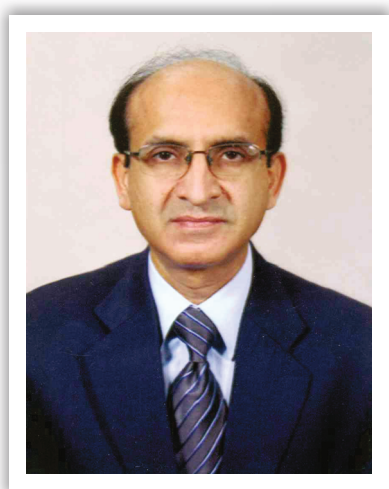


# FROM THE MANAGING DIRECTOR'S DESK



Dear Stakeholders,

It gives me great pleasure to announce yet another year of healthy growth. FY18 was a crucial year for us as we re-emphasized on the growth agenda. We closed the fiscal year with increase in revenue by 19%, EBITDA by 31% and PAT by 34%. In FY18, your Company has shown strong growth on the key financial metrics for the year, despite the uncertain market scenario and increasing competition.

Your Company has continued its effort to adapt its product portfolio with evolving consumer needs and trends enabling an impressive growth in FY18. Structured market research has been the cornerstone of portfolio strategy – which has helped us to better understand customer's specific needs. Our focus on in-season launches with an optimal product portfolio has enabled us to deliver right product, at right price, at right time. New products are the key to sustain any growth story and our in-house design team has maintained a strong new product portfolio over the years. As a result, sales contribution from new product launches has grown across all brands – Relaxo, Flite, Sparx and Bahamas.

Your Company launched a strategic initiative to streamline the distribution network – especially in under-penetrated markets which have given us substantial incremental sales. This has laid the foundation for next wave of growth for Relaxo.

The implementation of GST has been one of the major structural tax reforms in recent times. I am pleased to inform that your Company was ready for GST roll-out with backend preparation before time which enabled a smooth transition to the new regime. Further, with the implementation of GST share of organised players is going to increase and your Company is favourably placed in this scenario.

Your Company has achieved the landmark target of opening 300th exclusive retail outlet. During the year, Company has opened 8 franchise outlets (FOFO) in eastern region on experimental basis. The initial response to this concept is encouraging. A special focus has been

given to inventory management at retail stores, resulting in reduced carrying cost.

In order to support sustainable and profitable growth, your Company took steps towards manufacturing excellence across all production units. The program aimed at improving productivity and optimizing manufacturing costs with the help of world class concepts like Maynard Operation Sequence Technique (MOST), yield improvement, etc. in all plants with the help of renowned consulting firms. With these initiatives, we have been successful in optimizing manufacturing efficiency and costs.

Trust in the brand is essential for its growth and we have been investing heavily to ensure this objective is met. Shahid Kapoor & Shruti Haasan have been engaged as brand ambassadors for Flite, while Salman Khan and Akshay Kumar continue to endorse Bahamas and Sparx brands, respectively.

We believe modern trade and e-commerce will continue to be the growth engines of the future and we are well placed to capitalise on it. Your Company has partnered with all major e-commerce companies for sale of its products to the emerging online consumers.

We value our employees and have been strengthening our bond with them through various initiatives such as reward & recognition, training and ESOP plans. During the year, a second phase of ESOP plan was introduced encompassing more employees in its ambit.

I would like to thank all our stakeholders - customers, business partners, Board of Directors, bankers and all our employees for their valuable support and belief in the Company.

With Best Regards,

Ramesh Kumar Dua  
Managing Director