



# THE TIMES ARE CHANGING

For a changing India. For a trendsetting India. For a young India.

# *RELAXO*

ANNUAL REPORT 2016-2017

RELAXO FOOTWEARS LIMITED



With 40 years of trendsetting footwear, the new Relaxo embraces the dynamic values of young India: Transformation, Optimism and Positive energy.

With a steadfast commitment, we are geared to meet the quality and choice expectations of trendsetting young India.

The new look of Relaxo reflects the brand's dynamism by forward slanting letters in Berry Blue and Sunny Yellow, while the wave signifies effortless movement towards progress.

Welcome to the new world of Relaxo as we unveil its new face.

## 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
Vivek Kumar	Independent Director
Pankaj Shrimali	Independent Director
Kuruwila Kuriakose	Independent Director
Deepa Verma	Independent Director

### CHIEF FINANCIAL OFFICER

Sushil Batra

### COMPANY SECRETARY

Vikas Kumar Tak

### AUDITORS

Gupta & Dua  
Chartered Accountants  
9, Darya Ganj, New Delhi-110 002

### BANKERS

State Bank of India  
HDFC Bank  
Standard Chartered Bank  
Kotak Mahindra Bank  
HSBC Bank

### SHARE TRANSFER AGENTS

M/s Karvy Computershare Private Limited  
Karvy Selenium Tower-B, Plot No.-31-32,  
Gachibowli Financial District,  
Hyderabad-500 032

### REGISTERED OFFICE

Aggarwal City Square, Plot No. 10,  
Manglam Place, District Centre, Sector -3,  
Rohini, Delhi-110 085  
CIN: L74899DL1984PLC019097

### WORKS

<b>RFL-I &amp; II</b>	326-327, MIE, Bahadurgarh, Haryana
<b>RFL-III</b>	A-1130 & 1130 (A), RIICO Industrial Area, Phase-III, Bhiwadi, Rajasthan
<b>RFL-IV</b>	30/3/2, Mooja Hasanpur, Tikri Border, Bahadurgarh, Haryana
<b>RFL-V</b>	83-92, SIDCUL Industrial Area BHEL, Haridwar, Uttarakhand
<b>RFL-VI</b>	342-343, Footwear Park, Industrial Estate, Sector-17, Bahadurgarh, Haryana
<b>RFL-VII</b>	328-329, MIE, Bahadurgarh, Haryana
<b>RFL-VIII</b>	37, Sector 4B, Bahadurgarh, Haryana

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## FROM THE MANAGING DIRECTOR'S DESK

Dear Stakeholders,

It gives me great pleasure to reach out to all of you through this Annual Report.

FY17 was a crucial year for us, wherein we spent bulk of our effort towards making structural changes in our sales force and designing systems and processes to ensure a sustainable growth going forward.

Inspite of significant external factors such as demonetization and a general economic slowdown, the company has been able to maintain its bottomline and has posted a modest sales growth.

New product development was the key driver for the company last year. We were able to capitalize on our in-house design capability and launch market relevant products at the right price points. We are also looking to partner with global design firms to enhance our design capabilities and launch cutting edge designs in the Indian market.

Our initiation of end-to-end distributor and retailer programs to improve engagement levels is bearing fruit. The distribution engagement program has delivered incremental and sustainable benefits to Relaxo while ensuring a healthy relationship with our channel partners. Our retailer based loyalty program has helped in establishing direct connect with retailers and reward their efforts in promoting Relaxo brand.

We are continuously expanding our footprint in India and our retail stores have increased to 270 as on 31<sup>st</sup> March 2017. We put in a lot of efforts last year in strengthening the back end retail infrastructure by improving inventory control and building a flexible supply chain. I believe these efforts will go a long way in scaling up our retail business in the future.

