

Raymond



T O M O  O W  
O N O U R M I N D

Annual Investor Meet, 2<sup>nd</sup> May 2019



*“The business continues to **build capacities** for enhanced performance and delivery across verticals with **innovative products and services** as well as technology adoption that includes **digitalization and automation**”*

# AGENDA

Q4 FY19 Results

FY19 Results

Lifestyle Initiatives

➤ Undertaken in FY19

➤ Planned in FY20

FMCG

Real Estate

The Journey Ahead

# AGENDA

## Q4 FY19 Results

FY19 Results

Lifestyle Initiatives

➤ Undertaken in FY19

➤ Planned in FY20

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Real Estate

The Journey Ahead

# A modest Year for the Economy



FY19 - First full year post two consecutive structural reforms in the country

While India remains fastest growing major economy, GDP growth moderated



In H2FY19, liquidity issues emerged in the economy, impacting trade channels

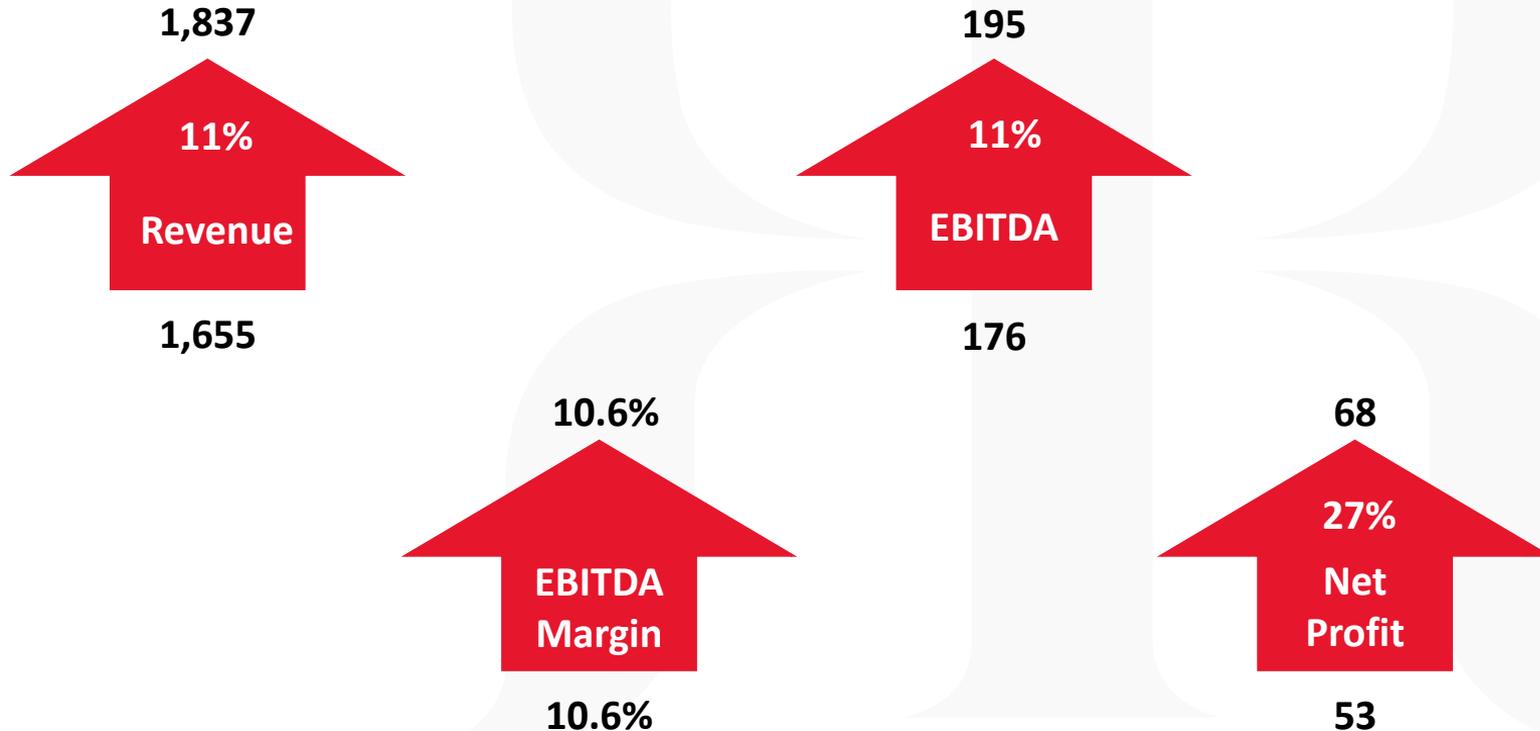


Consumer sentiments moderated, **however consumption led growth remains intact**



# Strong **profitable** growth in Q4FY19

INR Cr.



# Consolidated Result – Q4FY19

Particulars (INR Cr)	Q4 FY19	Q4 FY18	Y-o-Y%
<b>Net Revenue</b>	<b>1,837</b>	<b>1,655</b>	<b>11%</b>
Net Sales	1,809	1,630	11%
<b>EBITDA</b>	<b>195</b>	<b>176</b>	<b>11%</b>
<i>EBITDA margin</i>	10.6%	10.6%	
PBT before exceptions	94	76	24%
<i>PBT margin</i>	5.1%	4.6%	
<b>Underlying Net Profit (before exceptions)</b>	<b>68</b>	<b>53</b>	<b>28%</b>
Exceptional items (net of tax)	-1	0	
<b>Net Profit</b>	<b>68</b>	<b>53</b>	<b>27%</b>
<i>Profit margin</i>	3.7%	3.2%	

# Segment Performance Q4FY19 - Growth across all Segments

	Sales (INR Cr.)	Sales Growth (%)	EBITDA Margin (%) Q4 FY19	EBITDA Margin LTL (%)*	EBITDA Margin (%) Q4 FY18
Branded Textiles	832	4% ↑	15.9%	16.7% ↓	19.5%
Branded Apparel	489	21% ↑	6.5%	7.0% ↑	3.7%
Garmenting	212	5% ↑	3.6%	4.3% ↓	6.9%
High Value Cotton Shirting	156	7% ↑	12.9%	13.8% ↑	9.1%
Tools & Hardware	102	14% ↑	8.2%	8.2% ↓	9.8%
Auto Components	68	10% ↑	21.9%	22.3% ↑	15.1%
<b>Consolidated Revenues</b>	<b>1,837</b>	<b>11% ↑</b>	<b>10.6%</b>	<b>10.6% ↔</b>	<b>10.6%</b>

\* EBITDA Margin LTL: Like to Like EBITDA margin excluding common cost allocation for comparable basis  
 Company entered into contracts with group companies for allocation of common costs from Q1 FY19, resulting in allocation to its group companies / business segments.  
 The impact on net profit of the group is insignificant

# Branded Textile

Particulars (INR Cr)	Q4 FY19	Q4 FY18	% Chg
<b>Net Sales</b>	<b>832</b>	<b>802</b>	<b>4%</b>
<b>EBITDA</b>	<b>132</b>	<b>156</b>	<b>-16%</b>
<i>EBITDA margin</i>	<i>15.9%</i>	<i>19.5%</i>	
<b>EBITDA LTL</b>	<b>139</b>	<b>156</b>	<b>-11%</b>
<i>EBITDA margin LTL</i>	<i>16.7%</i>	<i>19.5%</i>	

- Increase in sales driven by TRS and MBO channel
  - ✓ Suiting grew by 3% driven by volumes and
  - ✓ Shirting grew by 9% driven by better product mix
- EBITDA LTL margin lower mainly due to higher advertising and sales promotion expense and channel stock correction in shirting business
- Channel growth for the quarter

## Channel Growth

Wholesale: -14%

TRS: 23%

MBO: 12%

Others: 12%

# Branded Textile

## EBITDA Margin lower for the quarter vs PY due to

### Future Investment on Customization - #TailorYourStyle

- Advertisement spends of ~ Rs 12 crores

### Overall Wholesale Channel impacted

- Stock Correction of ~Rs 5 Cr in B2C Shirting

### Continued efforts to maintain the growth momentum

- 10% volume growth in domestic Suiting Business in Q4
- Price hike of 5%-6% taken in Jan'19 to benefit in FY20

#TailorYourStyle



raymond

CUSTOM TAILORING



# Branded Apparel

Particulars (INR Cr)	Q4 FY19	Q4 FY18	% Chg
<b>Net Sales</b>	<b>489</b>	<b>403</b>	<b>21%</b>
<b>EBITDA</b>	<b>32</b>	<b>15</b>	<b>115%</b>
<i>EBITDA margin</i>	6.5%	3.7%	
<b>EBITDA LTL</b>	<b>34</b>	<b>15</b>	<b>129%</b>
<i>EBITDA margin LTL</i>	7.0%	3.7%	

- Branded Apparel growth driven by
  - ✓ Strong double-digit growth across all brands with 20%+ growth in RRTW and Parx supported by new customer segments. **SSSG EBO positive** at 6.9%
  - ✓ Strong performance in MBO channel and well supported by EBO and LFS channels
- EBITDA Margin LTL improved mainly due to better channel mix and operational efficiencies
- Brands and Channels growth for the quarter -

<b>Brand Growth</b>	<b>PA: 19%</b>	<b>PX: 24%</b>	<b>CP: 13%</b>	<b>RRTW: 25%*</b>
<b>Channel Growth</b>	<b>MBO: 57%</b>	<b>EBO: 17%</b>	<b>LFS: 16%</b>	<b>TRS: -2%</b>

\*excluding institutional sales, RRTW sales growth of 14%  
 PA: Park Avenue, PX: Parx, CP: Color Plus, RRTW: Raymond Ready-To-Wear

# Garmenting

Particulars (INR Cr)	Q4 FY19	Q4 FY18	% Chg
<b>Net Sales</b>	<b>212</b>	<b>201</b>	<b>5%</b>
<b>EBITDA</b>	<b>8</b>	<b>14</b>	<b>-46%</b>
<i>EBITDA margin</i>	3.6%	6.9%	
<b>EBITDA LTL</b>	<b>9</b>	<b>14</b>	<b>-35%</b>
<i>EBITDA margin LTL</i>	4.3%	6.9%	

- Growth led by exports to US markets
- EBITDA margin LTL lower at 4.3% mainly due to lower utilization of Ethiopia plant capacity and initial cost of B2B Made-to-Measure services in US

