



RELAXO FOOTWEARS LIMITED
ANNUAL REPORT 2011-12

The Relaxo Way

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The Relaxo Way

What started as a single-product single-location company in 1976 has grown today to become the largest Indian footwear company by the number of pairs manufactured annually. Our growth and expansion over all these years has been led by the spirit of innovation and commitment to respond to footwear needs and aspirations of our customers. We are having 7 manufacturing plants, a portfolio of 10 brands, a family of 8000 plus employees and an extended family of over 50000 distributors and retailers across the length and breadth of India.

At Relaxo, we are driven to delight our customers in every possible way. From product quality to style elegance to diverse range to affordable prices, we are serving a large segment of Indian consumers – from masses to classes with ‘Value for Money’ offerings. We continued to expand our product range and upscale our manufacturing capacities with moderate but consistent investments. We are focussed on lean manufacturing and continuous value engineering in order to keep our products affordable for a vast majority of Indian customers.

As a result, we have clocked rapid and consistent growth over the recent years. Compounded annual growth rate of our revenues and net profit has been 29.59% and 32.06% respectively, resulting into 20%+ return on equity (ROE) over the last five years. With sparkling brands such as ‘Relaxo’, ‘Flite’ and ‘Sparx’ we are proudly serving more than 3,00,000 customers every day. With abundant passion and immaculate detailing in manufacturing of every single pair of footwear, we are moving further and growing bigger.

We call it securing growth, The Relaxo Way!



CAGR of our revenues and net profit has been 29.59% and 32.06% respectively over the last 5 years

Our Flagship Brands



Relaxo Hawaii is the most popular brand in our portfolio. Coming in numerous shades and styles, its comfort value makes it a favourite across all age-groups. Relaxo Hawaii is endorsed by bollywood superstar Salman Khan.



Brands for many

The Relaxo way

A country of 1.2 billion people needs quality footwear in abundance. While affluent population can spend a fortune for a pair of their preferred signature brand of footwear, a vast majority of populace looks for quality footwear at affordable prices.

With this insight, we focussed on the later segment of value seeking customers. Our customer segment constitutes a sizeable and fast-growing market which is also being marked with growing consumerism leading to higher family spends on footwear. Priced rightly, not only more pairs but also footwear in higher price ranges can be sold to these customers. In line with the needs of the entire family and for a range of situations and occasions, we have built a vibrant range of products – from basic Hawaii to fancy slippers, from shoes for school going children to stylish sports shoes for youth.

We have always leveraged celebrity endorsements to great effect in driving a mass connect with our brands. Continuing with The Relaxo Way of brand promotion, we have signed-up Bollywood superstars, Salman Khan for Relaxo Hawaii, Katrina Kaif for Flite and Akshay Kumar for Sparx towards further entrenching our respective brands in the minds, homes and feet of our consumers.

At Relaxo, we believe in making trends instead of keeping pace with it. P.U. technology holds tremendous potential in revitalizing the footwear market with numerous design and application functions. Taking the lead in adopting and mastering this technology; we are setting up a special unit for this range. We have already launched 'Flite-PU Fashion' range of footwears, which has got instant acceptance and appreciation from consumers.



The most exclusive brand of the Company, Flite stands for 'fashionable and light' footwear courtesy the cutting-edge EVA technology deployed in its manufacturing. It is available in wide range of colours and designs. Flite Pu- fashion is our upcoming range of formal footwear for Men and Women.



Sparx is our range of sports shoes and sandals. Available in vibrant colours and designs, Sparx embodies the spirit of today's youth.



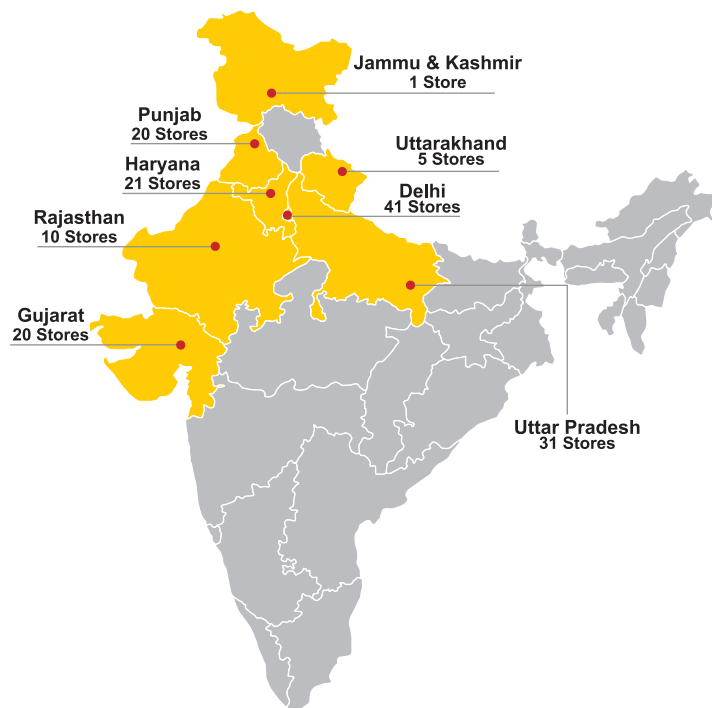
Schoolmate is a true mate of school going boys and girls. Made with special care to pamper tiny feet, each pair bears the mark of superb workmanship and adaptable design.

Our endeavour to delight customers with the true Relaxo experience led to the birth of exclusive retail outlets **'Relaxo Shoppe'** 6 years ago

Added 25 new stores to take our number of own exclusive outlets to **149**

From ₹1.52 crore in FY 08 to **₹30.53 crore** in FY 12, our export revenue has grown twenty-folds in just four years.

We have penetrated footwear markets in more than **16 countries** so far



● **Relaxo Shoppe**
149 Exclusive Stores in India

Expanding and entrenching The Relaxo way

Our products enjoy mass appeal and acceptance across India and beyond. Continuous foray into newer markets while deepening our entrenchment in existing markets remains the key focus. Thanks to the intensifying brand pull that we enjoy, more and more footwear retailers keep joining our surging distribution network. Voluntary addition of these retail points has been resulting into an even faster expansion of our market footprints.

Our endeavour to delight customers with the true Relaxo experience led to the birth of exclusive retail outlets 'Relaxo Shoppe' 6 years ago. These aesthetically designed stores with well-planned display of our entire range of products soon started to emerge as a preferred footwear destination for our customers. Besides adding significant visibility to all our brands, Relaxo Shoppe has been upping their imagery with premium feel. Having started as a visibility enhancement idea, this has contributed revenues of ₹61.19 crore to the total sales of the Company in FY12. During the year under review, we added 25 new stores to take our number of own exclusive outlets to 149. With plans to add another 25 stores in FY 13, the expansion of our own exclusive retail network is going to continue.

Our move to sell our products in overseas markets through the channel of exports has met with encouraging success. From mere ₹1.52 crore in FY 08 to ₹30.53 crore in FY 12, our export revenues have continued to grow all these years. Our products are now available in more than 16 countries.

From sourcing to
manufacturing to logistics to
marketing to finance, all the
key operations
have been **scaled up** deftly

we are
progressing well on
cost optimization



Synchronized operations

The Relaxo way

The accelerated growth that we have achieved over the recent years has been accompanied with a matching increase in our overall scale of operations. From sourcing to manufacturing to logistics to marketing to finance, all the key operations have been scaled up deftly in line with the growth of the organization. With our efforts aligned towards efficient deployment of resources, we are progressing well on cost optimization and operational excellence.

During the year, we intensified our talent acquisition campaign in order to infuse new leaders as well as harness future leaders from within. A host of training & development activities and initiatives were taken up which have helped us in building a highly motivated and performance driven team within the Company.



Relaxo Hawaii



Flite



Sparx



Schoolmate



Our revenues grew by 25% to reach ₹ 865.73 crore in FY 12 from ₹ 692.13 crore recorded in FY 11

Our EBIDTA reached ₹ 95.26 crore recording a growth of 32 % over ₹ 72.41 crore recorded in the previous year

Net profit for the year under review rose to ₹ 39.90 crore from ₹ 26.71 crore recorded in FY 11

Earnings per share stood at ₹ 33.25 for FY 12, up from ₹ 22.26 for FY 11

Dear Stakeholders,

Amidst the economic uncertainties prevalent across the world and also in India, your Company has continued to add certainty in delivering strong performance once again in the fiscal year 2011-12. Delivering strong performance consistently over all these years, we have grown step-by-step to our current leadership position of being second largest footwear company in the country.

What separates our growth story from most of our peers is the sheer consistency displayed by us over a considerably long period of 36 years. Our consistency has not wavered even in the most testing times such as the recent global economic downturn or the ongoing economic turbulence being witnessed in India and elsewhere across the globe. Performances

Managing Director's Message

amidst these testing times evince the robustness of our business enterprise that we have built with tremendous rigor and passion.

The simplicity in our business strategy and swiftness in our executions holds the key to our continued success. At Relaxo, we call it The Relaxo Way to leadership. Our business strategies are simple – offer great value for our consumers' money, delight them with a wide range of comfortable & fashionable footwear and make our products available within their convenient reach.

Such simplicity around absolute customer-centricity binds each one of us, employees as well as our distribution and retailing partners, into a big and happy Relaxo family. Going forward, we are committed to continue expanding our manufacturing capacities, product and brand portfolio, market geographies and brand appeal as usual.

Your Company is inching closer to cross ₹1000 crore revenue milestone in current fiscal year. Now is the time to reassess ourselves from the perspective of next level of performance. In this direction, a series of consultative and introspective initiatives are being taken within the Company which will help us in revamping and managing our next level of growth.

From the modest beginning made in 1976, we have come a long way to rise to our current position of strength. The trust and confidence of all our stakeholders – employees, customers, supply partners, investors, lenders, exchequer and public at large – has helped us accomplish more in our arduous journey. I take this opportunity to thank each of our stakeholders for their continued trust and support and look forward to them accompanying us in our future growth too.

