

The Choice of
Millions of Feet



Relaxo Footwears Limited

Q1 FY2015 Performance Presentation

August 14, 2014



Forward Looking Statements

This presentation contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Relaxo Footwears’ (Relaxo) future business developments and economic performance.

While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance.

Relaxo undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances



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Relaxo: At a Glance

Company Background

- Established in 1984, Relaxo is the largest footwear manufacturing Company in India
- The Company's products include Rubber / Eva slippers, canvas shoes, sport shoes, sandals, school shoes and other types of footwear
- It has a portfolio of 10 brands and ~50,000 retailers and distributors. Major brands of the Company are Relaxo, Flite, Sparx and Schoolmate with Relaxo being the flagship brand
- Relaxo has 8 state of the art manufacturing facilities, six in Bahadurgarh (Haryana) and one each in Bhiwadi (Rajasthan) and Haridwar (Uttaranchal)
- Production capacity of around 160 million pairs of footwear per annum
- Relaxo has 190 company-owned outlets across India, with a concentrated presence in Delhi, Rajasthan, Gujarat, Haryana, Punjab, Uttar Pradesh and Uttarakhand

Key Brands



Financial Performance

Highlights – Q1 FY2015 vs. Q1 FY2014

- Net Sales increased by 19.1% to Rs. 37,211 lacs
- EBITDA increased by 8.1% to Rs. 4,824 lacs at a 13% margin
- Net Profit increased by 7.2% to Rs. 2,313 lacs at a 6.2% margin
- Net addition of 11 retail stores during the quarter to 190 as at the end of June 2014
- Consolidated debt stood at Rs. 15,000 Lacs at the end of June 2014
- Consolidated equity stood at Rs. 29,512 Lacs at the end of June 2014

Management Commentary

Commenting on the results and performance, **Mr. Ramesh Kumar Dua, Managing Director** said:

We are pleased to announce another quarter with strong operating and financial performance with results in line with management's expectations. Sales grew 19% on the back of both volume and price rationalisation. Material cost was under pressure in this quarter which has put pressure on PAT margins, in spite of this, absolute EBITDA has increased by 8% year on year. Volume expansion was driven by growth in our key brands. Market penetration for our products continued to enhance with states in southern and western regions leading from the front.

Management remains confident about the growing demand of high quality affordable footwear in India. The recent excise duty cut on footwear in the range of Rs 500 to Rs 1000 is expected to give boost to footwear industry in near future.

Our continued focus on cost optimization and efficiency enhancement along with the streamlining of Internal processes after implementation of Phase 1 of SOPs (Standard Operating Processes) will further yield operational benefits going forward.



Financial Performance

Key Financial Statistics

Rs. Lacs	Q1		y-o-y	Q4	q-o-q
	FY2015	FY2014	Growth (%)	FY2014	Growth (%)
Net Sales	37,211	31,236	19.1%	37,088	0.3%
EBITDA	4,824	4,462	8.1%	4,480	7.7%
<i>Margin (%)</i>	<i>13.0%</i>	<i>14.3%</i>		<i>12.1%</i>	
Profit After Tax (PAT)	2,313	2,157	7.2%	2,183	6.0%
<i>Margin (%)</i>	<i>6.2%</i>	<i>6.9%</i>		<i>5.9%</i>	
Basic EPS (Rs.)	3.85	3.60	6.9%	3.64	5.7%



Financial Performance

Performance Discussion: Q1 FY2015 vs. Q1 FY2014

- **Net Sales:** Volume growth during the quarter was driven by strong performance of our key brands. Overall sales volume increased by 6% as compared to Q1 FY2014. This coupled with price rationalization, mainly in the Hawaii segment, delivered sales growth of 19.1% y-o-y.

During the quarter, there has been a net addition of 11 retail stores in Haryana, UP, Punjab and Delhi. Distribution network sales in Southern and Western India led our sales volume growth for the quarter. We expect continued strong growth from these regions in times to come.

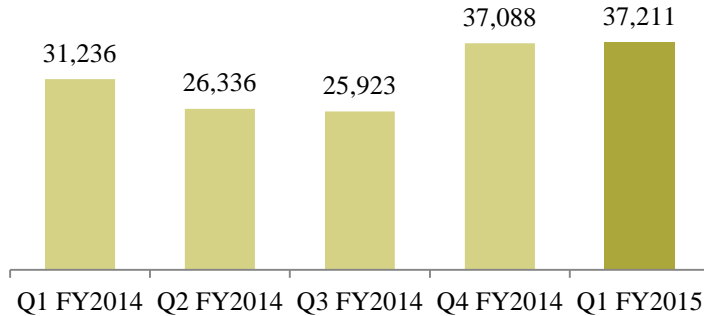
The Company is also aggressive on the online shopping route and institutional sales with a separate business vertical being formed to handle the same.

