



SECRETARIAL DEPARTMENT

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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, 5th 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 –Investor conference Transcript

Please find enclosed transcript of the “Investor conference on business update” held on July 9, 2024.

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
Company Secretary

Encl.: as above



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**“Raymond Limited
Investor and Analyst Meet Conference Call”
July 09, 2024**

**MANAGEMENT: MR. GAUTAM SINGHANIA -- CHAIRMAN & MANAGING
DIRECTOR – RAYMOND LIMITED
MR. AMIT AGARWAL –GROUP CHIEF FINANCIAL
OFFICER–RAYMOND LIMITED
MR. JATIN KHANNA – HEAD OF CORPORATE
DEVELOPMENT – RAYMOND LIMITED
MR. SUNIL KATARIA – CHIEF EXECUTIVE OFFICER
(LIFESTYLE BUSINESS) – RAYMOND LIMITED
MR. HARMOHAN SAHNI – CHIEF EXECUTIVE OFFICER
–REALTY BUSINESS – RAYMOND LIMITED
MR. GAUTAM MAINI – CHIEF EXECUTIVE OFFICER –
MAINI PRECISION**

Jatin Khanna:

So good afternoon, everyone. Welcome to the Investor and Analyst Meet of Raymond Limited on a very special occasion. As you all know, we are very near to the demerger of Lifestyle business, which will effectively mean on the 11th morning, our Real Estate business with investment in engineering, aerospace and automotive business will list separately. So we thought it will be a good occasion for us to invite you all to take you through the Group's strategy and future prospects. So if everyone is settled down, then we can maybe start the day.

So I'll request our Group CFO, Mr. Amit Agarwal, to give his opening remarks. So Amit, over to you.

Amit Agarwal:

Thank you. Thank you, Jatin. Good afternoon, everyone. I think I'm really very happy to see each one of you taking the time and coming to attend the Raymond Investor Day. I know the weather warnings -- obviously, the weather warnings have not been so good and I was really concerned for yesterday is that whether you all will be able to make it. But as usual, weather warning was not correct and practically, there is no rain, so you all of you could make it. So very, very thankful and grateful that all of you could come.

I think, what I want to tell you is that Raymond, you all have seen maybe one way or the other. And actually, you all have worn it for 100 years and this is our 100th year starting. And I think the true value of the Raymond stands on the trust. And if you have been wearing it with such a great pride and trust that this fabric, you can wear it and wear it and has a great quality.

I think that has transpired then into our Real Estate business, because buying a home is a big emotional decision. And it is not that, to somebody, it is a small thing that one goes out, people put their lifetime savings and where you will put the money to buy a home is where you have a trust. And I think that has been clearly, clearly reflected if I look at the way our Real Estate business, which is a young business compared to our 100-year old fabric business.

In the last 5 years, we have achieved a formidable position in terms of our Real Estate business. And then, I think, we also want to connect that we used to be an auto component maker for a very long time and an engineering consumable maker for a long time. But then we thought that we need to get into a space where we can see that it is a sunrise sector and we got into aerospace, defense and that is why we took the acquisition of Maini Precision.

Now to sum up, what I want to say is, maybe you'll have to take it a little lightly that we as a Raymond Group touch your lives from morning till evening, when you get up, you wear us. Then you go to your work, to an office or whatever workplace that is where you go in your cars. And the car we make the ring gears and the brake shoe linings and everything. So there again, I'm connecting you.

And then when you fly, again, some of our components are there in the aircrafts. And I think that is what Raymond values that whatever the consumer desires we are there and to give them the best quality with the utmost trust. And I think that has really brought the company to a 100 year old.

And if you see the journey in the last few years, I will just go through this journey, which we have done in the last few years. You know, what we have been very busy in the first 2 years or

3 years after the COVID was that we need to make the business fundamentally very, very strong because if you think about a growth, you need to have your core strong and at the Real Estate business, everybody believes the foundation has to be so strong.

And therefore, we felt that, that for making the foundation very strong, what we need to do was go through the business model and if I look at the business model, we realigned the business model, and we focused one fundamental thing that in any business where we are, we have to be a top 3 players in that industry, in that market. And that was a very fundamental shift and because we have done some of the things which you will see.

Then, as I said, Real Estate business is a young business. In the last 5 years, we established the Real Estate business, and we have become the fifth largest developer in MMR. If I go through the cost because it's a 100-year-old business and if you have a 100-year-old business, each one like us will take a fat here and a fat there. So therefore, it was needed to look and say how can we trim the fat and that is what we took a journey and there, we were able to take out INR400 crores on a sustainable basis, the fixed cost. And we'll work on the working capital as well, and we'll reduce that. We'll show you the numbers.

Now what we thought was that after we have set the bid, now we have to work on some of the initiatives, which will take the company to the next level. And if I see that the first thing happened last year in April, we saw selling of our FMCG business for INR2,800 crores and made the group debt-free. And we were sitting at that point of time after repayment of the debt and everything on a net basis, INR1,500 crores cash.

The second thing what we did was immediately was the demerger of the Lifestyle business. So as a group, we have chartered out a full plan from '20 to '27, a 7-year growth chart, that what all things have to be done in a 7-year journey. And for that each of the milestone to be done, there is a specific trigger required, not just 1 trigger, 2 or 3 triggers are required in order to deliver that. And you will see that we are doing it on a planned manner, but I'll explain you how this planning comes.

And the Lifestyle business, we announced last year, 30th June, it is done and as Jatin pointed out, 11th July is the record date. Now with that date, you will have, for every 5 shares held in Raymond Limited, you would get 4 shares of Raymond Lifestyle Limited. It is going to be ex-Lifestyle on 11th of July and the Raymond Lifestyle shares, hopefully, we have filed everything with the SEBI permissions and everything, I think it's a very good process, which would take maybe I think, 2 months or so. So by end of August or early September, we should expect the lifestyle company also to be listed.

Then as we talked about that the Engineering business, we have had seen that our auto components and engineering consumable was growing only at a pace, but we wanted to get into a very attractive sector, aerospace, defense, EV and there, we got the opportunity to work with Maini Precision and we took the stake in that and then finally, we are merging the engineering businesses and making two large businesses, one with the Aerospace and Defense, and the other one is the Auto Components and Engineering Consumables.

You will have Gautam Maini. Sorry, I have to be careful. Gautam Maini, who is the CEO for the business. He will talk more about this. And then as you know that last week, we announced the demerger of the Real Estate business and you know that's where I'm telling you that we have a full plan of actions what needs to be done in order to unlock the value. The reason being very simple, on 30th June, we completed our Lifestyle demerger. We know that now we'll announce the record date and the steps of making the demerger of the Real Estate business.

So I think it was good for me to show that in the last 4 years, though there are some corporate initiatives being done. However, the core of the business is the fundamental, how the business is doing, how is the financial health, how is the performance, operating performance and financial performance. And that you can see that we delivered a 30% growth from fiscal '20 to '24 on INR6,500 crores to INR9,300 crores.

Similarly, if you see on EBITDA margin, that from a 9.3%, we almost doubled the EBITDA margin. And this is the host of initiatives, which is a cost reduction, expansion of the business, growth of the business led to this and from a INR600 crores to INR1,575 crores, that gives us a significant amount of cash flow available for growth capital going forward.

Similarly, if you look at the profit before tax, also from almost practically zero to we brought to INR900 crores. And this is, again, a substantial improvement as we deleveraged our businesses, we had the ability to cut down more than INR240 crores, INR250 crores was the interest which had taken out. So that all and the business profitability improved.

Now from a net debt point of view, if you see on 31st March '20, we had to INR1,860 crores of debt and at the end of 2024, we have INR680 crores. Now this is after getting the money from FMCG, but also the acquisition of Maini Precision. So in spite of everything, we have still been able to save or generate cash of more than INR2,500 crores.

As I talked about net working capital. Again, very important factor. What we were able to control this and consistently, it is not a one shot. Otherwise from a 4-year journey when you're growing the business at the rate of 12%, 13%, you would not have a working capital on a permanent basis a reduction, which is 131 days to 68 days.

And I think -- I want the numbers of the RoCE that you see from a 5% company, it is a 25% RoCE company, which is very, very that it just one parameter is measured, we measure all the parameters driving at the end of the RoCE, because it actually tells you that are you really deploying your money rightfully or not.

And we have a very strong belief, as you hear in various other presentations of the businesses that every single business has a phenomenal plan in terms of expanding the RoCEs and taking it to the next level. And every business is north of 25%.

I think this chart, most of you have seen a number of times that the fourth quarter, we had the highest ever revenue of INR2,688 crores, which is again growth quarter-over-quarter of 10% and over last year. Now this has become a very standard. And the reason why we are on to show this because some of you may have always had one quarter performance great, second quarter great, but is it consistent? And I think 11 quarters speaks itself -- performing 11 quarters, I'm

sure then the business has transformed and has the ability to deliver on a consistent basis going forward. Similarly, if you look at the margins also, I think what is important is that there is a seasonality in the business, no doubt..

What happens is, in spite of number of wedding days, we have been consistently improving quarter-on-quarter, respective quarters and growth in the EBITDA margin as well as the quantum of EBITDA. And look at it, I think at one point of time, the company would deliver INR500 crores, INR600 crores in the whole year, which we just showed you. And in one quarter, the company has been able to deliver a INR500 crores EBITDA. That shows the transformation and the drive to take the shareholder value.

And also very important that you don't even generate the EBITDA, but how do you bring it to the PAT PBT level. And I think that has been also very well worked by the company in terms of managing the working capital, interest, debt and how to deploy the money appropriately. Okay.

I think this is a very important slide that as a group, we have three large vectors of business. So we have first, and I'm sure everyone knows us for Lifestyle, everyone knows we manufacture clothing.

So now this business, if you see all our '24 numbers, INR7,000 crores revenue, INR1,100 crores of EBITDA. And this is the Lifestyle company, Raymond Lifestyle, where you have the four big segments and these brands. And I think Sunil will talk more about these brands and such things. But I want to make clear that how the business of Raymond Group and will grow going forward and which are the main focus areas.

