Raymond
LIMITED

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August 17, 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 Transcript

Please find enclosed transcript of the investor conference held on August 8, 2022, with regards to the financial results of the Company for the quarter ended June 30, 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.: A/a

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"Raymond Limited
Q1 FY2023 Earnings Conference Call"

August 08, 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, REALTY BUSINESS MR. JATIN KHANNA – HEAD, CORPORATE DEVELOPMENT MR. J MUKUND – HEAD, INVESTOR RELATIONS

Moderator: Ladies and gentlemen, good day and welcome to the Raymond Limited 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: Thank you. On behalf of Antique Stock Broking, I would like to welcome all the participants in the Q1 FY2023 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 Q1 FY2023 Earnings call of Raymond. 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. SL 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 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 the first quarter of fiscal 2023.

I am happy and delighted to talk to you about the first quarter of the current fiscal that was witnessed as a fully normal quarter after two consecutive years.

Domestic markets witnessed buoyant demand momentum which continued from the fourth quarter of the last fiscal. The buoyancy was driven by fully operational physical offices and institutions, normalcy in social gatherings, upsurge in travel & tourism and hospitality and fueled by strong summer wedding season.

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During the quarter, the strong summer wedding season provided the thrust to consumer sentiments and strong footfalls were witnessed across the retail network leading to healthy traction in secondary sales especially in the months of April and May. However, June witnessed subdued consumer sentiments but footfalls gradually improved with the onset of EOSS

Major export markets such as US, UK and Europe continued to grapple with inflation and supply chain issues but consumer demand remained persistent in garmenting and most of product categories in engineering sector.

Now let me discuss about our first quarter fiscal 2023 performance: We are happy to share Q1 FY2023 has been yet another strong quarter with highest Q1 revenue and profitability in the last ten years. Our consolidated revenues grew by 104% to ₹1754 Crores, from ₹862 Crores in the first quarter of fiscal 2023. The highest quarter one revenue in the last ten years.

The top line performance was driven by strong sales across all businesses in domestic markets, and well supported by export markets. Besides having highest revenue, we also achieved highest Quarter one EBITDA of ₹235 Crores with an EBITDA margin of 13.4% in the last ten years. Driven by the strong performance we reported PAT of ₹81 Crores as compared to ₹157 Crores of loss during the first quarter of last year. Also, as compared to pre-pandemic levels of same quarter, the revenues in the first quarter FY2023 were higher by 19% versus ₹1470 Crores in the first quarter of fiscal 2020 and EBITDA margin stood at 13.4% in the first quarter of fiscal 2023 which was higher by 360 basis points versus 9.8% in first quarter fiscal 2020. In line with our strong focus on profitable growth momentum, we delivered profitable growth across all segments of branded textiles which grew by 8%, garmenting which grew by 30%, engineering which grew by 32% as compared to pre-pandemic level of first quarter fiscal 2020.

Now let me take you through our segment wise performance for the quarter. In our branded textile segment which continue to deliver strong performance with a top line of ₹648 Crores and a robust EBITDA margin of 17.6%. The top line grew by 129% as compared to previous year same quarter sales of ₹283 Crores and by 8% as compared to pre-pandemic level of first quarter of fiscal 2020 quarter sales of ₹600 Crores.

The sales performance was driven by high demand for the premium product category across suiting and shirting fabrics. The sales realization happened across all channels with strong footfall in our retail network especially given the strong wedding season demand during the quarter. Additionally, the physical work resumption demand for work we have improved and that continues to grow.

Now let me explain the sales performance of suiting and shirting business separately. For suiting business, there was high demand for wool rich blend and premium poly viscose category. Our exotic and exclusive collections with summer wedding collection resonated well with our customers across market driving secondary sales across product categories.

In our B2C shirting business, there was upsurge in demand for the premium quality cotton and linen fabric, along with the new seasonal collection of the summer leading to higher realization and better product mix in the sales. As a result, we witnessed strong sales across all the channels.

Our strong 1000 plus The Raymond shop (TRS network) spread across 600 towns and cities, reported 31% growth in average transaction value as compared to pre-pandemic on the first quarter of fiscal 2020 level. This is reflection of strong consumer demand for our products and services across tier one and to tier six towns.

The segment reported robust EBITDA margin of 17.6% driven by better product mix in both suiting and shirting fabrics. The benefit of 2% to 3% price hike that was undertaken during bookings in early January enhanced operational efficiencies.

Now let me talk about our branded apparel segment which recorded a sales of ₹262 Crores a growth by 251% as compared to ₹75 Crores during first quarter of previous year and 16% lower as compared to pre-pandemic level of first quarter of fiscal 2020 quarter which stood at sales of ₹313 Crores.

The sales performance was driven by strong consumer demand for our brand with the resumption of the fully optional physical offices, increase in social gathering, wedding season related purchases.

The performance was driven across our retail network of Exclusive Branded Outlets (EBO) and The Raymond Shop. Among our four power brands performance was led by Park Avenue, ColorPlus and Raymond ready to wear brands.

The sales for the quarter is 16% lower as compared to pre-pandemic first quarter of fiscal 2020 sales of 313 Crores mainly due to two reasons. Firstly, in first quarter 2023 we continued to control sales to our channel partners to whom we had extended support in clearing the channel inventory due to pandemic impact over last two years.

