

# Result Presentation

Quarter ended September 30, 2018



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**Market Overview**

# Market Overview

## Textile

- Textiles growth largely due to base effect of last year on account of GST and upcoming festivities
- Higher input costs (raw materials) impacting textile players profitability

## Apparel & Retail

- Subdued consumer demand with moderate to negative SSSG
- Heavy discounted quarter led by EOSS
- Favourable base of 2QFY18 on account of pre GST liquidation of inventory to 1QFY18
- Increased deep discounting by e-com players

## Auto

- Auto sales impacted mainly due to delayed festive season and high crude prices
- Auto/Auto ancillaries with exports contribution to be benefitted by depreciating rupee
- EBITDA margin to compress mainly due to higher commodity prices and weak rupee

## FMCG

- Continued strength in urban & rural consumption resulted in higher volume in consumer goods
- Delayed festive season to partially shift consumer demand in Q3
- EBITDA margins expected to improve led by price hike due to rising crude oil prices & cost rationalization initiatives



**Initiatives and Awards**

# Initiatives



## Mini TRS



38 mini TRS rolled out in Q2FY19;  
totaling to 139 stores as at Sep'18

## Style play



Exclusively selling Raymond Apparel  
Brands. 5 Stores opened in Q2FY19;  
totaling to 11 stores as at Sep'18

## Tailoring Hubs

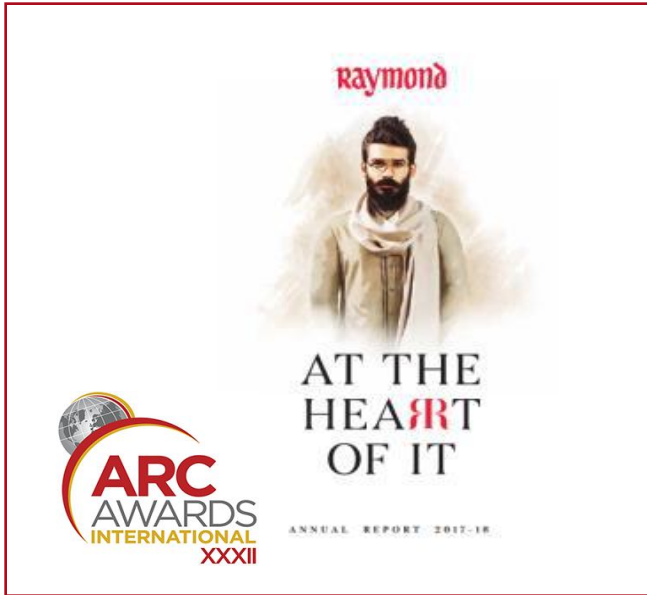


3 tailoring hubs added in Q2, totaling  
to 33 hubs as on Sep'18

# Awards



## Best Annual Report



ARC International Awards by MerComm Inc.(US)

- Grand - Best of Mid-east & India;
- Gold - Traditional Annual Report
- Gold - Photography
- Honors - Cover Photo/Design in Fashion Manufacturing category

## Best Brand Strategy



Won Best Brand Strategy for **“Do Good, Look Good”** Campaign at Mcube Awards

## Great Place to Work



Awarded to

- Raymond Limited
- Raymond Apparel Limited
- Raymond Luxury Cotton Limited - amongst top 50 great place to work



