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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, 5<sup>th</sup> Floor  
Bandra-Kurla Complex  
Bandra (East), Mumbai - 400051  
**Symbol: RAYMOND**

Dear Sir/Madam,

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

Please find enclosed transcript of the conference call held on February 2, 2024, with respect to the financial results of Raymond Limited for the third quarter and nine months ended December 31, 2023.

The transcript has also been uploaded on the Company's website ([www.raymond.in](http://www.raymond.in))

This is for your information and records.

Thanking you.

Yours faithfully,  
**For Raymond Limited**

**Rakesh Darji**  
**Company Secretary**

**Encl.:** as above



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“Raymond Limited  
Q3 FY '24 Earnings Conference Call”

February 02, 2024



**MANAGEMENT:** **MR. S L POKHARNA – DIRECTOR – RAYMOND LIMITED**  
**MR. AMIT AGARWAL – GROUP CHIEF FINANCIAL OFFICER – RAYMOND LIMITED**  
**MR. SUNIL KATARIA – CHIEF EXECUTIVE OFFICER - LIFESTYLE BUSINESS – RAYMOND LIMITED**  
**MR. HARMOHAN SAHNI – CHIEF EXECUTIVE OFFICER – REALTY BUSINESS – RAYMOND LIMITED**  
**MR. JATIN KHANNA – HEAD OF CORPORATE DEVELOPMENT – RAYMOND LIMITED**

**MODERATOR:** **MR ABHIJEET KUNDU – ANTIQUE STOCK BROKING LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

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

**Abhijeet Kundu:** Thank you. On behalf of Antique Stock Broking, I would like to welcome all the participants in the Q3 FY '24 conference call of Raymond Limited. Today, we have with us from senior management of Raymond; Mr. S. L. Pokharna, who is Director of Raymond Limited; Mr. Amit Agarwal, Group CFO; Mr. Sunil Kataria, CEO of Lifestyle Business; Mr. Harmohan Sahni, CEO of Reality Business; and Mr. Jatin Khanna, Head, Corporate Developer. Without taking further time, I would like to hand over the call to Mr. Amit. Over to you, sir.

**Amit Agarwal:** Thank you, Abhijeet. Good afternoon, everyone. Thank you for joining us today for the earnings call to discuss the results of the third quarter of fiscal 2024. 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.

Now let me start with a brief overview on the market for the quarter. The quarter started on a strong note with Navratri in October followed by Diwali in November. However, post Diwali, festive demand could not sustain, and the market witnessed subdued consumer demand.

The discretionary spending on fabric and apparel has been weak, due to inflationary pressures and the demand remain muted. Real estate market continues to show good growth momentum, especially for the residential demand and expect the trend to be sustaining in the coming quarters.

Now let us talk about the third quarter fiscal 2024 performance, Raymond continues its growth momentum with the 10<sup>th</sup> consecutive quarter of growth reporting highest ever performance in terms of both revenue and EBITDA. Raymond reported highest-ever quarterly revenue of ₹2,450 crores in the third quarter of fiscal 2024 with a growth of 11% on year-on-year basis, over ₹ 2,200 crores in the third quarter of fiscal 2023 and increased by ₹ 129 crores on quarter-on-quarter basis as compared to ₹ 2,321 crores in the second quarter fiscal '24. The increased revenue during the quarter was led by strong revenue growth of 50% in the real estate business and 20% in the branded apparel business.

We reported the highest ever quarterly EBITDA of ₹ 426 crores with a healthy EBITDA margin of 17.4% in the third quarter of fiscal 2024. With a growth of 22% on a year-on-year basis, over ₹ 351 crores in the third quarter of fiscal '23, and by ₹ 44 crores on a quarter-on-quarter basis as compared to ₹ 382 crores in the second fiscal quarter of '24. The company recorded a cost of about ₹ 5.5 crores during the quarter under the Raymond ESOP scheme 2023 and excluding the ESOP cost of ₹ 5.5 crores the EBITDA would have been higher to the tune of ₹ 432 crores with an EBITDA margin of 17.6%. During the quarter, we have almost

doubled our reported net profit to ₹ 184 crores during the quarter compared to ₹ 95 crores in the third quarter in the previous year.

Our focused efforts and strategic initiatives across businesses helped in delivering 29% increase in revenue compared to the pre-COVID period in the third quarter of fiscal '20. And our internal drive for operational efficiency supported by effective working capital management and deleveraging initiatives, resulting in doubling of EBITDA and quadrupling of the profit before tax.

Now let me talk about the segmental performance for the third quarter of fiscal '24. The Branded Textile segment revenue was maintained at ₹ 909 crores in the third quarter despite muted consumer demand and challenging market conditions as festivities led to buoyancy and secondary sales till Diwali. However, this trend could not be witnessed post festivities. The EBITDA margin stood at 21.6%, which is slightly higher compared to 20.9% in the third quarter last year.

Now let me talk about the Branded Apparel segment which showed a healthy sales growth of 20% to ₹ 437 crores as compared to ₹ 364 crores during the third quarter of the previous year. In line with our stated strategy of enhancing our distribution reach and network focus on premiumization, coupled with casualization, led to growth in branded apparel business despite weaker demand. We adopted a focused approach to expand our footprint and reach of our apparel brands as well as increased ads spend to enhance the brand salience. With our strong brand equity, we were able to increase the number of doors in multi-branded outlets and large format stores, ensuring a wider accessibility and reach of our products to the consumers. The growth was witnessed across all brands with Park Avenue, ColorPlus, Raymond Ready to Wear and Ethnix by Raymond leading the front and well supported by Parx.

The new Ethnix by Raymond brand, which offers a distinctive product range in spanning across ethnic wear to Hindu Western for the special occasions and weddings witnessed a good traction with consumers, especially during festivities, celebrations, and weddings.

