



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.



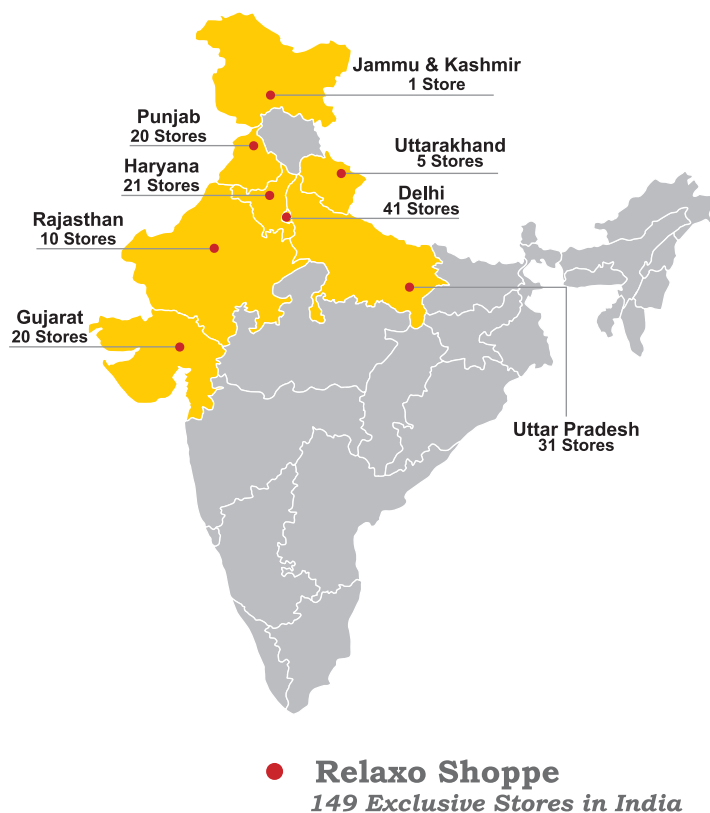
Schoolmate is a true mate of school going boys and girls. Made with special care to pamper tiny feet, each pair bears the mark of superb workmanship and adaptable design.

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



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.

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marketing to finance, all the
key operations
have been **scaled up** deftly

we are
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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