We continue to take steps towards manufacturing excellence across our production units. We have been improving productivity and reducing manufacturing costs, year-on-year, with the help of world class manufacturing concepts like Lean Manufacturing and MOST. Last year was no exception, wherein we were able to manage our manufacturing expenses extremely well, while maintaining our high standards of quality and manpower engagement.

Trust in the brand is essential for its growth and we have been investing heavily to ensure this objective is met. Last year, we engaged Shahid Kapoor & Shruti Haasan as brand ambassadors for Flite, in addition to Salman Khan & Akshay Kumar who are already endorsing Bahamas and Sparx brands respectively. During the year, we revamped the "Relaxo" logo and revamped the company's website in order to target the young and modern consumer.

Under the goods and services tax (GST) regime, footwears which are priced upto ₹ 500 per unit will be taxed at 5% and footwears above ₹ 500 per unit would be taxed at 18%. At present, India's footwear industry is quite fragmented with >60% belonging to the unorganised sector, post GST will result in consolidation of small footwear players. However, with GST implementation and increasing brand consciousness among Indian consumers, the share of organised players is going to increase. Hence, Your Company is placed at a favourable position to take advantage of the changing consumer trends in the Indian markets.

We believe modern trade and E-commerce will continue to be the growth engines of the future and we are well placed to capitalise it. Our online shopping portal [www.shopatrelaxo.com](http://www.shopatrelaxo.com) is faring much better and delivering higher conversions, thanks to our dedicated focus.

We value our people too and have been strengthening their bond with us through long term incentive plans like ESOPs as well as providing them with periodic trainings.

At last, I would like to thank all our stakeholders- customers, business partners, Board of Directors, bankers, and all our employees for believing in our Company's values and supporting us throughout our journey. I sincerely thank all of you and am pleased to share the success that Relaxo has achieved during the last year.

With Best Regards

**Ramesh Kumar Dua**

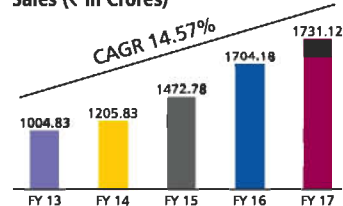
Managing Director

## FINANCIAL HIGHLIGHTS

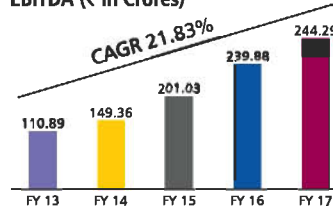
(₹ in Crores)

Particulars	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
No. of Pairs sold (in Crores)	13.46	13.55	12.28	10.78	10.02
Sales	1731.12	1704.18	1472.78	1205.83	1004.83
Revenue	1739.84	1711.81	1481.21	1214.61	1010.91
EBITDA	244.29	239.88	201.03	149.36	110.89
Finance Cost	15.18	22.89	18.48	22.66	17.70
Depreciation	51.48	47.12	39.90	31.16	25.50
Tax	58.39	57.31	39.60	29.90	22.88
Net Profit	122.97	120.28	103.05	65.64	44.81
Equity Share Capital	12.01	12.00	6.00	6.00	6.00
Net Worth	604.79	479.98	367.82	276.56	214.44
Gross Fixed Assets (Tangible and Intangible)	892.79	799.46	669.90	549.81	480.95
Net Fixed Assets (Tangible and Intangible)	603.72	558.76	473.82	390.06	350.46
Capital Employed	735.49	682.58	641.49	506.83	469.39
Capital Expenditure	93.33	129.56	120.09	68.86	81.17
Growth in Sales(%)	1.58	15.71	22.14	20.00	16.88
EBITDA (%)	14.04	14.01	13.65	12.39	11.04
Face Value per Share (in ₹)	1.00	1.00	1.00	1.00	5.00
EPS - Basic (in ₹)	10.24	10.02	17.17	10.94	37.34
EPS - Diluted (in ₹)	10.23	10.00	17.15	10.94	37.34
Dividend(%)	100	60	100	50	40
Book Value per share (in ₹)	50.34	39.99	61.30	46.09	178.68
ROCE (%)	27.72	31.11	27.99	25.18	22.85
Market Capitalisation (As on 31st March)	5992.10	4369.45	3876.39	1768.38	703.99

