



Quality Par Excellence

# RELAXO FOOTWEARS LIMITED

Annual Report 2010-2011

**sparx**  
GO FOR IT

Add sparx to your life



SM-117  
Size: 6-10



SM-116  
Size: 6-10



SM-100  
Size: 6-10



SS-420  
Size: 6-10



SS-207  
Size: 6-10

Article featured in Neil's hand SM-123

[www.relaxof footwear.com](http://www.relaxof footwear.com)

## BOARD OF DIRECTORS

<b>Ramesh Kumar Dua</b>	Managing Director
<b>Mukand Lal Dua</b>	Whole Time Director
<b>Nikhil Dua</b>	Whole Time Director
<b>S.K. Sapra</b>	Independent Director
<b>Vivek Kumar</b>	Independent Director
<b>Pankaj Shrimali</b>	Independent Director

### COMPANY SECRETARY

Kapil Garg

### CHIEF FINANCIAL OFFICER

Sushil Batra

### AUDITORS

GUPTA & DUA

Chartered Accountants

9, Darya Ganj, New Delhi-110 002

### BANKERS

State Bank of India

HDFC Bank

Standard Chartered Bank

ING Vysya Bank

### SHARE TRANSFER AGENTS

M/s. Karvy Computershare Private Limited  
Plot No. 17-24, Vittalrao Nagar, Madhapur,  
Hyderabad-500 081

### REGISTERED OFFICE

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

### WORKS

#### RFL-I

- Plot No. 327, MIE,  
Bahadurgarh, Haryana

#### RFL-II

- Plot No. 326, 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, Uttaranchal

#### RFL-VI

- 342-343, Footwear Park,  
Industrial Estate, Sector-17,  
Bahadurgarh, Haryana

#### RFL-VII

- Plot No. 328-329, MIE,  
Bahadurgarh, Haryana

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# Wings ...for a bigger sky.



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



## MD'S MESSAGE

### **Destiny**

*Every journey has a purpose. Every step, has a beginning.*

Relaxo Footwears has been a long and eventful odyssey, one that began as a humble dream in 1976. The years that followed saw the rise of a phenomenal growth. Today, your Company manufactures over 3 lacs pairs of footwear per day, which approximately adds up to 90 million pairs per year. More importantly, we bring Quality with comfort to the customer. It's no stretch to say that, at Relaxo Footwears, we celebrate new beginning, everyday. Quality is that something extra which will be perceived by the customer as a valid reason for buying again. Relaxo doesn't just bridge a need in the footwear space but emphasize to provide value for money to its customer.

At the core of all this action lie our faith in man, more than machines: *people are the most valuable resource*. We are in a position to employ relevant talent, thus giving national employment a shot-in-the-arm by employing over 7000 people. Being in a sector that is blessed with a non-ending need or demand, we are also in a position to re-engineer systems, polish best practices, raise the quality bar and introduce innovations.

Relaxo Footwears has responded to these times of change by adopting intuitive re-structuring measures to boost the company's overall viability. Specifically, we have focused on value re-engineering, on cost rationalization rather than on cost-chopping.

It is a diverse, complex and competitive universe and your Company bestrides with distinction and pride. Consider our recent performance, the annual turnover has grown 2.3 times in the last 3 years to a mammoth ₹ 686 crore in 2010-11. I applaud the efforts of our work force who dug in their heels to make this happen, and to all our stakeholders who kept the faith at every step to the way.

But there's more reason to rejoice, for at Relaxo Footwears, the future has just begun...

At Relaxo Footwears, we have deployed a three-pronged approach of re-strategizing, re-humanization and re-creation to sew up bottlenecks, bolster competencies and explore new areas of growth.

Re-strategizing at Relaxo Footwears has entailed investments in new technology, IT and management processes, setting up new production units to strengthen back-end dynamics and supply management, putting checks and controls (including cost

rationalization) in place, and applying higher benchmarks of quality excellence at every stage of our production assembly line. Re-strategizing at Relaxo Footweares has also been about analysing shifting customer habits and trends, and responding to them with powerful merchandizing mechanisms, retail expansion and advertising exercises that increase touch-point level engagement with our customers, maximize sales-gains and drive brand recall across age and social groups.

Re-humanization at Relaxo Footweares has been about mining talent in our workforce and getting the best out of them. For this, we have been organizing 'Goal-setting Workshops', Success Meets, Strategy-workshops.

Re-creation at Relaxo Footweares has been all about leveraging R&D for product innovation, nurturing brand ideas, technology and comfort in uncommon ways to appeal to a more value-conscious consumer.

Relaxo Footweares is nurturing creativity, building competencies, and continuously seeking unexplored new highways of growth. Outstanding growth at Relaxo Footweares has been a direct upshot of innovations and endeavours on the ground. We ventured into categories like Flite and Sparx, and both the products have witnessed excellent response from intended target groups. In general, your Company enjoys great brand pull in the market. Demand is robust and the company is likely to maintain growth momentum.

These are exciting times indeed at Relaxo Footweares. Horizons are expanding, young markets are being discovered, and the sky is getting bigger, everyday. It's time for another giant step. I thank you for your continued support, and for sharing our dream, I extend to you a cordial invitation...

To another golden journey, that's just beginning...





*Group that adapt go on to produce new inventions, while those that do not end up extinct. Relaxo Footwears follows the similar path. Those that respond to threats & capitalize on opportunities become leaders. By embracing evolving outlook & advancing corporate strategies, Relaxo Footwears has left behind its reputation as performers.*

## CORPORATE VALUES & PHILOSOPHY

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



## CORPORATE GOALS & OBJECTIVES

Our Corporate Objectives provide a single-minded focus for every member of the Relaxo family to aspire to:

1. Developing human assets through effective training
2. Product innovation through design and development
3. Meet & exceed customer requirement (both internal & external)
4. Increased customer satisfaction
5. Quality improvement through control of rejection
6. Optimum utilization of resources
7. Waste reduction at all stages
8. Explore national and international markets
9. ISO 9001:2008 compliance

# DELIVERING

*...from the edge*

Over the years, Relaxo has steadily integrated its competencies at the back-end, and today, our production units are spread right across the length and breadth of Northern India. Leading edge technology, heavy-duty machinery and custom-made infrastructure stand by at each of these facilities, ready to deliver at short notice. Manning them are some of the finest and most dedicated professionals in the industry. On top of things is our proactive R&D team – orchestrating assembly and monitoring market feedback at every step to keep both design and delivery at the edge of innovation, and ever-ready to adjust with shifting trends and customer feedback.

Relaxo has 7 actively functioning facilities at the following locations:

S No.	Unit	Location	Products Manufactured
1	RFL I	Bahadurgarh (Haryana)	Hawaii
2	RFL II	Bahadurgarh (Haryana)	Hawaii
3	RFL III	Bhiwadi (Rajasthan)	Hawaii
4	RFL IV	Bahadurgarh (Haryana)	Flite
5	RFL V	Haridwar (Uttaranchal)	Sparx Shoes & Sandals
6	RFL VI	Bahadurgarh (Haryana)	Flite, Schoolmate, Casualz, Spark DIP
7	RFL VII	Bahadurgarh (Haryana)	Canvas, Sparx Shoes, Sandals

# REACHING OUT

*...to the world*

Relaxo Footwears leverages its enormous and strategically spread-out, pan-India distribution network to respond to the demands of its customers on time. Relaxo Footwears has its reach in more than 40,000 Multi-brand shops across the country, 127 exclusive company operated retail outlets. We also serve large retail chain stores as their trusted OE manufacturers and suppliers and exporting to more than 10 countries.





Quality Par Excellence

# YOU KNOW US BY NAME

Strongly and brightly comfortable, products from the Relaxo's table are recognized for their freshness of design and value for money. They are memorable and popular expressions of the research and passion we bring to the table.



Quality Par Excellence

**Relaxo:** This is where it all began for us. Relaxo is by far the largest manufacturer of Hawaii in India. With changing times, our Hawaii has changed too, and is available in a range of shades and styles.



**Schoolmate** celebrates the wonder years by giving school boys and girls a shoe they can be truly proud of. Crafted with superb workmanship and adaptable designs is every child's favourite today.



**Flite** is all about cutting-edge EVA technology that makes Flite-fashionable and light, and an array of colors and designs make it a favorite with people from all walks of life.



**Sparx** appeals to the bold new generation, and is a line of sports shoes, sandals and Hawaii slippers that oozes creativity and zest for life.

**Other brands of Relaxo are :**



Elena



Mary Jane



Casualz



Boston





# AT RELAXO, *a better day begins...everyday*

## Corporate Social Responsibility

Despite being an economy on the fast-track to global eminence, India remains a country ridden with predicaments such as poverty, illiteracy, lack of healthcare, lack of awareness about the environment, inadequate civic facilities and infrastructure. Having evolved from charity and donations, CSR today has taken an organized shape, and is an integral part of the forward vision and goals of most organizations.

What is doubly satisfying is that in most of these endeavors, it is our employees who have taken a proactive roles by volunteering and contributing with their time and skills to implement them. The company actively advocates the use of recyclable material at every level.

Relaxo Footwears stretches this commitment to a better tomorrow to a pan-national level by foraying into wind power. Our 6 MW capacity windmills at Jodhpur in Rajasthan have a generation of approximately 12 Million units per annum. What is of note, is that the energy they will produce will be clean, non-polluting and a tangible contribution to a healthier and greener planet.

Corporate Social Responsibility has always been at the heart of the activities of your Company. As a part of its Corporate Social Responsibility, the Company is dedicated towards the Cancer care programme which is expanding day by day and the dying patients at Ganga Prem Hospice are being treated and cured from the support of Relaxo and they are now able to care for more patients at Rishikesh, Haridwar and Uttaranchal.

The Company has been making humble contributions & taking meaningful measures to enrich the socio-economic environment & living standard of the people around especially the backwards & economically weaker sections of the society. The Company is in collaboration with IL&FS Clusters in order to uplift the backward class of the society by imparting training to the trainees selected from rural BPL families in respect of operator courses, which is making them technically aware and then hiring them. The Indian Footwear Industry provides employment opportunities to a total of 1.1 million people, mostly from the weaker section of the society.



An advanced small cell carcinoma patient at Nurse at Ganga Prem Hospice Cancer Clinic, Rishikesh



# PLAN, DO, CHECK, ACT

Management systems at Relaxo is based around the structured integration of best practices into daily routines and processes. It dovetails information sharing, benchmarking, team-synchronization and thought-leadership into a well-oiled delivery system that helps the company achieve continuous improvement in performance. Our management systems and Initiatives reflect some of the best ideas and practices in the corporate world today. Each plan is thoughtfully weighed for impact, meticulously implemented and powerfully activated for maximum on-the-ground impact. Relaxo's winning matrix of Management System rests of the following check-posts :

1. Annual Business Planning objective setting
2. Capacity assessment and planning
3. Monthly Business review through performance score card
4. Quarterly Business review
5. QMS: ISO 9001:2008
6. Rolling out of ERP across Relaxo (SAP)
7. OTIF (On Time In Full)
8. Initiating continuous improvement through team projects
9. Suggestion schemes (Parivartan)
10. Shoe Designing through "CAD" software (Shoemaster)



## EXPANSION PROGRAMME

### Flite Pu-Fashion:

Company is setting up a New Plant for High Fashionable Footwear with state of art PU technology with additional features of longevity, skid – resistance, light weight etc. It will cater to Fashion conscious Upper Strata of Society under Flite brand.

