



November 19, 2025

BSE Limited Corporate Relationship Department Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	National Stock Exchange of India Limited, Listing Department, Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051
Scrip Code – 530517	Symbol – RELAXO

Subject: Transcript of Investors' Conference Call of Relaxo Footwears Limited - Unaudited Financial Results for the quarter and half year ended September 30, 2025

Dear Madam/ Sir,

In furtherance to our intimation dated November 6, 2025 and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby enclose the transcript of Investors' Conference Call regarding Q2 & H1 FY 26 Results, which was hosted by the Company on November 14, 2025 at 4:00 P.M (IST).

The same is for your information and record please.

Thanking You,

For **Relaxo Footwears Limited**,

Ankit Jain
Company Secretary & Compliance Officer

Encl. as above

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**“Relaxo Footwears Limited
Q2 & H1 FY '26 Earnings Conference Call”**

November 14, 2025

MANAGEMENT:	MR. RAMESH KUMAR DUA	CHAIRMAN AND MANAGING DIRECTOR
	MR. GAURAV KUMAAR DUA	WHOLE TIME DIRECTOR
	MR. PRINCE JAIN	CHIEF FINANCIAL OFFICER
	MR. RITESH DUA	EXECUTIVE VICE PRESIDENT, FINANCE
	MR. ANKIT JAIN	COMPANY SECRETARY AND COMPLIANCE OFFICER
MODERATOR:	MR. SAMEER GUPTA	IIFL SECURITIES LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Relaxo Footwears Limited Q2 FY '26 Earnings Conference Call, hosted by IIFL Capital. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone.

I now hand the conference over to Mr. Sameer Gupta from IIFL Capital. Thank you, and over to you, sir.

Sameer Gupta: Thanks, Sudha. Good evening, everyone. At IIFL Capital, it is our pleasure to host the management of Relaxo Footwears. From the management, we have Mr. Ramesh Kumar Dua, Chairman and MD; Mr. Gaurav Kumaar Dua, Whole-Time Director; Mr. Prince Jain, CFO; Mr. Ritesh Dua, Executive VP, Finance; and Mr. Ankit Jain, Company Secretary and Compliance Officer.

Without taking more time, let me hand it over to Mr. Prince Jain for their opening remarks.

Prince Jain: Thank you, Sameer. Good evening, everyone, and thank you for joining us on our Q2 and H1 FY '26 earnings call. We appreciate your continued interest in our company and are pleased to walk you through our operational and financial performance for the quarter and half year ended 30th September 2025. The earnings release and investor presentations are already available on the stock exchange and on our website for your reference.

Before we move into Q&A session, I would like to highlight some key performance metrics for Q2 and H1 FY '26. Revenue from operations stood at INR629 crores in Q2 FY '26 as against INR679 crores in Q2 FY '25. The moderation was primarily due to demand softness in the mass market segment and delayed purchases ahead of implementation of GST 2.0.

However, we are now witnessing a gradual revival in demand following the rollout of new GST framework. EBITDA for the quarter stood at INR81 crores. EBITDA margin remained stable at 12.9%, supported by continued operational efficiencies and prudent cost management.

Profit after tax for Q2 FY '26 stood at INR36 crores as compared to INR37 crores in Q2 FY '25. PAT margins improved by 34 basis points year-on-year to 5.8%, reflecting disciplined cost control and stable pricing despite muted top line growth.

During the quarter, we witnessed recovery across channels with general trade continuing to contribute higher share to overall sales. The rollout of GST 2.0, which reduced tax rate on footwear priced below INR2,500 to 5% has strengthened our competitiveness versus the unorganized sector and improved affordability in the mass and mid-market segments.

Our continued focus on cost control, operational efficiency and back-end optimization, helped maintain healthy profitability levels despite a challenging demand environment.

For the first half of FY '26, revenue from operations stood at INR1,283 crores as compared to INR1,428 crores in H1 FY '25.

EBITDA for H1 FY '26 stood at INR181 crores versus INR187 crores in H1 FY '25. However, EBITDA margin expanded by 101 basis points to 14.1%, reflecting the success of our cost rationalization measures and efficiency initiatives. Profit after tax for H1 FY '26 stood at INR85 crores compared to INR81 crores in H1 FY '25, an increase of 4.9% year-on-year with PAT margin improving by 95 basis points to 6.6%.

