



SECRETARIAL DEPARTMENT

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May 24, 2022

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 - 400 051
Symbol: RAYMOND

Luxembourg Stock Exchange
Societe De La Bourse De Luxembourg,
35A, Boulevard Joseph II,
L-1840 Luxembourg
Trading Code : USY721231212

Dear Sir/Madam,

Sub: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Investor Conference

Please find enclosed transcript of the investor conference held on May 17, 2022, with regards to the financial results of the Company for the quarter and financial year ended March 31, 2022. The transcript has also been uploaded on the Company's website (www.raymond.in).

This is for your information and records.

Thanking you.

Yours faithfully,
For **Raymond Limited**

Rakesh Darji
Director-Secretarial &
Company Secretary



Encl.: As above



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**“Raymond Limited
Q4 FY2022 Earnings Conference Call”**

May 17, 2022

ANALYST: MR. ABHIJEET KUNDU - ANTIQUE STOCK BROKING LIMITED

MANAGEMENT: MR. S. L. POKHARNA – DIRECTOR, RAYMOND LIMITED
MR. AMIT AGARWAL – GROUP CFO
MR. SUNIL KATARIA – CEO, LIFESTYLE BUSINESS
MR. HARMOHAN SAHNI – CEO, REAL ESTATE BUSINESS
MR. JATIN KHANNA – HEAD, CORPORATE DEVELOPMENT
MR. J MUKUND – HEAD, INVESTOR RELATIONS



Raymond Limited
May 17, 2022

Moderator: Ladies and gentlemen, good day and welcome to Raymond Limited Q4 FY2022 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 “*” 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 Limited. Thank you and over to you, Sir!

Abhijeet Kundu: Thanks. On behalf of Antique Stock Broking, I would like to welcome all the participants to the Q4 FY2022 conference 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 our 4Q FY2022 Earnings Call of Raymond Limited. I hope you would have received a copy of our results presentation. I would like to urge you to go through this along with the disclaimer slides.

Today we have with us from the senior management of Raymond, Mr. S.L. Pokharna, who is the Director of Raymond Limited; Mr. Amit Agarwal, Group CFO; Mr. Sunil Kataria - CEO of Lifestyle Business; Mr. Harmohan Sahni, CEO of Real Estate Business and Mr. Jatin Khanna - Head of Corporate Development. Now I would like to hand over the call to our Group CFO, Amit who will give you the summary of the company's 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 our results of fourth quarter of fiscal 2022.

Let us quickly reflect upon what the market conditions were during the fourth quarter. Domestic markets regained buoyancy driven by optimism in consumer sentiment opening up of physical workplaces and an offtake in tourism and hospitality.

Although, the initial weeks of the quarter were impacted due to concerns relating to third wave of covid pandemic. We witnessed progressive recovery from second half of January to February followed by a sharp uptick in March. This was fuelled by opening up of physical offices and institutions, resumption of social gatherings and robust revival of wedding season in the coming quarter.

As a result of strong recovery in people mobility, we witnessed a significant improvement in our store footfalls leading to healthy traction in secondary sales on high street stores and malls. The resilience showcased by Indian consumers throughout the quarter and the busy wedding season in the next quarter gave a strong thrust to our primary channels. In the export markets such as

US, UK and Europe in spite of slight spike in Covid cases early in the quarter, the demand momentum was maintained in both garmenting and engineering sectors as no major lockdown was imposed by any country.

We observe positivity in consumerism amidst the headwind of inflationary pressure and rising interest rate. We are happy to share that in fourth quarter fiscal 2022 we have delivered two successive quarters of record achievement in the last 10 years. It has been another outstanding quarter in terms of overall performance of the company. The company has once again achieved numerous milestones leading to robust performance driven by strong focus on execution. It is a testimony to the fact that as an over 95-year-old strong brand loved by millions of consumers and a pan India presence across businesses, we are a resilient organization that has been demonstrating the grit to bounce back with renewed vigor quarter-on-quarter.

Let me now give you some of the key consolidated financial highlights for the quarter four fiscal 2022. Our consolidated revenues grew by 44% to ₹ 2,032 Crores from a ₹1,407 Crores in the fourth quarter of fiscal 2022 the highest ever quarterly revenues. The growth was driven by strong increase in sales across all businesses in both domestic as well as export markets. Besides highest ever revenue we also achieved highest ever EBITDA of 358 Crores with EBITDA margin of 17.6%. This was driven by strong performance across most of our businesses as compared to previous year. Driven by strong performance, we reported highest quarterly PAT of ₹.263 Crores which grew by 367% over previous year PAT of ₹ 56 Crores in the fourth quarter fiscal 2021.

Our continued focus on generating free cash flow has led to increase in the free cash flow to ₹203 Crores which helped in reducing the net debt by ₹165 Crores leading to a lower net debt of ₹1,088 Crores as on March 31, 2022.

During the quarter, the company recorded certain exceptional items amounting to ₹111 Crores, which includes in apparel business write-off of certain trade receivables amounting to ₹99 Crores. We will discuss this in more detail in our branded apparel segment. Similarly, interest subsidy receivable on TUF loan was also written-off during the quarter by ₹12 Crores.

Let me now give you the key consolidated financial highlights for the complete fiscal year 2022. Fiscal year 2022 has been a year of significant achievements. In our B2C business of branded textile and branded apparels, having core brand strength and wide distribution networks across the country, Raymond capitalized on the buoyant demand and strong consumer sentiment in second half of this financial year 2022; with work life coming back to the physical mode coupled with strong wedding season demand across our B2C businesses witnessed the growth impetus.

