

# RELAXO FOOTWEARS LIMITED

Investor Presentation – February, 2017

**RELAXO**

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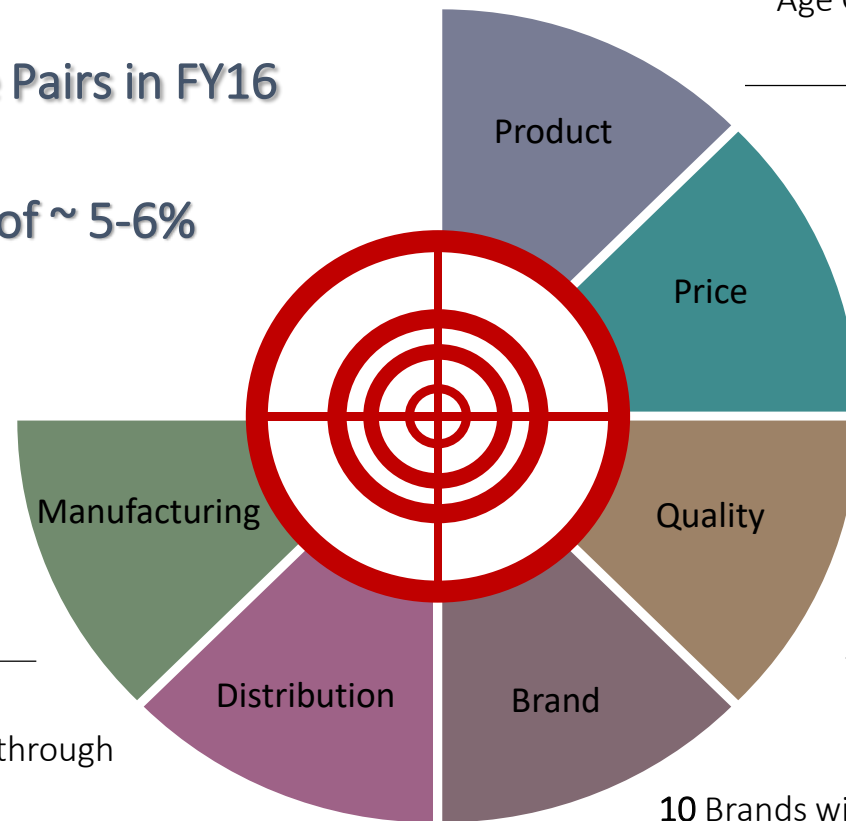
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# ***Our Strengths***

# Market Leaders

Sold **13.5** crore Pairs in FY16

Market Share of ~ 5-6%



Products available for Every Age Group & Every Price Point + 6000 SKU's

Value for Money Products catering to entire family

Every stage of manufacturing process monitored with stringent Quality Tests

~8 State of Art Manufacturing Plants with World Class Concepts

~50,000 Retailers served through distributors

262 COCO Stores

10 Brands with Ambassadors like Salman Khan & Akshay Kumar

# Customer Relevant Products

## Market Research

Regular Market Sensing Exercises to understand the Consumer Needs across different Regional, Economic and Demographic strata

## Product Innovation

In-house design capability enables continuous Product Innovation around functionality. Launched innovative portal for employee engagement to source ideas for new product development

## Churn in Portfolio

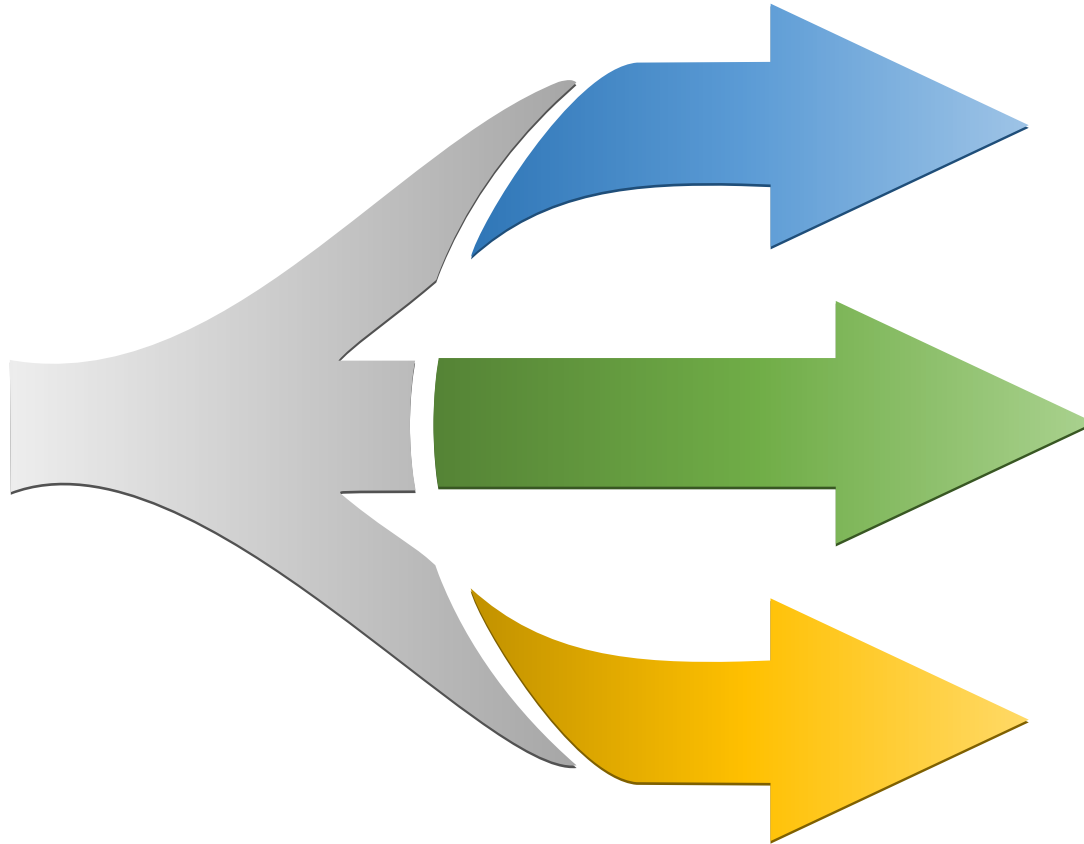
In-season launches with Optimal Product Portfolio. ~ 25% - 30% of the Portfolio is churned every year