Looking ahead, we remain optimistic about the recovery trajectory and expect momentum to strengthen in the coming quarters, supported by festival demand, GST benefits and our ongoing sales transformation initiatives.

Our strategic focus remains on driving volume-led growth, expanding market share and ensuring sustainable profitable performance supported by our portfolio of affordable and high-quality products. Thank you. The floor is now open for questions.

Moderator:

The first question is from the line of Devanshu Bansal from Emkay Global.

Devanshu Bansal:

Sir, you stressed on tailwinds from GST reduction. So just a few things I wanted to understand. One is currently, what is the anticipation for growth pickup because this is a very big step and the industry was sort of vouching the government for reduction. So that is one.

And secondly, currently, the high-price inventory is in the channel. So what time period do you foresee it will take to sort of flush out the entire high-price inventory, so that we see a round of primary bookings? Thirdly, sir, the industry checks also suggest that for certain categories, the industry has entered into an inverted duty structure. So do you foresee any sort of margin issues because of that? So these are the 3 questions that I wanted to understand?

Gaurav Kumar Dua:

So I'll answer your first 2 questions and third will be answered by our CFO. So your first question was regarding the GST. It is well appreciated by the footwear industry that GST has a reduction of price from 12% to 5%. This will definitely help us to grow as we will be more competitive in the market, and we will be able to face the unorganized competition.

Secondly, regarding the stocks, we ourselves carry roughly around 30 to 35 days inventory. And the channel, which is distributors, also carry around 45 days inventory. So the real effect we'll start seeing from December end and January onwards. So right now, distributors are more focusing on liquidating the old MRP, which is a little higher and bring a little correction in their inventory.

Prince Jain:

Inverted duty structure, yes, with the GST 2.0 implementation, our outward duty is now 5% and most of our imports remain at 18%. So yes, it'll fall into inverted duty structure. We have done broad level estimation, which suggests that while the refund formula from which GST allows will take care of bulk part of our inverted duty structure, but some part of the duty, which will not be refunded would

still remain. So we are waiting and watching another 2 to 3 months how this pans out and then planning to take actions. As of now, we don't expect GST 2.0 implementation to have impact on our margins.

Devanshu Bansal: Just small follow-ups, Gaurav and Prince. So obviously, Q3 may be impacted because of this. But starting Q4 and maybe for FY '27, what is a reasonable growth expectation from your business, right? So we have seen very muted trends over the last few quarters, years. So what is a reasonable expectation of growth from Relaxo?

And to Prince, have you sort of taken this impact, the impact that is remaining after the refund formula through lower price cuts. So have you sort of baked in this impact through lower transfer of pricing cuts so that our margins remain intact. So if you could just confirm on that?

Prince Jain: Sure, sure. Let me take the second question first, and then I will let MD answer the first one. Regarding the price corrections, we have taken full price corrections to the extent of GST cut. We have not retained anything right now. So that's why there is no impact, neither positive or negative as of now on our margins. But as I mentioned, how inverted duty structure pans out, we'll have to wait for next 2 to 3 months, very early to say, but we feel it is manageable.

Devanshu Bansal: And on the growth expectations?

Ramesh Kumar Dua: First of all, in the first quarter, we were minus 12%. Second quarter, we are minus 8%. And in the third quarter, we are expecting this either will be at the same level or minus 3-4% that I'm expecting. And in the fourth quarter, that is January to March, I think we will have some growth, but that we cannot say we have to wait and watch the condition. But still consumer sentiment still are muted.

Because that is why government is doing so many things to push the economy. So we have to wait and see. But one thing is sure that now since we have become very competitive, the way industry performs, we will also perform in a similar way or maybe better way. So let us see how the things shape up. Next year is definitely going to be a much better growth.

Moderator: The next question is from the line of Shraddha from SMIFS.

Shraddha: Yes. So I just wanted to understand that the other income for this quarter has gone up considerably. So is there any one-off item in that?