## Notice

### NOTICE

Notice is hereby given that 27<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 Tuesday, 20<sup>th</sup> day of September, 2011 at 10.30 a.m. to transact the following business:-

### ORDINARY BUSINESS:-

1. To receive, consider and adopt the Audited Balance Sheet as at March 31<sup>st</sup>, 2011 and the Profit and Loss Account for the year ended on that date and Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Vivek Kumar, Director who retires by rotation as a Director and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Pankaj Shrimali, Director who retires by rotation as a Director and being eligible, offers himself for re-appointment.
4. To confirm the payment of interim dividend and declare final dividend on equity shares for the financial year 2010-11.
5. To appoint Statutory Auditor 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 (formerly, Gupta & Jhunjhunwala), Chartered Accountants (Firm Registration No. 003849 N) be and are hereby appointed as 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.”

**By Order of the Board of Directors  
For Relaxo Footwears Limited**

**Place: Delhi**  
**Dated: July 30, 2011**

**KAPIL GARG**  
Company Secretary

### 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. 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.
- III.
  - a) The Register of Members and Share Transfer Book of the Company shall remain closed from Wednesday, 14.09.2011 to Tuesday, 20.09.2011 (both days inclusive)
  - b) Dividend on Equity Share of the Company, as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on or before Wednesday, 19<sup>th</sup> day of October, 2011.

## Notice

- c) Members may please note that the dividend warrants/drafts 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 within initial validity period.
- IV. Members/proxies are requested to bring their Attendance Slip duly filled in and signed for attending the meeting. Members who hold share in Dematerialised 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 and please note that no gift or coupon will be distributed at the meeting.
- V. 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.
- VI. 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.
- VII. In order to avoid the incidence of fraudulent encashment of dividend warrants, the Members holding share 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 share 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.
- VIII. 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 250A and 205C of the Companies Act, 1956. Further, under the Companies Act, 1956 no claim shall lie for the unclaimed dividend from IEPF by the Shareholders.
- 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 [relaxo@karvy.com](mailto:relaxo@karvy.com) to get the Annual Report and other documents on such e-mail address. Members holding share in physical form are also requested to intimate their e-mail address to Karvy by email at [relaxo@karvy.com](mailto:relaxo@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  
Andherpradesh-India

## Notice

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 Dividend as on 31.03.2011(₹)
2003-04	24.09.04	30.10.04	29.10.11	28.11.11	313
2004-05	22.09.05	28.10.05	27.10.12	26.11.12	1315
2005-06	21.09.06	27.10.06	26.10.13	25.11.13	19052
2006-07	24.09.07	30.10.07	29.10.14	28.11.14	58140
2007-08	26.09.08	01.11.08	31.10.15	30.11.15	49143
2008-09	25.09.09	31.10.09	30.10.16	29.11.16	55340
2009-10 (Interim)	31.10.09	06.12.09	05.12.16	04.01.17	64965
2009-10	24.09.10	30.10.10	29.10.17	28.11.17	85076
2010-11 (Interim)	03.11.10	09.12.10	08.12.17	07.01.18	41876

**By Order of the Board of Directors  
For Relaxo Footwears Limited**

**Place: Delhi**  
**Dated: July 30, 2011**

**KAPIL GARG**  
Company Secretary

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

1. Mr. Vivek Kumar is an Electrical Engineer from the University of Roorkee (now IIT Roorkee) and MBA from faculty of Management Studies, Delhi University. He has 19 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 Senior Professor in leading Business School. He does not hold any equity shares of the Company.
2. Mr. Pankaj Shrimali is a fellow member of the Institute of Chartered Accountants of India, Institute of Company Secretaries of India, Institute of Cost and Works Accountants of India. He has over 26 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 Remuneration Committee of the Company. He is also Director in Network Limited, Kritikal Solutions Private Limited and Ventura Strategic Management Solutions Private Limited. He holds 2200 equity shares of the Company.

**By Order of the Board of Directors  
For Relaxo Footwears Limited**

**Place: Delhi**  
**Dated: July 30, 2011**

**KAPIL GARG**  
Company Secretary

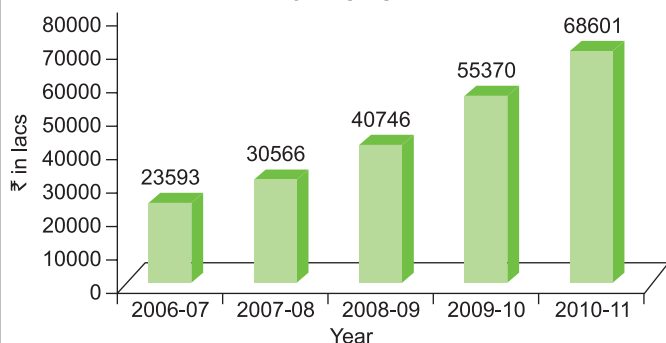


## Financial Highlights

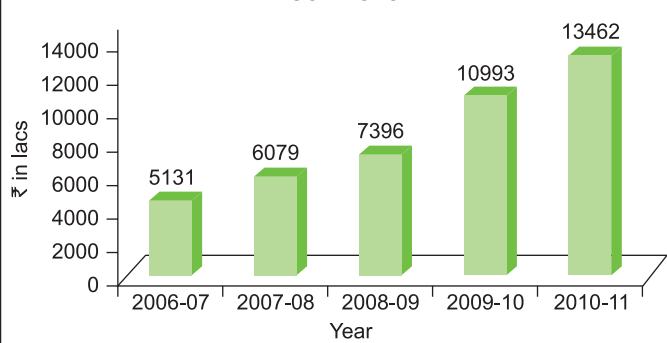
(₹ in Lacs)

Particulars	2010-11	2009-10	2008-09	2007-08	2006-07
No of Pairs sold (in lacs)	865.74	842.97	684.50	639.00	519.75
Sales	68601.03	55369.99	40746.35	30566.22	23593.48
Total Income	69213.20	55781.93	41004.86	30731.73	23687.62
EBIDTA	7219.96	8029.27	4371.82	3300.73	2372.20
Interest	1566.85	1105.69	926.78	692.47	469.48
Depreciation	2095.48	1545.70	1047.01	934.43	830.17
Tax	886.32	1608.66	974.80	621.42	460.60
Net Profit	2671.31	3769.22	1423.23	1052.41	611.95
Equity Share Capital	600.06	600.06	600.06	600.06	600.06
Net Worth	13462.27	10992.69	7396.46	6078.54	5131.44
Gross Fixed Assets	35408.09	29222.05	21271.40	15368.74	12776.85
Net Fixed Assets	26960.68	22841.06	15907.69	11026.34	9352.36
Total Assets	34242.62	27525.64	19187.68	14010.08	12030.08
Growth in Sales (%)	23.90	35.89	33.31	29.55	17.46
EBIDTA to Sales (%)	10.52	14.50	10.73	10.80	10.05
EPS in ₹	22.26	31.41	11.86	8.77	5.10
Book Value per share (in ₹)	112.17	91.60	61.63	50.64	42.76
ROCE (%)	18.62	33.79	23.73	19.67	15.87

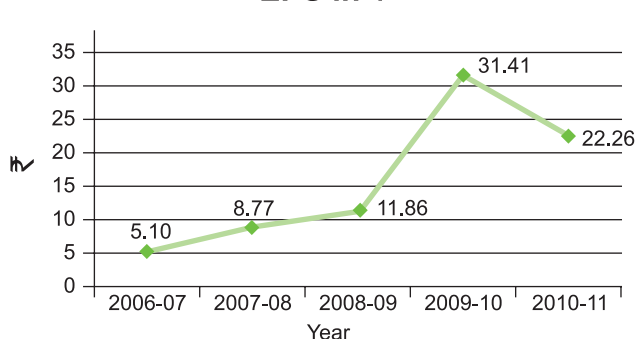
### Turnover



### Net Worth



### EPS in ₹



# 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 2010-11.

## 1. FINANCIAL RESULTS

(₹ in Lacs)

Particulars:	2010-11	2009-10
Sales & Other Income	69213.20	55781.93
Total Expenditure	63560.09	48857.13
Profit before Depreciation & Tax	5653.11	6924.80
Depreciation	2095.48	1545.70
Profit before Tax & Extra Ordinary items	3557.63	5379.10
Extra Ordinary items	-	(1.22)
Profit before Tax	3557.63	5377.88
Payment/Provision for Tax	886.32	1608.66
Profit after Tax	2671.31	3769.22
Balance brought forward from Previous year	859.59	1293.36
Prior Period Adjustment	7.73	7.16
Amount available for Appropriation	3538.63	5069.74
<b>Appropriation :</b>		
Final Dividend	120.01	120.01
Tax on Final Dividend	19.47	19.93
Interim Dividend	60.01	60.01
Tax on Interim Dividend	9.97	10.20
Transfer to General Reserve	3000.00	4000.00
Balance carried to Balance Sheet	329.17	859.59
<b>TOTAL</b>	<b>3538.63</b>	<b>5069.74</b>
Basic and Diluted Earning per Share ₹	22.26	31.41

## 2. OPERATIONS

During the year under review, the Company recorded a Gross Income of ₹ 692.13 Crores against ₹ 557.82 Crores in previous year i.e an increase of 24%. However, Net Profit after Tax has decreased from ₹ 37.69 Crores to ₹ 26.71 Crores due to constant increase in material cost during the year.

Now, the Company is optimistic and striving in order to maintain adequate margin in forthcoming years.

## 3. DIVIDEND

Your Directors are pleased to recommend a dividend of 20% on the equity shares of the Company for the financial year 2010-11 in addition to 10% Interim Dividend paid during the year.

## Directors' Report

### 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 furnished the requisite certificate to the effect that their re-appointment, if effected, will be in accordance with Section 224(1B) of the Companies Act, 1956.

The Statutory Auditors of the Company changed their firm's name from M/s. Gupta & Jhunjhunwala to M/s. Gupta & Dua, Chartered Accountants during the current financial year.

### 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. Vivek Kumar and Mr. Pankaj Shrimali, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

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

### 7. MANAGEMENT DISCUSSION & 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.

### 8. 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.

### 9. FIXED DEPOSITS

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

### 10. 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 no material departures there from;
2. That the Directors have selected such accounting policies and applied them consistently and made judgments 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 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.

### 11. 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.

## Directors' Report

### 12. LISTING AT NATIONAL STOCK EXCHANGE

Your Directors are pleased to inform that Equity shares of the Company has been listed on National Stock Exchange of India Limited with effect from 17.06.2011 in addition to existing listing with Bombay Stock Exchange Limited.

### 13. 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 stocks of the Company have been properly insured against all kind of risks.

### 14. HUMAN RESOURCE MANAGEMENT & INDUSTRIAL RELATIONS

The Company during the year organized training and development to boost up the morale of employees, maintain work life balance and to create a feeling of team work to develop capabilities to enhance its leadership in the talent domain. Areas of focus have been leadership development, sales and quality of services. The Industrial Relations in all the units of the Company continued to be cordial during the year under review.

### 15. 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.

### 16. 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 write to the Company Secretary for a copy.

### 17. ACKNOWLEDGEMENT

Your Directors express their gratitude to the Company's shareholders, business partners and suppliers for their understanding and support. Your Director's record their appreciation and gratitude to the banks for their continued and timely assistance in meeting the Company's resource requirement. Finally, your Directors acknowledge the dedicated services rendered by all employees of the Company.

**For and on behalf of the Board of Directors**

**Place: Delhi**  
**Dated: July 30, 2011**

**RAMESH KUMAR DUA**      **MUKAND LAL DUA**  
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.

### 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
- Moulds Development
- Waste recycling
- Cater to Export Special requirement

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

- Improvement in quality
- Development of new product/process

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

- Recurring : ₹ 4.36 Lacs charged out as expenses through respective Heads of accounts

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

##### a) Efforts made towards technology

- Introduction of low shrinkage footwear
- Introduction of light weight footwear
- Introduction of P.U. footwear

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

- Better market acceptance
- Improvement in quality
- Reduction in process cycle time
- More Participation in Export
- Reduction in overall cost of production

##### 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 regularly participate in prestigious international exhibition and has developed markets of Middle East, Europe & Africa and these markets will increase overall export of Company in coming years.

