



RELAXO FOOTWEARS LIMITED

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

Phones: 46800500, 46800600, 46800700, Fax No: 46800692

CIN No: - L74899DL1984PLC019097

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

Dear Shareholders,

Notice pursuant to Section 110 of the Companies Act, 2013 (the "Companies Act") which shall include any statutory modifications, amendments or re-enactments thereto) and the Companies (Management and Administration) Rules, 2014 ("the Rules", which shall include any statutory modifications, amendments or re-enactments thereto) provide for passing of resolutions by postal ballot. The Board of Directors of the Company has proposed to obtain the consent of the Shareholders for various matters as considered in the resolutions appended below. The Resolutions are appended below and the Explanatory Statement pertaining to the said Resolutions setting out material facts and the reasons for the resolutions is also annexed.

Thus in terms of Section 110 of the Companies Act, 2013 read with the applicable Rules as also to facilitate wider participation in the approval process by the Shareholders residing at different locations, it is proposed to obtain their consent by way of postal ballot instead of convening a general meeting of the Shareholders.

The Company has appointed Mr. Baldev Singh Kashtwal, a Practicing Company Secretary as Scrutinizer for conducting postal ballot process in a fair and transparent manner.

You are requested to pursue the proposed Resolutions along with their Explanatory Statement and thereafter send your assent or dissent by filling-up the necessary details and putting your signature at the marked place in the Postal Ballot Form and returning the Form duly completed, in the enclosed self addressed postage pre-paid envelope so as to reach the Scrutinizer at the Corporate office of the Company at Aggarwal City Square, Plot No-10, District Centre, Manglam Place, Sector-3, Rohini, Delhi-110 085 not later than close of business hours on Wednesday, 30th day of July, 2014.

Your assent / dissent received after 30th day of July, 2014 would be strictly treated as if a reply from you has not been received.

The result of the voting by Postal Ballot will be declared by the Chairman & Managing Director/ person authorised by him on Tuesday, 5th August, 2014 and the result of the Postal Ballot will be informed to the Stock Exchanges on the same day where the Shares of the Company are listed and the results will also be hosted on the website of the Company www.relaxofootwear.com.

The date of declaration of the results of the Postal Ballot shall be the date on which the resolution would be deemed to have been passed by the Members, if approved by the requisite majority

SPECIAL BUSINESS:-

1. APPROVAL OF EMPLOYEE STOCK OPTION PLAN 2014

To Consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution:-**

"RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 (which deems to include the provisions the Companies Act, 1956 applicable, if any, for the time being in force), the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock

Purchase Scheme) Guidelines, 1999 (hereinafter referred to as "SEBI ESOP Guidelines") and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the approval and consent of the Company be and is hereby accorded respectively to the 'RFL Employee Stock Option Plan 2014' (hereinafter referred to as the "ESOP 2014" / "Plan") and to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to create, offer and grant from time to time up to 900090 Options to the permanent employees, existing and future, including the Whole-time Directors (but excluding the Independent Director) of the Company, as may be decided solely by the Board under the Plan, exercisable into 900090 Equity Shares of face value of Re. 1/- each fully paid up, in one or more tranches, on such terms and in such manner as the Board may decide in accordance with the provisions of the law or guidelines issued by the relevant authorities."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot Equity Shares to the eligible employees and Directors of the Company upon exercise of Options from time to time in accordance with ESOP 2014 or allot Equity Shares to a Trust set-up to administer ESOP 2014 and that it may also envisage for providing of any financial assistance to the Trust to enable the Trust to acquire, purchase or subscribe to the Equity Shares of the Company for the implementation of the Plan as per applicable laws."

"RESOLVED FURTHER THAT the number of Options that may be granted to any employee including any Whole-time Director of the Company, in any financial year and in aggregate under the ESOP 2014 shall not exceed 1% of the Paid-up Share Capital of the Company."

"RESOLVED FURTHER THAT the Equity Shares to be allotted and issued by the Company in the manner aforesaid shall rank *pari passu* in all respects with the then existing Equity Shares of the Company."

"RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, if any additional Equity Shares are required to be issued by the Company to the Option grantees for the purpose of making a fair and reasonable adjustment to the Options granted earlier, the above ceiling of 900090 Equity Shares shall be deemed to be increased to the extent of such additional Equity Shares issued."

"RESOLVED FURTHER THAT in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of Shares to be allotted and the exercise price payable by the Option grantees under the Plan shall automatically stand reduced or augmented, as the case may be, in the same proportion as the present face value of Re. 1 per Equity Share shall bear to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the Equity Shares allotted under the ESOP 2014 on the Stock Exchanges, where the Shares of the Company are listed and to do all such acts, deeds and things and to execute all such deeds, documents, instruments and writings as it may at its sole and absolute discretion deem necessary or expedient and to settle any questions, difficulty or doubt that may arise in this behalf."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions in the terms and conditions of the Employee Stock Options or of the Plan from time to time including but not limited to suspend, withdraw, terminate or revise the ESOP 2014 as it may deem fit, from time to time at its sole and absolute discretion in conformity with the provisions of the Companies Act, 2013, the Memorandum and Articles of Association of the Company, SEBI ESOP Guidelines and any other applicable laws."

2. ENHANCEMENT OF BORROWING LIMIT FROM RS. 250 CRORE TO RS. 500 CRORE

To Consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution:-**

“RESOLVED THAT in supersession of resolution passed through postal ballot on 17th September, 2008 for borrowing power of Rs. 250 Crore (Rupees Two Hundred and Fifty Crore only) and pursuant to the provisions of Section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013, the Company hereby accords its consent to the Board of Directors for borrowing any sum or sums of money for the purposes of the Company upon such terms and conditions and with or without security as the Board of Directors may in its discretion think fit, from any one or more banks, financial Institutions, investing agencies, firm, bodies corporate, multilateral agencies, foreign institutional investors, foreign financial institutions, mutual funds and/or from any other persons or combination thereof (hereafter known as lenders) whether by way of cash credit, advance, deposits, loan, term loan, overdraft, packing-credit, letter of credit, release / issuance of delivery order, pre-Shipment credit, post-Shipment credit, payment undertaking, guarantee facility, bills purchase, bills discount, buyer's credit facility, debentures, external commercial borrowing, issuing foreign currency convertible bonds, and/or any other credit facilities by whatever name called, notwithstanding, that the money or monies to be borrowed by the Company (apart from the Temporary loans obtained or to be obtained from time to time from the Company's Bankers in the ordinary course of business) together with the money already borrowed, may exceed the aggregate of the Paid-up share Capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose(s), provided however that the money or monies to be borrowed by the Company together with the money already borrowed shall not, at any time exceed Rs.500 Crores (Rupees Five Hundred Crores only).

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalize, settle and execute such documents/ deeds/ writings/ papers/ agreements as may be required and to do all acts, deeds, matters and things, as it may in its absolute discretion deemed necessary, proper or desirable and to settle any question, difficulty or doubt that may arise with regard to borrowing money as aforesaid and as may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution.”

3. CREATING MORTGAGE/CHARGE ON THE ASSETS OF THE COMPANY

To Consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution:-**

“RESOLVED THAT pursuant to section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to create such Charges, Mortgages and Hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties of the Company, both present and future, and in such form and manner and with such rankings as to priority and for such time and on such terms as the Board of Directors may determine in favour of banks, financial Institutions, investing agencies, firm, bodies corporate, multilateral agencies, foreign institutional investors, foreign financial institutions, mutual funds and/or from any other persons or combination thereof (hereafter known as lenders) to secure the borrowings of the Company availed/ to be availed by way of cash credit, advance, deposits, loan, term loan, overdraft, packing-credit, letter of credit, release / issuance of delivery order, pre-shipment credit, post-shipment credit, payment undertaking, guarantee facility, bills purchase, bills discount, buyer's credit facility, debentures, external commercial borrowing, issuing foreign currency convertible bonds, and/or any other credit facilities by whatever name called, subject to the limits approved under Section 180(1)(c) of the Companies Act, 2013, together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, all other cost, charges and expenses and all other moneys payable in terms of loan agreements or any other document entered into / to be entered into between the Company and the lenders in respect of such loans/

borrowings and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Company and the lender(s).

