



Quality Par Excellence

RELAXO FOOTWEARS LIMITED

Annual Report 2012-2013



Quality Par Excellence

Hawaii

मजबूती भी,
स्टाइल भी!



Hi-Fashion 07
Yellow Green
Size: 6-10, 2-5



Hi-Fashion 08
Blue Yellow
Size: 6-10, 2-5



Hi-Fashion 11
Mauve
Size: 2-8



Hi-Fashion 12
Red
Size: 3-8

Corporate Information

BOARD OF DIRECTORS

Ramesh Kumar Dua	Managing Director
Mukand Lal Dua	Whole Time Director
Nikhil Dua	Whole Time Director
Deval Ganguly	Whole Time Director
Umesh Nath Kapur	Independent Director
Kuruvila Kuriakose	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

Yes Bank

SHARE TRANSFER AGENTS

M/s Karvy Comptershare Private Limited

17-24, Vittal Rao Nagar

Madhapur-Hyderabad

Andhra Pradesh-500 081

REGISTERED OFFICE

316-319, Allied House, Inderlok Chowk,

Old Rohtak Road, Delhi-110 035

CORPORATE OFFICE

Aggarwal City Square, Plot No. 10,

Mangalam Palace, District Centre, Sector -3,

Rohini, New Delhi-11 0085

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, Uttarakhand

RFL-VI

342-343, Footwear Park, Industrial Estate,

Sector-17, Bahadurgarh, Haryana

RFL-VII

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

RFL VIII

Plot No. 37, Sector 4B, Bahadurgarh, Haryana

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Making growth a tradition

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

Dear Stakeholders,

At Relaxo, we always welcome the spring season with open arms because, this is when nature reminds us to keep growing. Growth is vital, it is a biological process to make things move and likewise, a Company needs to grow by all means. Whether it is growth by size of manpower, by annual sales turnover, or by way of social responsibility, the growth of an organization is crucial in order to fulfill a bigger objective. At Relaxo, we take growth very seriously. While others pursue it, we have made it a tradition.

For us FY13 was another successful year for the Company during which we delivered further growth in underlying earnings. The Company also delivered good revenue growth and has improved cash flow performance. The Company has now entered the 1000 crore club, and herein starts another journey.

Relaxo has grown by 17% over previous years' revenue, which made the 1000 crores landmark possible. The net profit grew to ₹ 44.80 crores as compared to ₹ 39.90 crores in last year that resulted a growth of 12.30%. The Company sold 10.02 crores pairs as compared to 9.25 crores pairs of footwear last year. The Production capacity has increased from 3,77,000 pairs to 4,54,000 pairs per day. The Company has recommended highest ever dividend of 40% and the management of the Company feels proud announcing the same.

In the last financial year, the Company has taken couple of pro-active measures notably engaging brand ambassadors for our flagship brands & expanding the distributor network. Although the response to these high budget initiatives is moderate but the Company is confident that these initiatives will give desired results in the near future.

Today your Company is standing firm to serve the footwear needs of 1.2 billion people of our country with 8 manufacturing plants, a portfolio of 10 brands, a family of 9000+ employees and an extended family of over 50000 retailers and distributors. During the year, we added 19 new outlets to take our number of exclusive outlets to 168 and will continue to rationalise in near future at different geographical areas across the country.

What makes Relaxo a signature of substance, a force to reckon with and an engine of exponential growth is the way we react to new times and new trends, and rise up to challenges as a Company and a team, every time.



The net profit grew to ₹44.80 crores as compared to ₹39.90 crores in last year that resulted a growth of 12.30%. The company sold 10.02 crore pairs of footwear as compared to 9.25 crore. Production capacity has increased from 3,77,000 pairs per day to 4,54,000 pairs per day.

Innovation is another core aspect that has spearheaded the growth curve. We have responded to the fast-evolving tastes of our Pan-India customer base with powerful merchandizing mechanisms, retail expansion and advertising exercises that increase touch-point level engagement with our customers & maximize sales-gains and drive brand recall across age and social groups.

Our undeterred stance on continuous quality improvement puts us leaps ahead of the competition, as we keep applying higher benchmark of quality excellence in business process.

At Relaxo, it has always been our endeavour to focus on development of human resources by way of training to improve their skills, motivation levels so that they may give their best to the Company. It also helps to retain the best talent. The Company has also initiated Performance Management System to evaluate & reward the executives as per best global practices.

The Company's past has been glorious but we at Relaxo sincerely believe that the future will be more glorious still.

With best regards

Ramesh Kumar Dua
Managing Director



There is no substitute for hard work

Having achieved the benchmark of a ₹1000 crore Company, it is time to introspect and concentrate on our core values. At the same time, we realize the need to be more responsible, set new targets, make way for new trends and introduce new measures to improve customer relations. As the future is in sight, it is time to re-group, re-assess and re-energize our strengths to carve out a new growth path. While we say this, we also realize the importance of managing our brand promise & experience and take it to the next phase of evolution.