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

Used : ₹ 3947.13 Lacs

Earned : ₹ 2111.05 Lacs



# Management Discussion and Analysis

## Industry scenario and future challenges

### THE INDIAN ECONOMY

Post recession, the Indian economy has emerged as a major player in the world. The Indian equity markets fared better than most other emerging markets in 2010. The inherent strength of India's domestic demand will enable it to maintain high levels of annual growth over the next year (ranging between 9% and 11%). In this, it will be supported by domestic demand, a large & growing young population, robust consumption habits, boost in infrastructure, friendly government policies, investment rates, rising exports and an exploding rural market.

### FOOTWEAR IN INDIA

India produces 2065 million pairs of footwear (leather footwear - 909 million pairs, leather shoe uppers - 100 million pairs, and non-leather footwear - 1056 million pairs) annually. Footwear today contributes significantly to Indian Growth. In India, footwear extends itself to both the traditional and the modern sector. The traditional sector, comprising mostly small scale units, which accounts for over 55% of total production. The modern sector, on the other hand, is made up of companies with more advanced technological infrastructure and contemporary attitudes, and with in-house design units that are catering to shifting consumer preferences.

The labor-intensive nature of the footwear industry in India impacts the national economy significantly and measurably by employing skilled, semi-skilled and non-qualified workers. It provides a much-needed fillip to our workforce by profitably engaging a large section of the population of the land.

### RETAIL IN INDIA

Front-ending, this happy tide is the parallel explosion in India's retail sector. Retail in India is booming today, and is estimated to show 20% annual growth in the coming time (vis-à-vis 8.5% currently) with rural India accounting for 55% of private retail consumption. India's rural market is forecasted to cross US\$ 60.43 billion by 2015, where the next phase of growth is likely to be seen.

### STRENGTHS & OPPORTUNITIES

The footwear industry in India stands poised on the threshold of a deluge of new vistas and opportunities. Some of the factors driving demand, competencies and optimism in the sector today are the availability of labor, large supply-hinterland of raw material & inputs, sufficient productive capacity in tanning, massive institutional support (for technical services, designing, manpower development and marketing), better technology, better linkages with international markets (via fairs and BSMs) and the growing demand worldwide.

### WEAKNESSES AND THREATS

Some of the bottlenecks that persist in the footwear sector in India today are the unorganized nature of the sector (at large) and labor productivity that persist in many areas, insufficient focus on value innovation, unhygienic environments, etc.

### EXPORT

With an eye to tap new frontiers and opportunities, your Company has been actively seeking new markets in Asia, Middle East, South Africa and Europe. India's leadership in the global footwear sector expedites this endeavor of ours, and we have already received warm response to the feelers sent out by us. And on the basis of performance, your company got "Export House Status" in this year.



Quality Par Excellence

## Management Discussion and Analysis

### INTERNAL AUDIT AND INTERNAL CONTROL

The Company insures against loss by a stringent system of internal control measures. The controls ensure optimal utilisation and protection of resources, IT security, accurate reporting of financial transactions and compliance with applicable laws and regulations as also internal policies and procedures. The internal control system is augmented by extensive internal audits, regular reviews by management, and well documented policies and guidelines to ensure reliability of financial and all other records and data. Internal auditors are in charge of orchestrating comprehensive internal checks and audits to ensure compliance and identify weaknesses in the system.

### RISK MANAGEMENT

Appropriate procedures for risk assessment and minimization thereof have been laid down by your Company Management – to account for the varied nature of risks the Company is exposed to in the course of its daily and routine operations. The same is, further, reviewed by the Management from time to time.

**For and on behalf of the Board of Directors**

**Place: Delhi**  
**Dated: July 30, 2011**

<b>RAMESH KUMAR DUA</b>	<b>MUKAND LAL DUA</b>
Managing Director	Whole Time Director

# Corporate Governance Report

## AT THE HEART OF THE CORPORATE

Corporate governance is about commitment to human values in business, and translates to ethical corporate conduct. It is the story of a company chooses to manage itself. Corporate governance is the 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 theme. We believe that sound corporate governance is vital to retaining stakeholder faith, and in winning new investor trust. Some of the salient principles of Corporate Governance at Relaxo Footwears are satisfying not just the letter - but the spirit - of the 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 Behavior”. 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 disclosures and maximization of shareholder’s 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 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, Two Whole Time Directors and Three Non- Executive Independent Directors.

Category	Name of Directors
Promoter and Executive Directors	Mr. Ramesh Kumar Dua, Managing Director Mr. Mukand Lal Dua, Whole Time Director Mr. Nikhil Dua, Whole Time Director
Independent and Non-Executive Directors	Mr. S.K. Sapra Mr. Vivek Kumar Mr. Pankaj Shrimali

#### Details of Board Meeting

During the Financial year 2010-11 the Board of Directors met five times

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

Date of Meetings	No of Directors present	Total Strength of the Board
29.05.2010	6	6
13.08.2010	6	6
24.09.2010	6	6
03.11.2010	6	6
29.01.2011	6	6

## Corporate Governance Report

Attendance records of the Directors at Board Meeting and at Annual General Meeting (AGM) during the Financial year – 2010-2011

Name of Directors	No of Board Meetings attended	Attendance in AGM held on 24.09.2010	Number of other Companies in which Directorship held
Mr. Ramesh Kumar Dua	5	Present	2
Mr. Mukand Lal Dua	5	Present	2
Mr. Nikhil Dua	5	Present	-
Mr. S.K. Sapra	5	Present	-
Mr. Vivek Kumar	5	Present	1
Mr. Pankaj Shrimali	5	Present	3

### 3. COMMITTEES OF THE BOARD OF DIRECTORS AS ON 31.03.2011

- I. Audit Committee
- II. Shareholders'/Investors' Grievance and Share Transfer Committee
- III. Remuneration Committee

#### I. AUDIT COMMITTEE

The Company constituted the Audit Committee in line with the requirement of Section 292 A of the Companies Act, 1956 read with Clause 49 of the Listing Agreement

##### TERMS OF REFERENCES

- a) Overseeing Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Reviewing with the Management, the annual financial statements before submission to the Board for approval.
- c) Discussion and review of periodic audit reports.
- d) Discussion with External Auditors about the scope of audit including the observations of the Auditors.
- e) Approving internal audit plans and internal control function and reviewing the efficacy of the functions.

**The Audit Committee is empowered, pursuant to the term 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 three Directors Mr. Pankaj Shrimali, Independent Director and Chairman of the Committee, Mr. S.K. Sapra, Independent Director and Mr. Nikhil Dua, Executive Director .

The details of the meeting and the attendance of members of the Committee in the meetings held during the Financial year 2010-11 are given below:-

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Pankaj Shrimali	4	4
Mr. S.K. Sapra	4	4
Mr. Nikhil Dua	4	4

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

# Corporate Governance Report

## II. SHAREHOLDERS'/INVESTORS' GRIEVANCE AND SHARE TRANSFER COMMITTEE

The Company has constituted Shareholders'/Investors' Grievance and Share Transfer Committee to specifically look into the redressal of Shareholders and Investors complaints.

### TERMS OF REFERENCES

The Committee supervises the mechanism for redressal of investors' grievance and ensure cordial investor 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 matters out of and incidental to these functions.

### COMPOSITION AND ATTENDANCE

The Committee comprised three members Mr. S.K. Sapra, 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 2010-11 four meetings of the Committee were held and the attendance of members at the meeting is given below:-

Name of Members	No. of Meeting held	No. of Meetings attended
Mr. S.K. Sapra	4	4
Mr. Ramesh Kumar Dua	4	4
Mr. Mukand Lal Dua	4	4

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

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

## III. REMUNERATION COMMITTEE

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

### TERMS OF REFERENCES

The remuneration policy of the Company is directed towards rewarding performance, based on periodic review of performance and achievements and is primarily based on the following criteria:

- Performance of the Company, its divisions and units.
- Track record, potential, personal attitude & performance of individual manager and external competitive environment.

The remuneration policy of the Company is in line with Industry's practice. The objective of the remuneration Committee is to motivate employees to excel in their performance, recognize their contribution and retain talent in the organization.

### Composition and Attendance

The Committee comprised three Non-executive cum Independent Directors, Mr. Pankaj Shrimali, Chairman of the Committee, Mr. S.K. Sapra and Mr. Vivek Kumar members of the Committee. During the financial year 2010-11, one meeting was held on 29.05.2010 and two members were present in the meeting.



# Corporate Governance Report

## 4. DETAILS OF REMUNERATION TO DIRECTORS FOR THE FINANCIAL YEAR 2010-11

- i) **Executive Directors:-** 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 2010-11 is as follows:-

(Amount in ₹)

Name of Directors	Designation	Salary	Commission	Total
Mr. Ramesh Kumar Dua	Managing Director	4200000	14332317	18532317
Mr. Mukand Lal Dua	Whole Time Director	4200000	14332317	18532317
Mr. Nikhil Dua	Whole Time Director	3112852	-	3112852

Mr. Ramesh Kumar Dua, Managing Director and Mr. Mukand Lal Dua, Whole-time Director of the Company were appointed with effect from 01.04.2009 for a period of five years. Mr. Nikhil Dua, Whole-time Director was appointed with effect from 01.10.2010 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 2010-11 was ₹ 60000/- to Mr. Pankaj Shrimali, ₹ 52500/- to Mr. Vivek Kumar and ₹ 66500/- to Mr. S.K. Sapra for attending the meeting

## 5. VENUE & TIME OF ANNUAL GENERAL MEETINGS

Year	Venue	No. of Special Resolution	Day and Date	Time
2009-10	Sri Sathya Sai International Centre, Lodhi Road, Institutional Area, Pragati Vihar, New Delhi-110 003	5	Friday, 24 <sup>th</sup> September, 2010	10.30 a.m.
2008-09	-do-	-	Friday, 25 <sup>th</sup> September, 2009	10.30 a.m.
2007-08	-do-	4	Friday, 26 <sup>th</sup> September, 2008	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.

## 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 interest of the Company at large. All related party transactions have been reported and form 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 strictures 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.

# Corporate Governance Report

## E. Non-mandatory requirement

The Company at present has adopted the non-mandatory requirement with regard to constitution of Remuneration Committee, which has been constituted to determine the remuneration package of Whole-time Director and Senior Management Personnel.

## F. Policy for Prevention of Insider Trading

With a view to prevent 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 share 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 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 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 the 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 31<sup>st</sup> March, 2011.

Place: Delhi  
Dated: July 30, 2011

**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, Quarterly, Half-yearly, Nine Months and Annual financial statements of the Company are generally published in Financial Express/Economic Times (in English Language) and in Jansatta/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 [relaxofootwear.com](http://relaxofootwear.com) with:-

- Full version of the Annual Report including the Balance Sheet, Profit and Loss Account, Directors' Report and Auditors' Report, Cash Flow Statement and Quarterly Financial Statement.
- Shareholding Pattern.

