AXIS DIRECT

Result Update
1st June, 2026

Relaxo Footwears Ltd.
Retail

HOLD
Target Price
365

Gradual Recovery Continues; Maintain HOLD

Est. Vs. Actual for Q4FY26: Revenue – BEAT; EBITDA – BEAT; PAT – BEAT

Changes in Estimates Post Q4FY26

FY27E/FY28E: Revenue: -6%/-6%; **EBITDA:** -17%/-13%; **PAT:** -22%/-15%

Recommendation Rationale

- **Strong Revenue:** Relaxo reported a robust 8% YoY revenue growth, signalling a positive momentum with a broad-based growth in all key metrics. Volume growth remained strong during the quarter, with a recovery observed in the GT channel. The return to growth was driven by two key factors: first, the reduction in GST from 12% to 5% lowered taxes and made branded, organised players significantly more competitive in the market; and second, a strong recovery in consumer demand during the fourth quarter further accelerated this momentum. Growth of about 5%-6% was led by stock liquidation from the pipeline, the impact of which was seen post December. The company recently introduced strategic price hikes and is closely tracking consumer volume response to ensure stability.
- **Sustaining Margins:** Geopolitical tensions in West Asia and a 30% surge in Haryana's labour wages drove overall raw material and labour costs up by 15% to 20%. In response, the company implemented a calibrated 15% to 18% price hike across all segments to fully offset these pressures. Management stated that because labour costs will permanently remain at these higher levels, prices will not be decreased even if raw material costs soften in the future. Supported by these measures, Relaxo aims to expand its operating margins by ~100 bps.
- **Demand Outlook:** Relaxo expects to maintain a balanced focus on revenue growth and margins. Management will closely track market dynamics and competitive intensity, calibrating strategies as needed to sustain healthy performance in the coming quarters.

Sector Outlook: Cautious

Company Outlook & Guidance: We continue to adopt a wait-and-watch approach and maintain our **HOLD** rating on the stock.

Current Valuation: 52x Mar'28E EPS (**Earlier Valuation: 52x Dec'27E EPS**)

Current TP: Rs 365/share (**Earlier TP: Rs 410**)

Recommendation: With a 6% upside from the CMP, we **maintain our HOLD rating on the stock.**

Financial Performance: The company's revenue improved by 8% YoY, with volumes rising 11% to 5 Cr pairs, while ASP declined by 2% to Rs 150 per pair for Q4FY26. EBITDA grew by ~11% YoY to Rs 124 Cr, and margins expanded by 39 bps to 16.5%. PAT grew by ~20% YoY to Rs 68 Cr in Q4FY26.

Outlook: The company delivered good numbers in Q4FY26; however, we remain cautious in the short to medium term due to, 1)Geopolitical uncertainities due to which there is inflation in input cost, 2) The lack of signs of demand recovery in mass segment, 3) Rising competition from unorganised players, and 4) The implementation of DMS, focus on secondary sales and the implementation of GST 2.0 reforms, which will take time to bear fruits. We seek sustained signs of recovery; therefore, we maintain our **HOLD** rating on the stock.

Valuation & Recommendation: We **maintain our HOLD** rating with a revised TP of Rs 365/share, implying a 6% upside from the CMP.

Key Financials (Standalone)

(Rs Cr)	Q4FY26	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	751	12.4	8.0	701	7.2
EBITDA	124	78.7	10.6	114	8.9
EBITDA Margin (%)	16.5	612 bps	39 bps	16.3	26 bps
Net Profit	68	155.0	20.4	61	11.8
EPS (Rs)	2.7	155.0	20.4	2.4	11.8

Source: Company, Axis Securities Research

(CMP as of 29th May, 2026)

CMP (Rs)	343
Upside /Downside (%)	6%
High/Low (Rs)	531/236
Market cap (Cr)	8554
Avg. daily vol. (6m) '000 Shrs.	291
No. of shares (Cr)	25

Shareholding (%)