# High Value Cotton Shirting

Particulars (INR Cr)	Q4 FY19	Q4 FY18	% Chg
<b>Net Sales</b>	<b>156</b>	<b>145</b>	<b>7%</b>
<b>EBITDA</b>	<b>20</b>	<b>13</b>	<b>52%</b>
<i>EBITDA margin</i>	<i>12.9%</i>	<i>9.1%</i>	
<b>EBITDA LTL</b>	<b>21</b>	<b>13</b>	<b>63%</b>
<i>EBITDA margin LTL</i>	<i>13.8%</i>	<i>9.1%</i>	

*The results shown above are for 100% operations and include minority interest*

- Sales growth led by yarn sales from Amravati plant
- EBITDA margin LTL improved to 13.8% mainly led by improved product mix and increased efficiency on account of stabilization of Amravati operations

# Tools and Hardware

Particulars (INR Cr)	Q4 FY19	Q4 FY18	% Chg
<b>Net Sales</b>	<b>102</b>	<b>90</b>	<b>14%</b>
<b>EBITDA</b>	<b>8</b>	<b>9</b>	<b>-5%</b>
<i>EBITDA margin</i>	<i>8.2%</i>	<i>9.8%</i>	

*The results shown above are for 100% operations and include minority interest*

- Growth driven by better performance in exports markets
- EBITDA margin was lower mainly due to -
  - ✓ Increase in raw material cost and
  - ✓ Lower sales from high margin domestic business
- The overall turnaround strategy of building operational efficiency and product rationalization has resulted in improved performance for the year

# Auto Component

Particulars (INR Cr)	Q4 FY19	Q4 FY18	% Chg
<b>Net Sales</b>	<b>68</b>	<b>62</b>	<b>10%</b>
<b>EBITDA</b>	<b>15</b>	<b>9</b>	<b>60%</b>
<i>EBITDA margin</i>	<i>21.9%</i>	<i>15.1%</i>	
<b>EBITDA LTL</b>	<b>15</b>	<b>9</b>	<b>63%</b>
<i>EBITDA margin LTL</i>	<i>22.3%</i>	<i>15.1%</i>	

*The results shown above are for 100% operations and include minority interest*

- Growth driven by ramp up of volume from existing customers and supported by new customers & products
- EBITDA margin LTL higher mainly due to exchange rate gains and favourable product mix

# AGENDA

Q4 FY19 Results

**FY19 Results**

Lifestyle Initiatives

➤ Undertaken in FY19

➤ Planned in FY20

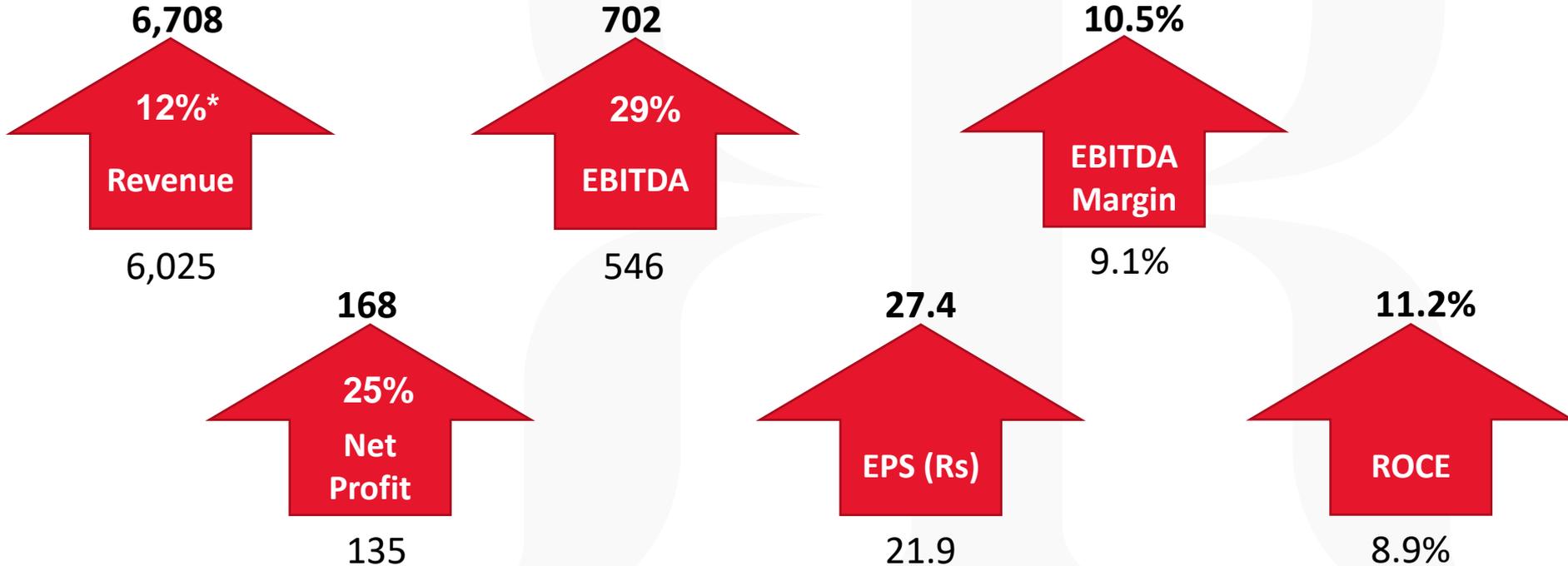
FMCG

Real Estate

The Journey Ahead

# Strong performance in Revenue & Profitability

INR Cr.



\* Exc. GST impact

# Consolidated Results – Profitable Revenue Growth **Achieved in FY19**

Particulars (INR Cr)	FY19	FY18	Change	Y-o-Y%
<b>Net Revenue</b>	<b>6,708</b>	<b>6,025</b>	<b>683</b>	<b>11%</b>
Net Sales	6,582	5,906	676	11%
<b>EBITDA</b>	<b>702</b>	<b>546</b>	<b>156</b>	<b>29%</b>
<i>EBITDA margin</i>	<i>10.5%</i>	<i>9.1%</i>		<i>140 bps</i>
PBT before exceptions	273	192	81	42%
<i>PBT margin</i>	<i>4.1%</i>	<i>3.2%</i>		<i>88 bps</i>
<b>Net Profit Underlying ** (before exceptions)</b>	<b>171</b>	<b>115</b>	<b>56</b>	<b>48%</b>
Exceptional items (net of tax)	-3	19	-22	
<b>Net Profit</b>	<b>168</b>	<b>135</b>	<b>33</b>	<b>25%</b>
<i>Profit margin</i>	<i>2.5%</i>	<i>2.2%</i>		<i>27 bps</i>

12%\*

\*Revenue growth excluding GST impact

\*\* Adjusted for exceptional items (net of tax) – Transferable Development Rights (TDR) & VRS

## FY19 Highlights - What has gone well:



**At consolidated level - Strong Performance over previous year**

- ✓ **Growth across all segments**



✓ **Branded Apparel achieved strong profitable growth over last year**

- ✓ **Topline growth by 17%\*, EBITDA LTL margin improvement by 263 bps to 4.2%^**



**Built scale in line with asset light expansion strategy:**

- ✓ **~300 mini TRS stores**
- ✓ **~ 51 tailoring hubs as on March, 2019**



**Significant improvement in High Value Cotton Shirting EBITDA margins by 433 bps to 14.5%^ led by Amravati attaining full capacity utilisation**

*\*Sales growth is excluding GST impact*

*^ Excluding corporate cost allocation*

## FY19 Highlights - What has gone well:



### Real Estate: Project launched

- ✓ Initial response ahead of expectations
- ✓ To-date 400+ bookings



- ✓ Capital efficiency improvement
- ✓ ROCE improvement continues – from 8.9% to 11.2%



- ✓ Capex under control @ ₹ 275 cr, in line with guidance

## FY19 Highlights - Challenges faced:



**Suiting: Rising wool prices**

- ✓ Cost optimization steps undertaken to partly mitigate its impact
- ✓ Price hikes (July-19 & Jan-20), fiber optimization



**B2C Shirting business faced headwinds in H2**

- ✓ Channel stock correction impacting margins



**Operating & Political Transition challenges in Ethiopia**

- ✓ Adequate order book in place



**Denim business faced various external challenges**



**Efforts underway to improve Working Capital efficiency**

# Segment Performance FY19

	Sales (INR Cr.)	Sales Growth (%)	EBITDA Margin (%) FY19	EBITDA Margin LTL (%)*	EBITDA Margin (%) FY18
Branded Textiles	3,153	8% ↑	13.8%	14.7% ↓	15.7%
Branded Apparel	1,647	16% ↑	3.7%	4.2% ↑	1.6%
Garmenting	779	13% ↑	5.1%	5.9% ↑	5.2%
High Value Cotton Shirting	648	13% ↑	13.7%	14.5% ↑	10.2%
Tools & Hardware	401	10% ↑	10.7%	10.7% ↑	9.0%
Auto Components	259	19% ↑	22.6%	22.7% ↑	20.8%
<b>Consolidated Revenues</b>	<b>6,708</b>	<b>11% ↑</b>	<b>10.5%</b>	<b>10.5% ↑</b>	<b>9.1%</b>

\* EBITDA Margin LTL: Like to Like EBITDA margin excluding common cost allocation for comparable basis  
 Company entered into contracts with group companies for allocation of common costs from the Q1 FY19, resulting in allocation to its group companies / business segments.  
 The impact on net profit of the group is insignificant

# Branded Textile – Strong growth witnessed

INR Cr.	FY 19	FY 18	Amt	%age
Sales	3,153	2,915	238	8%
EBITDA	435	458	-23	-5%
<i>EBITDA margin</i>	13.8%	15.7%		<i>-191 bps</i>
EBITDA LTL	463	458	5	1%
<i>EBITDA margin LTL</i>	14.7%	15.7%		<i>-102 bps</i>

8.9%\*

- **Suiting (+9%\*)** - Driven by volume growth of 11% in domestic business and strong performance in TRS channel
- **B2C Shirting (+12%\*)** – Led by growth in TRS & MBO channels
- **Lower EBITDA margin LTL** mainly due to higher input prices and higher operating costs
  - ✓ Initiatives undertaken to mitigate - Wool microns optimization, process optimization and price hike
- Channel growth for the year -