Now if I look at the Real Estate, see the business has delivered INR1,600 crores of revenue with INR370 crores of EBITDA and what is most important is the value of the bookings sales of ~INR2,300 crores. So as of today, we have got ~4 million square feet under construction in Thane, and we have got 700,000 square feet construction going on in the Bandra JDA project.

Now again, very important to understand that we did the demerger in this year, because some of you might have had a question and have faced this question that why the demerger was not done last year alongside the Lifestyle. The fundamental simple answer is, is the reason that the businesses have to mature itself.

So far in the last year, the business was only in Thane land. We had signed only on JDA, but which had not started. Now this time around, we have already one JDA started and has done overwhelmingly well. Plus we have signed three more JDAs. So that shows the conviction by even the JDA partners that they are coming forward and partnering with us in order to drive this business. Plus, by the time next year, the business gets demerged, which takes now 15, 16 months, you will have many more JDA projects up and running. And that is an absolutely an opportune time that you should have a pure-play debt-free business.

Okay. I think Engineering Business is very attractive. We believe it's one of the best opportunities we have in terms of a faster growth, because Aerospace and Defense is a business,

where India exports not even 1% of a global aviation component industry of \$100 billion, which is continuing to grow. But we are buying all the aircrafts of the world.

So now there is -- and China Plus One is clearly playing a big game. So we believe that in this sector, there's an easy growth of 20%, 25%, 30% year-on-year. And we have got at least INR300 crores of revenue coming out of this business in the last year, and the future is very, very bright.

And the Auto Component business, if you see auto ancillary, auto component business, again, is going to be more than \$200-odd billion industry in India, which, if I consider even the relevant area for us is even \$45 billion, \$50 billion. And what we are doing is INR1,100 crores, INR1,200 crores.

So I think the room is very, very big. And the best part is with this partnership, the Maini and Ring Aqua, all the top 15 global auto OEMs are our customers. The single biggest challenge in an auto business is the entry barrier. And now we are good, if we are already present through Maini or through Ring Aqua, we have the ability to penetrate and put more products into it. So that's a big advantage, INR1,800 crores revenue with INR270 crores of EBITDA.

So these are the three big sectors for us, which we are focused on. And if I say that we are in the top 3 players, you look at it very clearly. Lifestyle, by far, we know that suitings, everybody comes, No wedding is happening in India without Raymond Suit. Similarly, in the Real Estate, as I said, young company in 5 years, we have become the top 5 over the next 2, 3 years. The way we are looking at the business, we can easily get there. In terms of Engineering Business, once again, in the sector which we operate, let's say, auto component, ring gears, by far, we are the number one, and we hold almost 10% of the global capacity. Similarly, in terms of the Engine Critical Components, out of India, these stand #1 status. and files as well. So I think that's a focus of us that we want to be clearly a big number top 3 players and make sure that we give such products and services to the customers that they become a long-term partners. And that is the uniqueness which Raymond has. If I look at Lifestyle business, our partners are there with us for 70, 80, 90 years. And that is something which we know how to cherish and take the benefit of that. Mutual benefit, win-win situation.

That was all from my side.

Jatin Khanna:

So we'll do the Q&A at a group level later. But for now, Sunil, in the interest of time.

Sunil Kataria:

Okay. Good afternoon, everyone, and a warm welcome to the Investor Day here today. So I think Amit has laid out the -- I think, he laid out the groundwork on how the whole journey at the group level is happening. Now I'll take a deep dive into the Raymond Lifestyle and how we see the blueprint of the Raymond Lifestyle business going forward.

Okay. This is the way as the company is getting listed separately. So this is the way we have defined our vision that will be the leading fashion and lifestyle company. Some words that we're talking about is with loved brands. Our brand is our biggest strength, Raymond. And we want to make sure that all other brands also, which are pretty strong equity to reach the level where Raymond is today, and a fashion-first approach. And since we are a business which is into a service industry as well as a product.

I mean, that's a very unique piece of this business that on one hand, it's a product. But on the other hand, it's got a huge retail service aspect to it. Then how do we actually give a delightful consumer experience. And I think these three differentiators together would finally result into a superior stakeholder value. So that's how the gamut of our business would be.

This is the Raymond Lifestyle values, that we have created for ourselves and we would follow. So five values. Initially, we had always talked about trust, quality, has been two hallmarks of this business. So we are obviously one of the most trusted brands in India, 100% awareness. Everybody knows Raymond. We continue to strengthen it, because this is the bedrock of what Raymond is. We are into 100 tier, and that's something which we'll never give up.

Quality. Raymond is always known for quality. The business is built around that. So there will be no compromise in whatever we do in maintaining the highest standards of quality. And towards this end, we keep on doing a lot of investments behind our manufacturing plants, investment behind retail operations. So that will become a very important value.

Innovation is something which we –will going to do double down on. We have created in the suiting and shirting area, in the textile business, some very, very innovative products, which require a hell of a lot of R&D. So what we are saying is we will actually now, in the next phase, go behind product and process innovation, so that we can do a disruptive growth.

This is a new value that we are putting into as we are looking at a lot of our growth coming from service operations and services have a lot of this moment of truth. So that's something we're seeing everything that we'll do is only going to be about consumer delight. So we'll put consumer delight at the heart of everything. It's always been the heart of everything. That's what made this brand what it is today in 100 years. That stays it is.

And yes, Raymond has been built around a lot of family values around a lot of care for employees that stays true. We have to upgrade our talent consistently and nurture our talent as we move forward.

There's another aspect which we are now defining for ourselves going forward. Yes, planet, environment, ESG, that's going to be a very core part of our values going forward. So we'll care for our planet, and we'll actually show a huge amount of responsibility and purpose in the way we handle our business without compromising or impacting the care for our planet. So these are the five values that we put together for the Raymond Lifestyle Limited.

So now when I take you through the business, we're going to show the business in two parts. One is our B2C business, and one is our B2B business. We have two separate dimensions to our business..

So these are the Branded Textile, Branded Apparels, and I'm calling out within that Ethnix by Raymond, since it's a very new investment foray for us and very strategically important. These are three parts to our B2C business. And our B2B business has two verticals, which is Garmenting and the high-value cotton shirting and we'll just run through these pivots in terms of how they look for us.

So first things first. So I think this is a big news, which has just happened last week about what we are at the company. Now we have been ranked by Brand Finance plc, which is the largest brand valuation company in the world, which ranks around 6,000 brands across multiple countries.

In the India 100 we have been ranked in the top 10 list for the first time, the Raymond brand. And that shows the work which has happened. And sometimes if you see, this is 84.6 is also, what they call the BSI or the Brand Strength Indicator. And actually, we are placed right up there with some of the really, truly iconic brands there.

And it's not a wonder because we -- and with the valuation, I mean, it is pointing the valuation of \$305 million, which has also come on this brand. And it's just not a surprise because as Amit mentioned, I mean, there's no wedding, which is complete without Raymond. And this Raymond, something I'll show you from the mass man's price point to the over luxury price points. And that's what makes this brand stand right up there with some of the most iconic brands that this country has seen over the last 100 years.

We have -- this business is built on world-class manufacturing excellence. So fabric and garmenting capabilities are some of the best. So apart from the highest quality, we actually have a humongous ~120 million meters of fabric production. And in our garmenting business, we have capacity of 10-plus million garments units per annum. So that is the kind of capabilities that we have, which makes us vertically very integrated and differentiated. And we have plants located across multiple locations in the country, so which again puts us as a great strength for us.

Not many people may know this, but we have a pretty widespread international presence through our garmenting and fabric exports business. So actually, we are present there across 90-plus countries through the multiple diversified business.

And an area of focus, which I'll maybe refer to later on, we already have 45-plus retail stores in GCC plus our country's location, and that's something, again, where we are looking at whether how that can be a much bigger opportunity play than what we have leveraged so far.

We have one of the largest and the fast expanding retail networks in the country. So this is -- as you know, that we have today, 1,500 stores across country, across multiple formats. We've added 150 stores recently. And the big part is that we actually are not in the number of stores. We also are present across 600-plus cities in the country.

Now that reach is very critical that you can have a density of stores in a certain city. But finally, India is about, if you're going to leverage yourself from mass to luxury, you need to have accessibility to consumers. And that's the reach that we have.

And our big ambition is that over the next 18-odd months, we want to add around 250 plus to 300 stores further over the next 1.5-odd years. So that's the kind of aspiration that we have the largest, but also wants to become the fastest.

So now coming to Raymond Lifestyle. So what is the strategic approach of the business? So we have split our businesses internal strategy into a three different places. What we're calling is the Core, which is a Branded Textile business, which you all are very familiar about. So the whole thought is how do we keep strengthening the Core.

And I'll talk quickly a little bit about that. The two businesses that we put as called the high-growth businesses, which is Apparel and our B2B Garmenting business, which is based out of Bangalore. We think, there will be all about accelerating the growth. And the third piece that we're talking about is the New.

There are four new categories/verticals that we're looking at, which words will be investments and building for the future, which is ethnic wear, innerwear, is something which we want to talk, sleepwear. You can see some of the products already here. And as I said, some part of the international retail business, that we want to look at, are fresh in the coming 3 years. So this is really the whole strategic pivots of each business. The Core, the Growth and the New is the way we'll see ourselves.

So Branded Textile, the four parts of this business: Suiting, Shirting, Made-to-Measure, and Home Furnishings. This has brought a quick snapshot of our business, present across 600 cities, 1,000-plus TRS, almost 1,500 multi-brand outlets. And as I said, from INR300 a meter to INR3lakh a meter is what Raymond status.

With a quick snapshot how we have reached an all-time high number of almost INR3,500-odd crores in our branded textile business last year. And if you see how our EBITDA margin moved from to a record high number of 21%. So from around 14%, 15%, today we have a 21% business. While growing the business to an all-time high, we have reached a record high business. This is almost -- I mean, I come from an FMCG business and I'm used to seeing all 20% plus. So this is FMCG EBITDA margins, and that's something really great to see in this business.

This is our product mix. This is our channel mix. Suiting around 70%-odd -- 78%, 20% shirting, and I'll talk about some of the opportunities I see there, and 2% is our MTM business. Broadly, 40%-odd of our business coming from wholesale, big strength 26%, 1/4 of business comes from our own Raymond stores, 20%-odd of multi-brand outlet and the rest is other verticals or other channels. So this is a snapshot of our Branded Textile business is built in. So it's pretty well spread across India through multiple channels.

