

**RELAXO FOOTWEARS LIMITED – TRANSCRIPT**  
**AGM HELD ON September 24, 2020 at 10.30 AM**

**Company Secretary:**

Good Morning, Ladies & Gentlemen, I am, Vikas Kumar Tak, Company Secretary, of Relaxo Footwears Limited. I welcome you all to the 36<sup>th</sup> Annual General Meeting of shareholders of the Company.

Before starting the proceedings of AGM, I take this opportunity to introduce directors of the Company to the new and existing members of the Company.

- Mr. Ramesh Kumar Dua Managing Director & Chairman of Risk & CSR committee
- Mr. Mukand Lal Dua, Whole Time Director
- Mr. Nikhil Dua, Whole Time Director
- Mr. Deval Ganguly, Whole Time Director
- Mr. Vivek Kumar, Independent Director & Chairman of Stakeholders Relationship Committee
- Mr. Pankaj Shrimali, Independent Director & Chairman of Audit & Nomination & Remuneration Committee
- Ms. Deepa Verma, Independent Director
- Mr. Rajeev Rupendra Bhadauria, Independent Director
- Mr. Sushil Batra, CFO

Pursuant to the provisions of the Companies Act, 2013 and relevant circulars and Articles of Association of the Company the Board of Directors have unanimously appointed Mr. Ramesh Kumar Dua as Chairman of the Meeting.

Mr. Sudhir Maheshwari, is representing Statutory Auditor of the Company M/s B R Maheswari & Co LLP, Mr. Vivek Arora, Secretarial Auditor and Mr. Baldev Singh Kashtwal, Scrutinizer of the AGM are also present at the meeting.

As the required quorum is present, I request the Chairman to call the meeting in order.

**CHAIRMAN:** In order

**Company Secretary:**

Now I would request Chairman sir for his speech.

**CHAIRMAN:**

Dear Stakeholders,

It gives me great pleasure in extending a warm welcome to all of you for sparing your valuable time, on the occasion of the 36<sup>th</sup> AGM of your Company.

In view of Covid-19 pandemic and social distancing norms your Company has arranged for the shareholders to join the meeting, through video conference and other audio visual means and view the proceedings of the meeting.

The Notice and Directors report along with the Audited Financial Statement of your Company for the year ended 31<sup>st</sup> March, 2020, have already been sent to you via email and with your permission I shall take them as read.

I am pleased to announce yet another year of growth despite the impact of nationwide lockdown imposed in March, 2020. In the fiscal year, FY20, revenue increased by 5%, EBITDA by 26% and PAT by 29% marking marginal growth in the top line and good growth in bottom line despite the market uncertainties and Covid 19 impact.

Your Company continued to strengthen its distribution network in under penetrated markets, while empowering its sales force and channel partners with innovative digitized solutions for seamless efficiency. Use of sales force automation tools has enabled our team to service around 50,000 multibrand outlets in much better and efficient manner.

During the year, your Company consolidated growth in existing priority export markets while continuing to expand its global footprint. Your Company's Strategy of focussing on promoting own brands is yielding good results and we are confident that it will help in establishing and expanding international business in future years. I am pleased to inform you that your Company has been awarded 1<sup>st</sup> place by Council for Leather Exports in non-leather footwear category.

Despite external pressures, your Company continued to expand its Retail store footprint to 390 stores and kept a firm focus on improving the in-store consumer experience with availability of latest and exciting range of footwear.

The COVID-19 pandemic has a profound impact on socio-economic conditions all over the world impacting all industries including footwear. The economic impact due to Covid-19 pandemic in India has been largely disruptive. Under complete lockdown, your Company had to suspend operations in last ten days of March and whole of April 2020 leading to substantial revenue loss. Since May 2020, there has been gradual relaxation in lockdown norms, resulting in recovery of business, but few segments continue to remain affected.

Since the spread of Covid-19 continues to remain unabated, the impact on business and consumer sentiment is likely to continue for quite some time. Various initiatives taken by the Government to counter this unprecedented event are heartening and are expected to have positive impact. Your Company is also taking appropriate & proactive steps on manufacturing, supply chain and distribution to serve the evolving needs and expectations of the consumer.

Your Company has also taken various steps for the well-being and safety of employees, who are one of the most important assets of the Company.

I am pleased to inform that the Board of Directors recommended and paid Interim Dividend @ 125% for FY 20 in the month of March-2020. So the total dividend outflow to the shareholders grew by 39% during FY20 as compared to last year.

Lastly, I would like to express my sincere appreciation to the Board of Directors, business partners, bankers, employees and all our valued shareholders for their continued trust and support.