## Channel Growth\*

Wholesale: 3%

TRS: 14%

MBO: 11%

Others: 15%

\*Sales growth is excluding GST impact

# Branded Apparels – Momentum on achieving scale

INR Cr.	FY 19	FY 18	Amt	%age
Sales	1,647	1,424	223	16%
EBITDA	61	23	38	169%
<i>EBITDA margin</i>	3.7%	1.6%		211 bps
EBITDA LTL	70	23	47	206%
<i>EBITDA margin LTL</i>	4.2%	1.6%		263 bps

17.2%\*

- **Power Brands maintaining growth momentum at 14% (H1: 11% & H2: 16%):**
  - ✓ Strong growth in RRTW and Parx brands
- **Supported by New customer segments** – Ethnix & Next Look
- **Rapid channel network expansion** – Strong performance in MBO and EBO channels
- **Higher EBITDA margin** mainly due to strong sales growth and better channel mix
- Channel growth for the year -

## Channel Growth\*

MBO: 46%

EBO: 10%

LFS: 5%

TRS: -1%

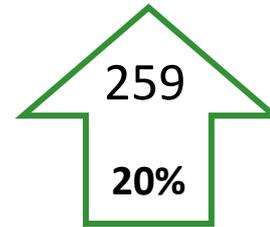
\*Sales growth is excluding GST impact

# Power Brands **maintaining growth momentum...**

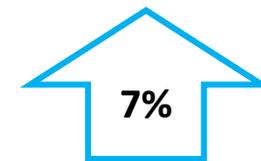
4 Power Brands



Sales (₹ Cr.) & YoY growth (%)\*



5 Year CAGR%\*



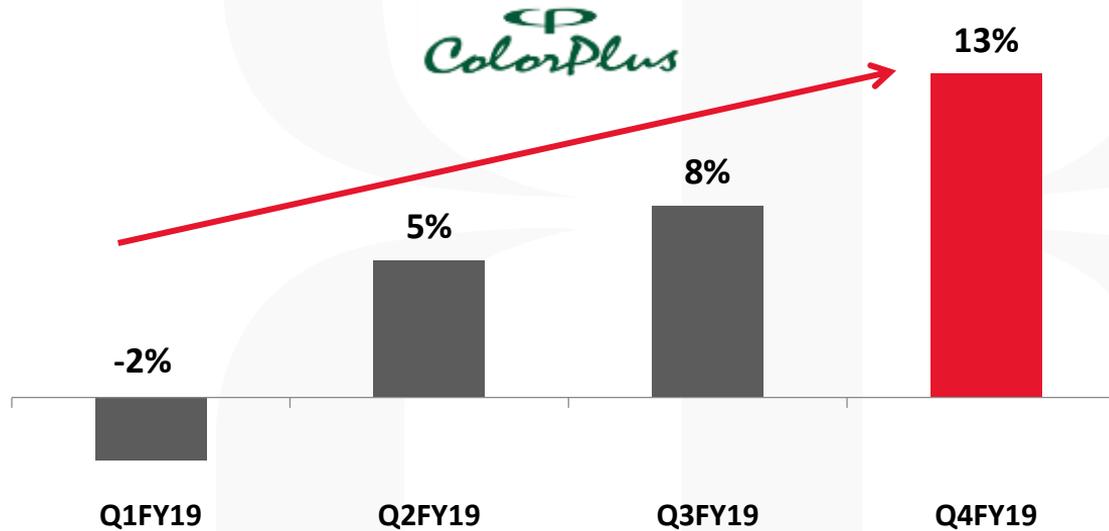
**Supported by New Customer Segments**



\*Sales growth is excluding GST impact, period FY14-FY19  
 ^ Excluding institutional sales of ₹68 cr, RRTW growth @7%

# Color Plus – Regaining Momentum

Exited the year with double-digit growth of 13% in Q4FY19



\*Q1FY19 sales growth is excluding GST impact

# Garmenting – Maintained growth momentum

INR Cr.	FY 19	FY 18	Amt	%age
Sales	779	691	87	13%
EBITDA	40	36	4	11%
<i>EBITDA margin</i>	5.1%	5.2%		-8 bps
EBITDA LTL	46	36	10	27%
<i>EBITDA margin LTL</i>	5.9%	5.2%		68 bps

- Revenue growth driven by higher **exports to US**
  - ✓ Scale-up of exports to US market from Ethiopia plant
- While EBITDA margin LTL improved due to operational efficiencies in Indian operations,
  - ✓ However partially impacted due to initial cost of B2B MTM services in US market
- Ethiopia plant capacity below expectation due to civil unrest in the country,
  - ✓ Now order book in place

# High Value Cotton Shirting - Improved performance

INR Cr.	FY 19	FY 18	Amt	%age
Sales	648	575	73	13%
EBITDA	89	59	30	51%
<i>EBITDA margin</i>	13.7%	10.2%		350 bps
EBITDA LTL	94	59	36	60%
<i>EBITDA margin LTL</i>	14.5%	10.2%		433 bps

13.2%\*

*Results are shown for 100% operations & include minority interest*

- Sales growth driven by **increased yarn sales and better off-take from customers**
  - **Amravati Plant** – Linen manufacturing facility in Maharashtra, achieves **100% capacity utilization** within 6 months of operations
- ... leading to improvement in EBITDA margin**

*\*Sales growth is excluding GST impact*

# Tools & Hardware - Sustaining Profitable Operations

INR Cr.	FY 19	FY 18	Amt	%age
Sales	401	365	37	10%
EBITDA	43	33	10	32%
<b>EBITDA margin</b>	<b>10.7%</b>	<b>9.0%</b>		<b>177 bps</b>

11.9%\*

*Results are shown for 100% operations & include minority interest*

- After a successful turnaround last fiscal, the business has witnessed significant profitable growth this year
  - ✓ Growth driven by better performance in both domestic and international markets
  - ✓ Continued focus on customer engagement through customer-retailer loyalty programmes
- The turnaround strategy of building operational efficiency and product rationalization helped in improving EBITDA margin, countering the steep rise in steel prices
  - ✓ Optimizing manufacturing capabilities – Needle Files Capacity Expansion, Chainsaw Files Capacity optimization & Drills Capacity relocation with focus on Asset Light approach

\*Sales growth is excluding GST impact

# Auto Components - Strong sales & profit growth

INR Cr.	FY 19	FY 18	Amt	%age
Sales	259	218	41	19%
EBITDA	58	45	13	29%
<i>EBITDA margin</i>	<i>22.6%</i>	<i>20.8%</i>		<i>177 bps</i>
EBITDA LTL	59	45	13	30%
<i>EBITDA margin LTL</i>	<i>22.7%</i>	<i>20.8%</i>		<i>188 bps</i>

20%\*

Results are shown for 100% operations & include minority interest

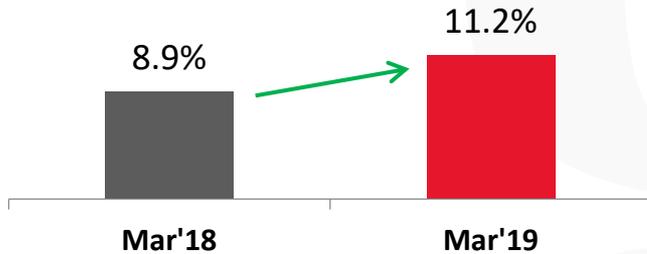
- **Strong revenue growth momentum** in domestic and international markets
- **Capacity expansion** in ring gears from 4.6mn to 8.6 mn pcs to support the demand
- **EBITDA margin improvement** led by better product mix & cost reduction

\*Sales growth is excluding GST impact

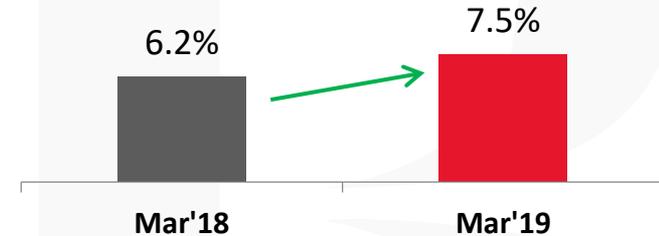
# Balance Sheet and Cash Flow

# Improvement in Performance Indicators

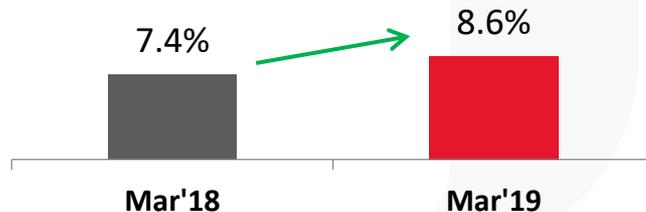
ROCE showed strong growth...



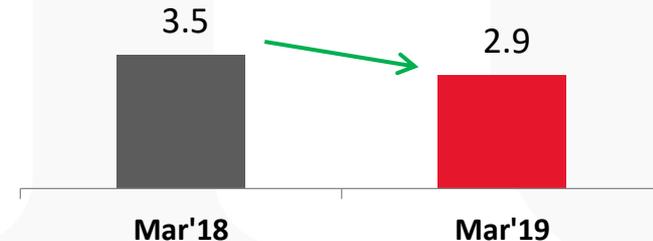
...mainly Driven by improvement in EBIT margin



