

The Choice of
Millions of Feet



Relaxo Footweares Limited

Q3 FY2015 Performance Presentation

January 31, 2015



Forward Looking Statements



This presentation contains statements that contain bkns n looking op p i a j p 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



Financial Highlights



Highlights – Q3 FY2015 vs. Q3 FY2014

- Net Sales increased by 27.6% to Rs. 33,066 Lacs
- EBITDA increased by 46.3% to Rs. 4,315 Lacs; Margins expanded by 167 bps to 13.0%
- Net Profit increased by 88.2% to Rs. 1,991 Lacs at a 6.0% margin; Margins expanded by 194 bps
- Interest Coverage: 7.84x (Q3 FY2014: 4.18x)
- Net Debt reduced from Rs. 16,441 Lacs (Sept 2014) to Rs. 15,807 Lacs (Dec 2014)
- Debt / Equity of 0.49x as of 31st Dec 2014 (0.54x as of 30th Sept 2014)
- Net addition of 2 retail stores during the quarter; total stores stood at 199

Management Commentary

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

Pdø has been a remarkable quarter for Relaxo Footwears with revenue increasing by 27.6% and PAT by 88.2%, led by significant volume growth. The growth momentum for Relaxo continues to be supported by our strategic initiatives, enhanced capabilities and increasing traction for our brands. We continue to expand distribution network and our portfolio, thereby resulting in a healthy mix of product premiumization and volume growth across all our brands. Robust growth in key brands and markets underpins our belief in our strategy of continuous investments in capabilities. Our retail network continues to expand with an aim to showcase our entire product portfolio.

We understand that our growth will be sustainable only if we have a strong team to support. In line with the same, we have undertaken a journey on HR processes automation to enhance process efficiencies. We also have charted out improvement opportunities in our value proposition to our employees and have a focused plan to increase engagement levels, thereby improving retention and attracting better talent. A well structured Ha anodê Development Lnkcn i has also been undertaken to develop individuals who can drive the krc jøv pk j o strategic agenda in near future.

We are confident of our alignment with the needs of contemporary generation, with industry best practices and the quality that our products bring. We believe that with well-directed efforts, Relaxo will continue its position as a market leader in the ki ej



New TV Commercial with Sonakshi Sinha



A new TV Commercial with Sonakshi Sinha has been launched

Fashion is not created overnight, it may take a decade to shine bright. Some hold the grace, which is unusual. Some mark the impression of class yet casual. Feel the vibrancy of colours & light, add style to your feet with fashionable Flite. Step in to the paradise of fashion with the vibrant range of trendy Flite slippers that are manufactured using cutting edge advanced technology



Product: Flite

- Light and comfortable footwear brand



Essentially, Flite is targeted towards young consumers who aspire for freshness in designs and style, and, of course, value-for-money. Taking this brand persona a step ahead, we could think of no one better than Sonakshi to be the face of Flite as she has become a style icon for the youth. Her style statement is very relaxed, funky yet chic and Flite perfectly complements that. We are happy to have Sinha on board to enhance our connection with the youth and masses. Flite has been receiving a very encouraging response as it captures the essence and preferences of the consumer who wants the best of fashion, along with great accessibility and affordability. Our association with Bollywood diva Sonakshi for Flite is sure to further boost our growth.



Financial Performance



Key Financial Statistics

Rs. Lacs	Q3		y-o-y	Q2	q-o-q	Nine Months Ended		y-o-y
	FY2015	FY2014	Growth (%)	FY2015	Growth (%)	FY2015	FY2014	Growth (%)
Net Sales	33,066	25,923	27.6%	33,190	(0.4)%	104,011	83,952	23.9%
EBITDA	4,315	2,950	46.3%	3,863	11.7%	13,003	10,456	24.4%
<i>Margin (%)</i>	<i>13.0%</i>	<i>11.4%</i>		<i>11.6%</i>		<i>12.5%</i>	<i>12.5%</i>	
Profit After Tax (PAT)	1,991	1,058	88.2%	1,733	14.9%	6,037	4,381	37.8%
<i>Margin (%)</i>	<i>6.0%</i>	<i>4.1%</i>		<i>5.2%</i>		<i>5.8%</i>	<i>5.2%</i>	
Basic EPS (Rs.)	3.32	1.76	88.2%	2.89	14.8%	10.06	7.30	37.8%