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise, settle and execute such documents/ deeds/ writings/ papers/ agreements as may be required and to do all acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise with regard to creating mortgage and/or charge and/or hypothecation as aforesaid and as may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution.”

4. TO GIVE DONATION TO BONA FIDE CHARITABLE FUND

To Consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution:-**

“RESOLVED THAT pursuant to the provisions of Section 181 and other applicable provisions, if any, of the Companies Act, 2013, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (“the Board”) to contribute an amount upto Rs. 5 Crores or the limits prescribed under the Section 181 of the Companies Act, 2013, whichever is greater in one or more tranches, in any financial year, either directly or in any other way considered appropriate by the Board, to such bona fide charitable and other funds as may be deemed fit and appropriate by the Board.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to sign and execute such documents/deeds/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 :10.05.2014**

**Sd/-
Kapil Garg
Company Secretary**

NOTES:

- a. Explanatory Statement for the proposed resolutions mentioned above pursuant to Section 102 and applicable provisions of the Companies Act, 2013, setting out material facts is appended herein below.
- b. Inspection of Documents: Documents referred to in the Notice etc., are open for inspection at the corporate office or registered office of the Company at all working days except Saturdays between 11:00 A.M. and 2:00 P.M. up to Wednesday, 30th day of July, 2014.
- c. Under the Green Initiative of Ministry of Corporate Affairs, Postal Ballot Notice is being sent to the shareholders, who have registered their e-mail ids with the company/RTA through e-mail and to all other shareholders by post along with the Postal Ballot Form
- d. The Notice of postal ballot/e-voting will be dispatched to all the Members, whose names appear in the Register of Members/ Record of Depositories as on the cut-off date being Friday, 13th day of June, 2014.
- e. Voting period commences on and from Tuesday, 1st day of July, 2014 and ends on Wednesday, 30th day of July, 2014.
- f. Members are requested to notify change in address/e-mail ids, if any, in case of shares held in Electronic form to the concerned Depository Participant quoting their Client ID and in case of Physical shares to the Registrar and Transfer Agent of the Company quoting their Folio number.
- g. Only a shareholder entitled to vote is entitled to exercise his vote through Postal Ballot and a shareholder having no voting rights should treat this Notice as intimation only.

- h. Voting in physical forms: A Postal Ballot Form and a self-addressed pre-paid postage envelope are enclosed herewith. The shareholders are requested to exercise their voting rights by using the attached Postal Ballot Form only. No other form or photocopy of the form is permitted. Shareholders who do not receive the Postal Ballot Form may apply to the Company and obtain a duplicate thereof. Members desiring to exercise their vote by Postal Ballot are requested to carefully read the instructions mentioned herein and those mentioned in the Postal Ballot Form and return the same duly completed in the enclosed self addressed postage pre-paid Business Reply Envelope to the Scrutinizer. Postage on self addressed pre-paid Business Reply Envelope will be borne by the Company. However, envelopes containing Postal Ballot Form, if sent by Courier or by Registered Post at the expense of the registered Member will also be accepted. The Postal Ballot Form(s) may also be deposited personally at the Corporate Office or Registered Office of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 1

Your Company believes in rewarding its employees including the Directors for their continuous hard work, dedication and support, which has led the Company on the growth path. Equity based compensation is considered to be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives by participating in the ownership of the Company through stock based compensation scheme/ plan. The objective of the ESOP 2014 is to provide an incentive to attract and retain the key employees by way of rewarding their performance and motivate them to contribute to the corporate growth and profitability.

