



SECRETARIAL DEPARTMENT

Jekegram, Pokhran Road No.1, Thane (W)-400 606
Maharashtra, India
CIN No.: L17117MH1925PLC001208
Tel: (91-22) 4036 7000 / 6152 7000
Fax: (91-22) 2541 2805
www.raymond.in

RL/SE/23-24/53

May 17, 2023

To

The Department of Corporate Services - CRD
BSE Limited
P.J. Towers, Dalal Street
Mumbai - 400 001
Scrip Code: 500330

The National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Bandra-Kurla Complex
Bandra (East), Mumbai - 400051
Symbol: RAYMOND

Dear Sir/Madam,

Sub.: Intimation pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 –Conference Call Transcript

Please find enclosed transcript of the conference call held on May 10, 2023, with respect to the financial results of Raymond Limited for the quarter and financial year ended March 31, 2023.

The transcript has also been uploaded on the Company's website (www.raymond.in)

This is for your information and record.

Thanking you.

Yours faithfully,
For Raymond Limited

Rakesh Darji
Director - Secretarial &
Company Secretary

Encl.: as above



REGISTERED OFFICE

Plot No. 156/H No. 2, Village Zedgaon,
Ratnagiri - 415 612, Maharashtra
Tel: (02352) 232514
Fax: (02352) 232513



**“Raymond Limited Q4 FY23 Earnings Conference
Call”**

May 10, 2023

MANAGEMENT: MR. AMIT AGARWAL – GROUP CFO
MR. SUNIL KATARIA – CEO (LIFESTYLE BUSINESS)
MR. HARMOHAN SAHNI – CEO (REALTY BUSINESS)
**MR. JATIN KHANNA – HEAD (CORPORATE
DEVELOPMENT)**
MR. J. MUKUND – HEAD (INVESTOR RELATIONS)
MODERATOR: MR. ABHIJEET KUNDU – ANTIQUE STOCK BROKING

Moderator: Ladies and Gentlemen, Good day and welcome to the Raymond Limited Q4 FY23 Earnings Conference Call hosted by Antique Stock Broking Limited.

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 ‘*’ and then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Abhijeet Kundu from Antique Stock Broking. Thank you and over to you, Sir.

Abhijeet Kundu: Thank you. On behalf of Antique Stock Broking, I would like to welcome all the participants in the Earnings Call of Raymond Limited. I have with me Mr. J. Mukund who is the Head of Investor Relations of Raymond Limited.

Without taking further time, I would like to hand over the call to Mr. Mukund. Over to you, Mukund.

J. Mukund: Thank you Abhijeet. Good evening, everyone and thank you for joining us for our Q4 FY23 Earnings Call of Raymond.

I hope you have received a copy of our Results Presentation. Today I would like to urge you to go through this along with the disclaimer slides.

We have with us from senior management Mr. Amit Agarwal – Group CFO, Mr. Sunil Kataria – CEO of Lifestyle Business, Mr. Harmohan Sahni – CEO of Realty Business and Mr. Jatin Khanna as Head of Corporate Development.

Now I would like to hand over the call to our Group CFO – Amit who will give you a brief summary of quarterly performance before we open up for Q&A. Over to you, Amit.

Amit Agarwal: Thank you, Mukund. Good evening, ladies and gentlemen. Thank you for joining us today for the earnings call to discuss the Results of the Fourth Quarter of Fiscal ‘23.

Let me start with a brief overview for the quarter:

The quarter took off slowly as the discretionary spends were less at the backdrop of inflationary pressures resulting in toned down impulse purchases by the consumers. However, the winter weddings provided some tailwinds to the quarters and that saw an uptake in our fabric and apparel offerings. As the quarter progressed, we witnessed increased momentum in the trade channel, and we saw order booking in the primary channel for the current summer wedding season.

Now let me talk about the fourth quarter of Fiscal 23 performance:

We are happy to share that the fourth quarter of Fiscal 23 recorded the highest ever fourth quarter revenue of INR 2,192 crores a growth of 8% over INR 2,032 crore in the fourth quarter of Fiscal 2022. This is the sixth consecutive quarter of record performance. The revenue growth was driven across all B2C and B2B businesses in domestic markets and garmenting business in export as well as engineering business.

I am delighted to share that we recorded the highest ever quarterly EBITDA of INR 379 crores with a healthy EBITDA margin of 17.3% as compared to an EBITDA of INR 358 crores in the fourth quarter of Fiscal 2022. All the businesses contributed in delivering the highest EBITDA in the quarter with branded textile, branded apparel and real estate leading the front. During the quarter, we generated free cash flows led by improved profitability and net working capital reduction and further reduced net debt by INR 243 crores leading to a lower net debt at INR 689 crores as on 31st of March 2023 as compared to INR 932 crores as on 31st December 2022.

During the quarter, the company recorded certain exceptional items amounting to INR 93 crores which included an expected credit loss of trade receivables and write down of inventories in apparel amounting to INR 76.5 crores. This is mainly related to the provision on account of a large format store that faced operational issues and impacted the industry including other businesses. Other exceptional item includes an expense related to offer for sale, reimbursement of stamp duty, claim against property, plant, and equipment as per arbitration award in favor of company and retrenchment compensation in engineering business of tools and hardware almost amounting to INR 16.8 crores were written off. We reported a net profit of INR 194 crores for the quarter as compared to INR 263 crore for the same quarter last year.