The segment continuously improved and delivered an EBITDA margin of 13.9% in the third quarter of fiscal '24 as compared to 11.2% in the previous year. We continue to strengthen our retail footprint as we opened 65 new stores during the quarter as well as 100<sup>th</sup> store of Ethnix by Raymond, taking the tally to 105 stores of Ethnix by Raymond as of 31<sup>st</sup> December 2023. Our retail store network stood at 1,512 stores spread across 600 towns entities in India. In the last 12 months, we successfully opened about 215 new stores strategically positioned across Metro Tier 1 to Tier 4 towns across India.

Now let me talk about the Garmenting segment, which is in the process of expanding the garmenting capacity by about 1/3 to participate in China Plus One strategy adopted by the global brand. Also, this capacity augmentation is in line with the Government of India's Make in India initiative. We continue to acquire new customers and enhance our presence in new geographies. During the quarter, our revenue was ₹ 281 crores, similar to previous years. During the quarter, EBITDA margin was 10.8% compared to 9.1% reported in the EBITDA for the previous year.

Let me talk about the High-value cotton shirting segment, where the top line grew by 10% to ₹214 crores compared to ₹ 195 crores in the previous year, led by demand for our cotton and linen fabric offerings to our B2B customers. EBITDA margin for the quarter was marginally higher at 10.9% as compared to 10.7% in the previous year.

Now coming to the performance of the Engineering business, which is consolidated under JK Files & Engineering Limited, on an aggregate basis, the sales stood at ₹ 217 crores in the third quarter as compared to ₹208 crores in the third quarter of last fiscal. The engineering consumable category continued to be impacted due to sluggishness in the export market. During the quarter, the business reported an EBITDA margin of 13.9% for the quarter. Our growth strategy in engineering sector is to participate in the sunrise sector of Aerospace and EV, and we have acquired the stake in the Maini precision, which caters to these sectors, and we expect to complete all formalities and regulatory clearances during the fourth quarter of fiscal 2024. Just as a reminder that on a pro forma basis for fiscal 2023, the consolidated revenues of engineering business, including Maini Precision business was over ₹ 1,600 crores with more than 60% of the revenues coming from the export business, and the consolidated EBITDA of the engineering group was ₹ 220 crores.

Now let me talk about the Real Estate segment during the quarter, we have been appointed as developer for redevelopment of society located in Mahim West, with a revenue potential of more than ₹ 1,700 crores, and selected as a preferred development for redevelopment of society in Sion East with a revenue potential of about ₹ 1,400 crores. Put together, the revenue potential from the 3 JDA projects, including Bandra in MMR outside of our Thane Land will be in excess of ₹ 5,000 crores.

During the quarter, we have launched 2 new towers at Thane Land in our Ten X Era, and in Address By GS Season 2 project. The company's running project was ₹ 9,000 crores on its Thane Land and which has a further potential to generate ₹ 16,000 crores, making a total potential revenue of ₹ 25,000 crores from the Thane Land bank over the next few years. Overall, during the quarter, we have seen a strong booking momentum and made a total booking of ₹ 428 crores in the third quarter of fiscal '24 across our projects as compared to ₹380 crores in the third quarter of last fiscal.

Now let me provide a comprehensive update on the construction status of the various projects. The construction momentum across all 5 projects is progressing well, demonstrating our commitment to timely delivery and adherence to high-quality standards. In particular, the Ten X Habitat project has achieved a significant milestone with the delivery of the first 3 towers, 2 years ahead of the RERA timeline achieved in December 2022. This accomplishment underscores our dedication to exceeding expectations and delivering on our commitment. In Tower 4 and 5, the lift installation has been successfully completed, while in Tower 6, lift installation is currently in progress. In Towers 7 and 8, internal finishing work is underway. And in Tower 9 and 10, the 46th and 45th floor flat has been completed, respectively. Regarding The Address By GS project, progress is notable with the completion of 28th and 21st floors in Tower A and Tower B, respectively. In the Ten X Era project, we have reached milestones with the completion of plinth slab in Tower B, and the ongoing progress on the ground floor flats. Additionally, in Towers C, Podium 3 slab work is currently in progress. In

Tower A of Ten X Era, excavation work is undergoing. In The Address By GS Season 2 and Invictus by GS project, foundation work is in progress. These updates collectively highlight our dedication to efficient project management adherence to timelines in every phase of our construction project.

Our Raymond Reality business, which offers affordable luxury apartments ranging from 1 to 4 BHK that caters to multiple segments of society and our proven ability to execute the project at a faster pace enabled the sales to increase by 50% to ₹ 439 crores in third quarter of fiscal '24 compared to ₹ 292 crores in the third quarter of fiscal '23. The EBITDA margin stood at 22.1% for the quarter as compared to 25.5% in the same quarter last year. The margins are lower due to the initial launch costs for the new projects during this quarter.

Now let me talk about the working capital and the cash flow. On the working capital front, with our continued focus on efficient working capital management. During the quarter, we have been able to reduce the net working capital to 71 days, which is tad lower by 5 days on a quarter-to-quarter basis from 76 days in September 23. During the quarter, we have seen a reduction in inventory and receivables within the Lifestyle business and other businesses. However, in our real estate business, we continue to launch newer towers and project regularly where we incur initial approval costs which leads to an increase in net working capital by ₹120 crores during the quarter. On an absolute term, our net working capital stood at ₹ 1,925 crores in December '23. During the quarter, we have generated operating cash flow of ₹ 319 crores and a free cash flow of ₹ 233 crores.

Now let me talk about the consolidated debt position. Our total gross debt stood at ₹ 2,754 crores with comprises of external gross debt of ₹ 1,054 crores, and NCDs issued by Raymond Limited to Raymond Consumer Care of ₹ 1,700 crores. We continue to maintain healthy liquidity with cash and cash equivalent of ₹ 1,835 crores as of 31st of December 2023. Our net debt stood at ₹ 919 crores, lower by ₹ 220 crores versus September '23 due to healthy cash flow generation during the quarter.