## 11. GENERAL SHAREHOLDERS INFORMATION

### 1. Annual General Meeting

Date	:	20.09.2011
Time	:	10.30 a.m.
Venue	:	Sri Sathya Sai International Centre Lodhi Road, Institutional Area, Pragati Vihar, New Delhi-110003

## Corporate Governance Report

### 2. Financial Year

For the financial year ended 31<sup>st</sup> March, 2012, results will be announced on (tentative) :

Last week of July, 2011 : First Quarter ended on 30<sup>th</sup> June, 2011  
 Last week of October, 2011 : Half year ended on 30<sup>th</sup> September, 2011  
 Last week of January, 2012 : Third Quarter ended on 31<sup>st</sup> December, 2011  
 Last week of May, 2012 : Fourth Quarter and year ended on 31<sup>st</sup> March, 2012

3. **Book Closure Date** : From 14<sup>th</sup> September, 2011 to 20<sup>th</sup> September, 2011 (Both days inclusive)

4. **Dividend Payment Date** : For the year 2010-11, an interim dividend of 10% of equity shares was declared on 03.11.2010 and paid on 08.11.2010

Final Dividend date: on or before 19<sup>th</sup> October, 2011  
 (Subject to the approval of the shareholders)

5. **Registered Office** : 316-319, Allied House, Inderlok Chowk,  
 Old Rohtak Road, Delhi-110035  
 Tel.: 23658354, 23658365, Fax: 91-11-23658431, 23658773

6. **Listing on Stock Exchanges** : National Stock Exchange of India Limited  
 Exchange Plaza, C-1, Block-G,  
 Bandra-Kurla Complex, Bandra (E)  
 Mumbai-400051  
 Stock Symbol of NSE-RELAXO  
 (The annual listing fee has been paid to NSE upto year 2011-12)

Bombay Stock Exchange Limited  
 Phirozee Jeejeebhoy Towers  
 Dalal Street, Mumbai-400001  
 Stock Code of BSE-530517  
 (The annual listing fee has been paid to BSE upto year 2011-12)

The Company has also paid annual custody fees for 2011-12 to National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL)

### 7. Market Price Data

Table showing monthly price movement during the Financial Year 2010-11

Month & Year	High (₹)	Low (₹)	Close (₹)	Market Capital (₹ In Lacs)
April, 2010	334.50	221.55	317.70	38127.81
May, 2010	339.00	261.00	304.95	36597.66
June, 2010	381.45	271.00	365.15	43822.38
July, 2010	430.00	340.00	400.25	48034.80
August, 2010	460.00	350.00	408.10	48976.90
September, 2010	475.00	403.15	439.10	52697.27
October, 2010	514.00	396.00	437.45	52499.25
November, 2010	451.00	320.00	355.35	42646.26
December, 2010	386.95	308.00	377.35	45286.53
January, 2011	392.20	291.00	305.00	36603.66
February, 2011	301.50	215.00	281.30	33759.38
March, 2011	282.95	225.00	278.95	33477.35

## Corporate Governance Report

8. **Registrar and Transfer Agents:** Securities Exchange Board of India (SEBI), has made it mandatory that all we work related 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  
Andherpradesh- India  
Email : mahendersingh@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 shareholders by RTA. The details of transfer and transmission are placed before the Shareholders'/Investors Grievance and Share Transfer 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 of Share Transfer formalities by the Company and certificate for timely dematerialization of the shares as per SEBI (Depositories and Participants) Regulations, 1996 have been submitted to stock exchange.

### 10. Distribution of Shareholding as on 31<sup>st</sup> March, 2011

#### i) Shareholding pattern in form of size:

S. No.	No. of Equity Share held	No. of Shareholders	% of total Shareholders	No. of Shares held	% of total Shares
1	1 - 500	2215	89.60	233062	1.94
2	501 - 1000	133	5.38	104608	0.87
3	1001 - 2000	52	2.10	77301	0.65
4	2001 - 3000	17	0.69	42329	0.35
5	3001 - 4000	7	0.28	26107	0.22
6	4001 - 5000	3	0.12	14475	0.12
7	5001 - 10000	15	0.61	114202	0.95
8	10001 and above	30	1.22	11389116	94.90
	<b>TOTAL</b>	<b>2472</b>	<b>100.00</b>	<b>12001200</b>	<b>100.00</b>

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

S. No.	Category	No. of Shareholders	% of total Shareholders	No. of Shares held	% of total shares
1	PROMOTERS	12	0.49	9000900	75.000
2	BODIES CORPORATES	91	3.68	1985644	16.545
3	RESIDENT INDIVIDUALS	2288	92.55	838811	6.989
4	H U F	38	1.54	7462	0.062
5	CLEARING MEMBERS	7	0.28	342	0.003
6	NON RESIDENT INDIANS	35	1.42	18041	0.151
7	FOREIGN INSTITUTIONAL INVESTORS	1	0.04	150000	1.250
	<b>TOTAL</b>	<b>2472</b>	<b>100.00</b>	<b>12001200</b>	<b>100.00</b>

## Corporate Governance Report

### 11. Dematerialization of Shares

The shares of the Company are under the Compulsory Demat Scheme. For the purpose of dematerialization of the shares, the Company has entered into the agreement with two depositories:-

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

The detail of shares of the Company in demat and physical form is given below:-

#### DEMATERIALISATION OF SHARES AS ON 31.3.2011

PARTICULARS	NO. OF SHARES	%AGE FO PAID UP CAPITAL	NO. OF SHAREHOLDERS
1. National Securities Depository Limited	11662858	97.18	1404
2. Central Depository Services (India) Ltd	157147	1.31	561
SHARES IN DEMAT FORM	11820005	98.49	1965
SHARES IN PHYSICAL FORM	181195	1.51	507
<b>TOTAL</b>	<b>12001200</b>	<b>100.00</b>	<b>2472</b>

### 12. Investor Correspondence

All enquiries, clarification 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 49 investors' complaints were received and resolved.

### 13. Corporate Identity Number (CIN) : L74899DL1984PLC019097

### 14. Per Share Data

Particulars	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Net Earning (₹ in Lacs)	2671.31	3769.22	1423.23	1052.41	611.95	328.85	372.31
Cash Earning (₹ in Lacs)	5653.11	6924.80	3485.36	2608.26	1902.72	1190.85	1161.12
EPS (in ₹)	22.26	31.41	11.86	8.77	5.10	2.72	3.10
CEPS (in ₹)	47.10	57.70	29.04	21.74	15.86	9.92	9.67
Dividend (Including Interim Dividend per share) (in ₹)	1.50	1.50	0.75	0.75	0.75	0.75	0.75
Dividend Pay out (%)	6.74	4.78	6.32	8.55	14.70	27.57	24.19
Book Value Per Share (in ₹)	112.17	91.60	61.63	50.64	42.76	38.30	36.15
Face value Per Share (in ₹)	5.00	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.



## Corporate Governance Report

### 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 205 C of the Companies Act, 1956 read with the Investors Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

During the year under review the Company has deposited a sum of ₹ 53157/- to the Investor Education and Protection Fund in respect of unpaid dividend of year ending on 31.03.2003

### 17. Other useful information for shareholders:

- i) 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.
- ii) 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.
- iii) In case of loss/misplacement of shares, a 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.
- iv) 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.
- v) 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.
- vi) Beneficial owners of share 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.
- vii) Section 109A of the Companies Act, 1956 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**

**Place: Delhi**  
**Dated: July 30, 2011**

**RAMESH KUMAR DUA**      **MUKAND LAL DUA**  
Managing Director      Whole Time Director



Quality Par Excellence

## 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 31<sup>st</sup> March, 2011.
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

**Place: Delhi**  
**Dated: May 26, 2011**

## 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 31<sup>st</sup> March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

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

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

**FOR GUPTA & DUA**  
Chartered Accountants  
(Registration No. 003849N)

**Place: New Delhi**  
**Dated: May 26, 2011**

**C.A. MUKESH DUA**  
Partner  
M.No. 085323

## Auditors' Report

### TO THE MEMBERS OF RELAXO FOOTWEARS LIMITED

We have audited the attached Balance Sheet of **RELAXO FOOTWEARS LIMITED** as at 31<sup>st</sup> March, 2011, the Profit and Loss account and the Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the annexure referred to in paragraph 2 above, 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 purposes of our audit ;
  - b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as it appears from our examination of such books ;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account ;
  - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred in sub-section (3C) of section 211 of the Companies Act, 1956 ;
  - e) On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 ;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read together with the significant accounting policies and notes thereon given in schedule 15 give the information required by the Companies Act, 1956 in the manner so required and present a true and fair view, in conformity with the accounting principles generally accepted in India ;
    - i) in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011 ;
    - ii) in so far as it relates to the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - iii) in so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**FOR GUPTA & DUA**  
Chartered Accountants  
(Registration No. 003849N)

Place: New Delhi  
Dated: May 26, 2011

**C.A. MUKESH DUA**  
Partner  
M.No. 085323

## Auditors' Report

### ANNEXURE TO THE AUDITORS' REPORT OF RELAXO FOOTWEARS LIMITED FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH, 2011 (REFERRED TO IN PARAGRAPH 2 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 at all locations at reasonable intervals. No material discrepancies between book records and the physical inventories 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 :
  - a) The Company has taken unsecured loan from a party. In respect of the said loan, the maximum amount outstanding at any time during the year was ₹ 765.13 lacs and the year end balance is ₹ 765.13 lacs.
  - b) 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.
  - c) The Company is regular in paying the principal amounts as stipulated and have been regular in payment of interest in respect of loans referred to in (a) above.
  - d) There is no overdue amount of loans taken as referred to in (a) above.
  - e) The Company has not granted any loan, to companies, firms or other parties covered in the register maintained under section 301 of the Company Act, 1956.
- 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.

## Auditors' Report

- 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) On the basis of the information and explanation provided to us, we are of the opinion that prima facie cost records and accounts prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956 in respect of products of the Company covered under the rules under said section have been 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 :-
- According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues have been generally 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 31<sup>st</sup> March, 2011 for a period of more than six months from the date of becoming payable.
  - Further, since the Central Government has till date not prescribed the amount of cess payable under Section 441A of the Act, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
  - The disputed statutory dues aggregating ₹1094.08 lacs that have not been deposited on account of matters pending before appropriate authorities are as under :-

S. No.	Name of the Statute	Name of the Dues	Forum where dispute is pending	Amount (₹ in lacs)
1.	Haryana General Sales Tax Act, 1973	Purchase Tax A.Y. 2001-02 2002-03	Jt. Excise & Taxation Commissioner Jt. Excise & Taxation Commissioner	19.92 14.73
2.	Punjab Value Added Tax, 2005	VAT A.Y. 2008-09	Deputy Excise & Taxation Commissioner	2.19
3.	Delhi Value Added Tax, 2005	Input Tax A.Y. 2005-06	Appellate Tribunal, Delhi	3.45
4.	U.P. Sales Tax, Act	Sales Tax A.Y. 2006-07	Asstt. Commissioner of Commercial Tax, Ghaziabad, UP	0.72
5.	Rajasthan Entry Tax	Entry Tax A.Y. 2007-08 2008-09 2009-10 2010-11	High Court, Jaipur High Court, Jaipur High Court, Jaipur High Court, Jaipur	1.76 1.81 0.24 2.10
6.	Haryana local area dev. Tax and entry tax	Entry Tax A.Y. 2006-07 2007-08 2008-09 2009-10 2010-11	Supreme Court of India Supreme Court of India Supreme Court of India Supreme Court of India Supreme Court of India	17.79 173.02 208.85 295.78 307.54
7.	Income Tax Act, 1961	Regular Assessment A.Y. 2008-09 TDS A.Y. 2008-09 2009-10	Commissioner of Income Tax (Appeals) Commissioner of Income Tax (Appeals) Commissioner of Income Tax (Appeals)	2.49 17.97 23.72
	<b>Total</b>			<b>1094.08</b>

- 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.

