Whole Time Director on 5th November, 2012. He does not hold any Equity Shares of the Company.

2. Mr. Vivek Kumar, aged 58 years, is an Electrical Engineer from the University of Roorkee (now IIT Roorkee) and MBA from Faculty of Management Studies, Delhi University. He has more than 20 years of corporate experience in India's leading business houses where he has been operational head besides setting up a number of electrical appliances plants. His contribution has been in the form of improved productivity, quality and efficiency. He is also a Management consultant to many Corporates in India and abroad in the areas of Quality, Productivity, Environment, Safety etc. Presently, he is a Senior Professor to leading Management Institutions including the IITs. He is also a Director in Sagar Quality Management Services (P) Ltd. He does not hold any Equity Shares of the Company. He is a member of Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee of the Company.
3. Mr. Pankaj Shrimali, aged 52 years, is a fellow member of the Institute of Chartered Accountants of India, Institute of Company Secretaries of India, Institute of Cost Accountants of India. He has over 29 years of experience in area of Finance, Accounts, Secretarial, Corporate Management, Legal & Corporate consultancy services, Strategic Management, Investment Banking for reputed corporate houses etc. He is also member of Audit Committee and Nomination & Remuneration Committee of the Company. He is also Director in Network Limited and Kritical Solutions Private Limited. He holds 11000 Equity Shares of the Company.
4. Mr. Kuruvila Kuriakose, aged 64 years, is B.Sc (Special) in Maths with a high first class from Kerala University in the year 1970 and completed CA final in May 1974 with an All India rank. He is an experienced financial professional from footwear Industry. He is also Director in Neo Land projects Private Limited, Microfin Securities Private Limited, Milliard Logistics Private Limited, Stellar Recreations Private Limited, Star Build Mart Private Limited, Naamah Retreats Private Limited and Four Seasons(P) Ltd. He is a member of Audit Committee. He does not hold any Equity Shares of the Company.
5. Ms. Deepa Verma, aged 54, B.Sc, LL.B, M.A (Psychology), Diploma in Educational Guidance & Counseling. She has over 25 years of experience in academic administration. She is Associated with the University of Petroleum & Energy Studies since inception. She held various positions such as Director (NCR) region, Vice President (Academic Affairs) and presently in charge of Institutional Affairs and HR. She does not hold any Equity Shares in the Company.
6. Mr. Nikhil Dua, aged 38 years is a Commerce graduate and has done course from International School of Modern Shoe-making (Czech Republic). He has an experience of 19 years in the shoe division of the Company. He has rich knowledge with regard to product mix and market development in respect of footwear industry. He holds 2250225 Equity Shares of the Company. He is a member of Audit Committee of the Company.

By Order of the Board of Directors  
For Relaxo Footwears Limited

**Kapil Garg**  
Company Secretary

Delhi, 9th August, 2014

Registered Office: 316-319, Allied House, Inderlok, Delhi 110035  
 Phones: 23128354, 23127090, Fax No: 46800692  
 CIN: - L74899DL1984PLC019097  
 E-mail: [rfl@relaxofootwear.com](mailto:rfl@relaxofootwear.com), Website: [www.relaxofootwear.com](http://www.relaxofootwear.com)

## Name and Registered Address of the sole / first Member:

|  |
|--|
|  |
|--|

Number of Shares held :

-----  
Signature of Third Proxy Holder

Members may please note the user id/password etc., given below for the purpose of e-voting in terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014. Detailed instructions for e-voting are given in the AGM Notice.

| EVEN (E- Voting Event Number) | USER ID | PASSWORD |
|-------------------------------|---------|----------|
|                               |         |          |

1. Members/Proxy holders are requested to bring their copies of the Annual Report with them to the meeting.
2. For the convenience of Members, persons other than Members/Proxies will not be allowed into the meeting.

**Note: No Gift/Gift Coupons will be distributed at the Meeting**

**RELAXO FOOTWEARS LIMITED**

Registered Office: 316-319, Allied House, Inderlok, Delhi 110035

Phones: 23128354, 23127090, Fax No: 46800692

CIN: - L74899DL1984PLC019097

E-mail: rfl@relaxofootwear.com, Website: [www.relaxofootwear.com](http://www.relaxofootwear.com)**PROXY FORM**

Name of the Member (s): .....

