

Business Standard

March, 2020 / December, 2019

How the Dua brothers turned Relaxo into a footwear empire

The \$3-billion company has grown from a small cycle parts enterprise to a footwear major with 400 outlets and 20,000 employees across the country

ANAND DUTTA
New Delhi, 1 March

February 17 marked a milestone for Relaxo Footwears. Its shares traded at an all-time high — at ₹830.15 apiece on BSE — taking its market capitalisation beyond ₹20,600 crore.

The unprecedented feat not only pushed its market cap to over 1,100 times that of the value it had 25 years ago during its initial public offer but also boosted the fortunes

of Relaxo promoters, the Dua family, taking the combined wealth of the firm to over ₹14,600 crore (around \$2 billion).

The two key promoters, Ramesh Kumar Dua and his elder brother Mukand Lal Dua, emerged as the biggest beneficiaries of the milestone. The Dua brothers' 43.7 per cent stake in the firm was valued at well over a billion dollars (₹9,000 crore).

The stupendous rise of its stock in the BSE during 2019 has aided the Duas' fortunes. During last



Ramesh Kumar Dua

BIG STEPS

Promoter family's wealth grew 125 per cent since end-2018 (as on Feb 17, 2020)

Promoter(s)	% of total shares held	Value (in ₹ cr)
Ramesh Kumar Dua (Mtl)	23.31	4,804
Mukand Lal Dua (executive director)	20.39	4,202
Other Dua family members	21.28	5,622
Dua family's total holding	70.98	14,628

M-cap grew at 60% CAGR

During IPO in 1995	₹18 cr
On Feb 17, 2020	₹20,608 cr

Source: BSE & company

multituous days of the Emergency in 1975 when Dua was roaming inside Sadar Bazaar, a wholesale hub in the capital.

While most traders were running for shelter from government officials conducting raids under the infamous Maintenance Internal Security Act, Dua noticed a strikingly calm atmosphere inside the Bata shop.

Compared with the tense mood outside, the manager looked almost relaxed. "When I approached him to inquire why he wasn't scared, what he said was a lesson to me," recalled Dua. "The man said 'Why should we be scared? We follow all the rules'. That is when I realised that if one conducts one's business honestly, then one need not to be scared of anything."

Coming from a family that set up a cycle parts manufacturing unit in Delhi in 1954 after migrating from Pakistan, Dua's exposure to business activities came early. But it was only in the late-1960s that a close look at the business's

finances prompted the family to focus on the new shoe unit.

It was Dua, who takes pride in being good in mathematics, who realised that the cycle parts business was not making money.

While the plan was that he would continue his studies and build a career in medicines while his brother helped the business, a split in the family occurred which forced his father to seek his help.

The initial years were tough. Not only had the trio a huge loan to pay off, lack of technical know-how kept their hands tied.

Dua recalls annual turnover was ₹300,000 in early-1970s. By 1976, when they formalised the business under the brand Relaxo, it had quadrupled thanks to a rubber technology course that Dua took. The first major breakthrough, however, came

two decades later. Anticipating future expansion, the family had acquired land in Bahadurgarh for a large factory. The capital became a major roadblock.

Following the liberalisation of the economy in 1992, the Duas took a 'limited risk' and decided to go public. The IPO in 1995 fetched them ₹4.5 crore, valuing the firm at ₹18 crore, and paved the way for Relaxo's journey towards becoming a pan-Indian company.

Today, the firm has over 400 branded outlets across the country and employs some 20,000 people, with annual turnover of ₹2,300 crore. Dua is not ready to rest on his laurels yet. In fact, he still likes to spring surprises. Six years ago, he took a leap into the unknown by bringing Salman Khan and Akshay Kumar on board for promotion.

It's been over a decade since Relaxo challenged Puma, Adidas and Nike. A failed supply contract with Nike in the mid-2000s led the Duas to launch the brand Sparks.

At 63, he is charged up with the idea of a tenth manufacturing plant and growing exports. It exports to over a dozen nations but the exports' share in the revenue remains small.

Ten newcomers in billionaires' club

Relaxo Footwears' Ramesh Dua, PI Industries' Mayank Singhal see their net worth jump over 50%

KRISHNA KANT
Mumbai, 30 December

As the broader market swung from losses in the first nine months to gains in the last quarter, there was a big churn in India's Billionaire Club. In all, 10 promoters entered the billionaire list in 2019, as share price of their companies rallied after the cut in corporation tax.

At the other end of the spectrum, 12 promoters exited the billionaire list this year, either due to a slump in their companies' market capitalisation (m-cap) or stake sell by them due to debt issues.

Ramesh Kumar Dua of Relaxo Footwears, Mayank Singhal of PI Industries, and Irfan Razack of Prestige Estates Projects topped the chart of new entrants, while Anil Ambani, Rana Kapoor of YES Bank, and Subhash Chandra of Essel Group were the biggest exits from the Billionaire Club.