Secondly in our EBO retail network we have embarked on store rationalization process of non-performing or underperforming stores which resulted in overall reduction in the EBO network by 22% to 278 stores. In first quarter of fiscal 2023 as compared to 360 stores in first quarter of fiscal 2020. Currently our EBO network is performing well as we have received an overwhelming response from our customers for the new collections in core product portfolio, casual category, and there has been a 39% growth in average transaction value (ATV) as compared to pre-pandemic level of first quarter fiscal 2020 level.

The segment reported an EBITDA of 5.6%, driven by continued operational efficiency, with normalcy being fully restored, the business has started incurring advertisement and sales promotion spends to promote the curated collections across brands catering to the work wear, casual category, and category extension in ethnic wear, thus resulting an impact on margin on a short-term basis.

As far as our retail network is concerned, this quarter we further strengthened our retail footprint with net addition of 21 stores across metros and tier one to tier four towns making the total count to 1372 stores spread across 600 towns as of June 30, 2022, compared to 1351 stores as on March 31, 2022.

Amidst the backdrop of strong consumer sentiments we witnessed strong traction in secondary sales with significant improvement in average transaction value. As mentioned earlier, the TRS network reported 31% growth and the EBO reported 39% growth in average transaction value as compared to pre-pandemic levels respectively.

In our garmenting segment which reported a buoyant growth of 153% to ₹247 Crores compared to ₹98 Crores in previous year, due to a strong momentum in the 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 the momentum in order book has been maintained with continued China Plus One adoption by leading global brands and consolidation of vendors by some global brands and our elevation to critical supplier status.

EBITDA for the quarter in the garmenting segment was ₹15 Crores, while it improved from an EBITDA of ₹1 Crore 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,which was impacting the margins for the quarter.

In terms of our high value cotton shirting segment, the the sales grew by 68% to ₹170 Crores as compared to ₹101 Crores in the previous year due to higher cotton fabric sales in the domestic market, a strong demand from our B2B customers continue.

The segment reported improved EBITDA margin of 9.7% for the quarter as compared to 6.2% in the previous year mainly due to higher realization and better product mix.

Now let me talk about the performance of the engineering business which was consolidated under JK Files & Engineering Limited in the quarter three of last year on an aggregate basis. The sales grew by 17% to ₹209 Crores as compared to ₹180 Crores in the previous year. Sales growth was mainly driven by strong growth in domestic market across categories and also supported in export markets of US, Europe and Asia with growth in ring gears, drills, and bearing categories.

On an aggregate basis, the business reported lower EBITDA margin of 12.8% as compared to 13.1% in the previous year. The margin was lower mainly due to increase in the 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 mitigate to a large extent the impact with strategic buying in the quarter four to cater to the first quarter demand. Also as stated we have the ability to pass on the same even though with a small time lag.

Let me talk about the real estate segment: Revenue grew by 120% to ₹286 Crores from ₹130 Crores in the previous year. There has been a sustained momentum in demand and in the overall real estate sector with key demand generators being affordability and rising income levels. The EBITDA margin stood at 27.5% as compared to 29% in the previous year.

Our real estate business witnessed growth due to higher number of bookings in both the projects. Our first 10X Realty project received 157 booking in the current quarter higher than 146 bookings received in the preceding quarter, that is the fourth quarter of fiscal 2022, resulting in a sale of total of 2066 units booked as on June 30, 2022; which accounts for about 80% of the total inventory launched with a booking value of 2062 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 102 bookings in this quarter, which is ~65% higher as compared to 62 bookings in the fourth quarter 2022. The total booking made for the project accounts for 281 units which is 68% of the total inventory launched with a booking value of ₹670 Crores. It gives us immense pleasure to state that within eight months of the project launch, about 51% of the total inventory has been sold.

On the construction front, fast-paced construction activity continued in all 10 towers of the 10X Habitat project. On the next project, which is 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 interior finishing work is in progress for the tower 1, 2 and 3. In tower 4, above terrace works, exterior and interior work is in progress, 40th slab work in progress for tower 5 and 7, 42nd slab working progress for tower 6, and 35th slab work in progress for tower 8; and tower 9 and 10 fourth slab work is in progress.

As far as our second project the Address by GS is concerned, the ground floor slab has been completed for Tower A and PCC and B2 slab work is in progress for Tower B. As the revenue is recognized on percentage of completion method, from fourth quarter last year we have started recognition of revenue on the premium project - 'The Address by GS'. The revenue contribution from this project is approximately ₹65 Crores in this quarter.

Recently, a definitive Joint Development Agreement (JDA) has been signed for a premium residential project at a prime location in Bandra, Mumbai. The revenue potential is estimated to be in excess of ₹ 2,000 Cr over the project period. This expansion is in line with the overall Real Estate business strategy to expand in MMR region.

Now let me discuss on the operating cost, working capital and cash flow. Our operating cost stood at ₹514 Crores in first quarter fiscal 2023 which was higher by 49% as compared to previous year level of ₹346 Crores, while our revenue increased by 104% from ₹862 Crores in first quarter fiscal 2022 to ₹1754 Crores in first quarter of fiscal 2023. As compared to the pre-pandemic levels of first quarter fiscal 2020 the Opex cost was marginally higher by 4% as compared to ₹494 Crores that the revenues were higher by 19% from ₹1470 Crores in first quarter of fiscal 2020.

