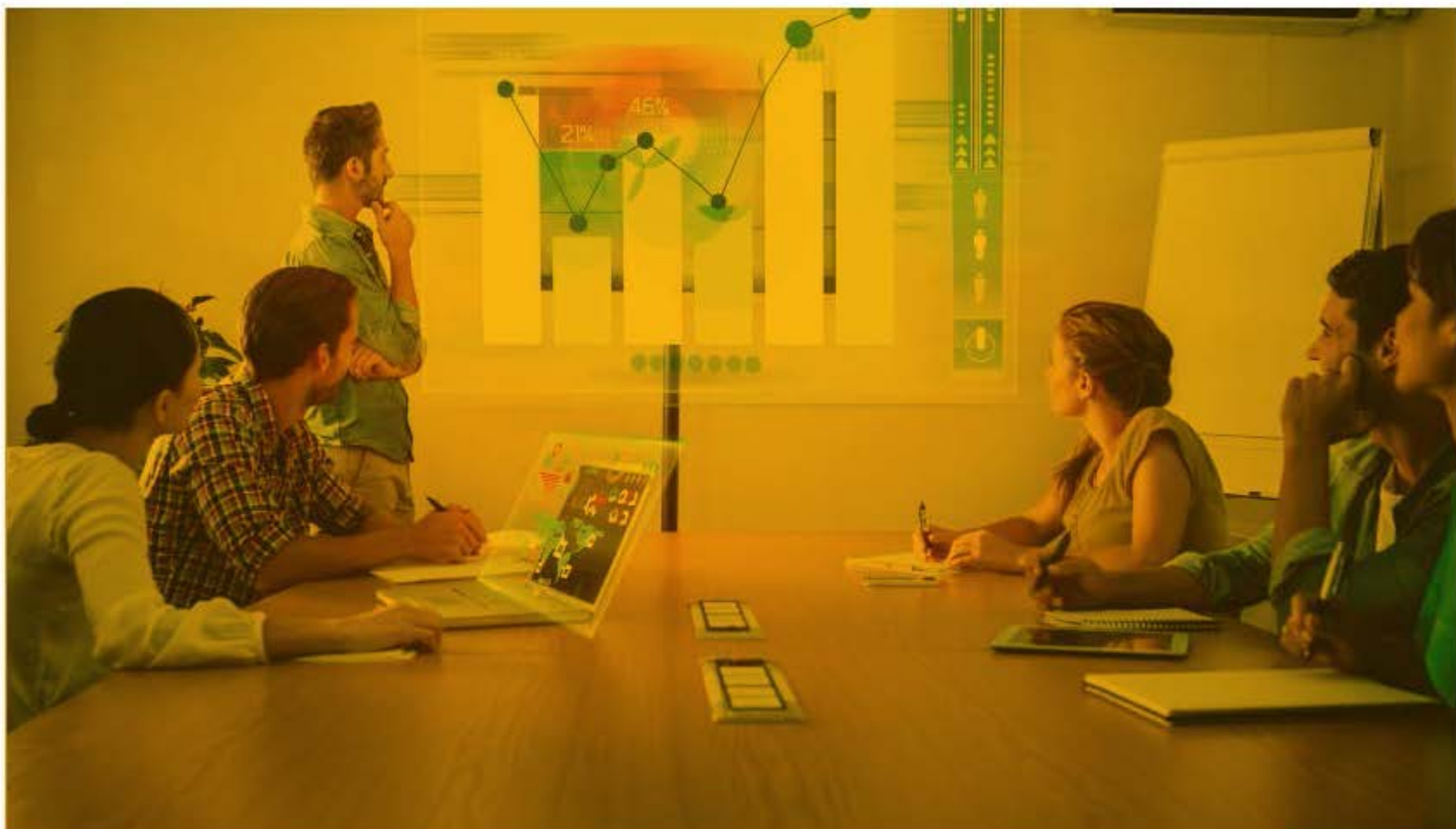


**RELAXO**

**FUTURE READY**

ANNUAL REPORT 2017-18

**RELAXO FOOTWEARS LIMITED**



# BUILDING THE ROAD TO FUTURE

---

An organization that builds itself on passion, perseverance and performance has the ability to with stand time.

Over the last four decades, Relaxo has etched a distinctive name for itself, delivering unwavering quality, uncompromising value, myriad choices and a sense of pride to its consumers and stakeholders alike.