However, we had considered a onetime deferred tax adjustment of INR 177 crore in the fourth quarter Fiscal 22 and in this quarter fourth quarter 23 of INR 65 crores. So, therefore the adjusted PAT would have been INR 129 crore in the fourth quarter Fiscal 23 as compared to INR 86 crores in the fourth quarter 2022 an increase of 50% on a year-on-year basis. Now let me also talk about the full year performance which on a consolidated basis the financial year 2023 has been an accomplishing year full of milestones as Raymond delivered on a consolidated basis highest ever revenue of INR 8,337 crores reflecting an increase of 31% compared to previous year revenues of INR 6,348 crore. We also delivered the highest ever EBITDA of INR 1,322 crore with a margin of 15.9% which is a 50% increase compared to the previous year EBITDA of INR 881 crores, with EBITDA margin of last year of 13.9%. We also recorded the highest ever net profit of INR 529 crore, doubling from INR 260 crore in the previous year.

In the landmark year of delivering the highest ever revenues, EBITDA and net profit Raymond clocked a healthy double digit top line growth of 31% during the year led by strong momentum and robust performance across all our businesses. With the record performance of fourth quarter FY23 Raymond has demonstrated a strong revenue and profitable performance for six consecutive quarters. As far as our B2C business of branded textile and branded apparel is concerned we successfully leveraged the core strength of our brand coupled with our wide distribution network across the country.

Given the fact that FY23 had incremental wedding dates we witnessed a strong demand for customers for our product, especially for wedding celebrations as well as festivities. In the export markets adoption of China Plus One strategy and vendor consolidation adopted by global brands continue to drive the performance of a garmenting segment. The engineering segment performed well with resilient demand in the domestic markets while export orders were impacted due to significant challenges of global inflation Euro depreciation in the first half and devaluation of currencies in certain geographies.

Now about the real estate performance:

We performed very well during the year along with significant milestones being delivered. The total value of the bookings for the three projects amounted to over INR 1,600 crores during the year. The first three towers in the Ten X Habitat project in our first project were delivered two years ahead of RERA timeline. In the newly launched project Ten X Era, 100 units were sold within seven days of launch.

Overall, with increased sales and cost optimization the company has been able to report the highest ever annual PAT of INR 529 crores in Fiscal 2023. For the year Fiscal 2023 the board of directors have recommended a dividend of 30% for the year.

Now let me discuss the segmental performance for the fourth quarter Fiscal 2023:

In terms of a branded textile segment, we reported a top line of INR 902 crores a 2% growth over INR 886 crores in fourth quarter of Fiscal 2022 and EBITDA margin stood at 21.8% in the fourth quarter Fiscal 23 as compared to 22.7% in fourth quarter 2022. The quarter witnessed contrasting trends as we witnessed moderate consumer sentiments impacting the secondary sales during the first half of the quarter. However, this was made good when eventually the sales picked up at a later stage of the quarter due to primary channel bookings for the current summer wedding season.

Additionally, the quarter also saw an average transaction value grew by 27% as compared to Q4 of the previous year across our Pan India The Raymond Shop network. We continued our marketing initiatives, product innovations in suiting and shirting fabrics including linen and we focused on casualization to provide the requisite impetus to our sales. Thus, the segment reported a robust EBITDA margin of 21.8% led by enhanced operational efficiencies.

Now let me talk about branded apparel:

Branded apparel segment showed a healthy sales growth by 19% to INR 332 crores as compared to INR 279 crores during fourth quarter of the previous year. The top line growth was driven by incremental customer conversions especially in EBOs and MBOs. In our portfolio brand, the growth was led by Color Plus, Park Avenue and newly launched Ethnix by Raymond. The segment also witnessed incremental healthy EBITDA margins of 15.8% as compared to 11.0% in the previous year.

Now the margins improved due to higher sales and increased operational efficiencies as we closed some of the non-performing stores, reduced redundancies and reduced discounted sales products.

Now coming to our retail network:

We continue to further strengthen our retail footprint by opening about 50 new stores during the quarter led primarily by Ethnix by Raymond EBOs along with new EBOs for Raymond Ready To Wear, Park Avenue and ColorPlus stores. The expansion was across metros, Tier 1 and to Tier 3 towns on Pan India basis. In line with the stated strategy of ethnic store expansion we opened 16 stores during the quarter leading to a total of 61 stores of Ethnix by Raymond as on 31st of March 2023. The remaining 34 stores were opened for Raymond Ready To Wear, Park Avenue, Color Plus and The Raymond Shop.

Also, in line with our strategy for maintaining a healthy retail store portfolio, we have closed almost 42 nonperforming stores on a net basis. During the quarter, we added 8 stores leading to a retail network of 1,409 stores as on 31st of March 2023 spread across 600 towns and cities in India. Amidst the backdrop of winter wedding season, we witnessed strong traction of large purchases by our customers leading to significant improvement in average transaction value and as mentioned earlier the TRS network reported 27% growth in average transaction value as compared to previous year.