Branded textile segment reported 77% growth from ₹1,572 Crores in fiscal 2021 to ₹2,789 Crores in fiscal 2022. In our branded apparel segment multiple initiatives such as store rationalization, cost optimization, consolidation of backend processes were undertaken to improve the business. This segment reported twice the revenues from ₹457 Crores in fiscal 2021

to ₹891 Crores in FY2022 with an EBITDA of ₹43 Crores in fiscal 2022 compared to an EBITDA loss of ₹125 Crores in fiscal 2021.

Demand in international market and robust momentum of export orders maintained in garmenting and engineering businesses leading to sales increasing by 32% in garmenting to ₹725 Crores and 50% to ₹812 Crores in engineering business respectively.

In real estate business, we received continued overwhelming response from the customers for our 10x project, with 78% of the inventory launch being sold. During the third quarter of fiscal 2022 we launched premium residential project - the Address by GS for which we have well received very inspiring response from the customers where within five months of launch over 30% of the entire project has been sold.

At an overall level, our consolidated revenue stood at ₹6,348 Crores - a strong 74% growth over previous year revenues of ₹3,648 Crores. Highest consolidated EBITDA was achieved with ₹881 Crores and a margin of 13.9% during the year. In spite of a severe impact of second wave of Covid pandemic in the first quarter of this fiscal year, a growth of over 550% as compared to ₹135 Crores in the previous year.

Our continued focus on cost optimization has enabled in overall cost reduction of ₹453 Crores which is a 21% reduction from pre-Covid levels of ₹2,207 Crores in fiscal 2020 to ₹1,754 Crores in fiscal 2022. Reported profit before tax of ₹413 Crores in a year compared to a loss of ₹455 Crores in previous year. The company reported highest annual PAT of ₹.260 Crores in the last 10 years, as compared to net loss of ₹.297 Crores in previous year. Over the last couple of years, the pandemic has impacted overall businesses at the backdrop of strong financial performance, especially during the second half of the year. For the year fiscal 2022, the Board of Directors have recommended a dividend of 30% for the year.

Now let me discuss the fourth quarter operational performance in more detail. In terms of our revenues in the fourth quarter of fiscal 2022, strong growth was witnessed across all businesses resulting in 44% growth from ₹1,407 Crores in fourth quarter fiscal 2021 to ₹2,032 crores in fourth quarter fiscal 2022. In our B2C businesses of branded textile and branded apparel, all the trade and retail channels have witnessed stronger recovery resulting in these businesses. The branded textiles grew higher than the pre-Covid level of fourth quarter fiscal 2019 as well, by 6% to ₹886 Crores.

In our B2B businesses of high value cotton shirting, we witnessed strong pickup in domestic demand resulting in growth of over 31% compared to previous year. Our garmenting segment also reported strong growth by 69% driven by continued high momentum in key markets of US, UK and Europe.

As far as our engineering business is concerned, we have grown by 8% over previous year levels driven by growth in domestic and export markets in various categories including drills. In our

real estate business we witnessed strong growth in bookings on the back of encouraging demand and fast paced construction activity leading to a sales of ₹321 Crores which is 500% growth over the previous year.

Let me now talk about the EBITDA and the operating cost. We achieved highest ever EBITDA of ₹358 Crores for the quarter - a growth of a 82% over the previous year and EBITDA margin stood at 17.6% higher by about 360 basis points as compared to previous year. This was driven by strong profitable performance across our B2C businesses of branded textile and branded apparel, high contribution from real estate business and well supported by other B2B businesses.

In terms of our operating cost, the Opex cost was ₹506 Crores during the quarter which was higher by 24% as compared to previous year level of ₹408 Crores, primarily due to increase in the revenue by 44%. However on a full year basis, with sustained focus on optimizing operating expenses, we have been able to be lower the opex by 21% which is a saving of ₹453 Crores at ₹1,754 Crores in FY2022 over a pre-Covid level FY2020 of ₹2,207 Crores.

On the working capital front, we continued our focus on efficient working capital management. Overall our working capital decreased by ₹99 Crores to ₹1,002 Crores as on March 31, 2022 and compared to ₹1,101 Crores as on December 31, 2021. There has been an increase in the inventory mainly to address to the upcoming summer demand in the B2C business of branded textile and branded apparel and catering to the customer orders in garmenting business.

Furthermore, in our real estate business due to construction activities there is an increase in inventory as recognition in income statement is based on POCM method. In the receivables there has been a continued focus on collection, and we have been able to further reduce the receivable days by 4 days to 39 days in March 2022.

From a cash flow perspective - driven by strong operating performance we reported strong operating cash flows of ₹342 Crores and a free cash flow of ₹203 Crores for the quarter four of fiscal 2022, and also for the full year despite impact of pandemic in the first quarter, and few weeks of second half of this quarter through strong operating performance and working capital optimization on number of NWC day basis we were able to reduce by 37% from 72 days in March 2021 to 45 days in March 2022 based on quarterly annualized revenue basis.

Overall we reported strong operating cash flows of ₹677 Crores and a free cash flow generation of ₹380 Crores for the full year. As far as debt is concerned the gross debt stood at ₹2,066 Crores as on March 31, 2022; as compared to ₹2,125 as on December 31, 2021. The cash and cash equivalent was higher by ₹107 Crores at ₹979 Crores as on March 31, 2022 as compared to ₹872 Crores in December 31, 2021. We were able to reduce the net debt by ₹165 Crores and our net debt stood at ₹1,088 Crores as on March 31, 2022 as compared to ₹1,253 Crores as on December 31, 2021.