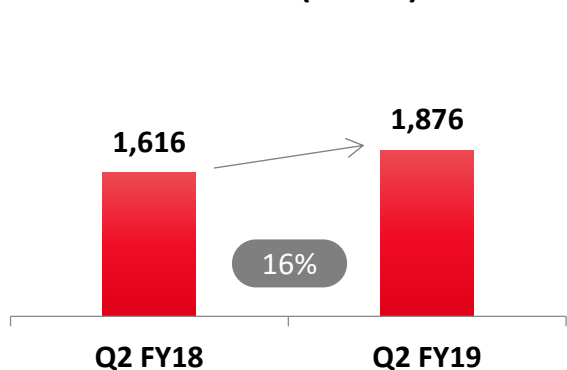


**Financial Highlights**

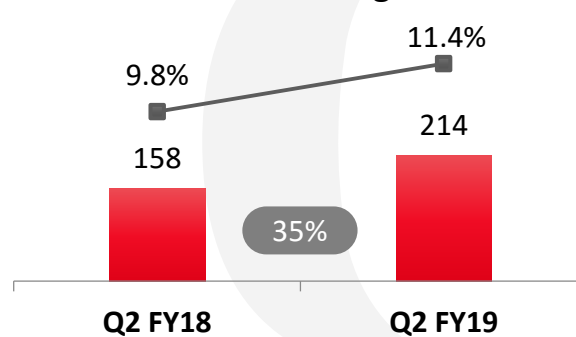
# Financial Highlights – Q2FY19



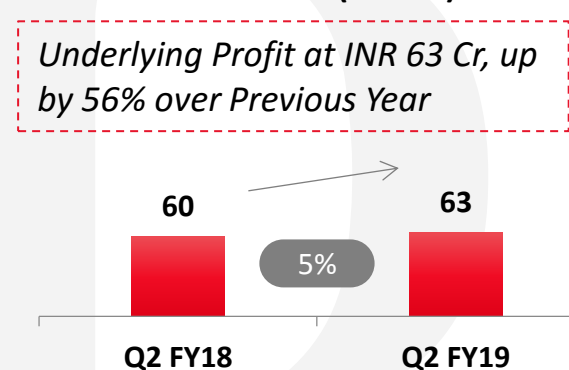
Revenue (INR Cr)



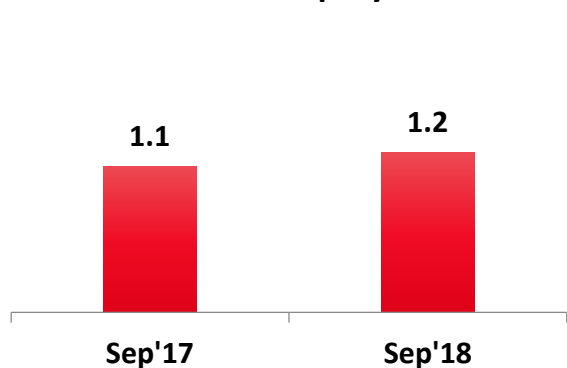
EBITDA (INR Cr) & EBITDA margin %



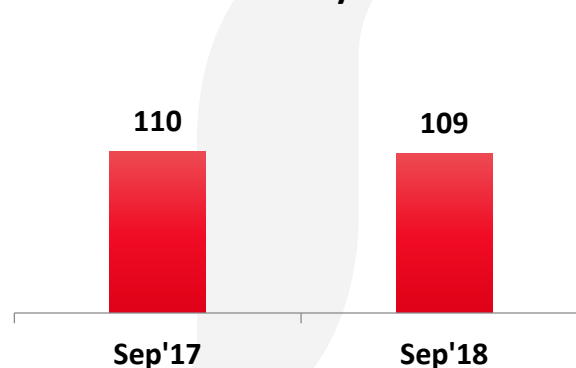
Net Profit (INR Cr)