Prince Jain: No, actually, there are no one-off items. Our treasury base versus last year has been higher, and that has led to our other income being higher. And minor impact is because of the hedging gain that we have got because of the dollar rupee depreciation.

Shraddha: So this would be a similar number, which we can expect for the future, right?

- Prince Jain:** Similar number, yes, we can expect., In future, we are also expecting given the inflation numbers are coming down, government may reduce the interest rates, which can boost our other income in the subsequent quarters.
- Shraddha:** Sure. Okay. That was helpful. Also, sir, if you could help me with the closed footwear contribution in terms of volume and sales. Also, do we have any plans for increasing the capacity in the closed footwear?
- Gaurav Kumaar Dua:** So Shraddha, our closed footwear contribution is roughly around 20% and 80% is open footwear. And regarding capacity enhancement, we already have a good capacity. So it's not there right now.
- Ramesh Kumar Dua:** Not required.
- Gaurav Kumaar Dua:** Not required, yes.
- Shraddha:** Okay, sir. Okay, sir. And just one last question from my side. If you could help with the advertisement spends for the coming quarter.
- Prince Jain:** Advertisement spend for the coming quarter and for the full year is expected to be around 4% of the revenue.
- Moderator:** The next question is from the line of Sameer Gupta from IIFL Capital.
- Sameer Gupta:** First question, sir, is that this quarter has multiple moving parts. There is early festive. There has been a rationalization of distributors exercise that we have been doing since past few quarters. General trade would have destocked following announcement of GST rate cuts, probably some restocking towards the last week of September. So if you can tell us normalized for these events in your assessment, what would be the actual volume and sales growth or decline this quarter?
- Gaurav Kumaar Dua:** So it's very difficult to right now assume because just October has ended. So definitely, in some parts of India, the distributor carrying a lot of stocks with them. So how long will it take to clear the stocks and new MRP hitting the market, it's very difficult to give exact numbers.
- Sameer Gupta:** I was actually asking the September quarter normalized growth rate in your assessment, the end level, consumer level growth or decline in your assessment.
- Prince Jain:** So the number that we have reported for quarter 2 is (7.5%). As Gaurav mentioned, it is very difficult to estimate because we don't have full visibility on the distributor level of stock and how much they have down stocked. So very difficult to estimate and say without the impact of downstocking, how much would have been the quarter 2 growth. I think it would have been better at least 200, 300 basis points but that's a ballpark estimate.

- Sameer Gupta:** Okay. So and for my understanding, sir, just trying to understand this, why would the distributor not start purchasing now? Because typically, footwear is not on an MRP regime. You can just lower the price and sell it and the tax rate is adjusted already. So why should this impact overall primary sales?
- Gaurav Kumaar Dua:** So basically, distributors are a little worried about input. So they are worried that will they get, how they have to adjust this input, GST input. They have bought stock at 12%, now they buy at 5%. Whatever the remaining stock they have, how they will be able to adjust it. So that's why they are preferring to clear the older stock first and then buy the new inventory and sell in the market.
- Prince Jain:** Just to build on that, when GST 2.0 was implemented, while rationalization was on the cards, we had also anticipated government would provide some relief to the retailer and distributor and to the companies where inverted duty structure is coming into play. That would have sorted some sort of the problem for the distributor and retail.
- As of now, government has not provided relief to footwear industry or not to any other industry. So as of now, every business and our distributors have to deal with the closing stock or the stock they purchased prior to 22nd September in their own way. As of now, our distributors, the way they are managing, they are trying to reduce purchases. Same is what our retailers are also doing. They're trying to liquidate their pre-GST, old GST stock. And then once their inventory comes to a reasonable level, the purchases will start coming up, is the broad level answer.
- Gaurav Kumaar Dua:** Yes, what we are seeing is at secondary level, their stocks are moving. So that is more important that the consumer offtake is happening. So I think they will be easily clearing their stock what they have. So consumers are excited to listen that the new prices are happening in the market and it's lower than before. The footfall has increased.
- Sameer Gupta:** Got it, sir. Just another one on the same point. So the announcement happened on 3rd September. So I would assume the distributors and retailers would have stopped buying at that point, and you mentioned 45 days channel inventory. So it has been a reasonable time now that the old price inventory would have got cleared. Your thoughts.
- Gaurav Kumaar Dua:** Yes. But we are supplying across India. So there are some distributor who keeps a lot of stock with them. And in some places like North India where they keep less stock, there, we are seeing the results, they are buying the newer stock and selling in the market. So for whole India to be covered completely, we are seeing in December or mid of December, we'll start seeing the impact.
- Sameer Gupta:** And you still expect a primary decline in third quarter?
- Ramesh Kumar Dua:** No. It could be better than what it is in this quarter, very insignificant loss, if at all, it will be there. Maybe we'll be at same level as last year, we may achieve that turnover. We have to wait and see.
- Sameer Gupta:** Okay. Because in the first question, you mentioned like minus 4% or something. Did I hear it correctly?