	Sep-25	Dec-25	Mar-26
Promoter	71.3	71.3	71.3
FIIs	3.0	3.0	3.0
MFs / UTI	9.8	9.8	9.6
FIs/Banks	0.0	0.0	0.0
Others	15.9	16.0	16.1

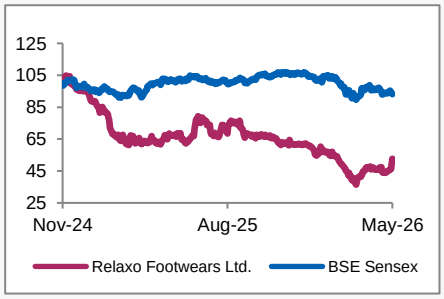
Financial & Valuations

Y/E Mar (Rs Cr)	FY26	FY27E	FY28E
Net Sales	2,702	2,896	3,132
EBITDA	374	322	367
Net Profit	179	141	176
EPS (Rs)	7.2	5.7	7.1
PER (x)	47.6	60.7	48.6
EV/EBITDA (x)	22.3	25.6	22.2
RoE (%)	8.5	6.2	7.5

Change in Estimates (%)

Y/E Mar	FY27E	FY28E
Sales	-6%	-6%
EBITDA	-17%	-13%
PAT	-22%	-15%

Relative Performance



Source: Ace Equity, Axis Securities

Results Gallery

Q3FY26
Q2FY26
Q1FY26
Q4FY25

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Key Risks to Our Estimates and TP

- Increase in competitive intensity, RM inflation.

Change in Estimates

	Old		New		% Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	3,073	3,324	2,896	3,132	-6%	-6%
EBITDA	387	420	322	367	-17%	-13%
PAT	181	206	141	176	-22%	-15%
EPS	7	8	6	7	-19%	-12%

Source: Company, Axis Securities Research

Results Review

Rs Cr	Q4FY25	Q3FY26	Axis Sec Est	Q4FY26	YoY (%)	QoQ %	Axis Sec Var
Net Sales	**695**	**668**	**701**	**751**	**8.0**	**12.4**	**7.2**
Gross Profit	**382**	**384**	**390**	**427**	**11.7**	**11.0**	**9.4**
Gross Margins %	***54.9***	***57.5***	***55.6***	***56.8***	**186 bps**	**-75 bps**	**115 bps**
Staff Cost	88.8	110.2	93.2	96.0	8.1	(12.9)	3.0
Other Operating Expenses	181.0	204.8	182.8	206.5	14.1	0.9	13.0
EBITDA	**112**	**69**	**114**	**124**	**10.6**	**78.7**	**8.9**
EBITDA margins (%)	***16.1***	***10.4***	***16.3***	***16.5***	**39 bps**	**612 bps**	**26 bps**
Depreciation	39	39	39	39	(0.8)	(0.2)	(0.7)
Interest	5	5	5	6	7.4	9.8	9.3
Other Income	8	11	12	12	44.1	6.4	(0.6)
PBT	**75**	**36**	**81**	**91**	**20.5**	**152.7**	**12.1**
Tax (incl deferred)	19	9	20	23	20.7	146.4	13.3
PAT	**56**	**27**	**61**	**68**	**20.4**	**155.0**	**11.8**
PAT margins (%)	*8.1*	*4.0*	*8.6*	*9.0*	92 bps	504 bps	37 bps
EPS	**2.3**	**1.1**	**2.4**	**2.7**	**20.4**	**155.0**	**11.8**

Source: Company, Axis Securities Research

Financials (Standalone)

Profit & Loss

(Rs Cr)