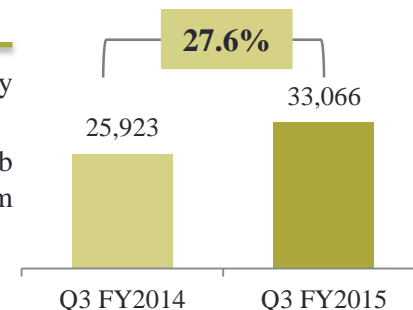


Performance Discussion: Q3 FY2015 vs. Q3 FY2014

1

Net Sales

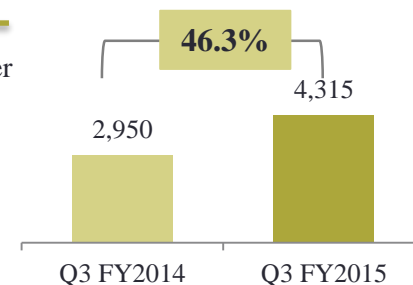
- Q3 FY2015 Net Sales increased by 27.6% y-o-y to Rs. 33,066 Lacs. The increase in sales was primarily driven by volume growth across major brands and improved price realization
- During the quarter, there has been a net addition of 2 retail stores in the states of Haryana and Punjab and has been growing its presence in South and West regions in India. Relaxo continue to benefit from its online sales and will strive to enhance its focus on this segment



2

EBITDA

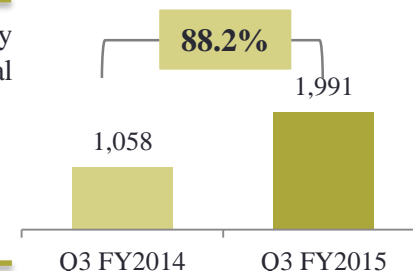
- Q3 FY2015 EBITDA increased by 46.3% y-o-y to Rs. 4,315 Lacs. This increase was driven by higher volumes and premiumization of products
- Other Income increased by 48.9% to Rs. 54 lacs
- Interest Coverage: 7.84x (Q3 FY2014: 4.18x)



3

Net Profit

- Q3 FY2015 Net profit increased by 88.2% to Rs. 1,991 Lacs. Interest cost decreased significantly by 26.5% due to decrease in term loans and lower debt requirements owing to better working capital management and internal cash accruals
- Depreciation cost increased by 19.7% due to adoption of Schedule II of the New Companies Act, 2013



4

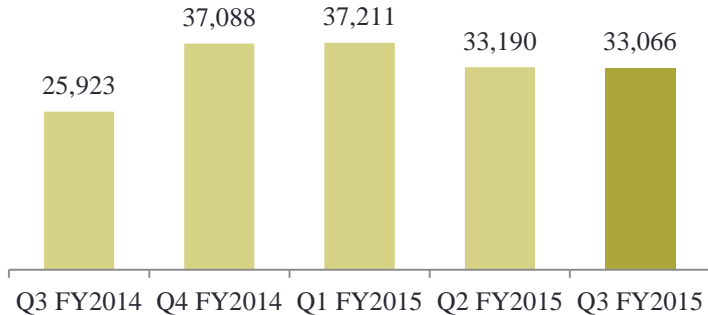
Operations

- Continue to enhance production efficiencies and operations through various initiatives including SOPs (Standard Operating Processes) and Leadership Development Program
- Has engaged reputed external advisors for legal/statutory compliance monitoring assessment across the organisation