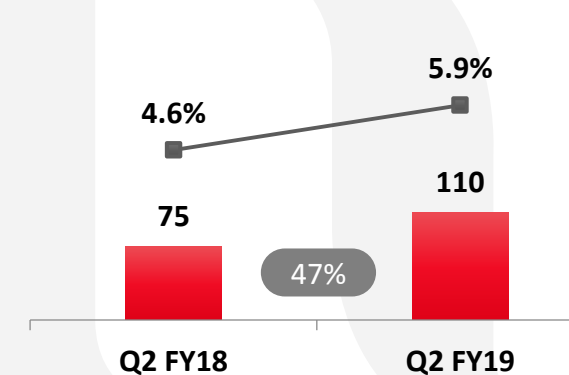
Net Debt to Equity Ratio



NWC days\*



A&SP



\*on TTM Basis

# Consolidated Results



Particulars (INR Cr)	Q2 FY19	Q2 FY18	Y-o-Y%	H1 FY19	H1 FY18	Y-o-Y%
<b>Net Revenue</b>	<b>1,876</b>	<b>1,616</b>	<b>16%</b>	<b>3,165</b>	<b>2,856</b>	<b>11%*</b>
Net Sales	1,848	1,595	16%	3,098	2,792	11%
<b>EBITDA</b>	<b>214</b>	<b>158</b>	<b>35%</b>	<b>322</b>	<b>240</b>	<b>34%</b>
<i>EBITDA margin</i>	<i>11.4%</i>	<i>9.8%</i>		<i>10.2%</i>	<i>8.4%</i>	
PBT before exceptions	104	74	41%	112	74	52%
<i>PBT margin</i>	<i>5.5%</i>	<i>4.6%</i>		<i>3.5%</i>	<i>2.6%</i>	
<b>Underlying Net Profit (before exceptions)</b>	<b>63</b>	<b>41</b>	<b>56%</b>	<b>65</b>	<b>33</b>	<b>94%</b>
Exceptional items (net of tax)	(0)	19		(2)	19	
<b>Net Profit</b>	<b>63</b>	<b>60</b>	<b>5%</b>	<b>63</b>	<b>53</b>	<b>19%</b>
<i>Profit margin</i>	<i>3.4%</i>	<i>3.7%</i>		<i>2.0%</i>	<i>1.8%</i>	

\* Lower revenue recognition by ~2%, due to revenue booking "net of excise" post GST as against gross earlier

## Segment Results – Q2 FY19

Particulars (INR Cr)	Revenue (INR Cr)	Growth (YoY%)	EBITDA (INR Cr)	EBITDA Margin	EBITDA Margin % (LTL*)	Y-o-Y Change
Branded Textiles	884	15%	133	15.1%	15.9%	-50 bps
Branded Apparels	484	15%	14	2.8%	3.2%	0 bps
Garmenting	219	19%	16	7.2%	7.8%	420 bps
High Value Cotton Shirting	176	17%	27	15.4%	16.2%	480 bps
Tools and Hardware	104	15%	15	14.4%	14.4%	540 bps
Auto Components	64	21%	14	22.6%	22.6%	-40 bps
Others #	(54)	-	(5)	-	-	-
<b>Raymond Consolidated</b>	<b>1,876</b>	<b>16%</b>	<b>214</b>	<b>11.4%</b>	<b>11.4%</b>	<b>164 bps</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

# Others includes non scheduled airline operations, real estate development, unallocated expenses, elimination and other income

## Segment Results – H1 FY19



Particulars (INR Cr)	Revenue (INR Cr)	Growth (YoY%)	EBITDA (INR Cr)	EBITDA Margin	EBITDA Margin % (LTL*)	Y-o-Y Change
Branded Textiles	1,473	10%	177	12.0%	13.0%	-65 bps
Branded Apparels	761	10%	20	2.7%	3.2%	220 bps
Garmenting	382	17%	25	6.6%	7.4%	271 bps
High Value Cotton Shirting	333	19%	47	14.0%	14.8%	423 bps
Tools and Hardware	200	13%	23	11.5%	11.5%	356 bps
Auto Components	127	19%	29	23.3%	21.6%^	212 bps
Others #	(112)		0			
<b>Raymond Consolidated</b>	<b>3,165</b>	<b>11%</b>	<b>322</b>	<b>10.2%</b>	<b>10.2%</b>	<b>178 bps</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

^ Auto Components: EBITDA Margin is excluding one time gain

# Others includes non scheduled airline operations, real estate development, unallocated expenses, elimination and other income

## Balance Sheet & Cash Flow Performance Indicators

Particulars (INR Cr)	Q2 FY18	Q2 FY19
Net Worth	1,799	1,912
Net Debt	2,018	2,280
Cash Flow from Operations	(61)	(30)
Free Cash Flow	(192)	(144)