(Rs Cr)	FY25	FY26	FY27E	FY28E
Net sales	**2,790**	**2,702**	**2,896**	**3,132**
Growth, %	-4.3	-3.1	7.2	8.2
Raw material expenses	-1,149	-1,103	-1,191	-1,287
Employee expenses	-401	-412	-440	-470
Other Operating Expenses	-858	-813	-943	-1,010
EBITDA (Core)	**382**	**374**	**322**	**367**
Growth, %	(6.0)	(2.1)	(13.8)	13.7
Margin, %	13.7	13.8	11.1	11.7
Depreciation	-158	-157	-166	-173
EBIT	**224**	**217**	**156**	**194**
Growth, %	(13.7)	(3.0)	(27.8)	23.8
Margin, %	8.0	8.0	5.4	6.2
Other Income	27	46	55	67
Non-recurring Items	0	0	0	0
Pre-tax profit	**230**	**241**	**189**	**237**
Tax provided	-60	-62	-49	-61
Profit after tax	**170**	**179**	**141**	**176**
Growth, %	(15.0)	5.2	(21.6)	25.0
Net Profit (adjusted)	**170**	**179**	**141**	**176**
Unadj. shares (Cr)	25	25	25	25
Wtdavg shares (Cr)	25	25	25	25

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

(Rs Cr)	FY25	FY26	FY27E	FY28E
Cash & bank	42	24	101	211
Debtors	312	299	320	346
Inventory	558	557	597	645
Loans & advances	0	0	0	0
Other current assets	53	125	125	125
Total current assets	1,235	1,194	1,332	1,516
Investments	74	247	247	247
Gross fixed assets	2,090	2,268	2,368	2,468
Less: Depreciation	-746	-903	-1,069	-1,242
Add: Capital WIP	54	97	97	97
Net fixed assets	1,398	1,462	1,396	1,323
Non-current assets	35	25	25	25
Total assets	**2,762**	**2,840**	**3,022**	**3,133**
Current liabilities	451	513	531	554
Provisions	21	21	21	21
Total current liabilities	472	534	553	576
Non-current liabilities	192	209	209	209
Total liabilities	664	743	761	784
Paid-up capital	25	25	25	25
Reserves & surplus	2,073	2,073	2,236	2,324
Shareholders' equity	2,098	2,098	2,261	2,349
Total equity & liabilities	**2,762**	**2,840**	**3,022**	**3,133**

Source: Company, Axis Securities Research

Cash Flow

(Rs Cr)

(Rs Cr)	FY25	FY26	FY27E	FY28E
Pre-tax profit	230	241	189	237
Depreciation	158	157	166	173
Change in working capital	77	33	-43	-52
Total tax paid	-60	-65	-49	-61
Cash flow from operating activities	**405**	**367**	**264**	**297**
Capital expenditure	-152	-221	-100	-100
Change in marketable securities	-186	81	0	0
Cash flow from investing activities	**-388**	**-314**	**-100**	**-100**
Free cash flow	18	53	164	197
Equity raised/(repaid)	76	0	109	0
Dividend (incl. tax)	-62	-62	-87	-87
Cash flow from financing activities	**14**	**-62**	**22**	**-87**
Net change in cash	32	-9	186	110

