

The logo for Relaxo Footweares Limited. The word "RELAXO" is written in a bold, blue, italicized sans-serif font. A stylized orange and yellow swoosh is positioned between the "L" and "A" characters.

**RELAXO**

COMMITTED TO PROVIDE  
BEST-IN-CLASS FOOTWEAR


ANNUAL REPORT 2019-20  
RELAXO FOOTWEARES LIMITED



# BEST IN CLASS

The most important aspect you can bring to your leadership is to strive to be the best. That means setting high expectations and standards and refusing to accept anything less. This same principle applies to Relaxo, our company, our team, our products and the services we represent.

When you accept nothing less than the best you become the kind of leader who focuses his energy and the energy of others on achieving their best.



## 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
Deepa Verma	Independent Director
Rajeev Rupendra Bhadauria	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 AGENT

M/s Kfin Technologies 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: L74899DL1984PLCO19097

### 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
RFL-IX	Plot No. SP-6 & 7 Kaharani, Bhiwadi Extn., Rajasthan

# CONTENTS

From MD's Desk	2
Financial Highlights	8
Director's Report	9
Corporate Governance Report	57
Management Discussion & Analysis	77
Business Responsibility Report	80
Independent Auditor's Report	88
Balance Sheet	96
Statement of Profit and Loss	97
Cash Flow Statement	98
Notes Forming Part of Financial Statements	102



## FROM THE MANAGING DIRECTOR'S DESK

Dear Stakeholders,

It gives me great pleasure to announce yet another year of growth despite the impact of nationwide lockdown and the resultant economic challenges. In the fiscal year, FY20, revenue increased by 5%, EBITDA by 26% and PAT by 29% marking marginal growth in the topline and good growth in bottom line despite the market uncertainties and COVID-19 impact.

Your Company recognizes that footwear industry has been gradually inclining towards fashion industry, which is inspiring us for constant product innovation, both in functionality and design. Through a robust market sensing & research process, feedback from our channel partners and access to renowned national & international design studios, your Company constantly strives to offer products that exceed consumer expectations. With its philosophy of 'Customer First', your Company regularly refreshed its product portfolio in line with consumer expectations and launched a slew of new products this year.

Your Company continued to strengthen its distribution network expansion in under-penetrated markets, while empowering its sales force and channel partners with innovative digitized solution for seamless efficiency. Use of sales force automation tools has enabled our team to service 25,000 outlets

directly and engage with our valued retail partners.

In a strategic move to come closer to the new age consumer, your Company chose to harness the digital space and established a strong brand presence on social media with curated content and digital campaigns. Your Company also set up an Online Reputation Management (ORM) system for real time customer sentiment analysis and management. To keep up with changing times we have tied up with leading e-commerce portals and more than 70% of portfolio is listed online for customers.

During the year, your Company consolidated growth in existing priority export markets while continuing to expand its global footprint. Your Company's efforts in maintaining a focus on promoting own brands, ensuring timely product availability to our international partners has further led to your Company being recognized as one of the top non-leather exporter from India.

Despite external pressures, your Company demonstrated good growth in the retail network by expanding its store footprint to 390 stores and shifting the store assortment to higher ASP articles. All this while your Company has kept a firm focus on improving the in store customer experience with range availability and regular staff training.

Your Company continued to extend its technology IT solutions like robust SFA and DMS solutions, focussed on providing better service to its channel partners.

Footwear has been identified as one of the key sectors under various 'Make in India' initiatives to strengthen manufacturing sector in India and Government is taking various initiatives to boost Indian footwear industry. With its existing plants and potential to quickly ramp up capacity, your Company is ideally placed to take advantage of such situation.

Your Company, recognising employees among its core assets, has continued to strengthen bond with them through reward & recognition initiatives, trainings and ESOP plans during the year.

The COVID-19 pandemic has had a profound impact on socio-economic conditions all over the world impacting all industries including fashion and footwear. While there has been a deep short-term impact in the first three months, the after-effects of the pandemic are expected to last well beyond this period and have an adverse impact on both consumer and trade sentiment as well as purchasing power.