With best regards,

Ramesh Kumar Dua
Managing Director

Corporate Information

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Kapil Garg

CHIEF FINANCIAL OFFICER

Sushil Batra

AUDITORS

GUPTA & DUA

Chartered Accountants

9, Darya Ganj, Delhi-110 002

BANKERS

State Bank of India

HDFC Bank

Standard Chartered Bank

ING Vysya Bank

SHARE TRANSFER AGENTS

M/s. Karvy Computershare Private Limited

17-24, Vittal Rao Nagar,

Madhapur-Hyderabad,

Andhra Pradesh - 500 081, India

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

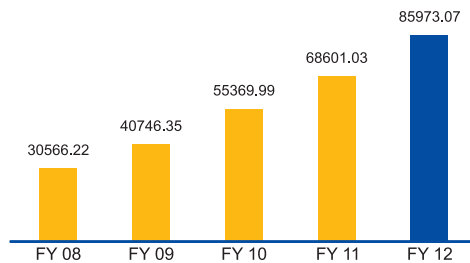
RFL-VII

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

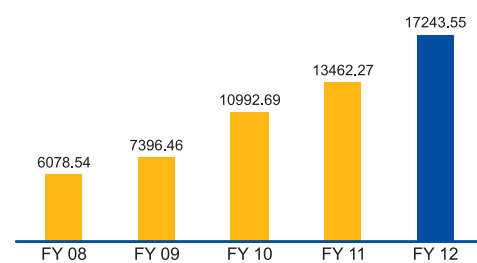


Financial Highlights

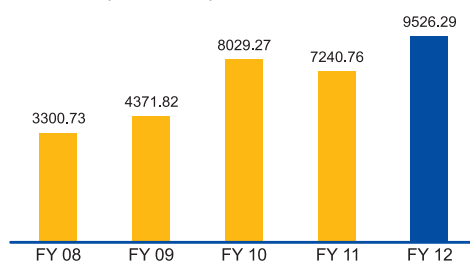
Sales (₹ in Lacs)



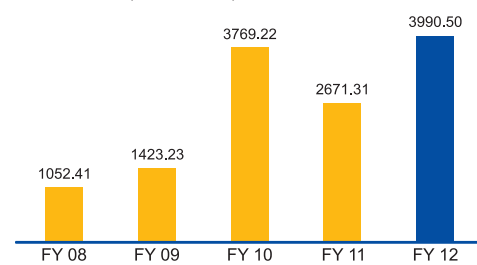
Net Worth (₹ in Lacs)



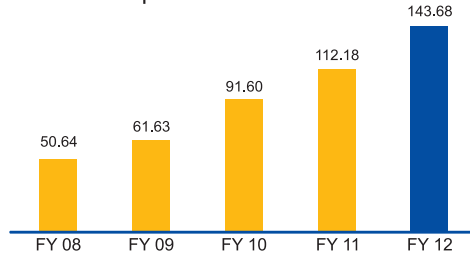
EBIDTA (₹ in Lacs)



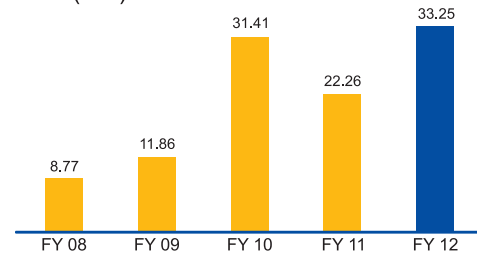
Net Profit (₹ in Lacs)



Book Value per share of ₹5/- each



EPS (in ₹)



(₹ in Lacs, except otherwise stated)

Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
No of Pairs Sold (in Lacs)	924.60	865.74	842.97	684.50	639.00
Sales	85973.07	68601.03	55369.99	40746.35	30566.22
Total Income	86573.20	69213.20	55781.93	41004.86	30731.73
EBIDTA	9526.29	7240.76	8029.27	4371.82	3300.73
Financial Cost	1867.18	1590.85	1105.69	926.78	692.47
Depreciation	2310.29	2095.48	1545.70	1047.01	934.43
Tax	1358.32	883.12	1608.66	974.80	621.42
Net Profit	3990.50	2671.31	3769.22	1423.23	1052.41
Equity Share Capital	600.06	600.06	600.06	600.06	600.06
Net Worth	17243.55	13462.27	10992.69	7396.46	6078.54
Gross Fixed Assets (Tangible and Intangible)	39977.61	35373.68	29222.05	21271.40	15368.74
Net Fixed Assets (Tangible and Intangible)	29260.64	26926.27	22841.06	15907.69	11026.34
Capital Employed	37376.56	34242.62	27525.64	19187.68	14010.08
Growth in Sales (%)	25.32	23.90	35.89	33.31	29.55
EBIDTA to Sales (%)	11.08	10.55	14.50	10.73	10.80
EPS (in ₹)	33.25	22.26	31.41	11.86	8.77
Book Value Per Share (in ₹)	143.68	112.18	91.60	61.63	50.64
ROCE (%)	21.07	18.62	33.79	23.73	19.67

NOTICE

Notice is hereby given that 28th 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 Monday, 17th day of September, 2012 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 31st, 2012 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. S.K. Sapra, 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. Nikhil Dua, Director who retires by rotation as a Director and being eligible, offers himself for re-appointment.
4. To declare dividend on equity shares for the financial year 2011-12.
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, 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."

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to provisions of Section 314(1) and other applicable provisions, if any, of the Companies Act, 1956 read with Directors' Remuneration (Office or Place of Profit) Rules 2003, or any amendment or substitution thereof and the approval of the Shareholder be and is hereby accorded to the re-appointment of Mr. Rahul Dua (relative of Mr. Ramesh Kumar Dua, Managing Director, Mr. Mukand Lal Dua, Whole Time Director and Mr. Nikhil Dua, Whole Time Director of the Company) to hold and continue to hold office or place of profit under the Company and designated as Finance Manager with effect from 1st day of July, 2012 for a period of 2 (two) years, in the grade of (₹75000-25000-100000) inclusive of all such other allowances, perquisites, benefits and amenities as applicable to the Company's Executives in the similar grade.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to sign and execute such documents/writings or other papers as may be necessary and to do all

such acts, deeds, matters and things as it may, in its sole discretion, deem necessary, proper, desirable, expedient or incidental for the purpose and to settle any question, difficulty or doubt that may arise in giving effect to this resolution."

By Order of the Board of Directors
For Relaxo Footwears Limited

Place : Delhi

Date : May 12, 2012

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 Tuesday, 11.09.2012 to Monday, 17.09.2012 (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 Tuesday, 16th day of October, 2012.
 - 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 shares in physical form are requested to provide their Bank Account Number, Name and Address of the Bank/Branch to the Company or Karvy to enable them to incorporate the same in dividend warrant.

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

- 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

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

Financial Year	Date of Declaration	Date of Transfer to Unpaid Dividend A/C	Last date of Claim	Due date of transfer to IEPF	Amount of Unclaimed Dividend as on 31.03.2012 (₹)
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	48843
2008-09	25.09.09	31.10.09	30.10.16	29.11.16	55265
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	82533
2010-11 (Interim)	03.11.10	09.12.10	08.12.17	07.01.18	40623
2010-11	20.09.11	26.10.11	25.10.18	24.11.18	69758

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 email at relaxo@karvy.com to get the Annual Report and other documents on such e-mail address. Members holding shares in physical form are also requested to intimate their e-mail address to Karvy by email at 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
Andhra Pradesh - 500 081, India

By Order of the Board of Directors
For Relaxo Footwears Limited

Place : Delhi
Date : May 12, 2012

Kapil Garg
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

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

Item No. 6

Mr. Rahul Dua be re-appointed as Finance Manager with effect from 1st July, 2012 for a period of 2 (two) years in the grade of ₹ (75000-25000-100000) inclusive of all such other allowances, perquisites, benefits and amenities as applicable to the Company's Executives in the similar grade. As per the provisions of Section 314(1) of the Companies Act, 1956 if the monthly remuneration payable to relative of director is ₹50000/- or more, the approval of the shareholders is required.

The Board recommends the Resolutions as set out at Item no. 6 of the Notice for your approval.

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

None of the other Directors of the Company is, in any way, concerned or interested in the passing of above mentioned resolution.

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

1. Mr. Nikhil Dua is a graduate and has done course from International School of Modern Shoe-making (Czech Republic). He has an experience of 17 years in the shoe division of the Company. He has rich knowledge with regard to product mix and market development in respect of footwear industry. Mr. Nikhil Dua holds 450045 Equity Shares of the Company. He is the member of Audit Committee of the Company.
2. Mr. S.K. Sapra, is a practicing Chartered Accountant. He is having more than 50 years of experience in Finance, Accounts and Management. He is member of Audit Committee, Remuneration Committee and Shareholders' Grievance and Share Transfer Committee of Company. He holds 100 Equity Shares as Joint Shareholder

By Order of the Board of Directors
For Relaxo Footwears Limited

Place : Delhi
Date : May 12, 2012

Kapil Garg
Company Secretary

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 2011-12.