- Ramesh Kumar Dua:** Yes. No, no. It was (8%) this quarter. Next quarter could be (4%), maybe even better results may be there.
- Sameer Gupta:** Okay. Okay. Fair, sir. Second question, sir, percentage of portfolio, which is below INR1,000 and between INR1,000 and INR2,500, if you can help me with that.
- Gaurav Kumaar Dua:** Yes. So its majority is below INR1,000. So you can say more than 90%, it is less than INR1,000 and even more also, we have to check.
- Prince Jain:** Yes. And now with the revised limit of INR2,500, more than 98% of our portfolio is priced below INR2,500.
- Moderator:** The next question is from the line of Prerna from Elara Securities.
- Prerna:** Just wanted to understand your product strategy in terms of open footwear versus closed footwear. In these challenging times, how are you thinking of increasing the share of closed footwear when this open footwear is facing challenges to sell or whatever challenges we are having at the macro level. Could you help us understand whether how this strategy is moving because you are planning to increase the share of closed footwear and that is not happening since a few years now.
- Ramesh Kumar Dua:** Our focus remains, we have to handle all the categories of footwear, what we are having, not that only one category because all categories are important. If you see the share of our closed footwear is 20%, 80% still is open footwear. So we can't neglect open footwear also. And if you go brand-wise, Sparx is 40% and our Bahamas & Relaxo combined is 25%, Flite is around 38% or something. So all channels require and all categories do require focus, and we can't afford to neglect any. We have to focus on all.
- Prerna:** I completely agree, sir. But the whole point is that closed footwear share improvement could also bring in improvement of margins, and that is what we were assuming that this should happen. And the share is not improving. So hence, if you could help us understand what is the growth rate in open footwear versus closed footwear, that would really help us to understand the company better.
- Ramesh Kumar Dua:** Even last year, full year, it was 80-20% only. And now also it is 80-20%.
- Gaurav Kumaar Dua:** Yes, yes decline is uniform.
- Prerna:** Okay. And sir, also please help us understand how are the new launches in the company? And which segments are you focusing? Are you focusing on sneakers and other categories as well, which are higher value and now that GST is at 5% up to INR2,500, will you be launching in a higher price inventory, etcetera? So some thoughts on premiumization would help.
- Gaurav Kumaar Dua:** Definitely, as we have told you before also that we are focusing on athleisure and sneakers. So that has continued. The effort is there on that. We are launching products accordingly. Secondly, we are going to launch premium PU, which comes under Flite. So our objective is to how we can increase

the ASP and provide the relevant product to the consumer. So efforts are being put in. Like in Flite last year, we launched Urban Basic. Again, it was a premium range. So every year, we try to, if we get the opportunity to launch a new category, we definitely do.

Prerna: Okay. And third question is on competition. Is the competition still fierce after GST implementation? Or is it the subdued demand? Or is it both?

Gaurav Kumar Dua: Competition is always active, but like when the GST was 5% and raised to 12%, there was influx of a lot of unbranded and smaller players. And the prices of raw material also came down that time. But now after GST being again rationalized from 12% to 5%, now we are more competitive in the market, and we will gain market share.

Prerna: Okay. And prices continue to remain stable from that period?

Gaurav Kumar Dua: Yes. Yes.

Moderator: The next question is from the line of Akhil Parekh from B&K Securities.