Now let me talk about the Garment segment which reported a very strong growth of 44% to INR 305 crores compared to INR 213 crores in the previous year due to higher demand from our existing and newly acquired global customers. Given our strong capability in manufacturing fabrics as well as garments increasingly, we have acquired new customers on account of vendor consolidation along with China Plus One strategy adopted by leading global brands who prefer integrated suppliers to be their core partners. EBITDA margin for the quarter was 6.6% as compared to 3.4% in the previous year mainly due to operating leverage and operational efficiency.

In terms of High Value Cotton Shirting segment which has reported a growth of 7% to INR 187 crores compared to INR 175 crores in the previous year segment sales grew by 7% in Q4 23 versus previous year led by demand for our cotton and linen fabric offerings by our B2B customers in the domestic market. The segment reported an EBITDA margin of 10.4% for the quarter as compared to 8.6% in the previous year mainly due to better realization and operational efficiencies.

Now let me talk about the performance of the engineering business which is consolidated under JK Files & Engineering Limited on an aggregate basis. The sales grew by 7% to INR 219 crores in Q4 23 as compared to INR 205 crores. In the domestic market, the demand momentum was well maintained especially in the passenger vehicles, commercial vehicles and industrial sectors driving growth in ring gears, flex plates and bearings categories along with files. In the export market, we witnessed growth driven by ring gear category and well supported by other key

categories in a globally inflationary environment. However, the EBITDA margin stood at 14.9% compared to 16.6% in the previous year mainly due to devaluation of currencies in certain countries.

Now let us talk about the real estate business:

During this quarter, we launched our third project, Ten X Era in Thane in February 2023 and received an overwhelming response from the customers. We received about 100 bookings within seven days of launch. This performance reaffirms our customer confidence and acceptance of our high-quality product coupled with the fast-paced construction momentum in the ongoing project. In our three projects in Thane, we received bookings for 300 units with a value of INR 473 crores during the quarter. Overall, approx. 80% of the total units have been sold in the first project Ten X Habitat as well as in the second project the address by GS and approx. 25% of recently launched units in the Ten X Era project.

Coming to the operational and financial performance:

The construction momentum in the two existing projects of Ten X Habitat and Address by GS maintained well. The business delivered a strong sales performance of INR 289 crores along with an EBITDA margin of 24.3% for the quarter. Now let me talk about the detail project by project. Our first project Ten X Habitat received 114 bookings in the current quarter with the booking value of INR 148 crores. In total, we have sold 2,451 units that have been booked as on 31st of March 2023 which accounts for about 80% of the total inventory with the booking value of INR 2,550 crores. Our premium residential project The Address by GS which was launched in the third quarter of Fiscal 2022 continued to receive good response from customers with 44 bookings in this quarter and the total bookings made for this project amounts to 434 units which is also about 80% of the total inventory with the booking value of INR 1,142 crores.

In our new project Ten X Era, we received a total of 141 bookings during the quarter for a total value of INR 204 crores. Overall, during the quarter we received 300 bookings for a value of INR 473 crores. The total booking value for all the three projects for the full year FY23 has been close to over INR 1,600 crores for 938 booking units. Now let me start about the project wise construction details. In the Ten X Habitat project the tower wise construction is as follows. As stated earlier, we have received occupational certificate for the first three towers and from tower 4 to 8 the Terrace slab has been completed and Tower-9 25th slab completed, and Tower-10 24th slab has been completed. As far as the progress on the second project is concerned The Address by GS for tower A second floor slab has been completed and Tower-B stilt floor slab has been completed. In our new project, Ten X Era the excavation work is in progress.

Now let me talk about the operating cost, working capital as well as the cash flow. In terms of an operating cost for the quarter our opex cost for the quarter for INR 562 crore as compared to INR 506 crore in the same quarter last year resulting in the opex to sales ratio being slightly higher at 25.6% as compared to 24.9% in the same quarter last year. With a sustained focus to

drive growth and build a strong brand equity for the future we are investing in advertising, sales promotion and retail expansion for future revenue growth potential.

Accordingly, our advertising and sales promotion costs have increased to INR 45 crores in the fourth quarter compared to INR 32 crores in the fourth quarter of last year resulting in a A&SP cost to sales ratio being at 2.1% compared to 1.6% in the same quarter last year. Also there has been increase in the cost mainly on account of inflation which has impacted wages and other incidental cost. On the working capital front because of continued focus on efficient working capital management, during this quarter we have been able to reduce the net working capital to 53 days which is 2 days lower on a quarter-to-quarter basis from 55 days in December 2022. We have seen strong cash collections in place which has been able to help the reduction in receivables on an absolute terms over net working capital is lower by INR 51 crores to INR 1,265 crores in March 23 vis-à-vis INR 1,316 crore in December 2022.

Now regarding cash flows, on the backdrop of strong profitability during the quarter we generated significant free cash flows which has been primarily used for debt reduction. Our growth debt stood at INR 2,100 crores as on 31st of March 2023 and we continue to maintain strong momentum in maintaining liquidity levels with cash and cash equivalents of about INR 1,400 crores as compared to INR 1,090 crores as on 31st December 2022. The cash and cash equivalents are a combination of cash bank balances and short-term investment.