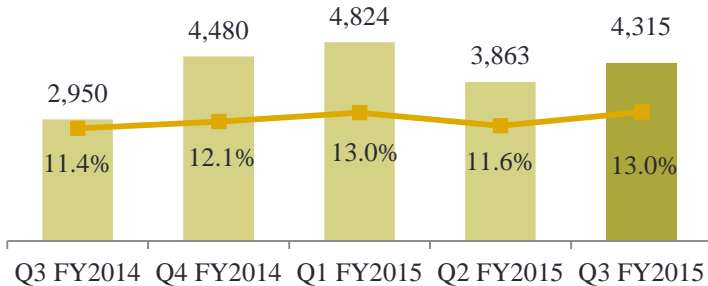


Financial Performance

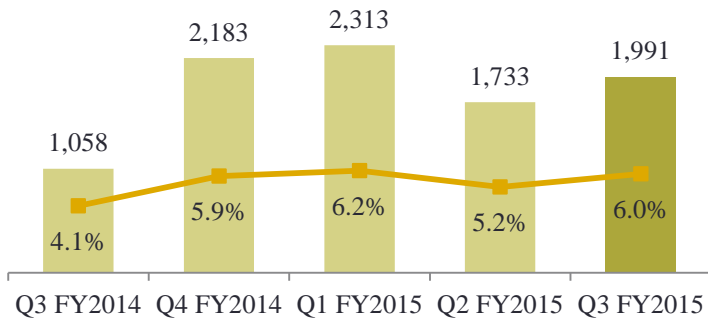
Net Sales (Rs. Lacs)



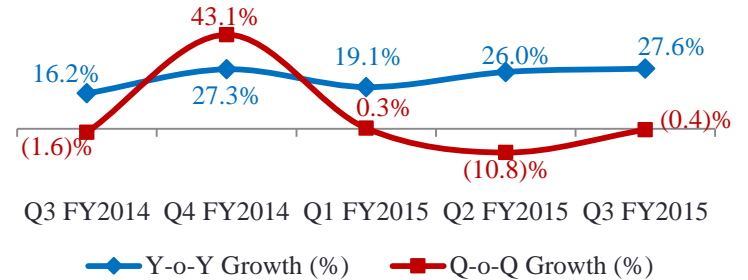
EBITDA (Rs. Lacs) and Margin (%)



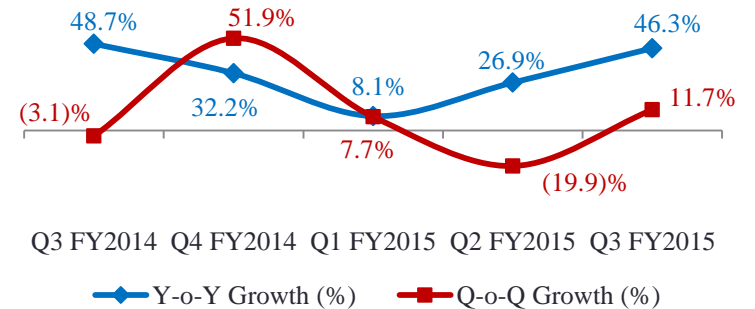
PAT (Rs. Lacs) and Margin (%)



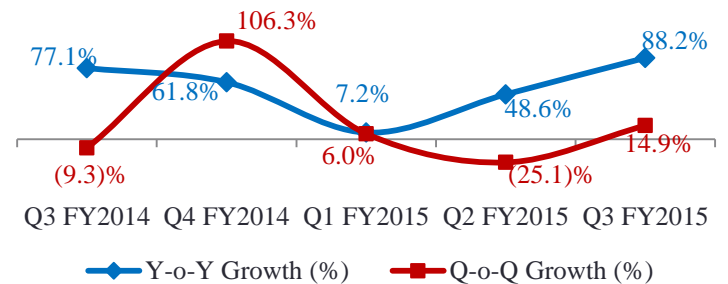
Net Sales Growth (%)



EBITDA Growth (%)



PAT Growth (%)