Key Ratios	Q2 FY18	Q2 FY19
Net Debt / Equity	1.1	1.2
Net Working Capital Days (TTM basis)	110	109



Performance of Segments



raymond

FINE FABRICS

SINCE 1925

Branded Textiles



## Branded Textile

Particulars (INR Cr)	Q2 FY19	Q2 FY18	% Chg	H1 FY19	H1 FY18	% Chg
Net Sales	884	772	15%	1,473	1,345	10%
EBITDA	133	126	5%	177	183	-3%
<i>EBITDA margin</i>	15.1%	16.4%		12.0%	13.6%	
<i>EBITDA margin LTL</i>	15.9%	16.4%		13.0%	13.6%	

H1: Growth Ex-GST: 11%

- Increase in sales by 15% supported by domestic volumes
  - ✓ Suiting grew by 14% driven by volume growth of 14%
  - ✓ Shirting grew by 17% led by 8% volume growth
  - ✓ Distribution expansion and growth in trade channels ahead of festive season in Q3
- EBITDA margin LTL lower due to increase in wool prices and higher A&SP spends
- To mitigate the wool price increase, initiatives like wool microns optimization, process optimization and a nominal price hike already undertaken
- Channel growth for the quarter

<b>Channel Growth</b>	Wholesale: 20%	TRS: 8%	MBO: 13%	Others: 22%
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# WEAR TO WRK



Branded Apparel

Park Ave

## Branded Apparel

Particulars (INR Cr)	Q2 FY19	Q2 FY18	% Chg
<b>Net Sales</b>	<b>484</b>	<b>419</b>	<b>15%</b>
<b>EBITDA</b>	<b>14</b>	<b>14</b>	<b>0%</b>
<i>EBITDA margin</i>	2.8%	3.2%	
<i>EBITDA margin LTL</i>	3.2%	3.2%	

H1 FY19	H1 FY18	% Chg
<b>761</b>	<b>689</b>	<b>10%</b>
<b>20</b>	<b>7</b>	<b>188%</b>
2.7%	1.0%	
3.2%	1.0%	

*H1: Growth  
Ex-GST: 13%*

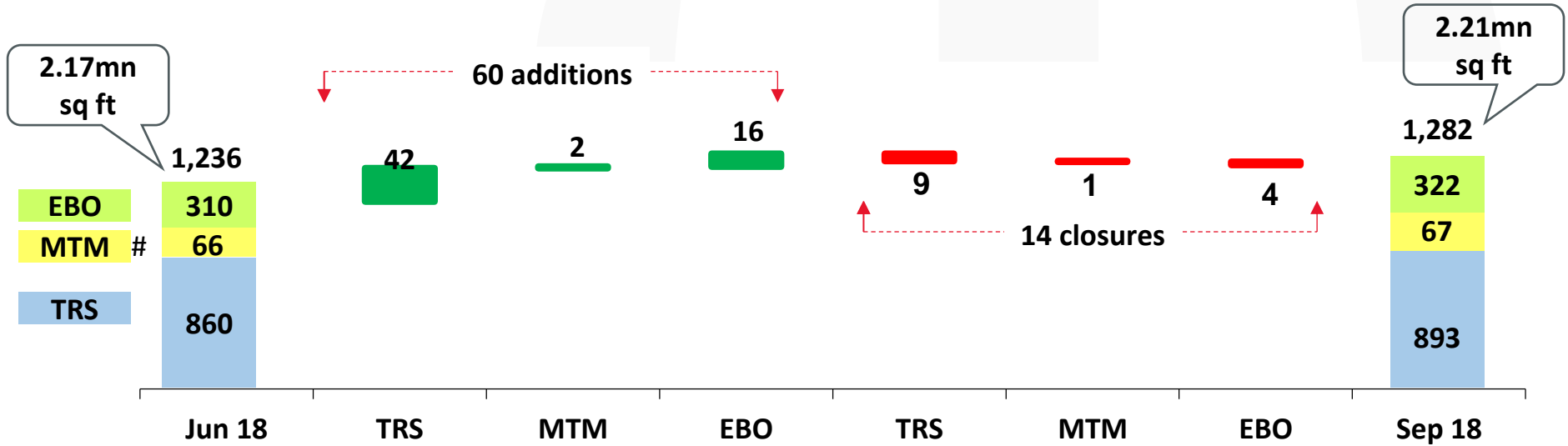
- Branded Apparel grew by 15% driven by
  - ✓ Strong growth in RR and Parx brand and contribution from new customer segments
  - ✓ Strong performance in MBO channel aided by growth in other channels
- Despite prolonged EOSS and higher A&SP spends, EBITDA margin LTL maintained at 3.2%, same as previous year due to operational efficiencies
- Brands and Channels growth for the quarter -