Akhil Parekh: Sir, my first question is on the BIS front. Has the implementation been done? And where do we stand? And has the Chinese imports now dramatically reduced since the imposition of BIS?

Ramesh Kumar Dua: No, we have already implemented QCO long back, and we're continuing with that. It is a government's policy and that we have done already.

Akhil Parekh: No. But has the Chinese imports reduced because of the BIS implementation?

Ramesh Kumar Dua: It is very insignificant. The category we are playing in like our Bahamas, Flite brand, it was insignificant. And the category that we are making in our Sparx brand also, that kind of a thing, I don't think we had any impact on it.

It was government decision to do that, although we had registered for that also, I was in favor of some import must happen. That keeps the industry on the edge and competition is only which makes the industry strong. By avoiding competition, nobody becomes strong. But if the government is to do that, then that's okay.

Akhil Parekh: Okay. So when you say that we will become more competitive against the unorganized players, so does that mean they are just manufacturing it domestically and not the imported players?

Ramesh Kumar Dua: No. When we say getting competitive because of GST coming 12% to 5% and also 18% to 5%, that makes us more competitive.

Akhil Parekh: And sir, second question on the current capacity what we have, is it enough for us to grow for, say, next 2-3 years?

- Ramesh Kumar Dua:** Yes, presently, we have enough capacity.
- Akhil Parekh:** Third and last question, in terms of the general trade transformation, which we had highlighted last quarter on the last con call that will focus more from primary to secondary, how has the feedback been on that front?
- Gaurav Kumaar Dua:** So last call, we have discussed a few points like I would like to repeat, like we are working on addition of distributors. Second point was last mile connectivity, that is logistics. Third was the focus will be more on secondary sales. So we have introduced RPA, which is Relaxo Parivaar app, and we are seeing there is a 20% growth happening at secondary level. So the contribution of app in terms of sales is around 50% last year, which has come to 60% this year. Regarding product innovation, we are definitely in lookout for the gaps in the market and launching product accordingly.
- Moderator:** The next question is from the line of Sameer Gupta from IIFL Capital.
- Sameer Gupta:** Sir, just wanted a more strategic kind of a question. Last 4 years, including this one, we have seen persistent weakness in top line. I understand the GST rates had increased. But if you analyze data over these years, just wanted to net pick which are the areas where there are bigger pain points? Is it metro towns? Is it younger consumers, lower price points, higher price points? Any kind of colour you can give regarding any analysis that you would have done on where the weakness was?
- Ramesh Kumar Dua:** So it is all categories. Taxation has only played a role. Since January '22, when the government implemented this new taxes of 5% to 12%, that became actually one of the main causes, 90% cause is that only.
- Sameer Gupta:** So now with that reversed, I mean, we should logically go back to the old growth trajectory of 10% plus. I mean, I understand disturbances in between, but as things stabilize, it's logical to assume a 10% plus kind of growth is what we should expect.
- Ramesh Kumar Dua:** Yes, it is just a matter of time. The company will be back on track the way it was before January '22.
- Sameer Gupta:** Got it, sir. And you had indicated a rationalization exercise of distributors 2 quarters back. Are we done with it? Is it still ongoing? Anything you can share on the results of the exercise?
- Gaurav Kumaar Dua:** So it's an ongoing process, like we keep on adding distributor and rationalizing the distributor who are not performing. So it is every month activity. It is not a yearly activity. So we are working on it, and we're getting good response.
- Sameer Gupta:** But we had indicated an exercise at that time. Of course, adding and deleting will continue, but that pronounced deletion is over or is it still ongoing?
- Gaurav Kumaar Dua:** No, it is an ongoing process. Like that time, we have taken a charge of appointing many distributors, which we have done it. And this is a continuous exercise. Every year, we keep on adding distributors and rationalizing the nonperforming distributor.