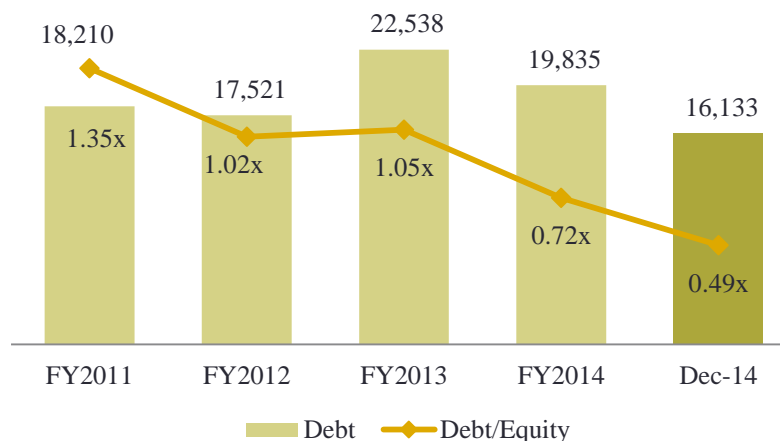
Leverage Profile

Particulars	31.12.2014 (Rs. Lacs)	30.09.2014 (Rs. Lacs)
Short Term Borrowings*	6,240	6,528
Long Term Borrowings	9,894	10,323
Total Debt	16,133	16,851
Less: Cash & Bank Balances	(326)	(410)
Net Debt	15,807	16,441
Net Worth	33,236	31,245

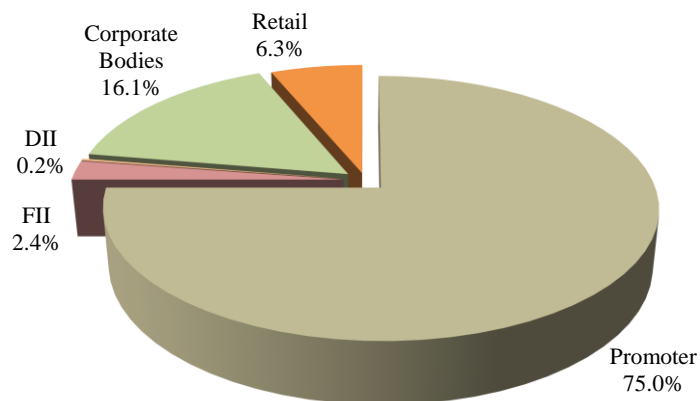
Agency	Instrument	Rating	Comment
ICRA	Short-Term Funds	A1	Indicates highest credit quality rating to short term debt instruments. Instruments rated in this category carry the lowest credit risk in short term
ICRA	Long-Term Funds	A+	Indicates adequate quality rating of long term debt instruments. Instruments rated in this category carry low credit risk in long term

* Short term borrowings includes term loans repayable within 1 year

Total Debt (Rs Lacs) and Total Debt/ Equity (x)



Shareholding Pattern (31st December 2014)



Market Data

Market Cap. (Rs. million) (30-Jan-15)	39,536
Outstanding Shares (million)	60.0
Bloomberg Ticker	RLXF:IN
Reuters Ticker	RLXO.BO
BSE Ticker	530517
NSE Ticker	RELAXO

Shareholders	Dec-13	Mar-14	Jun-14	Sept-14	Dec-14
Promoter	75.0%	75.0%	75.0%	75.0%	75.0%
Foreign Institutional Investor (FII)	1.1%	1.8%	2.0%	2.1%	2.4%
Domestic Institutional Investor (DII)	0.0%	0.1%	0.1%	0.1%	0.2%
Corporate Bodies	16.4%	16.1%	16.2%	16.2%	16.1%
Retail	7.5%	7.0%	6.7%	6.6%	6.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%



Unaudited Results for the quarter ended 31st December 2014

(All amounts are in Lacs of Indian Rupees, unless otherwise stated)



(₹ in Lacs)

