



RELAXO FOOTWEARS LIMITED

Equity Analysis (29 May 2026)



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Relaxo Footwears Limited (NSE: RELAXO)

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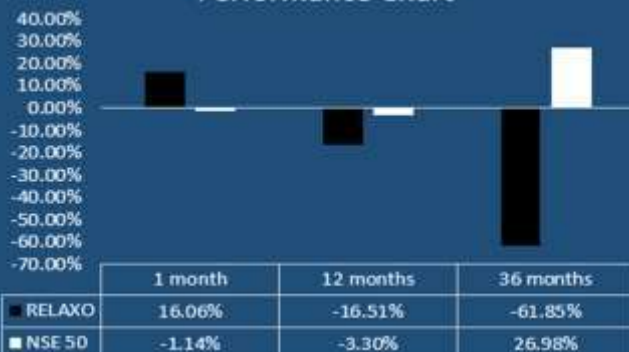
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Introduction

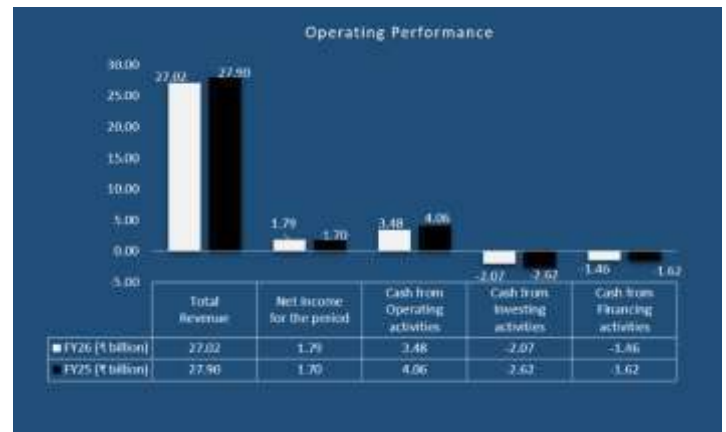
Relaxo Footwears Limited is a leading Indian footwear manufacturer and retailer offering a wide range of products for men, women, and children. Its portfolio includes shoes, slippers, sandals, and accessories marketed under brands such as Relaxo, Sparx, Bahamas, and Flite. The company distributes products through exclusive stores, retail channels, and e-commerce platforms in India and overseas.

Recommendation	Cautious Buy	
Risk Profile	Moderate	
Current Market Price (₹)	343.60	
52 Week Low-High (₹)	236.50-526.00	
Market Capitalization (₹)	87.47 billion	
Outstanding Shares	248.94 million	
PE (TTM)	41.94x	
EPS (₹) (TTM)	6.74	
Dividend Yield	-	
Ex-Date/Pay-Date	-	
Enterprise Value (EV)/Sales (LTM)/(FY-1)	2.7x	-
EV/EBITDA (LTM)/(FY-1)	17.8x	-
Price/Book Value (LTM)/(FY-1)	3.4x	-

Performance Chart



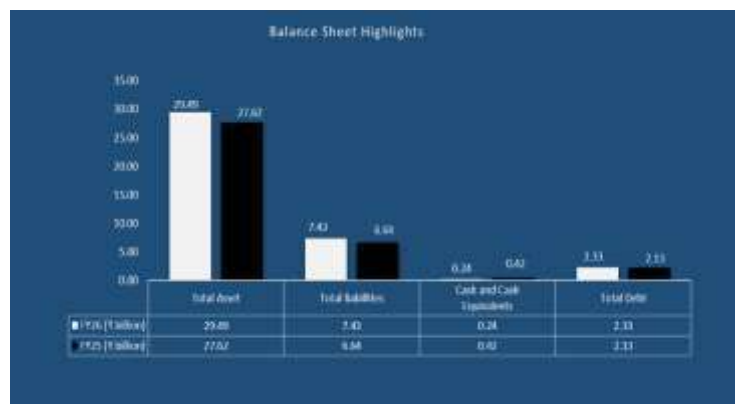
Operating Performance



Source: Company Reports, Chart Prepared by Kaproots Global

- In FY26, total revenue was ₹27.02 billion against ₹27.90 billion in FY25.
- In FY26, the company's net income for the period was ₹1.79 billion against ₹1.70 billion in FY25.
- Cash generated from operating activities was ₹3.48 billion in FY26 compared to ₹4.06 billion in FY25.
- Cash used in investing activities was ₹2.07 billion in FY26 compared to ₹2.62 billion in FY25.
- Cash used in financing activities was ₹1.46 billion in FY26 compared to ₹1.62 billion in FY25.