Thank you

Now I call upon Mr. Vikas Kumar Tak, Company Secretary to proceed with the business of the meeting.

**Company Secretary:**

Thank you Sir for your speech.

There are no adverse remarks in the Audit Report and with your permission I will take the same as read.

Shareholders may note that this Annual General meeting is being held through video conferencing in accordance with Companies Act, 2013 and circulars issued by the Ministry of Corporate Affairs and SEBI. Facilities for joining this meeting through video conferencing is made available to the members.

Now the advisory for shareholders:

All the members who have joined this meeting are by default placed on mute to avoid any disturbance arising from the background noise and to ensure smooth and seamless conduct of the meeting. Once the name of the speaker is called out by the moderator, the person will be unmuted by the moderator to enable him or her to speak. Before speaking the shareholders is requested to click on his video and audio icon appearing on the screen and switch it on. If for some reason shareholder is not able to join through the video mode, he or she can still speak through the audio mode. While speaking we request shareholders to use ear phones so that they are clearly audible and it will also minimize any noise in the background. If there is connectivity problem at the speakers end the moderator will mute the speaker and next speaker will be invited to speak. Since this circular is being conducted through VC pursuant to the applicable provisions of Ministry of Corporate Affairs and SEBI physical attendance of members has been dispensed with. Accordingly, appointment of proxies is not available for the meeting.

The Register of Directors and Key Managerial personnel's and their shareholding, Register of Contracts, the Memorandum and Article of Association of the Company and the Certificate from the statutory auditors of the Company relating to the implementation of the Company's Esop Scheme as required to be kept at the Annual General Meeting are available electronically for inspection by the members.

The Notice of the 36th AGM and the Audited Financial Statement of your Company for the year ended 31st March, 2020 along with Directors and Auditors report have been emailed within the statutory period to all the shareholders whose email id are registered with the Company or our Registrar Kfin Technologies Pvt Ltd. or Depository participants.

With the permission of the shareholders I am now taking the notice of the AGM and the Boards Report which are circulated to the shareholders as read. As the Statutory Auditors Report and the Audited financial statements of the Company for the period ending 31<sup>st</sup> March, 2020 do not contain any qualification, observation, comments or other remarks the same are also taken as read. Secretarial Auditor in its report has remarked about delay in appointing of Independent Director for a brief period beyond 3 months. In the Directors Report management had reverted that the position of Independent Director is of immense value for the Company

and delay was due to finding a suitable and appropriate candidate for such position which was also communicated to stock exchanges.

As per the provisions of Section 108 of the Companies Act, 2013 and rules made thereunder read with regulation 44 of SEBI (LODR) Regulations 2015, the Company has provided e-Voting facility to the Members entitled to cast their vote on all resolutions through remote e-voting. As per the timelines provided in the AGM Notice, the E-voting facility was provided by the Company for three days between 21<sup>st</sup> to 23<sup>rd</sup> September, 2020 and concluded at 5:00 p.m. yesterday. Further in compliance with the rules of e-voting frames under Companies Act, 2013 and the circulars of MCA, the e-voting facility will be provided at the AGM. The Shareholders who have not cast their vote during remote e-voting process can cast their vote at the AGM through Instapoll by clicking the icon on the left hand side below the screen where the AGM proceedings are shown. Once the Chairman orders commencement of e-voting at the AGM, the vote tab on the screen will be activated to enable shareholders to cast their vote. They can vote by clicking on the vote tab. Shareholders may please note that there will be no voting by show of hands.

Mr. Baldev Singh Kashtwal, Company Secretary in Whole-time Practice has been appointed as scrutinizer to scrutinize the remote e-voting process and e-voting at the AGM i.e. InstaPoll in a fair and transparent manner. Results of the e-voting and Instapoll along with the Scrutinizers report shall be communicated to BSE & NSE where equity shares of the Company are listed and shall also be placed on the website of the Company and on the website of Kfin technologies within 48 hours from the completion of the meeting.

Now let us go to the Agenda items before the AGM. There are 8 agenda items for approval of shareholders today. Three (3) are ordinary business which are

1. Adoption of Audited Financial Statements for the Financial year ended on 31<sup>st</sup> March, 2020 and Report of Directors & Auditors thereon.
2. Ratifying of Interim Dividend of Rs 1.25/- per equity share for the financial year 2019-20.
3. Appointing Director in place of Mr. Deval Ganguly who retires by rotation and being eligible offers himself for reappointment.

There are Five (5) agenda items of special business, which are :

1. Re-appointment of Mr. Nikhil Dua as a Whole Time Director of the company for a period of 3 years w.e.f. 1st October, 2020 and revision in the remuneration payable to him w.e.f 1st October, 2020 as a special resolution.