## Auditors' Report

- 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 Companies (Auditor's Report) Order 2003 (as amended) 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 loan has been utilized for the purposes for which the same was 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)

**C.A. MUKESH DUA**  
Partner  
M.No. 085323

**Place: New Delhi**  
**Dated: May 26, 2011**



## Balance Sheet as at 31st March, 2011

(₹ in Lacs)

Particulars	Schedule	As at 31.03.2011	As at 31.03.2010
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	600.06	600.06
Reserves & Surplus	2	12862.21	10392.63
<b>LOAN FUNDS</b>	3		
Secured Loans		14376.52	11204.01
Unsecured Loans		4174.92	3485.51
<b>DEFERRED TAX LIABILITY (NET)</b>		2228.91	1843.43
<b>Total</b>		<b>34242.62</b>	<b>27525.64</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>	4		
Gross Block		35290.14	28553.51
Less : Depreciation		8447.41	6380.99
<b>NET BLOCK</b>		<b>26842.73</b>	<b>22172.52</b>
Capital work-in-progress		117.95	668.54
		<b>26960.68</b>	<b>22841.06</b>
<b>INVESTMENTS</b>	5	6.11	6.11
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>	6		
Inventories		11658.91	6716.40
Sundry Debtors		2324.31	2085.56
Cash and Bank Balances		215.50	103.93
Other Current Assets		2.34	0.64
Loans and Advances		2046.80	2714.34
		<b>16247.86</b>	<b>11620.87</b>
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>	7		
Liabilities		8481.83	6478.88
Provisions		490.20	463.52
		<b>8972.03</b>	<b>6942.40</b>
<b>NET CURRENT ASSETS</b>		<b>7275.83</b>	<b>4678.47</b>
<b>Total</b>		<b>34242.62</b>	<b>27525.64</b>
Significant Accounting Policies and Notes on Accounts	15		

Schedules referred to above and Accounting Policies &amp; Notes form an integral part of Balance Sheet.

As per our report of even date

**FOR GUPTA & DUA**

Chartered Accountants

**CA. MUKESH DUA**

Partner

M.No. 085323

Place : Delhi

Dated : May 26, 2011

**SUSHIL BATRA**

Chief Financial Officer

**KAPIL GARG**

Company Secretary

**RAMESH KUMAR DUA**

Managing Director

**MUKAND LAL DUA**

Whole Time Director

# Profit and Loss Account for the year ended 31st March, 2011

(₹ in Lacs)

Particulars	Schedule	2010-11	2009-10
<b>INCOME</b>			
Gross Sales	8	68656.34	55391.92
Less : Excise Duty		55.31	21.93
Net Sales		68601.03	55369.99
Other Income	9	612.17	411.94
<b>Total</b>		<b>69213.20</b>	<b>55781.93</b>
<b>EXPENDITURE</b>			
Material & Manufacturing Expenses	10	45353.88	33302.30
(Increase) / Decrease in Stock	11	(3733.98)	(1277.50)
Personnel Expenses	12	7448.09	5536.86
Administrative, Selling & Other Expenses	13	11293.66	8740.10
Finance Charges	14	3198.44	2555.37
<b>Total</b>		<b>63560.09</b>	<b>48857.13</b>
<b>Profit Before Depreciation</b>		<b>5653.11</b>	<b>6924.80</b>
Depreciation		2095.48	1545.70
<b>Profit Before Tax and Extra Ordinary Items</b>		<b>3557.63</b>	<b>5379.10</b>
Add/(Less) : Extra Ordinary Items		-	(1.22)
<b>Profit Before Tax</b>		<b>3557.63</b>	<b>5377.88</b>
MAT Credit		(211.62)	(217.92)
Less : Provisions for Taxation			
- Current Tax		712.51	936.13
- Deferred Tax		385.48	890.30
- For Earlier Years		(0.05)	0.15
<b>Profit After Tax</b>		<b>2671.31</b>	<b>3769.22</b>
Balance brought forward from previous year		859.59	1293.36
Add/(Less) Prior period adjustments (Net)		7.73	7.16
Amount available for appropriation		<b>3538.63</b>	<b>5069.74</b>
<b>APPROPRIATIONS</b>			
Transfer to General Reserve		3000.00	4000.00
Proposed Final Dividend on Equity Shares		120.01	120.01
Tax on Proposed Final Dividend		19.47	19.93
Interim Dividend on Equity Shares		60.01	60.01
Tax on Interim Dividend		9.97	10.20
Surplus carried to Balance Sheet		329.17	859.59
<b>Total</b>		<b>3538.63</b>	<b>5069.74</b>
Basic & Diluted Earning Per Share of ₹ 5/- each (₹)		22.26	31.41
Significant Accounting Policies and Notes on Accounts	15		

Schedules referred to above and Accounting Policies &amp; Notes form an integral part of Profit and Loss Account.

As per our report of even date

**FOR GUPTA & DUA**

Chartered Accountants

**CA. MUKESH DUA**

Partner

M.No. 085323

Place : Delhi

Dated : May 26, 2011

**SUSHIL BATRA**

Chief Financial Officer

**KAPIL GARG**

Company Secretary

**RAMESH KUMAR DUA**

Managing Director

**MUKAND LAL DUA**

Whole Time Director

## Cash Flow Statement for the year ended 31st March 2011

(₹ in Lacs)

S.No.	Particulars	2010-11	2009-10
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>		
	<b>PROFIT BEFORE TAX AND EXTRA-ORDINARY ITEMS</b>	<b>3557.63</b>	5379.10
	<b>ADJUSTMENTS FOR</b>		
	Depreciation	<b>2095.48</b>	1545.70
	Financial Expenses	<b>3198.44</b>	2555.37
	Interest received	<b>(4.22)</b>	(3.55)
	Prior Period adjustment	<b>7.73</b>	7.16
	Capital Subsidy	-	30.00
	(Profit)/Loss on sale of Assets	<b>43.07</b>	2.82
	Operating Profit before extra-ordinary items	<b>8898.13</b>	9516.60
	Extraordinary Items	-	(1.22)
	<b>Operating Profit before working capital changes</b>	<b>8898.13</b>	9515.38
	<b>ADJUSTMENTS FOR</b>		
	Investments	-	-
	Trade and Other receivables	<b>(238.75)</b>	(112.58)
	Inventories	<b>(4942.51)</b>	(2735.62)
	Other Current Assets	<b>877.51</b>	(1183.50)
	Income Tax	<b>(835.73)</b>	(801.88)
	Trade Payables	<b>1948.37</b>	1025.91
	Other Current Liabilities	<b>209.37</b>	1477.96
	<b>Net cash flow from operating activities</b>	<b>5916.39</b>	7185.67
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>		
	Purchase of Fixed Assets	<b>(6265.80)</b>	(9248.42)
	Fixed Assets sold / discarded	<b>7.63</b>	766.54
	Interest received	<b>4.22</b>	3.55
	<b>Net Cash used in investing activities</b>	<b>(6253.95)</b>	(8478.33)
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>		
	Proceeds from borrowings (Net of repayments)	<b>3861.92</b>	3851.43
	Dividend paid	<b>(209.28)</b>	(174.84)
	Financial Expenses	<b>(3198.44)</b>	(2555.37)
	<b>Net cash from Financing activities</b>	<b>454.20</b>	1121.22
	Net increase in cash & cash equivalents	<b>116.64</b>	(171.44)
	Cash & cash equivalents at the -beginning of the year	<b>98.86</b>	270.30
	<b>Cash &amp; cash equivalents at the -end of the year</b>	<b>215.50</b>	98.86

As per our report of even date

**FOR GUPTA & DUA**

Chartered Accountants

**CA. MUKESH DUA**

Partner

M.No. 085323

**RAMESH KUMAR DUA**

Managing Director

Place : Delhi

Dated : May 26, 2011

**SUSHIL BATRA**

Chief Financial Officer

**KAPIL GARG**

Company Secretary

**MUKAND LAL DUA**

Whole Time Director

# Schedules Annexed to and forming part of Financial Statements

## SCHEDULE - 1

### SHARE CAPITAL

(₹ in Lacs)		
Particulars	As at 31.03.2011	As at 31.03.2010
<b>AUTHORISED</b>		
2,00,00,000 Equity Shares of ₹ 5/- each	<b>1000.00</b>	1000.00
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
1,20,01,200 Equity Shares of ₹ 5/- each fully Paid. (Of the above 1,02,28,600 Equity Shares are allotted as fully paid-up by way of Bonus Shares issued by capitalisation of General Reserve and Share Premium Account )	<b>600.06</b>	600.06
<b>Total</b>	<b>600.06</b>	600.06

## SCHEDULE - 2

### RESERVES AND SURPLUS

<b>(A) CAPITAL RESERVE</b>		
Opening Balance	<b>45.36</b>	15.36
Add: Addition during the year	<b>-</b>	30.00
	<b>45.36</b>	45.36
<b>(B) SHARE PREMIUM ACCOUNT</b>	<b>73.94</b>	73.94
<b>(C) GENERAL RESERVE</b>		
Opening Balance	<b>9413.74</b>	5413.74
Add : Transferred from Profit and Loss Account	<b>3000.00</b>	4000.00
	<b>12413.74</b>	9413.74
<b>(D) PROFIT &amp; LOSS ACCOUNT</b>		
Balance as per Profit and Loss Account	<b>329.17</b>	859.59
<b>Total (A+B+C+D)</b>	<b>12862.21</b>	10392.63

## Schedules Annexed to and forming part of Financial Statements

### SCHEDULE - 3

#### LOAN FUNDS

(₹ in Lacs)		
Particulars	As at 31.03.2011	As at 31.03.2010
<b>(A) SECURED LOANS</b>		
<b>TERM LOANS FROM BANK</b>	<b>8324.22</b>	7005.04
- Interest Accrued and Due on Loans	<b>24.58</b>	42.29
	<b>8348.80</b>	7047.33
<b>WORKING CAPITAL LOANS FROM BANK</b>	<b>6027.72</b>	4156.68
<b>Total (A)</b>	<b>14376.52</b>	11204.01
<b>(B) UNSECURED LOANS</b>		
<b>LONG TERM</b>		
- From Directors	<b>873.20</b>	658.62
- From Others	<b>3000.68</b>	2588.98
- Security Deposits from Distributors	<b>301.04</b>	237.91
<b>Total (B)</b>	<b>4174.92</b>	3485.51
<b>Total (A+B)</b>	<b>18551.44</b>	14689.52
Term Loan includes repayable within one year	<b>2586.64</b>	2100.94

Term loans are secured by first charge on existing and proposed fixed assets of the Company. Working capital loans are secured by first charge on current assets, inventories and book-debts of the Company. These loans are further secured by way of collateral security of equitable mortgage of commercial, residential land and buildings in the name of Managing Director and Whole Time Directors and their relatives. These loans are also secured by personal guarantees of Managing Director and Whole Time Directors.