## SKUs

Over 6,000 SKUs across Product Designs for Various Sizes



# Value for Money



Fashionable

+

Comfortable

+

Affordable

=

**“VFM”**

# Committed to Quality



Monitor every stage of manufacturing process

- Raw Materials
- Production Process
- Packaging
- Designing
- Final Products

Products are subject to:

- Random Testing
- Batch Testing
- Tactical Wear Testing

- ISO 9001:2008
- ISO 14001:2004
- BIS/SATRA Manufacturing Standards
- CLE (Council for Leather Export)

# Brand Spectrum





# Brand for all Categories

## Brand Overview

## Target Consumer

## Brand Ambassador



**RELAXO**

Most Popular Brand of Rubber / Eva slippers

All strata of the Society



**FLITE**  
FASHIONABLE & LITE

Fashionable and Light weight footwear

Fashion conscious consumers



**SPARX**  
GO FOR IT

A range of sports and canvas shoes, sandals and slippers

Upwardly mobile youth



**Bahamas**

A trendy and fashionable flip-flops

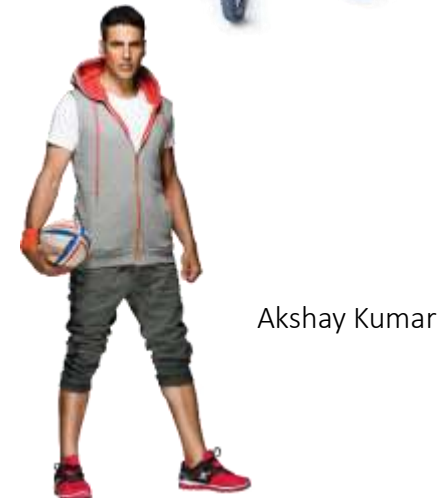
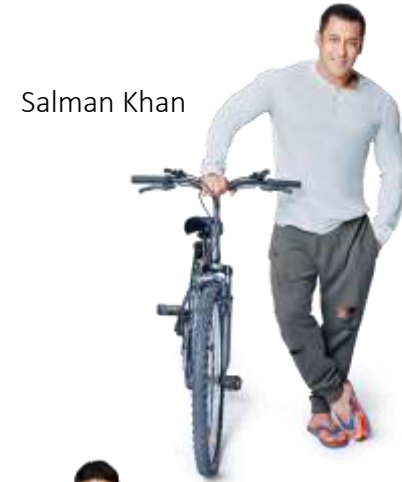
Contemporary generation



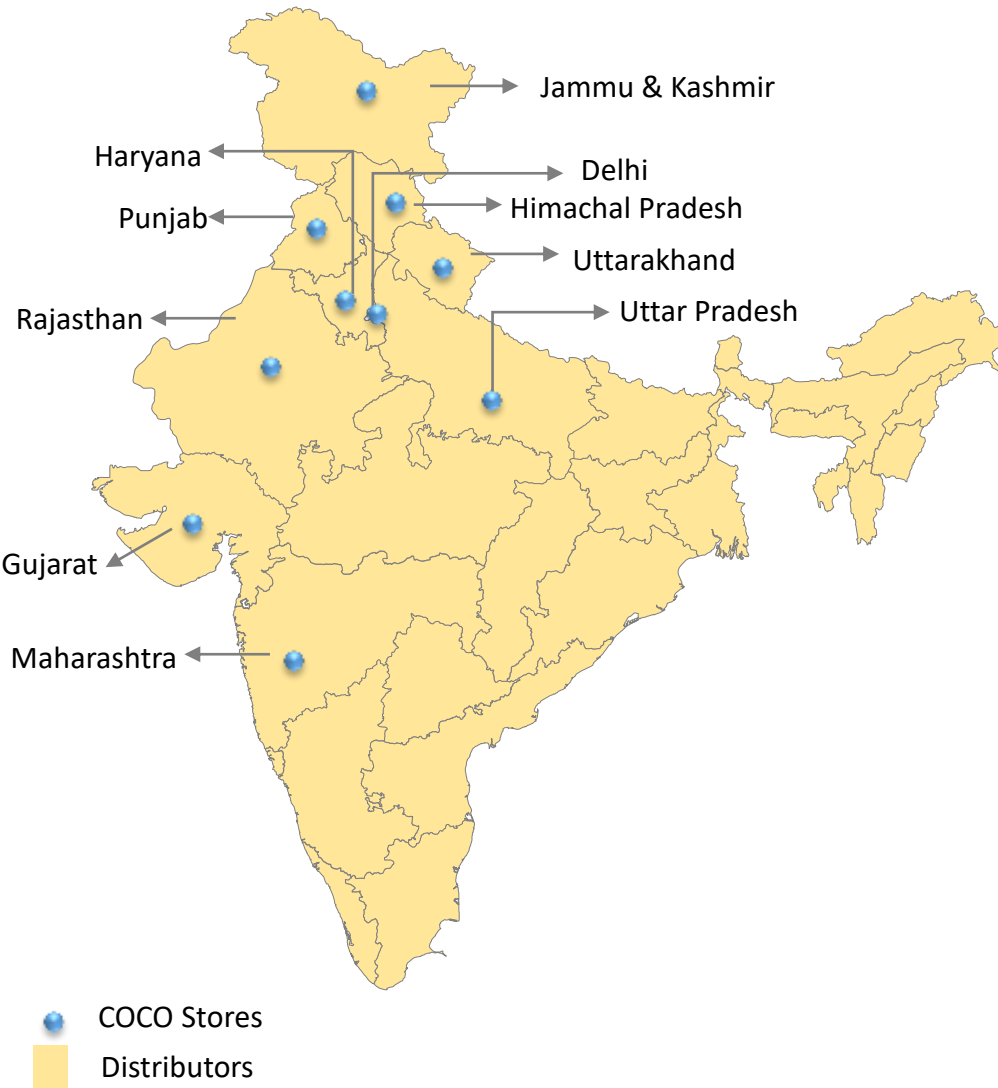
**SCHOOLMATE**  
A STEP AHEAD

A range of school shoes for boys and girls

School Students



# Pan India Footprint



## Relaxo Retail Stores (COCO)

| State            | Number of Stores |
|------------------|------------------|
| Uttar Pradesh    | 74               |
| Delhi            | 59               |
| Punjab           | 37               |
| Haryana          | 32               |
| Himachal Pradesh | 2                |
| Rajasthan        | 21               |
| Gujarat          | 13               |
| Jammu & Kashmir  | 9                |
| Uttarakhand      | 8                |
| Maharashtra      | 7                |
| <b>Total</b>     | <b>262</b>       |

Available at ~**50,000 +**  
Retailers PAN India

Map not to scale. All data, information and maps are provided "as is" without warranty or any representation of accuracy, timeliness or completeness.