2. Re-appointment of Mr. Ritesh Dua (Relative of Director) as an Executive Vice President (Finance) of the Company w.e.f. 1st October, 2020 as a special resolution.
3. Re-appointment of Mr. Gaurav Dua (Relative of Director) as an Executive Vice President (Marketing) of the Company w.e.f. 1st October, 2020 as a special resolution.
4. Re-appointment of Mr. Nitin Dua (Relative of Director) as an Executive Vice President (Retail) of the Company w.e.f. 1st October, 2020 as a special resolution.
5. Re-appointment of Mr. Rahul Dua (Relative of Director) as an Assistant Executive Vice President (Manufacturing) of the Company w.e.f. 1st October, 2020 as a special resolution.

The objectives and implications proposed at the AGM are already set out in notice of the AGM and explanatory statement and for the sake of brevity are not being repeated again.

Now we will have question answer session. I would request the members to keep their questions brief and concise, so that all the speakers get opportunity to ask the questions. Two minutes will be given to every speaker to ask their question. To avoid confusion and repetition Board will answer questions at the end. Those shareholders who have not registered as speaker and wish to ask any question can use the tab just below the screen to ask any question.

Now I request the moderator to call the names of shareholders one by one who have registered to ask the questions. Over to you.

**Moderator:**

Thank you sir.

This is Moderator Balakrishnan here. I will bring the preregistered speakers one by one. The first speaker Mr. Ajay Kumar Jain. I would request Mr. Ajay Kumar Jain to unmute your audio and switch on your camera to proceed with your query.

**Mr. Ajay Kumar Jain:**

Hello Sir, I am a shareholder of your company for a long time. From the Company Balance Sheet the Financial and Workings of the company are fine. Chairman sir you are doing very good and company is doing very good. AGM start time at 10.30 reminds us of Physical AGM and during next year we may have to go for Physical AGM. Request you to arrange for Factory Visit to shareholders. Earlier we used to get 30% discount vouchers before COVID and not

we request you to think about providing 70% discount vouchers as we always wear Relaxo Chappal and Shoes. Thank you and all the very best to Secretarial Team and KFIN team.

**Moderator:**

Thank you. So, we'll move to the next speaker. The next speaker is Mr. Rahul Kumar, he has not joined.

So, we will go to the next speaker, I will invite the representative from Naredi Investments Private Limited, I would request you to unmute your audio and switch on your camera and proceed. Thank you.

**Representative from Naredi Investments Private Limited:**

Hello, am I audible?

**Moderator:**

Yes sir. You are audible sir.

**Representative from Naredi Investments Private Limited:**

Yeah, thank you. Thank you Sir, I have four questions. So, first one is as on 31st March 20 input tax balance is Rs 114 crore and add more color on it. And next question is what is the current share of e commerce and our total turnover and what is expected share you want or target. And the next one is what is the current market trend regarding the demand and what is your outlook for the remaining year. Last one is progress regarding Rajasthan capex plan and capex plan for the financial year 2021 and 2022. Thank you.

**Moderator:**

Thank you, sir.

As some of the speakers not joined today, we will go to next speaker Mr.Pramod Kumar Jain. Mr.Pramod Kumar jain, please unmute your audio, switch on your camera and proceed with your query sir. Thank you,

As there is no response from Pramod Kumar Jain. So, now let's move to the next speaker, Mr. Chetan Chadha, I would request you to unmute your audio and switch on your camera and proceeded to query Thank you.

**Mr. Chetan Chadha:**

Hello, am I audible?

**Moderator:**

Yes, we can hear you sir. Chetan, please continue with your query. So we lost his connectivity. So once he comes back out, we'll connect him again.

**Mr. Chetan Chadha**

Thank you so much, Mr. Chairman, Board of Directors and my co fellow shareholders, which attending this first annual general meeting through OAVM. I am really thankful to Mr. Moderator and the secretarial department for giving me the opportunity to do this on this portal. Sir, my first query is what is our dividend policy.

Sir my second question is, during this COVID situation, how much percentage of workers are attending the office. And how many factories got opened now. We are doing a good job in CSR activities. I want to know about what is management's point of view of CSR activities.

The AGM through virtual mode is good, but going forward, please check the feasibility of conducting the AGM through Physical Mode. Further, our AGM should be conducted in 1st week of September instead of last week of September.

Thank you for giving me the opportunity.

**Moderator:**

Thank you, sir. We'll move to the next speaker.