The net result was a marginal decline in the overall club size to 78 at the end of December 2019, from 80 billionaires at the end of December 2018.

The analysis is based on promoters' net worth of \$1 billion

or more as on December 27, 2019, based on monthly average rupee-dollar exchange rate of ₹71 to a dollar.

Consumer goods makers, real estate developers, and retail lenders were the biggest gainers in 2019, while pharma entrepreneurs, automakers, and owners of capital goods companies saw a sharp erosion in wealth in the current calendar year. Analysts attribute this to investors' preference for consumer-demand related stocks in an otherwise lacklustre economic environment.

"This is an excellent time to be a promoter of a profitable consumer goods company or retail lender. These sectors continue to grow, even if other sectors of the economy are stagnating," says G Chokkalingam, founder & managing director (MD), Equinomics Research & Advisory Services.

The sectoral dichotomy shows in the rich list for 2019.

Dua is the biggest gainer and newest member of the billionaire promoter's club. His family net worth is up nearly 65 per cent in the last 12 months to around ₹10,800 crore, or \$1.5 billion, at the monthly average exchange rate. Turn to Page 14 >

PROMOTERS WHO GAINED

Promoter stake:

■ 2018 ■ 2019 (₹ crore) ▲ % change



RAMESH KUMAR DUA
Relaxo Footwears

6,561.8
10,804.8 ▲ 64.7%



MAYANK SINGHAL
PI Industries

6,078.9
10,357.4 ▲ 70.4%



IRFAN RAZACK
Prestige Estates

5,757.9
8,830.5 ▲ 53.4%



G MALLIKARJUNA RAO
GMR Infra

6,247.2
8,100.0 ▲ 29.7%



SANJAY AGARWAL
AU Small Finance Bank

5,843.9
7,822.7 ▲ 33.9%

10 newcomers in billionaires' club

PROMOTERS WHO LOST

Promoter/chief	Flagship company	Promoter stake (₹ cr)		YoY chg (%)	
		Dec '18	Dec '19		
Anil Ambani	Reliance Capital	15,978.5	997.5	-93.8	
Subhash Chandra	ZEE Entertainment	27,386.6	3,416.1	-87.5	
Rana Kapoor	YES Bank	8,329.6	1,597.6	-80.8	
Ravi Jhunjhunwala	HEG	9,352.0	2,633.3	-71.8	
Bangur K K	Graphite India	9,638.7	3,878.7	-59.8	

The Dua family was worth around ₹6,500 crore, or \$900 million, at the end of December 2018.

The Dua family owned 71 per cent stake in Relaxo at the end of September this year, down from 74.2 per cent at the end of December 2018. The company's m-cap is up 72 per cent in the current calendar year, making it one of the top performing consumer stocks on the bourses.

Dua is followed by Mayank Singhal of agro chemical maker PI Industries, whose share price is up 70.4 per cent during the year. The Singhal family is now worth around ₹10,400 crore, or around \$1.5 billion, up from around ₹6,000 crore at the end of 2018.

The family owns 51.4 per cent stake in the company, unchanged from last year.

Irfan Razack, chairman & MD, Prestige Estates Projects, a real estate player in Bengaluru, also made it to the list this year, as investors bid up his company's share prices. The family stake in the company is now worth around ₹8,800 crore, up 53.4 per cent during the year so far. The family owns 70 per cent stake in the company.

Other new entrants to rich list include G M Rao of GMR Infra, Sanjay Agrawal of AU Small Finance Bank, and Motilal Oswal and Ramdeo Agrawal of Motilal Oswal Financial Services.

Ravi Raheja, owner and promoter of Shoppers Stop, also made it to the Billionaire Club, thanks to the listing of his company, Chalet Hotels.

The analysis is based on promoters' stake and m-cap of a common sample of 822 companies that are either part of the BSE500, BSE MidCap, or BSE SmallCap indices.

The sample excludes government-owned companies, listed subsidiaries of global multinationals, institution-owned companies and their subsidiaries, such as Larsen & Toubro, Housing Development Finance Corporation, and ICICI Bank, among others.

The sample has also been adjusted for separately listed subsidiaries of holding companies, such as Reliance Industries, Tata Steel, Grasim Industries, Bombay Burmah Trading Corporation, Reliance Capital, Bajaj Finserv, Godrej Industries, Mahindra & Mahindra, and Kama Holdings, among others.

In contrast, Satyanarayan Nuwal of Solar Industries, R G Chandramogan of Hatsun Agro Products, Ajanta Pharma's Mannalal Agrawal, and Nusli Wadia exited the billionaire list due to a slump in share prices of their key operating companies.

It must be mentioned that Wadia's stake in biscuit and packaged food maker Britannia Industries — the group's most valuable and most profitable company — is owned by Bombay Burmah, a relatively small company, in terms of profits and m-cap.

The same is true for Arun Bharat Ram of SRF and Venu Srinivasan of TVS Motor.