Here we would like to highlight that through the cost optimization initiative undertaken during last two years, we have been able to reset the cost level to a much lower base and currently the increase in the cost is mainly on account of inflation which is the ending on the lower cost base. Also in the current quarter, there has been an impact of increase in the wage cost in one of our suiting manufacturing facility which happens once in four years.

Secondly, as we all are aware that the freight charges which have been especially high. Sea freight charges which impacted the overall cost. About 20% of our revenue is from export mainly contributed from garmenting business where we expect to US, Europe and Japan markets, and from our engineering business where we export to more than 65 countries in North and South America, Europe, Africa, Middle East and Asian regions.

Also during the quarter, we have incurred higher A&SP (advertisement and sales and promotion spend) in our B2C businesses of Branded Textile and Branded Apparel to address the strong wedding season, and also in the real estate business the strong booking numbers were achieved in both the projects. Overall our variable cost have been in line with the overall increase in the revenues

Now let me talk about the working capital: Our continued focus on efficient working capital management as compared to March 2022 on a quarter-on-quarter basis, the net working capital has increased by ₹321 Crores compared to ₹1323 Crores in June 2022, versus ₹1002 Crores in March 2022. The increase in net working capital is mainly on account of Q1 witnessing temporarily high inventory on account of higher production to address the upcoming festival and wedding seasons in the coming quarters, in our B2C businesses in the domestic market as well as export orders in garmenting business.

Certain wage increases which have been negotiated and provided for in Q4 of last year has been paid to the employees of the company.

Furthermore, in our real estate business due to construction activities there is also an increase in inventory as recognition and income statement is based on percentage of completion method. Also due to temporary timing difference in-between demand notices and revenue recognition contractual assets or contractual liability is getting created and hence to that extent there is movement in net working capital in our real estate business.

However, in the receivables there has been a continuous focus on collection and which we have been able to further reduce receivable in June 30, 2022 compared to March 31, 2022.

From a cash flow perspective, mainly due to temporary increase in the net working capital and interest payment, we utilize operating cash flows of ₹136 Crores which led to free cash flow negative of ₹207 Crores for the first quarter.

As far as debt is concerned, the gross debt reduced marginally at ₹2049 Crores as on June 30, 2022 as compared to ₹2066 Crores as on March 31, 2022. As indicated, the increase in the working capital needs were met by the existing liquidity and yet we continue to maintain a strong liquidity level with cash and cash equivalents of ₹739 Crores as compared to ₹979 Crores as on March 31, 2022.

Consequently, our net debt increased by ₹222 Crores and our net debt stood at ₹1310 Crores as on June 30, 2022, as compared to ₹1088 Crores as on March 31, 2022. However we will continue our debt reduction plan and the current net debt is expected to be reduced during the current financial year as the working capital cycle starts to liquidate and generate cash.

Now let me talk about the interest cost: in the first quarter fiscal 2023 the interest cost stood at ₹ 59 Crores which is higher marginally by ₹4 Crores on a year-on-year basis as compared to ₹55 Crores in first quarter fiscal 2022. While the net debt reduced by ₹307 Crores to ₹1310 Crores on June 30, 2022, as compared to ₹1617 Crores as on June 30, 2021. This result increase in the interest cost is mainly on account of following reasons:

In the first quarter of fiscal 2023 there has been an increase in the interest rate by 75 basis points from May 2022 which has resulted in higher interest cost. Additionally, during last year in Q1 due to second wave of pandemic the manufacturing activity was very low and accordingly lower working capital facility was drawn in first quarter of fiscal 2023 and higher working capital facility was drawn for the quarter for manufacturing of goods to cater to the strong wedding season demand.

Overall, our net debt to equity ratio has marginally increased from 0.45x in March 2022 to 0.52x in the June 2022, which is also at a comfortable level.

Now let me take a moment to give you an update on the consolidation of the business undertaken. Consolidation of B2C business - including apparel into Raymond Limited has been completed in March 2022. the consolidation of engineering business has been done and is in line with our stated strategy to monetize the business and deleverage at consolidated level.

JK Files had filed the DRHP with the regulator - with an offer for sale of shares held by Raymond Limited, and has already received the regulatory approval. We will update you as we progress ahead on the same.

In terms of subsidiarization of the real estate business, the Board of Directors has approved the real estate business division to be subsidiarized into wholly owned subsidiary of Raymond limited and the scheme has been filed for regulatory purposes.

Now let me talk about the current status of operations, and the near-term outlook. With the upcoming festive season coming post mid-August, I am happy to share that the bookings for our fabric business by the channel partners are very encouraging with the backdrop of strong consumer sentiment. As far as apparel market is concerned, we are approaching the culmination of end of season sales (EOSS) However, this time around we witnessed lower discounting by brands in the market. We are hopeful that our new collection for festive season will drive sales from end of August onwards.

In the garmenting segment, export levers continue to be China Plus One strategy and the global retail industry is undergoing a consolidation phase. We have order book in place for the next two quarters. From a raw material perspective, the wool and poly viscose prices have remained stable and we expect them to remain there. Over the last couple of years, the cotton prices have increased significantly and given the commodity market prices are higher, we expect the cotton prices to stay at the higher level. However we have been able to largely pass it on to our customers with a time lag.