Overall, our net debt reduced by INR 243 crore and stood at INR 689 crore as on 31st March 2023 as compared to INR 932 crores as on 31st of December 2022. The interest cost in the quarter is INR 64 crore which is higher by INR 7 crore on a year-on-year basis as compared to INR 57 crore in the same quarter last year. In an increasing interest rate scenario our interest borrowing cost has increased to 8.9% in the fourth quarter as compared to 7.9% in the third quarter and higher interest on lease liabilities on account of increase in these stores which are opened has been taken on rental basis as well as the notional interest due on the deferred approval cost for the real estate project.

Overall, our net debt-to-equity ratio which has already at a comfortable level of 0.33x in December 2022 has further reduced to 0.23x in March 2023. Now we spoke about the recent corporate initiative in which we have undertaken the deleveraging initiative and sold our FMCG business to Godrej Consumer Products Limited. The consideration for the sale has been received by our associate company Raymond Consumer Care Limited on 8th May and accordingly the transaction stands concluded. The proceeds are being utilized to repay external debt of the Raymond Group. As we speak today INR 600 crore NCD have been issued by Raymond Limited to RCCL and the proceeds from the same being utilized for repayment of external bank debt.

Now let me talk about the outlook which we see in the marketplace for the first quarter:

The current quarter started with moderate consumer sentiments in the month of April as the secondary sales were low. The K curve recovery continues to play as the discretionary spend has been impacted for the low-income household while there is an upsurge in consumption of high-

income household. However, from the end of April and early May we are witnessing an uptake in consumer sentiment given the wedding season in the months of May and June. We expected the related demand to gain momentum in the coming days.

From the retail store network, a strong focus exists on building retail excellence and we are geared up to expand the store network mainly through assets like franchisee model to open about 200 stores in the next 12 to 18 months. This will be driven by large store network expansion for Ethnic by Raymond to cater to fast growing ethnic wear market. In the Garmenting segment export lever continued to be China Plus One strategy and the global retail industry is undergoing consolidation. We have a strong order book in place for the next couple of quarters.

In terms of our raw material prices, we look at it that the wool and the poly viscose continue to remain stable and over the last couple of years the cotton prices have increased significantly. In the recent quarter, the price has stabilized but continued to remain at a higher level as compared to the pre-pandemic level. Also, over the last few months there has been an increase in the price of linen flax seed, however, now it is maintaining at higher levels. However, we have been able to largely pass the price increases to our customers with a time lag.

As far as the engineering business is concerned, we are witnessing that the domestic retail demand in consumer sectors are healthy and we expect the same to continue. However, in the export market the inflationary trend continues to be in the economy of European countries and the US and currency devaluation of certain developing economies. We are closely working with our customers in accessing the demand and catering the requirement from raw materials cost perspective the steel prices have recently moderately softened after going through an inflationary trend for the last two years. However, we have the ability to pass on the same with the time lag.

In the real estate market, we continue to see growth momentum in the residential market. The construction activities are in full swing in both of our projects and the construction activity has started in the recently launched Ten X Era as well. We expect to stay on course.

Regarding the net working capital over the last few years, we have been consistently optimizing the net working capital in terms of number of days and we continue to maintain the same. From a cash flow perspective there is a continued focus to generate significant free cash flows from the profitable growth of the business and our asset life expansion model is very well in place.

As far as the CAPEX is concerned from retail store expansion as already stated, it will be a franchisee led model. However, we will be opening some flagship stores at certain critical marquee locations. In the garmenting business, to address the increasing demand for our products we are investing into line expansion and expanding capacity in growth categories in the engineering business. Overall, including the above the growth CAPEX and maintenance CAPEX of our plants we expect to invest around INR. 200 crores to INR. 225 crores in Fiscal 2024.

Overall, the company expects to be on a profitable growth momentum. Now, we will be happy to take questions.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Chetan from Systematix. Please go ahead.

Chetan: Firstly, can you tell us what will be the drivers for the EBITDA margin expansion in branded apparels from 11% to 16%?

Amit Agarwal: Will you want to give all your questions and then we answer or how do you want us to do?

Chetan: Okay I will tell you my questions second is on how has the growth been in suitings vis-a-vis shirtings during the quarter and can you also put some light on the order book growth for garmenting during this quarter and lastly can you tell us about the JDA status of the Mumbai project?

Sunil Kataria: First let me tell you that a question on the suiting versus shirting growth that you are talking of. So, I think as you know that we have been investing heavily behind both the segments in terms of category development. Our tasks are slightly different between suiting and shirting. In suiting since we are a very strong market leader, we will develop the category. We are doing this at the premiumization end. In shirting we believe we have a huge headroom to grow in terms of market share gains. So, within the two segments we have focused one on premiumization and suiting and secondly in case of shirting we have focused on linen growth as well as the mass end of the market. So, we have done these two strategies and that is continuing to be the critical strategies going forward. We have seen very sharp gains in terms of volume growth in both these markets which are much ahead of the market trends and that is something I can tell you versus suiting, the shirting growths are obviously much faster than the suiting growth given that we have much higher headroom to grow.