The interest cost in the quarter is ₹ 104 crores, which is higher by ₹ 34 crores on a year-on-year basis as compared to ₹ 70 crores in the same quarter last year. The rise in interest costs can be attributed to several factors. For example, an interest cost of ₹ 38 crores on the NCD issue to RCCL, which will be netted off upon the completion of the demerger as the effective date is set for April 1, 2023. Increased interest on lease liabilities due to higher rent expenses as we are opening new stores throughout the year. Interest of ₹ 10 crores for deferment of approval cost payment to MHADA for Bandra project.

Now let me give an update on the demerger status of the Lifestyle business. Based on the corporate action initiated, the proposed demerger of Lifestyle business is on track, and the company has received the SEBI approval for the same, the extraordinary general meeting for shareholders and other such relevant meeting is scheduled on 26<sup>th</sup> of February '24. The demerger will result in 2 independent net-debt free pure-play listed entities a B2C-focused lifestyle business, as well as real estate and engineering business with liquidity surplus at the group level to spur future growth.

Now let me talk about the current status of the operations and the outlook. The fourth quarter began with modest consumer sentiment influenced by moderate discretionary spending and the subdued impulse purchases and amid inflation. The ongoing apparel end of season sales saw a moderate uptick in consumer demand. In recent quarters, inflation pressures led to a K-curve recovery, affecting the discretionary spending of low-income households while witnessing an increase in consumption among high-income households. We expect the trade channel to gain momentum and secondary sales, which will drive growth.

Aligned with our guidance from the previous quarter. We are on track to expand our retail footprint. And over the next 18 months, we plan to add almost 250 to 300 stores with the asset-light franchise model. This expansion will be led by an increase in the store network for Ethnix by Raymond as well as for all the other apparel brands to cater to the rapidly growing market. In the Real Estate segment, in December 2023, we have launched 2 new towers on our Thane project, and we are receiving an overwhelming response and witnessing strong booking momentum in our Thane projects. This performance reaffirms our customer confidence and acceptance of our high-quality products, coupled with fast-paced construction momentum in the ongoing projects. Auto ancillary segment is witnessing good growth. However, engineering consumables has been weak in the export market.

Regarding the net working capital, we have been consistently optimizing the net working capital in terms of the number of days, and we will continue to maintain the same. From a cash flow perspective, there seems to be a dedicated focus on generating free cash flow through a profitable growth of the various businesses.

To conclude, I would like to reiterate that Raymond Group will continue to have 3 distinct vector of profitable growth that will create shareholder value for each of the businesses. With strong free cash flow and no major capex requirement, Raymond Group will remain net cash positive going ahead. Now we will open the line for questions, please.

**Moderator:** The first question is from the line of Deepesh Agarwal from UTI Asset Management. Please go ahead.

**Deepesh Agarwal:** Good evening gentlemen. My first question is, can you throw more light on the demerger time lines by when do you expect the demerger to go through and get listed on the stock exchanges?

**Amit Agarwal:** Sure. So demerger, as we said, on 26th of February, we have the EGM, and post that, it will be filed with NCLT, which we expect that in the first fiscal quarter of '24-25, it will be completed. But the effective date of demerger is April 1, 2023.

**Deepesh Agarwal:** Okay. Sure. And any thoughts on demerger of the auto business later.

**Amit Agarwal:** See, we have been consistently working on unlocking the value. You have seen how we have been able to unlock the value. We want to make sure that the businesses get mature, and then we will do the right thing for shareholder value creation.

- Deepesh Agarwal:** Sure. On the real estate side, if I look at the profitability, EBITDA margins are in the range of 24% to 23%, 24% despite own land bank. So how should we think about the profitability as you go ahead with the JDA projects also?
- Amit Agarwal:** The CEO is there.
- Harmohan Sahni:** Yes. So, so far, on an average, we have maintained margin over the last few quarters for about 25%, barring 1 or 2 quarters where you would have seen a slight dip because we have launched new projects during those quarters. But on an average, going forward, you can expect around 24%, 25% margin on an ongoing basis and it will remain steady is what we feel, unless the market starts doing something different.
- Deepesh Agarwal:** So even for the projects and the JDA route, we will have a similar margin.
- Harmohan Sahni:** That's right. You will have a similar margin. The reason for that is actually quite simple because given the FSI norms in the city that have come about after 2034, Thane will enjoy similar FSI norms as the BMC areas, but the pricing is very different while Thane is in the range of ₹ 20,000 odd number while the other markets that we are looking at, we are looking at about ₹ 30,000 or so or slightly higher. So as a result of that, margins will be similar in both the locations even after accounting for land in the JDAs.
- Deepesh Agarwal:** Okay. Sure. And what would be the timelines on launch of further projects, the 3 you mentioned on the JDA and the Future Thane potential?
- Management:** One of the projects that we had signed about a year ago or so, which is the Bandra project, very close to BKC, that launch is imminent now. In fact, yes. So we have already applied for RERA registration. The moment we get RERA registration in hand, it will be launched. It is likely to be this quarter itself.
- Deepesh Agarwal:** Okay. Okay. And the other question I have is on Branded Apparel. If I look at the margin, the margin has improved very sharply to 14% in the quarter, and almost 11.3% in 9 months. So we have seen sharp improvement over the past 2, 3 years. Is there a further room for margin improvement or most of the low-hanging fruits have been addressed?
- Amit Agarwal:** So I think you see fundamentally what has happened is we have always spoken as you get larger, you will continuously get operating efficiency and leverage of that. And that is helping us to improve the margin profile. However, what is very important, as we have spoken a number of times, that we want to put significant amount of ads so that we continue to bring more and more brand salience. As you see in this year compared to last year, we have doubled our spend on the brand.
- Sunil Kataria:** This is Sunil here. So I think one thing which has very clearly happened for us, and that's a clear focus is that we are right now expanding our accessibility to consumers, and that is happening through expansion all the 3 channels, which is our own EBO channels, which is happening to multi-brand outlet, and which is also happening through large format stores. As a result of this, we are getting very significant economies of scale and that is helping us improve our gross margins. That is one source, which really gives us an input. Apart from this, we are



investing continuously with extra margins behind rentals and behind people, and at the same time, advertising the very critical part where we need to bring footfall to the new stores. So I think that's the reason between a good judicious mix of gross margin expansion while flowing back some part of it back into brand building as the new store opening, I think is what we are seeing a good cycle developing for us.