Here I would like to reiterate the fact that over the last two years which was a period impacted by multiple wave of pandemic our strong focus on cost optimization and effective working capital management we have been able to reduce the net debt by ₹771 Crores in line with our deleveraging strategy.

We also improved our debt structure through effective refinancing with three-to-ten-year maturities of long-term debt. Overall we have been able to improve net debt to equity ratio from 0.75x in March 2020 to 0.45x in March 2022.

Now allow me to take you through our business segment-wise performance. Branded textile segment sales reported strong growth of 23% to ₹886 Crores versus ₹722 Crores in previous year. In the suitings business, there was strong demand across all categories of wool blend, poly viscose and gifting solutions. Our new collections catering to latest trends have resonated with our customers across markets. Offering such a wool rich blend has received strong response from our customers, and also there has been high demand for the premium gifting solutions designed especially for the wedding season.

In the shirting business, growth can be attributed to higher realization and better product mix. We continued to receive good response for new collection including 'Vibez' collection our latest collection of vibrant shirting fabrics addressing the needs of casualization that are available across cotton and linen blends. Growth witnessed across primary channels and retail store network driven by strong momentum. Secondary sales continued with higher momentum in Q4 - in our TRS network we witnessed the average transaction value increase of 14% compared to previous year levels mainly due to improved consumer sentiment and increased footfalls. They have also picked up in primary channels due to upcoming wedding season. The segment reported healthy EBITDA margin of 22.7% marginally higher than previous year. We have been able to maintain high margins driven through operating leverage as sales increased by 23%.

The product mix also improved as there was higher proportion of high value poly wool blend; better performance of gifting solutions, benefit from 2% to 4% price hike taken for certain categories in booking done in mid of the year and by 2% to 3% taken in early January; and operating cost optimization initiatives undertaken. Branded apparel segment recorded sales growth by 59% to ₹279 Crores compared to ₹175 Crores during fourth quarter of previous year driven by strong consumer demand for our ready-to-wear apparel brands, and this is driven due to resumption of offices, social gatherings and upcoming wedding season. Growth was witnessed across all channels. The segment reported an EBITDA margin of 11% driven by better realization, improved gross margin and continued cost optimization measures. We are happy to share that this is the second consecutive quarter of double-digit EBITDA margin in our branded apparel segment. Over the last few quarters our strategic initiative such as cost optimization, focus on consolidation of back-end processes and serviceability, store rationalization, channel specific merchandise and online penetration has led to positive outcomes. These initiatives have worked well and have made us leaner while enhancing our operational efficiency. We continue to focus on enabling growth through widening product portfolio,

increase on online presence, network expansion through franchise model and as we continue to work on back-end consolidation for achieving further efficiency. We have received an overwhelming response from our customers for our new collection in core product portfolio, casual category and category extension in ethnic wear category. Our stores network and LFS doors witnessed increased footfalls and greater traction. Keeping up with the demand for fresh collections with a quick turnaround of merchandise, have witnessed growth in trade channels. We have also received an overwhelming response for our curated special lines for e-commerce marketplaces. Amplifying our reach through aggressive marketing campaigns in digital as well as in traditional media in targeted cities during festivals helped strengthen our brand and contributed to our sales. In the apparel business the company has written off trade receivables amounting to ₹99 Crores due to Covid impact. Let me explain, as we were aware that due to resurgence of multiple Covid waves our channel partners were stuck with old inventory of prior Covid and during the Covid period. Our channel partners were unable to sell these in-stock, therefore were asked for support to clear the inventory in the channel pipeline. We were able to convince the trade partners to sell these inventories and agreed to share the discounts and to avoid the return and avoid incremental logistics and warehousing costs. Keeping in mind huge trade channel network, good profitability margin, and high percent of shares of sales, it was important to write-off such an inventory and start fresh sales. Retail network : as on 31st of March we had 1,351 stores spread across 600 towns. Amidst the backdrop of strong consumer sentiment we witnessed strong traction in secondary sales with significant improvement in average transaction value. At our TRS shops, the network reported 14% growth in average transaction value as compared to previous year levels. With a strong focus on boosting the health of the company's overall retail portfolio and reinvigorating the retail strategy, we had initiated in fiscal 2021 store rationalization process of non-profitable and underperforming store. During the fourth quarter we closed 60 stores and currently the process has been completed. While at the same time we are continuously evaluating opportunities to strengthen our retail footprint - during the quarter we opened two stores across tier one to four town. Garmenting segment grew by 69% to ₹213 Crores compared to ₹126 Crores in previous year, due to strong momentum in export markets. High demand in bulk business and tailored clothing from existing customers and new customer acquisitions in US and European markets have propelled retail sales. Additionally, China Plus One adoption by leading global brands and consolidation of vendors by some global brands ,and our elevation to critical supplier status has been instrumental in taking us ahead. The EBITDA for the quarter in the garmenting segment was ₹7 Crores while it improved from an EBITDA loss of ₹3 Crores in the previous year. However, there was a continued impact of higher freight cost, and also to cater the higher demand there has been an incremental cost of training of the workforce and which impacted the margin for the quarter. High value cotton shirting segment sales grew by 31% to ₹175 Crores compared to ₹133 Crores in the previous year due to higher cotton fabric sales in the domestic market; a strong demand from B2B customers continues. The segment reported an EBITDA margin of 8.5% for the quarter impacted mainly due to higher increasing cotton prices. Now the performance of the engineering business which was consolidated under JK Files & Engineering Limited in the last quarter was on an aggregate basis. Sales grew by 8% to ₹205 Crores as compared to ₹189 Crores in the previous year. Sales growth was propelled by strong