Balance Sheet Highlights



Source: Company Reports, Chart Prepared by Kaproots Global

Compared to FY25, in FY26:

- Total assets increased by ~7% to ₹29.49 billion.
- Total liabilities increased by ~12% to ₹7.43 billion.
- Cash and cash equivalents decreased by ~43% to ₹0.24 billion.
- Total debt increased by ~9.50% to ₹2.33 billion.

Ratio Analysis

Fiscal Years	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Return on Assets (ROA) %	8.30%	5.46%	6.28%	5.10%	5.76%
Return On Equity %	13.96%	8.55%	10.40%	8.31%	8.33%
Return on Total Capital (ROTC) %	10.37%	6.74%	7.74%	6.19%	6.92%
EBITDA Margin %	14.16%	10.59%	12.24%	11.62%	15.29%
Gross Profit Margin %	52.64%	50.45%	56.30%	56.86%	59.87%
Net Income Margin %	8.77%	5.55%	6.88%	6.11%	6.52%
Asset Turnover	1.20	1.10	1.10	1.00	1.00
Days Outstanding Inventory (Avg)	161.60	166.00	171.40	179.70	185.60
Current Ratio	2.60	2.50	2.40	2.70	2.30
Days Sales Outstanding (Average Receivables)	29.70	34.20	39.40	43.80	41.30
Days Payable Outstanding (Avg)	53.80	68.20	70.30	71.80	76.60
Cash Conversion Cycle (Average Days)	137.50	131.90	140.50	151.80	150.30

Source: Koyfin, Chart Prepared by Kaproots Global

Key Business Highlights

- CEO Transition: Simon Mackenzie, the long-serving CEO of Vector since 2008, announced his resignation effective June 2025. A recruitment process for his successor is underway.
- Benefits from favorable industry trends, with India's footwear market expected to grow at 9.7% CAGR through 2034 and organized footwear expected to grow at 13% CAGR.
- Portfolio includes leading brands Hawaii, Flite, Sparx and Bahamas, with Sparx contributing 41% of FY26 revenue.
- Strong intellectual property portfolio comprising 87 trademarks, 13 copyrights and 1,356 designs.
- Board recommended a final dividend of ₹3.50 per share (350% of face value) for FY26.
- Appointed Gaurav Kumar Dua as Co-CEO & Whole-Time Director and Ritesh Dua as Co-CEO, effective 1 April 2026, strengthening leadership succession and execution capabilities.
- Appointed Amit Roy as Chief Financial Officer (CFO) from 1 April 2026. He brings over 30 years of finance and treasury experience.
- Appointed Vijay Kumar as Vice President – Supply Chain Planning & Logistics, bringing 22+ years of supply chain expertise.
- Net worth increased to ₹2,206 crore in FY26 from ₹2,098 crore in FY25.
- Continued recovery in the General Trade channel while Retail, E-commerce and Large Format Retail channels delivered healthy traction.
- Achieved strong volume-led growth, with Q4 sales volume increasing to 5.0 crore pairs from 4.5 crore pairs in Q4 FY25.
- Maintains 9 manufacturing facilities with capacity of approximately 10.5 lakh pairs per day.

Outlook

Relaxo Footwears enters FY27 with encouraging momentum, supported by a strong recovery in Q4 FY26, broad-based volume growth across channels, and continued gains in profitability. The company remains focused on strengthening its market position through deeper channel engagement, efficient distribution, sales transformation initiatives, and operational excellence driven by its in-house manufacturing capabilities. Recent leadership enhancements, including the appointment of Co-CEOs, a new CFO, and senior management personnel, are expected to support execution, operational efficiency, and long-term growth initiatives.