The economic impact of coronavirus pandemic in India has been largely disruptive. Under complete lockdown, your Company had to suspend operations in last ten days of March and April 2020 leading to substantial revenue loss. With continuing restrictions on sale of non-essential (footwear) products in May in several markets, the quarterly performance of the company is expected to take a setback in Q1 FY 21.

Various initiatives taken by the government to counter this unprecedented event are heartening and

are expected to have an impact over the medium term. As the world battles the on-going pandemic, there is also tremendous effort to put the business back on rails, with your Company taking many initiatives to realign work operations and manage experiences to the new consumer expectations and trends.

Given the company's four decades of experience in manufacturing and marketing of footwear, it would be better placed than its peers during this uncertain times.

Your Company is proactively engaged in taking appropriate steps on manufacturing, supply chain and distribution to tap available opportunities and mitigate existing or future risks in order to improve its market share. Various initiatives have been taken for the well-being and safety of our employees, which are fundamental for the growth of the company. There seems to be lot of challenges in this year, but COVID-19 has posed us an opportunity to evaluate ourselves and identify any loopholes or improvement opportunities on both process and cost front and to emerge stronger and tougher to achieve new heights.

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

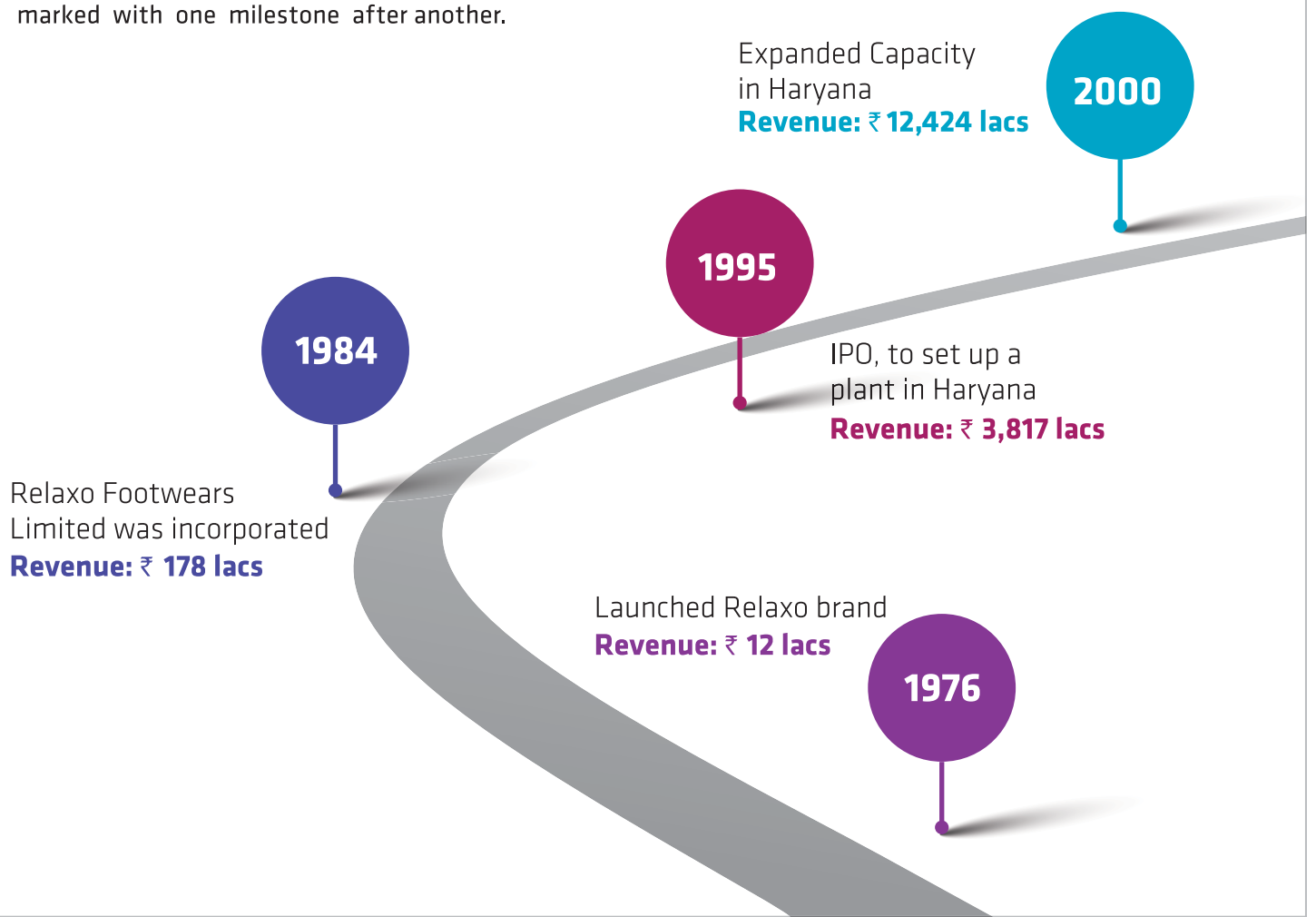
With Best Regards,

**Ramesh Kumar Dua**

Managing Director

# BEST IN PERFORMANCE

Commitment is an intangible bond you make with yourself. At Relaxo, we strive to score distinction by taking bold new steps, every day, every year. Pursuing excellence at every turn, our journey gets marked with one milestone after another.