Particulars	Quarter Ended			Nine Months Ended		Year Ended
	31.12.2014	30.09.2014	31.12.2013	31.12.2014	31.12.2013	31.03.2014
Part I- Statement of Financial Results	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Income from operations						
Net sales / income from operations (Net of excise duty)	33065.90	33189.61	25923.20	103466.20	83495.31	120582.95
Other operating income	184.56	189.07	121.82	544.90	456.63	600.37
Total income from operations (net)	33250.46	33378.68	26045.02	104011.10	83951.94	121183.32
2 Expenses						
Cost of materials consumed	15370.40	13886.49	10286.83	45108.50	34060.35	46961.41
Purchases of stock-in-trade	3280.14	2027.00	1740.95	7035.30	4523.25	7495.31
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(4620.13)	(1305.99)	(368.91)	(6421.29)	(1697.94)	645.93
Employee benefits expense	3195.44	3136.73	2664.81	9633.26	8419.90	11459.14
Depreciation and amortisation expense	979.9	992.68	818.62	3012.35	2281.25	3116.47
Other expenses	11763.96	11784.22	8807.75	35731.08	28499.81	39963.85
Total expenses	29969.68	30521.13	23950.05	94099.20	76086.62	109642.11
3 Profit from operations before other income, finance costs and exceptional items (1-2)	3280.78	2857.55	2094.97	9911.90	7865.32	11541.21
4 Other income	54.24	13.03	36.42	78.32	309.07	277.85
5 Profit from ordinary activities before finance costs and exceptional items (3+4)	3335.02	2870.58	2131.39	9990.22	8174.39	11819.06
6 Finance costs	434.27	416.10	591.01	1340.52	1706.86	2265.87
7 Profit from ordinary activities after finance costs but before exceptional items (5-6)	2900.75	2454.48	1540.38	8649.70	6467.53	9553.19
8 Exceptional items	-	-	-	-	-	-
9 Profit from ordinary activities before tax (7-8)	2900.75	2454.48	1540.38	8649.70	6467.53	9553.19
10 Tax expense	910.09	721.46	482.51	2612.81	2086.48	2989.55
11 Net Profit from ordinary activities after tax (9-10)	1990.66	1733.02	1057.87	6036.89	4381.05	6563.64
12 Extraordinary items	-	-	-	-	-	-
13 Net Profit for the period (11-12)	1990.66	1733.02	1057.87	6036.89	4381.05	6563.64
14 Paid up equity share capital (Face value of ₹ 1/- share each)	600.06	600.06	600.06	600.06	600.06	600.06
15 Reserves excluding revaluation reserve						27056.12
16 Earnings per share (EPS) in ₹						
Basic & diluted EPS before extraordinary items	3.32	2.89	1.76	10.06	7.30	10.94
Basic & diluted EPS after extraordinary items	3.32	2.89	1.76	10.06	7.30	10.94
17 Earnings before interest, taxes, depreciation and amortisation (EBITDA)	4314.89	3863.26	2950.01	13002.57	10455.64	14935.53



Unaudited Results for the quarter ended 31st December 2014

(All amounts are in Lacs of Indian Rupees, unless otherwise stated)



Part II-Select Information for the Quarter Ended 31st December, 2014

A Particulars of Shareholding							
1	Public Shareholding						
	Number of shares	15001500	15001500	15001500	15001500	15001500	15001500
	Percentage of shareholding	25.00	25.00	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	45004500	45004500
	Percentage of shares (as a % of the total shareholding of promoters)	100.00	100.00	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	75.00	75.00
B Particulars		Quarter Ended 31.12.2014					
	Investor Complaints/ Requests						
	Pending at the beginning of the quarter				0		
	Received during the quarter				7		
	Disposed of during the quarter				7		
	Remaining unresolved at the end of the quarter				0		

Notes

- The above results were reviewed by the Audit Committee and have been approved by the Board of Directors at their meeting held on 31st January, 2015. The same have been subjected to Limited Review by Statutory Auditors.
- 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).
- 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. 334.37 lacs for the nine months ended 31st Dec, 2014.
- Previous period figures have been regrouped / rearranged wherever considered necessary.

On behalf of the Board of Directors

Ramesh Kumar Dua
Managing Director

Delhi, 31st Jan, 2015





Quality Par Excellence

Relaxo Footwears Limited

(CIN: L74899DL1984PLC019097)

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