# Closer to Customers

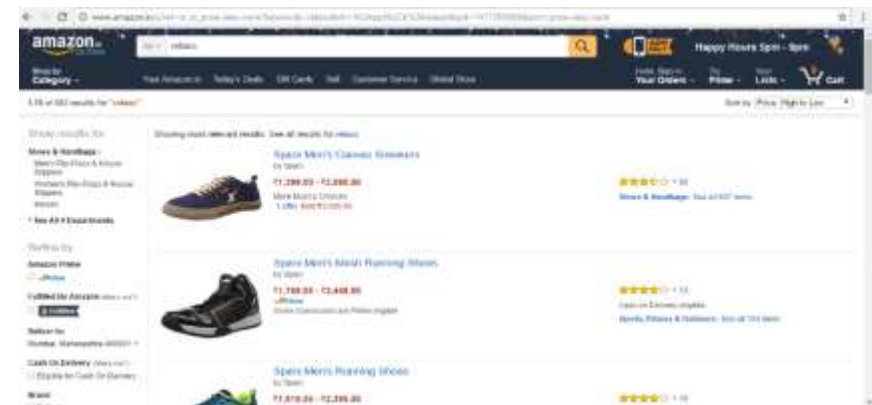
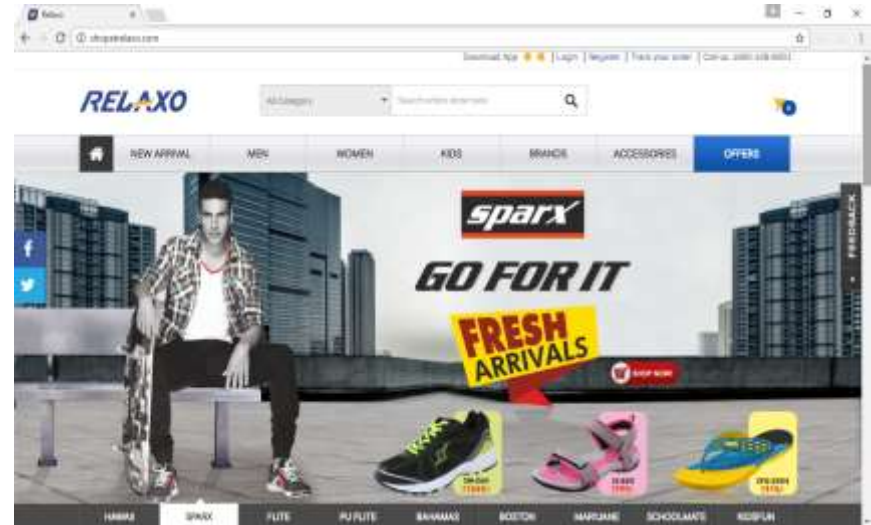


262 COCO Stores across India

Reach over ~ 50,000 + Retailers

Online Presence – [www.shopatrelaxo.com](http://www.shopatrelaxo.com)

Online Shopping Websites



# State-of-Art manufacturing facilities



Registered Office-  
Rohini, Delhi



RFL I & II- Bahadurgarh



RFL III - Bhiwadi



RFL IV - Bahadurgarh



RFL V - Haridwar



RFL VI - Bahadurgarh



RFL VII - Bahadurgarh



RFL VIII - Bahadurgarh



# Awards & Accolades



Mr. Ramesh Kumar Dua  
awarded as **India's Best CEO**  
(Consumer Goods) ;  
Business Today - 2016



by **BUSINESS WORLD**

Mr. Ramesh Kumar Dua  
amongst **Most Valuable CEO**  
Business World 2016



Mr. Ramesh Kumar Dua  
amongst **India's Best CEO**  
Business Today 2015



Mr. Ramesh Kumar Dua  
amongst **India's Best CEO**  
Business Today 2014



**Sparx**  
India's Most Trusted Brand  
The Brand Trust Report 2016



**Relaxo**  
India's Most Attractive Brand  
TRA Research 2016



**Flite**  
India's Most Attractive Brand  
TRA Research 2016



**Sparx**  
India's Most Attractive Brand  
TRA Research 2016



**Best**  
Corporate Brand  
The Economic Times 2016



**Best Display**  
India's International  
Footwear Fair 2016



**1st Place for**  
Excellent Export Performance  
Council for Leather Exports  
2014-15



**1st Place for Excellent**  
Export Performance  
Council for Leather Exports  
2013-14

# Awards & Accolades

## Year 2016



India's Most Valuable Company  
[Average Market Capitalization]  
Business Today 2016



The Next 500  
[Rank 41]  
Fortune India  
2016



India's Largest Corporations\*  
Fortune India  
2016

dun & bradstreet



India's Top 500 Company  
[Total Income]  
Dun & Bradstreet  
2016



ET 500 :  
Future Ready Company  
The Economic Times 2016



Making it Big  
CNBC TV 18  
HSBC 2016

### Safety Rating



- ICRA A+ Long Term Rating
- ICRA A1+ Short Term Rating & for Commercial Paper

## Year 2015



BT 500 : 500 India's Most Valuable Company  
[Average Market Capitalization]  
Business Today 2015