Increased ROE – Enhanced Shareholder Value



Net Debt/EBITDA (X) improved due to better profitability



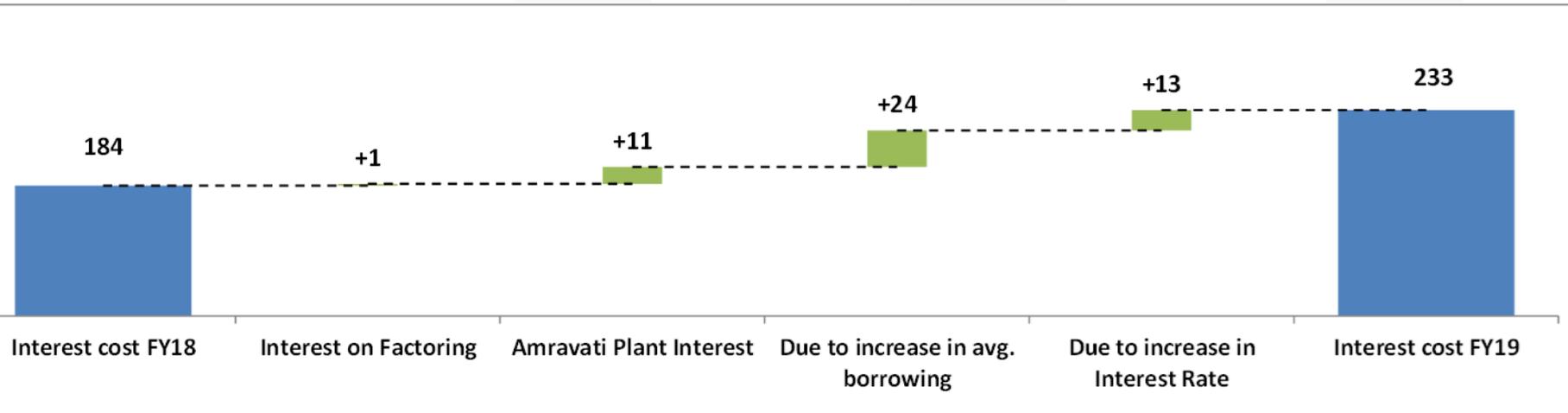
ROCE excluding Real Estate: 11.9% vs 9.2% in PY

# Balance Sheet

Particulars (INR Cr)	FY19	FY18	Variance
Net Worth	2,037	1,888	149
Gross Debt	2,468	2,353	114
<b>Capital Employed</b>	<b>4,505</b>	<b>4,242</b>	<b>263</b>
NFA + CWIP	2,049	2,012	37
Current Investments & Cash	402	460	(58)
NWC	1,731	1,442	288
Others	322	328	(5)
<b>Capital Deployed</b>	<b>4,505</b>	<b>4,242</b>	<b>263</b>

Key Ratios	FY19	FY18
Net Debt / Equity	1.0	1.0
Net Working Capital Days	94	87
Net Working Capital Days excl. Real Estate	90	89

# Interest cost up in FY19 by Rs 48 Cr



# Full Year: **Positive Cash flow** from Operations

Particulars (₹Cr)	FY19
Operating Profit less Taxes & Exc. Items	523
Working Capital Changes	(262)
<b>Cash Flow from operating activities (a)</b>	<b>261</b>
Net purchase of Fixed Assets	(251)
Movement in Investments	39
Interest & dividend income	80
<b>Cash Flow from Investing Activities (b)</b>	<b>(133)</b>
Interest Paid	(255)
Dividend & DDT Paid	(22)
<b>Cash Flow from Financing Activities before Debt (c)</b>	<b>(277)</b>
<b>Net Cash Flow Movement before Debt</b>	<b>(149)</b>
Debt movement	128
Changes in Currency Fluctuation	(4)
<b>Net increase in cash and cash equivalents</b>	<b>(25)</b>

**Cash flow from operating activities positive at ₹261 cr due to better operating performance**

# Guidance for FY 2019 Achieved

KPI	Guidance for FY19	Actual Results
Revenue Growth	7% - 9%	12% *
EBITDA Margin	+80 – 100 bps	+140 bps
ROCE (Underlying)^	<i>Improvement from FY18:</i> 9.2%	11.9%
Net Debt/ EBITDA	<i>Improvement from FY18:</i> 3.5X	2.9X
Free Cash Flow	- ve	-ve



\* Excluding GST impact

^ Excludes real-estate impact

# AGENDA

Q4 FY19 Results

FY19 Results

## Lifestyle Initiatives

➤ **Undertaken in FY19**

➤ Planned in FY20

FMCG

Real Estate

The Journey Ahead

While maintaining **Profitable Growth Momentum**

**Making Raymond future ready by**

- ❑ Continued product & service innovation
- ❑ Market & Network Expansion
- ❑ Transforming 'Supply Chain Management'
- ❑ Adopting Next-Gen Technology platforms

***across all businesses***



# Lifestyle Initiatives - Undertaken in FY19

## Product & Service Innovations

- Brand Campaigns
- New Product offerings
- New Customer Segments

## Market & Network Expansion

- Channel Expansion
- New Store Categories
- Digitalization
- Institutional Business
- Tailoring Ecosystem
- Capacity Stabilization

## Transform SCM & Adopt New Age Tech

- Supply chain Transformation
- Future Ready IT Platforms
- Product Re-engineering
- Building Talent

# Lifestyle Initiatives - Undertaken in FY19

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- Capacity Stabilization

## Transform SCM & Adopt New Age Tech

- Supply chain Transformation
- Future Ready IT Platforms
- Product Re-engineering
- Building Talent

# Brand & Innovation – Campaigns & Properties

**Highly Contextual & Sharply targeted marketing campaign**

**Tailor your style**



**Khadi**



**Raymond Linen**



**Investing to Build Strong Brand Properties**

**Sports Engagement**



Style Sponsors for Indian team at Asian Games, Youth Olympics

**Music Association**



Association with India Music Summit, ParxHunt & BansuriUtsav

**Movie Engagement**



Brand Placement in Sui Dhaaga

# Product Innovations – New Offerings

**Largest Apparel tradeshow in India with showcase of ~20,000 SKU's**

**PARK AVENUE**



Air Weight Collection



Active Formals

**ColorPlus**



Cashmere sweater

**parx**  
Love easy



Eco Collection

**raymond**



Knit shoes



Creaseless shirts



CP Denim

**Fashion Accessories**



Wooden Bow-Tie



Acrylic Bow-Tie

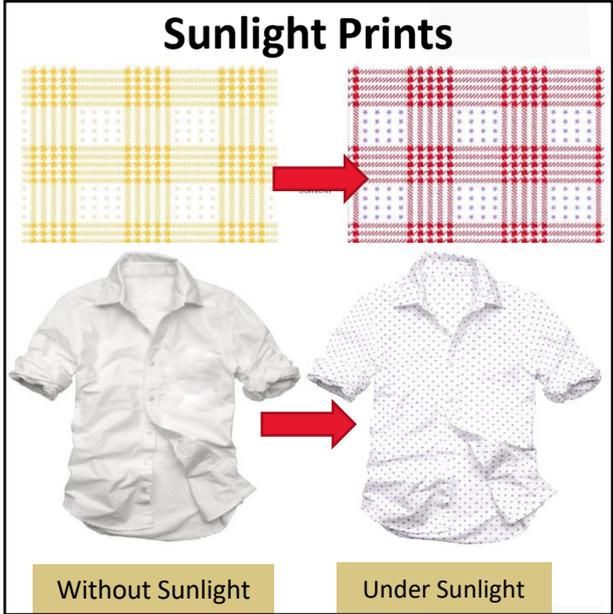


Wooden set

# Product Innovation – New Offerings

## Shirting Fabric Portfolio

**Sunlight Prints**



The diagram shows two fabric patterns: a yellow and white plaid pattern on the left and a red and white plaid pattern on the right, connected by a red arrow. Below the patterns are two white shirts. The left shirt is labeled 'Without Sunlight' and the right shirt is labeled 'Under Sunlight', with a red arrow pointing from the left shirt to the right shirt, indicating that the fabric's appearance changes when exposed to sunlight.

Without Sunlight      Under Sunlight

**Gold & Silver plated yarn used with linen for the rich look**



A close-up image of a fabric with a repeating pattern of gold and silver floral or leaf-like motifs on a light background.



Perfumed Finish Shirts



Spill Resistant Finish

***Increased range of Linen Products with high quality yarns***

# MTM – Category extension & Concierge service



**Ceremonial**

Curated Line of  
Special edition  
products



**Lounge Wear**

Track pants, shorts,  
hoodies, round & V  
neck T-shirts



**Casual Wear**

Denim, Polo &  
Chinos piloted  
across 20 stores

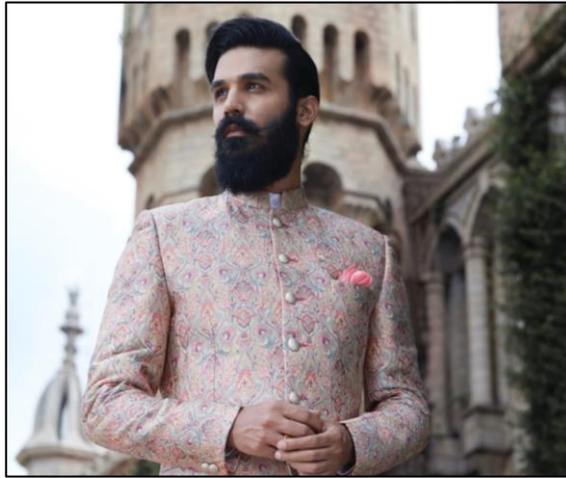


**Concierge  
Service**

Revamped website  
to attract online  
bookings

# New Customer Segments - Ethnix

Opportunity in high growth premium Ethnic Wear segment



Bandhgalas

Sherwanis

Smart Ethnix

Kurtas

Bundis

Fusion Wear

- Design inspiration from Indian art forms such as – Rangoli, pottery, ghats of Benares, embroidery patterns,. etc.
- Retailed through multiple channels, EBO's designed with sustainable materials & finishes

# New Customer Segments - Khadi

Khadi for Nation, Khadi for Fashion



- Retailed through extensive network of Raymond stores and 120+ MBO doors
- Opened innovative concept store at prominent location - Kala Ghoda, Mumbai
- Closely worked with 150+ clusters to generate 3 million+ man-hours of additional employment at 30% higher wages

# New Customer Segments – Next Look

Opportunity in untapped value segment due to shift from **Unorganized** to **Organized** sector



next look

- Targeted at youth & young professionals – Aspirational designs at value price
- Strong focus on Tier II - IV cities
- To leverage existing strong retail presence in 590+ towns
- Distribution reach of 1000+ MBO's and TRS network

# Lifestyle Initiatives - Undertaken in FY19

## Product & Service Innovations

- Brand Campaigns
- New Product offerings
- New Customer Segments

## Market & Network Expansion

- Channel Expansion
- New Store Categories
- Digitalization
- Institutional Business
- Tailoring Ecosystem
- Capacity Stabilization

## Transform SCM & Adopt New Age Tech

- Supply chain Transformation
- Future Ready IT Platforms
- Product Re-engineering
- Building Talent