In the engineering business, we are witnessing a healthy domestic retail demand in consumer sector and expect the same to continue in the coming months. We are also witnessing demand momentum in the industrial segments in exports. The steel prices have continued to remain high and we expect it to gradually soften. However freight cost continues to remain the core area of monitoring, as there is a 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 files and automotive segments, increasing wallet share with the existing customers, increasing 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 to be maintained at healthy levels, and the construction activities are continuing in full swing in both of our projects and we stay on course to deliver the first three towers of 10X Habitat ahead of our timeline by nearly 24 months based on RERA timeline.

The recent rate hikes by RBI, 1% metro sales imposed by central government, increase in GST rates on work contract from 12% to 18%, and increase in input prices are being closely monitored.

From a net working capital perspective over last two years, we have optimized the networking capital in terms of number of days and we would aspire to maintain those levels on an annual basis.

During the course of the year, due to seasonality and saving of wedding dates there may be temporary increase in inventory on a quarter end basis which will reduce over a period of time. Also in our real estate business, due to accounting based on percentage of completion method, there maybe variations in the inventory on a quarter-to-quarter basis. However, as we witnessed during this quarter as well, with strict credit policy in place, our receivables reduced as compared to March levels as well.

From capital expenditure perspective, there are no major Capex plan in the Lifestyle business in near-term. There will be replacement Capex requirements for the existing plants. Some lines are being put up in the garmenting business to cater to the increased demand from our customers and retail store network will be expanded through a combination of franchisees and company owned network. During the year we are planning to open about 150 stores across TRS and EBO networks including 70 plus stores to expand the Ethnix by Raymond to capture the fast growing ethnics wear market. About 20% of the new stores would be on company operated model for which we will require Capex.

In the Engineering business, which is already a net debt free business, the growth Capex is being funded through the internal cash accruals. In the real estate business which is already generating free cash flows, the cash flows from the existing two projects of 10X and Address by GS would be broadly able to take care of the investments to be made in the joint development projects in the near-term.

There may be a temporary requirement of funding for new projects which will be on a short-term basis. Overall we would like to state that our debt guidance of the net debt free within three years remains intact. The net debt is expected to be reduced through a combination of free cash flows generated from our businesses and proceeds from corporate actions such as our engineering IPO.

We look forward for your continued support in this 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 Darshil Jhaveri from Crown Capital. Kindly proceed.

Darshil Jhaveri: Sir my question is what kind of the upcoming seasons, what kind of growth do we see like if the quarter one can be considered as a base or what kind of revenue growth and EBITDA margin are we expecting in this year and maybe a long-term goal that you could state please.

Amit Agarwal: Look as we have stated very clearly that Q1 is seasonally impacted quarter and going forward as we continue to cater to the demand for the upcoming festival as well as the wedding season the sales would start to improve from quarter two onwards and you have seen very visibly that in the last year Q3 and Q4 has been the strongest quarter for the Raymond Group. So to that extent we expect the same and as far as the margin is concerned we are very clearly seeing that overall we will have at least 200 basis point improvement in the EBITDA margin.

Darshil Jhaveri: Sir, 200 basis point from last year full year margin or this quarter margin?

Amit Agarwal: Even from this quarter's margin.

Darshil Jhaveri: And because we will be seeing could you just explain maybe quarter one and two would be considered to a 40% of revenue and quarter three and four would be 60% of the revenue would that be fair to assume.

Amit Agarwal: I will ask Sunil to explain this. Mainly it is driven from the lifestyle.

Sunil Kataria: Yes, the seasonal impact is that the Q3 and Q4 are the largest quarters for us in both our apparel business and more so in the fabric business, so you can safely take a ratio of around 40 to 60 that would be roughly the right norm to take.

Darshil Jhaveri: Thank you so much. That answers my question. Thank you so much; all the best.

Moderator: Thank you. The next question is from the line of Nikhil Jain from Galaxy International. Kindly proceed.

Nikhil Jain: Thank you for the opportunity. Just a couple of questions. Sir congrats on a good set of number. If you look at it year-on-year obviously the numbers are very strong, but when I look at it on a quarter-on-quarter basis let us say as compared to March 2022 to now so I think except the Realty all the divisions have shown compression in the gross margin and the performance has obviously come down, so is there any seasonality that is involved in all of these businesses. So that if you can just throw some light on that. Thank you.

Amit Agarwal: Sure it is a seasonality, we have always mentioned that Q1 for our lifestyle business is seasonally the lowest quarter and in terms of explaining the detail, Sunil you can give the color on the fabrics and apparel business.

Sunil Kataria: See normally the way the seasonality pans out for us is that the wedding season normally is between March to May now these are the two and a half, three months where you see a lot of weddings happen in the country. Now the way fabric business operate for us is become multilayered channel business which is split between wholesale going down to further smaller MBOs. So they end up doing bookings for the wedding season three months in advance and hence you would always seen in our business that if the season is March, April, May, the bookings of that would happen somewhere between February, March and April and which will reflect in our primary sales and the actual consumer offtakes would start panning out closer to the dates of the weddings hence there is always a changeover in primary wedding in quarter four and quarter one for us and that is the seasonality skew that you see.

Darshil Jhaveri: And even in the Tools business, I think the numbers were sequentially quite down so that would be depending on the industrial demand. So was it impacted by the commodity prices.