As a new phase unfolds, the company gets future ready to reach newer summits, standing on sound performance.



## 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

B R Maheswari & Co. LLP,  
Chartered Accountants  
M-118, Connaught Circus, New Delhi - 110001

### 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, Telangana - 500 032

### REGISTERED OFFICE

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

### WORKS

RFL-I & II	326-327, MIE, Bahadurgarh, Haryana
RFL-III	A-1130 & 1130 (A), RIICO Industrial Area, Phase-III, Bhiwadi, Rajasthan
RFL-IV	30/3/2, Mooja Hasanpur, Tikri Border, 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	328-329, MIE, Bahadurgarh, Haryana
RFL-VIII	37, Sector 4B, Bahadurgarh, Haryana

# CONTENTS

## From MD's Desk

2

## Financial Highlights

8

## Director's Report

9

## Corporate Governance Report

36

## Management Discussion & Analysis

44

## Business Responsibility Report

46

## Independent Auditor's Report

52

## Balance Sheet

56

## Statement of Profit and Loss

57

## Cash Flow Statement

58

## Notes Forming Part of Financial Statements

62

## Company Information and Significant Accounting Policies

76

# FROM THE MANAGING DIRECTOR'S DESK



Dear Stakeholders,

It gives me great pleasure to announce yet another year of healthy growth. FY18 was a crucial year for us as we re-emphasized on the growth agenda. We closed the fiscal year with increase in revenue by 19%, EBITDA by 31% and PAT by 34%. In FY18, your Company has shown strong growth on the key financial metrics for the year, despite the uncertain market scenario and increasing competition.

Your Company has continued its effort to adapt its product portfolio with evolving consumer needs and trends enabling an impressive growth in FY18. Structured market research has been the cornerstone of portfolio strategy – which has helped us to better understand customer's specific needs. Our focus on in-season launches with an optimal product portfolio has enabled us to deliver right product, at right price, at right time. New products are the key to sustain any growth story and our in-house design team has maintained a strong new product portfolio over the years. As a result, sales contribution from new product launches has grown across all brands – Relaxo, Flite, Sparx and Bahamas.

Your Company launched a strategic initiative to streamline the distribution network – especially in under-penetrated markets which have given us substantial incremental sales. This has laid the foundation for next wave of growth for Relaxo.

The implementation of GST has been one of the major structural tax reforms in recent times. I am pleased to inform that your Company was ready for GST roll-out with backend preparation before time which enabled a smooth transition to the new regime. Further, with the implementation of GST share of organised players is going to increase and your Company is favourably placed in this scenario.

Your Company has achieved the landmark target of opening 300th exclusive retail outlet. During the year, Company has opened 8 franchise outlets (FOFO) in eastern region on experimental basis. The initial response to this concept is encouraging. A special focus has been



given to inventory management at retail stores, resulting in reduced carrying cost.

In order to support sustainable and profitable growth, your Company took steps towards manufacturing excellence across all production units. The program aimed at improving productivity and optimizing manufacturing costs with the help of world class concepts like Maynard Operation Sequence Technique (MOST), yield improvement, etc. in all plants with the help of renowned consulting firms. With these initiatives, we have been successful in optimizing manufacturing efficiency and costs.

Trust in the brand is essential for its growth and we have been investing heavily to ensure this objective is met. Shahid Kapoor & Shruti Haasan have been engaged as brand ambassadors for Filte, while Salman Khan and Akshay Kumar continue to endorse Bahamas and Sparx brands, respectively.

We believe modern trade and e-commerce will continue to be the growth engines of the future and we are well placed to capitalise on it. Your Company has partnered with all major e-commerce companies for sale of its products to the emerging online consumers.

We value our employees and have been strengthening our bond with them through various initiatives such as reward & recognition, training and ESOP plans. During the year, a second phase of ESOP plan was introduced encompassing more employees in its ambit.

I would like to thank all our stakeholders - customers, business partners, Board of Directors, bankers and all our employees for their valuable support and belief in the Company.