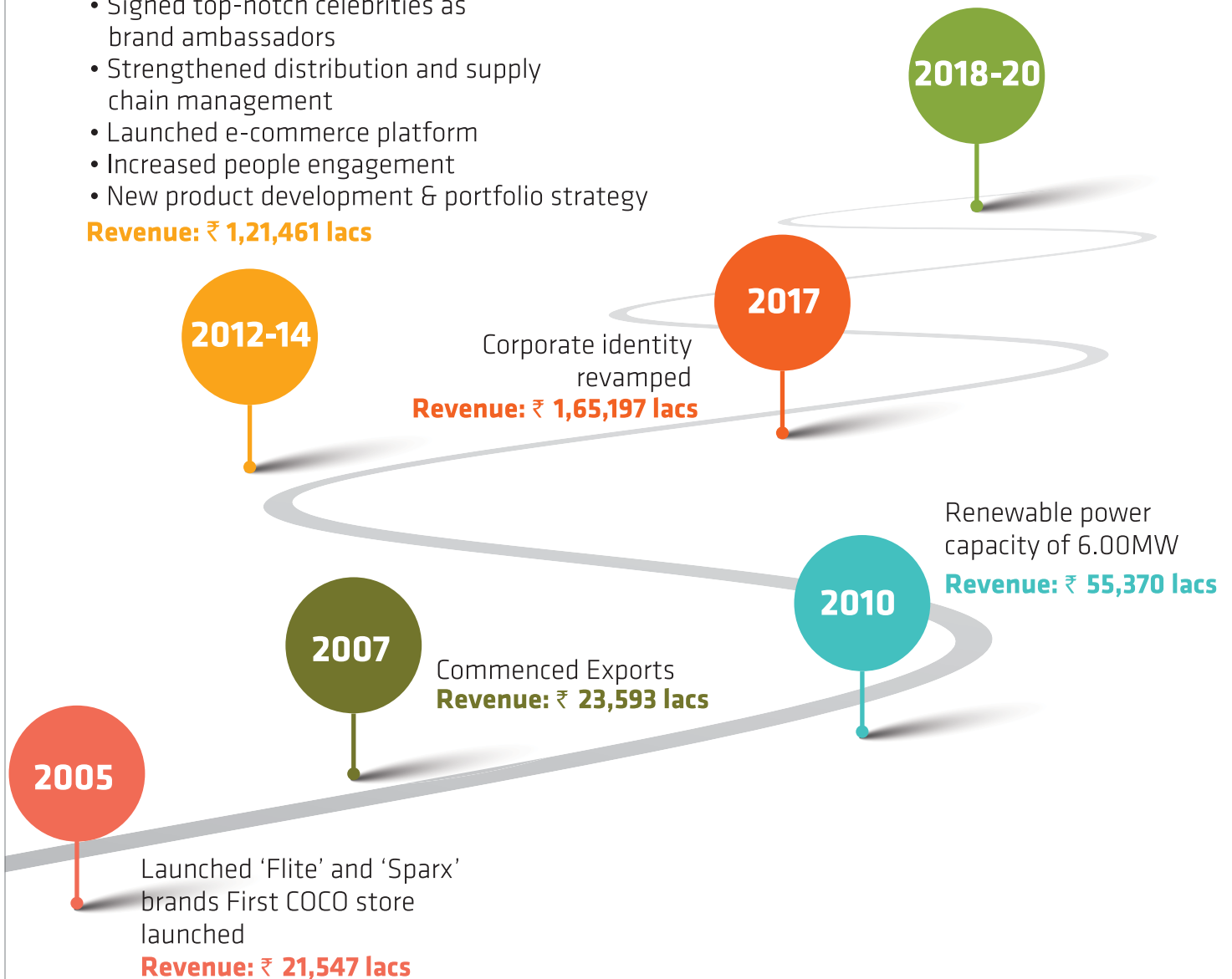
## Business Transformation Initiatives

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

**Revenue: ₹ 1,21,461 lacs**

- Set up 8th plant in Rajasthan
- Merger of 'RRPL' and 'MPPL' with your Company

**Revenue: ₹ 2,41,048 lacs**



# BEST IN BRANDS

Being the best is a conviction that has to be demonstrated every day. At Relaxo, our products speak for themselves, embodying class, quality and comfort at every step. A household name in India, Relaxo's commitment of introducing many brands to a cross-section of consumers is a never-ending commitment. The rich tapestry combines quality, style, comfort and value for money. With an individual promise for each, today, we offer some of the most loved footwear brands to our consumers.



**RELAXO**

A brand that epitomises value and quality, Relaxo Hawaii has earned the trust of people over decades, spanning all economic sections of India.



**FLITE**

When it comes to everyday style, comfort and durability, Flite has captured the essence of India in its brand communication thought - India Lega Flite with bollywood youth icon Ranveer Singh.



**sparx**  
GO FOR IT

Ambition. Passion. Performance. The three tenets that drive the adrenaline surge can be best exemplified by Sparx. The brand, endorsed by bollywood superstar Akshay Kumar, offers a range of sports shoes and casual footwear for aspiring sports persons and fitness enthusiasts. For restless young children, the brand has Sparx School Shoes which offer the ideal platform to explore with utmost comfort and confidence.





## Bahamas

Relaxo Bahamas is a popular youth brand when it comes to casual streetwear. A unisex brand offering a range of exciting designs, Relaxo Bahamas brings out the fun quotient through its communication pegged on “Keep Chillin- Keep Flippin” endorsed by bollywood personality Salman Khan.



## BOSTON

A brand that combines craft and comfort for men who want to take the right step towards success in their profession, every day.



## Casualz

A life studded with trials and tribulations, Casualz offers the perfect cushion of comfort and durability, in everyday step.



The immeasurable energy of a child finds its perfect springboard on Kids Fun. From toddlers, to the tiny mischief-makers, Kids Fun offers a whole world of exciting footwear that can keep pace with their spirit.



## Mary Jane

Mary Jane brings forth a style catalogue to the woman of substance looking for footwear that adds to her flair and fashion quest.