# 1 Store launched every 1.5 days



**300<sup>th</sup> Mini TRS, Kengeri  
Mar, 2019**



**200<sup>th</sup> Mini TRS, Hoskote  
Oct, 2018**



**100<sup>th</sup> Mini TRS, Gurugram  
Apr, 2018**



**1<sup>st</sup> Mini TRS, Bihta  
Mar, 2017**

400 Days

200 Days

150 Days

## Fastest Rollout of stores

# Mini-TRS – Asset light model of expansion

300 Mini TRS stores opened – across 190+ towns

Largest retail network in India – presence in 590+ towns

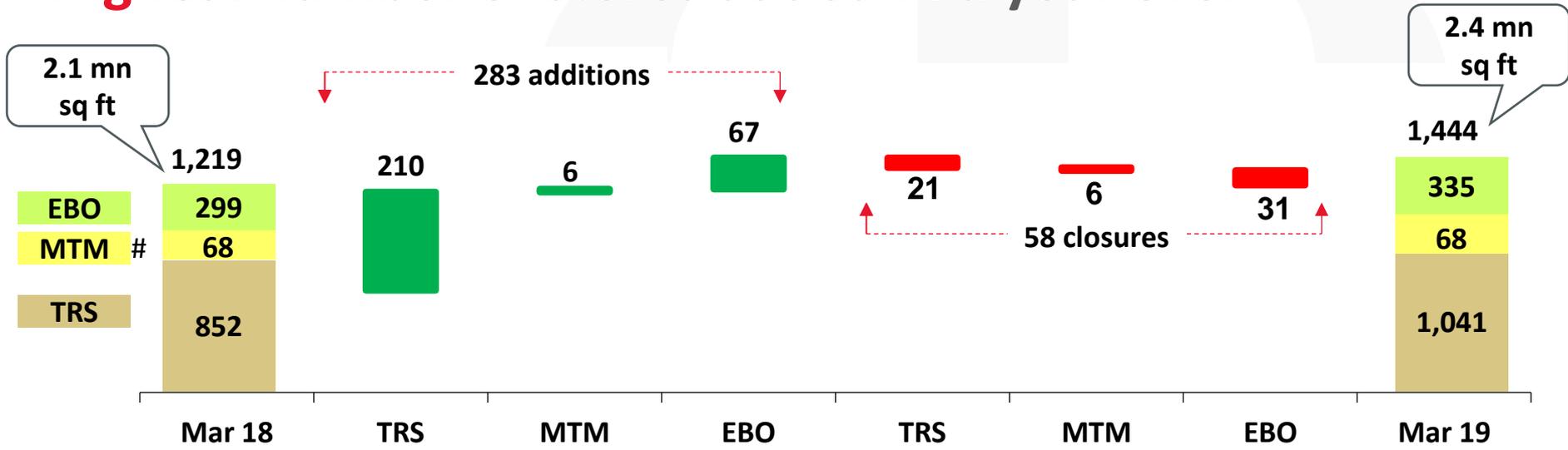


**New Design**  
**Attractive Pay-Back**

**Low Investment**  
**Fully Franchised**

**Right Size**  
**Tier III - VI towns**

# Highest number of stores added in a year ever



- Additions include 191 Mini TRS
- ~97% of stores added are franchised including Mini TRS
- Blended sales growth across our retail formats was ~11% for the year

#MTM includes 46 converge stores as on Mar'19 (41 as on Mar'18)

# Network Expansion

## EBO & MTM network



*Added 73 new stores*

## Increased MBO reach



*Increased by ~1,000 doors*

## Ethnix reach



*2 EBOs, 80 MBO's and TRS network*

## Increased LFS presence



*Added 350+ new doors*

## B2C Shirting – Wholesale & MBO



*Added 150+ new doors*

## Khadi reach



*120+ MBO's, TRS network  
Exclusive store in Kalaghoda*



# New Store Categories - Innovative Store Concepts



Atelier Lounge



Ceremonial



Ethnix



Khadi



Macy's Tailor Square

# Atelier



# Ceremonial



# Ethnix



# Khadi



# Macy's Tailor Square – 15 Stores in USA



# Expanding Tailoring Eco-system

**C**apacity

**C**apability

**C**onnect

**C**onsumer

## 3 Pillars of Execution

### Tailoring Hubs



- 51 operational hubs
- **Annual Conversion capacity of ~2mn meters of fabric**
- Franchisee model

### Centre of Excellence



- Skill Training of Tailors/ Kharigars
- **~25,000+ tailors trained**
- More than 1.4 lakh hours of training

### Custom Tailoring



- **Online Tailoring** now available in 8 cities
- Launch of Premium and Express Tailoring

# Digitalization – Raymond Rewards & Digital Reach

raymond REWARDS



- Connects **1,385 stores and 650+ Franchisee partners**
- **Large base of 6.3 mn members** contributing to 82% of retail sales
- Over **1.05 million repeat customers**, growing at 11% Y-o-Y
- Member ATV high at ₹6,120

New launches  
communicated

Product  
recommendations

Special  
customized offers

Tactical Program  
Benefits

Incremental footfalls + Spends

**STRONG DIGITAL REACH**



- **1 billion+** Digital impressions
- Unique Digital reach to **250 million+ individuals**

# Market expansion through Institutional Business

Institutional Sales emerging as major channel of growth

## Industry-wise coverage



## Public-Sector coverage



## Defence

INDIAN ARMY

INDIAN AIR FORCE

INDIAN NAVY

## Sports



# Amravati & Ethiopia - Capability to **quickly execute and scale-up** **new capacities**

## Amravati (High Value Shirting)



Achieved optimal capacity utilization  
**within 3 months of start of operations**

## Ethiopia (Garmenting )



Continued scale up, shipped ~0.5 Mn  
garments with **nil quality defects in FY19**

# Lifestyle Initiatives - Undertaken in FY19

## Product & Service Innovations

- Brand Campaigns
- New Product offerings
- New Customer Segments

## Market & Network Expansion

- Channel Expansion
- New Store Categories
- Digitalization
- Institutional Business
- Tailoring Ecosystem
- Capacity Stabilization

## Transform SCM & Adopt New Age Tech

- Supply chain Transformation
- Future Ready IT Platforms
- Product Re-engineering
- Building Talent

# Supply chain Transformation Initiatives

## Project Leap: Suiting SCM Redesign



- Increase Distribution Reach
- Improve Working Capital
- Improve Sales Volume
- Improve Lead time
- Improve NOS availability

Partnered with  VECTOR  
CONSULTING GROUP

## Project Athaang: Apparel SCM Redesign



- Integrated Merchandise Management to drive gross margin improvement
- Integrated Customer Experience to drive disproportionate customer acquisition and retention

Partnered with  VG  
VANTO

# Future Ready IT platforms

## Digitized Order booking



- B2B ordering tool providing forecast, timely delivery & access to larger range online
- Orders fulfilled within 3 days of receipt
- Even a single SKU of smallest length can be ordered

## Project Pursuit: Single ERP across BUs



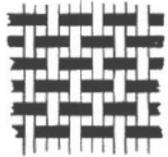
- Implementation of new ERP across BUs initiated
- Complete Changeover to new omni-channel ready POS initiated

# Product Re-engineering

Product re-engineering to reduce wool price impact



Wool microns optimization



Product re-engineering



Process optimization

# Investment in Learning & Development

## PROGRAMS CONDUCTED



*Singularity University*

- **Top 20 leaders**
- Aiming for an exponential change of 10x instead of an incremental 10% change



*Cambridge University*

- **Top 30 young Hi-potentials**
- Knowledge series, personalized coaching, to develop future leaders



*Shakti*

- **All women employees**
- Focuses on creating self-leadership among women

# AGENDA

Q4 FY19 Results

FY19 Results

## Lifestyle Initiatives

➤ Undertaken in FY19

➤ **Planned in FY20**

FMCG

Real Estate

The Journey Ahead

# 1. Network Expansion to continue

Focus on asset light expansion



**Mini TRS** – Stabilize existing stores and further roll-out of ~100 Mini TRS

**PA 500** – Increase penetration of Park Avenue via compact 500 Sq ft franchise stores

**Scaling up** of Style Advisory to ~50 cities

**LFS & MBOs** – Door expansions to continue

**Wholesalers** - Increase reach in Wholesaler network

## 2. Services for customization & better user experience

### Park Avenue – Design it Yourself ‘DIY’



Pilot in 5 EBO's till FY19;  
200+ new doors (MBO+TRS) in FY20

### 3D printed accessories



68 MTM + RTW Stores till FY19  
200 stores in FY20

### Drive Custom Tailoring



- Aggressive Tailoring Campaign
- Online Tailoring to reach 40 Cities
- Reach 75 Tailoring hubs

### Style-Me (Visualization) Mirror



raymond  
StyleME

- Enhance overall shopper experience
- Additional ~150 units to be installed Pan-India

# 3. Accelerate Product Innovations

## *Fabrics from unique material/properties*

Luxury Collection



Diamond, Titanium, Gold,  
Silver, Super 180s

Wellness Collection



Anti-Bacterial, anti-odour,  
with fragrance

Sustainability Collection



Recycled Fabric, Charcoal,  
Cellulose Fibre, Paper Yarn

Jacketing Fabric



Pineapple blend, cashmere, Silk,  
Super 90s Nylon, 100% wool

# Core business profitable growth momentum to continue in FY20

## 1 Network Expansion



## 2 Strong focus on customization and user experience



## 3 Accelerate Product Innovation

TECHNO FRESH



## 4 Ongoing process transformation in SCM and Digital Automation



## 5 Improving Ethiopia capacity utilisation



### Strong focus on improving profitability through initiatives including :

- Asset light network expansion
- Product reengineering and process optimisation in Suiting Business
- Improving operating efficiency in Branded Apparel

# AGENDA

Q4 FY19 Results

FY19 Results

Lifestyle Initiatives

➤ Undertaken in FY19

➤ Planned in FY20

**FMCG**

Real Estate

The Journey Ahead

**FMCG**

# Raymond FMCG – A House of Brands



# FMCG – Who are We

- **Part of the Raymond Group of Companies**
- **Comprises of Two SBUs – J.K Helene Curtis Ltd. (JKHC) & Raymond Consumer Care Ltd. (RCC)\***
- **Focused on Home & Personal Care - Male grooming & Sexual Wellness Categories**
  - ✓ **Male Grooming: Fragrance & Deos | Hair Care | Body Care**
  - ✓ **Sexual Wellness: Condoms | Lubes | Delayed Sprays**
- **Having a large condom manufacturing facility at Aurangabad, Maharashtra**

