



FROM THE MANAGING DIRECTOR'S DESK

Dear Stakeholders,

It gives me great pleasure to reach out to all of you through this Annual Report.

FY17 was a crucial year for us, wherein we spent bulk of our effort towards making structural changes in our sales force and designing systems and processes to ensure a sustainable growth going forward.

In spite of significant external factors such as demonetization and a general economic slowdown, the company has been able to maintain its bottomline and has posted a modest sales growth.

New product development was the key driver for the company last year. We were able to capitalize on our in-house design capability and launch market relevant products at the right price points. We are also looking to partner with global design firms to enhance our design capabilities and launch cutting edge designs in the Indian market.

Our initiation of end-to-end distributor and retailer programs to improve engagement levels is bearing fruit. The distribution engagement program has delivered incremental and sustainable benefits to Relaxo while ensuring a healthy relationship with our channel partners. Our retailer based loyalty program has helped in establishing direct connect with retailers and reward their efforts in promoting Relaxo brand.

We are continuously expanding our footprint in India and our retail stores have increased to 270 as on 31st March 2017. We put in a lot of efforts last year in strengthening the back end retail infrastructure by improving inventory control and building a flexible supply chain. I believe these efforts will go a long way in scaling up our retail business in the future.

We continue to take steps towards manufacturing excellence across our production units. We have been improving productivity and reducing manufacturing costs, year-on-year, with the help of world class manufacturing concepts like Lean Manufacturing and MOST. Last year was no exception, wherein we were able to manage our manufacturing expenses extremely well, while maintaining our high standards of quality and manpower engagement.

Trust in the brand is essential for its growth and we have been investing heavily to ensure this objective is met. Last year, we engaged Shahid Kapoor & Shruti Haasan as brand ambassadors for Flite, in addition to Salman Khan & Akshay Kumar who are already endorsing Bahamas and Sparx brands respectively. During the year, we revamped the "Relaxo" logo and revamped the company's website in order to target the young and modern consumer.

Under the goods and services tax (GST) regime, footwear which are priced upto ₹ 500 per unit will be taxed at 5% and footwear above ₹ 500 per unit would be taxed at 18%. At present, India's footwear industry is quite fragmented with >60% belonging to the unorganised sector, post GST will result in consolidation of small footwear players. However, with GST implementation and increasing brand consciousness among Indian consumers, the share of organised players is going to increase. Hence, Your Company is placed at a favourable position to take advantage of the changing consumer trends in the Indian markets.

We believe modern trade and E-commerce will continue to be the growth engines of the future and we are well placed to capitalise it. Our online shopping portal www.shopatrelaxo.com is faring much better and delivering higher conversions, thanks to our dedicated focus.

We value our people too and have been strengthening their bond with us through long term incentive plans like ESOPs as well as providing them with periodic trainings.

At last, I would like to thank all our stakeholders- customers, business partners, Board of Directors, bankers, and all our employees for believing in our Company's values and supporting us throughout our journey. I sincerely thank all of you and am pleased to share the success that Relaxo has achieved during the last year.

With Best Regards

Ramesh Kumar Dua

Managing Director