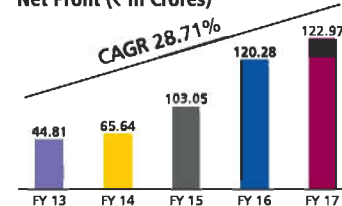
Sales (₹ in Crores)



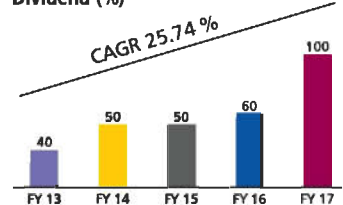
EBITDA (₹ in Crores)



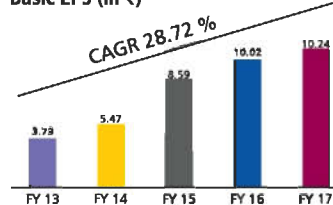
Net Profit (₹ in Crores)



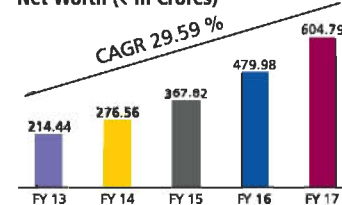
Dividend (%)\*



Basic EPS (in ₹)\*

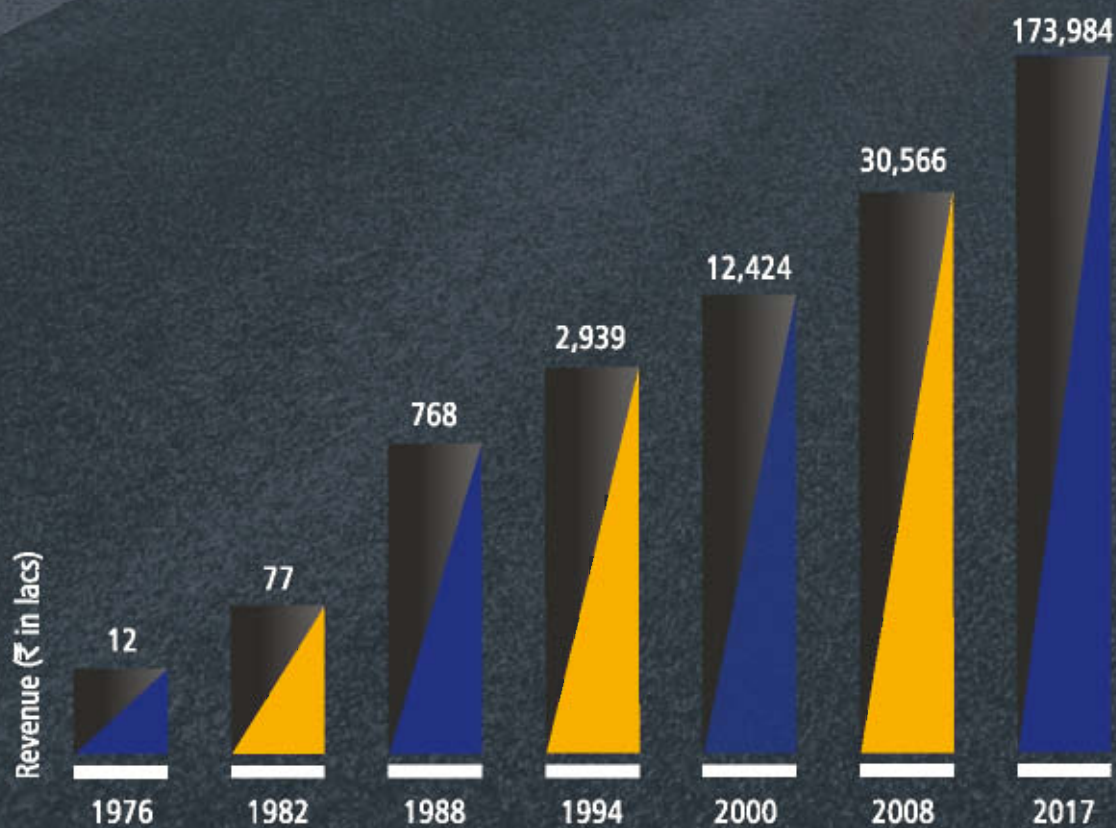


Net Worth (₹ in Crores)



\* Adjusted

# CHANGING TIMES.





# REWRITING HISTORY.

Success doesn't happen overnight. It doesn't support the status-quo lovers. It bows to the ever restless mavericks who live every day to achieve something bigger than their own last feat. This strive has been a part of Relaxo since 1976. Here's a trail of our incredible journey as a brand.

**1976:** Launched Relaxo brand

**1984:** Relaxo Footwears Limited was incorporated

**1995:** IPO to set up a plant in Haryana

**1995:** Started manufacturing footwear (rubber slippers) for the masses

**2000:** Expanded capacity in Haryana

**2004-05:** Launched 'Flite' and 'Sparx' brands

**2005:** 1<sup>st</sup> COCO store launched

**2007:** Commenced exports

**2010:** Renewable power capacity of 6.00 MW

**2012-14:** Business Transformation Initiatives

- Signed top-notch celebrities as brand ambassadors
- Strengthen distribution and supply chain management
- Launched e-commerce platform
- Increased people engagement
- New product development & portfolio strategy

**2016:** 250<sup>th</sup> COCO store opens

**2017:** Corporate identity revamped

# CHANGING TIMES. / BUILDING BRANDS.

The art of staying relevant lies in the art of being adaptive to changing times. And in tune with this philosophy, Relaxo has surely and steadily built its brands, with each one of them promising and delivering on their promise. All of our brands are carefully crafted in sync with the ever-changing, ever-evolving footwear demands of the nation.