Amit Agarwal: Yes, I think that is what about the suiting and the shirting growth. Now let me talk about the apparel, garmenting and the JDA project. As far as apparel margin you see the focus has been very clearly, we have always spoken there is an operating leverage play and as you see that we have been able to increase almost 20% sales quarter-on-quarter we have been able to get that operating leverage. Second, we have been consistently rationalizing some of the stores which has not been profitable. We have taken out those stores, which has helped in improving the margins. Third thing what has also happened is certain level of discounts, certain quantum of discounts which we were supposed to give in the marketplace, we have been able to manage the sales achievement of INR 332 crores by giving a lower sales or the proportion of such discounted sales are lower and I think that has a big support and our old philosophy going forward is how to control the discounts on that, that is the three major reasons in terms of getting. Fourth thing is obviously the casualization which we are doing consistently is helping us to get more and more full price sales. Now as far as the garmenting you see we are very comfortable in terms of having the order book, it ranges between three to five months every time. It is not something which suddenly goes to 8 months, 9 months or suddenly it comes down to two months. We are

maintaining that the lead time of anything between four to five months and we are exactly in that spot. So, we are looking so far as we speak today comfortably August and September level of order bookings. As far as JDA projects we told you that we continuously are looking into this project as and when we get the full approval in place, we will launch that project and I think Sunil would like to add some of the points.

Sunil Kataria: Just one point which I also want to add to the point which Amit has already shared on the apparel margins. See, one of the big focus areas for us also has been improving retail excellence efficiencies within our current stores. So, one thing which we have seen in this quarter is also a very, very sharp and handsome growth which is in like-to-like growth or what you call the same sales store growth across all our brands in Quarter 4. So, that has been a pretty strong growth also for us driven by retail efficiencies.

Moderator: Thank you. The next question is on the line of Shrey J from Svan Investments. Please go ahead.

Shrey J: My first question is sir if I look at your cash flow statement, we are seeing some increase in inventory, so could you explain that from INR 259 crore we are seeing about a INR 525 odd crore increase in inventory and also could you explain the bifurcation of this?

Amit Agarwal: Yes, I think broadly what happens is the inventory increase is primarily to cater to the market as we continue more and more on through the EBO stores you will see this inventory being made available with the new fashion, new trend as we continue to open more and more Ethnix stores you will see those inventories being made available so that there is a wider choice available and the sales pickup in any of the new stores which you open it does not happen from today to tomorrow. It takes a maturity anything between 6 to 12 months. So, therefore what we are trying to do is as we have opened almost 60 stores in terms of in the last 6 odd months, we are putting the inventory in these stores which is going to be sold over the next few months and therefore you have seen an inventory increase. Hence, the other thing on the shirting side also we have launched some of the new collections which are just going out into the market based on the seasons requirement that has also help required to be increased for the inventory and maybe Sunil you want to add something on the inventories.

Sunil Kataria: Yes, so I think one of the major efficiency we are very, very cautious about buildup of inventory and that is something an area which we track very closely at our operating level. So, I think one of the biggest pieces you will see across that three levers for us is one is the largest lever is what Amit talked about the store expansion and we are also doing casualization. So, we are also trying to improve certain new product ranges and launch them within our current stores as well. So, I think these are two areas which will play a role in terms of some inventory increases that you may see, but otherwise we are very cautious in terms of tracking how the whole inventory movement happens across our stores.

Amit Agarwal: And just to supplement we have also the real estate business and we talked about the Ten X Era project which we have just launched in the month of February. So, you would see that the kind of approval expenses and such things we have been paid I think almost INR 150 crore is on

account of that also which has been invested behind these inventories which once you start selling and making little bit more construction on the percentage of completion method you will start seeing reduction of the inventory and moving to the revenues which is the nature of that business.

Shrey J: So, if I want to sum whatever you said so out of INR 525 odd crores of increase in inventory INR 150 Crore odd would be in the real estate business and the balance would be in your apparel and your textile business is that understanding, correct?

Amit Agarwal: Yes, broadly yes.

Shrey J: So, my second question is on the ethnics, could you just give us a broad sense on the numbers that you are doing and where are we in terms of the profitability in that business?

Amit Agarwal: Can you repeat I could not get the question properly sorry.

Shrey J: My question is where are we in the ethnics business, what kind of numbers are we doing and where are we in terms of profitability?

Amit Agarwal: So, look ethnic business has just started. We are opening stores, making the advertisements, making the customers aware. So, at this juncture it is more in what should I say incubation or just taking off this business. So, you would not really see the profitability at this juncture. However, we continue to make the higher gross margin North of 65 odd percent we make the gross margin and for me that is the most important test that are our products being accepted or not which is being accepted and delivering as the gross margin. Post that if you have the store and the support and the branding advertisement that comes on top of it.

Shrey J: My other question I had is are we seeing an increase in investments from INR 65 crores to about INR 314 crore which is sitting in a non-current investment, so is this amount that we have received from GCPL that is sitting in your noncurrent investment?

Amit Agarwal: No, so what happens is you see there is an investment in one of the associate companies which had eventually an investment in to Raymond Consumer Care because our value has been identified of the Raymond Consumer Care and therefore I have to consider in the books a write up of that investment to the current market value previously I think it was considered at a much lower level compared to the INR 2,825 crores and that is one of the primary reasons for the increase in the investments.