India's Fastest Growing Company  
[Rank 74]  
Business World 2014-15



The Next 500  
[Rank 188]  
Fortune India  
2015

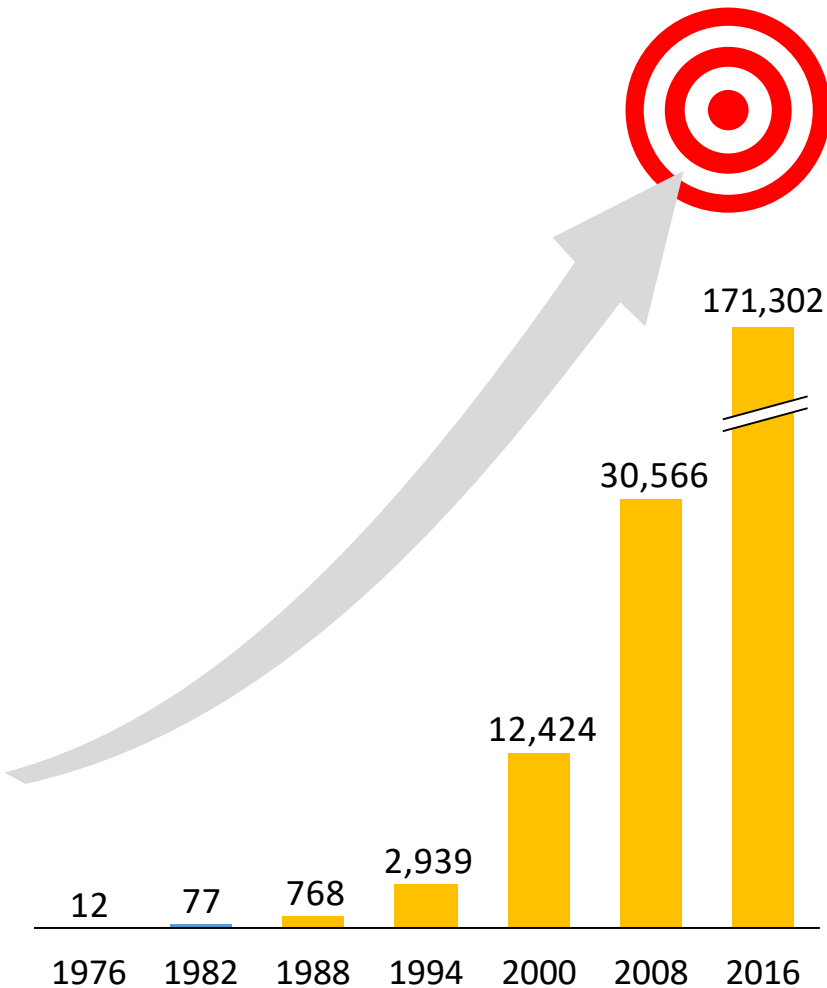
dun & bradstreet



India's Top 500 Company  
[Total Income]  
Dun & Bradstreet  
2015

# *Background & Objectives*

# Evolution



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 SCM, Regional Warehouses (RWH)
- Launched E-Commerce Platform
- Increased People engagement
- New product development & portfolio strategy

2016: 250<sup>th</sup> COCO Store opens

1976 1982 1988 1994 2000 2008 2016

Revenues (Rs. lakhs)



# Board of Directors

## Ramesh Kumar Dua, Managing Director

- Over 40 years of experience in sales and marketing, production and new product development in Footwear Industry
- Director in Relaxo Rubber Private Limited & Marvel Polymers Private Limited
- Commerce Graduate & Rubber Technologist (LPRI, London)

## Mukand Lal Dua, Whole Time Director

- Over 43 years of experience in new product development and quality control in Footwear Industry
- Director in Relaxo Rubber Private Limited & Marvel Polymers Private Limited
- Science Graduate

## Nikhil Dua, Whole Time Director

- Over 20 years of experience in production and new product development and has rich knowledge of product mix in Footwear Industry
- Commerce graduate and has studied from International School of Modern Shoe-making, Czech Republic

## Deval Ganguly, Whole Time Director

- Over 35 years of experience in areas of manufacturing, project and plant management in various reputed organisations
- Joined Company in 2011 as President, Manufacturing and was elevated to Board w.e.f 5.11.2012. He is B.Tech from IIT Kanpur

## Pankaj Shrimali, Independent Director

- Over 32 years of experience in areas of finance, accounts, secretarial, corporate management, legal & corporate consultancy services, strategic management and investment banking for reputed corporate houses
- Fellow member of ICAI, ICSI, and Institute of Cost Accountants of India

## Kuruville Kuriakose, Independent Director

- Over 32 years of experience in area of Finance in Footwear Industry
- B.Sc (Special) in Maths from Kerala University and member of the Institute of Chartered Accountants of India

## Vivek Kumar, Independent Director

- Over 21 years experience as Operational Head in leading Indian companies and is also a management consultant to many corporates in the areas of quality, productivity, environment and safety
- MBA from Faculty of Management Studies, Delhi University and Electrical Engineer from the University of Roorkee (now IIT Roorkee)

## Deepa Verma, Independent Director

- Over 28 years of experience in academic administration.
- Associated with University of Petroleum & Energy Studies since inception and has held various positions such as Director (NCR) region, VP (Academic Affairs) & presently in charge of Institutional Affairs & HR
- B.Sc, LL.B, M.A (Psychology), Diploma in Educational Guidance & Counselling

# Management Team

**Mr. Gaurav Dua,**  
**Executive VP - Marketing**

MBA having over 14 years of experience in Sales & Marketing.

**Mr. Ritesh Dua,**  
**Executive VP - Finance**

MBA having over 15 years of experience in Finance, HR & IT

**Mr. Nitin Dua,**  
**Executive VP - Retail**

MBA having over 12 years of experience in Retail Business.

**Mr. Ashish Srivastava,**  
**VP – Human Resources**

MBA having over 18 years of experience in HR & Admin

**Mr. Vinay Kumar Bajaj,**  
**VP - Sales**

Graduate having over 28 years of experience in Sales & Marketing

**Mr. Sushil Batra,**  
**Chief Financial Officer**

FCA having over 25 years of experience in Finance, Taxation, Fund raising and Management