**Deepesh Agarwal:** Okay, sure. And one bookkeeping question, the debt number, which we have given in presentation doesn't include the payment for Maini Precision, right? So that will be accounted in fourth quarter, right?

**Amit Agarwal:** Yes, yes. As we said, the transaction will be consummated finally in the fourth quarter.

**Moderator:** Next question is from the line of Himanshu Nayyar from Systematix Group.

**Himanshu Nayyar:** Congratulations on a good performance in a difficult quarter. So, sir, just wanted to understand the Branded Apparel business a bit better because we've delivered very, very strong growth 20%, so would you say distribution is a key driver? Or we are seeing even the like-for-like growth also trending as per our internal plans.

**Sunil Kataria:** As you said, quarter has been tough. So I would say our like-for-like growth have been much better than the industry. The industry we've seen has been pretty much negative in most of the results that we've seen and. I think we have been much better than the industry that's one. Second, definitely, I think the accessibility increase, reach increase from multichannel is giving us a gain, which is clearly a distribution-led game. And the third part, I would say, is the adjacencies that we are creating within our product portfolio. For example, we have completely overhauled all our 4 brands portfolio, in fact fifth is Ethnix one, which is the new one, which is coming to play. For the rest, all four brand portfolio have been completely overhauled. We have actually strengthened our portfolio, and we are seeing contribution increasing from the casualization of the segment, while we had to have 2 brands, which is ColorPlus and Parx, which are 100% casual between Park Avenue and Raymond ready-to-wear, there's a huge scope up tapping the adjacency of casual wearing which is something which we're doing in a very fast one. So that is actually an additional, you can say, an addressable market which is opening up for us.

**Himanshu Nayyar:** Okay. And secondly, again, to understand the margin bit, I mean, we are already now reaching 14% margin despite the fact that we have so many incremental Ethnix stores coming in, which I believe might not be that profitable as of now, and the fact that your marketing spend has doubled, so what explains this sharp margin improvement? Because if this is the case in a high investment phase, I believe once Ethnix stores will start contributing in marketing, I mean the scale moves up, then we are looking at much better, a higher level of margins in the medium term.

**Sunil Kataria:** Okay. See, I'll tell you what. I think for the next couple of years, we are very clear that, as you mentioned, that we're likely to open 200 to 300 odd stores. And this will happen across 4 or 5 brands of ours, including Ethnix, obviously. So I think this will be a run rate which will be including a run rate of new stores for us. We will have the cycle of opening new stores. There

will be stores which get into a maturity phase of around an 18 to 24 months, they will obviously reach a much different level of channel EBITDA margins and overall EBITDA margins, but at the same time, we'll be putting back money into expanding into more stores. So I think right now, for the next couple of years, we see ourselves being on this treadmill where we get accessibility, we include stores, we pull money back into brand building, and we continue this virtual cycle going right now. So I think that's the visibility that we'll operate on right.

**Amit Agarwal:**

And remind you, as we have spoken a few times that we are very clear that every year, we are going to spend compared to the normal cycle of advertisement, anything between ₹ 65 crores to ₹ 70 crores incremental ads spend every year in order to bring forward this revenue.

I think you can take another question, maybe his line got disconnected.

**Moderator:**

The next question is from Rohan from InCred Capital.

**Rohan:**

Congratulations on a good set of numbers. I have a question in terms of the store expansion that we saw this quarter, out of the EBOs that we've added, which brand of ours would have seen the most expansion this year and which one would be the focus area going forward?

**Sunil Kataria:**

So actually, I think it's obviously, the lead has been taken by the Ethnix by Raymond, right. Because that is a place where we have reached to 105 stores now. But at the same time, the focus is across all the 4 brands, Ethnix by Raymond, ColorPlus, Park Avenue, and Raymond Ready-to-Wear. In fact, we believe that one of the low-hanging fruits for us, along with Ethnix, which is a new launch altogether, it actually Raymond Ready-to-Wear. It's a brand which has got a huge consumer equity. It's got a huge resonance power with consumers, but that is something which consumers resonate more as a fabric brand.

Given the quality and the designs that we are creating in Raymond Ready-to-Wear, it's a matter of time to get the right reach in that brand, and that brand will reach a very different level. So I would say the answer is It's, by and large, across all brands, but Ethnix by Raymond leads it, and I think a very potential low-hanging fruit product is Raymond Ready-to-Wear.

**Rohan:**

Sure. And sir, it's fair to assume that Raymond Ready-to-Wear will also be a focus area in terms of the future expansion as well, right?

**Sunil Kataria:**

Very clearly, very clear.

**Sunil Kataria:**

All the brands would be. And as I said, at least 2 of our brands, the adjacency will become very important, which is getting into a casual segment. And one of the focus areas we have is that for Park Avenue and Raymond Ready-to-Wear, which till now have been seen by and large, as formal brands. We also see a huge scope to improve as we get into more and more casualization.

**Rohan:**

Okay, sir. And in terms of our omnichannel network expansion, where are we currently out of our EBO's?