The main features of the ESOP 2014 are as under:

1. Total number of Options to be granted:

900090 Options exercisable into 900090 Equity Shares in the Company of face value of Re. 1/- each fully paid-up, would be available for grant to the eligible employees of the Company under ESOP 2014, in one or more tranches.

Vested options lapsed due to non-exercise and/or unvested options that get cancelled due to resignation of the employees or otherwise, would be available for being re-granted at a future date. The Board is authorized to re-grant such lapsed / cancelled options as per the provisions of ESOP 2014.

SEBI ESOP Guidelines require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division, and others, a fair and reasonable adjustment needs to be made to the Options granted. Accordingly, if any additional Equity Shares are issued by the Company to the Option grantees for making such fair and reasonable adjustment, the above ceiling Shares shall be deemed to be increased to the extent of such additional equity shares issued.

2. Identification of classes of employees entitled to participate in the Employee Stock Option Scheme(s):

Following classes of employees are entitled to participate in the ESOP 2014:

- a. Permanent employees of the Company working in India or out of India;
- b. Whole-time Directors of the Company.

Following persons are not eligible:

- a. an Employee who is a Promoter or belongs to the Promoter Group;
- b. a Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the issued and subscribed Shares of the Company; and
- c. an Independent Director within the meaning of the Companies Act, 2013.

3. Transferability of Employee Stock Options:

The Options granted to an employee shall not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of the Option grantee, the right to exercise all the Options granted to him till such date shall be transferred to his legal heirs or nominees.

4. Requirements of vesting and period of vesting:

The Options granted shall vest so long as an employee continues to be in the employment of the Company. The Nomination and Remuneration Committee may, at its discretion, lay down certain performance metrics on the achievement of which such Options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which Options granted would vest subject to the minimum vesting period of 1 year.

5. Maximum period within which the Options shall be vested:

Options granted under ESOP 2014 would vest subject to maximum period of 4 years from the date of grant of such Options.

6. Exercise price or pricing formula:

The Exercise Price shall be the Market Price of the Equity Shares as on date of grant within the meaning SEBI ESOP Guidelines .

7. Exercise period and the process of Exercise:

The vested Options shall be eligible for exercise on and from the date of vesting. The vested Options need to be exercised within a maximum period of 4 years from the date of vesting of such Options. The vested Option shall be exercisable by the Employees by a written application to the Company/ Nomination and Remuneration Committee or any Trust formed in this behalf expressing his/ her desire to exercise such Options in such manner and on such format as may be prescribed by the Nomination and Remuneration Committee from time to time. The Options shall lapse if not exercised within the specified exercise period.

In case of cashless system of exercise of vested Options, the Nomination and Remuneration Committee shall be entitled to specify such procedures and/or mechanisms for the Shares to be issued thereon as may be necessary and the same shall be binding on the all the Option grantees.

8. Appraisal process for determining the eligibility of employees under ESOP 2014:

The Options shall be granted to the employees as per performance appraisal system of the Company.

9. Maximum number of Options to be issued per employee and in aggregate:

The number of Options that may be granted to any specific employee under the Plan shall not exceed the number of Shares equivalent to 1% of the Paid-up Share Capital of the Company per grant and in aggregate.

10. Disclosure and Accounting Policies:

The Company shall comply with the disclosure and the accounting policies prescribed under the SEBI ESOP Guidelines.

11. Method of option valuation:

To calculate the employee compensation cost, the Company shall use the Intrinsic Value method for valuation of the options granted. The difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options and the impact of this difference on profits and on EPS of the company shall also be disclosed in the Directors' report.

As the ESOP 2014 provides for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the members is being sought pursuant to Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and as per Clause 6 of the SEBI ESOP Guidelines.

Your approval is sought by voting by postal ballot in terms of provisions of Section 110 of the Companies Act, 2013 read with the provisions of the Companies (Management and Administration) Rules, 2014.

The Directors recommend the Resolution for members' approval as it is in the interest of the Company.

None of the Directors, Key Managerial Personnel of the Company are in any way, concerned or interested in the resolution, except to the extent of the shares that may be offered to them under the ESOP 2014.