Amit Agarwal: Yes, I think it is a fact that commodity price increase which has happened and all of us know that between March, April the steel prices shot up practically in a week almost Rs.8000 to Rs.10000 a ton since we get a bar of a steel and most of our steel processing business you would need to absorb that and over time we have been able to successfully pass on. So there is always a time lag but over time it will be recovered and you know very well that the steel prices over the period has almost doubled and we have also been able to pass on the price increases it is just that you do not get the chance of passing on the steel prices increasing from today to tomorrow but over a period of time you get that back.

Darshil Jhaveri: Second, I have a little more philosophical question actually. See when I look at one of the newly listed player which is let us say 1/4th the size of Raymond, is having four times market cap of Raymond so I am really looking at that and saying that okay what do we need to do and how do we actually come back to the old glory days of Raymond, so in that line when you look at it there are four or five distinct businesses which are quite different the B2B, B2C, Tools, Realty and then obviously the consumer business that is there. So is there any thought let us say what is management thoughts on unlocking the value there are the steps which are being done and which are on the right direction definitely, but what is the journey timeframe to anticipate to unlock this value because we are such a big company and such strong company but somehow we do not get that kind of valuation and especially when you look and compare with some newly listed small companies. Any thoughts?

Amit Agarwal: Yes, sure. No, absolutely I think we are very clear on the journey and if you see the strategic initiative which we have taken in the last year that we said all the B2C businesses get consolidated at Raymond Limited. We have the unique synergies and the benefit coming because of the TRSs and EBOs coming under one management. Second thing the engineering business as we know that the businesses have matured, they are debt free , has got the approval from the SEBI and it is just the current market trend which is preventing us to go to the market. Otherwise we are going to list that business separately and over time the third thing was the subsidiarization of the real estate business because what it started real estate as a monetization, of the land in Thane has become a full fledged business and as you can see the significant development and the growth which is happening in this business. We have also signed a JD agreement and so the JD agreement helps us in order to grow without putting huge amount of capital to grow the business exponentially faster and to do all that you need the capital so we thought it is most appropriate to put up into a subsidiary so the equity tool of capital or any tool of capital which may be made available for real estate may not be available for the consolidated business of Raymond. So therefore it is the journey and as you can see that we have taken full actions which needs to be get completed and then the full set of actions needs to be taken more and it is a journey of next three years to four years where we have clearly identified we will be a debt free company which is again a big thing for unlocking the value of the shareholders. Second thing our main focus is to deliver a strong performance and if you see quarter-over-quarter, the company has been delivering record performance and well focused on the corporate action, on the working capital management which eventually improve the return on capital employed and create the shareholder value. So it is very clearly over a three to four year journey, you will see everything happening and unlocking the value for the shareholders progressively.

Darshil Jhaveri: And just a follow-up on that one. So given that the businesses are quite distinct right, Realty is distinct from Tools and distinct from consumer and obviously the other businesses is there any thought of demerging let us say different businesses into this and Raymond being the holding company on this rather than all the businesses been there in Raymond so is there any or do you think that this may happen actually even in the future or you look at it.

Amit Agarwal: Yes, as I mentioned so we are very clear and focused on a shareholder value creation and we have already initiated and explained to all of you that the three corporate actions has been taken, one is already done, second one is in progress, and third one we have already filed with the regulator and we are awaiting to hear back from the regulator and the real estate subsidiarization. So you cannot do everything at one go and it is the journey. So we have embarked on that journey over the next three to four years we will see everything unfolding and unlocking the value.

Darshil Jhaveri: Thank you! Thanks a lot I will join back the queue.

Moderator: Thank you. The next question is from the line of Abhishek Jain from Arihant. Kindly proceed.

Abhishek Jain: Thank you for taking my question. I have two questions first on the garmenting side, on the exports largely and the B2B side. Are you seeing any slowdown at this point of time because we have been talking to US retailers or UK retailers they are talking about slowdown there right now so if you can throw some light on the same?

Amit Agarwal: Would you like to ask your two questions and then we respond or how do you want to ask?

Abhishek Jain: Okay the second question is largely on the textile side of the business right now and especially on the retail side you have said there has been some hike on the raw material side especially in the March month what percentage of hike you have passed on and if you see going forward if you have passed on a certain hike if you feel like even at any movement of time it is we are placing raw material it is turning into our favor so how exactly it works out like the prices remain same or do you pass on some of the hike to the customer.

Sunil Kataria: Yes, I will take the second question first so as you already mentioned that we have seen a large jump in cotton prices happened over the last one year and we have passed that onto consumers in proportionate number so that we have a job and make sure that it does not impact our gross margins. In case of wool as a commodity, which impacts our textile business the prices have been pretty stable over the last one year. So there the hike has not been so significant and we have taken care of that broadly around 1% to 2% hike has happened that we passed on. Now your question is the prices cool off over a period of time then what do we do then normally what happens is that since there is normally an inventory in the pipeline for fabrics we tend to ensure that we also give consumers an option of new collections which come at the new fresh price points. So then the consumer gets a pretty much a big large portfolio of choices of different price points which are available at that time at all kinds of multiple price points and then that takes care of our competitive position also in the market. Regarding your first question, on the garmenting while there are reports obviously of some kind of a possible impact of the Ukraine war and the global inflation which maybe impacting the international markets we are very happy to share is that, that given that we are very strategically placed on the China Pus One strategy and we have a end to end vertical integration right from fabric to garmenting capabilities that is a very large strategic advantage for us and we are seeing a huge benefits coming out of this despite this possible larger global phenomenon and actually our order books contrary to what you are hearing are pretty much full for the next couple of quarters. So we think in this tough situation also our strategic competitive advantage will play into our figure.