- Sunil Kataria:** So when you say omnichannel you mean the LFS and the other channels?
- Rohan:** Across maybe all of them where are we in terms of percentage or something like that?
- Sunil Kataria:** Okay. So our overall omnichannel percentage is a double-digit number, roughly around low double-digit number is where we currently stand, including e-commerce and other parts of the omnichannel.
- Rohan:** Okay. And I have one more question, which is on the real estate side. So are the 2 new projects that we've announced on the JDA model, when do we expect or when can we expect the sales processes for these to start?
- Harmohan Sahni:** So typically, in society development, by the time the documentation is done and the site is handed over, it is about a 12- to 15-month cycle. Now we've just begun this cycle. And if you go by the industry norm, it will be about 15 months, if we go by the Raymond norms, we hope to do it in 12 months. So I mean, the earliest possible will be 12 months from now.
- Rohan:** Okay. Good to hear. Just one more piece on the real estate part. So far, we've done about 5 projects within our Thane Land parcel, and we've announced 2 this year. So on a steady-state basis, maybe how many projects can we expect within the remaining portion of the land parcel? And out of that week, do we also plan to go into sort of commercial projects? Or will they largely be residential?
- Harmohan Sahni:** See, as of now, there is no plan for any commercial projects. So I'm answering that one first. While we don't rule out the possibility, it all depends on what the opportunity is. But as of now, residential is what seems to be most remunerative in terms of monetization of that plan. And as far as the run rate for projects is concerned, actually, you would have noticed that we are working on a few brands that we have created. One is Ten X brand, the other is Address By GS, and the third one is Invictus. So most of the inventory that we will be launching will be within these 3 brands, unless there is a subcategory, which certainly, we think is more remunerative than which won't fit into these brands. So even in the Thane Land, even if we keep launching more buildings, it will be within these 3 brands. While we have 5 projects like you rightly said, but these 5 projects are all within these 3 brands itself.
- Moderator:** We have Himanshu Nayyar from Systematix back in the call. Himanshu, can you please complete your follow-up question?
- Himanshu Nayyar:** So what I was coming to...
- Moderator:** Himanshu, you are not audible. Can you please speak through the handset?
- Himanshu Nayyar:** Sure. Am I audible now?
- Moderator:** Yes.
- Himanshu Nayyar:** Okay. Sorry. So, Sunil, my question was on Ethnix, specifically now that we have 100 stores. we have completed one full season, one full year for a lot of the stores. If you can just share

some store economics, and how we are trending with regards to the market leader in the space? That will be helpful.

**Sunil Kataria:**

Okay. First of all, you see we have touched around 100 stores in number. And there are still a large number of stores which have not seen a full year cycle. One more thing which I'd like to point out compared to maybe an apparel brand, the Ethnix brand which will be always different is that Ethnix has more seasonality than, let's say, a regular apparel brand.

So to see a full potential of our Ethnix brand would require a longer lead time of, I would say, maybe 24 months because there are times when you will just end up in a year seeing one large wedding cycle. So I think that is a piece that we are also in a very early stage realizing that would be one key way to understand the performance of a store versus a, let's say, a normal regular apparel store.

Having said that, I think one thing which I can tell you qualitatively that the numbers that we set, hence, I would say it's too premature to maybe just pure play store economics right now. The thing which we are now becoming very confident of having touched our 100th store, in fact, as we talk it's 105, is that three things have -- I would say are proof of concept is through completely. One is that our product portfolio, which is very critical in this segment is a winner. And that is something as a winner, I think, a competitive as well as on absolute form. We believe we have got it absolutely right also.

But when we see with competition, I think we have got the right sweet spot of the target group, and quality, and design and pricing. That I think -- that is the heart of this segment. Second, I think our store design ambience and experience. We have done consumer researches on that. I think that, again itself has become come out as a very, very premium and consumers feel up, consumer experience and service is very good.

And the third part, the kind of traction that we've seen. And in fact, I would say this is the first really first two season of our Ethnix stores in that time. So last year, we're just ramping up on the season happened, we just got over COVID. And while this wedding season also has been a bit of mixed but within that whole 60 days that we've seen, I think we've seen a very, very sharp jump in our SPSF in those 60 days length, and that has given us -- actually, we are pretty confident that where we set out to, we are close to reaching that.

As far as the full economics, I think maybe another cycle goes, we'll have a better handle on this. But I think we're buying large on track what we want to.

**Himanshu Nayyar:**

Understood. And final question would be on the garmenting business, where we were seeing good traction for the last many quarters. And obviously, we're doing a lot of capacity expansion here as well. So can you explain what I mean, what explains the muted performance specifically in this quarter? And is there any change to our near to medium-term outlook on this particular business? That will be all for me.

**Amit Agarwal:**

Actually, I think Himanshu what has happened is in this quarter now, 2 things have happened. I'm sure you have heard globally the denim market has been very, very slow. And in this quarter, we have seen a big shortfall in the order in the denim, because certain portion of this is

also supplied for the denim market. Second thing, there was a certain order which was supposed to be dispatched by the end of the quarter, which has been shifted to the next quarter.

However, I think very important is to see, in spite of this impact, you see and we are expanding the capacity, we are training our staff, but we have expanded our margins. And I think that is important to see that how we are able comfortably to improve the business. And one quarter in the export business will always find plus and minus because of the delay in the shipments.

I think we are very clear that the growth is intact. Even today, when we talk about -- we are booked out for the next 6 months. So therefore, we have never seen a shortfall on the orders in the main line of business, except for the denim, which was a big drop in this quarter.