1 FINANCIAL RESULTS

	(₹ in Lacs)	
Particulars:	2011-12	2010-11
Sales & Other Income	86573.20	69213.20
Total Expenditure	78910.26	63563.29
Profit before Depreciation & Tax	7662.94	5649.91
Depreciation	2310.29	2095.48
Profit before Tax & Extra Ordinary items	5352.65	3554.43
Extra Ordinary items	3.83	-
Profit before Tax	5348.82	3554.43
Payment/Provision for Tax	1358.32	883.12
Profit after Tax	3990.50	2671.31
Balance brought forward from Previous year	329.17	859.59
Prior Period Adjustment	-	7.73
Amount available for Appropriation	4319.67	3538.63
Appropriation :		
Final Dividend	180.02	120.01
Tax on Final Dividend	29.20	19.47
Interim Dividend	-	60.01
Tax on Interim Dividend	-	9.97
Transfer to General Reserve	3500.00	3000.00
Balance carried to Balance Sheet	610.45	329.17
TOTAL	4319.67	3538.63
Basic and Diluted Earning per Share (in ₹)	33.25	22.26

2. BUSINESS PERFORMANCE

During the year under review, the Company performed well, inspite of difficult conditions prevailing in the domestic and world market for greater part of the year, total Revenue achieved ₹86573.20 lacs as against ₹69213.20 lacs in previous year which reflects growth of 25%. The EBITDA rose by 31% to ₹9526.29 lacs as compared to ₹7240.76 lacs in previous year. The Earning per Share increased from ₹22.26 to ₹33.25 on Equity Share of ₹5/- each.

The key raw materials used in the manufacturing of footwear are Rubber & EVA. Due to the unprecedented price volatility during the major part of the year, the increased costs could not be recovered to its fullest. However, during the last quarter, the prices of the said materials started declining and dropped significantly. This impact was quite noticeable in the last quarter, resulting

in an overall increase in the profit. The improvement on the profit was also yielded due to timely sales realizations, effective cost rationalization in marketing cost and overheads.

The Retail business contributed ₹6119.42 lacs as compared to ₹4592.36 lacs in total revenue of the Company. During the year under review, 25 outlets were added making the total to 149.

The Company resulted growth of 36% in export turnover by achieving an export turnover of ₹3052.82 lacs as against ₹2208.21 lacs in previous year. The Company successfully participated in Expo Riva Shoe Fair in Italy to showcase its products and prospective buyers appreciated the quality and designs. The Company has been directly exporting to sixteen countries. The Council of Leather Export of India has conferred upon the Company an award of 2nd largest non leather exporter for the financial year 2010-11.

3. DIVIDEND

Your Directors are pleased to recommend a dividend of 30% on the equity shares of the Company for the financial year 2011-12.

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.

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. S.K. Sapra and Mr. Nikhil Dua, 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. PU PROJECT

It is High Fashionable and formal footwear on PU (Poly Urethane) technology with additional features of longevity, skid resistance and light weight. The Company has already launched this product range under Flite PU - Fashion in one of the existing plant and is getting good response from the end customer. Further, your Company is in advance

stage of commissioning a full fledged manufacturing unit in current financial year.

9. LOGISTIC

To synchronise with the pace of growth of the Company, Logistic department is being revamped by adding up distribution infrastructure. It has played pivotal role in the growth of the Company. It ensures availability of right goods at right place at right time. The company has effective logistic department which is supported by five warehouse across India. The Company received 'Supply Chain Leader 2011' award from Industry 2.0 Technology Management Magazine.

10. CREDIT RATING

The ICRA and CARE have assigned the rating A- for long term fund facility and A2+ for short term fund facility to your Company. These ratings represent adequate safety of credit facilities given to the Company.

11. 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.

12. FIXED DEPOSITS

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

13. DIRECTORS' RESPONSIBILITY STATEMENT

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

1. That the applicable Accounting Standards have been followed in the preparation of the Annual Accounts and that there have been no material departures there from;
2. That the Directors have selected such accounting policies and applied them consistently and made 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.

14. 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.

15. 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.

16. HUMAN RESOURCE MANAGEMENT & INDUSTRIAL RELATIONS

The Company stayed focused on overall development of its human capital by organizing training and development programs to boost up the morale of employees and to maintain work life balance. The Industrial Relations in all the units of the Company remained cordial during the year under review. The Company has also provided opportunities to willing workers to upgrade their basic educational qualification at different levels-matriculation/ ITI/Diploma and graduation. The company has commenced hiring professionals in all facets from Manufacturing to Sales for building a strong talent pool of future Managers and Leaders.

17. 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.

18. PARTICULARS OF EMPLOYEES

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

19. 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

RAMESH KUMAR DUA
Managing Director

MUKAND LAL DUA
Whole Time Director

Place : Delhi

Date : May 12, 2012

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
- IE Study for Working Time Standards and Norms

b) Benefits derived as a result of R & D

- Improvement in quality
- Development of new product/process

c) Expenditure on R & D

- Recurring : ₹38.35 lacs charged out as expenses through respective Head 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 : ₹5165.29 lacs

Earned : ₹2975.45 lacs

MANAGEMENT DISCUSSION & ANALYSIS

1. Industry Overview

During the year under review, India's Economic growth rate slowed to 6.50% against 8.40% in the previous two financial years. The economy witnessed high level of inflation, volatility in financial markets and concerns on global slow-down. Despite, all these facts, footwear being the basic consumer necessity, the Indian domestic footwear sector has grown at a compounded annual growth rate (CAGR) of about 15%.

India at present, produces nearly 3 billion pairs annually that is estimated at around ₹26000 crores from organized and unorganized sector. The footwear industry is labour intensive industry which has been generating employment for over 20 lac people and is significantly contributing to the growth of Indian economy. The low production cost, abundant availability of inputs, expanding consumption market with growing fashion consciousness among all strata of society has set the Indian footwear Industry at growing platform.

2. Business Overview

There are nearly 4000 units engaged in the production of footwear in India and they exist both in the traditional and modern sector. The traditional sector comprises mostly small scale units, which accounts for over 55% of the 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 company recorded a growth of 25% in revenue and 49% in profit after taxes despite the pressure of raw material price. This was possible due to the focus on the introduction of new products and a continuing thrust upon the retail and export business initiative. Today, Relaxo Footwears Limited is the 2nd largest footwear company in India measured in terms of value and its brands viz. Relaxo, Flite and Sparx with almost parity now have enormous potential of growth in forthcoming years. With a focus towards creating strong brand visibility, the Relaxo Retail Shoppe has also played an imperative role in the growth of the company. The company has also been expanding its geographic footprint with a growth of export business in Asian and Middle East Countries.

3. Threats, Risks and concerns

Our products face competition from the products of global & established Indian companies and it continues to exert pressure on the operations.

With the growing demand of our products, there is always a risk of availability of manpower for increasing production levels. To mitigate this risk, the company has been focusing on labour retention policy, by way of motivating them through continuous training programs, monetary awards, and better hygienic working environment.

The foreign exchange risk is hedged by way of forward contract.

Appropriate procedures for risk assessment and mitigation in other areas as well have been laid by the company & their assessments are reviewed by the management from time to time.

4. Internal Audit & Control Systems

The internal control system of the company is regularly reviewed by the Audit Committee and Board of Directors of the company which assure optimal utilization of resources, reliability of financial reporting and compliance with applicable laws and regulations. The Management control system ensures timely recording and reporting of all commercial and financial transactions in conformity with generally accepted Accounting practices.

The observations and recommendations of Audit Committee in respect of Internal Audit of the company are taken into consideration by the Board of Directors so as to take adequate follow up measures to implement the identified improvement opportunities.

5. Outlook

The overall outlook of the business continues to be positive with the softening of raw material prices, continuous process improvements and further strengthening of logistic infrastructure.

CORPORATE GOVERNANCE REPORT

AT THE HEART OF THE CORPORATE

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

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

1. PHILOSOPHY OF THE COMPANY ON CORPORATE GOVERNANCE

Corporate Governance has occupied pivotal position at Relaxo Footwears Limited since inception. The business has, since then, been conducted in most transparent and ethical manner. All the necessary steps have been taken, with changing socio-economic scenario to ensure that the conduct of business is as per the policies of the Management, namely Honesty, Transparency and Ethical 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 disclosure and maximization of shareholders wealth.

2. BOARD OF DIRECTORS

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

Composition of the Board of Directors

The composition of the present Board of Directors of the Company, at present, 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
Promoters 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 Meetings

During the Financial year 2011-12, the Board of Directors met five times.

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

Date of Meeting	No. of Directors present	Total Strength of the Board
26.05.2011	6	6
30.07.2011	6	6
05.11.2011	6	6
02.02.2012	6	6
24.03.2012	5	6

Attendance records of the Directors at Board Meetings and at the Annual General Meeting (AGM) during the Financial year 2011 - 12 is as under :

Name of Directors	No. of Board Meetings attended	Attendance in AGM held on 20.09.2011	Number of other Companies in which Directorship held
Mr. Ramesh Kumar Dua	5	Present	2
Mr. Mukand Lal Dua	4	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 31.03.2012

- I. Audit Committee
- II. Shareholders'/Investors' Grievances 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 Companies Act, 1956, read with Clause 49 of the Listing Agreement.

TERMS OF REFERENCE:

- a) Overseeing Company's financial reporting processes 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 terms of reference to :

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

COMPOSITION AND ATTENDANCE

The Audit Committee comprised three Directors, namely, 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 meetings and the attendance of members of the Committee in the meetings held during the Financial year 2011-12 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.

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 REFERENCE:

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

- Transfer/transmission of shares.
- Split-up/sub-division and consolidation of shares.
- Issue of new and duplicate share certificates.
- Registration of Power of Attorneys, Probates, Letter of transmission or other documents.
- To open /close Bank Account(s) of the Company for remittance of dividend and issue instructions to bank from time to time in this regard
- To look into the redressal of shareholders' complaints and enquiries.
- Any allied matter out of and incidental to these functions

COMPOSITION AND ATTENDANCE

The Committee comprised three Directors, Mr. 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 2011-12, three meetings of the Committee were held and the attendance of members at the meetings is given below:

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. S.K. Sapra	3	3
Mr. Ramesh Kumar Dua	3	3
Mr. Mukand Lal Dua	3	3

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

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

III. REMUNERATION COMMITTEE

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

TERMS OF REFERENCE

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 to 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 2011-12, no meeting of the Committee was held.