Abhishek Jain: And can I ask one more question please? So what about the cotton prices how the cotton prices are moving in this quarter right now and how the July and what is your experience for July because there has been a decline in the cotton prices right now.

Amit Agarwal: Yes, so see the cotton prices which was hovering around 32000 had moved up to Rs.97000 now what has cooled off it has come down to 78000 so still it continues to be at a phenomenally higher level compared to the past trend, so to that extent the prices are high but I think as Sunil mentioned in our shirting fabric because the cotton consumption what you do is around 200 to 220 grams per meter so even if it double the price of the raw cotton our impact is only to the tune of 20%-25% and our price increases have been far in excess and consistently we have been taking the price increases and so to that extent we are not really seeing any impact of the margin. Second thing we also need to note that B2C business you are selling a branded product so therefore you are not going to come back and start reducing your prices once the commodity starts to taper off so that margin we are going to keep it in our company.

Abhishek Jain: Last question how is the consumer sentiment for the month of July and August especially on the ethnic and garmenting side.

Sunil Kataria: When you say garmenting you are talking about domestic or international.

Abhishek Jain: Branded apparel.

Sunil Kataria: In fact I would say, the way sentiment goes we saw very strong footfalls happening across our businesses in April and May, and was also mentioned in the commentary which Amit has just said out there were some cooling off which we saw which were across the industry in June, but right from the time the EOSS has started, we have seen also footfall which has started coming back and the consumer sentiment is clearly improving especially given that the festival season is beginning. So I think this last week itself we see very positive movement heading into a festival beginning through Rakshabandan, similarly what we are seeing in eastern markets with the onset of maybe pre Durga pooja season that also looking positive. One point which I want to make is that one phenomena which is likely to happen this year is that maybe after two years this will be a first full-fledged festival season which will be completely with full freedom which consumers in India can celebrate this time, in terms of movement across homes etc. So I believe that is going to be a very strong positive lever for us.

Abhishek Jain: I have few more questions I will get back in to the queue please.

Moderator: Thank you. The next question is from the line of Abhijeet Kundu from Antique Stock Broking. Kindly proceed.

Abhijeet Kundu: My first question was on the branded apparels business, now branded apparels business we have been as we have gone under pressure in terms of margins now we are seeing a recovery there. So what is the way ahead in terms of EBITDA margin in case of branded apparel business, I mean what is the timeline, how do we want to take it forward what are the initiatives behind it. This is my first question, and second question is on branded textiles, branded textiles has overall this year it will do well but I am saying overall three, four year, five year period what is the way ahead that to scale up that because growth has to improve because it is a substantial size of revenue generated lifestyle business and you are the leader, un-parallel leader so any initiatives there to scale up what is the outlook there. So these are the questions.

Sunil Kataria: Let me take your second question, first on the branded textile business - I think you very rightly said that we are the market leaders in this business and hence the job of growing the category lies with us and the way we are seeing it to breaking this business into strategically into two parts and let me first talk about Suiting and then Shirting. In Suiting, we are clearly a very dominant market leader, we are one of the world's best technology in suiting's so there we have defining our task from a long-term point of view in terms of category development, and that is the pitch that you will see us building over the next couple of years that we will have to do the upgrade of this category across multiple price clusters from mass to mass premium and from mass premium to premium and that is how the subsets of both premium end of the market and the mass premium end of the market will be developed in the category by us. To do that, we will do a lot of product innovations that is something which we are building on and we would also do a lot of benefits communication to consumers. So that is the piece on suiting's for us. In shirting's interestingly while the Raymond brand, Raymond is very high and a very strong we believe that there is a lot of headroom to grow in terms of their market share itself because we are not as sitting on that kind of market share as we are sitting on suiting business so there is clear headroom to grow. We would like to drive again through product innovation and we are using our GTM muscle, we would like to grow at least three times broadly the category growth itself. So that I think is the clear two broad segmentations which were done within the fabric branded textile business and we believe it will drive these two levers of market share gain and hence growing and maybe three times the category on volumes and category development suiting's it will actually make sure that our fabric business actually grows very handsomely over the next couple of years, and you will see a lot of initiatives whether it is in terms of product as well as marketing panning out in this direction.

Amit Agarwal: Just to add on, the branded textiles as Sunil rightly pointed out the suiting and shirting and if I look at the bookings which we had just completed, in the bookings for the winter season very clearly there has been a decent increase in the volume compared to the pre-pandemic level also. So people have realized the value of the fabric which they can get it stitched and even in that if you see the improvement in the mix which is trending towards more of a wool fabrics and a high premium poly viscose fabric, so the trend is shifting towards the premium fabric and as far as shirting is concerned if you look at the kind of linen and the cotton which people want to wear and go out is unbelievable and over the last four, five years since we have put up the manufacturing facility, between Kolhapur and Amravati we have seen that we could build a 20 million meters of just the shirting OTC fabric business, so I think there is a huge opportunity in that, second on your question about the branded apparel very clearly you see we have delivered that in a quarter four numbers and the quarter three we can achieve a double digit EBITDA margin on the branded apparel. Obviously, in this quarter we have spent little bit more money in order to prepare our self for the entry in the wedding as well as the festival season therefore the advertisement and the sales promotion expenditure is higher in this quarter which has put little bit lower the margin, but our clear target is that the branded apparel with the right cost structure which we have already done and you know it very well that the kind of cost rationalization which has been done in the business of apparel has helped us to reach to the double digit margin so very, very clear robust view on the apparel business and the operating leverage will help us to get there.