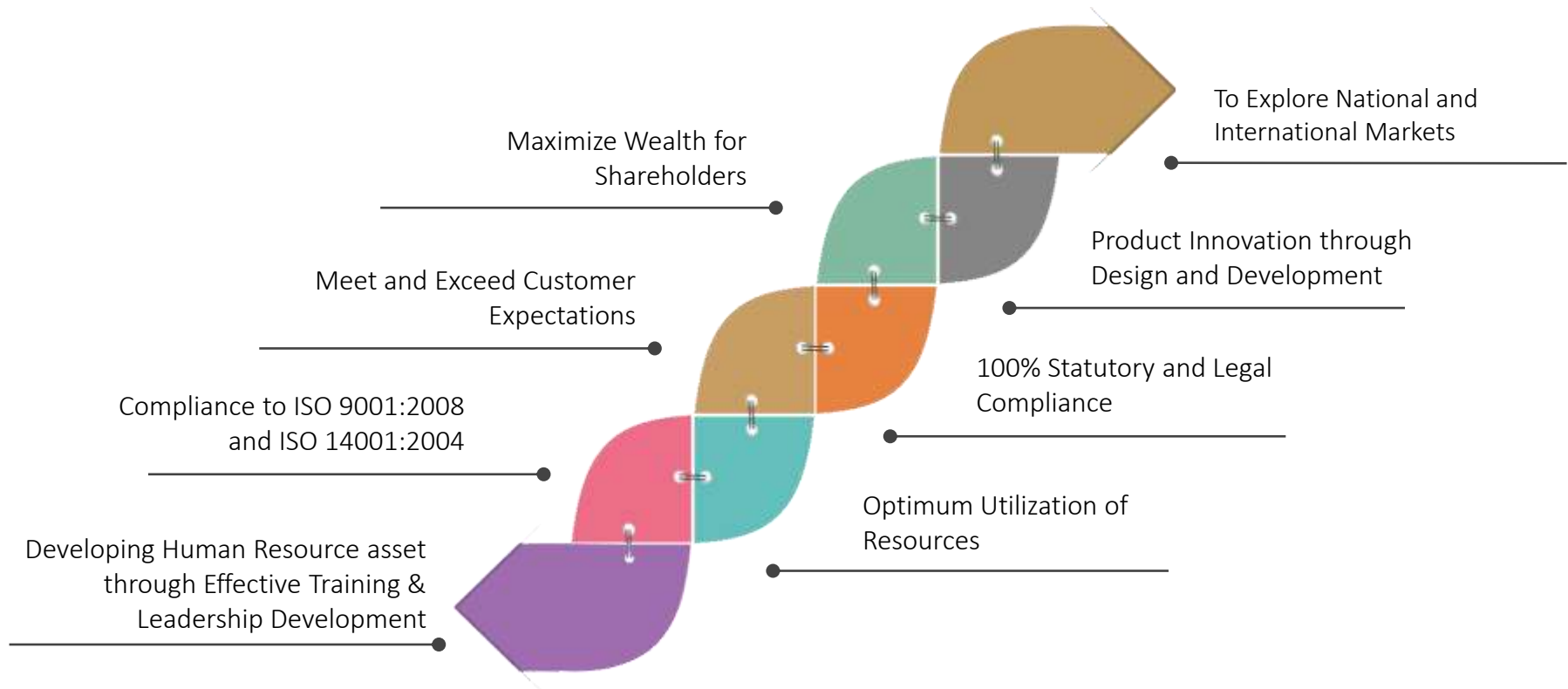
**Mr. HR Sapra,**  
**VP - Materials**

BE having over 43 years of experience in Materials & Procurement

**Mr. Rahul Dua,**  
**Executive - Manufacturing**

Graduate having over 6 years of experience in Manufacturing.

# Corporate Objectives



# ***Growth Potential***

# Huge Industry Potential



# Future Ready

## Manufacturing Excellence

- Lean Manufacturing
- Maynard Operation Sequence Technique (MOST)



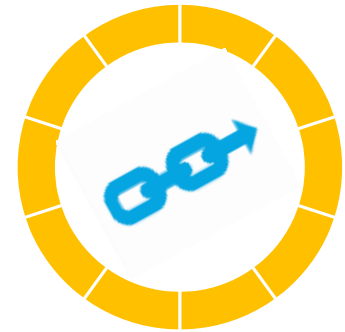
## Technology & Innovation

- SAP Compliant & Microsoft Dynamics Navision
- Product Development & Design Innovation
- End to End Product Tracking
- Real-time customer experience feedback



## Supply Chain

- Forward looking supply & capacity planning
- Optimum Inventory management



## Sales & Distribution

- Channel Management Initiatives
- Strengthened CDCs & RDCs operations
- Modern Trade and E-Commerce Platform

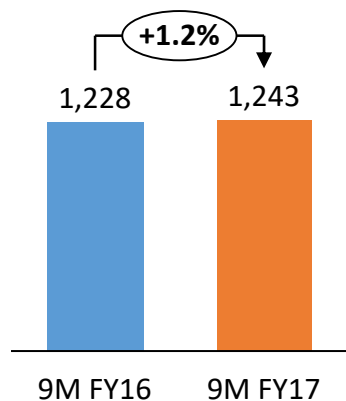
## Cost Optimization

- Optimizing manpower utilisation, material cost & energy Consumption
- Rationalization of expenses