In Suiting, now in this industry, obviously, you don't get very syndicated market shares like the Nielsen, et cetera. So we have our own estimates of how to calculate market share, our own estimate is that in the addressable market that we play in between, let's say, 300 meters to around maybe, let's say, a INR12,000 a meter kind of a product, in fact, we go to INR35,000 a meter as well.

Broadly, the market, we hold roughly around 50-odd to 55% market share. That's our estimate. So obviously, when you're such a strong market leader, what is the task? The task we are defining for ourselves that will drive the category premiumization. And how will you do this? The three enablers. And this is something you should see after the meeting is over. There's actually a

shopping store we put it here, is something which we have launched, which is driving category premiumization through highly differentiated wool rich and All wool fabrics.

These are very premium fabrics, which this country is -- the country become richer and richer. The people who are money at the top end. Well, there's obviously a K curve plays out, but there's a huge money out there. And these are people who are looking for global product standards. So these are the two pieces that we have put a lot of money behind in part of investment, which is Exotic and Regio Italia.

Using this, we are going to expand distribution on the top 150 to 200 luxury selling multi-brand outlets in fabric. And the third piece, which we're doing parallel to it, we launched a program called Pride Program, which is across both suiting and shirting. So while one hand, driving category premiumization at the mass end, we also see that there's a competition among multi-brand outlets, which is also playing out.

So we launched a very typical last mile retailer mass and engagement program. So we are trying to reach out directly in this industry now using software apps, etcetera, people on the ground. Around 5,000 key last-mile retailers, which will directly connect ourselves, who otherwise today get serviced through wholesalers. And that becomes a very important last mile connect that in the industry we want to do. So the Pride Program is something which we invested behind the mass end.

So these broadly three initiatives very simple, but obviously, they have to get executed are what will drive the category premiumization. And hence, average selling price increase and growth for us. Quickly, just some look at the Regio Italia products.

[Video Presentation]

Sunil Kataria:

You must have a look at the product as a very high-end Italian luxury products. Coming to Shirting, while we look at our business as Branded Textile as one, but there is a very clear difference between the way we look at suiting and shirting differently. On suiting, we may be sitting on 50% market shares. Hence, we're looking at premiumization, but in shirting our market shares are much lesser. So there, the game is not premiumization alone. There is, actually, we have a dual strategy.

So we talk about there's a growth which will happen through product innovation in two ends and distribution. So the levers of growth become a little different here. So one is the premiumization continues. So there, we see there's a segment in India called Linen, which is very under leveraged as a country. While we are a tropical country, and linen at a premium end is one of the perfect fabrics for India, but it's a category which needs to still be developed. There are very few players who have done it.

So we are going to undertake and we are already undertaking the category building of linen and obviously, we'll then gain shares in linen. This will happen at the premium end.

The second is the Regio Italia that I talked in woollens is a, Worsted fabrics, All wool, is also playing out through cotton in a very highly differentiated design with print through Regio Italia

this thing and those products are also lying here. And that is on the premium end, and we're getting a pretty good response for the shirts here as well.

And then we are investing behind doing benefit-led performance product advertising. So there are campaigns that are good in launching the products, which have got launched, which are the spill-proof products, which we're calling as the fearless collection. I mean you can spill a coffee and nothing will happen, we assured.

And this is the Regio Italia. While this is happening at the top end, unlike suiting, one thing which is happening here is that we see that in the indirect channels, which is the wholesale and the multibrand outlets. In cotton, we just go for shirting, where we're not saying 50% share. So there, we are going to do a volume growth through in the mass segment to correcting our product pricing and the right product fit.

And the last, what I talked about Pride Program, the last mile reach goes here. We're targeting 5,000 outlets in suitings. We're targeting around 1,100 to 1,200 direct reach in shirtings. So that's a very large distribution program that plays out. So these three are the initiatives. The game here is to gain share and build category both. Build category top end, gain share in the mass end.

There's a little campaign that we just rolled out in the season.

[Video Presentation]

Sunil Kataria:

This is clearly a category development campaign. So that is about the first part of our B2C business, Branded Textiles. Coming to the Branded Apparel business. The key task is clearly growth. This is the growth business, grow exponentially but profitably. So these are the brands which you've already know. We have a portfolio of brands in ready to wear, and they straddle across different price architecture and product architectures.

So one thing which we've done is, we very clearly now defined the role over the last 1.5 years for each brand. The price points are very clear. There would be any overlaps or not overlaps, what categories each play in. So that's something which I'm going to talk to. These are obviously the number of multi-brand counters that we reached at around 4,500.

We have large format stores, which are Shopper Stop, Lifestyle, Centro, Reliance. We reach around 1,500 counters to them, apart from our own exclusive brand outlets, which are around now 400 plus. So this is in the performance of this business over the last 2 years. So if you see FY '20 was a year where we had talked about the hygiene of the business and we had to take certain corrections in those 2 years. So obviously, those numbers had to get normalized. So we are reaching again almost INR1,600 crores business last year. So we're back to an all-time high.

And the good part is our EBITDA margin. If you see they have really reached the record EBITDA margins here. We have now a 12% EBITDA margin, which is the all-time high EBITDA percentage in this business. And we're confident of continuously improving this further, while doing growth. And this margin have come while we are investing in brand, we are actually expanding stores. That's what is happening.

This is our brand and channel mix. So around 35% of business Park Avenue. One of the lowest hanging fruits of this business is Raymond Ready-to-Wear, because we are a brand which is known more for fabrics, but it's a brand which easily needs to leverage itself in the Ready-to-Wear. Then obviously, there's ColorPlus and there's Parx. And this is how our channel is pretty well spread out. One, 28% TRS. EBO is fast growing for us, it's around 23% today. And then almost equal between three other channels. Others would have around 10%-odd of online business in this as well. So a reasonably well spread out channel.

So now coming to how the brand growth playbook for the Apparel business looking. So what the role of the four brands? And I'm keeping track of time, Jatin.

Jatin Khanna:

We have enough time...

Sunil Kataria:

Okay. So this is how we are seeing the two brands which are more formal. But in both these brands, we are going to straddle towards casualization. But there will be brand, which will be formal first, but also getting into casual. So that's the one piece, but very clear differentiation. We will establish Raymond Ready-to-Wear, RR as we call it internally, as a readymade premium fashion wear. And this is where the store expansion is going to happen in a big way. We already have -- they say, we're talking of around 120-odd stores reaching out in this brand alone.

And very clearly, three portfolios that we're building in this, there is formals, which Raymond and fabric is already known for. So we have built stylish formals, obviously. Ceremonial of the western wear kind. We have a separate Indian ceremonial business, which we're going to talk of. The Western ceremonial business will go here. And then we believe that Raymond Ready-to-Wear, definitely should have maybe a 20%, 25% play into casualization at the premium end.

And that's where a lot of products have started coming in. This channel will be led by primarily our own exclusive branded outlet, which is retail and large format stores at the premium end. And that's where -- and obviously, there will be a huge amount of brand building that will happen in the retail marketing as well as mass media level. So this is the role of Raymond.

Now coming to Park Avenue, it's a more youthful brand, and that's why we build it, but we are calling it to the hybrid brand. It's a more experimented brand that we have defined as. This will be led with a hybrid workplace. So this will not be pure-play formals, but it will be hybrid formals, it will be casualization. And there are some couple of products which have launched, which have done really well is a product like Flextech and Airlite, which are very light fabrics, very light jackets, non-lined flexible stretch, which are very modern fabrics, which have done really well last year. So it will have a lot of performance products coming into play as well.

And then while retail and LFS will be critical, there's a play where we'll also do a bit more push on multi-brand outlets, because this brand has a power which it can compete because its price point is going to be a little lower than Raymond. So it will have a greater acceptance in multi-brand outlet than maybe a pure premium brand.

What I'm going to show you now is the new -- we're also refreshing some of our stores branded entities in line with the new brand playbook. So this is a store which we have just rolled out in

Jaipur, and all the new PA stores would have this kind of identity going forward. So very youthful. Look.

[Video Presentation]

Sunil Kataria:

So this is a new identity, which is very youthful. You see a very good mix of city casuals and formal hybrid, which is now rolling out in all the new stores. And this gives a very different image. In the retail business, apart from advertising, consumers finally the moment of truth and experience happens in the store. And that's where the brand comes alive. So this is a very different feel of the brand, along with a very changed product portfolio.

Coming to our two casual line products, premium line ColorPlus, value side Parx. So ColorPlus is the iconic brand, but I think the clear task for us there is how do we make it relevant for the younger generation, which is the Millennials. And that journey is starting already. There's a lot of work which we started doing, and it's actually visible to us in the way the brand has performed in the last year. We were always known for Chinos. We have to establish leadership in Chinos category.

Second is we have launched a sub assortment under this called ColorPlus Sport, which is a very sporty collection linked to golf, linked to polos, which is towards the millennials, who can afford this brand, the rich man, I would say the people who are upper-end millennials.

And then there is obviously casual with focus on color. So these are three kind of segments under this. This, and you can see some of these pictures will tell you that. This is a channel expansion, which is again led by LFS and our own stores. So we're going to do a lot of -- we're doing a lot of expansion in ColorPlus as well.

Parx, it is a value segment for us. Price points hovering between INR1,100, INR1,200 to maybe a INR2,000 kind of a shirt and t-shirts, even lower. Very clearly positioned at our Gen Z, value for money casual wear, some part of our collections are going to have Denim at leisure. This is where we are not going to invest too much behind EBOs. We will do some EBOs play. We will do some experiments there. But a large part of the strategy how as we see right now is multi-brand outlets, LFS and online.

What I want to show you is that even in ColorPlus, we have -- it's a brand which is very old to make it more relevant to millennials, getting the whole sporty field to it. We have actually changed and refreshed the identity of ColorPlus as well. So the pilot store which I'm going to show the video has come up in Oberoi Mall, in Mumbai itself. And now many more stores are rolling out with this new refreshed look of ColorPlus.

[Video Presentation]

Sunil Kataria:

So very young sporty field to the whole collection and the store. So that's the second playbook for our Apparel business. Now coming to the last part, we call, Build the New. So this is a very exciting new terrains that we are entering and we've entered already, so which we're calling the Build the New.