The logo for Relaxo, featuring the word "RELAXO" in a bold, blue, sans-serif font. A stylized orange and yellow swoosh is positioned under the "X".

Through the changing times, Relaxo has been able to maintain solidarity with its consumer base of Hawaii slippers. Positioned at the core of footwear demands, Relaxo Hawaii has reached the length and breadth of the nation making it a household name that's synonymous with durability and comfort.

The logo for Flite, featuring the word "FLITE" in a bold, blue, sans-serif font. The letters are set against a background of purple and yellow geometric shapes.

Flite is an immensely popular name in the world of everyday and semi-formal footwear. Be it indoor or outdoor, Flite always fulfills your requirement. Available in multiple designs and vibrant colours, it is a value for money for both men and women who love to take style and comfort in their stride.

The logo for Bahamas, featuring the word "Bahamas" in a stylized, pink, sans-serif font. A green palm tree icon is positioned above the "a".

The youth is not a segment anymore. It's a cluster of radical, fast moving souls. And now the ever-evolving taste of young India meets a kindred brand. Relax, chill, holidays, sun, sand and perpetual fun are often the words that make their way to your mind once you slip into a pair of Bahamas. And this is something even the brand ambassador of Bahamas, 'The Bhaijaan of Bollywood' - Salman Khan concurs. Bahamas is colourful, vibrant, stylish and exudes the peppy sentiment of young India.

The logo for Sparx, featuring the word "sparx" in a bold, white, italicized, sans-serif font. Below it, the tagline "GO FOR IT" is written in a smaller, orange, sans-serif font. The entire logo is set against a black background with orange borders.