Registered Address: .....

E-mail Id:..... Folio No. / Client Id:..... DP Id:.....

I/We, being the member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint

1. Name: ..... Address: .....

E-mail Id: .....Signature: ....., or failing him / her

2. Name: ..... Address: .....

E-mail Id: ..... Signature: ....., or failing him / her

3. Name: ..... Address: .....

E-mail Id: ..... Signature: ....., or failing him / her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 30<sup>th</sup> Annual General Meeting of the Company, to be held on Thursday, the 18<sup>th</sup> September, 2014 at 10.30 a.m. at Sri Sathya Sai International Centre, Lodhi Road Institutional Area, Pragati Vihar, New Delhi-110003 and at any adjournment thereof in respect of such Resolutions as are indicated below:

| S.No                | Resolution  | Optional * |         |
|---------------------|---|------------|---------|
|                     |   | For        | Against |
| Ordinary Business:- |   |            |         |
| 1                   | Ordinary Resolution for Adoption of Audited financial statements of the Company for the year ended at March 31, 2014 and Reports of the Board of Directors and Auditors thereon.  |            |         |
| 2.                  | Ordinary Resolution for appointment of a Director in place of Mr. Deval Ganguly, Director who retires by rotation as a Director and being eligible, offers himself for re-appointment.  |            |         |
| 3                   | Ordinary Resolution for declaration of dividend on Equity Shares for the financial year 2013-14.  |            |         |
| 4.                  | Ordinary Resolution for appointment of M/s. Gupta & Dua, Chartered Accountants (Firm Registration No. 003849 N) as Statutory Auditors of the Company and fixing their remuneration.   |            |         |
| Special Business:-  |   |            |         |
| 5.                  | Ordinary Resolution for appointment of Mr. Vivek Kumar as Independent Director of the Company under section 149 of Companies Act, 2013.   |            |         |
| 6.                  | Ordinary Resolution for appointment of Mr. Pankaj Shrimali as Independent Director of the Company under section 149 of Companies Act, 2013.   |            |         |
| 7.                  | Ordinary Resolution for appointment of Mr. Kuruvila Kuriakose as Independent Director of the Company under section 149 of Companies Act, 2013.  |            |         |
| 8.                  | Ordinary Resolution for appointment of Ms. Deepa Verma as Independent Director of the Company under section 149 of Companies Act, 2013.   |            |         |
| 9.                  | Special Resolution for approving an increase in remuneration of Mr. Nikhil Dua, for his remaining tenure from 1 <sup>st</sup> October, 2014 till 30 <sup>th</sup> September, 2016 as Whole-Time Director of the Company under section 196 & 197 of Companies Act, 2013.     |            |         |
| 10.                 | Special Resolution for appointment of Mr. Ritesh Dua as Executive Vice President (Finance), (relative of Mr. Mukand Lal Dua & Mr. Nikhil Dua, Whole –Time Directors of the Company and Mr. Ramesh Kumar Dua, Managing Director) under section 188 of Companies Act, 2013.   |            |         |
| 11.                 | Special Resolution for appointment of Mr. Gaurav Dua as Executive Vice President (Marketing) (relative of Mr. Ramesh Kumar Dua, Managing Director and Mr. Mukand Lal Dua & Mr. Nikhil Dua, Whole -Time Directors of the Company ) under section 188 of Companies Act, 2013. |            |         |
| 12.                 | Special Resolution for appointment of Mr. Nitin Dua as Executive Vice President (Retail), (relative of Mr. Mukand Lal Dua, & Mr. Nikhil Dua, Whole-Time Directors of the Company and Mr. Ramesh Kumar Dua, Managing Director) under section 188 of Companies Act, 2013.     |            |         |
| 13.                 | Special Resolution for appointment of Mr. Rahul Dua as Executive (Manufacturing) (relative of Mr. Ramesh Kumar Dua, Managing Director and Mr. Mukand Lal Dua & Mr. Nikhil Dua, Whole –Time Directors of the Company ) under section 188 of Companies Act, 2013.             |            |         |

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature of Proxy Holder(s)

Signature of Shareholder

Affix  
₹1/-  
Revenue  
Stamp

**Note:**

- This Form of Proxy, in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**
- \* It is optional to put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolution, your proxy will be entitled to vote in the manner as he / she thinks appropriate**