So I'm going to talk a little bit about very strategic investment that we're doing of strategic forays the Indian ethnic wear ready-to-wear, which is Ethnix by Raymond. Second one, which we will announce today, and we are going to roll out in this month, coming month, is something which we are launching a sleepwear, which we're calling a SleepZ by Raymond. And the third, which is maybe another few months away, is through Park Avenue getting into innerwear.

So men's ethnic wear market, quickly, this market is roughly around -- slated to be around INR20,000-odd crores market in the couple of years. The total market is growing at around 8%. It's around INR14,000 crores, INR15,000 crores. This is a very interesting phenomena, which is happening. We have seen all of us this happening in this organized versus unorganized.

This market from a 25% organized is fast moving towards from unbranded to branded. And this is slated to be almost 55% of this -- this will become almost very close to 50%-50%, 55%-45%. And hence, if you see the market -- sorry, this market -- the organized market is growing at around 40%-odd, the unbranded is growing at 5%, overall 8%, but this is a big shift, which will happen. So 50%-50% is the market, where it is slated. And that's the big opportunity.

Indians by cultural now are taking to more. And if you see this is strategically also very important for us is that, one piece -- many times people ask that, while Raymond suits and Raymond trousers are a very integral part of any wedding, right?

Now weddings have also many multiple functions where the one change event happening is, people are using a lot of Indian ethnic wear. So there's a Mehendi, there's a Haldi ceremony. So Indian wedding no longer a day or two day affair. It's a four day affair. There's a Haldi half day, there's a Mehendi half day, there's Sangeet, then there's reception and the wedding. So the whole wardrobe assortment is splitting between the formals and the Indian ethnic wear. And that's where we come in. Because otherwise, we are leaving a large part of the market unattended, and that would put pressure points on your formal suiting, shirting business. So we're covering all the pivots in that sense.

Now Ethnix by Raymond. So this is a brand which we have launched already around, I mean, very focused in the last 18 months. So this is the key drivers. We have five drivers in this thing. We have been able to crack and we believe very confident about that we have a very differentiated design language and a portfolio which we've been able to create at a right price point. A very sweet price made a very differentiated product, which is the highest quality.

We have building a very good portfolio of wedding lead ethnics and maybe some attempt into a casual ethnics play which we're calling a Smart Ethnix, because this is a market which is going to be very skewed towards wedding season. I mean, we have seen from our -- some of the competitors who have been there earlier, almost 60%, 70% business will happen when it's linked to weddings here or maybe more.

So we also want to start putting some pivots of de-seasoning some part of this business. The EBO network is a big foray. We have done -- as we talk today, it's 114, but is of March. We talked, we have already 118, 120 stores. We are looking to cross at least 200 plus stores by the end of this year.

We also are starting -- right now till now, we had not done, but we'll -- we have leveraged our TRS network, obviously. But we do -- we will do selective partnering with top end large format stores and maybe premium MBOs, which is something we have right now not been very focused on. And there's a huge brand investment plan behind this brand very clearly. We're building awareness about this.

One data I don't have here on -- maybe I didn't put it up there. We just got a brand equity district study last week. And I can tell you that the brand awareness in 18 months, total awareness of Ethnix by Raymond brand and not Raymond, Ethnix by Raymond brand has already reached 80% of the awareness of one of the largest brands in this space. That's a very big achievement that in 18 months, if we can, people recall this brand almost to the tune of 80% of what they recall of the brand.

And I think that all goes very well for us. Because the first stage, you have to do is put stores, get awareness and then people start obviously coming and trying you as well. So these are some of the things you see. In this, there are three pieces that we're working on. I've talked about the Smart Ethnix, where we want to target reaching maybe a couple of years, a 10% of our business should definitely come back from something because this is a phenomenon which is happening.

Indians are wearing a lot of this bandis and casual, maybe shirt, kurtas, or what you call it, to maybe offices, weekend parties. This isn't a phenomenon which is happening. Obviously, the festive collection, which is a kurta pyjamas, colorful ceremonies, they're back in roll and then there's obviously the large market, which is skewed on business is actual wedding functions.

So this, what I want to do is quickly some of you may not have been to our stores through one of our Jaipur stores, walk-through of ethnic store.

[Video Presentation]

Sunil Kataria:

So very cultural feel to the brand and very ethnic feel to the brand with a full collection across all segments, which you could see in this. Okay. So this is the new one, which has not hit the markets, so I'll talk about this a lot. This is a leap that we're taking into a completely new, but we believe a great opportunity which exists in this country, but maybe nobody may have looked at it. And this idea, which actually came from our Chairman.

And what we are calling it as SleepZ by Raymond. So a quick one on this is -- there's a very large market in this country, which is split into sleepwear into two parts. One is the Western wear, which you see the boxers, the lounge wears, the track pant and joggers. And still a large part of this country is into traditional Indian wear as well, the kurta-pajamas, the dhotis, the short kurtas, I mean, the one without a collar.

And this is a market which has stood at completely unbranded. The Indian wear part of it. It's largely unbranded. There's not a single national branded player which exists in this country. And these price points obviously are on the more value side of it. So what we have decided is that we will democratize this market with a high-quality branded sleepwear offering. So we are launching both Indian wear and western wear, under this brand SleepZ by Raymond.

Now this distribution will be very different. These products are very, very high-quality products, and the price points are democratized. In fact, not a single product of ours here is apart from maybe one outlier product is about 1,000 bucks. So the price points are between 500 bucks to 999. And that's the big bank democratization that we're going to attempt.

And this -- currently, the stages, we have appointed up -- now this will be not a EBO business. This is a classical almost like, what do you call, fast-moving consumer apparels kind of thing, maybe what, let's say, a page industry does in a hosiery business, this is that kind of a distributor-led model. So we have already appointed a pretty large set of distributors. That work is going on.

We are putting together a separate field force to run this business. So it's separate team because this has to be run through a very different supply chain, very different distribution network, very different distributor model. And that is coming into play. The pricing strategy I've already told you, it's a democratization of the category. And we are going to do a first phase launch of this. And this has all been conceived in a matter of 5-odd months from idea to launch, will roll out towards the second half of this month.

And that's the first phase, will sense how the first card feedback is from what we have shown to distributors, what we've shown to our channel partners, there's a pretty decent level of excitement on the product quality and the price point combination.

Now it's a matter for us to actually make it available, make it accessible and then build this brand. So we are pretty excited about it. And -- maybe a quick -- this is our digital thing that we made -- just to give you a sense of what other products and all. They are very high and good quality cotton products.

[Video Presentation]

Sunil Kataria:

So what I've shown you was the Indian wear. There is going to be obviously a pretty large part of the western wear also in this. So that's SleepZ by Raymond. Then is last piece apart from the international retail, another one, is the Innerwear Park Avenue. So this brand, which we'll get into innerwear is Park Avenue, because it's a youngish brand, it's more youthful exuberant brand and more proven to exact extension. It's a good adjacency extension that we're doing. So this launch is slated around 3 to 4 months away from now.

Clearly, the strategy here is, this market is obviously pretty crowded. That question comes to everybody, when and we have debated this a lot. So what's our right to win in this? So one of the biggest is, it's a damn good adjacency for us in our portfolio, that we are men's brand, we are about being a complete assortment of men in every occasion, every moments of their life. So there's an adjacency, which is lying there for us. We have the reach. We have the availability.

So why can't we create a differentiated product in this? So under the Park -- and we are going to be advertising Park Avenue brand in any case for apparels. So what we're doing is, we're not getting the mass into the market here, unlike SleepZ, which is about democratization and building the unbranded category up, this is about playing mass premium in premium. That's

where it is. So it will be -- that segment, which is roughly around 50% of the total addressable market. So we zoom down on the segment.

We are going to have a competitive pricing in this segment, obviously. We are going to be not cheap, but we are not going to be only luxury here. And we are going to leverage the strength of the Park Avenue brand, which we're going to advertise any way. We are advertising. And we have focused a lot on creating very high-quality, differentiated products with a lot of innovation on the product end. So it is the micro models and very trendy designs, and that's a very completely refreshed packaging architecture, all that is currently underway, which will hit the markets hopefully. I mean we're targeting 3 months from now.

And here, the distribution strategy is twofold. We're going to have -- we are doing an expansion in the market, anyway. So they will be obviously sold through this premium new identity Park Avenue exclusive brand outlets. We are going to leverage maybe around top 300 to 400 Raymond stores, which are also available. So that gives a huge amount of reach in the country. That's a second set of distribution.

So with around, let's say, 150, 200, over the years Park Avenue stores, plus, let's say, 300, 400 TRS stores, we get a complete reach of around 500 to 600 exclusive outlets of our own. That's a damn good place to be in this thing. But we believe this market has a large chunk, which is lying in multi-brand outlets. So there, we have identified roughly around a pareto of 25,000-odd outlets. And that's where we'll focus on distributing this brand, apart from our own EBOs. That's the second part of the strategy.

And this is, again, a place where we created a separate vertical, a separate team going to work on this because this requires focus. The moment we put it -- the moment you put any new project with your current apparel team, it's not going to work, right, whether it's sleepwear, whether it's ethnic wear, whether it's innerwear, each are grown, verticals of their own -- with their own business teams leading them.

So a separate team is working on this, a separate team will distribute these, and will again advertise this apart from the Park Avenue Apparel brand separately. So that's where we're coming. This is coming maybe in 3 months over time. So these are three new businesses which we are investing in, which some of them are getting rolled out. So that's the Build the New part of it.

Now coming to our last business, which is the B2B business, which is the garmenting business where we don't build brand ourselves, but this is the only business in our system where we garment for other brands. And this is a global business. So this is a business which, again, is doing pretty well for us and we see a huge apparel share here.

First of all, we are the third largest suit manufacturer in the world. And that's the aspiration that we want to keep on building further and further. It's a very, very unique skill to have. You have to have a very -- I mean, it's very precision. I mean, Gautam is sitting here. Gautam Maini, he talks about Maini Precision and tells us how their precision happens. But I can tell you, if you were to ever take you to our Bangalore factory, you will realize how many steps go behind.