Source: Company, Axis Securities Research

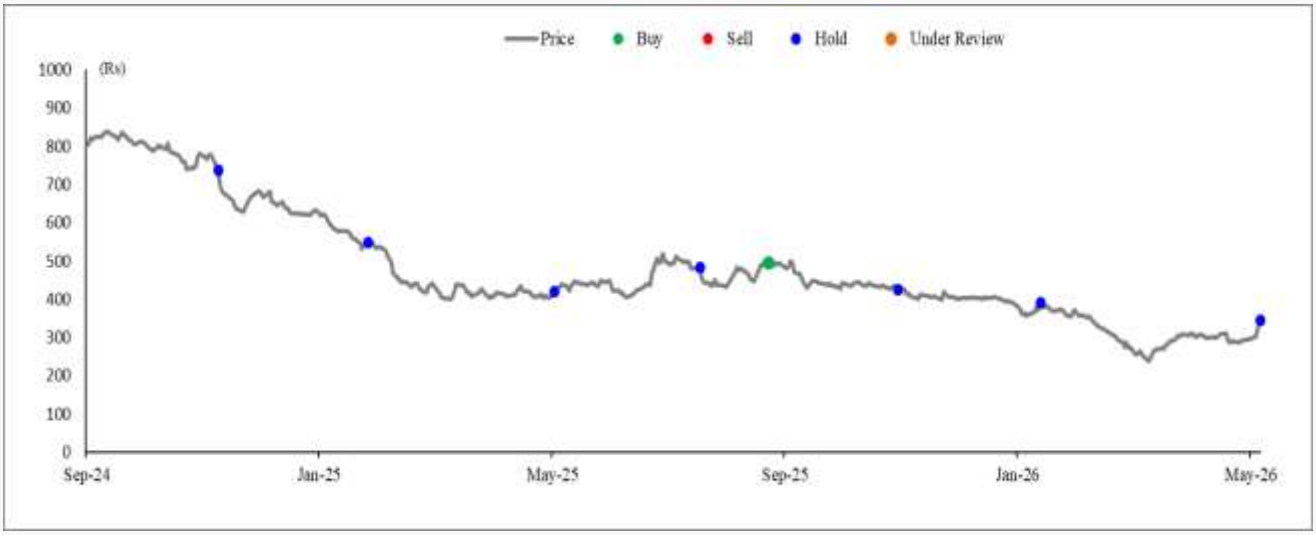
Ratio Analysis

(%)

(Rs Cr)	FY25	FY26	FY27E	FY28E
Per Share data				
EPS (Rs)	6.9	7.2	5.7	7.1
Growth, %	(15.0)	5.2	(21.6)	25.0
Book NAV/share (Rs)	84.5	84.5	91.0	94.6
FDEPS (Rs)	6.9	7.2	5.7	7.1
CEPS (Rs)	13.2	13.5	12.3	14.0
CFPS (Rs)	16.7	12.5	8.4	9.3
DPS (Rs)	2.5	2.5	3.5	3.5
Return ratios				
Return on assets (%)	7.0	7.0	5.5	6.5
Return on equity (%)	8.1	8.5	6.2	7.5
Return on capital employed (%)	8.5	8.7	6.8	7.9
Turnover ratios				
Asset turnover (x)	1.6	1.6	1.7	1.8
Sales/Total assets (x)	1.0	0.9	1.0	1.0
Sales/Net FA (x)	2.0	1.9	2.0	2.3
Working capital/Sales (x)	0.2	0.2	0.2	0.2
Receivable days	40.8	40.4	40.4	40.4
Inventory days	73.0	75.2	75.2	75.2
Payable days	29.9	41.2	39.9	40.2
Working capital days	61.8	63.3	64.4	65.6
Liquidity ratios				
Current ratio (x)	2.7	2.3	2.5	2.7
Quick ratio (x)	1.5	1.2	1.4	1.6
Interest cover (x)	10.8	10.1	6.9	8.2
Dividend cover (x)				
Total debt/Equity (%)	-	-	-	-
Valuation				
PER (x)	50.1	47.6	60.7	48.6
PEG (x) YoY growth	(3.3)	9.1	(2.8)	1.9
Price/Book (x)	4.1	4.1	3.8	3.6
EV/Net sales (x)	2.9	3.1	2.8	2.6
EV/EBITDA (x)	21.5	22.3	25.6	22.2
EV/EBIT (x)	36.8	38.4	52.7	42.0

Source: Company, Axis Securities Research

Relaxo Footwears Ltd Price Chart and Recommendation History



Date	Reco	TP	Research
12-Nov-24	HOLD	700	Result Update
01-Feb-25	HOLD	700	Result Update
13-May-25	HOLD	450	Result Update
31-Jul-25	HOLD	520	Result Update
08-Sep-25	BUY	550	Company Update
17-Nov-25	HOLD	450	Result Update
01-Feb-26	HOLD	410	Result Update
01-Jun-26	HOLD	365	Result Update

Source: Axis Securities

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HOLD	Between 10% and -10%
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NO STANCE	We do not have any forward-looking estimates, valuations or recommendations for the stock.

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