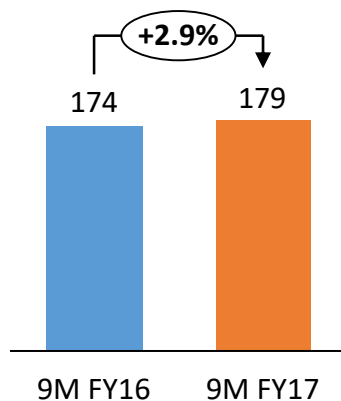
# *Financial Performance*

# 9M FY17 : Performance Highlights

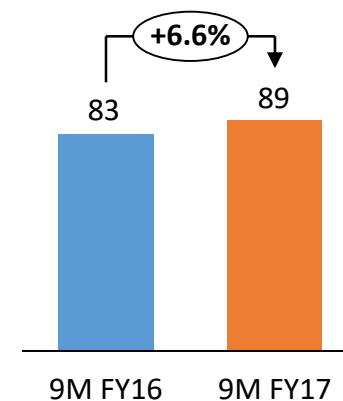
## Revenue



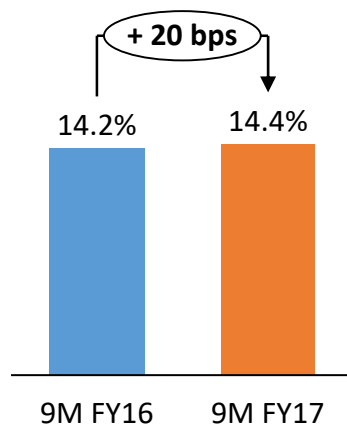
## EBITDA



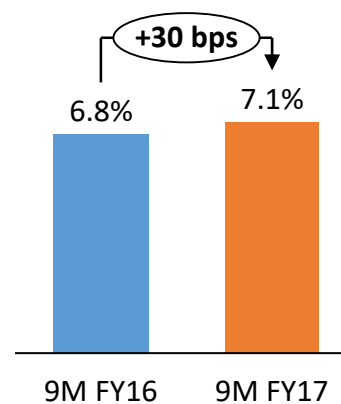
## PAT\*



## EBITDA (%)



## PAT (%)\*



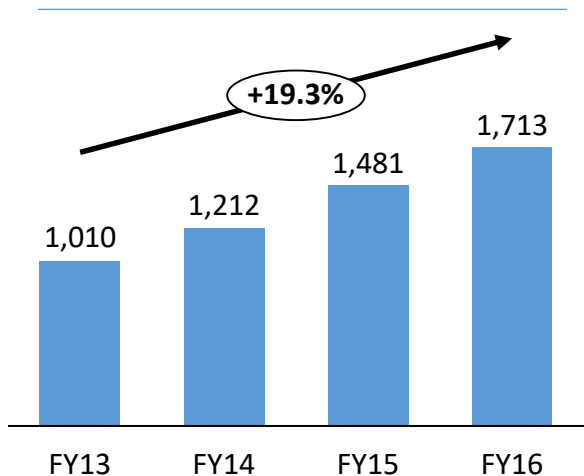
Rs. in Crores

\*PAT excludes exceptional gains

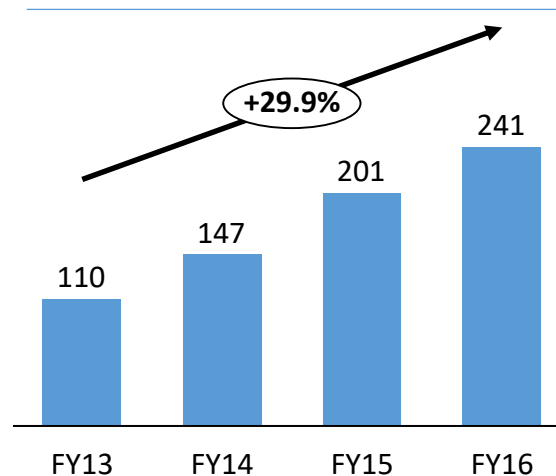


# Annual Performance Highlights

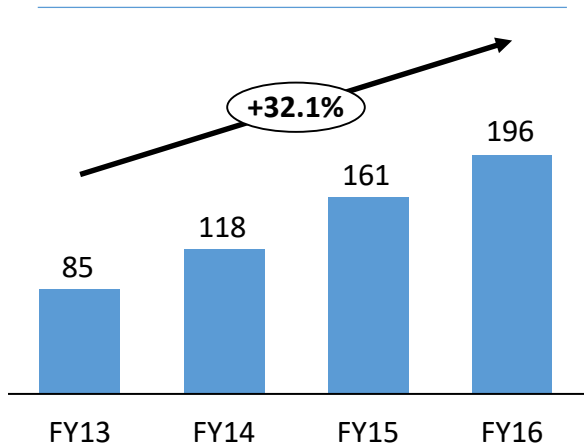
## Revenue



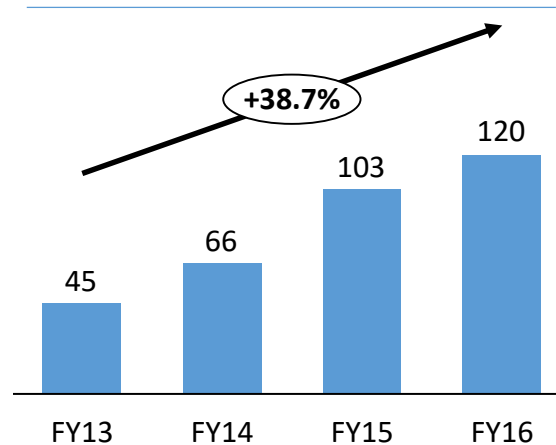
## EBITDA



## EBIT



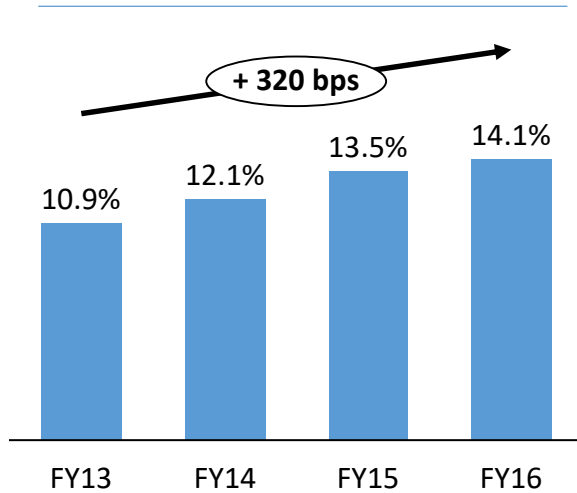
## PAT



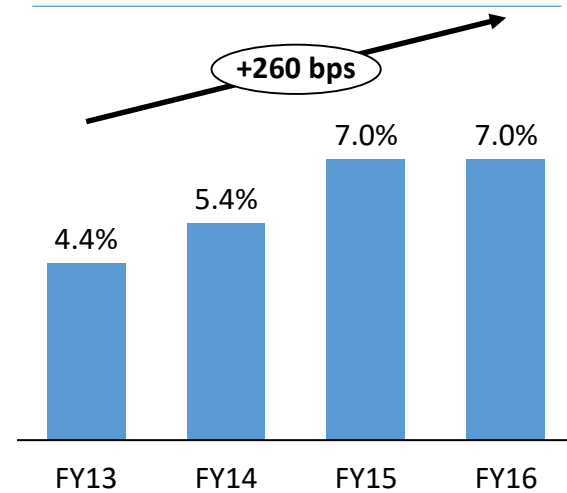
Rs. in Crores

# Operational Efficiencies

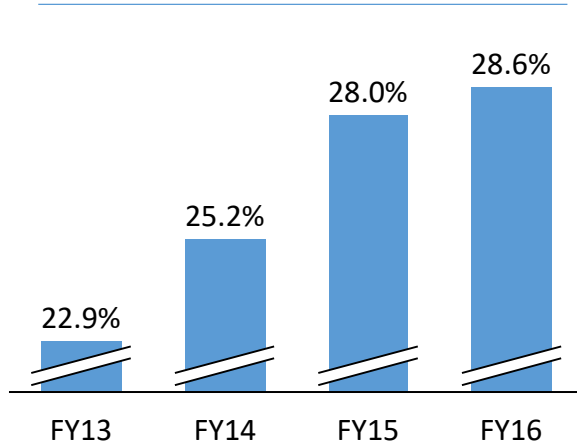
## EBITDA (%)



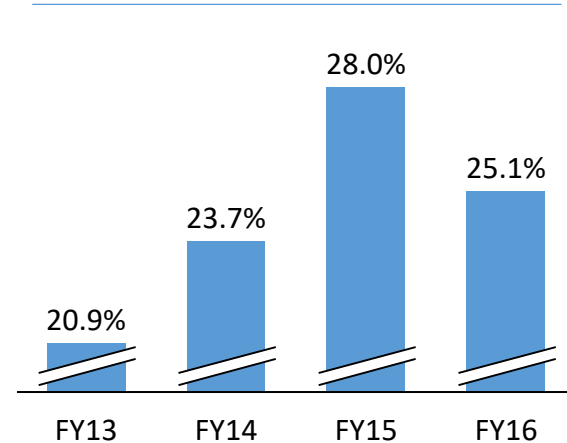
## PAT (%)