Shrey J: And my last question is sir what kind of ROCEs should we now look at going ahead two to three years perspective?

Amit Agarwal: Look, I would not like to give you a future guidance, but I can tell you what is my demonstrated performance, my operational ROCE is in the range of 27%, 28% and the fundamental of the business is now as a company, as the Raymond Group we are sitting with a INR 1,500 crore of

liquidity available post the FMCG transaction and which will enable us to drive growth both in the lifestyle business as well as in the real estate business and we have very clearly outlined that how the lifestyle business is going to grow, how the real estate business is going to grow. Real estate has still 60 acres at Thane land which I can develop and since my inventory is already sold to the tune of 80% in the first two projects I need to launch some of the projects in order to take forward and the margin is very clearly proven is it in the range of 25 odd percent. Similarly, on the lifestyle side, if I look at it there is a great opportunity for us to build upon through the distribution network expansion which we talked about there is a big plan for distribution expansion, ethnics which we control the wedding space so to speak, wedding it would not be possible in the country that the wedding happens and the Raymond suit does not get cut. So, similar is an opportunity for me in the ethnics to take a larger market share with our retail expansion. So, I look at it second is a shirting because we are introducing new price points, new ranges we see a growth opportunity in the shirting as well as the typical apparel brands with the Park Avenue, Color Plus, Raymond Ready To Wear. So, these all brands have their growth trajectory set out.

Moderator: Thank you. The next question is on the line of Priyanka Trivedi from Antique Stock Limited. Please go ahead.

Priyanka Trivedi: Sir, my first question is on Ethnix business, so what would be the revenue of Ethnix for the quarter and for the year?

Sunil Kataria: See right now I would not give you exact number in the quarter, but I will tell you the way we look at Ethnix stores. As Amit mentioned we are in a very incubation stage in terms of ethnics, and we have right now reached around 61 odd stores March end and even as we talked the numbers are ramping up every month very strongly. The right benchmark for us and key KPIs really to benchmark our ethnics business would be that stores which let us say stabilize after 8 to 9 months we have certain kind of benchmarks that we would like our stores to reach in 8 to 9 months and certain benchmarks that would like to reach our stores to reach in 12 to 15 months how are they doing and that I can tell you that the kind of sales per square feet metrics, the kind of conversion metrics that we have set for ourselves on those the ethnic stores which are stabilizing they are I think, in a pretty healthy zone right now. We at the same time are doing investments in terms of advertising and as well as what we call as localized catchment market and that I think is building up pretty well for us. So, I think that is where I would say the way ethnic stores are ramping up right now. We are pretty satisfied with the trajectory of growth that we are seeing per square foot within the stores.

Priyanka Trivedi: And sir in terms of the total store additions of 200 that we are doing I assume around 100 of them would be from ethnics, so balance would be around 100 would be for the other apparel brands?

Amit Agarwal: So, that is what the target is to do as 100 odd stores for Ethnix and the rest would be split between three brands which is Raymond Ready To Wear, Park Avenue and ColorPlus.

Priyanka Trivedi: And sir we highlighted that we have increased our ad spends and it contributed around 2.1% of the total sales for the year, so are we looking to increase that number going ahead, or would it be more or? Less in that range itself?

Amit Agarwal: Look I think very clearly we have spelt out that we want to make sure that these brands are seen very properly and that is why we would invest for the next one to three years behind this brand and very clearly we would go out and spend on the normal spend anything between INR 60 crores to INR 70 crores more on a yearly basis regard behind these ad in order to create a proper visibility so that we can demonstrate that these brands have a very strong salience and coming very strong revenue growth and that is exactly the purpose behind these brands and the ad spend.

Priyanka Trivedi: And sir in terms of the store rationalization for TRS that we did for this quarter, are there any further rationalization going to happen going ahead or are we done with it?

Amit Agarwal: Look store rationalization is a continuous process. I cannot say that it is done, or it was not done because what happens is we are very focused on two things. As Sunil rightly pointed out that the KPI set for the stores sales per square feet. We have a time frame that x store will deliver in this time in this city x rupees per square foot. If it is not delivering, we may give few months grades and if it does not work out, we will have to take a hard call. We cannot continue to have this position that we drag, drag, drag and that is why if you see that even in the last year, we did shut some of the stores, but we are very clear the store expansions will be on a drive. It is a big part of our growth strategy, but something if it does not work out you have to take a hard call and we are prepared to take a hard call.

Priyanka Trivedi: And sir my next question would be for the engineering businesses, so if I have to look at the auto numbers, the revenue has declined 6% on year-on-year basis any particular reason for that?

Amit Agarwal: No, you see basically what happens is in the auto sector, very simple that the first half was completely impacted because of a depreciated currency in Europe because we have in the auto side almost two-third as export and it was significant in what is this called European market and because of the currency which got impacted partly it got off-setted because of the cold demand in the domestic market. So, that is the reason for the drop in the auto segment, but in the last two quarters we are seeing a decent jump.

Priyanka Trivedi: Sir and lastly on our real estate business so two questions on that what would be the potential of our Ten X Era project in terms of revenue as well as the cash flows and the second would be that with the land parcel that we are having how much of that would be transferred to the lifestyle business and how much of that would stay in the Raymond business and that is it from me after this?