- Sameer Gupta:** Okay. But the decline that we have seen in the past 4, 5 quarters is not because of this rationalization exercise. It was more of a performance of the company that has got impacted then?
- Gaurav Kumaar Dua:** Yes, yes. You're right.
- Moderator:** The next question is from the line of Devanshu Bansal from Emkay Global.
- Devanshu Bansal:** Yes. Sir, there is a lot of fake products being manufactured under branded logos in the North market. So while BIS restricts imports, but does that part of industry also get impacted with this GST reduction? I'm talking about all these branded logos, fake copies of branded logos that are being manufactured in huge quantities.
- Ramesh Kumar Dua:** So it is always happening, and we are always taking actions, it is ongoing. It has been, it will continue, and we'll keep on acting accordingly.
- Devanshu Bansal:** But does this GST reduction also increase your competitiveness versus that market or that will still continue to flourish?
- Ramesh Kumar Dua:** We are taking our action around that. Anybody who we came to know and using our brand name, copying the things, we will continue. I don't think this menace has increased in the past few quarters or so. It's under control, and we keep on acting the way we get news. That's it.
- Devanshu Bansal:** Sir, you have been acting, but there are copies of other MNC brands also being manufactured, right? So I was checking from that perspective?
- Ramesh Kumar Dua:** No. From that point, why we are bothered about those brands.
- Devanshu Bansal:** They are available at your price point. They are acting as a competition, right? So my concern was from that perspective.
- Gaurav Kumaar Dua:** The customer is different. The buying behaviour, the customer expectation is different. People who buy Nike fake and people who buy Sparx is completely different.
- Devanshu Bansal:** So you're saying that consumer profile is different.
- Gaurav Kumaar Dua:** Yes.
- Devanshu Bansal:** Okay. And sir, you mentioned that liquidation will take time. And so this price reduction, has that started to reflect at retail level or still the old prices only the retailers are selling to consumers as of now?
- Gaurav Kumaar Dua:** So it depends upon market to market, like Northern market, new prices are already in the counter and consumers are buying it. But in Eastern market, South, Southern or Western market, still distributor,

whoever is carrying more stock, they are trying to push the old inventory first. But we are hopeful by December end, I think it will be cleared. All stocks will be cleared.

- Devanshu Bansal:** But why sir, was this in the North market, I'm checking. So this liquidation happened at the old price or it was enabled by the company that we will provide you some incentives, you liquidate the old stock. How does this typically work this exercise?
- Gaurav Kumar Dua:** So we have not provided any extra discount to clear the old inventory. Only thing was when the price was reduced, automatically, the margin increased for them to buy the high MRP stock. So first, they have taken that stock where the margin was higher because there was a difference of 12% to 5%. So they are focusing there and then clearing that stock. Then after that, they started buying the new MRP stock. And whoever has less inventory with them, they will definitely buy the new MRP stock and selling them up.
- Devanshu Bansal:** Understood. Understood. Last question. Sir, this MRP has reduced with GST reduction. I wanted to check on the channel partner commission. So typically, in the industry, these commissions are percentage of MRP terms. So how are you sort of planning there? So does that still remain in percentage of MRP terms or people are asking for a slight increase in incentives?
- Gaurav Kumar Dua:** No. Our margins are similar to what it was before. There's no change in the margin.
- Ramesh Kumar Dua:** No, same trade discount, whatever it is. It is not based on price, whether it is price INR2,500 or it is INR200, our trade discount is same. And it will remain same. No change after GST.
- Devanshu Bansal:** Okay. So don't you think that these trade partners are at a disadvantage because MRPs would have reduced and now they will get lower absolute rupee amount if they sell the same product. So how do you deal with that kind of a situation?
- Ramesh Kumar Dua:** No, no. Ultimately, they see how much business they are doing. If the business grows, they have no issue at all.
- Prince Jain:** It will have a positive impact on the volume growth.
- Devanshu Bansal:** Understood. Sir, typically, your retail value is MRP minus 40% and your distributors would be like, say, 10% of MRP, the ballpark, these are the commission rates, if you can confirm that?
- Ramesh Kumar Dua:** It is 30% retailer margin. And to distributor, we gave 9% trade discount.
- Devanshu Bansal:** 9% of MRP, right?
- Ramesh Kumar Dua:** Not MRP, of our wholesale price at the rate at which we will sell to retailers.
- Devanshu Bansal:** On that 9% is his commission.