## FINANCIAL HIGHLIGHTS

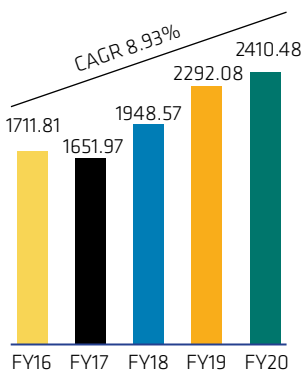
(₹ in Crore)

Particulars	FY 20	FY 19	FY 18	FY 17	FY 16
No. of Pairs sold (in Crore)	17.92	18.39	15.74	13.46	13.55
Revenue from Operations	2410.48	2292.08	1948.57	1651.97	1711.81
EBITDA	408.95	324.31	302.09	230.91	239.88
Finance Costs	16.87	6.90	8.59	15.03	22.89
Depreciation and Amortisation Expense	109.42	62.41	54.34	51.46	47.12
Tax Expense	65.46	92.54	82.55	58.08	57.31
Net Profit before OCI	226.25	175.44	161.07	119.95	120.28
Equity Share Capital	24.82	12.40	12.03	12.01	12.00
Net Worth	1272.40	1105.07	761.21	606.37	479.98
Net Fixed Assets (Tangible and Intangible)	836.67	859.54	662.44	603.44	558.76
Capital Employed	1291.56	1191.99	886.56	738.20	682.58
Capital Expenditure	94.77	258.91	112.85	96.31	129.56
Revenue Growth (%)	5.17	17.63	17.95	*1.64	15.60
EBITDA (%)	16.97	14.15	15.50	13.98	14.01
Face Value per Share (in ₹)	1.00	1.00	1.00	1.00	1.00
EPS - Basic (in ₹)	9.12	^7.07	13.40	9.99	10.02
EPS - Diluted (in ₹)	9.10	^7.06	13.38	9.98	10.00
Dividend(%)	125	^90	150	100	60
Book Value per share (in ₹)	51.26	89.08	63.25	50.48	39.99
ROCE(%)	24.85	26.45	31.05	27.18	31.79
Market Capitalisation (As on March 31)	14868.72	9561.22	7727.91	5992.10	4369.45

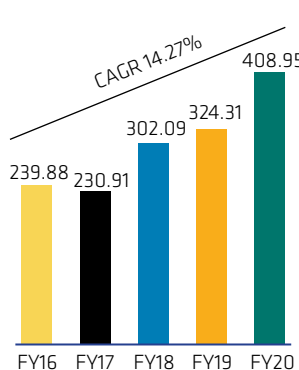
FY 16 is based on IGAAP.

\* Growth in sales as per IGAAP

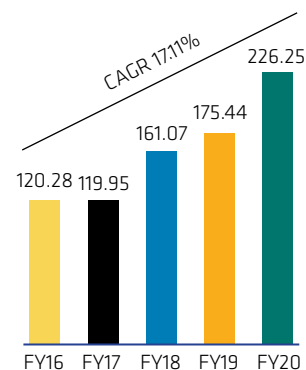
Revenue from Operations (₹ in Crore)



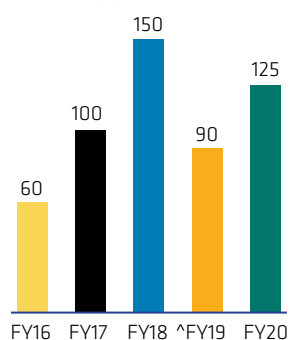
EBITDA (₹ in Crore)



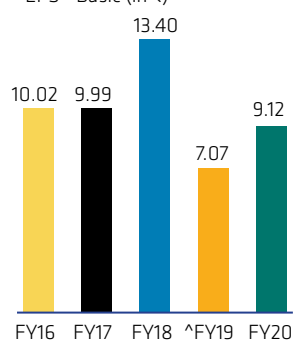
Net Profit (₹ in Crore)



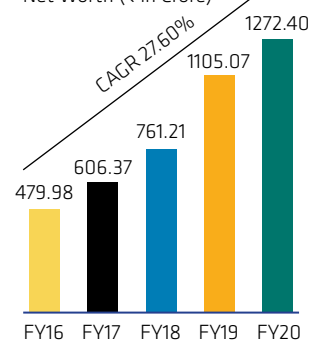
Dividend (%)



EPS - Basic (in ₹)



Net Worth (₹ in Crore)



^Post Bonus