**Sunil Kataria:**

And one more thing, what I would say is that there is a very clear focus that we have in this strategy, and which is something which we are pretty happy about is that we see that it has been -- we are in two things here. One is we are acquiring a set of large strategic customers. Obviously, we can't tell you which ones are those because for whatever reason. But I think that's the area where we are seeing a very strong strategic partnership getting built. Second, new geography, again we have always been very strong in U.S., where we are looking for more customers. We have been very decent well placed in the U.K. But what we are saying is now we have open up -- open a new geographies like Europe and the area of focus for us in Japan. So I think there is a pretty decent headroom of growth, obviously, assuming that something doesn't chaotically clear up in the global economy. Those are macro conditions, which we can't predict. Given that other things remain stable, given that we are -- we are opening up new geographies, given that we have today a very, very strong pipeline of building up strategic customers. I think a quarter here and there happens, but I think in a mid- to long term, we have very well placed on this.

**Himanshu Nayyar:**

Great. Great. That's all from me, team. Congratulations again and all the best.

**Moderator:**

Thank you. Next question is from the line of Runit Kapoor from Systematix Group. Please go ahead.

**Runit Kapoor:**

Yes. Hi, team. Thanks for the opportunity. So I had a question on the Real Estate sector. So with the Oberoi Realty launching in Thane, how do you see price hike going forward? And how do you feel this will affect the velocity of your sales?

**Harmohan Sahni:**

Oberoi has launched one of the projects, yes, that's right. Now it will not be right for us to comment on what competition is doing. We can share with you that there has been no impact on our sales. In fact, we've done better than the last quarter in Q3 also, and we continue to do so. As far as price hike is concerned, it's an equation of consumer sentiment, demand, supply, and trust, there's so many factors which come into play. But having so many years in the industry, I don't think rapid price increases are actually healthy or good for the market. A stable market is always better and which is what we've been seeing in Mumbai, while the North Indian market, the Delhi and NCR market is running ahead already. But I think the Mumbai market still remains very healthy with a steady price increase, not going crazy. We

continue to see the same trend playing out in Thane as well as larger MMR market. It's a more mature stable market, not too much of speculation.

**Amit Agarwal:**

And I think what is also important is to see that, look, when we launch a project, day 1, we are able to book 15%, 20% of our launched inventory. That reflects that people come and buy into the product. And the level of confidence which we give to the customers is very, very different. Third thing, just to give you a simple perspective from one of the reports we have figured out that we have become the Top 5 Developers in Mumbai region. And the pricing in South Mumbai is far different compared to what is in Thane. So therefore, it reflects that clearly, our projects are selling very, very well.

**Runit Kapoor:**

So do you feel that pricing will remain stagnant for the year or 2, like not much or 5% to 6% price hike.

**Harmohan Sahni:**

On an average, the price hike is between 6% and 8% over the last 2 years in MMR market. I think the same trend will continue, and the Thane will not be left out, it will enjoy the same benefit I mean that's a prediction that we have. It's a hypothesis. Only time will tell. But 6% to 8% is, I think, very safe to assume that market will see price rise. And the infrastructure development in Mumbai MMR region is going to support the demand, especially in the Thane, Navi Mumbai region. There is no supply overhang as such while everybody talks about a lot of supply, a lot of supply, but it comes in dribs and drabs, and the demand is still kind of outpacing and it's very robust it's staying ahead of the supply as of now. So there is a lot of steam in the market for the next 3, 4 years.

**Moderator:**

Thank you. Next question is from the line of Rohan from InCred Capital. Please go ahead.

**Rohan:**

I just have one question on Ethnix. In terms of the franchise inquiries, have they been trending? And out of our current store count of 105, what would be the mix of franchise stores there?

**Sunil Kataria:**

Okay. So roughly around the mix, we are operating on 20% COCO stores out of this mix. So that is something which we have been pretty cautious about that I think we will stay around this level because we also want to create some marquee stores, where we can build a lot of brand building around because if you have a marquee store, which you get in, let's say, Karol Bagh in Delhi or let's say, Commercial Street in Bangalore, or Colaba that we have in Mumbai. That become itself long-term brand building and marketing support tools, their flagships. So I think 20% of that would go towards building stores which can drive brand equity itself. It doesn't mean that they won't break even, they would break even themselves, obviously. Hence, those properties we may want to invest ourselves. And the idea we want to invest ourselves if there are some very good mall stores that we get. And that is an area of another focus that we are looking at getting present into some very, very premium malls that itself. Having said that 20% COCO and the balance is a non-coco stores mix that we are working towards. And your other question was, sorry?

**Rohan:**

The other question was in terms of inquiries from like new franchise.

**Sunil Kataria:** Franchises. Yes, this is one big changer. Obviously, when you came out of COVID, it was a very different mode, different atmosphere. I think initially, people were not sure that how we will go about the brand. I think as I said, the confidence that we have, is in a matter of now 15, 16 months, we have touched 100 stores. So, I think that the message has gone out very clearly. That, first, we are very serious about it. Second, people know that Raymond has a right to win given our equity around weddings and the way we are a brand, which is one of the highest salience in the country. And third, I think what people have seen in terms of the product portfolio, the first season feedback, I think that's a very, very positive inquiry set that we're getting now.

**Moderator:** Next question is from the line of Pritesh Sheth from Motilal Oswal. Please go ahead.

**Pritesh Sheth:** Yes. Firstly, I'm not sure if it's been already asked, but on the status on Bandra launch who was supposed to happen this quarter. And just a follow-up on that, what kind of pricing that we are seeing now, where would be the revenue potential of that project considering now we are closer to launch that project?

**Harmohan Sahni:** The launch is on schedule as we had committed that it will be this quarter. So we're just waiting for the registration to come through. So it will be launched. The launch is imminent. The revenue potential was stated earlier when we had got the project around ₹ 2,000 crores. So we are on target with that. The market has only become better since then, and not worse. So we obviously hope to do slightly better than what we had thought of. Pricing is something which you will know closer to launch, one day before please get in touch with us. We'll reserve one apartment for you.