performance in the domestic market and in export markets of US, Europe and Asia - led by drills, ring gears, water pump bearing On an aggregate basis the business reported lower EBITDA margin of 16.4% mainly due to increase in steel prices and freight costs which were partly offset by higher productivity and efficiency. Steel prices have been in an inflationary trend and we have been able to largely mitigate the impact with strategic buying during Q3 and early Q4 to cater to the entire Q4 demand. Also as stated, we have the ability to pass on the same even though with a small-time lag. Real estate segment : it grew by 495% to ₹321 Crores from ₹54 Crores in the previous year. There has been a sustained momentum in demand in the overall real estate sector with key demand generators being affordability and rising income levels. The EBITDA margin stood at 17.4% as there has been an impact of increase in the input prices : mainly steel and cement. Our real estate business witnessed growth due to higher number of bookings in both the projects. Our first project 10x received 146 booking in the fourth quarter of fiscal 2022, resulting in total of 1,909 units booked as March 31, 2022 which accounts for 78% of the total inventory launched with a booking value of ₹1,887 Crores. Our new premium residential project 'The Address by GS' which was launched in third quarter of fiscal 2022 continued to receive strong response from customers with 62 bookings in the fourth quarter fiscal 2022. The total booking made for this project accounts for 179 units which is also 78% of the total inventory launched with a booking value of ₹400 Crores. On the construction front, fast-paced construction activity continued in all 10 towers of the 10X habitat project, on the next project which is 'The Address by GS' project as well the construction activity has started.

Let me give details about the construction - In the 10x project the tower wise construction status is as follows: The terrace slab has been completed for the tower 1, 2, 3, 4; 30th slab completed for tower 5, 30th slab completed for tower 6, 32nd slab completed for tower 7, and 28th slab completed for tower 8; and tower 9 and 10 first slab has been completed. As far as our second project the Address by GS is concerned, the excavation and foundation work is in progress. As the revenue is recognized on percentage completion method, in this quarter we have started recognition of revenue on the premium project - 'The Address by GS'. The revenue contribution from this project is approximately ₹46 Crores in this quarter.

Let me take a moment to give you an update on the consolidation of the business undertaken. Consolidation of the engineering business and the status of IPO : during the third quarter of fiscal 2022 we had done the consolidation of the engineering business. Post consolidation Ring Plus Aqua Limited became also a subsidiary of JK Files & Engineering Limited - this consolidation is expected to bring in synergies in terms of product applications, business development, sourcing of raw materials, logistic services, and overall administrative process. In line with our stated strategy to monetize the business and deleverage Raymond Limited, JK Files had filed for DRHP with the regulator and for performing an offer for sale of shares held by Raymond Limited and has already received the regulatory approval. Now we are in the process of filing an updated DRHP with FY2022 audited financials, we will update you as we progress ahead on the same.

As far as consolidation of B2C business - including apparel into Raymond Limited is concerned, that is completed post all the approvals received from the NCLT. The subsidiarization of the real



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estate business which the Board of Directors have approved, the real estate business division to be subsidiarized into wholly owned subsidiary - the scheme has been filed with the regulator.

Now let me talk about the current status of operations and the near-term outlook. We expect consumer demand to stay strong with high number of weddings coupled with social gatherings and opening up of physical workspaces. This will drive healthy footfalls and thereby secondary sales. We are optimistic that the buying patterns would be maintained on an overall basis. This is evident from the fact that all our trade channels are showing good signs of recovery and growth. Today Raymond with its strong brand equity and the nationwide presence in the 600 towns and cities is the market leader in the menswear space.

With continued innovations through our strong design, product development, capabilities supported by vertically integrated manufacturing facilities and focused omni-channel presence we are emerging stronger than ever before to unleash the growth potential in the Indian market. In the garmenting segment export levers continue to be China Plus One strategy and the global retail industry undergoing consolidation. From a raw material perspective wool prices and poly viscose have been stable and we expect them to remain there. As you all are aware that the cotton prices have increased by over 100% in the last one year and given the commodity market prices are higher, we expect the cotton prices to stay at the higher level. In the engineering business we are witnessing a healthy domestic retail demand in consuming sector and higher export demand mainly in the industrial segment. We expect steel prices to soften; however, freight cost continues to remain the core area of monitoring as there is shortage of containers which is resulting in delay in shipments as well as higher freight cost. From a long term perspective we are focused on consolidating market leadership - particularly in the industrial pipes and automotive segments, increase wallet share with the existing customers, increase presence in non-auto export market, and continue to build relationship with our wide stable customers for the engineering consumer products. We are expanding existing manufacturing capacities across product categories of cutting tools, ring gears, and water pump bearings. In the real estate market, we expect the growth momentum in residential market the commercial and retail markets to be maintained at healthy levels. The construction activities are in full swing in both of our projects and we stay on course to deliver the first three towers of the 10x Habitat ahead of rear our timeline by nearly 24 months. Recent rate hike by RBI of 40 basis points, 1% metro space imposed by central government and increase in input prices are being closely monitored. Additionally, through our relentless focus on liquidity management by way of cost reduction initiatives and net working capital optimization, we aim to become a net debt free company in the next three years.

We look forward to your continued support in our journey. Thank you very much. We are open for questions now.

Moderator:

Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Biplab Debbarma from Antique Stock Broking. Please go ahead.