# Schedules Annexed to and forming part of Financial Statements

## SCHEDULE - 4 FIXED ASSETS

(₹ in Lacs)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 1.4.2010	Additions	Deletions/ Adjustments	Total As at 31.3.2011	As at 1.4.2010	For the Year	Total as at 31.3.2011	As at 31.3.2011
<b>A. TANGIBLE ASSETS</b>								
LAND - FREE HOLD	739.68	**2345.11	-	3084.79	-	-	-	3084.79
- LEASEHOLD	560.61	-	-	560.61	2.40	2.40	4.80	558.21
BUILDINGS	6691.88	1195.16	-	7887.04	539.88	227.02	766.90	6152.00
PLANT & MACHINERY	11224.54	1803.95	72.41	12956.08	3395.15	802.14	4171.66	7829.39
MOULDS	2607.19	569.20	-	3176.39	1523.75	369.92	1893.67	1083.44
COMPUTERS	407.48	169.82	0.40	576.90	241.90	52.61	294.41	165.58
MOTER VEHICLES - OTHER	433.32	97.60	5.57	525.35	131.78	43.48	172.08	301.54
MOTER VEHICLES - TRANSPORT	188.05	34.11	-	222.16	79.32	20.28	99.60	108.73
FURNITURE & FIXTURE	551.91	78.67	-	630.58	74.54	37.01	111.55	477.37
ELECTRIC FITTINGS	962.17	62.14	-	1024.31	138.50	47.21	185.71	823.67
OFFICE EQUIPMENTS	422.57	109.40	1.38	530.59	54.75	22.67	77.27	367.82
WOODEN STRUCTURE	45.46	46.39	-	91.85	44.36	20.63	64.99	1.10
WIND MILLS	3523.93	-	-	3523.93	108.96	364.37	473.33	3414.97
<b>TOTAL (A)</b>	<b>28358.79</b>	<b>*6511.55</b>	<b>79.76</b>	<b>34790.58</b>	<b>6335.29</b>	<b>*2009.74</b>	<b>8315.97</b>	<b>22023.50</b>
<b>B. INTANGIBLE ASSETS</b>								
COMPUTER SOFTWARE	176.65	279.48	-	456.13	37.63	82.94	120.57	139.02
TECHNICAL KNOW HOW	7.53	-	-	7.53	7.53	-	7.53	-
TRADE MARKS	10.54	25.36	-	35.90	0.54	2.80	3.34	10.00
<b>TOTAL (B)</b>	<b>194.72</b>	<b>304.84</b>	<b>-</b>	<b>499.56</b>	<b>45.70</b>	<b>85.74</b>	<b>131.44</b>	<b>149.02</b>
<b>TOTAL (A+B)</b>	<b>28553.51</b>	<b>6816.39</b>	<b>79.76</b>	<b>35290.14</b>	<b>6380.99</b>	<b>2095.48</b>	<b>8447.41</b>	<b>22172.52</b>
<b>PREVIOUS YEAR</b>	<b>-</b>	<b>10441.07</b>	<b>1297.77</b>	<b>28553.51</b>	<b>-</b>	<b>1545.70</b>	<b>6380.99</b>	<b>-</b>

\* Includes net adjustment of ₹ 92.93 lacs in Gross Block &amp; ₹ 24.08 lacs in Depreciation towards final settlement of Insurance Claim.

\*\* Freehold Land includes land of ₹ 819.80 lacs in respect of which Conveyance deed in favour of Company is yet to be executed.

## Schedules Annexed to and forming part of Financial Statements

### SCHEDULE - 5

#### INVESTMENTS

(₹ in Lacs)		
Particulars	As at 31.03.2011	As at 31.03.2010
<b>LONG TERM</b>		
<b>GOVERNMENT SECURITIES (UNQUOTED) (AT COST)</b>		
6 Years National Savings Certificates (Pledged with Government authorities )	0.10	0.10
<b>IN EQUITY SHARES (UNQUOTED) (TRADE) (AT COST)</b>	6.01	6.01
6,040 equity Shares of ₹100/- each fully paid of Relaxo Rubber Pvt. Ltd. an associate company. (Includes 30 bonus shares)		
<b>Total</b>	<b>6.11</b>	<b>6.11</b>

### SCHEDULE - 6

#### CURRENT ASSETS, LOANS AND ADVANCES

##### A. CURRENT ASSETS

##### I. INVENTORIES (At lower of cost or net realizable value)

Stock in Trade*	5496.43	3195.00
Stock in Process	2296.71	849.98
Raw Material*	3481.47	2516.48
Packing Material and Fuel	214.75	154.94
Store, Spare & Tools	169.55	-

<b>Total (I)</b>	<b>11658.91</b>	<b>6716.40</b>
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##### II. SUNDRY DEBTORS (Unsecured)

##### Debts outstanding for a period exceeding six months

- Considered good	11.79	8.74
- Considered doubtful	57.72	64.14

##### Other Debts\*\*

- Considered good	2312.52	2076.82
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	<b>2382.03</b>	<b>2149.70</b>
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Less: provision for doubtful debts

	<b>57.72</b>	<b>64.14</b>
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<b>Total (II)</b>	<b>2324.31</b>	<b>2085.56</b>
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##### III. CASH AND BANK BALANCES

a) Cash in hand	40.21	41.72
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b) Balances with Scheduled Banks		
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- In Current Accounts	68.79	38.75
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- In Fixed Deposits	106.50	23.46
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(Includes Margin Money on Letters of Credit and Bank Guarantees)

<b>Total (III)</b>	<b>215.50</b>	<b>103.93</b>
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##### IV. OTHER CURRENT ASSETS

Interest accrued on deposits and advances	2.34	0.64
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<b>Total (I+II+III+IV)</b>	<b>14201.06</b>	<b>8906.53</b>
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# Schedules Annexed to and forming part of Financial Statements

## SCHEDULE - 6 (Contd.)

(₹ in Lacs)		
Particulars	As at 31.03.2011	As at 31.03.2010
<b>B. LOANS AND ADVANCES</b>		
(Unsecured-considered good)		
Advances recoverable in cash or in kind or for value to be received	278.39	1715.87
Advances to suppliers***	643.20	269.21
Loans	25.76	16.53
Security Deposits	669.86	494.81
MAT Credit	429.59	217.92
<b>Total (B)</b>	<b>2046.80</b>	<b>2714.34</b>
<b>Total (A+B)</b>	<b>16247.86</b>	<b>11620.87</b>

\* Includes goods-in-transit of ₹ Nil in Stock in trade & ₹ 231.70 lacs in Raw Material (Previous year ₹ 9.44 lacs in Stock in trade & ₹ 544.07 lacs in Raw Material )

\*\* Includes ₹ 78.82 lacs from a firm in which Directors are interested (Previous year ₹ 40.71 lacs)

\*\*\* Includes ₹ 65.91 lacs from a firm in which Directors are interested (Previous year ₹ 12.81 lacs)

## SCHEDULE - 7

### CURRENT LIABILITIES AND PROVISIONS

<b>A. CURRENT LIABILITIES</b>		
Sundry Creditors (Refer Note 22)	5444.69	3496.32
Advances from Customers	315.03	412.64
Interest accrued but not due	188.31	64.56
Other Liabilities	2530.04	2497.17
Book overdraft with scheduled bank	-	5.07
Investor Education and Protection Fund shall be credited by the following amounts as and when due, namely:		
Unclaimed Dividend	3.76	3.12
<b>Total (A)</b>	<b>8481.83</b>	<b>6478.88</b>
<b>B. PROVISIONS</b>		
Taxation*	7.69	112.85
Dividend	120.01	120.01
Dividend Tax	19.47	19.93
Leave Encashment	275.55	152.42
Providend Fund Scheme	49.70	36.65
Interest on Income Tax	0.04	18.10
Other Provisions	17.74	3.56
<b>Total (B)</b>	<b>490.20</b>	<b>463.52</b>
<b>Total (A+B)</b>	<b>8972.03</b>	<b>6942.40</b>

\* After setting off TDS and Advance tax paid.

## Schedules Annexed to and forming part of Financial Statements

### SCHEDULE - 8

#### GROSS SALES

	(₹ in Lacs)	
Particulars	2010-11	2009-10
Footwear	68200.77	55279.49
Power	455.57	112.43
<b>Total</b>	<b>68656.34</b>	<b>55391.92</b>

### SCHEDULE - 9

#### OTHER INCOME

Export Incentive	186.66	90.92
Interest (Gross) on Deposit and others	4.22	3.55
[Tax deducted at source ₹ 0.42 lacs (Previous year ₹ 0.32 lacs)]		
Scrap Sale	163.30	88.47
Miscellaneous Receipts	257.99	229.00
<b>Total</b>	<b>612.17</b>	<b>411.94</b>

### SCHEDULE - 10

#### MATERIAL & MANUFACTURING EXPENSES

i. Purchases (Trading Goods)	7714.60	7111.27
ii. Material Consumed	33582.63	23175.73
iii. <b>Manufacturing Expenses</b>		
Power & Fuel	2615.77	2166.59
Factory Rent	338.09	135.77
Repairs- Building	24.02	18.21
Repairs- Machinery (Including stores & spares consumed of ₹ 144.30 lacs)	307.90	307.65
Repairs- Others	21.78	29.45
Handling and Others Charges	749.09	357.63
<b>Total (iii)</b>	<b>4056.65</b>	<b>3015.30</b>
<b>Total (i+ii+iii)</b>	<b>45353.88</b>	<b>33302.30</b>

### SCHEDULE - 11

#### (INCREASE)/DECREASE IN STOCK

<b>CLOSING STOCK</b>		
Stock in Trade	5496.43	3195.00
Stock in Process	2296.71	849.98
	<b>7793.14</b>	<b>4044.98</b>
<b>OPENING STOCK</b>		
Stock in Trade	3195.00	2430.11
Stock in Process	849.98	333.81
	<b>4044.98</b>	<b>2763.92</b>
<b>(Increase)/Decrease</b>	<b>(3748.16)</b>	<b>(1281.06)</b>
Change in Excise Duty on Stocks	14.18	3.56
<b>Total</b>	<b>(3733.98)</b>	<b>(1277.50)</b>

# Schedules Annexed to and forming part of Financial Statements

## SCHEDULE - 12

### PERSONNEL EXPENSES

	(₹ in Lacs)	
Particulars	2010-11	2009-10
Salaries, Wages, Bonus & Allowances	6735.78	5062.82
Contribution to Provident & Other Funds	444.85	314.08
Employees' Welfare expenses	267.46	159.96
<b>Total</b>	<b>7448.09</b>	<b>5536.86</b>

## SCHEDULE - 13

### ADMINISTRATIVE, SELLING AND OTHER EXPENSES

Rent	1114.02	828.49
Insurance	105.78	63.97
Travelling & Conveyance	551.81	405.08
Advertisement & Publicity	2482.38	2084.83
Sales Promotion & Incentives	2941.38	3443.75
Remuneration to Auditors	9.49	9.49
Rates & Taxes	19.36	22.41
Repairs & Maintenance	448.35	278.29
Bad Debts written off	7.69	12.86
Provision for doubtful debts	1.31	7.69
Cartage Outward	2468.87	587.48
Printing & Stationery	80.13	54.20
Electricity & Fuel	172.51	117.38
Communication Expenses	166.91	137.22
Security Expenses	237.23	160.12
Legal & Professional Expenses	80.03	92.46
Loss on Sale of Assets (Net)	43.07	2.82
Miscellaneous Expenses	363.34	431.56
<b>Total</b>	<b>11293.66</b>	<b>8740.10</b>

## SCHEDULE - 14

### FINANCE CHARGES

Interest	1566.85	1105.69
Bank Charges	101.10	69.53
Cash Discount	1530.49	1380.15
<b>Total</b>	<b>3198.44</b>	<b>2555.37</b>

# Accounting Policies and Notes on Accounts

## SCHEDULE - 15

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

#### A. SIGNIFICANT ACCOUNTING POLICIES

##### 1. ACCOUNTING CONVENTION

The Financial Statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles and the provisions of the Companies Act, 1956.

##### 2. FIXED ASSETS

Fixed assets are stated at historical cost of acquisition / construction less accumulated depreciation. All cost including interest relating to acquisition of fixed assets till the time of commissioning of such assets are capitalized. Grants/ subsidy received have been reduced from the cost of specific fixed assets.

Incidental Expenditure during construction period is included under capital work-in-progress and the same is allocated to the respective fixed assets on completion of construction.

Any impairment loss is recognized, whenever carrying value of fixed assets exceeds the market value or value in use, whichever is higher.

##### 3. DEPRECIATION

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 long 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 or their useful lives whichever is lower. The Trade Marks are amortised over their useful life or ten years whichever is lower. Computer softwares are amortised over the period of five years.

##### 4. INVENTORIES

Inventories are valued as under :

- Raw Material, Packing Material, Fuel, Stores, Spares Consumables and Trading Goods at cost or net realizable value, whichever is lower. The cost is determined on weighted average basis and includes freight, taxes and duties and is net of credit under VAT and CENVAT scheme, wherever applicable.
- Manufactured Goods at cost or net realizable value, whichever is lower. Cost include all direct costs and applicable production overheads to bring the goods to the present location and condition.
- Excise duty accrued on the production of manufactured goods is included in the valuation of inventories, wherever applicable.