Amit Agarwal: So, let me first give you the answer for the second one. As I mentioned, INR 1,500 crore is the liquidity which we would have available based on 31st March pro forma numbers of 2023. Now going forward obviously all our businesses are significant cash flow generating which will further add to the Kitty to the cash flows of the business. So, what we are considering is that we

would be net debt free business and have this INR 1,500 crore appropriately allocated in some period of time to see that how each businesses would require the growth and the capital to make sure that they achieve the long range plan which has been prepared by each of the businesses.

Harmohan Sahni: Ten X Era the revenue potential and the cash flow potential is about INR 1,400 odd crores. So, we have just begun, and we have sold about 100 units. Whatever we had launched about 25% of the launch inventory has been sold. So, we are expecting over the next three and a half four years the execution period we will realize about INR 1,400 odd crores from there.

Priyanka Trivedi: In terms of the cash flow, right?

Harmohan Sahni: Cash flow as well as revenue both.

Amit Agarwal: No, the revenue will be INR 1,400 crores obviously the EBITDA will be the net free cash flow available for this for future growth would be in the range of 25% of that.

Moderator: The next question is from the line of Perna Jhunjhunwala from Elara Securities. Please go ahead.

Perna Jhunjhunwala: So, just wanted to understand your branded apparel business, could you help us with brand wise performance in the quarter and the year?

Sunil Kataria: So, as I mentioned earlier in one of the calls that in terms of our strategy, we have identified three power brands within branded apparel, and I am keeping ethnics aside because that is another segment altogether that we have launched, and it is an incubation stage. So, the three power brands focus for us is Raymond Ready To Wear, Color Plus and Park Avenue and across all the three places we have seen we have started investing in brands towards expansion. We are very clearly seeing trends which are positive across all three brands. So, it is very difficult to actually if you ask me differentiate between that is there any brand or this which is a laggard or any brand which is outperforming, but clearly we are seeing trends in terms of that Park Avenue as we started doing casualization our share of casualization has started increasing and that is driving a very healthy growth. In terms of Color Plus what we see is that we have a very strong loyal set of customers which repeat in fact it may be one of the best in the industry the repeat and retention scores of our Color Plus consumers that again continues to drive our very, very high bill values and Raymond ready to wear where again our journey has started on casualization. We are seeing that the percentage also continues to grow. So, between the three I would say all the three power brands are doing pretty strong double-digit growth across.

Perna Jhunjhunwala: So, if I want to understand casual versus occasion and formal wear then would you mean that formal and other portfolio is witnessing some sort of slowdown currently as compared to casual segment?

Sunil Kataria: No, it is not in fact. In fact, if you see formal wear interesting part if you see I mean in our shirting growth which is a ready to switch growth although it is not branded apparel. We again

continue to seek good growth happening in formal. It is not that formally slowing down versus casual. It is just that our presence in casual early was lower. So, obviously our bases were lower in casual. Now, as we started doing casualization journey obviously the growth rates of that will be very different because the basis are small. So, our saliency is shifting between formal and salient and casual. Since the bases are so different it does not mean that one is growing slow versus the other, that would not be a right comment I would say.

Prerna Jhunjunwala: Sir, second question is on EBITDA margins reported very healthy EBITDA margin 15.8%, how should we see this margin on a sustainable basis and maybe in the next two to three years with higher sales should we assume that the margins could only be better from here?

Amit Agarwal: Look I think what we have got this one quarter we got this 15.6%. As I said there was less of a discounted sale proportions, but going forward the markets of the apparel especially in the three brands Park Avenue, Color Plus as well as Raymond ready to wear you will see the discounting which is summer of season sale and these all sale keep happening and you have to discount. Now, what I think is we are going to get a significant operating leverage as we continue to grow the stores retail footprint and with the support of the advertising and such things. So, what I talked about earlier of INR 60 crores, INR 70 crores of an additional investment behind these advertising spend if you take out that for the next one to three years I think we are very comfortable to say that we should be getting more in the range of 14%, 15% and post two, three years we see very clearly a 15% EBITDA margin. I do not see a problem in delivering 15% EBITDA margin.

Prerna Jhunjunwala: And what would be the revenue mix between EBO versus MBO?

Amit Agarwal: So, I think look EBO we are expanding, but you see the uniqueness which Raymond Group has the reach which it has created over so many towns and that MBOs if you see it to a smaller city which is a Tier 5 even that MBO would keep a Park Avenue shirt and I think that is going to be a healthy mix, but I would say if we continue to open the EBOs and we will see a growth in terms of EBO percentages I will ask Sunil to give a specific.