- Moderator:** The next question is from the line of Prerna from Elara Securities.
- Prerna:** Sir just wanted to understand, is the industry also going through this pain of decline in sales? Or is it with few players like us.
- Ramesh Kumar Dua:** Organized industry is very limited. The people who are our competitors or local players, we don't have data of it. We can only compare ourselves with ourselves. We know that our sale has gone down and we are working on that because we have noticed that unorganized players are getting some share, but the data is not visible.
- Prerna:** Okay. Okay. So I mean, we cannot be sure that the industry is also going through the similar thing as of now.
- Ramesh Kumar Dua:** The organized players must be suffering, the way we are, even you will see Bata results also got affected this quarter. So all these players are definitely going through. And particularly the companies who are serving middle segment or low segments, they are more affected.
- Prerna:** So this could be because of the D2C competition also, which is increasing in the open footwear as well as closed footwear, both the categories, new brand launches, etcetera, are happening. Do you think that is also one of the reasons apart from unorganized smaller players, which is impacting growth for organized players?
- Ramesh Kumar Dua:** No, no. Smaller players, there has been a tax difference and that they had been manipulating. And that is why they were able to get entry. After all, whether retailer or distributor, they all want to make more margin while they get this tax also advantage. So they generally try to push that. That was the reason that our sales were getting a little bit affected.
- Prerna:** Sir, now that GST rates have come down, and you mentioned that we are now more competitive. Have you also reduced some prices to compete with the organized players? Any price cuts taken? And going forward, do you plan to take any further price cuts to regain market share?
- Ramesh Kumar Dua:** No, we already have done this exercise. After all when the tax has gone down, we have now done and now we have priced our all articles accordingly, and we have become quite competitive.
- Prerna:** Okay. Okay. So then, sir, then as you mentioned earlier that there should be a 10% growth, you should return back to 10% growth. Do you see that coming in the next year?
- Ramesh Kumar Dua:** I hope so. The next year, but we will see some growth also in the fourth quarter of this year. And then next year is definitely going to be better than this year.
- Prerna:** Okay. Understood, sir. And sir, any capex guidance for this year and next year?
- Prince Jain:** Capex will be in the range of INR120 crores plus, which is similar to last year. And since we have enough capacity, this is more to do with operational efficiencies, warehouse modernization and

building our HO, but broadly in this range, about INR100 crores to INR150 crores is the range that we are looking at for this year and next year.

Perna: Okay. And this will be largely maintenance and mould-related capex?

Prince Jain: Yes. As I said, operational, moulds, modernization of our warehouses, some plant renovations and building our HO. But yes, broadly on these lines. We are not looking to expand capacities and capex at least in the next 18 months.

Perna: Understood, sir. And sir, last question on this competition only again, do you think that with GST reductions and everything that is coming in, consumption as a whole should grow and new launches should help you gaining some market share from next year? Because what we are trying to understand actually is not able to understand this degrowth over the last 2 quarters. This quarter is still okay, but there were disruptions, but last again, Q1 and Q2 and even Q3, there is degrowth.

So what will really drive growth for the company and market share improvement, whether it is some strategy at the distributor level or some strategy at product innovation, which would turn around consumer minds towards our brand and seek the products? I mean I'm just trying to understand what could go right for us.

Ramesh Kumar Dua: First quarter, second quarter, the GST was the main culprit. Now GST has been brought down. Now we will be very competitive, and that will make things happen. As far as the product is concerned, that actually is always there, how to develop good products, market relevant product, but pricing when becomes a limiting factor, then that was the main reason, retailer always wants to maximize the margin. So wherever we get margin, we will start pushing that. But now we have a level playing field with all the other players also, whether they are local or others. So that is why now things will happen better.

Perna: But you can still give higher margins and still push retailers to push their products. I mean if the distributor margin is the problem.

Ramesh Kumar Dua: No, margin is not an issue, ma'am. Issue was our price versus local players. Those who were not paying any tax, so that was the advantage they had.

Moderator: As there are no further questions from the participants, I now hand over the conference to the management for closing comments.

Prince Jain: Thank you, everyone. This is all from our side. We thank you all for joining the call. Looking forward to joining you again. Thank you.

Moderator: On behalf of IIFL Capital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

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