# FMCG – Our Strengths



- One of the Best Portfolio in Personal Care
- Well established portfolio in Home care

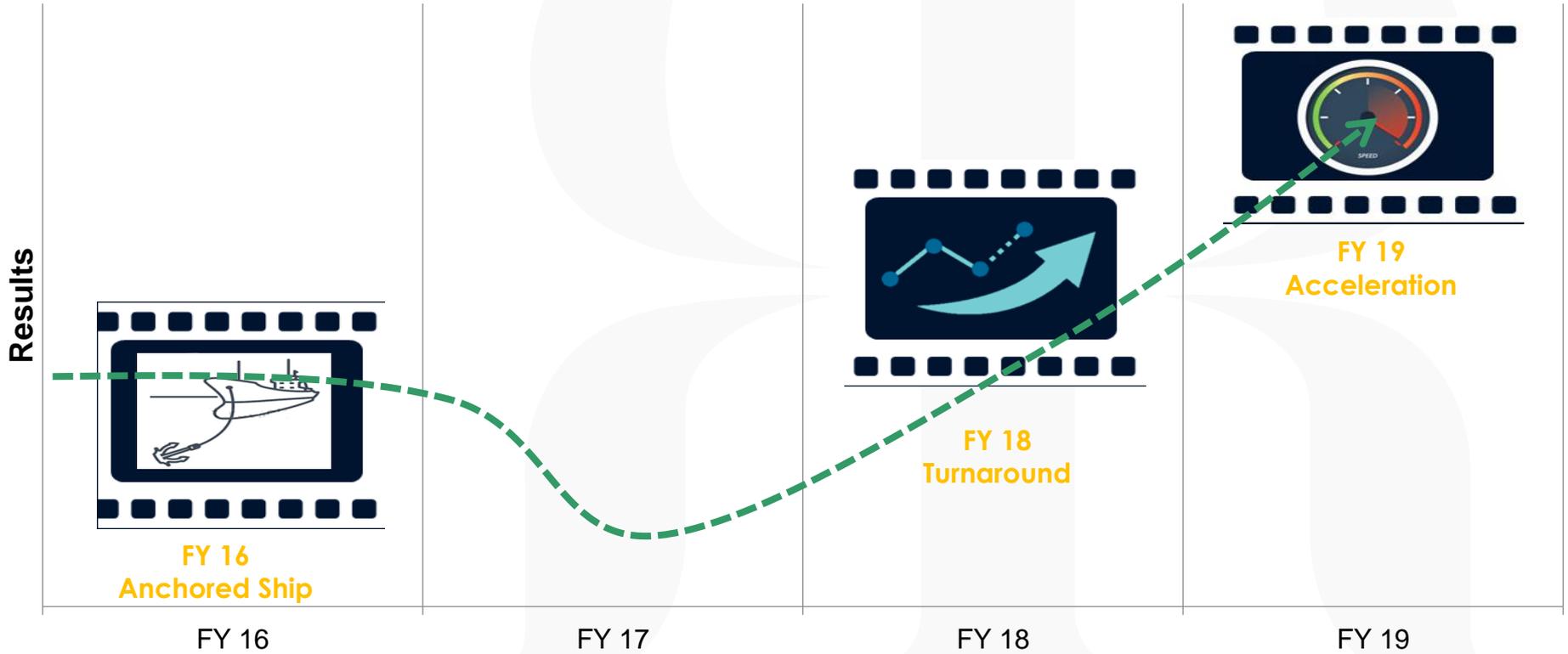


- Hold a house of Iconic Brands
- PARK AVENUE | RAYMOND | KAMA SUTRA | PREMIUM



- Young and Motivated Management Team
- Average age of employees ~32 Yrs

# FMCG – Raymond Reimagined Journey of Last Three Years



# FMCG – Key Highlights

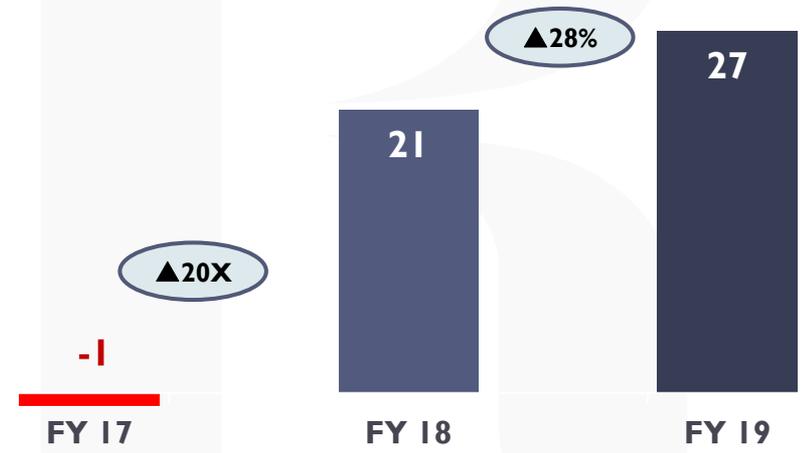
- **Topline growth of 19% CAGR in last 2 years**
- **Retail presence across 3.5 Lac outlets across all brands**
- **Serving ~11,000 Modern Trade Outlets and strong foothold in CSD & Institutional Channel**
- **In 2017, acquired 100% ownership of “Kamasutra” brand from Ansell**
- **In the process of integrating two existing companies – JK Helen Curtis and JK Ansell**
- **Profitability improvement in coming year led by unlocking of Organizational Synergies**

# Performance – Financial Highlights\*

## Revenue\*\*



## EBITDA\*\*



\* Aggregated financials of JKHC & RCC for 100% of Operations

\*\* Includes other income

All Figures in INR Crs

# Led by – New Product Launches & Organization Building Initiatives

## New launches



New PA EDP



Luxury Perfume Collection



Pocket Perfumes – PA & KS



New Flavored Condoms



Premium Condoms Portfolio



Beer Shot Shampoo

## Organization Building Initiatives

- Category management Structure
- Strengthen R&D and Supply Chain Capabilities
- Distribution footprint expansion
- And next level of Digitalization:
  - ✓ Sales-force Automation
  - ✓ Next generation ERP
  - ✓ Distributor management system