Item No. 2

As per the provisions of Section 180 (1)(c) of the Companies Act, 2013, the Board of Directors of a Public Company can not borrow monies (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the Company's Paid-up Capital and Free Reserves (that is reserves not set apart for any specific purpose) without the consent of the shareholders in the General Meeting.

The increasing business operations and future growth plans of the Company would necessitate restructuring of the borrowing limits which may exceed at any time the aggregate of the paid-up capital of the Company and its free reserves.

Therefore, it is proposed to authorize the Board of Directors to borrow funds, which may exceed at any time the aggregate of the paid-up capital of the Company and its free reserves but not exceeding Rs.500 Crores, in rupee and/or equivalent foreign currency.

Your approval is sought by voting by postal ballot in terms of provisions of Section 110 of the Companies Act, 2013 read with the provisions of the Companies (Management and Administration) Rules, 2014.

The Directors recommend the Resolution for members' approval as it is in the interest of the Company.

None of the Key Managerial personnel, Directors of the Company including their relatives are, in any way, concerned or interested in the said resolution except as the shareholders of the Company.

Item No. 3

To meet the fund requirement for business operation and expansion plans, the Company, time to time, borrows monies from Banks/Financial Institutions and/or other agencies by way of cash credit, advance, deposits, loan, term loan, overdraft, packing-credit, letter of credit, release / issuance of delivery order, Pre-Shipment Credit, Post-Shipment Credit, Payment Undertaking, guarantee facility, bills purchase, bills discount, buyer's credit facility, and/or any other credit facilities by whatever name called.

Such borrowings of the Company are, in general, required to be secured by suitable mortgage or charge or Hypothecate on all or any of the movable and/ or immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company, from time to time, in consultation, with the lender(s).

Section 180(1)(a) of the Companies Act, 2013, inter-alia, provides that the Board of Directors of a Public Company shall not, without the consent of such public company in general meeting, sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole, or substantially the whole of any such undertakings.

The mortgage and/ or charge and/or Hypothecation of the movable and/ or immovable properties and/ or the whole or any part of the undertaking(s) of the Company in favour of the lenders in certain events of default by the Company, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 180(1)(a) of the Companies Act, 2013. Hence, it is necessary to obtain approval for the same from the members of the Company.

Your approval is sought by voting by postal ballot in terms of provisions of Section 110 of the Companies Act, 2013 read with the provisions of the Companies (Management and Administration) Rules, 2014.

The Directors recommend the Resolution for members' approval as it is in the interest of the Company.

None of the Key Managerial personnel, Directors of the Company including their relatives are, in any way, concerned or interested in the said resolution except as the shareholders of the Company.

Item No. 4

As per the provision of the Section 181 of the Companies Act, 2013 the Board of Directors of a public company shall not except with the consent of such public company contribute to bona fide and charitable fund any amount which, in any financial year, exceeds five percent of the average net profits of the Company for the three immediately preceding financial years.

In the larger interest of business of the Company, acknowledging the Company's increased responsibility towards social, philanthropic and other causes of public utility, your Directors recommend for approval by the Shareholders that the limit of contribution to any institute, body, trust, society, association or person for any bona fide and charitable fund, be approved upto Rs. 5 Crore or the limits prescribed under the Section 181 of the Companies Act, 2013, whichever is greater.

Your approval is sought by voting by postal ballot in terms of provisions of Section 110 of the Companies Act, 2013 read with the provisions of the Companies (Management and Administration) Rules, 2014.

The Directors recommend the Resolution for members' approval as it is in the interest of the Company.

None of the Key Managerial personnel, Directors of the Company including their relatives are, in any way, concerned or interested in the said resolution except as the shareholders of the Company.

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

**Place: Delhi
Date : 10.05.2014**

**Sd/-
Kapil Garg
Company Secretary**

Encl:-

1. Postal Ballot Form
2. Self Addressed Postage Pre- Paid Envelope