4. DETAILS OF REMUNERATION TO DIRECTORS FOR THE FINANCIAL YEAR 2011-12

- 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 2011-12 are as follows:

(Amount in ₹)

Name of Directors	Designation	Salary	Commission	Total
Mr. Ramesh Kumar Dua	Managing Director	4200000	24189425	28389425
Mr. Mukand Lal Dua	Whole Time Director	4200000	24189425	28389425
Mr. Nikhil Dua	Whole Time Director	3642000	---	3642000

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 2011-12 was ₹60,000/- to Mr. Pankaj Shrimali, ₹50,000/- to Mr. Vivek Kumar and ₹63,000/- to Mr. S.K. Sapra for attending the meetings

5. VENUE & TIME OF ANNUAL GENERAL MEETINGS

Year	Venue	No. of Special Resolution	Day and Date	Time
2010-11	Sri Sathya Sai International Centre, Lodhi Road, Institutional Area, Pragati Vihar, New Delhi-110 003	-	Tuesday, 20th September, 2011	10.30 a.m.
2009-10	-- do --	5	Friday, 24 th September, 2010	10.30 a.m.
2008-09	-- do --	-	Friday, 25 th September, 2009	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 interests of the Company at large. All related party transactions have been reported and forms part of the Notes to Accounts of the Balance Sheet.

B. Disclosure of Accounting Treatment

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

C. Non-Compliance by the Company

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

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

D. Compliance of Clause 49 of Listing Agreement

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

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

8. RECONCILIATION OF SHARE CAPITAL

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

9. CODE OF CONDUCT

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

All the Board Members and Senior Management Personnel have affirmed compliance with the provisions of the Code of Conduct of Relaxo Footwears Limited in the Financial Year ended on 31st March, 2012.

Place : Delhi

Dated : May 12, 2012

RAMESH KUMAR DUA
CEO & Managing Director

10. MEANS OF COMMUNICATION

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

As per the Listing Agreement with Bombay Stock Exchange Limited and National Stock Exchange of India Limited, Quarterly, Half-yearly, Nine Months and Annual financial statements of the Company are generally published in 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 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 Statements.
- Shareholding Pattern.

11. GENERAL SHAREHOLDERS INFORMATION

1. Annual General Meeting

Date : 17.09.2012

Time : 10.30 a.m.

Venue : Sri Sathya Sai International Centre Lodhi Road, Institutional Area, Pragati Vihar, New Delhi-110 003

2. Financial Year

For the financial year 2012-13, the results will be announced (tentatively)

Last week of July, 2012	For First Quarter ended on 30th June, 2012
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Last week of October, 2012	For Half year ended on 30th September, 2012
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Last week of January, 2013	For Third Quarter ended on 31 st December, 2012
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Last week of May 2013	For Fourth Quarter & Year end as on 31 st March 2013
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3. Book Closure Date:

From 11th September, 2012 to 17th September, 2012 (both days inclusive)

4. Dividend Payment Date:

On or before 16th October, 2012 (subject to the approval of the shareholders in the AGM)

5. Registered Office:

316 - 319, Allied House, Inderlok Chowk, Old Rohtak Road, Delhi- 110 035
Tel.: 23658354, 46800700, 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-400 051.

Stock Symbol : NSE-RELAXO

(The annual listing fee has been paid to NSE upto year 2012-13).

Bombay Stock Exchange Limited,
Phirozee Jeejeebhoy Towers,
Dalal Street, Mumbai-400 001.
Stock Code : BSE-530517.

(The annual listing fee has been paid to BSE upto year 2012-13)

The Company has also paid annual custody fee for the year 2012-13 to National Securities Depository Limited (NSDL), and Central Depository Services (India) Limited (CDSL)

7. Market Price Data

Table showing monthly price movement on BSE during the Financial Year 2011-12

Month & Year	High (in ₹)	Low (in ₹)	Close (in ₹)	Market Capitalisation (₹ in Lacs)
April 2011	298.90	252.20	281.45	33777.38
May 2011	284.90	239.00	239.90	28790.88
June 2011	300.00	241.30	299.60	35955.60
July 2011	334.00	279.95	295.50	35463.55
August 2011	324.00	255.00	320.00	38403.84
September 2011	441.00	302.30	439.75	52775.28
October 2011	473.85	411.20	437.60	52517.25
November 2011	450.00	275.00	303.55	36429.64
December 2011	316.00	235.00	239.50	28742.87
January 2012	324.00	235.05	277.25	33273.33
February 2012	380.00	285.00	323.35	38805.88
March 2012	330.00	285.10	304.05	36489.65

Table showing monthly price movement on NSE during the Financial Year 2011-12 (Company shares were got listed on NSE in June 2011)

Month & Year	High (in ₹)	Low (in ₹)	Close (in ₹)	Market Capitalisation (₹ in Lacs)
June 2011	302.00	257.00	299.75	35973.60
July 2011	300.00	300.00	300.00	36003.60
August 2011	325.00	300.10	319.95	38397.84
September 2011	444.90	425.15	439.95	52799.28
October 2011	454.90	423.95	434.20	52109.21
November 2011	308.95	297.00	301.00	36123.61
December 2011	273.95	230.05	241.20	28946.89
January 2012	293.00	265.00	290.15	34821.48
February 2012	336.90	316.65	320.15	38421.84
March 2012	310.00	296.00	300.45	36057.61

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

M/S. KARVY COMPUTERSHARE PRIVATE LIMITED
17-24, Vittal Rao Nagar
Madhapur-Hyderabad, Andhra Pradesh - 500 081, India
Email : mahender.singh@karvy.com

9. Share Transfer System

The request regarding physical share transfers and share certificates should be addressed to Registrar and Transfer Agent. Such requests are processed within stipulated time from the date of receipt provided documents meet the stipulated requirement of statutory provisions in all respect. The share certificate duly endorsed are returned immediately to the shareholder by RTA. The details of transfer and transmission are placed before the 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 with Share Transfer formalities by the Company and Certificate for timely dematerialization of shares as per SEBI (Depositories and Participants) Regulations, 1996, have been submitted to stock exchange.

10. Distribution Pattern as on 31st March, 2012**i) Shareholding pattern (in form of size) :**

Sr. No.	No. of Equity Shares held	No. of Shareholders	% of total Shareholders	No. of Shares held	% of total Shares
1	1 - 500	2312	90.60	229341	1.91
2	501 - 1000	115	4.51	91932	0.77
3	1001 - 2000	46	1.80	68360	0.57
4	2001 - 3000	18	0.71	44654	0.37
5	3001 - 4000	8	0.31	29523	0.25
6	4001 - 5000	9	0.35	42019	0.35
7	5001 - 10000	14	0.55	106840	0.89
8	10001 and above	30	1.17	11388531	94.89
TOTAL		2552	100.00	12001200	100.00

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

Sr. No.	Category	No. of Shareholders	% of total Shareholders	No. of Shares held	% of total Shares
1	Promoters	12	0.47	9000900	75.00
2	Bodies corporates	117	4.58	1867596	15.56
3	Resident individuals	2336	91.54	895036	7.46
4	H U F	43	1.69	14656	0.12
5	Clearing Members	9	0.35	802	0.01
6	Non-resident Indians	33	1.29	22210	0.19
7	Foreign Institutional Investors	2	0.08	200000	1.66
Total		2552	100.00	12001200	100.00

11. Dematerialization of Shares

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

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

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

DEMATERIALIZATION OF SHARES AS ON 31.3.2012

Particulars	No. of Shares	% of Paid up Capital	No. of Shareholders
1. National Securities Depository Limited	11674379	97.27	1480
2. Central Depository Services (India) Ltd	152136	1.27	581
SHARES IN DEMAT FORM	11826515	98.54	2061
SHARES IN PHYSICAL FORM	174685	1.46	491
Total	12001200	100.00	2552

12. Investors Correspondence

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

CS Kapil Garg, Company Secretary & Compliance Officer,
Relaxo Footwears Limited
316-319, Allied House, Inderlok Chowk, Old Rohtak Road, Delhi-110 035
E-mail: kapilgarg@relaxofootwear.com

The Company addresses all complaints, suggestions, grievances and other correspondence expeditiously and replies are sent usually within 7-10 days except in case of other impediments. The Company endeavours to implement suggestions as and when received from the investors. During the year under review, a total of 49 investors' complaints were received and resolved.

13. Corporate Identity Number (CIN) : L74899DL1984PLC019097

14. Per Share Data

Particulars	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Net Earning (₹ in Lacs)	3990.50	2671.31	3769.22	1423.23	1052.41	611.95	328.85
Cash Earning (₹ in Lacs)	7662.94	5649.91	6924.80	3485.36	2608.26	1902.72	1190.85
EPS (in ₹)	33.25	22.26	31.41	11.86	8.77	5.10	2.72
CEPS (in ₹)	63.85	47.08	57.70	29.04	21.74	15.86	9.92
Dividend (including Interim Dividend per share) (in ₹)	1.50	1.50	1.50	0.75	0.75	0.75	0.75
Dividend Pay out (%)	4.51	6.74	4.78	6.32	8.55	14.70	27.57
Book Value Per Share (in ₹)	143.68	112.18	91.60	61.63	50.64	42.76	38.30
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.

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) Rule, 2001.

During the year under review, the Company has deposited a sum of ₹313/- to the Investor Education and Protection Fund in respect of unpaid dividend of year ended on 31.03.2004.

17. Other useful information for the shareholders:

- Equity Shares of the Company are under compulsory demat trading. To avail the advantage of scripless trading, Shareholders are advised to consider dematerialization of their shareholding so as to avoid inconvenience in future.
- Members/Beneficial owners are requested to quote their Folio No./ D.P. & Client ID Nos. as the case may be, in all correspondence with the Company.
- In case of loss/misplacement of shares, 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.
- Beneficial owners of shares, in demat form, are advised that in terms of the Regulations of NSDL & CDSL, their Bank Account details, as furnished to the Depository Participants (DP) will be printed on their Dividend Warrants. The Company will not entertain requests for change of such bank details printed on their dividend warrants.
- Members holding shares in physical form, are requested to notify to the Company, change in their Address/Pin Code Number and Bank Account details promptly.
- Beneficial owners of shares in demat form, are requested to send their instructions regarding change of address, bank details, nomination, power of attorney etc. directly to their DP as the same are maintained by them.
- Section 109A of 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
Date : May 12, 2012

RAMESH KUMAR DUA
Managing Director

MUKAND LAL DUA
Whole Time Director

CEO/CFO CERTIFICATION

To

The Board of Directors
Relaxo Footwears Limited

SUB: CEO/CFO Certification

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

1. We have reviewed financial statements and the cash flow statements for the financial year ended on 31st March, 2012.
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
Date : May 12, 2012

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 31st March, 2012, 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 efficiency or the effectiveness with which the Management has conducted the affairs of the Company.