And I mean, I'm a layman on this, I'm an outsider, but the first time when you go and see what goes behind manufacturing, a precision, high-quality global standard suit. It's on a crazy scale. It's a very, very uncopyable, very difficult still to build. 150 steps go behind building a jacket, 150 steps and all happening in a very precision way. And anything can go wrong. Unlike precision instruments, a lot of this work is machines plus man together. But that's the skill. That's the advantage that you build.

So growth enablers, yes, China Plus One has been playing out. Even after opening of China, the fact is it's a fundamental change, which is not going to go away, while people may be going back to China, but they now are wiser, they think we want a China Plus One. Nobody is going to hedge their bets in one country.

Things which have been doing well for us, okay, if you see this business, this business has actually reached an all-time high of around INR1,150 odd crores. The good part is the business from a 4%, 4.5% EBITDA margin, unlike a B2B business, it's reaching a double-digit 10% EBITDA margin and we are confident of increasing EBITDA margin in this business further through efficiencies. That's something to do.

This is a business where we see a huge strategic advantage for us globally, and we have invested roughly around INR200 crores of capex, and the largest capex that we put in this business, to expand capacity to 10 million plus units over the next 24 months. So that we can really be suit maker, jacket makers, shirt makers to a large part of the world.

So the margin expansion continues by optimizing capacity and a big part for us is winning more and more long-term strategic customers. So there are some of the very largest global brands across U.S., UK and now we are focusing more in Europe as well who are partnering with us on a long-term basis.

With things like, hopefully, now with the new government in UK and the new government in India, FTA was in the making, now that's a market which is not even playing field for India, for example, because Bangladesh has a free trade agreement, India doesn't have. That's likely to get close in a matter of maybe a quarter, three, four months, it's a matter of around the corner, that FTA will give us a big lever to really become very competitively priced in this thing, UK markets. So this is something which is a big growth pivot for us.

I think only one thing I want tell you from this slide is we have 1 crores plus consumer base we have. So a big chunk of our growth is coming by focusing on what consumers we already have, and we're doing that. And the last part, being a responsible, caring for planet listed company, we have very well-defined ESG goals, which we're going to declare. We will chase. We're going to follow, and they're all very well crafted for us also here. So these are 2030 goals that we have put on the table, 20% reduction in Scope 1 and 2 carbon footprint by 2030, renewable energy, the 30% decrease in waste to landfill, zero liquid discharge will reach by 2030.

Social, 100% return to work rate. We want to target single-digit employee turnover rates, zero fatalities. We already have since five years, a very good safety record and 20% gender diversity,

we are very confident we will beat this, while this is a goal we have put by 2030, but I think we'll beat this handsomely.

Governance. Our Boards are going to come into place, but we already have 100% independent directors on all audit and NRC committees. So while we do the business, we'll take care of the environment as well. So this in a nutshell is the story, the blueprint of Raymond Lifestyle Limited going forward. Thank you.

Jatin Khanna:

We will do Q&A towards the end. So maybe I'll invite Harmohan in the interest of time. Because otherwise, we'll have an overrun.

Harmohan Sahni:

Thank you, Jatin. Hi, everyone. My name is Harmohan Sahni. I'm a Chartered Accountant by training now almost 30 years of experience in real estate in different shapes and forms, different organizations. Last three, three and a half years, I've have been here helping build the business along with the team, which is there. So some of my team members are also here. So I have the privilege of sharing this exciting story with you on their behalf.

How much time do I have? Okay. Whatever time we have, I'll try and finish it earlier than that, like we do all our projects before time. So I'll just quickly share with you what the journey has been so far, what the growth story has been. This story started not very long ago. About five years ago, we launched our first project in 2019. This was a large project, 3,000 homes being built on one piece of land, about 14 acres of land. It was a very courageous act on part of somebody who was not in the business.

And I for once if I had started this business, I would have probably thought many times over, but that's how we do things in Raymond where we take -- we read the market and we take big bets and then we make them happen. So this project is a successful project today. I'm happy to share that.

Then our next project happened two years later in 2021. This is where my journey also began with the group. We introduced a new brand Address by GS. This was a more premium offering than the first project. The third project came in 2023, another two years later. And all this while we were building the backbone of the business also, along with launching projects and perfecting our technique and building the skill set and the teams, so the takeoff stage really came in 2024 where we did Address by GS Season 2. This was our most successful product, entire Season 1 and Season 2 put together.

We launched a second project, which is a luxury offering, Invictus by GS. And we also launched our first JDA project in Bandra. So all the work which was being done over the years, actually, the takeoff stage happened in 2024 and we are at a stage where we are ready to fly. In fact, we've already started that flight but we will continue to go higher and higher.

Now let's look at what these projects have -- launching projects is one thing, but then how did they fare in the market. So the first project today as of -- these numbers are as of March '24. So it's 91% sold today, the number is even higher. We will share that with you with the quarterly results very soon. The second project is also 91% sold. The third project is 42% sold. This is a project -- it's been in the making a year, year and a half only.

We have barely come out of ground -- I mean, some of the buildings are just three-storey, four-storey in terms of construction, yet we have already sold 42%. The next project is 52% sold. Invictus by GS is also 40% sold. And these are units which are very large units. I mean, the starting price is about, you can say, INR8 crores or so and going forward. And this is all in Thane.

So we treated -- really, we treated Thane as our lab where we tested different products, different categories, tried to build brands and happy to share that we've been successful in most of these experiments that we have done. So then once having done that, we took that to an outside location, which is Bandra and we launched Address by GS over there. And we got stupendous success over there as well. We've sold 41% of the units that we launched within months of the sale being launched.

Now let's see what does it mean in terms of financial numbers? I'm going to contrast the first year with the fifth year so that everybody gets a perspective. We are very proud of these numbers, so happy to share them. So first year, we ended March 2020. First project, only one project we had INR176 crores of revenue, INR13 crores of EBITDA and booking value of INR700 crores. March '24, we have six projects which are currently underway. We booked a revenue of INR1,593 crores, which is 9x of the first year.

The EBITDA rose by almost 27x, 28x to INR370 crores. So embedded in that is also margin improvement along with the volume growth that we've got. And the last but not the least is booking value also tripled. So our ambition going forward is that every three, three and a half years, we will double in size. So it is in line with that.

Moving forward, while we did all of this, we also tried to do something different, something which has not been attempted in this industry before, which is essentially try to create product brands. This industry is highly commoditized and usually developers have a brand of their own, which is an umbrella brand, but the products are not brands. So each project which gets launched really is you reinvent the wheel, you try and create the imagery around it and try and sell the product attributes, so to speak. So there is no brand personality which gets created really for each project. But we tried to do something different and so far, we've got tremendous response from the market.

So under the overall larger umbrella of Raymond Realty, the first product we built was aspirational, which was Ten X. So in the Ten X portfolio, we have Ten X Habitat and Ten X Era. And these are not affordable homes, but aspirational. So each unit is about today, we would have about INR1 crores, INR1.5 crores or even upward. Essentially a two-bedroom community or principally a two-bedroom community, that's the brand stands for that.

The next brand, which is a premium offering is Address by GS where this is our most successful product in terms of -- so higher specs, standardization of layouts and what it stands for in terms of finishes, all of that we have done in this and we have taken it not only in Thane, we've taken it outside.

Going forward also, you will see more launches of this product because we've got more locations, which are conducive for this product. So we are not going to be looking at new names, new personality for each project. So it enables us to move forward very quickly. It actually gives us a time advantage because when we look at land, we already know what we are going to put there. And our teams are already attuned with that. Our service providers know what needs to go where. So our time to market really reduces. And that's where it helps us.

And the last one is the luxury segment, Invictus by GS. These are much larger apartments than even Address by GS, bare shell and we would do the finishing if the customer wants, but principally it's a bare shell offering. And it's at the top end of the market. So this is the other thing that we have done so far in the last three to four years. And in Thane, it has been very successful, very well received in Bandra as well.

So let's look at what our approach to business is, since we are new, some of you know us, some of you know our approach to business. But in the interest of everybody present here, I will share that what our approach to business is. Of course, the arrow is moving upward, of course.

All our expansion going forward is through a capital-light business model, which essentially means that all growth is through JDA model. We are not saying strict no to land purchase, but that's not our preferred option. If a very, very sweet deal falls in our lap, we may consider it, but we're not actively looking for it nor is it our preference. So preference is to be capital-light and the time to market has to be very quick. That's really the key.

We have a manufacturing mind-set, which essentially means we don't treat land as an asset play. We treat land as raw material. And as all raw materials go, you don't store it in your godown and wait for four years and five years and then take it out. You just want to put it to good use immediately. We are going to put land to use immediately as quickly as we can as the government in this country permits us to get approvals, we will quickly hit that ground. So that's what we have because Raymond itself has a manufacturing background. And this is something which also helps us achieve a much higher ROCE, which the industry generally has, we would be achieving more than that because we have the manufacturing mind-set.

The other thing we bring to the table is the operational intensity. Like I said, we don't contract land and we put it in godown. We immediately put it to use. And in fact, operational intensity comes even before we have actually got the land. Even the business development that we are doing today, there is a very high degree of operational intensity that we bring. So in the last three, three and a half years, we would have evaluated close to 700-plus projects. Am I running behind? Okay. You're stressing me out. You're looking at it again and again. Sorry, guys.

So I was on the operational intensity. So even on business development side, like I said, we have evaluated close to 700, 700-plus projects. We have done only four projects as of now. So that will tell you how much work really is going on in even business development. So at any point in time, we have close to 20, 25 projects that we are evaluating. Even today, as we stand in the morning, I had the business development meeting, which is a weekly meeting and we must have looked at, at least 30 different projects which were there, which are at different stages in our pipeline. So that's on business development.

Even when we bring projects to market, the idea is to bring them as quickly as possible. So we -- supply chains and the service providers, everything is lined up. So once the land is contracted for, immediately it gets to work and the industry average is somewhere between 24 months or higher. That's the earliest anybody can bring it to market and we are trying to do it much earlier than that. And so far, in most of our projects, we've been successful.

We've been able to bring it to market within 18 months and not taken two years, three years, four years or five years. There are some players who take even seven, eight years to bring the projects that the land that they contract to market. So that's as far as sales is concerned. Even on the execution side. So far, our track record has been that we have delivered everything before time, and I'll talk a bit more about it later also.