Biplab Debbarma: Good afternoon everyone. My question is on the real estate. I was just checking the numbers and you mentioned about the EBITDA margin of 17% and if we do a ballpark calculation of 4500 construction cost another ₹1500 per square feet of approval and premium, because it is Thane it would not be that expensive assuming that and your selling rate is ₹11,000 or between ₹11,000 to ₹12,000 per square feet or ₹10,000 to ₹12,000. So ballpark it comes as the margin should be around 40%-45% and that is the normal margin for real estate projects where the land is at historical cost for other developers. So I was just wondering whether I am missing something or not. That is my first question.

Harmohan Sahni: This is our maiden project, so there is a lot of cost that we have incurred as far as the branding is concerned and you are probably seeing the impact of that, also the entire organization which has been built is for this one project just now and as we add number of projects you will see the margin improve, in fact if you see last year the margins were 15% and this year the margins are about 21% if you see for the year as a whole, and you will continue to see an improvement going forward also.

Biplab Debbarma: So what other costs on per square feet is eating away our margins in the real estate.

Amit Agarwal: Yes, you see the fundamental is which the cost you mentioned about the construction cost there are two fundamental differences - one the price at which you sell is on a built up or super built up, today we talk about always the carpet. However the construction which you need to do is on a larger base you have to construct the parking space you have to build the amenities, so effectively the cost of construction is higher compared to a direct construction cost which becomes a livable area. So you have to consider everything and we have considered everything in this project and we are further refining and the impact in this quarter is primarily as I mentioned is about the increase in the cement and the steel prices. So that has impacted in the quarter and we have taken further price increase going forward from April onwards, and let us also understand this is a 1 BHK, 2 BHK which is in the affordable segment. So the pricing of an affordable segment is comparatively lower compared to a 3 and a 4 BHK.

Biplab Debbarma: Anyway, I was just considering the per square feet basis because this is the industry standard. Okay fine, moving away from this point, the second point is in the MMR region we are expecting a lot of incremental supply and many of them especially in Thane market many of them are reputed developers like you like Raymond, and on the cost inflation that is going to always that is hitting our margin many developers tend to pass on the cost to the customers, but to what extent are you able to pass on the cost 100% of the cost inflation to the customers that is my second question.

Harmohan Sahni: The answer to that is yes we have managed to pass on the entire cost which is there to the customer. In fact if you see the wage increase in the economy is expected to be in the range of about 10% - 12%, and the pricing increase in real estate is about 6% - 8% across the board if you see amongst the branded or known large developers, and we have also taken a similar increase in

prices. So the Q4 impact that you are seeing you will see a pullback on that impact from the next quarter. So we will go back to our earlier margin of about 20% - 21%.

Amit Agarwal : There is always a lag because what happens is you buy this steel you are not changing the price of today's to tomorrow then we had launched the Address by GS which was already on a decent pickup. So the market also has to settle down so we have been taking a price increase and we feel very confident that whatever be the price increase on account of steel and cement will be passed on or rather we have passed on during the quarter.

Moderator: Thank you. We will move on to the next question that is from the line of Abhijeet Kundu from Antique Stock Broking. Please go ahead.

Abhijeet Kundu: From my side primarily wanted to know your strategy in branded apparel going ahead you have shown a very good improvement in profitability through cost cuttings. Now and then you are adding up, in terms of brands which brands would really drive the growth some perspective on that.

Sunil Kataria: So, just I have been around two months here in the business. So I think I will give my early perspectives on the way we are looking at the branded apparel segment of the business. So I think one very good thing which has happened in the business as you have seen in the Q4 results is that the business has bounced back very strongly in a post Covid year. So that augurs pretty well for the foundation of the business. I think there are two parts of the business the way we look at it, one is what brands will grow within our current portfolio of the four brands and then we are also looking at some new segments where we believe there can be a huge growth for us. So let me answer that first part. So we have four brands right now within our branded apparel portfolio which is Raymond Ready to Wear, ColorPlus, Park Avenue and there is a youth brand called Parx. Right now I am in the middle of doing a detailed brand architecture exercise and I think in a couple of months we would have pretty clearly outlined which brands would have what role to play, but the good part is that each of these brands are very unique positioning in the market like for example Parx is a completely youth centric almost a street wear brand, ColorPlus is a very iconic casual brand built on a very clear special product portfolio like Chinos; Park Avenue has very strongly established itself in a formal gear men's which can extend across both smart casual as well as office wear and Raymond apparels obviously as you know stands for luxury essentials and premium formals. So I think the broad positioning spaces are clear in my mind it is just that we will do this exercise and then try to define clearly as to how these four spaces will be taken forward for us. In terms of, if I have to take a first cut on out these four which three would be I would say definitely Raymond RTW, Park Avenue and ColorPlus would be a growth area for us but at the same time I see a huge scope for Parx, being a very youth-centric brand having a very specialized position. Coming to the another new area which is a very important focus for us, which we are looking at is the segment of Ethnix and that is going to be a very important project for us going forward and that is an area where we believe Raymond has a pretty strong right to win given the weddings etc., and I think that is something we look forward also.

Amit Agarwal: Yes, and you see for us what is critical we have been following the Omni channel strategy and that has really worked extremely well for us and the other thing which we did is the merger of the business of Raymond Apparel with Raymond Limited so consolidating the B2C business under one Raymond Limited is going to augur very well. Similar strategies to be followed at the TRS, at the EBOs so these things as Sunil mentioned will take the apparel business to the next height.