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

Place : Delhi
Dated : May 12, 2012

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 31st March, 2012, the statement of Profit and Loss 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, statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account ;
- d) In our opinion, the Balance Sheet, statement of Profit & Loss 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 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st 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 Note 27 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 31st March, 2012;
 - ii) in so far as it relates to the statement of Profit and Loss, 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 : Delhi
Dated : May 12, 2012

C.A MUKESH DUA
Partner
M.NO. 085323

ANNEXURE TO THE AUDITORS' REPORT OF RELAXO FOOTWEARS LIMITED FOR THE PERIOD ENDED 31ST MARCH, 2012 (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 ₹901.60 lacs and the year end balance is ₹901.60 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.

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 :-

a) 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 31st March, 2012 for a period of more than six months from the date of becoming payable

- b) The disputed statutory dues aggregating ₹1509.35 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 2011-12	High Court, Jodhpur High Court, Jodhpur High Court, Jodhpur High Court, Jodhpur High Court, Jodhpur	1.76 1.81 0.24 1.05 1.41
6.	Haryana local area dev. Tax and entry tax	Entry Tax A.Y. 2006-07 2007-08 2008-09 2009-10 2010-11 2011-12	Supreme Court of India Supreme Court of India Supreme Court of India Supreme Court of India Supreme Court of India Supreme Court of India	17.79 173.02 208.85 295.78 307.54 427.42
7.	Income Tax Act, 1961	Regular Assessment A.Y. 2009-10 A.Y. 2010-11 TDS A.Y. 2007-08 2008-09 2009-10 2010-11 2011-12	Commissioner of Income Tax (Appeals) Commissioner of Income Tax (Appeals) Commissioner of Income Tax (Appeals) Commissioner of Income Tax (Appeals) Commissioner of Income Tax (Appeals) Commissioner of Income Tax (Appeals) Commissioner of Income Tax (Appeals)	15.51 1.80 0.14 4.64 2.29 0.61 1.53
8.	The Employees State Insurance Corporation Act, 1948	2011-12	District Court, Rohtak	5.15
	Total			1509.35

- 10) The Company has no accumulated losses at the end of financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- 11) Based on the audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the company has not defaulted in the repayment of dues to any financial institution and banks.
- 12) According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and others securities.
- 13) In our opinion, the company is not a chit fund / a nidhi / mutual benefit fund / society. Therefore, clause (xiii) of paragraph 4 of the 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)

Place : Delhi
Dated : May 12, 2012

C.A MUKESH DUA
Partner
M.NO. 085323

BALANCE SHEET

AS AT 31ST MARCH, 2012

(₹ in Lacs)

Particulars	Note No.	As at 31.03.2012	As at 31.03.2011
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	1	600.06	600.06
Reserves and Surplus	2	16643.49	12862.21
NON CURRENT LIABILITIES			
Long-Term Borrowings	3	9254.27	9636.05
Deferred Tax Liabilities (Net)	4	2200.77	2228.91
Long-Term Provisions	5	316.04	229.53
Other Long term Liabilities	6	44.71	16.18
		11815.79	12110.67
CURRENT LIABILITIES			
Short-Term Borrowings	7	5297.48	6011.58
Trade Payables	8	4207.64	5319.21
Other Current Liabilities	9	7481.10	6099.95
Short-Term Provisions	10	1424.51	915.75
		18410.73	18346.49
TOTAL		47470.07	43919.43
ASSETS			
NON CURRENT ASSETS			
FIXED ASSETS :	11		
Tangible Assets		26795.97	26474.61
Intangible Assets		338.16	368.12
Capital work-in-progress		2102.45	52.75
Intangible assets under development		24.06	30.79
		29260.64	26926.27
Non Current Investments	12	6.11	6.11
Long-Term Loans and Advances	13	1157.70	1137.33
Other Non-Current Assets	14	114.37	1.55
		1278.18	1144.99
CURRENT ASSETS			
Inventories	15	12849.69	11658.91
Trade Receivables	16	2298.90	2324.31
Cash and cash equivalents	17	102.38	213.95
Short-Term Loans and Advances	18	1459.43	1566.78
Other Current Assets	19	220.85	84.22
		16931.25	15848.17
TOTAL		47470.07	43919.43
Significant Accounting Policies and Additional Notes on Accounts	27		

Notes referred to above form an integral part of the Financial Statements

As per our report of even date

FOR GUPTA & DUA

Chartered Accountants

CA. MUKESH DUA

Partner

M.No. 085323

Place : Delhi

Dated : May 12, 2012

SUSHIL BATRA

Chief Financial Officer

KAPIL GARG

Company Secretary

RAMESH KUMAR DUA

Managing Director

MUKAND LAL DUA

Whole Time Director

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH 2012

(₹ in Lacs)

Particulars	Note No.	2011-12	2010-11
REVENUE			
Revenue from Operations (Gross)	20	86537.64	69216.08
Less: Excise Duty		70.23	55.31
Revenue from Operations (Net)		86467.41	69160.77
Other Income	21	105.79	52.43
TOTAL		86573.20	69213.20
EXPENDITURE			
Cost of Materials Consumed		38714.08	34013.89
Purchases of Stock-in-Trade		8059.11	7283.34
Changes in Inventories of Finished Goods,			
Work-in-Progress and Stock-in-Trade	22	(851.49)	(3733.98)
Employee Benefits Expense	23	10620.49	7448.09
Selling and Distribution Expenses	24	10658.38	9423.12
Finance Costs	25	1867.18	1590.85
Depreciation and Amortization Expense		2310.29	2095.48
Other Expenses	26	9842.51	7537.98
TOTAL		81220.55	65658.77
Profit before Exceptional and Extraordinary items and Tax		5352.65	3554.43
Exceptional Items		-	-
Profit before Extraordinary Items and Tax		5352.65	3554.43
Extra Ordinary Items [refer Note 27B(13)]		(3.83)	-
Profit before Tax		5348.82	3554.43
Tax Expense:			
Current tax		1077.17	709.31
Add / (Less) : MAT Credit		312.83	(211.62)
Net Current Tax		1390.00	497.69
Deferred Tax		(28.14)	385.48
Tax for Earlier Years (Net)		(3.54)	(0.05)
Profit after Tax		3990.50	2671.31
Add / (less) Prior period adjustments (Net)		-	7.73
Profit for the year		3990.50	2679.04
Basic & Diluted Earnings Per Equity Share of ₹5 each [refer Note 27B(9)]		33.25	22.26
Significant Accounting Policies and Additional Notes on Accounts	27		

Notes referred to above form an integral part of the Financial Statements

As per our report of even date

FOR GUPTA & DUA

Chartered Accountants

CA. MUKESH DUA

Partner

M.No. 085323

Place : Delhi

Dated : May 12, 2012

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 2012

(₹ in Lacs)

S.No.	Particulars	2011-12	2010-11
A.	CASH FLOW FROM OPERATINGWS :		
	PROFIT BEFORE TAX AND EXTRA-ORDINARY ITEMS	5352.65	3554.43
	ADJUSTMENTS FOR		
	Depreciation	2310.29	2095.48
	Finance costs	1867.18	1590.85
	Interest received	(5.54)	(4.22)
	Prior Period adjustment	-	7.73
	(Profit)/Loss on sale of Assets	61.14	43.07
	Operating Profit before extra-ordinary items	9585.72	7287.34
	Extraordinary Items	(3.83)	-
	Operating Profit before working capital changes	9581.89	7287.34
	ADJUSTMENTS FOR		
	Trade receivables and other assets	(246.63)	637.21
	Inventories	(1153.06)	(4942.51)
	Income Tax	(893.18)	(832.53)
	Trade Payables and other liabilities	(20.67)	2220.87
	Net cash flow from operating activities	7268.35	4370.38
B.	CASH FLOW FROM INVESTING ACTIVITIES :		
	Purchase of Fixed Assets	(4882.82)	(6265.80)
	Fixed Assets sold / discarded	177.02	7.63
	Interest received	5.54	4.22
	Net Cash used in investing activities	(4700.26)	(6253.95)
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from borrowings (Net of repayments)	(673.65)	3798.79
	Dividend paid	(138.83)	(209.28)
	Finance costs	(1867.18)	(1590.85)
	Net cash from Financing activities	(2679.66)	1998.66
	Net increase in cash & cash equivalents	(111.57)	115.09
	Cash & cash equivalents at the -beginning of the year	213.95	98.86
	Cash & cash equivalents at the -end of the year	102.38	213.95

As per our report of even date

FOR GUPTA & DUA

Chartered Accountants

CA. MUKESH DUA

Partner

M.No. 085323

Place : Delhi

Dated : May 12, 2012

SUSHIL BATRA

Chief Financial Officer

KAPIL GARG

Company Secretary

RAMESH KUMAR DUA

Managing Director

MUKAND LAL DUA

Whole Time Director

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE 1 SHARE CAPITAL

(₹ in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
AUTHORISED CAPITAL		
2,00,00, 000 Equity Shares of ₹5/- each	1000.00	1000.00
ISSUED, SUBSCRIBED AND PAID UP		
1,20,01,200 Equity Shares of ₹5/- each fully Paid	600.06	600.06

- There is no change in the Shares Outstanding at the beginning and at the end of the Year.
- The number of Shares held by each shareholder holding more than 5% shares are given below :

	As at 31.03.2012		As at 31.03.2011	
Name of Shareholder	Number of Shares held & %		Number of Shares held & %	
Ramesh Kumar Dua	3147315	26.23%	3147315	26.23%
Mukand Lal Dua	2677070	22.31%	2677070	22.31%
VLS Finance Limited	875776	7.30%	950776	7.92%

The company has only one class of equity shares having a par value of ₹5 per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company in proportion to their number of equity shares after distribution of all preferential amounts.