So how does operational intensity really help us? It helps us get more than 20% annual growth. It helps us get more than 20% margin and helps us get more than 20% ROCE. Now this is -- I mean, these look like numbers, but this is no mean feat because I can't think of having been in the industry for almost 30, I can't think of a single player who has delivered all three together. There are players who deliver much higher annual growth, not so much margin, not very high ROCE.

There are players who deliver very high margin, very low growth, but ROCE is again a problem. And there are very few players who are giving high ROCE, very, very few guys. Margin and growth, you will still get. We are trying to do all three. And today, actually if you see our numbers for the last three years, we've been able to achieve much more than these numbers. But we are saying that this is the minimum that will happen you will see from us going forward.

And last but not the least, part of our approach to business is that we want to stay very, very focused. We want to deal with one political system, one, let's say, bureaucracy. So Maharashtra is the state we will play in. There are two big markets here. MMR and Pune and that's what we want to stay focused on, because it's a hyper local business. You have to stay very, very focused. That's our approach. That's what we believe. There are others who are doing different strategies but this is what we believe in.

Well, let's look at some of the things that we've been able to do and some of the enablers, which will give all of us a better understanding of the business. Very happy to share that in a short period of time, in five years' time, we are amongst one of the top 10 listed developers in the country by turnover. And this data is available publicly. This is not done by us.

In MMR, we are one of the top five by turnover. There aren't too many people ahead of us. We've done this in five years. We are the only players in the country who have done it in five years since Independence. So in the last 70, 80 years, nobody has been able to reach these milestones as quickly as we have done. Every third home sold in Thane is by Raymond Realty. This also, we have -- I mean, a 33% market share in one micro market, at least in my career I have not heard or seen that anybody has ever achieved.

Our portfolio that we've been able to build is straddles from aspirational goes all the way to premium luxury. We have delivered five towers so far ahead of time in these five years. The

first three towers we delivered over two years ahead of RERA timelines that we committed and the next two towers were almost two years ahead of our timelines. And we hope to or not rather hope to, we commit that we will make this a habit going forward as I will finish this presentation before the given time.

And along with that, we also follow a very strong financial discipline. So we are currently a net debt free business with a balance of upward of INR500 crores cash sitting with us. And this is despite the expansion that we have done outside of which I will share in the subsequent slides.

What has enabled this? Of course, the first thing is a very, very strong promoter commitment. There is a desire for this business to be one of the largest businesses of Raymond going forward. And so we are -- it's a race against time as far as we are concerned, the entire team is committed to it and we are working very hard. The promoter commitment, you will hear him shortly. So he will also share his passion with you.

And of course, a strong execution team. So we have -- so far, we built about 330-member team. By the end of this year, we'll be close to 400 people, a very, very strong team, which is real estate focused. All the members are from different companies within that. We've done a lot of work as far as culture also is concerned so that people coming from different cultures and different organizations behave as one and are able to achieve everything that we have set out to achieve. So there's a lot of paddling that we are doing on that while it may seem very calm that the team is there, they're doing but there's a lot of hard work which goes on so that the team acts as one. So these are some of the achievements and enablers.

Let's get into some details and look at the shape and size of our portfolio. Our own land is about 100 acres, which we inherited in Thane. In that, about 40 acres is currently under development. The development value of that is INR9,000 crores. Out of this INR9,000 crores, close to INR6,000 crores we have already sold in the market. INR4,000 crores, we have already collected. So it's not just a number in Excel. It is something which is getting realized very, very quickly.

And the balance land is about 60 acres, INR16,000 crores. These are all based on current value numbers. And if the market continues the way it is continuing these numbers would obviously be higher, but this is based on current values. So the Thane land potential itself is INR25,000 crores out of this in the books we would have booked maybe about INR3,500 crores in the last 5 years so far. So the balance is yet to come.

Let's look at the JDA led business model which I talked about capital light asset model. There we already have contracts worth INR7,000 crores which we have signed. One project is already launched in Bandra which is INR2,000 crores plus revenue very well received in the market, some of you may have heard the buzz in the market. So we are very proud of that too. And we have projects which are lined up for Mahim, Sion, Bandra East all these projects should launch by H1 of next year or even earlier depending on how the approvals move, but definitely by then.

So on a combined basis all of this put together is about INR32,000 crores of visibility that we have. This will play out in the next 4 years to 7 years max maybe 8 years the longest will be the

Thane piece. The others will play out in 5 years' time. But this is not the end of, obviously, as I mentioned that we play with a lot of intensity. So on the business development side we are continuing to paddle very hard and work very hard. So there are additional JDA projects under evaluation which you -- we will keep giving you the good news as and when it happens.

And hopefully one news will be soon. So I won't get the cat out of the bag until it is signed, but we are very close to something. So that brings me to my last slide so -- which is a very short summary of what I have said so far. Essentially, it encapsulates our strategy. One is our focus on Maharashtra is the corner store and a very strong pillar that we are working on because we believe focus is going to be the absolute key and this business is a hyper local business and if you stay focused and there's so much of potential in this market.

I mean MMR itself is 28% of the India market in value terms. So there is enough and more work for all the players put together here for the next I don't know how many decades. And we are committed to a capital-light business model which is going to be JDA led primarily, could be redevelopments or could be virgin land which we may get, whichever way it comes. And we will continue to create brand products which the ones that we have done have been highly successful. So far we haven't felt the need to create more brands and work on them, but if need be we will create those and we will continue to hit the market as quickly as possible.

And the most important one, last one is the operational intensity that we bring and that's really our competitive advantage also. It's a mindset. It's not really a skill. So that mindset today is not dominantly present in the industry and that's our big differentiator and that is what is -- what will help us achieve minimum of these numbers. And currently we are above these numbers. Growth will certainly be much more than this, margin we are playing between 20% and 25%. ROCE around 20% will -- I think so far we have done much better than this.

But at least these minimum numbers will definitely get delivered if we stick to the strategy. That's our belief. So far it has played out that way. Thank you so much for your patience.

Jatin Khanna:

Thank you. True to your promise you've delivered before time. So on that note, I request Gautam to come and present on the Engineering and Aerospace business.

Gautam Maini:

Hi. Good evening everybody. Nice to see you all here. And of course my first time out here, it's been 2 months, 2.5 months now that we're together. So yes let me just begin a little bit with a little background from where I come from, since many of you may not know that. My name is Gautam Maini. I'm the Managing Director of Maini Precision Products. This company has been in business for 50 years. It was started by my late father.

We are three brothers that are very close in the business that handle different portions of our business. We are better known as manufacturers of the Reva electric cars. So just to ring a bell to all of you. Reva is my mother's name and India knows us better from that story. So coming from there we have a very close association, obviously, in Precision Engineering which I'll talk to you more about, but also in EVs and also in hybrids because of that. So that's a quick background from where I come.

And let me just take you through a little bit on the engineering side of our business and what we are planning to do. So before I start up, I'll give you a little bit background about what I mean by engineering and what I mean by precision engineering. And I think that's the confluence that I'm going to bring together while Raymond had a very strong engineering business. I think Maini has a massive background on precision.

And when I talk about precision I'm talking about if you take a hair and you split it up. A hair is about 60 microns. You split it up 60x vertically that's 1 micron. You can't see it, but you have to produce it. And that's what precision is all about. When you bring precision and engineering together I think that's what we've done between Raymond and Maini. So I'll give you a little background about that.

Today, we have three verticals. So if you look at the first one that's the steel files and tools and hardware business that's more a B2C kind of business where we have to have distributors and everything else. You look at the auto and the EV side of the business. That's a great combination of what we have at JK which is the traditional RPAL business which is the Ring Plus Aqua and the Maini portion of the automotive and industrial users which we are bringing together that forms probably the second sector of what I'm going to talk about.

And on the third side we have the aerospace and defense business which is run within the Maini side of the business as an independent business as well today. So these are the three broad sectors. Of course, like Amit said we're going to combine the first two into one company and the third aerospace and defense, we're going to keep separate. So this will finally form two separate companies.

That's a little bit of the profile that you probably are more familiar with. The top 6 profiles are with the traditional Raymond engineering business and some of the components that you see at the bottom are coming from the Maini side of the business which has traditionally been on the export side. So the Maini side has been over till 2003 about 90% export. And therefore the kind of components and the kind of products has been always from the overseas markets, very critical in nature. We look at the JK side.

We're number one in India in files. We're number one globally in files where in ring gears again number one in India where in flexplates the solar domestic manufacturer with over 25% market stake in India. When you look at the multiple segments that we have, we'll go into each one. But the idea is that we've been -- on the Maini side of the business which has been slightly different been more capability producers.

So what we've done is we've had a series of different processes and products combined which has enabled us to be able to enter into a very strategic relationships. So in the global market you've got tiering. You've got OEMs, you've got the Tier 1s, you've got the Tier 2s, you've got the Tier 3s. And our idea was to position ourselves as a Tier 1.5. The way we did that was to build enough capability across processes. So we could approach these customers to sort of replace five or six Tier 1s as one alternate supplier.

The global market was very clear as these huge companies started to expand, they started to acquire many companies together and their supply chains became very large. They couldn't manage these supply chains. So they needed companies like ours that were able to give them a much broader range of product, but also increase the volume at the same time. And therefore Maini fitted in perfectly as a Tier 1.5. So we started to cater to multiple segments whether it was clean powertrain or EVs or hydraulics, industrials, power tools, locomotives and agriculture.

And there are two advantages here. One was we used the same machines. So just because we were in different sectors it doesn't -- didn't mean that our capex went about investing differently. These capex is all fungible. We could move across very quickly from one industry to the other. For example, during COVID the aerospace market sank by 17%, but the industrial market for us went up by 20%. In a span of 2 weeks, 3 weeks we were able to move 50 machines, maybe 200 operators, move them across businesses and we were able to recover out of COVID much faster as you would see with our numbers.

So I think this fungibility in capex and this flexibility in going across sectors and derisking across sectors, but with similar equipment's is what helped us because in the end it was all precision engineering, global standards. And that's what helped us to get out of troubles like that. So if we look at our six product families and I say 800 plus components simply because we had to get very sticky with our customers.