<b>Brand Growth</b>	RTW: 37%	PA: 6%	CP: 5%	PX: 22%
<b>Channel Growth</b>	MBO: 53%	EBO: 5%	TRS: 3%	LFS: 3%



Retail Network

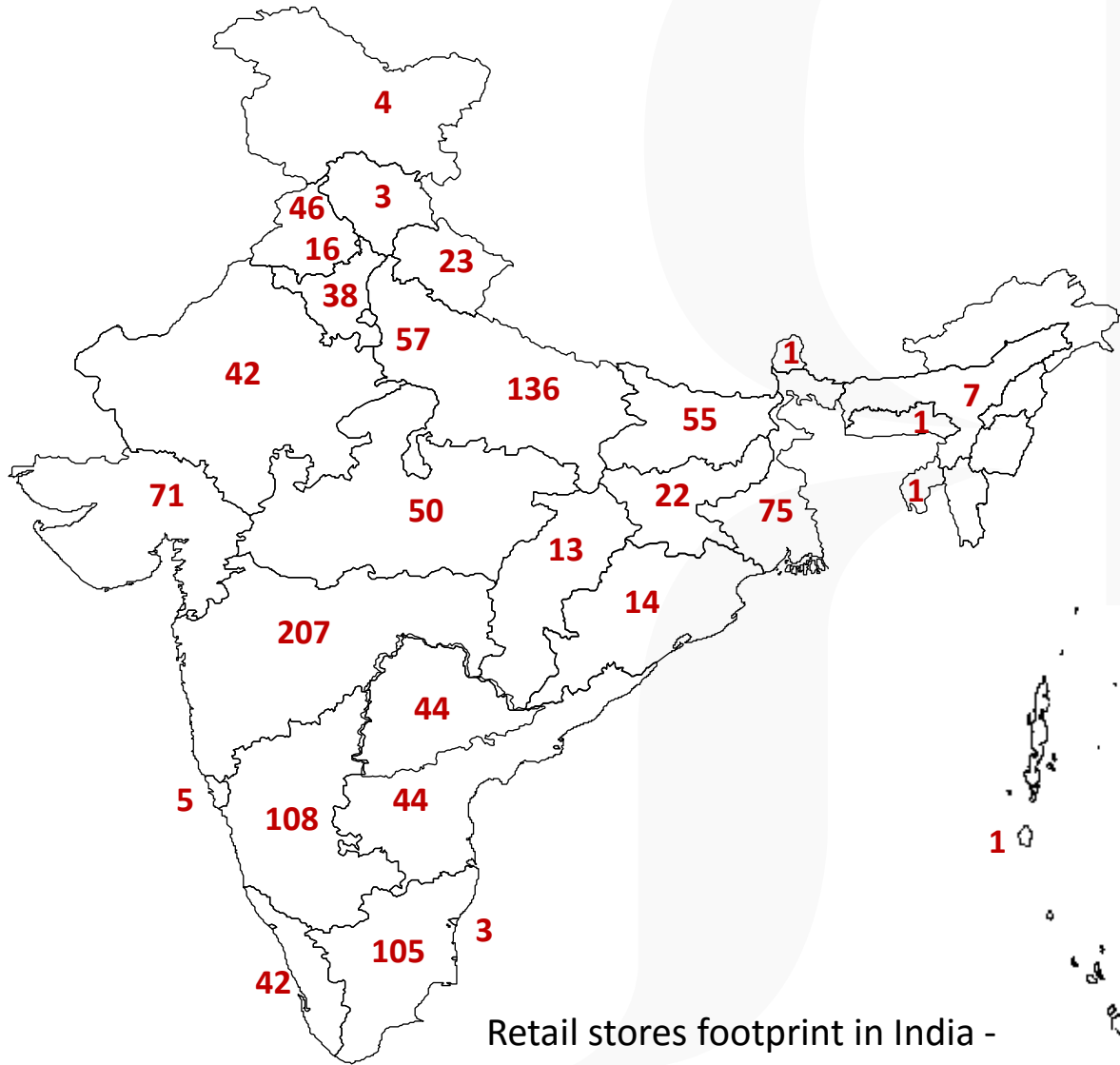
# Exclusive Retail Network



- During the quarter
  - ✓ Added 60 new stores (including 38 mini-TRS) and closed 14 stores
  - ✓ Almost all the new stores added are franchised
  - ✓ Currently 10 stores under renovation
- Blended sales growth across our retail formats was ~3%

# Includes 41 converge stores as on Jun'18 and 43 as on Sep'18

# Strong Distribution Network



Retail stores footprint in India - 1,233 Domestic stores

### Branded Textile

- 20,000+ points of sale across 600+ cities and towns
- 184+ Wholesalers
- 1350+ MBOs
- Across Raymond Shop (TRS) - Tier I to VI towns

### Branded Apparel

- Presence in over 500 cities and towns
- 322 EBOs
- 4500+ MBOs
- 1000+ LFS
- Across Raymond Shop (TRS) - Tier I to VI towns

**139 mini TRS as on Sep'18 across 100+ Towns**



Garmenting

# Garmenting

Particulars (INR Cr)	Q2 FY19	Q2 FY18	% Chg
<b>Net Sales</b>	<b>219</b>	<b>184</b>	<b>19%</b>
<b>EBITDA</b>	<b>16</b>	<b>7</b>	<b>133%</b>
<i>EBITDA margin</i>	7.2%	3.6%	
<i>EBITDA margin LTL</i>	7.8%	3.6%	

H1 FY19	H1 FY18	% Chg
<b>382</b>	<b>328</b>	<b>17%</b>
<b>25</b>	<b>15</b>	<b>64%</b>
6.6%	4.7%	
7.4%	4.7%	

*H1 Growth  
Ex-GST: 17%*

- Garmenting grew by 19% led by exports growth in US
- EBITDA margin LTL improved by 4.2% mainly due to operational efficiencies