## RoCE (%)

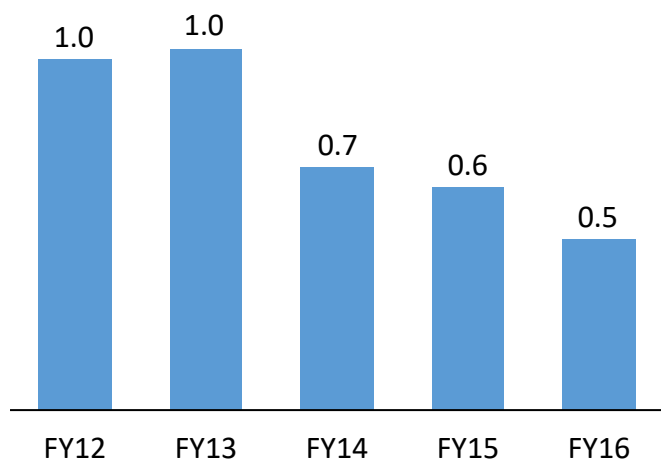


## RoE (%)

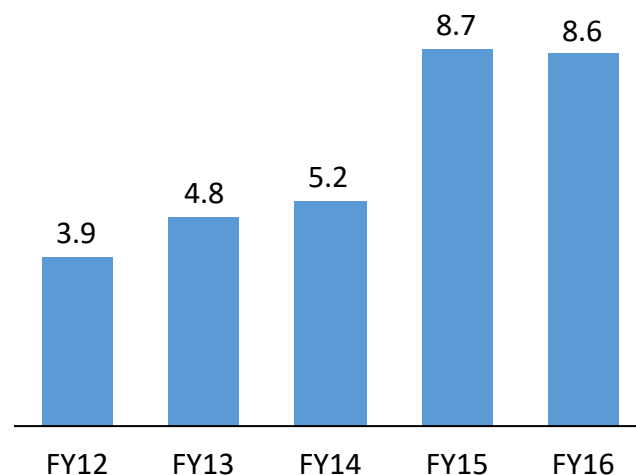


# Debt Ratings & Profile

## Net Debt/Equity (x)



## Interest Coverage Ratio (x)



## Credit Ratings

| Agency | Instruments      | Ratings                | Comments  |
|--------|------------------|------------------------|---|
| ICRA   | Short Term Funds | A1+                    | Indicates very strong degree of safety for short term debt instruments<br>Instruments rated in this category carry the lowest credit risk |
| ICRA   | Long Term Funds  | A+ with stable outlook | Indicates adequate degree of safety for long term debt instruments<br>Instruments rated in this category carry low credit risk            |

# P&L Statement

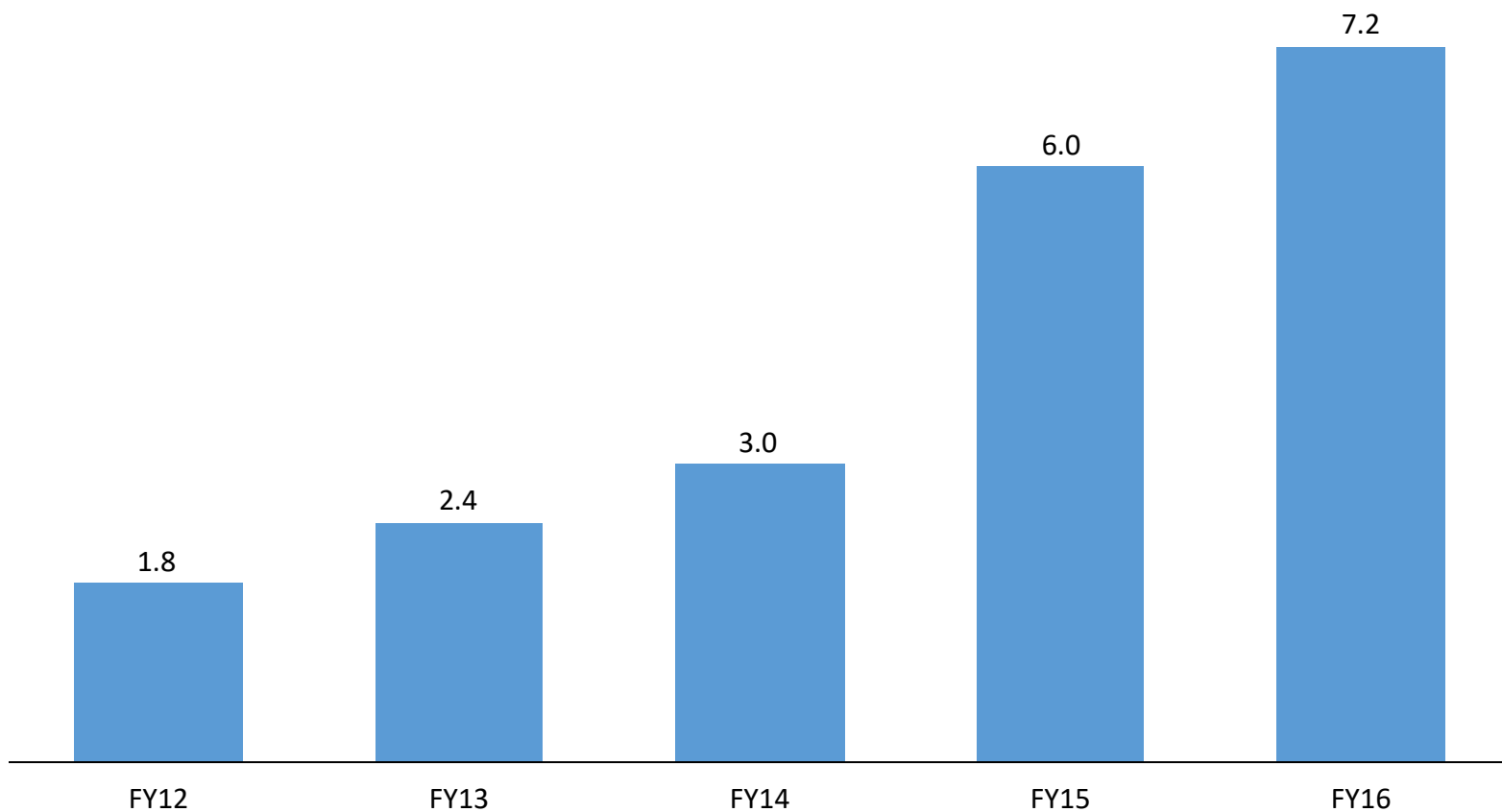
| Particulars (Rs. Crs)                           | Q3 FY17      | Q3 FY16      | Y-o-Y      | 9M FY17       | 9M FY16       | Y-o-Y     | FY16          |
|---|--------------|--------------|------------|---------------|---------------|-----------|---------------|
| <b>Net Revenue from Operations</b>              | <b>391.0</b> | <b>387.7</b> | <b>1%</b>  | <b>1242.8</b> | <b>1227.6</b> | <b>1%</b> | <b>1713.0</b> |
| Raw Material                                    | 159.8        | 161.0        |            | 502.4         | 504.3         |           | 707.9         |
| Employee Expenses                               | 39.3         | 37.9         |            | 128.2         | 115.1         |           | 160.8         |
| Other Expenses                                  | 139.0        | 134.6        |            | 433.0         | 434.0         |           | 603.2         |
| <b>EBITDA</b>                                   | <b>52.9</b>  | <b>54.2</b>  | <b>-2%</b> | <b>179.2</b>  | <b>174.2</b>  | <b>3%</b> | <b>241.1</b>  |
| <b>EBITDA Margin (%)</b>                        | <b>13.5%</b> | <b>14.0%</b> |            | <b>14.4%</b>  | <b>14.2%</b>  |           | <b>14.1%</b>  |
| Other Income                                    | 0.4          | 0.5          |            | 1.4           | 1.5           |           | 2.3           |
| Depreciation                                    | 13.0         | 12.2         |            | 38.5          | 33.8          |           | 47.1          |
| <b>EBIT</b>                                     | <b>40.3</b>  | <b>42.5</b>  | <b>-5%</b> | <b>142.1</b>  | <b>141.9</b>  | <b>0%</b> | <b>196.2</b>  |
| <b>EBIT Margin (%)</b>                          | <b>10.3%</b> | <b>11.0%</b> |            | <b>11.4%</b>  | <b>11.6%</b>  |           | <b>11.5%</b>  |
| Finance Cost                                    | 3.7          | 6.3          |            | 12.2          | 17.4          |           | 22.9          |
| Exceptional Items                               | 0.0          | 0.0          |            | 0.0           | 4.3           |           | 4.3           |
| <b>Profit before Tax</b>                        | <b>36.5</b>  | <b>36.2</b>  | <b>1%</b>  | <b>129.9</b>  | <b>128.7</b>  | <b>1%</b> | <b>177.6</b>  |
| Tax   | 11.5         | 11.8         |            | 41.3          | 41.3          |           | 57.3          |
| <b>Profit After Tax</b>                         | <b>25.1</b>  | <b>24.4</b>  | <b>3%</b>  | <b>88.7</b>   | <b>87.5</b>   | <b>1%</b> | <b>120.3</b>  |
| <b>PAT Margin (%)</b>                           | <b>6.4%</b>  | <b>6.3%</b>  |            | <b>7.1%</b>   | <b>7.1%</b>   |           | <b>7.0%</b>   |
| <b>Profit After Tax excl. exceptional gains</b> | <b>25.1</b>  | <b>24.4</b>  | <b>3%</b>  | <b>88.7</b>   | <b>83.2</b>   | <b>7%</b> | <b>116.0</b>  |
| <b>PAT Margin (%) excl. exceptional gains</b>   | <b>6.4%</b>  | <b>6.3%</b>  |            | <b>7.1%</b>   | <b>6.8%</b>   |           | <b>6.8%</b>   |
| EPS   | 2.08         | 2.03         |            | 7.38          | 7.29          |           | 10.02         |