**Pritesh Sheth:** Sure. Yes. Got it. And secondly, so congrats on a couple of acquisitions that we did this quarter. Just how should we look at the growth from here on? Like is there any specific targets in mind about the number of projects you want to acquire or investments we want to spend on acquiring new projects. So if you can help us understand that how are you going ahead with the growth plan in the real estate business?

**Amit Agarwal:** Very simple. We have 100 acres of land bank. Of which 40 acres has been under construction, residential development, which delivers ₹ 9,000 crores of revenue. The balance 60 acres has the potential to deliver another ₹ 16,000 crores. That will be developed over the 7, 8, 10 years. Now we have said rightfully right from the beginning onwards that over the next 4 to 5 years, we are looking at it that anything between 40% to 50% should come from the JDA in the MMR region and the balance would come from the Thane Land. So we believe in the next 4 to 5 years, we should see anything revenue from the real estate side of anything between ₹ 3,500 crores to ₹ 4,000 crores per annum.

**Pritesh Sheth:** So now we have almost ₹ 5,000 crores of non-Thane projects in your pipeline. Assuming that that gets monetized in the next four, five years, that should contribute to the ₹ 1,000-odd crores. So you would incrementally obviously look at projects which can contribute another ₹ 1,000-odd crores. And in that development, I mean, that pipeline can build up in next 2, 3 years? What's the sense like?

**Harmohan Sahni:** Yes. So in the next 3 to 4 years, and you know in this industry, it's a continuous process. So it's not something that you build once and then you stop. So each year, there will be a buildup. And we are going about it in a very cautious manner. We have a criteria in terms of what kind of projects we want, what locations we want, what stage of project, and what kind of risk profile that we are looking at. And as we go forward and we launch more projects, our capacity to do maybe a different type of portfolio also will change. So the strategy can also undergo a change, which can lead to a higher growth going forward have started in a cautious way, but our response in the market has been very encouraging and pretty good in that sense. So we are very grateful for that. And going forward, we only see this trend accelerating in terms of growth. Now it's difficult to give a number, which is an opportunistic market.

**Pritesh Sheth:** Yes. So just lastly, if you can help me understand what is the initial investment that is needed from our side for Mahim and Sion projects?

**Harmohan Sahni:** Sorry, initial what?

**Pritesh Sheth:** Investments?

**Amit Agarwal:** Investments.

**Pritesh Sheth:** How much we have to mostly pay to -- I mean I just it's a redevelopment project, but what is the kind of initial investment that has to go for that project? Just trying to get that by spending how much you have got this ₹ 3,000-odd crores kind of additional pipeline.

**Harmohan Sahni:** So, each project that we are assessing currently given that the criteria that we have, we look at a peak investment somewhere between ₹ 250 crores to ₹ 350 crores for each project depending on the type of projects. But that's the broad range within which the peak investment would lie. And these are all residential projects, very, very strong locations, very deep markets.

**Pritesh Sheth:** Sure. Got it. That's it from my side, all the best.

**Moderator:** Next question is from the line of Mithun from Kivah Advisors. Please go ahead.

**Mithun:** Yes. Sir, just wanted to understand in terms of your strategy with Ethnix, is there a certain number of stores that you're targeting? And what would our current kind of revenue run rate be on that brand?

**Sunil Kataria:** Okay. First of all, let's take the first question. I think what we are looking at is we have done a pretty good analysis of what markets contribute to what kind of percentage of branded ethnic wear in the country today. And what kind of growth rates. And we can always estimate which I like to reach. Our estimate is that if we can reach 300-odd stores in the top Tier 1, 2, 3 of this country, I think that will reach to roughly around almost 80%, 85% of the market. Right

Of the branded market over this market obviously keeps on upgrading itself and it keeps on moving itself. So I think having touched, let's say, 105 stores today over the next 2 years, the one big aspiration for us would be at least to reach 300-odd stores. This number can obviously change. We find a very different traction, it can go up. But I think if I would say a good



addressable market number. Tier 1 to 3 -- 300 gives you a very, very good foothold. It also makes you be very careful that you are not getting into markets, which may not be very profitable, with maybe too much of volatility. I think in this sense it's a good number to target, and that is something we very confident will reach, give or take a few quarters here and there. In terms of the way you think the run rate of the stores of -- Ethnix stores is, as I said, we've seen the first full season really right now. It's actually almost if you see, it's 60-odd days we have seen and then as we've seen the markets have been weak. But so the ARR in this market, again, there's a learning that we are getting very early, and it's we'll also learn along with the taking insight from you guys who have been tracking this sector is that until you see 2 full cycles, it is very difficult to call something like ARR in this industry.

You will see a huge spike when the season happens, and then it will get moderated when the season is not there. So I don't think the ARR is the right way to look at. I think the impact SPSF, the sales per square feet will change a lot with defining ARR, I think it's the way to see how much you can get traction in the wedding season and the second pivot, which we are trying to develop, to which we believe could be a differentiator is, how do you build over a period of time less drop in a non-wedding season. I think that's another important bit which we think one should develop over a time.

So one area that we are working on is what we call, Smart Ethnix, is that's another area that we are developing. It's very, very small for us right now. But as you will see noticing going forward in Ethnix stores that we think this whole consumer trend that consumers are wearing ethnic wear, not the typical wedding type, but the regular bundies, the regular casual ethnic shirts or short kurtas, etc, which today they wear to Fridays to office or evening wear in parties, etc. So we think that as a potential segment, which will help us even out some of the trust which may happen. So I think that's a broad direction that we are looking at.

**Mithun:** All right. And just a question at saying -- you also had a Raymond Home brand, right? It's still quite visible. I just wanted to understand, is there any focus there? What sort of revenues do you clock on an annual basis on that business?