# Followed with – Long Term Brand Building

Subah Good Morning to Din Amazing



It all Begins with a Spark



New EDP



The Men with Class

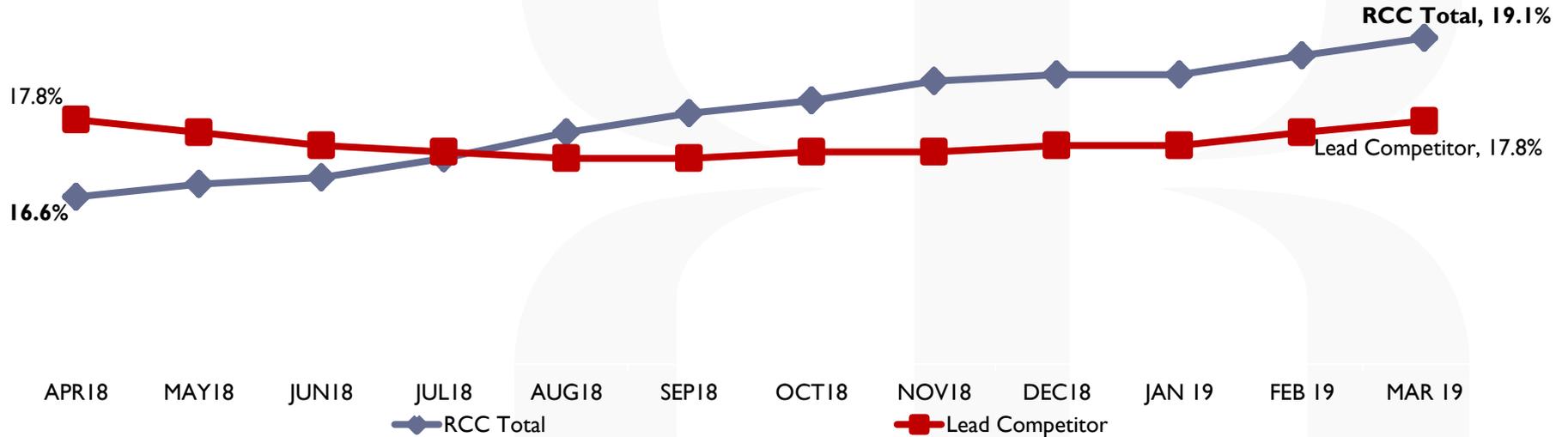


Kuch Unke Liye Kuch Apke liye



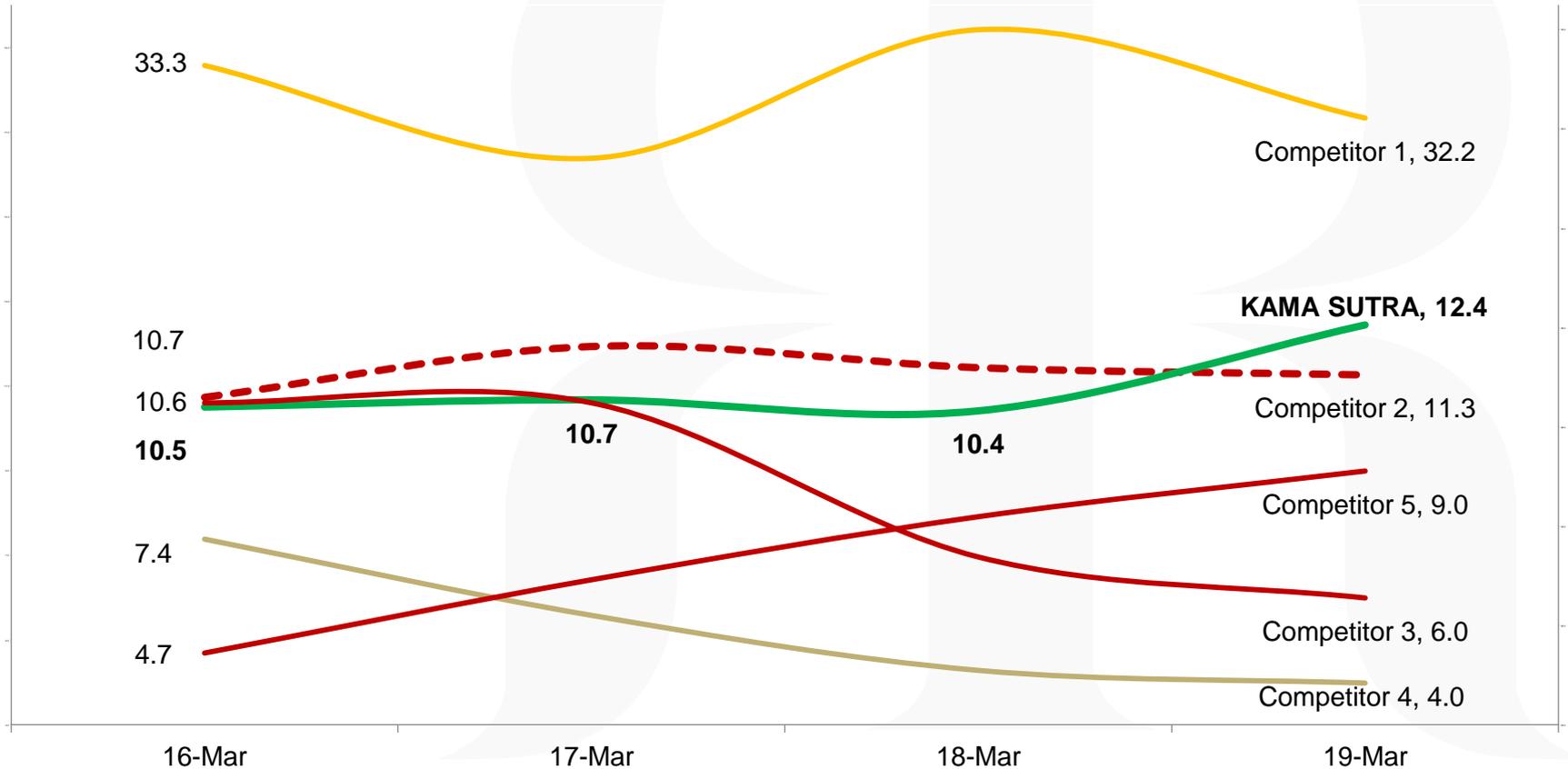
# And in Male Deos – We have attained Market Leadership

**MAT Deo Market Shares %**



**Gained 250 BPS Market Share in last 12 Months**

# And in Condoms – We have become No 2 from No 4 in Three Years

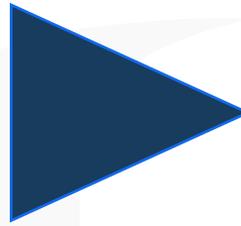


## In terms of Other Categories – Market Standing Improved



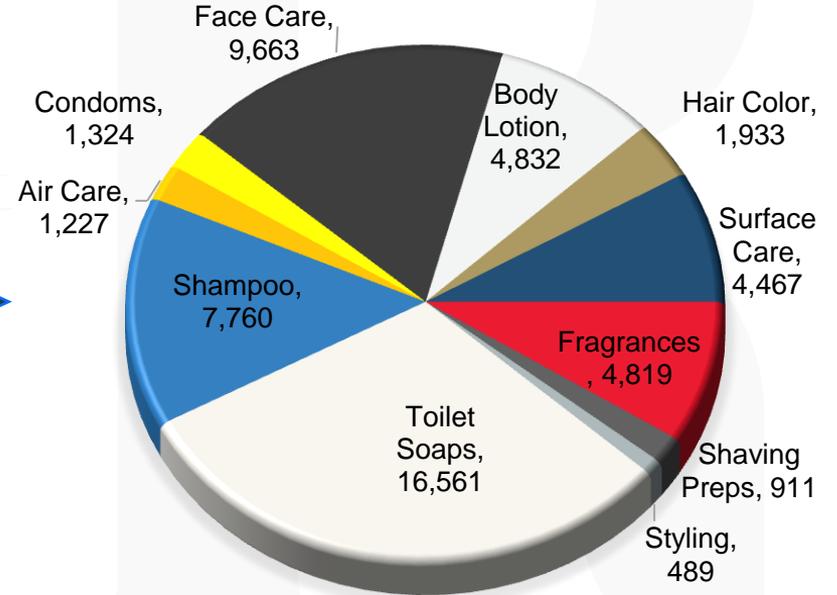
# And Huge Headroom for Growth – 10X Possibility

**Current Core Categories  
Size - ~5250 Cr**



**10x**

**Addressable Market (FY23)  
Size - ~54000 Cr**



**Will Continue to Grow** – With the Vision of

A black and white photograph of a man in a light-colored shirt and dark pants, holding a baby wrapped in a blanket. The man is looking towards the camera with a slight smile. The background is dark and out of focus, showing what appears to be an interior space with a brick wall and some plants.

Making the World Look Good & Feel Great Everyday

**With Philosophy of -** Living as One Team and Believing in One Dream



# AGENDA

Q4 FY19 Results

FY19 Results

Lifestyle Initiatives

➤ Undertaken in FY19

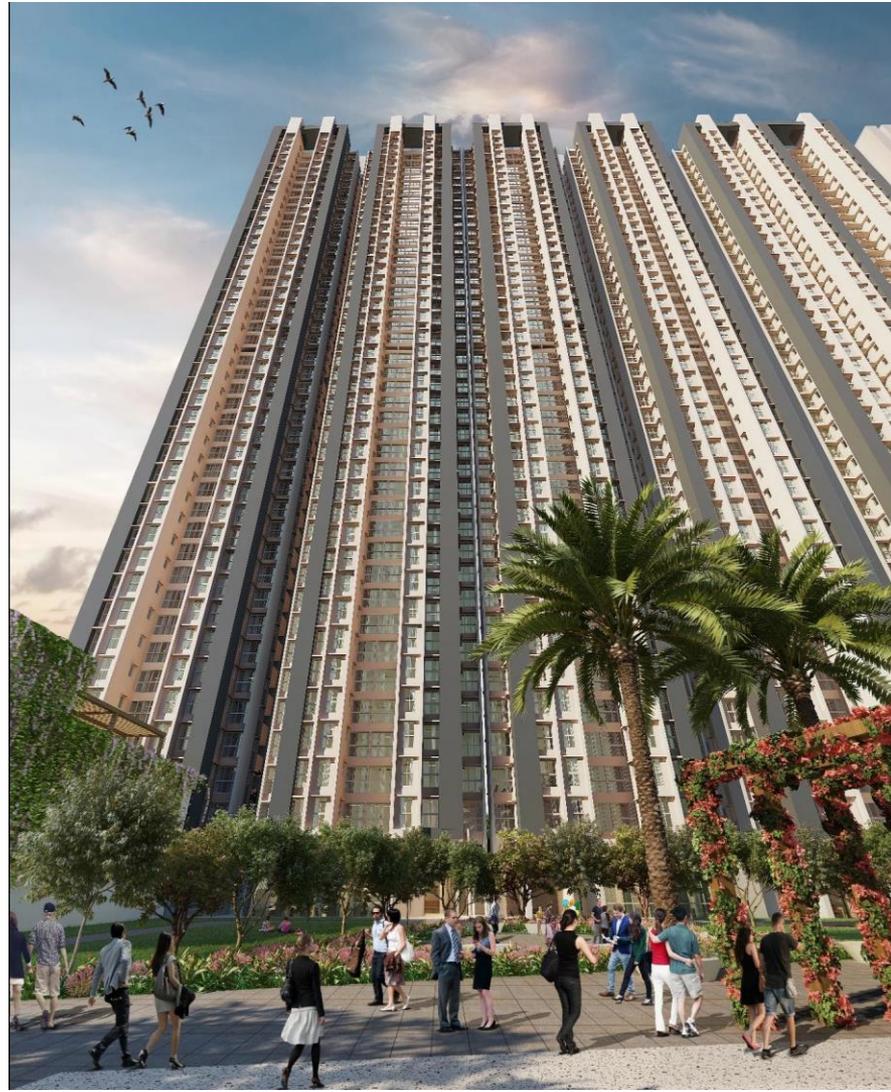
➤ Planned in FY20

FMCG

**Real Estate**

The Journey Ahead

**Raymond** | REALTY  
*Go Beyond*



# Macro environment **shaping up the Real Estate sector**

- Friendlier FDI policy expected to increase fund inflow into the sector
- Low home loan interest rates to help in increasing demand
- Income tax law for 2<sup>nd</sup> house – A big positive for investors
- REIT listing opens a new chapter for the Sector
- Property tax waiver up to 500 sqft homes in Mumbai
- New DCR in Mumbai to increase development potential of projects by 20%
- GST revision putting pressures on developer margin ( ~5%) and sales velocity
- Implementation of Ind AS 115 has created a negative sentiment, for listed Realty Companies

## Competitive scenario MMR

- New launches up by 183% YoY
- Sales up by 95% YoY
- Unsold inventory remains same as last year
- Overhang period of 35 months

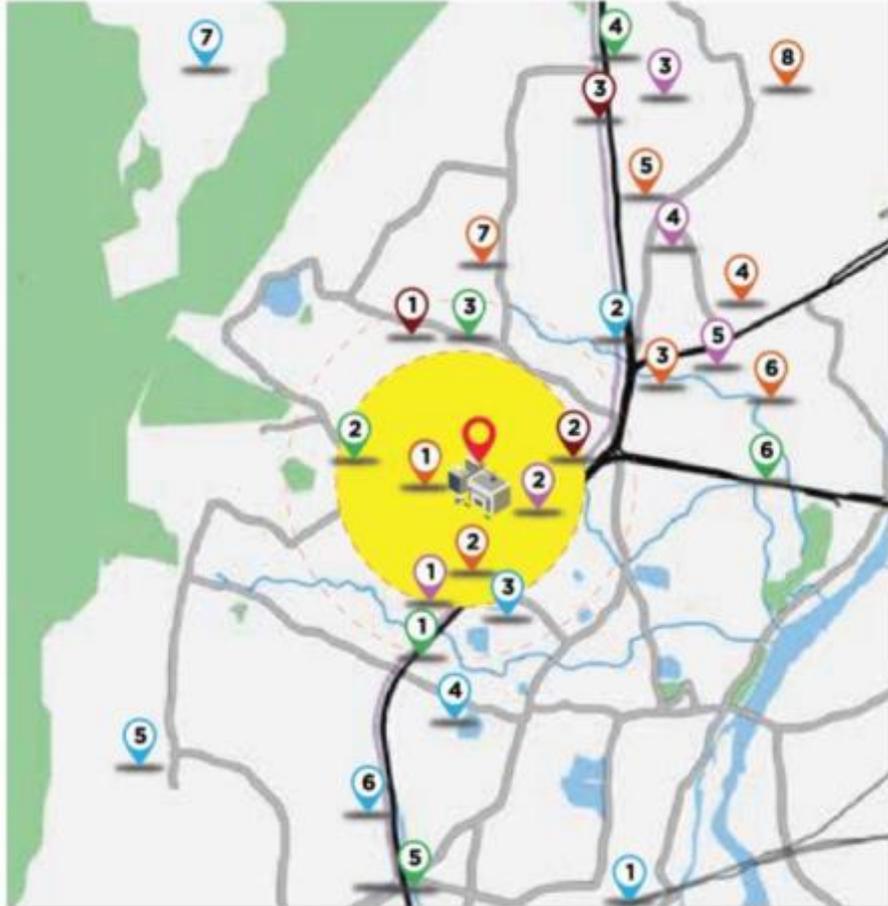
### **Thane Market :**

- New launches down by 35% YoY
- Absorption remains flat at 47,000 units
- Unsold Inventory has come down by 10% YoY (Big positive)
- More than 50% launches with smaller configuration inventory

A large, light gray watermark of the letters 'RR' in a serif font is centered in the background of the slide.