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Looking ahead, Relaxo is well placed to benefit from the increasing shift toward the organised footwear market, rising demand across retail and e-commerce channels, and its extensive distribution network. The company's strong brand portfolio, manufacturing scale, and focus on product innovation should support sustainable growth. However, management remains watchful of inflationary pressures, raw material cost volatility, and evolving consumer spending trends arising from global uncertainties. Despite these near-term challenges, the company remains constructively optimistic about delivering steady and profitable growth in FY27.

Risks

The company has exposure to the following risks-

- Raw Material Inflation
- Demand Slowdown
- Consumer Sentiment Weakness
- Intense Competition
- Unorganized Market Pressure
- Supply Chain Disruptions
- Geopolitical Uncertainty
- Channel Concentration Risk
- Fashion Trend Changes
- E-commerce Pricing Pressure

Technical Analysis



Source: TradingView, Analysis by Kaproots Global

Company Name	Ticker	Sector	CMP (₹)	Advisory Date	Rating	Target 1 (₹)	Target 2 (₹)	Stop Loss (₹)
Relaxo Footwears Limited	RELAXO	Consumer Discretionary	343.60	29 May 2026	Cautious Buy	378.00	405.00	316.70

At the time of writing, the stock of a footwear manufacturer, RELAXO, was trading at ₹343.60 on 29 May 2026, after a surge of nearly 15% from the previous day's closing. It is currently trading between its 52-week price levels.

The stock is trading above the significant exponential moving average (EMA) of 20 weeks on a weekly time frame, indicating bullishness for the midterm.

The stock is trading above the pivot support S1 (₹316.70), holding a bullish momentum on a weekly time frame chart.

RSI (14 weeks) is nearly at 51, holding a bullish momentum in the index.

Based on these facts, investors can buy the stock at the current market price (CMP) level for the potential targets of ₹378.00 (previous swing resistance) and ₹405.00 (previous swing resistance) in the coming days. Investors can book either full or partial profits at target one and wait for the stock to achieve target two (depending on their risk appetite).

Investors are advised to keep a strict stop loss at or below ₹316.70 (pivot support S1) to protect their investments in case of an unfavourable movement in the stock due to any uncertain event.

Please Note: It would be in the best interest of investors to trail their stop-loss upward if the stock is moving in our favourable direction.

Investment Summary

Relaxo Footwears Limited demonstrated a recovery in Q4 FY26, supported by strong volume growth, improved channel performance, and disciplined cost management. Revenue increased by 8.1% YoY to ₹751 crore, while PAT rose by 20.4% YoY to ₹68 crore, reflecting healthy operating leverage and margin expansion. The company continues to benefit from its strong brand portfolio, extensive distribution network of over 70,000 retailers, and robust in-house manufacturing capabilities. Recent leadership appointments, including Co-CEOs and a new CFO, are expected to strengthen execution and support long-term strategic growth initiatives.

Looking ahead, Relaxo remains well-positioned to capitalize on the growing shift toward organized footwear retail in India, supported by rising consumer demand and expanding digital channels. The company's strong balance sheet, improving profitability, healthy cash generation, and consistent dividend track record provide financial stability. However, inflationary pressures, evolving consumer spending patterns, and geopolitical uncertainties warrant a measured approach. Considering its market leadership, operational strengths, and gradual earnings recovery, a cautious recommendation is appropriate for investors seeking exposure to India's long-term footwear growth story.

Considering all the above factors and the current trading level, we recommend a "Cautious Buy" rating on the stock at the current market price of ₹343.60 as of 29 May 2026 (at-market hours).

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Disclosure: The information mentioned above has been sourced from the company reports and a third-party database, i.e. Koyfin. Investors are advised to use strict stop-loss to protect their investments in case of any unfavorable/uncertain market events.

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