- **EBITDA:** Q1 FY2015 EBITDA increased by 8.1% during the same period. This increase was driven by higher sales, prices, cost optimization and rationalization of retail stores.
- **Net Profit:** Q1 FY2015 Net profit increased by 7.2%. Interest cost decreased by 9% due to lower utilization of working capital limits. During the quarter, the Company continued to expand its scale of operations and has been able to take advantage of controlled incremental fixed costs.
- **Operations:** Relaxo is setting up a central warehouse at Bahadurgarh (Haryana) which will be operational from Sept 2014. This will further enhance the service levels of the Company. Furthermore, implementation of Phase 1 of SOPs (Standard Operating Processes) has started providing efficiencies in operations along with the optimum utilization of resources.

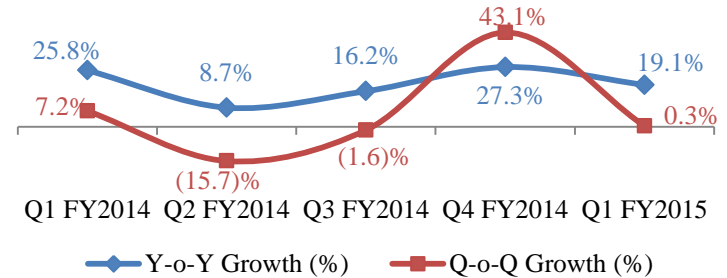


Quarterly Financial Performance

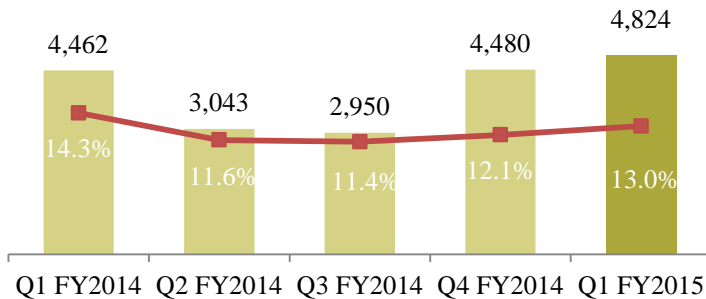
Net Sales (Rs. Lacs)



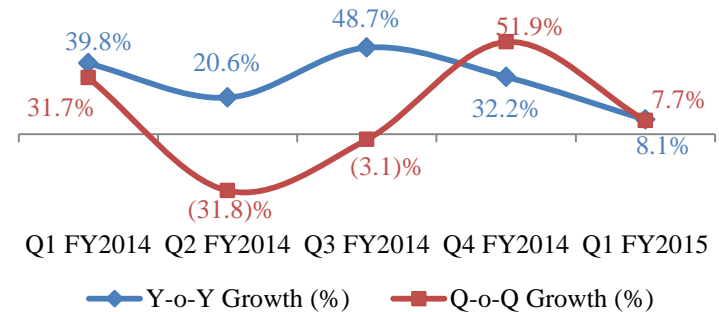
Net Sales Growth (%)



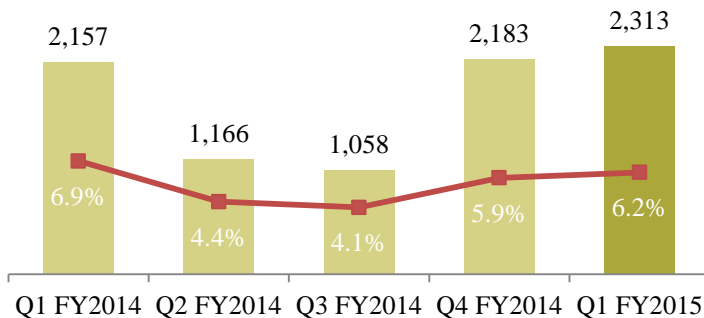
EBITDA (Rs. Lacs) and Margin (%)



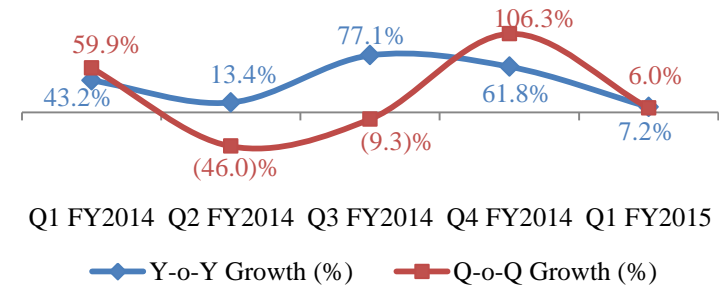
EBITDA Growth (%)



PAT (Rs. Lacs) and Margin (%)