To make change a part of life, one must thrive for it. In the footwear category, there exists a segment that craves for adrenaline. To match their energy and enthusiasm, we present to them - SPARX, a range of sports and casual footwear which cater to the needs of sportsmen, fitness enthusiasts and other adrenaline lovers. Which is why, just like its users, it stops at nothing. With a pair of Sparx on, no challenge is insurmountable and no odds are too high.



On the young shoulders of students rest the future of our nation. They are the agents of great change. And they need a pair of shoes that understands them well. Schoolmate is that brand. Schoolmate is a range of comfortable and durable school shoes for boys and girls, and is designed to meet the ever-growing demands of those young feet.



Imagine trotting around in a pair of shoes that makes a prominent statement about your impeccable taste and classy style. Well, we have a word for such imagination – BOSTON. It's an exclusive range of shoes for men who stay abreast with the changing times. Crafted to perfection, BOSTON is best-in-class in its segment. To match your fashion, it's available in different style and looks.



Just like time, fashion is fleeting. Gently gliding away to make way for new trends. But Ladies! You need to glide along. So, when comfort is paramount and style can't be taken for granted, here's a name to count on - Mary Jane. It is designed to exude style without putting your tender feet under any stress. Mary Jane is made of best materials that are gentle to your feet and high on comfort.



Kids grow as fast as style changes its gears. So here's a range for those happy and restless feet. KIDS FUN is a range of cool, colourful footwear that next-gen kids fall in love with. Buy one for your kid, the foundation of the future, and make him stand out of the crowd.



Don't fall back with changing times. Be a part of it. Just be yourself by slipping into a pair of comfy yet stylish pair of Casualz. High on quality and in sync with ever-changing style quotient, Casualz is available in multiple style and shades. So, now your style won't take a break even if you are on one.

## 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 2016-17.

### 1. FINANCIAL RESULTS

(₹ in Crores)

Particulars	2016-17	2015-16
Revenue from Operations	1739.84	1711.81
EBITDA	244.29	239.88
Other Income	3.73	3.46
Less : Finance Cost	15.18	22.89
Less : Depreciation and Amortization Expenses	51.48	47.12
Add : Exceptional Item	-	4.26
<b>Profit before Tax</b>	<b>181.36</b>	<b>177.59</b>
Less : Tax Expenses	58.39	57.31
<b>Profit after Tax</b>	<b>122.97</b>	<b>120.28</b>
Balance brought forward from Previous year	2.67	1.06
Amount available for Appropriation	125.64	121.34
<b>Appropriation :</b>		
Final Dividend *	-	7.20
Tax on Final Dividend *	-	1.47
Transfer to General Reserve	110.00	110.00
Balance carried to Balance Sheet	15.64	2.67
EPS-Basic (in ₹)	10.24	10.02
EPS-Diluted (in ₹)	10.23	10.00

\*Board of Directors has recommended dividend @ 100% i.e. ₹ 1/- per equity share for FY17, which has not been appropriated as per the Accounting Standards.

### 2. BUSINESS PERFORMANCE

The key highlights of the Company's financial performance during the Financial Year 2016-17 are given here below:-

- Revenue from operations increased by 1.64% to ₹ 1739.84 Crores from ₹ 1711.81 Crores in the last Financial Year.
- EBITDA increased by 1.84% to ₹ 244.29 Crores; EBITDA margins increased by 3 bps to 14.04%.
- Net Profit increased by 2.24% to ₹ 122.97 Crores from ₹ 120.28 Crores in the last Financial Year.
- Net Profit margins increased to 7.07%.
- Total retail outlets increased from 250 to 270 during the Financial Year.

### 3. PERFORMANCE OVERVIEW

#### (A) FINANCIALS

Your Company has been able to maintain marginal growth on the key financial metrics for the year, despite the market scenario being uncertain, sluggish market demand and competitive activity increasing in the year and the effect of demonetization. Management believes that your Company will continue its journey of profitable growth driven by the strong fundamentals of operating model, overwhelming desire to serve customers and the end consumer and continued focus on the long term business plan.