##### 5. EMPLOYEE BENEFITS

Retirement benefits in the form of Provident Fund & Gratuity are defined contribution plan and the contribution are charged to Profit & Loss Account of the year when the contribution to the respective funds are due. In case of Gratuity obligations, company has taken policy from Life Insurance Corporation of India. There are no other obligations other than the contributions payable to the respective authorities. Leave encashment benefit is charged to Profit & Loss Account on the basis of actuarial valuation at the end of financial year.

##### 6. REVENUE RECOGNITION

Sales are net of trade discounts and claims. Other items of revenue are recognized in accordance with the Accounting Standard (AS-9) issued by the Institute of Chartered Accountants of India.

##### 7. RESEARCH & DEVELOPMENT

Capital expenditure on Research and Development is capitalized under various fixed assets. Revenue expenses are charged to Profit and Loss Account, when incurred.

## Accounting Policies and Notes on Accounts

### 8. PRIOR PERIOD & EXTRA ORDINARY ITEMS

Prior period as well as Extra Ordinary items having material impact on the financial affairs of the company are disclosed separately.

### 9. TAX ON INCOME

Provision for current Tax is made as per the provision 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 Profit & Loss Account 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.

### 10. FOREIGN CURRENCY TRANSACTION

Transaction in foreign currency are accounted for at the exchange rates prevailing on the date of the transaction. Monetary current assets and liabilities at the year end are translated at the rate prevailing on last day of financial year. The difference thereon and also the exchange difference on settlement of foreign currency transactions during the year are recognized as income or expenses in Profit & Loss Account. Non-monetary items are carried at historical cost. 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.

### 11. PROVISIONS & CONTINGENT LIABILITIES

Provision involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities, if material, are disclosed by way of notes.

### 12. INVESTMENTS

Long Term Investments are stated at cost.

### 13. LEASES

Lease rentals in respect of assets taken on 'Operating Lease' are charged to Profit & loss Account on a straight line basis over the lease term.

### 14. GOVERNMENT GRANTS

Grants in the form of Capital/ Investment subsidy are treated as Capital Reserve. Any Grants/ Subsidy received against specific fixed assets have been reduced from the cost of fixed assets.

### 15. SEGMENT ACCOUNTING

The generally accepted accounting principles used in the preparation of financial statements are applied to record revenue and expenditure in individual segments.

Expenses that are directly identifiable to segments are considered for determining the segment results. Expenses that are not allocable to segments are included under unallocated corporate expenses.

Segments assets and liabilities include those directly identifiable with the respective segments. Unallocated corporate assets & liabilities represent the assets & liabilities that are not allocable to any segment.

## Accounting Policies and Notes on Accounts

### B. NOTES ON ACCOUNTS

- Contingent Liabilities not provided for :-

(₹ in Lacs)

Particulars	As on 31.03.2011	As on 31.03.2010
- Outstanding Letters of Credit	699.17	31.92
- Outstanding Bank Guarantees	38.50	52.39
- Statutory Liabilities that may arise in respect of matters in appeal.	95.50	51.32
- Surety Bonds given to Govt. Authorities	28.23	28.23

- The Company has obtained licenses under the Export Promotion Capital Goods (EPCG) Scheme for importing capital goods at the concessional rate of custom duty. As per the scheme, the company is obliged to export eight times of duty saved in next 8 years. The total export obligation is ₹ 5457.68 lacs against total duty saved of ₹ 682.21 lacs (Previous year - ₹ 3395.76 lacs against duty saved of ₹ 424.47 lacs).
- The lawsuits in respect of certain Intellectual Property Rights & Trademarks are pending in Courts. The proceedings are at the preliminary stage and the ultimate outcome of the matter cannot presently be determined. No provision for any liability that may result has been made.
- Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 182.90 lacs (Previous Year - ₹ 1012.46 lacs).
- Plant situated at A-1130 & 1130(A), Industrial Area, Phase – III, Bhiwadi was damaged in fire on 18.10.2008. Claim of above loss has been settled with Insurer & balance final payment of ₹ 1280.33 lacs was received during the year in addition to Adhoc payment of ₹ 900.00 lacs received in previous year. Difference in estimated claim and actual settlement in respect of assets provided in earlier years has been accounted for by increasing/reducing the respective assets as the case may be, as the Insurance policy was with reinstatement clause. Difference in case of repairs & stocks has been accounted for in Profit & Loss Account.
- Capital Work in progress includes Nil (Previous year - ₹ 1.23 lacs) on account of preoperative expenses incurred during the year. It includes Advances to Suppliers of ₹ 34.41 lacs (Previous Year - ₹ 131.28 lacs).
- The company has changed the method of valuation of Raw material/Packing material from First-in-First-Out (FIFO) to Weighted Average method due to SAP (ERP) implementation during the year. The Stores, Spares & Consumables also are being inventorised which earlier were being treated as consumed during the year of purchase. Consequently, the value of inventory and profit for the year are higher by ₹ 144.95 lacs.
- The aggregate managerial remuneration under Section 198 of the Companies Act 1956 is as under:-

(₹ in Lacs)

Particulars	2010-11	2009-10
Salary	115.13	108.87
Commission*	286.65	491.24
Contribution to P.F	12.17	11.70
Sitting fee	1.79	0.90
<b>Total Managerial Remuneration</b>	<b>415.74</b>	<b>612.71</b>

## Accounting Policies and Notes on Accounts

Computation of Net Profit and Commission payable as per Section 349 of The Companies Act, 1956.

(₹ in Lacs)

Particulars	2010-11		2009-10	
Net profit		3557.63		5377.88
Add : Managerial Remuneration	415.74		612.71	
Provision for doubtful debts	1.31		7.69	
Loss on sale of Fixed assets	43.07	460.12	2.82	623.22
<b>Net Profit</b>		<b>4017.75</b>		<b>6001.10</b>
Total remuneration allowable U/s 198 read with section 309(5) i.e. 10% of net profit		401.78		600.11
Less: Remuneration paid on monthly basis		115.13		108.87
Balance payable as commission*		286.65		491.24

Note : The Gratuity & Leave Encashment is provided for the company as a whole, therefore, the amount pertaining to directors is not ascertainable & not included above.

7. Certain balances of Sundry Debtors, Creditors and Advances from Customers are subject to confirmation.

8. ADDITIONAL INFORMATION REQUIRED UNDER SCHEDULE VI OF THE COMPANIES ACT, 1956

(a) Details as regards to Opening Stock, Production, Purchase, Sale & Closing Stock

(₹ in Lacs)

Particulars	Unit	Installed Capacity Per day	Opening Stock		Production (Qty.)	Purchase		Sales		Closing Stock	
			(Qty.)	Value		(Qty.)	Value	(Qty.)	Value	(Qty.)	Value
Footwear	Pair (in lacs)	3.52 (3.10)	39.78 (24.00)	3195.00 (2430.11)	807.24 (776.42)	70.75 (82.33)	7283.34* (6932.01)	865.74 (842.97)	67602.15 (55082.59)	52.03 (39.78)	5496.43 (3195.00)
Power	KWH (in lacs)	1.44 (1.44)	- (-)	- (-)	106.44 (26.27)	- (-)	- (-)	106.44 (26.27)	455.57 (112.43)	- (-)	- (-)
Others			- (-)	- (-)	- (-)	- (-)	431.26 (174.97)	- (-)	543.31** (174.97)	- (-)	- (-)
Total				3195.00 (2430.11)			7714.60 (7106.98)		68601.03 (55369.99)		5496.43 (3195.00)

\* Excludes DEPB Licence discount of ₹ Nil (Previous Year - ₹ 0.72 lacs)

\*\* Includes sale of manufactured goods other than footwear.

### Notes :

- (1) No industrial licence is required to manufacture any of the products of the Company.
- (2) Installed capacity, as certified by the management.
- (3) Figures within brackets pertain to previous year.



## Accounting Policies and Notes on Accounts

### (b) Raw material consumed:

(₹ in Lacs)

Particulars	2010-11		2009-10	
	Qty (M.T.)	Value	Qty (M.T.)	Value
Raw Rubber	3250.45	6,252.46	3569.73	3,997.39
EVA	8711.95	10,174.36	7123.80	6,413.62
Synthetic Rubber	627.30	941.27	741.66	771.95
Others	-	16,214.54	-	11,992.77
<b>Total</b>		<b>33582.63</b>		<b>23175.73</b>

### (c) Value of imported and indigenous material consumed and percentage thereof.

Particulars	2010-11		2009-10	
	%	Value	%	Value
Imported	1.54	518.70	3.98	922.74
Indigenous	98.46	33,063.93	96.02	22,252.99
<b>Total</b>	<b>100.00</b>	<b>33,582.63</b>	<b>100.00</b>	<b>23,175.73</b>

### (d) C.I.F. value of imports.

Particulars	2010-11	2009-10
i. Capital goods	1,611.06	1,936.52
ii. Materials including Stores, Spares	1,896.63	854.96

### (e) Expenditure in foreign currency (on accrual basis)

Particulars	2010-11	2009-10
i. Travelling Expenses	16.80	7.65
ii. Interest	385.96	325.08
iii. Others	36.68	18.45

(f) Earning in Foreign Exchange (FOB value of export sale) 2,111.05 1,058.21

9. Provision for Income Tax includes Wealth Tax provision of ₹ 3.15 lacs (previous year ₹ 2.79 lacs ).

## Accounting Policies and Notes on Accounts

10. Related party relationships/transactions warranting disclosures under AS-18 issued by “The Institute of Chartered Accountants of India” are as under:

**1) Names and relationship of the parties.**

<b>Name</b>	<b>Relationship</b>
Relaxo Rubber Private Limited	Associate company
Marvel Polymers Private Limited	Associate company
Relaxo International	Associate concern
Nu wave Shoes	Associate concern
Patel Oil Mills	Associate concern
Shri Mool Chand Dua Memorial Society	Entities where Key Management Personnel exercise significant influence.
Shrimati Ram Ditti Dua Memorial Society	

**2) Key Management Personnel & their relatives**

**Key Management Personnel**

Mr. Ramesh Kumar Dua	Managing Director
Mr. Mukand Lal Dua	Whole time Director
Mr. Nikhil Dua	Whole time Director

**Relatives**

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
Sh. Ramesh Kumar Dua (H.U.F.)	H.U.F.
Sh. Mukand Lal Dua (H.U.F.)	H.U.F.
Sh. Mool Chand Dua (H.U.F.)	H.U.F.

## Accounting Policies and Notes on Accounts

### 3) Disclosure of Related party transactions.

(₹ in Lacs)

Transactions	2010-11			2009-10		
	Associates	Key Management Personnel & Relatives	Total	Associates	Key Management Personnel & Relatives	Total
Sale of goods	343.98	-	343.98	275.76	-	275.76
Purchase of goods (Net of taxes)	17179.46	-	17179.46	13368.84	-	13368.84
Purchase of Assets (Net of taxes)	61.89	-	61.89	129.49	-	129.49
Rent paid	280.36	309.28	589.64	113.16	202.48	315.64
Rendering of service (Job work)	209.64	-	209.64	229.04	-	229.04
Receiving of service	2.40	-	2.40	2.91	0.20	3.11
Guarantees & collaterals taken	-	19667.00	19667.00	-	12811.00	12811.00
Dividend paid to shareholder	-	135.01	135.01	-	112.51	112.51
Payment of salary / perquisites	-	221.09	221.09	-	178.87	178.87
Commission	-	286.65	286.65	-	491.24	491.24
Loans (Year end balance)	-	3841.71	3841.71	-	3223.43	3223.43
Interest on unsecured Loans	-	332.09	332.09	-	337.83	337.83
Miscellaneous exp	-	-	-	0.14	0.15	0.29
Donation	-	80.00	80.00	-	225.00	225.00
Amount due to/from related parties						
Debit balance outstanding as on 31st March						
Outstanding receivable	144.73	-	144.73	63.54	-	63.54
Credit balance outstanding as on 31st March						
Outstanding payable	1661.72	4.61	1666.33	638.62	1.32	639.94

11. **Segment Information:** The Company has identified two reportable segments viz. footwear & power. Segments have been identified and reported taking into account nature of products and services, the differing risks and returns and the internal business reporting systems. The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with following additional policies for segment reporting.

Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

## Accounting Policies and Notes on Accounts

### Primary Segment : Revenue, Results and Other Information :-

(₹ in Lacs)

REVENUE	FOOTWEAR		POWER		TOTAL	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
External Sale	68145.46	55257.56	455.57	112.43	68601.03	55369.99
Inter Segment Sale	-	-	-	-	-	-
Total	68145.46	55257.56	455.57	112.43	68601.03	55369.99
Segment result	5044.34	6482.50	80.14	1.07	5124.48	6483.57
Less Interest & Financing	1393.29	1078.56	173.56	27.13	1566.85	1105.69
Profit before Tax	3651.05	5403.94	(93.42)	(26.06)	3557.63	5377.88
Income tax inclusive of MAT credit					500.84	718.36
Deferred tax (credit)/charge					385.48	890.30
Net Profit					2671.31	3769.22
<b>Assets</b>	<b>31.03.2011</b>	<b>31.03.2010</b>	<b>31.03.2011</b>	<b>31.03.2010</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
Segment Assets	40045.21	30954.49	3169.44	3513.55	43214.65	34468.04
<b>Liabilities</b>						
Segment Liabilities	-	-	-	-	-	-
Unallocated Liabilities	8944.83	6791.52	-	-	8944.83	6791.52
Total	8944.83	6791.52	-	-	8944.83	6791.52
<b>Other Information</b>						
Capital Expenditure	6816.39	6869.14	-	3571.93	6816.39	10441.07
Depreciation	1728.71	1434.34	366.77	111.36	2095.48	1545.70

### SECONDARY SEGMENT

The company is having its major operation in India. Therefore, Geographical Area wise Segment Reporting is not required.

12. 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 :

(₹ in Lacs)

	2010-11	2009-10
Lease Rentals	1455.72	964.26
<b>Obligations on non cancelable leases :</b>		
Not later than one year	26.63	91.50
Later than one year but not later than five years	3.08	29.71
Later than five years	-	-
Total	29.71	121.21

The escalation clause includes escalation at various periodic levels ranging from 0% to 15%, includes option of renewal from 1 to 5 years and there are no restrictions imposed on lease agreements

## Accounting Policies and Notes on Accounts

### 13. Employee Benefits

#### A. Defined Contribution Plan

During the year, the company has recognised the following amount in the Profit & Loss Account.

(₹ in Lacs)

Fund	2010-11	2009-10
Employer's Contribution to Provident & Pension Fund	279.52	199.03
Employer's Contribution to ESIC Scheme	84.47	53.03
Employer's Contribution to LIC Gratuity Scheme	80.86	61.90

#### B. Defined Benefit Plan

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, 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.

(₹ in Lacs)

Particulars : Leave Encashment (Unfunded)	2010-11	2009-10
<b>Reconciliation of opening &amp; closing balances of Defined Benefit Plan</b>		
Present Value of Obligation as at the beginning of the year	152.42	98.86
Current Service Cost	69.93	33.39
Interest Cost	11.89	7.71
Actuarial (gain)/loss on obligations	69.05	38.49
Benefit Paid	(27.74)	(26.03)
Present Value of Obligation as at the end of the Year	275.55	152.42
<b>Reconciliation of Fair value of assets and obligations</b>		
Fair Value of Plan Assets	-	-
Present value of obligation	275.55	152.42
Amount recognised in Balance Sheet	275.55	152.42
<b>Expense Recognised during the year</b>	275.55	152.42
Current Service Cost	69.93	33.39
Interest Cost	11.89	7.71
Expected Return on Plan Assets	-	-
Actuarial (gain)/ loss on obligations	69.05	38.49
Net cost	150.87	79.59
<b>Actuarial assumptions</b>		
Discount Rate (per annum)	8.00%	7.80%
Expected Rate of Return on Plan Assets	-	-
Rate of escalation in salary (per annum)	10.00%	6.00%

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

## Accounting Policies and Notes on Accounts

14. Earning per share (EPS) computed in accordance with Accounting Standard -20 is as under.

(₹ in Lacs)

Particulars	2010-11	2009-10
Profit After Tax	2671.31	3769.22
No. of share issued	12001200	12001200
Basic & diluted Earning per share of ₹ 5/- (₹)	22.26	31.41

15. Foreign Currency Exposure

(Value in Lacs)

Purpose	Currency	As at 31.03.2011	As at 31.03.2010
a) Unhedged Foreign Currency Exposure			
- Outstanding Import Creditors	USD	0.73	0.71
- Outstanding Export Debtors	USD	9.32	3.31
	GBP	-	0.11
- Outstanding Interest on Foreign Currency Loans	USD	0.55	0.48
b) The details of Derivatives Outstanding			
- Forward Contracts - Import Creditors	USD	7.48	-
- Forward Contracts - Import Orders	USD	1.19	-
- Forward Contracts - Export Debtors	USD	1.04	2.45
- Forward Contracts - Export Orders	USD	4.90	-
- Forward Contracts - Foreign Currency Loans	USD	188.43	140.41

16. The principal Components of Net Deferred Tax Liability are as follows:-

(₹ in Lacs)

Particulars	As at 31.03.2011		As at 31.03.2010	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Difference between book & tax depreciation	-	2701.54	-	2171.33
Provisions debited to profit & loss account	472.63	-	327.90	-
Total	472.63	2701.54	327.90	2171.33
Net deferred tax liability		2228.91		1843.43
Net increase/(decrease) in liability charged to Profit & Loss account		385.48		890.30

17. The interest includes ₹ 9.47 lacs (Previous year - ₹ 21.13 lacs) paid to Managing Director.

18. Interest includes ₹ 188.30 lacs (Previous year - ₹ 73.85 lacs) on account of Foreign Exchange Fluctuations.

## Accounting Policies and Notes on Accounts

### 19. Remuneration to Auditors

(₹ In Lacs)

Particulars	2010-11	2009-10
Statutory Audit Fee	5.08	5.08
Tax Audit	1.10	1.10
Limited Review & other services	3.31	3.31
Total	9.49	9.49

20. Extraordinary items include loss of ₹ Nil (Previous Year - ₹ 1.22 lacs) incurred due to fire.

21. Prior period adjustments include write back of provisions no longer required ₹ 7.73 lacs (Previous Year - ₹ 7.16 lacs net)

22. 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.

23. Previous year figures have been recast/regrouped wherever necessary to Conform to Current Year Classification.

As per our report of even date

### FOR GUPTA & DUA

Chartered Accountants

### CA. MUKESH DUA

Partner  
M.No. 085323

### RAMESH KUMAR DUA

Managing Director

Place : Delhi  
Dated : May 26, 2011

**SUSHIL BATRA**  
Chief Financial Officer

**KAPIL GARG**  
Company Secretary

**MUKAND LAL DUA**  
Whole Time Director



# Balance Sheet Abstract and Company's General Business Profile

## I. Registration Details

State Code	55	Registration No.	19097
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Balance Sheet Date : Day 31 Month 03 Year 2011

## II. Capital Raised During the year

(Amount in ₹ Thousands)

Public issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

## III. Position of Mobilisation and Development of Funds

Total Liabilities	3424262	Total Assets	3424262
Sources of Funds			
Paid-up Capital	60006	Reserve & surplus	1286221
Secured Loans	1437652	Unsecured Loans	417492
Deferred Tax Liability	222891		

### Application of Funds

Net Fixed Assets	2696068	Investments	611
Net Current Assets	727583		

## IV. Performance of Company

(Amount in ₹ Thousands)

Turnover including Other Income	6921320	Total Expenditure	6565557
Extra-ordinary Items	0	Profit/Loss Before Tax	355763
Profit/Loss After Tax	267131	Earning Per Share (in ₹)	22.26
Dividend Rate (including Interim dividend)	30%		

## V. Generic Names Of Principal Products of the Company

Item Code No.	64022001
Product Description	Rubber
Item Code No.	64022009
Product Description	EVA

**RAMESH KUMAR DUA**  
Managing Director

Place : Delhi  
Dated : May 26, 2011

**SUSHIL BATRA**  
Chief Financial Officer

**KAPIL GARG**  
Company Secretary

**MUKAND LAL DUA**  
Whole Time Director

**RELAXO FOOTWEARS LIMITED**  
Regd. Office : 316-319, Allied House,  
Inderlok Chowk, Old Rohtak Road, Delhi-110035

**ATTENDANCE SLIP**

Please complete this attendance slip and hand it over at the entrance counter at Sri Sathya Sai International Centre, Lodhi Road Institutional Area, Pragati Vihar, New Delhi-110 003 on Tuesday, the 20<sup>th</sup> September, 2011 at 10.30 a.m.

<b>NAME OF MEMBER</b>			
<b>FOLIO NUMBER</b>		<b>NO. OF SHARES</b>	
<b>DPID NO</b>		<b>CLIENT ID NO</b>	
<b>NAME OF MEMBER/PROXY</b>		<b>SIGNATURE OF MEMBER/PROXY</b>	

**NOTES :-**

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**

- Tear from here -

**PROXY FORM**

Folio No. .... DP ID .....

No. of Shares ..... Client ID .....

I/We ..... of .....

in the district of ..... being a member/members of Relaxo Footwears Limited hereby

appoint ..... or failing him/her .....

of .....in the district of .....

..... as my/our proxy to attend & vote for me/us and on my/our behalf at the 27<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday, the 20<sup>th</sup> day of September, 2011 at Sri Sathya Sai International Centre, Lodhi Road Institutional Area, Pragati Vihar, New Delhi-110 003 or at any adjournment thereof.

Signed this ..... day ..... of September, 2011

**SIGNED** .....

Affix  
Re. 1.00  
Revenue  
Stamp

**NOTE : THIS PROXY TO BE VALID SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**



Quality Par Excellence



Fashionable and light,  
feel good with **Flite.**



**FL 169** Red, Ice Blue,  
Black, Yellow, Lt. Green  
Size: 2-7



**FL 168** Green Green, Mauve Mauve,  
Red Red, Black Red  
Size: 4-7



**FL 167** Pink, Mauve,  
Lemon, Red  
Size: 3-8



**FL 166** Navy Yellow, Red Black,  
Magenta Pink, Red Yellow  
Size: 4-7



**FL 163** Black Brown,  
Black Black  
Size: 4-7



**FL 161** Black Magenta,  
Black Beige, Black S. Blue  
Size: 3-8



**FL 160** Bk. Bk. Yellow, Navy Navy Blue,  
Black Black Red, Cool Grey Black Grey  
Size: 6-10



**FL 159** Black Lt. Green, Bk. Red,  
Navy Skyblue, Black Yellow  
Size: 6-9



**FL 147** Navy White,  
Black Red, Magenta White, Grey Black  
Size: 4-7



**FL 142** Black Cherry,  
Black Black  
Size: 6-10



Prachi's Flite FL-41F



Quality Par Excellence

## **RELAXO FOOTWEARS LIMITED**

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

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E-mail : [rfl@relaxofootwear.com](mailto:rfl@relaxofootwear.com) Website: [www.relaxofootwear.com](http://www.relaxofootwear.com)