So let's say, we went to one of our customers and said okay we want 400 components. We want to replace 18 suppliers with one Maini and now one Raymond let's say. And those are the kind of strategies that we undertook where we work together with the OEMs, work together with the Tier 1s and over a period of time, we substituted us one Maini or one Raymond with 18, 20 different suppliers. We got extremely sticky with them because we supply globally to 25-plus countries just in time, thousands and thousands of parts every day. So that's how this relation developed.

To give you one example. We had one customer. In 2008, there was wanting to build global -- the new model of their global trucks and they wanted to move from maybe about 20 or 30 suppliers to one supplier for several components. This is a global bid in 2008. Ultimately, we won that bid. Just to give you an example, we supply -- we are the sole supplier, 100% supplies go from India to five different countries in the world, 4,000 parts a day delivered just in time every day across the globe.

This particular automotive customer cannot make an engine without apart from us. That's how we are sticky with our customers because not only do they depend on us completely, but it also helps them to trust someone like us from so far away to do a just-in-time delivery. So most of the growth now that we are seeing as I'll show you will be coming from hybrid and EV growth. There's a big confusion in the world which is going to be better. Is it going to be hybrid? Is it going to be EV? Is it going to be hydrogen?

And I think the short answer is it's going to be everything. We just have to follow the market, be there in all these different segments and as the markets develop, things will go a little bit up or a little bit down, but they will all coexist and therefore our presence in all of these segments is

what will make us a winner in the end. Just to give you a little bit of explanation of -- sorry its product portfolio. So to give you an idea.

This is what we call Clean Powertrain. The Clean Powertrain what I mean is everything beyond, let's say, EURO 6 you've heard about EURO 6 and in terms of petrol it's all about gasoline direct injection. When we started to make -- just to give you an example, let's say, a GDI pump body for a lot of you I'm going a little bit into details so you have a background. A GDI pump body is the most important part of a fuel injection pump that will allow your emissions to be amongst the best and these are standards set in Europe.

We started to supply these in 2013 to some of the most esteemed customers. At that time, people used to tell me listen why don't we invest in diesel and diesel cars are going to be so much cheaper and this is going to happen and that's going to happen. And I said no the European -- if you go by European standards today there will be no diesel passenger vehicles in 2020 on the mass market, there will be very few of them.

And so what helped us by being in the international market was we were able to see 10 to 12 years ahead of anybody in India. And I think this helped us to be in the right segments at the right time with the right products. Today, just this GDI pump is being ordered by one of the Indian customers now after a very long time. So I'm talking about a 10-year span now. Our components go to Europe, get assembled and come back to the Indian manufacturer. Even after 12 years no company assembles them in India. That's how ahead in the market one has to be.

So these are examples of very critical components, high precision, 1 micron type components that mostly is done only by the top tier, Tier 1s in the world. There are about 5 of them that do fuel injection pumps in the world. This is on electric and hybrid again, an extremely growing sector would probably grow 10x this year and maybe 10x the next year that's the kind of growth we're talking about. Several components are extremely critical. We have been lucky enough to get on to one of the world's largest hybrid programs and we are expanding this program I would say exponentially.

Again, you can see the criticality of the components is pretty high there. The other segment we are growing as well as the hydraulics and industrial. When you look at all of these products the one thing will come to your mind is that we are like a one-stop shop. We deal with about 300 grades of raw material. There's no raw material we can't machine. There's no process we can't do. And therefore it puts us in an extremely strong position that we manufacture with the right process, the right quality to what the customers want whether it's a casting or forging or any sort of an input we're able to convert it to a finished product and reach out to customers just in time globally across the world.

So the goal here would be to try and combine the strengths of both JK and Maini which I think is fantastic because in a way we are -- we've come from different backgrounds. We make different kinds of products, but the good part is that when we did a synergy study we saw that there's massive amount of synergy available between the two companies and first thing of course we want to consolidate the component business, catering to the leading OEMs here which we talked about that Maini part and the ring plus aqua part of the business will get combined. We

definitely want to focus on the aero sector along with defense and EV. For me, this is a huge sector. It definitely needs a massive thrust.

And I think with the Raymond Group now behind the whole situation I believe that there is no limiting barriers here. Like I said marketing is not an issue. The main thing is how much you can digest and eat and that brings us to operational efficiencies. In the automotive and the aerospace business, our biggest learning was the reason we are so successful in our aerospace business is actually our 50 years of auto background.

Many people were worried about how do you enter these businesses and I'll speak about the aero later, but the background of automotive it's operational efficiencies, counting everything, every second, every cycle time, every operational OEE which is your main efficiency to determine what you do and combining two things. I would say -- I would summarize all of them into two things. One is your value addition per man and your value addition per square foot.

If you're able to measure these two, you'll be able to not only have all your EBITDAs and your margins and your ROCEs intact, but you'll also have massive growth in your efficiencies and these are two things that we monitor very carefully. So talking about the cost synergies that I was talking to you about. We also talked -- there are two, three things. One is precision. One is technology. Everybody has the ability to go and buy machines, to train people and then what makes you different and that has to be a key question.

One of the things that has made us different is that we've learned from ourselves to build our own machines in many cases, to design them, to bring out those technology differences between our neighbours and our competitors. So one of the machines we've built very recently which will work next week is to replace one machine with five machines. I'm talking about a technology revolution in machining. I'm not talking about how you just go about buy Japanese machines or buy Korean machines. Today, we have between MPP and JK we have 1,300 machines.

In MPP alone we have 700, 800 machines. 85% of them are imported. We've tested machines from the whole world whether it's Japan, Korea, US, Switzerland doesn't matter. We've benchmarked the best machining technologies in the world. We've also arrived at how we are going to make ours the best technology in the future. So that's the background gentlemen and ladies I wanted to give you on the operational side of the synergies. Of course, there's massive synergy benefits that will come out of this operation like we'll continue to be more than 60% in the export business.

I do feel that the export business gives you a fantastic view much earlier on. Many of our components and products that we run, run for 15 to 20 years. Unlike a lot of them and you would come just into the -- only into the Indian market they might run for 6 to 8 years. So we have this great combination where we can start off in the overseas market and then end up in the Indian market. And therefore your length of your asset, your ROCEs, etcetera all over time will definitely improve.

We're supplying to over 15 global auto OEMs. We have over 17 plants. We're also going to undertake a consolidation strategy to bring them into a far better environment and again all the

Tier 1s are our major customers across the world. That was a little bit on the automotive side. And this is the exciting side which I think has a super story ahead which is the aerospace and high precision products which I would like to talk to you about.

When we started this was 20 years ago. We were very early in the market. I was in Europe and I was talking -- I met somebody on a flight that was buying precision products for the aerospace market and this is Safran one of the very large companies that is part of the group today. For your information, a little bit background on that Safran and GE together form what is called the LEAP, just to give you an example.

Safran makes -- in an engine there are three portions of the engine. So the first portion -- the middle portion is the portion that is the compressor portion which is the very hot segment they call and the first and the second are the colder segments of the engine. So Safran forms Part I and Part III and GE forms Part II. So GE and Safran combined form what is called the LEAP. The LEAP engine is again into three parts: LEAP-1A is Airbus. LEAP-1B is Boeing and LEAP-1C COMAC which is the Chinese aircraft.

So 70% of the volume of engines across the world are on the narrow-aisle aircrafts and this is called the LEAP engine. So the earlier engine to that was called the CFM56 engine which was again a part of the LEAP. So why I'm giving you this background is when we started 20 years ago the CFM56 engine was on. And this guy was looking for products for this engine. And I said listen, we don't have experience in aerospace, but we are good in precision and we can probably do something for you here.

He said, listen, I'm serious. We want to get into the India sourcing strategy, but there's no company in India that can make our parts. I said, "Well, try us." And he gave me 50 drawings of part numbers for engines and in 6 months we produced all of them to their specs, first time right, all accepted. They were quite surprised because they didn't expect that we could have done that with that much of speed and precision and that's how the journey into aerospace started 20 years ago.

That's -- I just wanted to give you a quick background on that. Some of the factors driving the aerospace component market. I mean these are numbers I'm sure you're all familiar with. These are numbers that are publicly available. The important thing out here is that the global market is about \$132 billion and the China Plus One strategy in the Make in India Trust is really big. I mean, I was actually surprised how big it is with the kind of meetings that I've been having and with the kind of push that these customers are trying to make.

I'll give you some examples of what they're doing and therefore, you can understand that, but look at this. The market is going to go up to 4 billion just India share even if we have 2.5% that we are targeting that's a 100 million business just waiting for us out there. So I'm saying that for us again market I don't think is an issue. Like I said the question is how fast can you get into that market? How fast can you move up the value chain? And this is where the trick is.

When you look at the -- let me -- let me explain to you a little bit about the key components on an aircraft. You have structured components. So these are traditionally either aluminium or

titanium if they are in critical places and they form the structure of the aircraft. Unlike a car where if many of you know in the automotive industry in a car you have what you call a lot of sheet metal fabrications in an aircraft, most of it is machined.

So when you look at a wing and you look under the wing, you have maybe 4,000 parts that are machined under the wing and then you have the aluminium envelope that comes over it, that you see when you go and approach an aircraft, but the inside is completely machine structures and therefore the biggest potential is on machining and assembly inside any aircraft. So the structure is the easier part to do because aluminium is easier to machine and then you have some titanium which is the more difficult part to machine.

Then you have components which are called system components and I'm talking about a little bit of the mechanical side now because that's where we are into. When you look at the systems you talk there are hydraulic components, there are landing gear components and these are typically made certain types of Tier 1s again. And then you have I would say the most difficult part which is the engine components. A lot of people stay away from the engine components.

For instance, in India we have probably the largest number of components that are made for engines. Most of our competition has focused on systems and structures. Engines again why is it difficult? Because you machine with very exotic materials like you have Inconel and titanium and you have cobalt steel. These are very difficult steels to machine. There are certain components we make that you cannot even machine them. You can only grind them or you can use electrochemical methods to sort of machine -- to move material out.