Abhijeet Kundu: And my second question was on the branded textiles business, this quarter was very good. Over a three to four years perspective I think the five years perspective typically this segment would grow at about 7% to 8% what can be done and how is the company working towards it to really grow it at a low double digits if there is a scope to grow it at low double digits or very well penetrated because here you make very strong margins great cash flow business but, I mean, what should be the group trajectory that one should look at.

Amit Agarwal: No, I think this is very interesting, the branded textile is absolutely the strength of Raymond group and it includes the Suitings as well as the shirtings. By far suitings no doubt in the worsted we own 65% market share. In the shirting, again in terms of the brand we are the number one player. However, we see a great opportunity in the shirting because if we talk about we have seen that we can grow the shirting business exponentially over the next three to four years as we are getting more and more wholesalers on board with us, and we are bringing new collections as I talked about in my script the “Vibez’ collection which connects to the youth so these are some of the things which we are doing and we see a good opportunity in terms of growth for our shirting business which will enable us to get into a double digit growth.

Sunil Kataria: I think what Amit has said is pretty much bang on I think shirting has scope with this as Amit has said without expanding for the huge headroom to grow for us I think the market itself is huge and our brand has a huge equity and I think we can gain a lot of market share there. On suiting business there is one perspective which I would be looking forward is I think given that even though we have over 60% market share we are seen as a very premium brand and I think there is still scope for us to maybe push altogether forward a greater premiumization of the suiting business and that I think could be a very interesting lever going forward for us.

Moderator: Thank you. We will move on to the next question that is from the line of Mithun Aswath from Kivah Advisors. Please go ahead.

Mithun Aswath: Just wanted to understand in terms of your subsidiary, Raymond consumer there were some reports of you potentially unlocking value I just wanted to understand how much stake do you have in that business and how has that business done this year in terms of revenues and profits and is the news that we hear likely to happen sometime in the future that was question one. Question two was since you are doing a lot of subsidiarization do you think that the plan that we had maybe 18 months back pre-Covid of splitting the businesses is still a potential event maybe

in the next 12 to 18 months, because obviously there is a lot of value in Raymond which does not seem to be still unlocked. So, just wanted to understand your thoughts on that.

Amit Agarwal :

So first of all as just housekeeping we own 48.7% in the consumer care business as Raymond Limited. As far as the performance of this business it is a very strong FMCG brand it is a household name Park Revenue Deo as well as KS Deo and the KamaSutra these sexual wellness products is very, very well known. So as I look at it on an annualized basis if we consider that delivers a pre-covid gross revenue to the tune of ₹850 to ₹875 Crores and delivering a decent margin on this business and we see a significant potential on this business to take it forward because of the formidable brand which we have, and it is very well distributed between a combination of general trade, modern trade, over 6,50,000 points we sell across the country. As far as what you read in the newspapers you see as a company we continue to evaluate all opportunities which comes to us, we would not say no or yes to anything unless until we have done our decent evaluation which creates further shareholder value for all of you. So our focus is on that and as and when something meaningful comes up we will communicate, but we continue to evaluate things. As far as the demerger and the subsidiarization and such things is concerned as we mentioned we are following the journey in order to simplify the business make it much more robust, more efficient and reduce the cost as you are seeing that compared to the pre-Covid levels we have reduced the cost in this year, also with such a strong performance on the revenue, by ₹500 Crores. So our focus is also towards that and whatever it takes us to deliver a shareholder value we will do that.

Mithun Aswath:

And one last question I just wanted to understand on your Ethnix business you have now a listed competitor, I just wanted to understand in terms of size and scale how big would your business be and wanted to understand in terms of margins are you as competitive in the marketplace as your competition and just wanted to understand if there is a potential subsidiarization of that business in the future as well that can happen.

Amit Agarwal:

Absolutely, I think Ethnix is a great business for us. Obviously, we have started this business once again in a stronger manner today the revenue is small it is in that range of ₹70 - ₹75 Crores - it is not very large however the gross margin in that business the EBITDA margins is very, very high because first of all it is something which we get it done through our unique channel network, second we also get it in terms of sourcing of the product we have been in the business of manufacturing fabric for last 97 years. So we know exactly what fabric is to be required, what to be produced, so we see a good opportunity and as we have talked about earlier also over the next three to four years we are going to have at least 4x to 5x of this revenue and we are planning to open new stores, and I will also ask Sunil to add more on to this subject.

Sunil Kataria:

So clearly as I mentioned earlier also this is a very important focus area for us, it is a very exciting and very large segment and we have a right to win. In this year itself, we are looking at and the process is right currently on in the first quarter itself we are looking at opening up and reaching a footprint of roughly around 130 to 150 stores/doors of Ethnix of our own. This is apart from the presence that we will have obviously in some of the leading TRS channels of our own,

because we are looking at creating very large floor spaces of Shop-in Shops within our large retail stores, as well and also some LFS. So the whole plan is pretty strong and moving forward very actively.

Mithun Aswath: And just one last question you mentioned that you want to be net debt free in three years is not that very conservative because you are already looking to unlock value via your subsidiaries so do not you think this could be achieved well ahead of that three year target.

Amit Agarwal: We would be happier to do so.

Moderator: Thank you. The next question is from the line of Ritesh Badjatya from Asian Market Securities. Please go ahead.

Ritesh Badjatya: My question is on the Ethnix side only, if you can throw some more light on your plans on the Ethnix side your focus mainly on the men, women or kid side, how it is initially or all the three categories you want to target.