Sunil Kataria: In fact, in Raymond there is one unique piece that we have to keep in mind as we are expanding our branded apparel strategy. One is very clear as we talked about that we are going to open another 100 plus stores in branded apparel business non ethnics. So, that itself is going to lead to an EBO expansion. The second part or an EBO mix would be driven by the fact that we want to as we do this advertising spends, we would like throughput per existing store itself to increase. So, the EBO growth would be much faster than any other channel driven by two facts. One will be new stores opening which will have their own gestation period, but they will obviously continue to add footprint and hence increase salience. Second, we believe that as advertising spends go up as casualization happens as we enter new segments we will drive much more throughput through a current stores that is one part. The second part of our strategy which actually while they are not really EBOs, but the fact is we have 1000 plus kind of Raymond stores with us now which also sell apparels for us. So, they are to our mind in that sense a captive MBO or captive retail points for us where there is no competition, but we sell our multi brand

retail is also there. So, they also would also benefit from apparel throughputs happening through advertising. Now between these two channels we expect them to over a period of time. In fact, The Raymond Store is already pretty big for us. We expect over a period of time between these two stores the EBO and The Raymond Store to become roughly around two-third of our overall business.

Prerna Jhunjunwala: Sir, on branded textiles what should be the growth strategy and where do we see this branded textile segment growing and we have done very good EBITDA margins this year. So now are these margins sustainable.

Amit Agarwal: Yes, the margins are sustainable because we have seen in this bracket of branded textile around 20%-21% which we should continue to maintain. There is no doubt about it. One quarter here and there we do not talk, but in general these margins are something which is sustainable and look the branded textile has got two large components. One is a suiting and one is a shirting. We see a great opportunity for us in the shirting segment and we believe that can drive significant growth going forward. Sunil, you would like to add something.

Sunil Kataria: Again, I think one piece which we have been talking now recently in many of our calls is that the branded textile itself has two segments and the roles and the opportunity in the two segments are very different. In fact, it is a fallacy for us to believe that the overall textile business has slowed down because there are sub segments which we need to see differently. We are a very strong market leader in suiting, there our job is to develop this category and drive value growth in that category through a premiumization route and there you will expect a strong revenue growth we will try to drive revenue growth there. In terms of shirting, we believe we have a huge headroom to grow in both the mass and the market and maybe the premium linen end of the market. So, there is a premium strategy there, there is a mass end of the strategy there and they are driving market share would mean that we will get both volume as well as value growth. So, you should see this opportunities too very diverse and different set of opportunities and we believe shirting is a huge headroom to grow.

Prerna Jhunjunwala: Sir, can we assume 15% odd growth in this segment driven by shirting business?

Sunil Kataria: I wish it was so easy to give such a firm number or percentage in businesses, but I would say range would be this thing what we are aspiring for. We are aspiring for high single-digit growth in terms of suiting business driven by premiumization and would like to drive again maybe a double-digit growth in terms of shirting in that range going forward. So, I think these ranges are more important than getting logged into one number.

Prerna Jhunjunwala: Last question on garmenting and high value shirting segment on your current capacities what would be the optimal revenue that we can do?

Amit Agarwal: So, if you look at the garmenting, we are utilizing our capacities to the tune of 87% to 90% month-to-month depending upon the product maybe jacket is more complicated compared to a shirt. So, basically, we are at 87% to 90% and therefore we are considering this expansion of

building additional lines over the 12 to 18 months. We are putting almost 30% increase in the capacity in the next 18 months and as far as high value cotton shirting is concerned there also we are utilizing the capacity, but in the high value cotton shirting segment we have the opportunity that you can buy the grey fabric from the market and we are known for finishing the high quality finishing of the fabrics which we will continue to expand and as the market grows and we participate in the growth of the market we should be able to increase that segment as well.

Perna Jhunjhunwala: One on garmenting you are adding capacities in India or in Ethiopia?

Amit Agarwal: Between the two places, both the places.

Moderator: Thank you. The next question is on the line of Chaitanya Rao an individual investor. Please go ahead.

Chaitanya Rao: Actually, all my questions are rather answered earlier so just wanted to confirm where I have missed earlier you have stated that the 60 acres of land is available for further development, so is my assumption correct that this is excluding the three projects which Raymond has already offered?

Amit Agarwal: Yes 60 acres is available after these three projects yes that is correct.

Chaitanya Rao: And is it possible for you to say at present that what have you all thought about doing of this 60 acres of land or is this further thing?

Amit Agarwal: I think as and when we have the announcement of the projects you can consider that as that point of time, we announced that project because it is premature for me to say what we are going to do, but we are going to develop. You have seen the success the way we have delivered demonstrated our capability in terms of the construction pace, sales velocity we feel very confident that we continue to have a decent market share in the Thane micro market and obviously we want to give the best quality of living to the people who want to buy in our project.

Chaitanya Rao: So, these 60 acres of land will also be considered for the reality space only?

Amit Agarwal: Yes, for real estate business yes it will be in the Raymond Limited.

Chaitanya Rao: And next I wanted to confirm that regarding the INR 1500-crore cash you were stating from the sales proceed of the GCPL this thing, am I right that you have not yet confirmed that actually what you will be using and how we will go about this INR 1500 crore cash?

Amit Agarwal: Yes. So, we will allocate basically it is based on the certain debt and the certain cash which is there in respective businesses based on that we will define that how we are going to utilize this money.

Moderator: Thank you. As there are no further questions, I now have the conference over to Mr. Amit Agarwal for his closing comments.

Amit Agarwal: Thank you very much for participating in the call and looking forward for taking the discussions into the next quarter. Thank you.

Moderator: Thank you members of the management team. Ladies and gentlemen, on behalf of Antique Stock Broking Limited that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.