Abhijeet Kundu: And in branded textile your EBITDA has come at about 17.6% which is a pretty strong EBITDA margin so how much of this is sustainable will there be further improvement and it will become too optimistic but just to hear your view on that and is it Q4 or this is sustainable or not.

Amit Agarwal: First of all this, is clearly sustainable. Second thing it is our clear drive at the end of the day to continuously work on product mix improvement as well as driving efficiency and if we look at it both the factors clearly demonstrated over the last two years during the pandemic that the operating efficiency working capital management is the key to the growth of this business. So we will continue to work on it and I am sure there will be improvement.

Sunil Kataria: And maybe one point I will just point out in this also on the brand textile margin pieces. See one of the pieces which as I talked about it is strategically direction which is there is that we will do the category development at the mass premium to premium end of the market. So our mix would play more out of the commodity side of the market towards mass premium to premiumization of the market and that I think should also worked very positively towards helping us with greater gross margin and then help us invest and that obviously will flow down to our EBITDA margins so we are positive about this whole direction.

Abhijeet Kundu: And in branded apparels again you have a very strong brand 'Ethnix' now a lot of the branded players, retailers they are working a lot of scaling up this business. Now I mean this ethnic or celebration wear business. So a lot of it is done so where are you in this journey where is Raymond in this journey and what would be the size if at all if you disclose of this business and where do you wanted to be in three, four years, five years down the line.

Sunil Kataria: First of all let me tell you, that this as we rightly pointed out Raymond as a brand first itself is known a lot for occasion wear and for wedding occasion and festival occasions and hence it is a very obvious right to win for us as an adjacency, so I think it is very clear for us that this is a place where we should command a pretty strong market share in this market. Second piece which is working favorable in this market that market per se is growing, while we would not have an exact figure at this stage but one thing which is happening is ethnic wear is not only about wedding but it is also about people using more and more ethnic wear during festivals. Now what we are doing this year is we are talking of opening this year roughly around we want to end the year by around 110 to 120 stores overall and that is the footprint we want to sign off in this year itself and the work is in full swing in terms of starting from last quarter itself, coming into this quarter again to wedding season we would like to have a footprint of a 100 plus maybe 120 odd stores happening across, and some of you are in Delhi you should definitely visit some of our flagship stores which have opened in Karol Bagh and in Chandigarh and we are seeing very positive early response. That is one second piece, is our ambition on this business is that we should actually take it to four times in the next three year because this market has had potential Raymond has a right to win and that is the two things that we are focusing on we are right now looking at scaling up stores and you will see a lot of marketing investment which will also go behind 'Ethnix' by Raymond over the next couple of quarters - the question is this is the gain which will be an investment gain which will keep on doing over the years and we clearly believe we have a right to win in this.

Abhijeet Kundu: And last question from my side. In the real estate business there could be some timing difference and hence the margin contraction. There has been a EBITDA margin contraction from 29% to 27.5% so what is the reason for that.

Amit Agarwal: Harmohan will take it.

Harmohan Sahni: Yes, I will take this. So there has been some cost pressures as you know because of the commodity price increase and also recently the GST increase which has happened so as you rightly pointed out that this is only a timing difference because we have also taken price increases which will playout in the next two quarters maybe next quarter you will see again a slight contraction in the margin very minimal and then we will catch up there after, eventually we will settle down around the 29% or 30% mark overall on the project which is what our plan also is.

Abhijeet Kundu: Thanks that is it from my side.

Moderator: Thank you. The next question is from the line of Siddharth from MK Ventures. Kindly proceed.

Siddharth: Hi! Thanks for the opportunity. I have two questions, first question is on the real estate again we have seen very good traction on the projects launched now so can you just help us understand what is the ambition for the real estate business for next two, three years and what kind of pipeline we are seeing project pipeline we are seeing which we can announce in next couple of years.

Amit Agarwal: Tell your second question also so that…

Siddharth: Yes, the second question is on the debt part, we had a very good debt reduction in the last year but understandably that has increased in the first quarter because of the inventory and all. So a broad guidance on the debt side when will this working capital increase reversed during the year and for the full year what kind of debt reduction we can expect on a net basis irrespective of whether we can do the IPO or not.