**Amit Agarwal:** Yes, we still have that business, and it's a good business. We have been working hard on the business. You see that advertisement also we supply to the large, what we call, MBOs and LFS stores. And we believe that it also has a great potential to grow from a current level of, let's say, ₹ 150 crores, ₹ 160 crores revenue we are thinking that it has the potential to also grow itself to -- double itself in the next 3 to 4 years, yes.

**Sunil Kataria:** I think this is an area where we will be doing more work right now even that other areas are developed. So you're right, it's a business we are not giving up. It's a business which is an adjacency, which we believe is something where we can have a right to win. We will need to do some work on 3 areas there, and that's an area identified for the coming year. One is clearly reworking out and preimmunizing our product portfolio. I think premiumization is a very important pivot there. Second is it's a business where we have not maybe invested as of now into a strong distribution expansion. So that's another area we have identified that, okay, there's an area where this distribution expansion is a quasi FMCG in that sense if you see. So that's an area where we are building in. And the third one, which we are clearly looking at is a

possibility of some kind of institutional businesses if we can crack some models there. But product, brand building, and GTM is a place where we'll go into, this is a business which has potential. We will give more focus in the coming years.

**Mithun:**

Thanks and all the best.

**Moderator:**

Thank you. Next question is from the line of Deepesh Agarwal from UTI Asset Management. Please go ahead.

**Deepesh Agarwal:**

Thanks, gentlemen, again. So my first question is how should we think about sales growth per square feet or SSG in the apparel business, given our distribution network with the combination of TRS and EBO?

**Amit Agarwal**

Yeah, I think -- you see we have demonstrated very clearly 20% growth, 18% for the 9 months and 20% for the quarter on the apparel. And that is reflective because of our EBO expansion as well as we are getting more and more doors. So what will happen is this is a journey which we are on and with the advertisement spend on doubling, this will help us to grow. And you see the SPSF will not come from one day to another day. Because as we see becomes more and more brand visible. As per saying, you make a sale, if customer can see. So that is exactly what we are on thought process in order to grow all our brands.

**Sunil Kataria:**

I'll tell you we have three pivots. I think the question which you are asking is how the like-to-like growth do will move over a period of time. Okay. So one thing which we are seeing is that -- I can tell you when our current three apparel brands, the overall SPSF are pretty healthy.

I mean, because see all the brands, whether it's Color Plus, whether it is Park Avenue or whether it is Raymond ready-to-wear, they have a very strong equity with consumers. What we are doing right now in the enhanced SSGs, one is brand building, second is product portfolio expansion is a very important area, which is [inaudible 55:57].

**Moderator:**

Ladies and gentlemen, thank you for your patience. We have the line for the management reconnected. Sir, you may go ahead.

**Sunil Kataria:**

Yes, sorry. We broke in the middle. So I think the whole SSG growth will be led by category expansion, our brand building and as a result, generation of greater footprint stores. We are pretty confident that we will get a good mix of distribution-led as well as same-store growth combination over the years now.

**Deepesh Agarwal:**

Would it be fair to say growth of the 20% as could be led by same-store sales growth and half could be led by the expansion?

**Sunil Kataria:**

I think it's currently; you can say it's more skewed towards expansion because we are being expansion across not only EBO, I think there's another very important pivot of growth which we may not -- which may -- we don't maybe consider too often. One is the footprint expansion of EBOs, but I think there is also these brands have a lot of potential to gain market shares through multi-brand outlets as well multi-branch channels like large format stores.

So we have got into, again, a very strong strategic tie with large format stores. We are doing a very large expansion of multi-brand outlet presence. And I think between these 3, is where this growth is coming from, and there's a huge headroom to grow for us all the 3 channels.

And obviously, the other one which we have is, which I think none of us talked about it, a very, very 100% captive channel that we have 1,140-odd stores in this country of The Raymond stores. Now one area which we have expanded is that these stores have a contribution of both fabric and apparel sales.

So once when focus area that we have taken is that we are -- how do we take salience of apparel business through our Raymond stores. Because that's a very, very strong brand, which is built in this country over generations. So there -- but this one thing which helps us a lot of this casualization of this what you call smart casual, which we're doing, that actually automatically gives us a captive 100% presence around 1,000 footprints of around 670, 680-odd cities in India. And given the brand building that we're doing, we expect the apparel salience in our Raymond stores to go up.

**Deepesh Agarwal:** Okay. Sure. And would it be possible to share brand-wise sales?

**Sunil Kataria:** No, I think that's something we would not like to disclose at this stage.

**Deepesh Agarwal:** Okay. And would the Ethnix by Raymond EBITDA positive at the current moment?

**Sunil Kataria:** Right now, as you said, it's very early days. If you remember that we are in the 100<sup>th</sup> store out of this, many stores have opened in the last six months. So I think this -- any business has its own break-even time of over a few years. We are clearly right now on the stage of getting the right properties.

We have cracked the portfolio, getting the right locations, we are tracking our KPIs very clearly. I think in the end, we want to invest in our brand. So I think that's the focus on getting the growth of footprint and getting the growth of the revenue up right now rather than getting too hacked up on immediately EBITDA positive of as this business is an investment phase for some years.

**Sunil Kataria:** I can tell you, which is that this business obviously has much different gross margin compared to apparel business. What you will see is that as we get economies of scale in this business, we'll continue to expand gross margins. And again, as I said, we've done the apparel business, we'll continue to do a very smart reinvestment of this behind brand building, band store expansion, etc. I think this is a business which is nurture. This is a business, which is our investment phase, and I think that's where the focus should be.

**Moderator:** Thank you very much. As there are no further questions, I will now hand the conference over to Mr. Amit Agarwal, Group CFO, for closing comments.

**Amit Agarwal:** Thank you very much. We look forward to talking to all of you in the next quarter.



*Raymond Limited*  
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**Moderator:**

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