**Launch of Raymond Realty  
Aspirational – 14 acres**

# Excellent Connectivity & Eco-system



**HOSPITAL**

1. Bethany Hospital
2. Jupiter Hospital
3. Titan Hospital

**HIGH STREET - SHOPPING**

1. Korum Mall
2. Viviana Mall
3. R Mall (Thane)
4. D-Mart
5. Big Bazaar

**SCHOOLS**

1. Smt. Sunitidevi Singhania School
2. Smt. Sulochanadevi Singhania School
3. C.P. Goenka International School
4. Holy Cross Convent High School
5. Holy Trinity English High School
6. Lodha World School
7. Euro Kids
8. Orchid International School

**ROAD**

1. Eastern Express Highway
2. Pokhran Road 1
3. Pokhran Road 2
4. Ghodbunder Road
5. Teenhath Naka
6. Mumbai - Nashik Highway

**CONNECTIVITY**

1. Thane Station
2. Upcoming Metro line 4
3. Cadbury Junction
4. Thane Municipal Corporation
5. Passport Seva Kendra
6. Thane RTO
7. Yeoor Hills

**Legend:**

- Highway
- Road
- Railway Line
- Upcoming Metro
- Water Body
- Greenland / Park

# Layout Plan



A project that will elevate the  
benchmark of  
contemporary living



Representational Image | Raymond Realty

RENDERCAD.COM

## Niceties – Unique to our project

- Offie-crèche
- Laundromat
- Netflix pods
- Community Kitchen
- Guest Rooms
- More than 1500 + trees on mother earth
- 7 acres of amenities & open space out of 14 acres project
- Over & above this we have more than 75 plus amenities in our project



1500 + trees on Mother earth



Elevated walk way



**Central 5 acre landscape greens**



**25,000 sq. ft. clubhouse**

**G+42 storied,  
Magnificent towers with  
contemporary designed facade**



**Smart sized homes for the  
complete family**

**2 Bed - Haven**



Living room



Bedroom 1



**Master Bedroom**



**Kitchen**

# Smart Sized homes for Millennial & DINKS

## 2 Bed - Nest



Living room



**Washroom**



**Bedroom 1**

**Co- Creators**



*MEP Partner*



**Faquih & Associates India**  
ARCHITECTS

*Interior Designer*



*Landscape*

**Architect  
Hafeez  
Contractor**

*Master Architect*



EPICONS CONSULTANTS PVT. LTD

*Structural Consultant*



*Construction Contractor*



GODREJ & BOYCE

*Green Consultant*

# Financial Update

Particulars (₹ Cr)	Q4FY19	FY19
Total Units sold	211	211
Total Area sold	0.2 mn	0.2 mn
Sales	20 Cr	20 Cr
PBT	2 Cr	-4 Cr
Capital Employed till FY19		235 cr*

*\*Capital Employed includes existing Transferrable Development Rights (TDR) of ₹50 cr*

# Business Update

## Aspirational – 14 Acres

- Soft Launch- Employees, Dealers, Vendors
- Inventory – One tower launched at a time, till now launched Tower A,B & C
- Sold 400 + units till date
- Public Launch – Akshay Tritiya (7<sup>th</sup> May 2019)

## Premium - To be launched soon

### Financial Projection for overall 20 acres (Aspirational & Premium)

Project Revenue	Rs. 4,000 - 4200 Cr
PAT Margin	25%+
Peak funding	Rs.250 - 300 Cr

- Project cash flow - Positive on year on year basis
- Loan is expected to be repaid by F.Y. 21-22

# Construction Update



- Tower A,B & C - Excavation & PCC completed
- Construction Contractor finalized – Capacite Infra Projects Ltd
- Balance towers construction schedule to coincide with sales velocity

# RESPONSE



# AGENDA

Q4 FY19 Results

FY19 Results

Lifestyle Initiatives

➤ Undertaken in FY19

➤ Planned in FY20

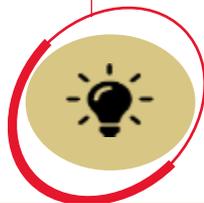
FMCG

Real Estate

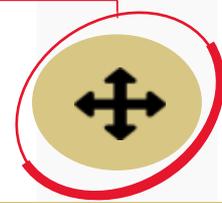
**The Journey Ahead**

# Transformation Drivers

Enhancing Stakeholders' Value



Growth



Transformation



## Innovate & Sustain

- Textile – The Core Business**
- ▶ Product innovations
  - ▶ Service innovations
  - ▶ Market & Category expansion
  - ▶ Channel penetration
  - ▶ Sustain the margins

## Invest & Grow

- Apparel – The Growth Engine**
- ▶ Asset light network expansion
  - ▶ Stabilize Brand investments
  - ▶ Retail experience – store of the future
  - ▶ Omnichannel penetration
  - ▶ Full wardrobe & services solution

## Unlock value & De-leverage

- ▶ Engineering – **Turnaround in progress** of T&H business
- ▶ Sustain **profitable growth** in Auto business
- ▶ **FMCG** – Category expansion, leverage **Raymond** brand & channel Specific Focus
- ▶ Real Estate – An **opportunity**

## Management

- ▶ Further **strengthen corporate governance**
- ▶ Industry repute **Advisory Board**
- ▶ Dynamic **leadership**

# Continued Growth in the Core Textiles Business

Inducing Triggers



Eliminating Barriers



Exploring new opportunities



Accelerating fabric growth



## Product Innovation

New Products/Blends

- TechnoSeries
- Monza
- Linen

## Service Innovation

- Custom Tailoring
- Enhancing capability & capacity of tailoring ecosystem

## Product Extensions

- Khadi

## Increasing Penetration

- New Format - Mini TRS
- Dealer Network expansion

## Servicing @ door step: Online Tailoring

- Launched in 8 cities

## Untapped Potentials

Institutional Business

- End to End Solutions

## Style Advisory

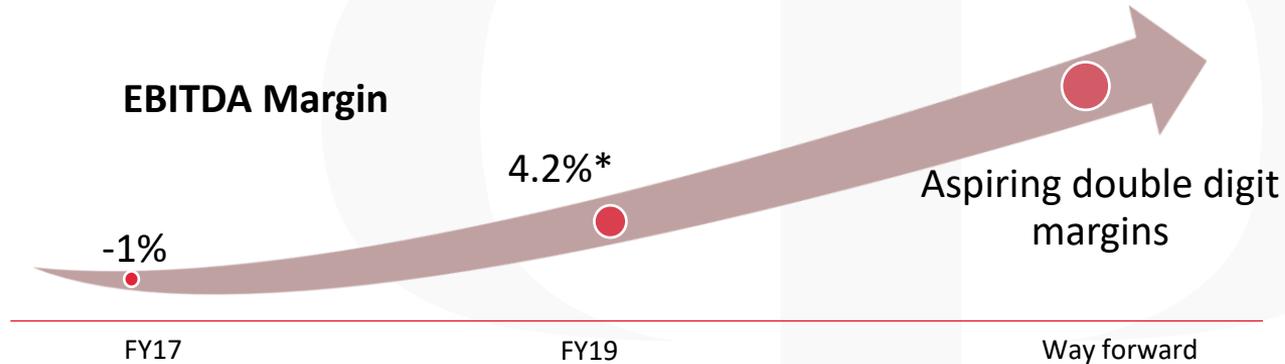
- Look Visualization Service
- Enhance shopper experience and brand engagement

Growing faster than the Industry

Sustain EBITDA margin by product re-engineering and process optimization to mitigate increase in wool price



# Scaling up towards Profitability – Branded Apparel



<b>New Segments</b> Ethnic wear, Next Look	<b>Category Extension &amp; Expansion</b>	Continue to scale up
<b>Existing Network Expansion</b> Doors increased post FY17 – LFS: ~500, MBO: 1,800+		Expansion to Continue
<b>Asset Light Retail Network Expansion</b> Post FY17, opened 100% franchise based: ~300 Mini TRS, 105+ EBOs		Continue expansion mainly in tier III - VI towns

# The Journey ahead - Create consistent shareholder value



	FY18 – Guidance vs Actual		FY19 – Guidance vs Actual		FY-2020 <sup>^</sup> Guidance
	FY-2018 Guidance	FY-2018 Results	FY-2019 Guidance	FY-2019 Results	
Revenue Growth	7% - 9%	13%*	7% -9%	12%*	10% - 12%
EBITDA Margin	+100 – 150 bps	9.1% (+140 bps)	+80 - 100 bps	10.5% (+140 bps)	+70-100 bps
ROCE Underlying <sup>^</sup>	8% - 9%	9.2%		11.9%	12% - 15%
Net Debt to EBITDA	stable	3.5x (from 4.0x)		2.9x	~2.5x
Free cash flow	-ve	-ve	-ve	-ve	+ve

<sup>^</sup>Nos. excluding real estate project

\*Excluding GST Impact

On track of achieving FY 2020 guidance

Q&A



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**Thank You**