Sunil Kataria: See, clearly the initial foray I think in the first couple of years would be to as Amit said the brand has just started coming back strongly after Covid. The first focus is clearly going to Men's apparels within the Ethnix and will be very sharply focused at least for the next two years the plan is to in this year open roughly around as I say 150 odd stores/doors and then double it up over the next two odd years and this is a battle that we like to really win very strongly and then later on we will evaluate whether there is a scope to take it to Women's wear or not. One more thing which we have also seen is the Ethnix segment which is a very interesting point which we believe we are very strong in it that normally the first perception which comes up in Ethnix is that it is only for wedding wear etc., a large chunk of ethnic wear in India is in a very regular daily to wear which happens even otherwise in a non-wedding season itself. So that is also a very important core part of this business.

Ritesh Badjatya: Just extending to this discussion on this what sort of the pricing you are looking at is this the premium pricing, premium market on the Ethnix side you want to target or it is the starting affordable segment you start with.

Sunil Kataria: So we are a premium brand so we would actually peg ourselves roughly around I would say maybe 10% premium to Manyavar or in that range itself. So it would be I would say one, two in that big market itself, we are not going to go very cheap we are not because we are Raymond's and definitely we see that we will play in the premium segment itself and I can tell you if you go down to our stores very soon you will see we have a very, very differentiated offering.

Ritesh Badjatya: If you are planning to sell this to your recent network only or like you said 120, 130 stores/doors you are planning to open. So you need the additional capital also what kind of the capital allocation you looking for this business in the next two to three years time.

Amit Agarwal: So basically you see what happens is we have a mix of our own stores, company owned, and franchisee you see we are having a relationship with a franchisee group of more than 1,000 stores all across the country so we will have a combination between our own stores as well as with the franchisees. So it would not be a very significant capital which would be required in order to be investing to open these stores/doors of 120.

Ritesh Badjatya: And margin size if you can comment compared to branded apparel side or branded textile what sort of the difference in the terms of margin in the Ethnix side.

Amit Agarwal: In terms of very Ethnix you will not sell normally on a discount whereas in the apparel segment you are selling an end of season sale which is a normal feature of this business in the branded apparels, that is a very normal that you have two end of season sales so that brings your margins down in that business.

Ritesh Badjatya: Second question is on the garmenting side of the business if you can explain some more what sort of the strategy do you have in the terms of customer acquisition which market you are targeting now like you said you have acquired some customer acquisition so if you can explain a little bit more what sort of opportunity looking there and what sort of the sustainable margin we can expect in the next two to three years.

Sunil Kataria: So here I would say as Amit mentioned see the context is the China Plus One context I think is a very, very strong tailwind which is happening for this business. So I think we should keep that in mind so there is huge order books which are coming out from the western country which are looking for creating a base beyond China and a very stable base, and we are very well placed because we have actually got a technical capability there is a very skillful business with a skill and a technical ability to build it up the two pivot that we are looking at is a) within the markets which are strong and acquire new customers, and second is also look at expanding to new markets. So it is both a mix of new customer acquisition as well as new geographies we have already got a very strong base in US and parts of Europe, so the first bet would be to expand to more new customers within US and parallelly we are also looking at opening up new geographies in Europe itself.

Amit Agarwal: And just to supplement what Sunil mentioned you see fundamentally this China Plus One and people have started to our customers have started to diversify beyond China so there were some customers who were not coming to us because of the pricing point because they were able to buy cheaper, now they have realized that they have to come to us and pay our prices and because of that we have got some four new customers during the last year who have given substantial capacity to us and it would reach at their normal level almost 25% to 30% of our current capacity could be consumed by those. Second what has also happened is there are many retailers across the globe who have consolidated and merged with some other retailers and fortunately we were working with some of the retailers who have taken over some of the other retail businesses, so our size has increased further because of the increased buying. So these two are putting us and in helping us to grow our garmenting business strongly. Even in our Ethiopian business which used

to operate before pandemic, let us say to the tune of 35%, 40%, 45% capacity, it has moved to close to 80%, 85% capacity utilization.

Ritesh Badjatya: Sir on the margin side what is the sustainable margin in the next two, three years time.

Amit Agarwal: You mean in the garmenting business.

Ritesh Badjatya: Yes, garmenting.

Amit Agarwal: Around the 8%-8.5% is a sustainable margin business.

Ritesh Badjatya: And in the terms of capacity like you said 60%, 65% we are running it right.

Amit Agarwal: No, I said in my Ethiopian facility we are running at 80%, 85% and Indian facilities we are in close to 90% plus.

Moderator: Thank you. Next question is from the line of Punit Kabra, as an individual investor. Please go ahead.

Punit Kabra: First of all congratulations on this financial performance. I think these are unbelievable numbers, back in 2016, I think this would be our best case scenario. So excellent! The question I have is these margins and working capital days improvement, how sustainable is this as you pursue growth, because I guess in the last two years have mostly been around doing cost optimization, getting the cost structures right, cleaning up store rationalization, but at some point as you start pursuing growth what do you think are these margins, working capital days are all of these sustainable or do you think these will take a dip as you pursue growth.

Amit Agarwal: Two things fundamentally that even in the third quarter and the fourth quarter we are achieving close to pre-Covid levels of revenue, but we have been able to demonstrate consistently that our cost is less and what we will see a cost increase is going to be on the inflation side, but on a fundamental basis at the fiscal 2020 level we have taken out almost 400 Crores of cost, so the inflation will be applied on the cost of ₹2,000 Crores on an adjusted basis of fiscal 2020 and then you provide for an inflation otherwise you would have provided on ₹2,400 Crores with inflation. So that is number one. Second thing as far as the working capital is concerned we have put in huge amount of efforts in terms of managing the receivables, the inventory which is very, very clearly demonstrated consistently after achieving these levels of revenue. So clearly our endeavor is to maintain these levels of working capital you will always have seasonality in quarter one and quarter two, but then over the years you will achieve these kind of on an average basis the working capital levels to these.