Every success story is a result of hard work. It starts with the seed of imagination. Then comes the nurturing part i.e. the “hard working” and Relaxo is no exception to the rule. The organization began with a purpose by introducing better comfort in the lives of people. Today, it leaves no stone unturned to be a role model for thriving entrepreneurs and businesses alike. Be it taking care of activities like management, manpower, information, customer care or developing relationships on a very personal mode, Relaxo has come a long way in the corporate world.

Over the years, Relaxo has evolved to be a fully grown matured tree, the fruits being clearly visible. The consistent effort has paid off and the Company has stood the test of time. On a volatile market scenario, one thing that kept us going is the ability to adapt to fast moving business situations and risk assessment. Keeping those situations in mind, we have also tried to bring about a positive change within the organization and its people and restructured the processes as and when required.

We believe that Relaxo as a brand is ready to interact with the customer on a new platform. The single reason being the growth of a strong and loyal customer base over the years. It is these people who have taught us to be more open-minded about innovations, technology and market behavior. Hence, the customer has an important role in our business & an integral part of the entire growth process. Nurturing them over time would be one of the key challenging aspects of the Company.



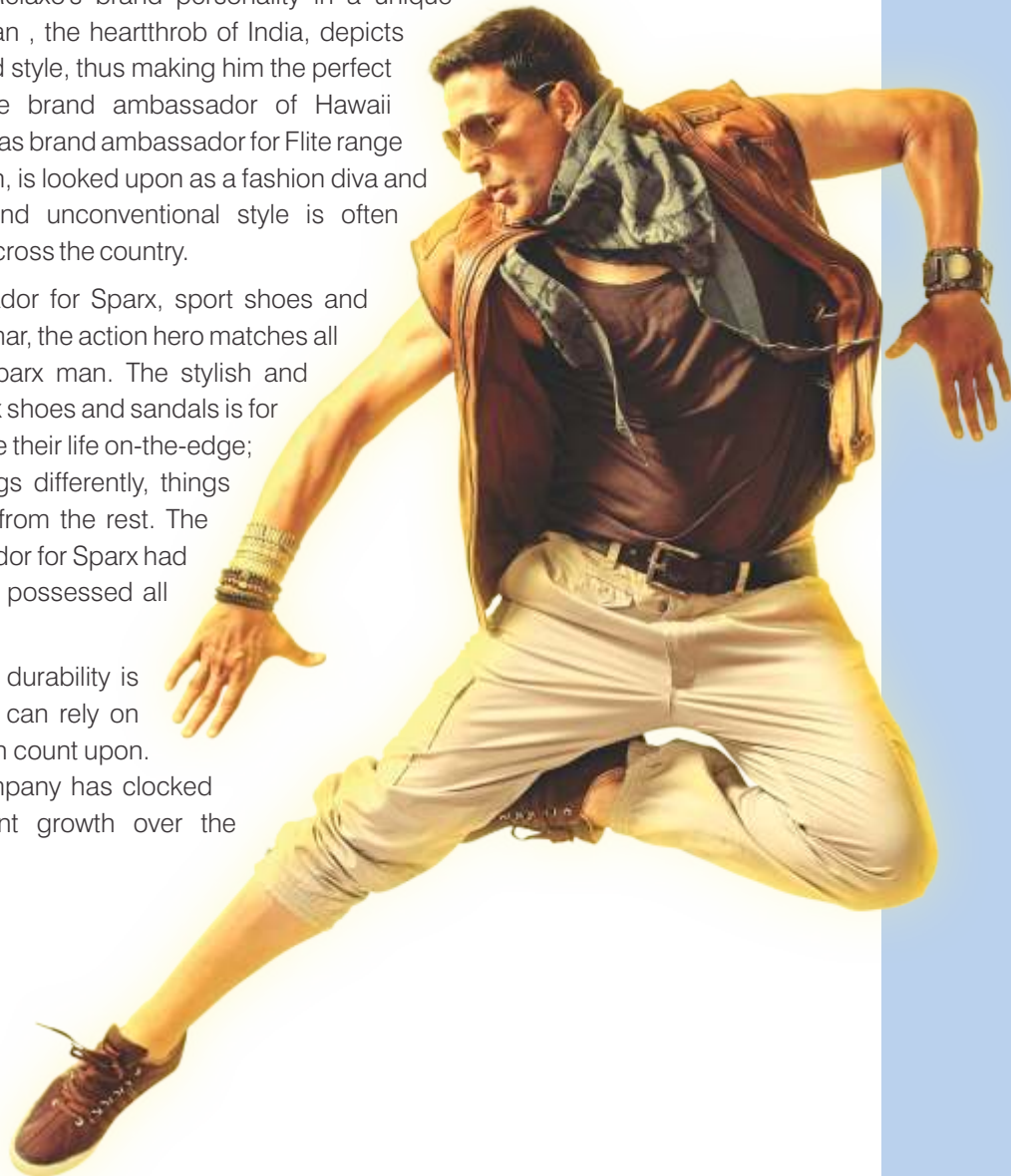
In step with tomorrow

In today's fast changing landscape, innovation is the key to survival. For Relaxo, innovation is a part and parcel of the whole growth process. It goes beyond technology and reaches the human domain. Innovation is applied in every facet of product designing, materials used and understanding market dynamics. It pushes us forward to achieve our objectives.