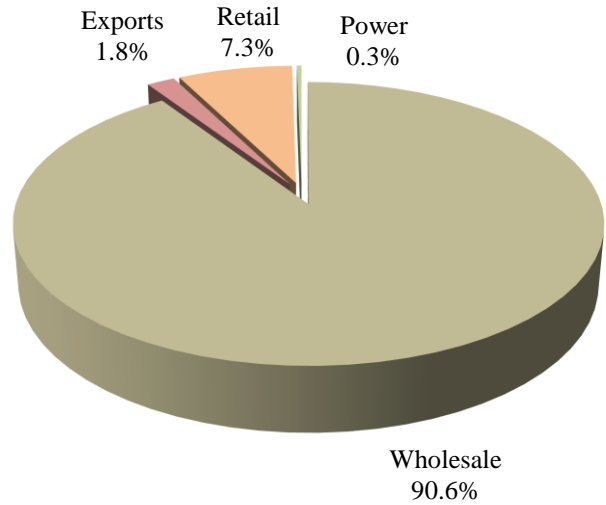


PAT Growth (%)

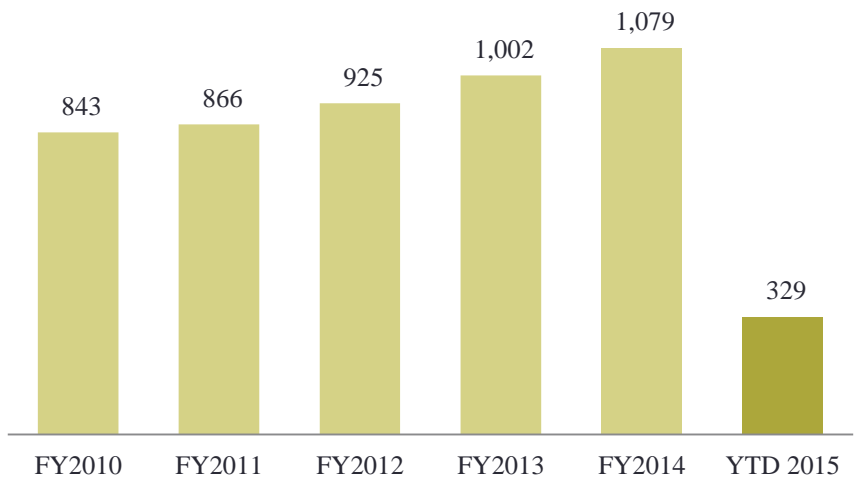


Quarterly Operational Metrics

Net Sales by Distribution Network*



Sales Volumes – No. of Pairs (in Lacs)



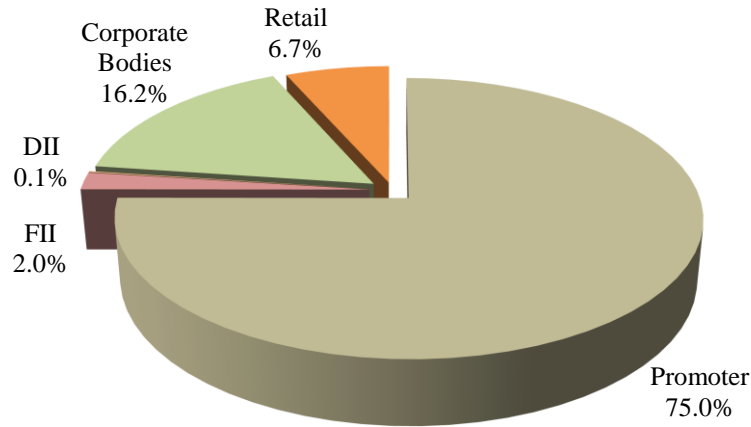
* Q1 FY2015

Comments

- Q1 FY2015 sales volume increased significantly by 6% on a y-o-y basis
- The increase in sales volume was driven by strong performance of our key brands. This demonstrates the success and the acceptance for the brand from consumers

Market Data

Shareholding Pattern (30th June 2014)



Market Data

Market Cap. (Rs. million) (13-Aug-14)	22,800
Outstanding Shares (million)	60.0
Bloomberg Ticker	RLXF:IN
Reuters Ticker	RLXO.BO
BSE Ticker	530517
NSE Ticker	RELAXO

Shareholders	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14
Promoter	75.0%	75.0%	75.0%	75.0%	75.0%
Foreign Institutional Investor (FII)	1.2%	1.2%	1.1%	1.8%	2.0%
Domestic Institutional Investor (DII)	0.0%	0.0%	0.0%	0.1%	0.1%
Corporate Bodies	16.3%	16.5%	16.4%	16.1%	16.2%
Retail	7.5%	7.3%	7.5%	7.0%	6.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%



Unaudited Results for the quarter ended 30th June 2014
(All amounts are in Lacs of Indian Rupees, unless otherwise stated)