Amit Agarwal: Regarding real estate, we have outlined very clear the journey that first it was focused on the Thane project you all are fully aware that we have just signed a joint developed agreement for almost 7 lakh square feet which will deliver almost 2000 Crores of the revenue. We continue to evaluate the project we are not going to just jump into any project we will evaluate which meets our threshold in terms of all the requirement be it that the project is clear we can deliver fast because that is one of the USP which I think Raymond Realty which created for itself that whenever it takes a project it needs to deliver fast and give the quality of the project which the consumers can delight because that is the same thing which we do in our lifestyle business so we are not going to digress or dilute any of such things. So to that extent we are very clear that we will continue to evaluate the project and we will take a few more JDA projects and then grow the business from there. But we are not in a hurry to say that we will whatever opportunity on a JDA project comes, we will take it we will do it where we think we can add value and do the right capital mix for our project. Third thing we are not going to buy the land which is very, very clear that it will stay the growth beyond Thane will always be a JDA project and primarily it will be in the MMR in the first few years and then over time maybe it spreads to other areas but first few years it will be in the MMR region. As far as debt is concerned it is not that this was come as a surprise this was very well planned because the purpose of working capital facility is exactly this but you need to draw upon this facility in order to see the benefit and the growth for the business because kind of requirement we have in the third quarter sales and the later part of the second quarter sales very clearly it spells that we need to produce well in May and June otherwise we would have missed the opportunity at same. So that is what if you look at it the increase has come primarily in the inventory and this inventory gets liquidated as we speak maybe September October onwards and it is the same thing which has been reflected in Raymond business over last so many years that first quarter you build the inventory to dispatch it and then second quarter, third quarter, third quarter onwards starting to reduce and again we are very clear that the debt reduction needs to be maintained and over the three years which we have always talked about even from our own cash flows they should be able to reduce the debt and make it a debt free company. Just understand simple that even on the real estate side between these two projects we would generate close to 1200 Crores of free cash flows over the next four years.

Siddharth: Sure Sir that is helpful. Just a follow up on the real estate part any new phases being planned for the Thane land of course we will look at JDA opportunities has even possible but for Thane any more visibility you faces except the two projects which we are have on hand.

Amit Agarwal: So that you just need to understand that we launched The Address by GS project in November last year and as we speak we are still four and a half, five years to complete the project. Within the first seven months we have sold 50% of the inventory so clearly there is a significant traction so we will evaluate whatever is the right product mix available and even on the 1 BHK, 2 BHK project we have sold more than 2066 apartments so very clearly two third of the inventory is sold so I believe there is a clear potential but we continue to evaluate and when we have for the right product which is available to be put in to the market we will come out and tell to the community that when and which project we are launching and in which area.

Siddharth: Sure sir that is very helpful thank you and all the best.

Moderator: Thank you. The next question is from the line of Abhishek Jain from Arihant. Kindly proceed.

Abhishek Jain: Two questions first question is on our FMCG business how exactly what are the things happening at this point of time and on Ethnix side after two years we had launched and I was saying right now we have seen one full quarter for the Ethnix at this point of time what is your experience and how can you provide something on the long-term part of the Ethnix.

Amit Agarwal: First let me talk about FMCG and then I will hand it over to Sunil for the later part. So on FMCG we have always maintained that FMCG is a very attractive business for us, the kind of brands between Park Avenue, KS, Kamasutra, is very, very formidable brands which has its own full factor in the market place where we are very strong to that extent, given there is a good product good reach and we are building upon these two things and going to scale up we have seen a revenue in growth opportunity in the first quarter and we are quite satisfied with that and that has already helped us to improve the EBITDA margin of that business so very clearly we see that the business to grow and we continue to evaluate the opportunity ,and if something is absolutely appropriate then the board would decide and accordingly it will be informed to everyone and as far as the Ethnix is concerned I will ask Sunil.

Sunil Kataria: I think on the Ethnix piece I think we are coming back out of a pandemic phase and this really aims these are the first quarter when we have just scaling up our Ethnix so I think it is early stages for us but I can tell you what exactly is happened which is pretty positive for us is I think our design teams have come across and built a very distinct design language for Ethnix by Raymond brand and that is very distinctly placed from all other players in the market so that is something which is obviously a starting point of the Ethnix range which we have the product portfolio which is unique distinct and very well-liked by consumer so that I think has happened very well for us. Secondly I think the way we are pricing the Ethnix we are launching some very premium style design language products at a very mass premium pricing so that it can be affordable by consumers across parts of the country so I think that is a very second distinct proposition that we are putting on the table that we will have very high value added designs but we are not going to go super premium around pricing so that is the second piece which has happened which has got liked when we have rolled out this collection to our partners during our trade show there we have got a very positive feedback. In terms of stores we have started scaling it from June already in the last one month we have scaled up around six more stores and in this quarter you will see another acceleration in terms of our stores which as per Amit mentioned we are looking at around maybe adding between June to December itself we will add up maybe another 70 odd stores between June to March so that is the mix space and the fourth phase which is right now beginning for us is we have appointed a new advertising agency as well in Ethnix and we are going for a fresh marketing investments which will happen over the next six months of this year where the intent will be to build the Ethnix by Raymond brand awareness and draw consumers towards the stores has footfalls. So I think that is the journey that we are going to cover we just begin this up and we clearly believe that these are the factors which will give us the right to win.

Abhishek Jain: That is it from my side. Thank you.

Moderator: Thank you. Ladies and gentlemen as there no further questions. I would now like to have the conference over to the management for closing comments.

Amit Agarwal: Thank you very much for taking the interest in Raymond limited and we look forward talking to you in the next quarter.

Moderator: Thank you. On behalf of Antique Stock Broking Limited that concludes this conference. Thank you for joining us, you may now disconnect your lines.