Innovation has also been crucial in understanding human behavior to promote our wide range of products. A reason why some of the biggest celebrity names have endorsed Relaxo's products like Salman Khan, Katrina Kaif and Akshay Kumar. These Brand Ambassadors have taken forward our legacy and communicated our message to the mass market. Each of these celebrities reflects Relaxo's brand personality in a unique manner. Salman Khan, the heartthrob of India, depicts strength, attitude and style, thus making him the perfect blend for being the brand ambassador of Hawaii slippers. Katrina Kaif as brand ambassador for Flite range of slippers for women, is looked upon as a fashion diva and icon. Her vibrant and unconventional style is often imitated by women across the country.

The brand ambassador for Sparx, sport shoes and sandals, Akshay Kumar, the action hero matches all the qualities of a Sparx man. The stylish and sporty range of Sparx shoes and sandals is for people who like to live their life on-the-edge; people who do things differently, things that set them apart from the rest. The new brand ambassador for Sparx had to be someone who possessed all these qualities.

Relaxo-strength and durability is what our customers can rely on and our Investors can count upon. As a result, the Company has clocked rapid and consistent growth over the recent years.



A seamless network

FY13 results have generated tremendous momentum and enthusiasm in the entire team of Relaxo. With an extremely strong brand portfolio, the Company now has an opportunity to become a dominant player at Pan-India level through a combination of superior execution in the market place and the combined effort of our people and partners in growth.

The Company has initiated steps for strengthening Supply Chain Management by opening Four Regional Warehouses (RWH) across India. These initiatives would improve service levels to the distributors and would boost sales in the coming times.



Crossing frontiers

During FY14, the Company is planning to increase its presence across the globe with a primary focus on the African market and will also strive hard to increase foothold in the existing market. In the current year, the Company's export turnover was ₹ 30.03 crores, with the combined effort in existing and new markets, the Company is quite confident of surpassing to its last year's export turnover.

Our growth story is a proof that our products enjoy mass appeal and acceptance. At Relaxo, we stay close to our customers, no matter where they may be. After expanding and entrenching our sales on a Pan-India basis, our Company is all set to explore the world. Relaxo products are now available in more than 28 countries across Asia, Middle East, Africa, Europe, South America and Oceania, a number that is slated to grow.



Stepping ahead to the future

Part of the job while planning growth is predicting the future. Doing it right would be one of the key focus area of our business. We have achieved a milestone of a thousand, but what's more important right now is to strengthen this position and prepare for the next course of action. The immediate strategy is to enhance our presence across the nation on a Pan-India approach. At present the Company has 168 exclusive stores, 50000 distributors and retailers across the length and breadth of the country. The Company intends to continue rationalisation of its outlets across Pan-India

Increasing footfalls

At Relaxo, we pay a special emphasis on customer touch point areas such as our retail outlets and believe that we need to constantly refurbish these places because they adequately reflect our brand identity and create an impression. Henceforth, periodical monitoring will be a regular exercise to further improve store environment. We are putting strong emphasis on awareness programmes aimed at both our employees and the consumers during a new launch exercise. This would result in a better brand experience and culminate into a positive whole. The Company plans to introduce aggressive sales promotion schemes from time to time.

Product rationalisation

Relaxo also went ahead with a product rationalizing plan in order to cut costs and improve efficiency. This will help the Company to bounce back and re-capture some of the lost grounds in the market.

Customers liking towards the Company's new product "Flite- PU Fashion" launched last year has enabled us towards commissioning of new plant at Bahadurgarh Footwear Park adding to an increased capacity of 40000 of the same.

Strengthening manufacturing units

To capitalize on the huge potential in terms of domestic and export demand, we intend to strengthen the infrastructure by adding capacities, upgrading equipment and improving our internal processes of quality control and safety.

Going retail online

Online shopping is a significant segment that is fast emerging in terms of footwear sales. According to reports, it accounts for almost 8% of the overall industry and is likely to grow in the future. With new hopes and aspiration, the Company ventured into online shopping and started the new portal www.shopatrelaxo.com

Investing in Human Capital and IT infrastructure

People are the best assets of an organization and it is important to replenish this resource as much as possible. Hence, we at Relaxo are committed to a strong work culture that revolves around people. We try to ensure that an optimum work-life balance is maintained at all level. Be it perks, health benefits or an opportunity to grow and learn continuously, at Relaxo, work is its own reward.

The company took initiative in the recruitment of Management trainees from various IITs and IIMs across India. Lot of HR initiatives on organizational development and capability building have been initiated. Nearly 100 employees have enrolled theme selves in Technical /Professional courses.

Relaxo: The new Corporate Office

Our team is constantly growing and we strive for comfortable working conditions. The need of a bigger and modern office was necessary from the prospect of the new branding.

For a better coordination among employees and departments the company has moved to a modern and spacious single location 30,000 sq feet office based at Rohini. The new corporate office is fully equipped with all modern amenities and technology savvy conference and meeting rooms. The new corporate office gives employees all reasons to cherish and proud.