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

NOTE 2 RESERVES & SURPLUS

Capital Reserve		
As per Last Balance Sheet	45.36	45.36
Share Premium Account		
As per Last Balance Sheet	73.94	73.94
General Reserve		
Opening Balance	12413.74	9413.74
Transfer from Surplus balance in Statement of Profit & Loss	3500.00	3000.00
Closing Balance	15913.74	12413.74
Surplus balance in the Statement of Profit and Loss		
Opening Balance	329.17	859.59
Transfer from Statement of Profit and Loss	3990.50	2679.04
Less : Transfer to General Reserve	3500.00	3000.00
Proposed Final Dividend on Equity Shares	180.02	120.01
Tax on Proposed Final Dividend	29.20	19.47
Interim Dividend on Equity Shares	-	60.01
Tax on Interim Dividend	-	9.97
Closing Balance	610.45	329.17
TOTAL	16643.49	12862.21

NOTE 3 LONG TERM BORROWINGS

(₹ in Lacs)

Particulars	Non Current Portion		Current Portion	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
A. Secured Loans				
Term Loans from Banks				
1 State Bank of India *				
a) Foreign Currency Loan				
- Repayable on monthly basis with last instalment due in Jan 2013	-	1027.24	843.09	1029.52
- Repayable on monthly basis with last instalment due in Jan 2013	-	465.21	436.96	512.30
b) Rupee Term Loan				
- Repayable on monthly basis with last instalment due in Jan 2013	-	291.29	241.11	317.95
	-	1783.74	1521.16	1859.77
2 HDFC Bank **				
a) Foreign Currency Loan				
- Repayable on quarterly basis with last instalment due in Nov 2014	700.24	984.84	401.11	358.12
b) Rupee Term Loan				
- Repayable on quarterly basis with last instalment due in Aug 2015	625.00	875.00	250.00	125.00
	1325.24	1859.84	651.11	483.12
3 Standard Chartered Bank ***				
Foreign Currency Loan				
- Repayable on quarterly basis with last instalment due in Oct 2015	1534.15	2118.59	584.44	219.16
- Repayable on quarterly basis with last instalment due in Nov 2016	2052.66	-	212.34	-
	3586.81	2118.59	796.78	219.16
TOTAL (A)	4912.05	5762.17	2969.05	2562.05
B. Unsecured Loans				
Related Parties ****	4303.60	3841.70	-	-
Others ****	38.62	32.18	-	-
TOTAL (B)	4342.22	3873.88	-	-
TOTAL (A+B)	9254.27	9636.05	2969.05	2562.05

Details of Securities for Term Loans*** State Bank of India**

1st Pari Passu charge over entire Fixed Assets both present & future & equitable mortgage of factory Land & Building at Plot No.326 MIE Bahadurgarh, Plot No.327 MIE Bahadurgarh, Plot No.A-1130/1130A Industrial Area-III, Bhiwadi, Plot No.83-92 Sector 5 IIE SIDCUL, Ranipur, Distt Haridwar, Plot No.342-343, Sector 17, Footwear Park, Bahadurgarh & Wind Mills in Distt Jodhpur. Personal Guarantees of Managing Director & Whole Time Directors.

**** HDFC Bank**

Exclusive 1st charge on movable & immovable property at Plot No. 328 MIE Bahadurgarh, Haryana & Freehold Industrial Plot No. 7, Block No. F, MCIE, Udyog Nagar, Delhi of a firm in which directors are partners. Personal Guarantees of Managing Director & Whole Time Director.

***** Standard Chartered Bank**

Exclusive 1st charge on Land & Building at Plot No. 30 Mooja Hasanpur, Tikri Border, Bahadurgarh, Haryana in the name of relatives of Directors.

Exclusive 1st charge on movable & immovable assets at Plot No. 37, Sector 4B, Industrial Estate, Bahadurgarh, Haryana. Personal Guarantees of Managing Director & Whole Time Director.

****** Related Parties/Others**

The Unsecured Loans from promoters and/or their relatives shall be repaid only with the prior approval of lending banks. These are long term borrowings & have been inducted for future capital expansion and are always subordinate to the loans of banks.

NOTE 4 DEFERRED TAX LIABILITY (Net)

The Principal components of Net Deferred tax liability are as follows :

(₹ in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
A. Deferred Tax liability arising on account of		
Depreciation	2852.26	2701.54
B. Deferred Tax Assets arising on account of		
Entry tax	466.13	335.13
Unavailed leaves	123.16	91.53
Others	62.20	45.97
Deferred Tax Assets	651.49	472.63
Deferred Tax Liability (Net)	2200.77	2228.91

NOTE 5 LONG TERM PROVISIONS

Provision for employee benefits		
- Unavailed Leaves	316.04	229.53

NOTE 6 OTHER LONG TERM LIABILITIES

Retention money	44.71	16.18
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NOTE 7 SHORT TERM BORROWINGS

Secured Loans		
Loans Repayable on Demand from Banks	5297.48	6011.58

The Short term borrowings have been availed from State Bank of India, Standard Chartered Bank, HDFC Bank Limited & ING Vysya Bank Limited.

- 1st Pari Passu Charge - Hypothecation charge over entire stocks & book debts / receivables.
- Personal Guarantees of Managing Director and Whole Time Directors.
- Additional exclusive 1st charge of property situated at Plot no. 7, Block no. F, Udyog Nagar, Delhi to HDFC Bank Limited. The property belongs to the firm where the Directors are partners.
- Additional exclusive 1st charge of the property situated at Plot no. 47, MIE Bahadurgarh to Standard Chartered Bank, that belongs to Directors and relatives.

NOTE 8 TRADE PAYABLES

Trade payables *	4207.64	5319.21
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* 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.

NOTE 9 OTHER CURRENT LIABILITIES

(₹ in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Current Maturities of Term Loans from banks (refer Note 3)	2969.05	2562.05
Interest Accrued and due on Borrowings	55.95	40.72
Interest accrued but not due	141.85	188.31
Advances from customers	449.17	315.03
Payable to Employees	799.04	609.02
Directors' Commission payable	483.79	286.65
Expenses payable	403.21	472.88
Security deposits	356.34	301.89
Retention money	36.22	12.74
Creditors for Fixed Assets supplies	33.97	74.63
Entry tax payable	1436.67	1008.90
Other taxes and statutory dues	311.43	223.37
Investor Education and Protection Fund shall be credited by the following amounts as and when due, namely :		
Unpaid Dividend (refer Note 17)	4.41	3.76
TOTAL	7481.10	6099.95

NOTE 10 SHORT TERM PROVISIONS

Taxation	1081.57	712.47
Dividend	180.02	120.01
Dividend Distribution Tax	29.20	19.47
Unavailed Leaves	63.57	46.02
Old Inventory	37.72	-
Interest on Income tax	14.65	0.04
Provision for Excise duty	17.78	17.74
TOTAL	1424.51	915.75

NOTE 11 FIXED ASSETS

(₹ in Lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.4.2011	Additions	Deletions/ Adjustments	Total As at 31.3.2012	As at 1.4.2011	For the Year	Deletions/ Adjustments	Total as at 31.3.2012	As at 31.3.2012	As at 31.3.2011
TANGIBLE ASSETS										
LAND FREE HOLD	3084.79	53.45	64.91	3073.33	-	-	-	-	3073.33	3084.79
LAND LEASEHOLD	560.61	-	-	560.61	4.80	2.40	-	7.20	553.41	555.81
BUILDINGS	7893.03	92.42	-	7985.45	768.40	263.23	-	1031.63	6953.82	7124.63
PLANT & MACHINERY	12956.08	1456.53	155.61	14257.00	4171.66	914.67	14.62	5071.71	9185.29	8784.42
MOULDS	3176.39	487.23	14.08	3649.54	1893.67	368.28	-	2261.95	1387.59	1282.72
COMPUTERS	576.90	78.40	1.01	654.29	294.41	67.06	0.65	360.82	293.47	282.49
MOTER VEHICLES- OTHER	525.35	189.31	24.90	689.76	172.08	57.45	16.76	212.77	476.99	353.27
MOTER VEHICLES - TRANSPORT	216.17	52.59	5.27	263.49	98.10	24.57	5.28	117.39	146.10	118.07
FURNITURE & FIXTURE	630.58	139.43	8.84	761.17	111.55	43.62	2.50	152.67	608.50	519.03
ELECTRICAL FITTINGS	1024.31	43.55	-	1067.86	185.71	50.46	-	236.17	831.69	838.60
OFFICE EQUIPMENTS	530.59	181.84	4.27	708.16	77.27	32.26	0.92	108.61	599.55	453.32
WOODEN STRUCTURE	91.85	-	-	91.85	64.99	26.86	-	91.85	-	26.86
WIND MILLS	3523.93	-	-	3523.93	473.33	364.37	-	837.70	2686.23	3050.60
TOTAL (A)	34790.58	2774.75	278.89	37286.44	8315.97	2215.23	40.73	10490.47	26795.97	26474.61
INTANGIBLE ASSETS										
COMPUTER SOFTWARE	456.13	58.64	-	514.77	120.57	90.22	-	210.79	303.98	335.56
TECHNICAL KNOW HOW	7.53	-	-	7.53	7.53	-	-	7.53	-	-
TRADE MARKS	35.90	6.46	-	42.36	3.34	4.84	-	8.18	34.18	32.56
TOTAL (B)	499.56	65.10	-	564.66	131.44	95.06	-	226.50	338.16	368.12
TANGIBLE CWIP										
CAPITAL WORK IN PROGRESS	52.75	2102.45	52.75	2102.45	-	-	-	-	2102.45	52.75
TOTAL (C)	52.75	2102.45	52.75	2102.45	-	-	-	-	2102.45	52.75
INTANGIBLE CWIP										
INTANGIBLE ASSETS UNDER DEVELOPMENT	30.79	0.55	7.28	24.06	-	-	-	-	24.06	30.79
TOTAL (D)	30.79	0.55	7.28	24.06	-	-	-	-	24.06	30.79
TOTAL (C+D)	83.54	2103.00	60.03	2126.51	-	-	-	-	2126.51	83.54
TOTAL (A+B+C+D)	35373.68	4942.85	338.92	39977.61	8447.41	2310.29	40.73	10716.97	29260.64	26926.27
PREVIOUS YEAR	-	6816.39	79.76	35373.68	-	2095.48	29.06	8447.41	26926.27	-