As some of the lined up speakers are not present, we will move to next available speaker Mr. Narender Singh Chouhan. Sir, please unmute your audio, switch on your camera and proceed with your query.

Thank you.

As there is no response from the speaker, we will move to the next speaker, Mr. Ali Asgar. I would request Mr. Ali Asgar to unmute your audio and switch on your camera and proceeded with your query. Thank you.

**Mr. Ali Asgar:**

Hi, am I audible



Hi, good morning. And just a few questions. So my question is to Mr. Ramesh Kumar Dua. So just wanted to get a sense of future growth of the company. Sir, where do you see the company growing five years down the line. As we are leaders right now we are mostly into closed, footwear. So are we looking and obviously we have this price range also, and we are entering open footwear, but would it be a strategy, consciously expand into open footwear and look at realization improvement going ahead?

My second question is with regards to our manufacturing is it machine based? Or is it more related to labor? can you also give the outsourced to in-house manufacturing share and how much of our manufacturing is actually just want to understand? Is it automated? And what is the labor issue right now? labor, you know, sense of the Outlook we are seeing right now in that sense.

And if you could also give us a sense of how obviously you'll not be able to give productwise detail but how each product in terms of profit calculating how does it stand on a pyramid in terms of which would be the most profitable product for us?

And with regards to exports Can you give a share in with regards to which countries are we there in and what is our strategy there. That's it from my side.

Thank you so much.

**Moderator:**

Thank you. So we will move on to the next speaker Mr.Rohan Devender Shah. Please unmute your audio and switch on your camera and proceeded with your query. Thank you.

**Mr. Rohan:**

Good morning all the shareholder then all the attendees of the AGM, the respected director of the company, I am rohan and I am the business partner and also the shareholder of Relaxo. As you can see in my background there, the Relaxo products can be displayed. There have been lots of payment pressures in the COVID period during lockdown. Even the stock which was not delivered was continuously being asked for payments.

So, I just wanted to know how is your company reacting to the partners, the distributor, other partners of the company and how supportive company has been in this tough times. After demarcation of Mumbai, there have been lots of challenges which the distributor had faced. But this has been not been managed properly by the company. This is what I wanted to ask.

So how is the company being rolled as it's a distributor friendly? There are lots of rumors across India working with relaxo is like very tough, there is lots of dumping of stocks just to increase the sales of the company. So this is my query how the company is reacting to this.

**Moderator:**

Thank you, sir. We'll move to the next speaker, Mr.Viral. Please unmute your audio and switch on your camera and proceeded with your query. Thank you.

**Mr. Viral:**

Yeah, hi, everyone. Good morning.

So, I would like to ask similar lines with Mr. Rohan I have certain queries around the business handled by the company. So first one is the rumors that I've heard is that there are no distributors willing to take on distributorship due to so called reasons of no ROI or loss making business with Relaxo, second point is due to the above pressures on the company the company's own demarcation policies are not being followed and in the same single area of the demarcation there are more than one distributor allocated and which is you know causing the distributors to get a lot of dead stock in with them due to multiple reasons of sale same distributors being in the one area.

Yeah, also there is like the pressures on distributors when this process has come wherein the that there are two distributors in same area. There has been pressures on the one either of the distributors to cancel the other business partner as a business. So only then that this will be the particular business will be given to that distributor. So particularly the distributor is at a lot of loss due to the that stock being given to distributor at early stage, but then there are clashes due to multiple distributors in the same location. Yeah, Thank you.

**Moderator:**

Thank you, sir with this we have completed the Q & A session with the pre-registered speakers who have joined today. This meeting is now handed over to chairman sir.

**CHAIRMAN:**

There was one question related to current demand scenario because of this COVID 19 pandemic situation, I would like to tell you that sales operations were shut down in the last 10 days of March, when there was lockdown so there was no sale. In April also due to lockdown

there was no sale. But in May when the things started opening up gradually, market started opening up, lockdown was relaxed then our sale started happening and things starting improving. And initially the sale of slippers, particularly Hawaii slippers, Bahamas, the easy going slippers, followed by PU slippers, also in sparks SFG slipper, sale started picking up in the month of May and June. There was 80% recovery in the total business in May and in June, it was around 56% in first quarter, but April was all washed out. And currently also the open footwear and slipper business is doing much better, but close segment like Sparx shoes, because you know people are still not moving out much, people are going in the market only for essentials, or they are going out to join their office duties. Colleges are closed, schools are closed. The sport shoe segment is slowly picking up now, but lately I have seen the 50% recovery is happening there also. So, this quarter particularly July, August, September our business is going to grow at 85% if you compare to what was in last year.