Particulars	Quarter Ended			Year Ended
	30.06.2014	31.03.2014	30.06.2013	31.03.2014
Part I- Statement of Financial Results	Unaudited	Unaudited	Unaudited	Audited
1 Income from operations				
Net sales / income from operations (Net of excise duty)	37210.69	37087.64	31236.36	120582.95
Other operating income	171.27	143.74	125.95	600.37
Total income from operations (net)	37381.96	37231.38	31362.31	121183.32
2 Expenses				
Cost of materials consumed	15851.61	12901.06	12438.12	46961.41
Purchases of stock-in-trade	1728.16	2972.06	1062.81	7495.31
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(495.17)	2343.87	331.09	645.93
Employee benefits expense	3301.09	3039.24	3010.21	11459.14
Depreciation and amortisation expense	1039.80	835.22	715.76	3116.47
Other expenses	12182.90	11464.04	10100.56	39963.85
Total expenses	33608.39	33555.49	27658.55	109642.11
3 Profit from operations before other income, finance costs and exceptional items (1-2)	3773.57	3675.89	3703.76	11541.21
4 Other income	11.05	(31.22)	42.78	277.85
5 Profit from ordinary activities before finance costs and exceptional items (3+4)	3784.62	3644.67	3746.54	11819.06
6 Finance costs	490.15	559.01	538.50	2265.87
7 Profit from ordinary activities after finance costs but before exceptional items (5-6)	3294.47	3085.66	3208.04	9553.19
8 Exceptional items	-	-	-	-
9 Profit from ordinary activities before tax (7-8)	3294.47	3085.66	3208.04	9553.19
10 Tax expense	981.26	903.07	1050.78	2989.55
11 Net Profit from ordinary activities after tax (9-10)	2313.21	2182.59	2157.26	6563.64
12 Extraordinary items	-	-	-	-
13 Net Profit for the period (11-12)	2313.21	2182.59	2157.26	6563.64
14 Paid up equity share capital (Face value of Re. 1/- share each)	600.06	600.06	600.06	600.06
15 Reserves excluding revaluation reserve				27056.12
16 Earnings per share (EPS) in Rs.				
Basic & diluted EPS before extraordinary items	3.85	3.64	3.60	10.94
Basic & diluted EPS after extraordinary items	3.85	3.64	3.60	10.94



Unaudited Results for the quarter ended 30th June 2014
(All amounts are in Lacs of Indian Rupees, unless otherwise stated)

Part II-Select Information for the Quarter Ended 30th, June 2014					
A	Particulars of Shareholding				
1	Public Shareholding				
	Number of shares	15001500	15001500	15001500	15001500
	Percentage of shareholding	25.00	25.00	25.00	25.00
2	Promoters and Promoter group shareholding				
	a) Pledged/ Encumbered				
	Number of shares	-	-	-	-
	Percentage of shares (as a % of the total shareholding of promoters)	-	-	-	-
	Percentage of shares (as a % of the total share capital of the company)	-	-	-	-
	b) Non Encumbered				
	Number of shares	45004500	45004500	45004500	45004500
	Percentage of shares (as a % of the total shareholding of promoters)	100.00	100.00	100.00	100.00
	Percentage of shares (as a % of the total share capital of the company)	75.00	75.00	75.00	75.00
B	Particulars	Quarter Ended 30.06.2014			
	Investor Complaints/ Requests				
	Pending at the beginning of the quarter			0	
	Received during the quarter			9	
	Disposed of during the quarter			9	
	Remaining unresolved at the end of the quarter			0	



Unaudited Results for the quarter ended 30th June 2014
(All amounts are in Lacs of Indian Rupees, unless otherwise stated)



Notes

1. The above results were reviewed by the Audit Committee and have been approved by the Board of Directors at their meeting held on 9th August, 2014. The same have been subjected to Limited Review by Statutory Auditors.
2. The Company's business activity falls within a single significant primary business segment, viz. "Footwear and Related Products", therefore no separate segment information is disclosed under Accounting Standard (AS) - 17, "Segment Reporting" issued by The Institute of Chartered Accountants of India (ICAI).
3. During the quarter ended 30th June, 2014, in accordance with Schedule II of the Companies Act, 2013, the Management based on internal technical evaluation has reassessed the remaining useful life of certain assets with effect from 1st April, 2014. As a result of the above, depreciation is higher by Rs. 168.68 lacs for the quarter ended 30th June, 2014. For assets that had completed their useful life as on 1st April, 2014, the residual value of Rs. 457.18 lacs (net of deferred tax) has been adjusted to Reserves.
4. Previous period figures have been regrouped / rearranged wherever considered necessary.

On behalf of the Board of Directors

Ramesh Kumar Dua
Managing Director

Delhi, 9th August, 2014



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