NOTE 12 NON CURRENT INVESTMENTS

(₹ in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Equity Shares (unquoted) (Trade) (at cost)	6.01	6.01
6040 Equity Shares of ₹100/- each fully paid of Relaxo Rubber Private Limited an associate company (includes 30 bonus shares)		
Government Securities (Unquoted) (at cost)	0.10	0.10
6 Years National Savings Certificates (Pledged with Government Authorities)		
TOTAL	6.11	6.11

NOTE 13 LONG TERM LOANS AND ADVANCES

Unsecured, considered Good		
Advances recoverable in cash or in kind or for value to be received		
Capital Advances	297.69	34.41
Loans and Advances to employees	3.34	3.47
Security Deposits *	736.37	669.86
MAT Credit	120.30	429.59
TOTAL	1157.70	1137.33

* Includes ₹252.16 lacs (Previous Year-₹192.23 lacs) as security deposits due by Companies in which Directors are interested.

NOTE 14 OTHER NON CURRENT ASSETS

Balances with Banks as Margin money on Letter of Credit and Bank Guarantees	1.87	1.55
Grants receivable	112.50	-
TOTAL	114.37	1.55

NOTE 15 INVENTORIES* (at lower of cost or net realisable value)

Raw Materials	3723.66	3481.47
Packing Materials	166.18	166.34
Stock in process	2276.27	2296.71
Finished goods	4696.94	3703.53
Stock in Trade	1671.47	1792.90
Fuel	52.27	48.41
Store, Spare and Tools	262.90	169.55
TOTAL	12849.69	11658.91

* Includes Goods in transit of ₹66.00 lacs (previous year - ₹230.54 lacs) in raw material, ₹0.40 lacs (previous year - ₹1.16 lacs) in packing material, ₹12.14 lacs (previous year - ₹ Nil) in stock in trade, ₹1.87 lacs (previous year - Nil) in Fuel and ₹1.83 lacs (previous year - Nil) in Store, Spare and Tools.

NOTE 16 TRADE RECEIVABLES

(₹ in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Debt outstanding for a period exceeding six months from the date they are due for payment (Unsecured)		
- Considered good	-	11.79
- Doubtful	40.29	57.72
	40.29	69.51
Less: Provision for Doubtful Debts	40.29	57.72
	-	11.79
Other Debts		
- Secured, considered good	92.71	-
- Unsecured, considered good *	2206.19	2312.52
TOTAL	2298.90	2324.31

* Includes ₹0.96 lacs (Previous year - ₹78.82 lacs) from the firms in which Directors are interested.

NOTE 17 CASH & BANK BALANCES

Cash and Cash Equivalents		
- Balances with Banks (Current Accounts)	10.06	65.03
- Cash on Hand	55.52	40.21
- Earmarked Balances with Banks (Unpaid Dividend Accounts) (refer Note 9)	4.41	3.76
Balances with Banks as Margin money on Letter of Credit and Bank guarantees	32.39	104.95
TOTAL	102.38	213.95

NOTE 18 SHORT TERM LOANS AND ADVANCES

Unsecured, considered good		
Advance Income Tax and withholding tax	904.50	704.78
Loans & advances to employees	10.67	38.80
Prepaid Expenses	70.95	40.71
Deposits with Government departments and others	39.68	139.29
Advance to Suppliers *	433.63	643.20
TOTAL	1459.43	1566.78

* Includes ₹ Nil (previous year - ₹65.91 lacs) from the firm in which Directors are interested.

NOTE 19 OTHER CURRENT ASSETS

Interest accrued on deposits and advances	1.48	2.34
Export receivables	134.75	81.88
Grants receivable	37.50	-
Unamortised premium on forward contracts	47.12	-
TOTAL	220.85	84.22

NOTE 20 REVENUE FROM OPERATIONS (Gross)

(₹ in Lacs)

Particulars	2011-12	2010-11
Sale of Products		
- Footwear	85553.77	68200.77
- Power	489.53	455.57
Sale of Services	67.20	209.78
Total (A)	86110.50	68866.12
Other Operating Revenues		
Scrap Sale	193.77	163.30
Export Incentive	233.37	186.66
Total (B)	427.14	349.96
TOTAL (A + B)	86537.64	69216.08

NOTE 21 OTHER INCOME

Interest Income	5.54	4.22
Exchange Gain (Net)	52.78	40.33
Provisions no longer required written back	20.71	-
Miscellaneous Income	26.76	7.88
TOTAL	105.79	52.43

NOTE 22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

CLOSING STOCK		
Finished Goods	4696.94	3703.53
Stock in Trade	1671.47	1792.90
Work in Progress	2276.27	2296.71
	8644.68	7793.14
OPENING STOCK		
Finished Goods	3703.53	1590.80
Stock in Trade	1792.90	1604.20
Work in Progress	2296.71	849.98
	7793.14	4044.98
(Increase)/ Decrease	(851.54)	(3748.16)
Change in Excise Duty on Stocks	0.05	14.18
TOTAL	(851.49)	(3733.98)

NOTE 23 EMPLOYEE BENEFITS EXPENSE

Salaries, Wages, Bonus and Allowances	9475.24	6735.78
Contribution to Provident Fund and other funds	683.22	444.85
Staff Welfare Expenses	462.03	267.46
TOTAL	10620.49	7448.09

NOTE 24 SELLING AND DISTRIBUTION EXPENSES

Advertisement & Publicity	2961.77	2482.38
Sales Promotion & Incentives	2707.26	2941.38
Cash Discount	1993.85	1530.49
Freight & handling charges	2995.50	2468.87
TOTAL	10658.38	9423.12

NOTE 25 FINANCE COSTS

(₹ in Lacs)

Particulars	2011-12	2010-11
Interest Expense	1645.30	1362.43
Other Borrowing Costs	31.42	40.12
Amortised Premium on Foreign Currency Borrowings	190.46	188.30
TOTAL	1867.18	1590.85

NOTE 26 OTHER EXPENSES

Power & Fuel	3118.99	2788.28
Rent	1747.32	1452.11
Repairs- Building	44.82	24.02
Repairs- Machinery	222.25	163.60
Other Repairs	514.86	470.14
Stores and Spares Consumed	256.56	144.30
Handling and Others Charges	1318.20	749.09
Insurance	117.13	105.78
Travelling & Conveyance	790.06	551.81
Provision for doubtful debts	3.28	1.31
Bad debts written off	20.38	7.69
Rates & Taxes	44.62	22.51
Printing & Stationery	84.24	80.13
Communication Expenses	201.11	166.91
Security Expenses	308.50	237.23
Legal & Professional Expenses	281.77	89.52
Loss on Sale of Assets (Net)	61.14	43.07
Miscellaneous Expenses	707.28	440.48
TOTAL	9842.51	7537.98

NOTE 27 - ACCOUNTING POLICIES AND ADDITIONAL NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES**1. NATURE OF OPERATION**

The company is primarily engaged in the business of manufacturing and trading of footwear and accessories through its retail, export and wholesale network.

2. ACCOUNTING CONVENTION

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

During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of

financial statements. However, it has significant impact on presentation and disclosure made in the financial statements. The company has also reclassified previous year figures in accordance with the requirements applicable in the current year.

3. USE OF ESTIMATES

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the period in which the results are known / materialise.

4. INVENTORIES**Inventories are valued as under :**

- Raw Material, Packing Material, Stock-in-process, Finished goods, Stock-in-Trade, Fuel, Store, Spare & Tools 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 schemes, 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. CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

6. CASH FLOW STATEMENT

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

7. 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.

8. DEPRECIATION AND AMORTISATION

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.

9. REVENUE RECOGNITION

Sales are recognized, net of trade discounts, returns and claims, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include

excise duty but exclude sales tax and value added tax. Sales from services are recognised when the services are rendered and related costs are incurred. Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive is established.

10. TANGIBLE 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.

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

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

11. INTANGIBLE ASSETS

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price including import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

12. RESEARCH AND DEVELOPMENT EXPENSES

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

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

14. GOVERNMENT GRANTS

Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve. Any Grants/ Subsidy received against specific fixed assets are reduced from the cost of fixed assets.

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

15. INVESTMENTS

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

16. EMPLOYEE BENEFITS

Retirement benefits in the form of Provident Fund & Gratuity are defined contribution plan and the contribution are charged to Statement of Profit and Loss 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 Statement of Profit and Loss on the basis of actuarial valuation at the end of financial year.

17. BORROWING COSTS

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the

period from commencement of activities relating to construction/ development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets.

18. LEASES

Assets acquired under leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are expensed with reference to lease terms and other considerations.

19. EARNINGS PER SHARE

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

20. 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 Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal Income Tax during the specified period.

21. 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.

B. ADDITIONAL NOTES ON ACCOUNTS

1. Contingent Liabilities and Commitments :-

(i) Contingent Liabilities

(₹ in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
(a) Claims against the company, not acknowledged as debts	72.69	95.50
(b) Surety Bonds given to Govt. Authorities	7.50	28.23

(c) 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.