With Best Regards,

Ramesh Kumar Dua  
Managing Director

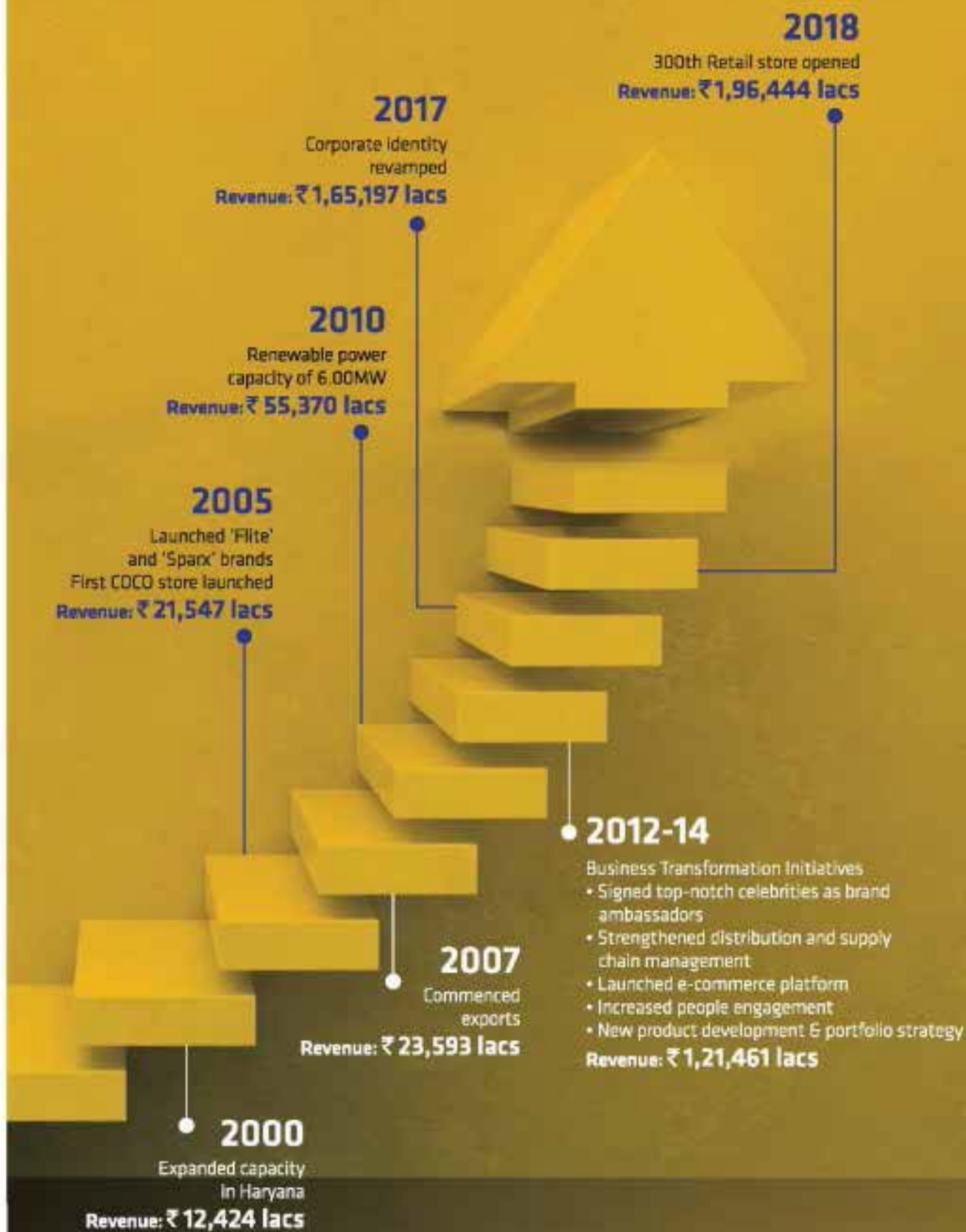
# PERFORMANCE THAT SPEAKS

Over the years Relaxo has grown, building on its strengths and strengthening its equity, net worth and value. As performance glides up, Relaxo continues putting vision to work by boosting its DNA and adding more brands to its portfolio.

**1976**  
Launched  
Relaxo brand  
Revenue: ₹12 lacs

**1995**  
IPO, to set up a  
plant in Haryana  
Revenue: ₹3,817 lacs

**1984**  
Relaxo Footwears  
Limited was  
Incorporated  
Revenue: ₹178 lacs





# BRANDS THAT ARE LOVED

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 Relaxo logo features the word "RELAXO" in a bold, blue, sans-serif font. A stylized orange and yellow swoosh underline is positioned beneath the letters "A" and "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 demand, Relaxo Hawaii has reached the length and breadth of the nation making it a household name that is synonymous with durability and comfort.