# Balance Sheet

| Particulars (in Crs.)                | Sept-16        | Mar-16       |
|--------------------------------------|----------------|--------------|
| Share Capital                        | 12.0           | 12.0         |
| Reserves & Surplus                   | 531.6          | 468.0        |
| <b>Shareholders Funds</b>            | <b>543.6</b>   | <b>480.0</b> |
| Long Term Borrowings                 | 90.4           | 113.0        |
| Deferred Tax Liabilities(Net)        | 25.6           | 27.0         |
| Other Long Term Liabilities          | 10.0           | 10.2         |
| Long Term Provisions                 | 7.6            | 5.3          |
| <b>Total Non-Current Liabilities</b> | <b>133.6</b>   | <b>155.5</b> |
| Short Term Borrowings                | 76.6           | 89.6         |
| Trade Payables                       | 99.7           | 122.4        |
| Other Current Liabilities            | 125.5          | 118.1        |
| Short Term Provisions                | 28.9           | 28.7         |
| <b>Total Current Liabilities</b>     | <b>330.7</b>   | <b>358.8</b> |
| <b>Total Liabilities</b>             | <b>1,007.9</b> | <b>994.3</b> |

| Particulars (in Crs.)           | Sept-16        | Mar-16       |
|---------------------------------|----------------|--------------|
| <b>Total Fixed Assets</b>       | <b>579.3</b>   | <b>558.8</b> |
| Non Current Investments         | 0.5            | 0.5          |
| Long Term Loans & Advances      | 21.3           | 19.1         |
| <b>Total Non-Current Assets</b> | <b>601.1</b>   | <b>578.3</b> |
| Inventories                     | 291.9          | 285.9        |
| Trade Receivables               | 78.8           | 105.6        |
| Cash & Bank Balances            | 3.7            | 2.4          |
| Short Term Loans & Advances     | 28.8           | 19.2         |
| Other Current Assets            | 3.4            | 2.9          |
| <b>Total Current Assets</b>     | <b>406.7</b>   | <b>416.0</b> |
| <b>Total Assets</b>             | <b>1,007.9</b> | <b>994.3</b> |

# Consistent Dividend Paying



Rs. in Crores

**For further information, please contact:**

**Company :**

**Investor Relations Advisors :**

**Relaxo Footwears Limited**  
CIN: L74899DL1984PLC019097

**Strategic Growth Advisors Pvt. Ltd.**  
CIN: U74140MH2010PTC204285

Mr. Vikas Tak  
[vikastak@relaxofootwear.com](mailto:vikastak@relaxofootwear.com)

Ms. Payal Dave / Mr. Deven Dhruva  
[payal.dave@sgapl.net](mailto:payal.dave@sgapl.net) / [deven.dhruva@sgapl.net](mailto:deven.dhruva@sgapl.net)

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[www.sgapl.net](http://www.sgapl.net)

**RELAXO**