So, since the pandemic situation continues unabated, things are likely to remain like that only, it will take some time before this sentiment will improve and business will also improve. So, as far as other things the question was regarding capex. So, we will continue with our expansion plans the way they have been planned and our capex expenditure for this year also going to be around Rs. 100 crores.

online business share things are happening, that is improving, but that is around 10 -15% of the total business. We are focusing on online business, because this online business is likely to improve as people are indoors. So, we are focusing on that and our things are improving in that area also,

There was another question regarding dividend policy. As dividend policy depends upon our expansion plans, how much capital expenditure we have to put and since our is an capital intensive industry, so there is a lot of capital expenditure. So, then whatever cash available, surplus available with us accordingly, then we take a decision how much dividend we can give and accordingly we do it. Regarding future growth, you know the time we are in is very uncertain, nobody is in a position to tell when this Covid pandemic will be arrested, when vaccine will be developed and when it will be effectively distributed. So, in the current scenario, let us see how on quarter to quarter we perform rather than what will happen after five years.

Presently we have to deal with the current situation and we are focused on that as far as CAPEX is concerned our expansion plans are imposed and we are continuing with that.

On Manufacturing they are asked one question we have around roughly 17 to 18 thousand Workmen. So, it is really capital intensive, a lot of machinery is required, but it is also labour intensive and lot of labour is required. There is nowhere in the world where it has been fully

automated, it is a combination of workman and machines required for manufacturing operation. So, both are required.

For export. which was another question.

Our Export share is around 5%, as you know export business is growing. We are selling in our own brands, which in the future will be very, very helpful. And I am very optimistic that Relaxo is going to become a global brand in the coming time, because we have learned our quality is very good. We are able to compete with China or other manufacturers. By and large in African markets, in Middle East markets and some of Central America, PNG all these markets, we are getting good response and we are very optimistic about it.

There was a question about whether we are distributor friendly or we are not. In the history of Relaxo since 1976, I am yet to come across a distributor who was not happy with us. If at all some situation arises, you always resolve it in a very mutually friendly manner. And there is another key distribution policy wherever distributor is doing good business in the area, there is no question of appointing a new distributor. It is only in the areas where distributors are not able to cover the market and b2b retailers keep on complaining, they are not getting the goods. If distributors are not doing so, we are forced to keep an extra distributor. Company sells to everybody on company's terms. If they compete with each other, we have nothing to do about it. If any distributor is doing very well, we always take care of them and for other distributors also whenever we find some situation, we come to amicable solution in that.

There was one thing about input credit on GST, this I think, Mr. Batra will be able to throw light on it later once I finish.

Current demand scenario, you see as far as Hawai slipper is concerned, EVA slipper is concerned, there we are rather having more demand than what we had last year. So we are focusing on increasing the production wherever possible. We're increasing the capacity also. As far as PU is concerned, that is also doing well, SFG in sparks is doing well., Shoes, they're also improving, but let us watch till this winter season how it behaves.

In Rajasthan, things are going on, capital expenditure is happening and I think by April another expansion of Hawai Slippers will take place, another one lac sleeper of capacity we are adding. I think by January this production will be happening and another two buildings at Bhiwadi are happening, so there also It will take another year or so when the building will be completed and whatever demand of things are coming accordingly we will do that also.

That is it, any other query you can send on email and we will be very pleased to reply you individually also. One question related to input credit, I think Mr. Batra will be able to tell about Thank you.

**Mr. Sushil Batra - CFO**

Regarding GST, there is lot of fund blockage as on 31st March 2020. But we have been able to recover all the refund from the government department. Till June we have got maximum amount which was refundable by government. But there is a concern in the system, because our output tax and most of it is less than the input. So money's been blocked but yes, we have worked upon so many initiatives to address the input credit or mainly to service it we are working on it. It's a concern, we have given our representation to the Government also to work upon it, because on services it's not refundable, but recently some High Courts have given the decision in favour of business that it should be refunded. So, we are working on that, but as far as refund is concerned, yes, we are clear and during this lockdown period government was also very positive and supportive in giving all the refund. So that has given good financial strength to the company. But yes, input is a concern and we are working upon that in how we can address that. Thank you.

**Company Secretary:**

We thank all of you for your questions. The management has answered most of the questions. However, if any shareholder wants any further details on queries, he may email us and we will try to provide relevant information separately. Now I request the chairman to activate the instapoll and for his closing remarks.

**CHAIRMAN:**

The E voting facility at the AGM has been activated and members were not cast the vote, they may do so now. The facility will be available for next 15 minutes. Since there is no other business to transact, I declare this AGM closed.

Thank you.