High Value Cotton Shirting

## High Value Cotton Shirting

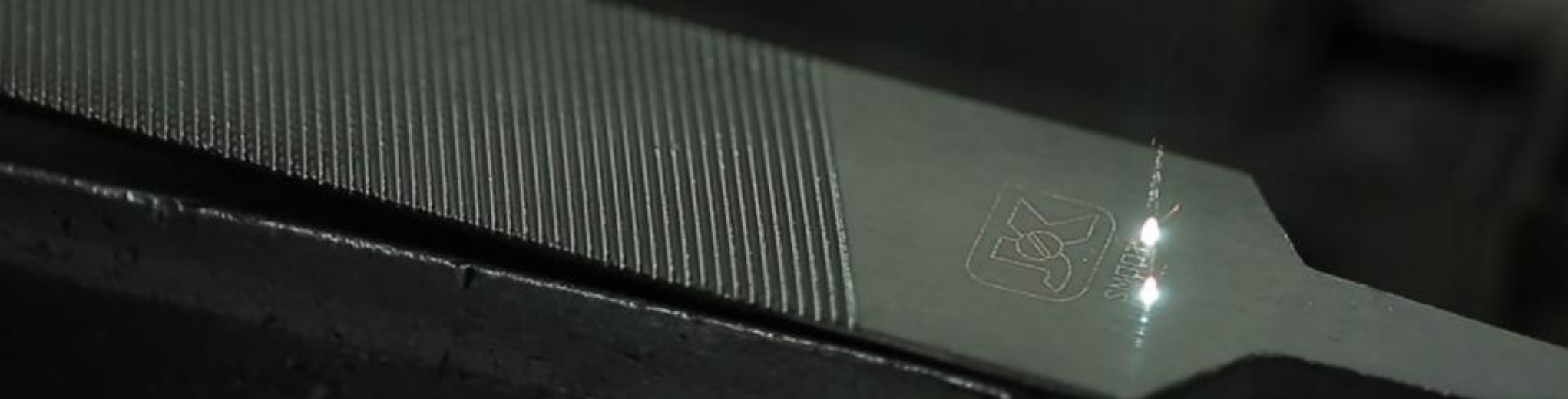
Particulars (INR Cr)	Q2 FY19	Q2 FY18	% Chg
Net Sales	176	150	17%
EBITDA	27	17	59%
EBITDA margin	15.4%	11.4%	
EBITDA margin LTL	16.2%	11.4%	

H1 FY19	H1 FY18	% Chg
333	281	19%
47	30	57%
14.0%	10.5%	
14.8%	10.5%	

H1 Growth  
Ex-GST: 20%

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

- Sales grew by 17% on account of better off-take by the customers and yarn sales from Amravati plant
- EBITDA margin LTL improved by 4.8% mainly led by improved product mix and increased efficiency on account of stabilization of Amravati operations



Tools & Hardware



Auto Components

## Tools and Hardware

Particulars (INR Cr)	Q2 FY19	Q2 FY18	% Chg
<b>Net Sales</b>	<b>104</b>	<b>90</b>	<b>15%</b>
<b>EBITDA</b>	<b>15</b>	<b>8</b>	<b>84%</b>
<i>EBITDA margin</i>	<i>14.4%</i>	<i>9.0%</i>	

H1 FY19	H1 FY18	% Chg
<b>200</b>	<b>177</b>	<b>13%</b>
<b>23</b>	<b>14</b>	<b>63%</b>
<i>11.5%</i>	<i>7.9%</i>	

*H1 Growth  
Ex-GST: 17%*

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

- Business grew by 15% driven by better performance in domestic markets
- Improvement in EBITDA margin by 5.4% led by higher operating efficiency and product rationalisation

# Auto Component

Particulars (INR Cr)	Q2 FY19	Q2 FY18	% Chg
<b>Net Sales</b>	<b>64</b>	<b>53</b>	<b>21%</b>
<b>EBITDA</b>	<b>14</b>	<b>13</b>	<b>8%</b>
<i>EBITDA margin</i>	22.6%	25.5%	
<i>EBITDA margin LTL</i>	22.6%	23.0%*	

H1 FY19	H1 FY18	% Chg
<b>127</b>	<b>106</b>	<b>19%</b>
<b>29</b>	<b>24</b>	<b>23%</b>
23.3%	22.4%	
21.6%*	19.4%*	

*H1 Growth  
Ex-GST: 21%*

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

- Growth of 21% driven by strong demand from both domestic and international customers
- EBITDA margin impacted mainly due to higher raw material costs. Overall, the business is maintaining its profitable sales growth momentum

*\* EBITDA Margin LTL is excluding one time gain*



**Way Forward**

## Way Forward

- Expecting the consumer sentiments to remain modest due to rising inflation and low weddings in Q3
- However, we expect the sentiments to improve towards the end of Q3 led by wedding season in 1<sup>st</sup> half of CY19
- For Q3, we are expecting high single digit revenue growth and EBITDA margin improvement by 100 bps over previous year
- Store rollout plan in line with our strategy of asset light expansion, with majority of new stores based on franchise model

# Thank You

[www.raymond.in](http://www.raymond.in)