Punit Kabra: So one difference when we say pre-Covid revenue at least for the organization as a whole I do not think on a topline we are still at the pre-Covid revenue for a year as a whole, and if you take real estate out for a like-to-like comparison then actually we are below the pre-Covid revenue. So

that is where my question is as you pursue growth and you want to cross the pre-Covid revenue ex of real estate you believe these are sustainable numbers on a full year basis.

Amit Agarwal : Yes, so you have to consider not a full year because you see the full year revenue has an impact of second wave of Covid in the first quarter. So if you exclude that your third quarter and fourth quarter which is more a relevant measure for your working capital is clearly pre-Covid levels.

Moderator: Thank you. The next question is from the line of Foram from Abakkus. Please go ahead.

Foram: Sir, congratulations on a good set of numbers. I have two book-keeping questions. So basically, your other income has increased this quarter. So is there any one-off item included in this and secondly, also what would be the effective tax rate going forward.

Sunil Kataria: Look other income is basically on account of the interest and certain asset sale which we have done select one of our facilities in Kolkata in the engineering business which we sold that has contributed to a certain asset sale, and as far as the tax rate is concerned for going forward in the range of 24%-25% would be our tax rate; obviously cash tax will be less.

Moderator: Thank you. The next question is from the line of Naysar Parikh from Native Capital. Please go ahead.

Naysar Parikh: My first question is on receivables, I think we have written-off around ₹57 Crores of receivables in the quarter and ₹216 Crores for the year. I just want to understand if we think this provides for everything or will we have to provide for some more and if you could provide the number of receivable amount which is greater than six months which I think you are disclosing the annual report so what is the amount of receivables as of March 2022 greater than six months please.

Amit Agarwal: As far as the receivable provision is concerned this is lot to do in our apparel business which was impacted severely, especially in the MBO segment as they were not able to sell and the possibility was either to take back the material or share some of the discounts and the claims with these guys. So we took that greater approach because go take the return there would be logistics cost, administrative cost and selling it would have been difficult; so that was the reason it was mostly sharing of those claims which has been there and it has been completed because I believe now the Covid is over now we do not see any further impact on the Covid so that is settled and then is behind us. Mukund will communicate with you one-on-one in terms of six months numbers we do not have handy as of now.

Naysar Parikh: Got it. Sure and my second question is on related party transactions which again we reported an annual report and you obviously spoke about shareholder value creation and historically when we compare our related party transactions to other respected companies the amount of related party transactions we have with promoter entries are obviously significantly higher including purchase and sale of goods do you think there is any plan to streamline some of that which would obviously enhance shareholder confidence and will also result in more shareholder value.

Amit Agarwal: So basically, there is one activity which the one of the promoter entity has created that facility in the shirting business and that is why it has to be done through that facility because it makes no sense for us because there is a certain skilled workforce, certain equipments have been placed by those people and therefore that purchase of certain cotton shirting material happens to that facility. Rest all of the transactions which you see is primarily from a parent from a Raymond Limited with its subsidiaries.

Naysar Parikh: My follow-up to that was that the amount is not small it is a big amount so is there any way we can obviously streamline that do it through either the wholly owned subsidiary of the company or the way it is done with many companies to just enhance confidence.

Amit Agarwal: See it is at the arm's length; it is being audited and evaluated by a third-party. So I do not see that it is the question of saying it can be done by an entity which is a subsidiary or an associate entity the point is very simple that they have put up a facility which is being used and there is a skilled workforce in that entity which we need to continue to perform and at the end of the day it is an armed length transaction, and more than 25 years that has been in the business by doing that so therefore we have this whole knowledge sitting there.

Naysar Parikh: Just one more follow-up in terms of the raw material price and the price increase you attributed a bit to it but could you just give what is the price increase that we have taken over the last few months and given the way the cotton prices are increasing do we think that we need to take further price increases in the coming quarters or is there any pressure on margins that we see.

Amit Agarwal: I think excellent question, and look the price of the cotton candy which used to be before 15 months in the range of ₹.40,000 - ₹.42,000 a candy has moved up close to ₹.97,000 - ₹.98,000 a candy. However, if I look at my shirting fabric what you really consume is a 200 gm per meter of a cotton shirting fabric. So therefore what we need to increase the price in the range of 23%-24% and till March we had increased the prices to the tune of 17% - 18% and from May, June onwards we have increased another 6% price increase so that it helps us to nullify whatever has been the increase in the cotton price over the last one and a half years. So we are on that front as far as the wool is concerned, wool has been practically flat, PV poly viscose yarn there has been a small increase in the prices of close to 15%, and we have been able to increase our PV product by close to 9% in selling prices. Even the wool because of strength of the brand and the unique network, we have been able to also increase the price by 4% - 4.5%. So across the board, we are seeing as we speak today we have been able to pass on between now and in the next three months all the price increases which has been reflected on the cotton and the yarn.

Moderator: Ladies and gentlemen that was the last question. I now have the conference over to the management for their closing comments.

Amit Agarwal: Thank you very much to listening to us and we will talk again in the next quarter. Thank you.



Raymond Limited
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Moderator: 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.

Note: This document has been edited to improve readability