(ii) Commitments

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹1780.29 lacs (Previous Year- ₹182.90 lacs).

(b) The Company has obtained licenses under the Export Promotion Capital Goods (EPCG) Scheme for importing capital goods at the concessional/ Zero rate of custom duty. As per the scheme, the company is obliged to export eight/six times of duty saved in next 8/6 years. The total export obligation is ₹609.94 lacs against total duty saved of ₹79.99 lacs (Previous year ₹5457.68 lacs against duty saved of ₹682.21 lacs)

2. Capital Work in progress includes ₹102.51 lacs (Previous year ₹ Nil) on account of preoperative expenses incurred during the year.

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

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

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

(₹ in Lacs)

Particulars	Opening Stock	Purchase	Sales	Closing Stock
Footwear - Manufactured/Traded	5496.43 (3195.00)	8059.11 (7283.34)	85553.77 (68200.77)	6368.41 (5496.43)
Power	- (-)	- (-)	489.53 (455.57)	- (-)
Others	- (-)	- (-)	67.20 (209.78)	- (-)
Total	5496.43 (3195.00)	8059.11 (7283.34)	86110.50 (68866.12)	6368.41 (5496.43)

Figures within brackets pertain to previous year.

(b) Raw material consumed

Particulars	2011-12	2010-11
Raw Rubber	5137.35	6252.46
EVA	13012.77	10174.36
Synthetic Rubber	533.11	941.27
Others	20030.85	16645.80
Total	38714.08	34013.89

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

Particulars	2011-12		2010-11	
	%	Value	%	Value
Imported	3.55	1375.11	1.52	518.70
Indigenous	96.45	37338.97	98.48	33495.19
Total	100.00	38714.08	100.00	34013.89

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

(₹ in Lacs)

Particulars	2011-12	2010-11
i. Capital goods	1143.92	1611.06
ii. Materials including Store, Spare	3211.18	1896.63

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

Particulars	2011-12	2010-11
i. Travelling Expenses	31.89	16.80
ii. Interest	629.72	385.96
iii. Others	148.58	36.68

(f) Earning in Foreign Exchange (FOB value of Export Sale)	2975.45	2111.05
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5. Wealth Tax provision of ₹4.40 lacs (previous year ₹3.15 lacs) is included in Rates and Taxes.
6. 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**Name**

Relaxo Rubber Private Limited
 Marvel Polymers Private Limited
 Nuwave Shoes
 Patel Oil Mills
 Shri Mool Chand Dua Memorial Society
 Shrimati Ram Ditti Dua Memorial Society }

Relationship

Associate company
 Associate company
 Associate concern
 Associate concern
 Entities where Key Management Personnel
 exercise significant influence.

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

Mr. Ramesh Kumar Dua
 Mr. Mukand Lal Dua
 Mr. Nikhil Dua

Managing Director
 Whole Time Director
 Whole Time Director

Relatives

Ms. Usha Dua
 Ms. Lalita Dua
 Mr. Ritesh Dua
 Mr. Nitin Dua
 Mr. Gaurav Dua
 Ms. Sakshi Dua
 Mr. Rahul Dua
 Ms. Garima Dua
 Ms. Shashi Mehra
 Ms. Aalya Dua
 Sh. Ramesh Kumar Dua (H.U.F)
 Sh. Mukand Lal Dua (H.U.F)
 Sh. Mool Chand Dua (H.U.F)

Wife of Whole Time Director
 Wife of Managing Director
 Son of Whole Time Director
 Son of Whole Time Director
 Son of Managing Director
 Daughter of Managing Director
 Son of Managing Director
 Wife of Whole Time Director
 Sister of Managing Director
 Daughter of Whole time Director
 H.U.F.
 H.U.F.
 H.U.F.

3) Disclosure of Related party transactions

(₹ in Lacs)

Transactions	2011-12			2010-11		
	Associates	Key management personnel & relatives	Total	Associates	Key management personnel & relatives	Total
Sale of goods	192.12	-	192.12	343.98	-	343.98
Purchase of goods (Net of taxes)	16456.34	-	16456.34	17179.46	-	17179.46
Purchase of Assets (Net of taxes)	166.90	39.50	206.40	61.89	-	61.89
Sale of Assets (Net of taxes)	0.50	-	0.50	-	-	-
Rent paid	352.40	338.58	690.98	280.36	309.28	589.64
Rendering of services (Job work)	67.20	-	67.20	209.78	-	209.78
Receiving of services	-	-	-	2.40	-	2.40
Guarantees & collaterals taken	-	25218.00	25218.00	-	19667.00	19667.00
Dividend paid to shareholders	-	90.01	90.01	-	135.01	135.01
Payment of salary / perquisites	-	238.62	238.62	-	221.09	221.09
Commission	-	483.79	483.79	-	286.65	286.65
Loans (Year end balance)	-	4303.60	4303.60	-	3841.71	3841.71
Interest on unsecured Loans	-	422.36	422.36	-	332.09	332.09
Donation	-	240.00	240.00	-	80.00	80.00
Amount due to/from related parties						
Debit balance outstanding as on 31 st March						
Outstanding receivable	0.96	-	0.96	144.73	-	144.73
Credit balance outstanding as on 31 st March						
Outstanding payable	962.73	-	962.73	1661.72	4.61	1666.33

7. 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 :

	2011-12	2010-11
Lease Rentals	1747.32	1455.72
Obligations on non cancelable leases :		
Not later than one year	3.08	26.63
Later than one year but not later than five years	-	3.08
Later than five years	-	-
Total	3.08	29.71

8. Employee Benefits**A. Defined Contribution Plan**

During the year, the company has recognised the following amount in the Statement of Profit & Loss :

(₹ in Lacs)

Fund	2011-12	2010-11
Employer's Contribution to Provident & Pension Fund	650.31	463.61
Employer's Contribution to ESIC Scheme	283.19	178.30
Employer's Contribution to LIC Gratuity Scheme	153.25	80.86

The above includes Employer Contribution to Provident and Pension Fund on account of Contractual Labour amounting to ₹236.68 lacs (Previous Year ₹184.09 lacs) and Employer Contribution to ESIC Scheme on account of Contractual Labour amounting to ₹166.86 lacs (Previous Year ₹93.83 lacs)

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.

Particulars : Leave Encashment (Unfunded)	2011-12	2010-11
Reconciliation of opening & closing balances of Defined Benefit Plan		
Present Value of Obligation as at the beginning of the year	275.55	152.42
Current Service Cost	128.00	69.93
Interest Cost	22.04	11.89
Actuarial (gain)/ loss on obligations	(3.75)	69.05
Benefit Paid	(42.23)	(27.74)
Present Value of Obligation as at the end of the Year	379.61	275.55
Reconciliation of Fair value of assets and obligations		
Fair Value of Plan Assets	-	-
Present value of obligation	379.61	275.55
Amount recognised in Balance Sheet	379.61	275.55
Expense Recognised during the year		
Current Service Cost	128.00	69.93
Interest Cost	22.04	11.89
Expected Return on Plan Assets	-	-
Actuarial (gain)/ loss on obligations	(3.75)	69.05
Net cost	146.29	150.87
Actuarial assumptions		
Discount Rate (per annum)	8.60%	8.00%
Expected Rate of Return on Plan Assets	-	-
Rate of escalation in salary (per annum)	10.00%	10.00%

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

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

(₹ in Lacs)

Particulars	2011-12	2010-11
Profit After Tax	3990.50	2671.31
No. of share issued	12001200	12001200
Basic & diluted Earning per share of ₹5/- each (₹)	33.25	22.26

10. Foreign Currency Exposure

(Amount in Lacs)

Purpose	Currency	As at 31.03.2012	As at 31.03.2011
a) Unhedged Foreign Currency Exposure			
- Outstanding Import Creditors	USD	0.02	0.73
- Outstanding Import Creditors	EURO	1.60	-
- Outstanding Export Debtors	USD	10.96	9.32
- Outstanding Interest on Foreign Currency Loans	USD	0.24	0.55
b) The details of Derivatives Outstanding			
- Forward Contracts - Import Creditors	USD	-	7.48
- Forward Contracts - Import Orders	USD	2.58	1.19
- Forward Contracts - Export Debtors	USD	-	1.04
- Forward Contracts - Export Orders	USD	-	4.90
- Forward Contracts - Foreign Currency Loans	USD	165.42	188.43

11. The interest includes ₹23.92 lacs (Previous year ₹9.47 lacs) paid to Managing Director.

12. Remuneration to Auditors *

(₹ in Lacs)

Particulars	2011-12	2010-11
Statutory Audit Fee	5.17	5.08
Tax Audit	1.29	1.10
Limited Review & other services	4.14	3.31
Total	10.60	9.49

* Included in Legal & Professional expenses (refer Note No. 26)

13. The segment reporting as per AS-17 issued by 'The Institute of Chartered Accountants of India' is not applicable.

14. Extraordinary items include loss of ₹3.83 lacs (Previous Year - ₹Nil) incurred due to fire.

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

16. Previous year figures have been regrouped/reclassified wherever necessary to conform to current presentation.

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 12, 2012

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 - 110 035

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 Monday, 17th September 2012 at 10.30 a. m.

NAME OF MEMBER			
FOLIO NO		NO OF SHARES	
DP ID NO		CLIENT ID NO	
NAME OF MEMBER/ PROXY		SIGNATURE OF MEMBER/PROXY	

NOTES :-

- Members/Proxy holders are requested to bring their copies of the Annual Report with them to the meeting.
- 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 28th Annual General Meeting of the Company to be held on Monday, the 17th September 2012 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, 2012

SIGNED

Affix ₹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



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सही में
आजखून!



Cushion 21 Blue



Alisha Fitness Green



Hi-Fashion 04 Blue



Hi-Fashion 05 Red



Quality Par Excellence

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