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

The Bahamas logo features the word "Bahamas" in a stylized, red, script-like font. Above the letter "a" is a small green palm tree icon.

The youth is not a segment anymore. It is 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.

To make change a part of life, one must thrive for it. In the footwear category, there exists a segment that craves for adrenaline rush. 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.





**SCHOOLMATE**  
A STEP AHEAD

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 is 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 is available in different styles and looks.

**BOSTON**

*Mary Jane*

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 is 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 is a range for those happy and restless feet. KIDS FUN is a range of cool, colourful footwear that the 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.



**Casualz**

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.

## FINANCIAL HIGHLIGHTS

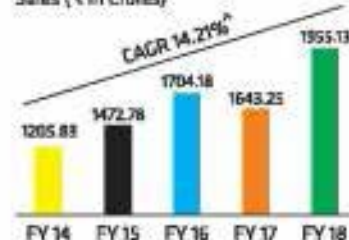
(₹ in Crores)

Particulars	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
No. of Pairs sold (in Crores)	15.74	13.46	13.55	12.28	10.78
Sales	1955.13	1643.25	1704.18	1472.78	1205.83
Revenue from Operations	1964.44	1651.97	1711.81	1481.21	1214.61
EBITDA	302.09	230.91	239.88	201.03	149.36
Finance Costs	8.59	15.03	22.89	18.48	22.66
Depreciation and Amortisation Expense	54.34	51.46	47.12	39.90	31.16
Tax Expense	82.55	58.08	57.31	39.60	29.90
Net Profit before OCI	161.07	119.95	120.28	103.05	65.64
Equity Share Capital	12.03	12.01	12.00	6.00	6.00
Net Worth	761.21	606.37	479.98	367.82	276.56
Net Fixed Assets (Tangible and Intangible)	662.44	603.44	558.76	473.82	390.06
Capital Employed	886.56	738.20	682.58	641.49	506.83
Capital Expenditure	112.85	96.31	129.56	120.09	68.86
Growth in Sales(%)	18.98	* 1.58	15.71	22.14	20.00
EBITDA (%)	15.38	13.98	14.01	13.65	12.39
Face Value per Share (in ₹)	1.00	1.00	1.00	1.00	1.00
EPS - Basic (in ₹)	13.40	9.99	10.02	17.17	10.94
EPS - Diluted (in ₹)	13.38	9.98	10.00	17.15	10.94
Dividend(%)	150	100	60	100	50
Book Value per share (in ₹)	63.25	50.48	39.99	61.30	46.09
ROCE(%)	28.45	26.15	31.11	27.99	25.18
Market Capitalisation (As on 31st March)	7727.91	5992.10	4369.45	3876.39	1768.38

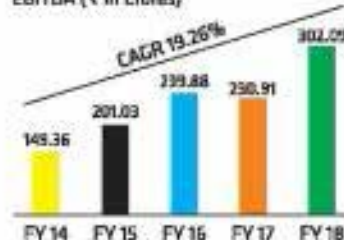
The above Financial Highlights for 2016-17 and 2017-18 are based on Ind AS.

\*Growth in sales as per IGAAP.

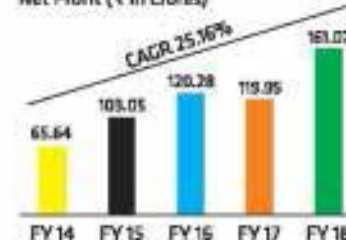
Sales (₹ in Crores)



EBITDA (₹ in Crores)



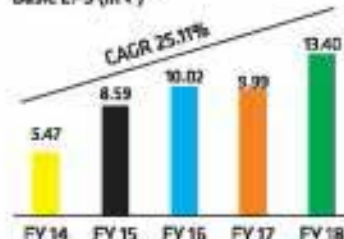
Net Profit (₹ in Crores)



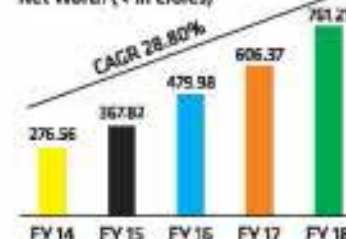
Dividend (%)\*\*



Basic EPS (in ₹)\*\*



Net Worth (₹ in Crores)



\*\*Adjusted  
^As per IGAAP