So as the level of technology is going higher and higher and the material grades are going higher and higher, this portion of the business is an extremely sweet spot to be in for more than one reason a, we found out that the margins are the highest in the engine part of the business, which is where we are traditionally. So 70% of our aerospace business is on engines and about 15% is on both of them. Why did we still do everything else? We wanted to be a part of the larger ecosystem within aerospace, so people recognize us as one of the key suppliers of components globally. Again, most of this business is global. These are the kind of engine parts. Just to give you an idea.

Now when you talk about engines, someone like a Safran makes engines in four categories. You have N1, N2, N3, N4. N1 is the most critical part. N4 is the least critical part. Now when you go to an N4 engine part, we supplied Safran for 5 years, before Safran even allowed us to make N3 parts. And the reason I'm giving you this story is aerospace is not about just having hundreds of millions of dollars and saying, "Hi, I want to be in aerospace business tomorrow, come on, let's start a factory and make parts." It's not like that. It's something that you have to learn. It's something that you have to go through.

And it took us 5 years, like I said, on N4. It took us 5 years on N3. And then we got an opportunity now to go up the value chain and do an N2 part. And N2 part is out here, number one, we call the turbine vanes. When you look at an engine, you'll see the outside portion of these vanes. There are these large vanes. But as you go inside, you have similar vanes like that. These are extremely critical parts. It took us years -- 2 years to just learn the technology. It took us a lot of

time to bring these machines all overseas, etcetera. Safran helped us to transfer technology, because we were also involved in some of the offset work with Safran from the very beginning.

Safran is part of the rafale deal, and they are heavily relying on Safran and Thales to give them offsets. And we've been an offset partner of Safran for many years, to give you an idea. So this is where some of the vanes and critical parts are. When you look at the critical parts in an aerospace, you machine out 85% to 90%. So you generate a lot of waste, right?

So you spend a lot of hours. Everything in aerospace is about hours and I want to relate the story back to automotive and aerospace now. If you look at automotive, you make 1 million parts and you make them in a standardized method, but the advantage is that because we made parts for exports, we were doing very critical materials, which were very similar to the aerospace grade materials. So we learned tooling technology, fixturing technology. We were able to horizontally deploy that technology into aerospace.

And why is Maini today very successful in the aerospace, why are our margins higher, etcetera, etcetera, it's because of this story. It's not that -- most of the people that have been in aerospace business have traditionally not been in automotive business. And I think that automotive business teaches you so much more. That if you can apply it, then aerospace business is great. But aerospace business has large barriers. So if you didn't think about getting into aerospace early enough, you're already behind in the race.

So it was all about timing, precision put together, I think that put us in this unique position where we are today, where we can take off at a much faster rate than anybody else can. So that was about aero structures. You can see a lot of complex machining. You got to get surface treatments done. People -- our customers abroad want you to finish the product.

Traditionally, what they've been doing is because of the nature of the business overseas, they had separate forge shops, they had separate cast shops and they had separate machining shops. So even until today, a lot of these people buy the castings from somebody else, give it to somebody else to machine and take it back. And it's a huge supply chain issues overseas.

We went to our customers and said, "Listen, we'll do the forging. We'll do the casting. We'll finish the machining. We'll do the surface heat treatment. Whatever you want will give you as per your requirement." And for them, this was a very big thing because, a, the whole journey of the part moving around was highly shortened, but also the complex processes are very, very high and you have to be approved not only by the customer, but also by what you call a NatCap.

So like you have standards in every portfolio. In aerospace, you have AS9100, which is a standard that you have to have, but you also have to have NatCap to go through with all of these. Yes. And that's some of the Aerosystem parts. The other misnomer that I myself had a few years ago was we thought that ramping up Aerospace business because it's so critical is a slow process. And what I learned was ramping up aerospace business actually is a very fast process.

Getting into aerospace business is a slow process, because it has all these huge walls to get in 2 years of hard work and to get approved, etcetera, etcetera. But once you're in, the advantage is

that many of the Tier 1s have their own designs, which means they don't need to validate everything.

So a lot of the engine parts that you see here, which are N4 and N3, which are similar in nature, don't need validation. We have had the opportunity to produce a new part let's say, in March of this year. And we went into production in April and we ramped up completely by June. So we've had this situation.

Now this doesn't happen in automotive, because it's about a 9- or 10-month cycle. And therefore, we realized that exponential growth in aerospace was possible. It was faster for me to supply into Europe, to supply into U.S. than to supply automotive even in India. And this is what made the difference. This is what will give us the exponential growth that we need as we go forward.

So let's look at a few numbers here. So we've made over 1,200 precision products of aerospace. We have more than 300 parts on every LEAP engine. So the next time you sit in a Boeing 737 MAX or the Airbus A320neo and you look outside the window on each engine, we have more than 300 parts. That's how many parts we supply out there.

Out of these 300 parts, we were the first to supply titanium forging. This was the most difficult thing to do, because titanium itself is very difficult to machine, but then to forge it and machine it, we were the first in India to do it. And we have more than 15 forgings flying on all these aircrafts, even engine as we speak. We have more than 25 global aero components manufacturers.

So we have engine, we have systems, we have structure. Our customers cover 88% of the global engines made in the world. So that's our addressable market. And that's when I said that marketing is not really an issue. The question is how fast can we operationalize, how fast can we digest, how fast can we make products. And the one who wins that game is the one who's going to get the market because the market is unlimited right now.

So we've had over 2 decades, which I mentioned to you about 20 years ago when. Last year, we -- just for -- this is only the Aerospace division, we had a revenue of about INR295 crores, with a 25% EBITDA margin, 83% of that business is in exports and we had 28% RoCE. So we have a very efficient business out here. Again, what I said makes a difference is how fast you can grow and how fast you can increase your operating leverage.

The other good thing in aerospace is when you start because it's low volume, you're highly inefficient in the first year or in the first few months because imagine you make 5 parts or 10 parts. And then in the whole year, you make 200 parts, 500 parts. What you learn in automotive in 1 week is what you probably learn in aerospace in the lifetime of the product.

So just try and understand what I'm saying. So that's how -- if you can adapt and horizontally deploy your learnings, that's the impact that it has in aerospace. So we are -- like I said, we are a preferred supplier to the top 3 global aircraft engine manufacturers. The whole 88% of the global market. We supply, again, the rest to the Tier 1s out there.

And I think the number 3 strategy is titanium. Titanium is something that's forms part of structures in engines, in the aircraft structure as well. And it's a problem because you've got Russia that's being barred to supply titanium. You are one of the largest suppliers in Russia. You have the other suppliers in China.

And therefore, this strategy is going to really work out. We have more than 50 components already made out of titanium. We want to become one of the highest what do you say, finished part manufacturers of titanium. I think that's going to be the future.

So I'll end up with that statement of making one new product per day. That's our pace today. Like I said, 5 years ago, I was struggling to make 5 or 6 parts a month. Today, we make one new part a day. How do we do that? We are extremely efficient in figuring out how we make our new product developments directly with our engineers.

We run three shifts, we squeeze our assets. We make sure that we measure efficiency, like I said, even while producing samples. So again, coming back to what I said, it's how efficiently we can do it and what are the processes that we employ to do it. And how do we be better than anybody in the world. And whoever I've met in my customers who have met, when we say we make a new product today, they said we haven't heard that before. And that's helped us to garner new business.

Our customers are changing. This one customer who last year was taking 25 weeks to sort of give you an order this year gives us an order in 2 weeks. They have completely changed the methodology of their own code process. They now believe and understand that time is money, and they cannot take this kind of time to give business, because there are very few shops in India, and all of them are full and all of them are going to grow at 40% to 50% at least, if not more.

So that is the pressure that's going to happen. And I'm glad that we are in the middle of that pressure. And I want to tell you another thing that we don't have a single office overseas till today. We're exporting between the combined entities today, we're exporting INR1,400 crores, we don't have a single office. That only speaks of one thing: high-quality, high-precision delivery on time.

You don't -- no need to be there with an office. You need to be there with good quality parts on time just in time every day. Thank you, gentlemen.

Management:

Requesting all to be kindly be seated. We'll just make some arrangements for the Q&A. Thank you.

Jatin Khanna:

Thank you, Gautam. We'll just wait for a couple of minutes. So this is -- so we'll now start the Q&A in a bit. Yes. So I'll request Amit, Gautam, Sunil, Harmohan, please come. CMD will be joining us also. Please come on. We can just leave one seat for CMD.

So great, I think Chairman is also already here. He will be joining us in a bit. But what we could do in the interest of time is we start with the Q&A. And so please, Seema, is there someone who can sort of move the mics around for people to ask question? I'll request the guests to just pick

up their teas and settle down back. Chairman should be joining us anytime. So my request is once you've taken your teas and whatever refreshments, please settle down on your seats.

So Seema, can you just have someone rotate the mic so that we can start the Q&A. So yes. So questions, please. I mean, whoever -- just raise your hand and we can take the --Seema, on your left.

Analyst:

So a couple of questions. One on the shirting part on Linen. You mentioned that we have 15%, 20% market share, if I'm not wrong. Who would be the top players today? And you said obviously gaining market share is one of the strategy, but what kind of numbers we are looking at? That is one. Should I continue the second question?

So the second question is on real estate. One of the statements that you mentioned was we've almost looked at 700, 750 odd projects before selecting these four. Thane was obviously something which you already had on the platter. So just to understand what would have gone through in terms of those four projects that they made it out of the list and what the others didn't have? Just to understand more on the strategy part of it.

Sunil Kataria:

Okay. So on the shirting when we say around 20-odd percent market share, see, this market is full of a lot of small, small players. So we will be one of the largest players, even with a 20% market share. So that is one piece, which is very clear. It's not that there is any other player who is significant and bigger than us. It's just that there's enough headroom to grow in this market because there's no one large dominant market share player, unlike in the suiting. So I think that's the one point which I want to clarify. So there is nobody else who is, let's say, a 20% or a 30% market share player in this market.

Now within this market, the way we see growth happening is that, a, there is, let's say, in a Linen, it's roughly around our estimate is maybe the total Denim market would be INR400 crores, INR500 crores, or INR700 crores, INR600 crores market in India. There is one player there, which is larger, but that market has a huge headroom to grow in India because it is predominantly a market which is only in south of the country because while the heat is equally big in north and east part of the country. So we see clearly an opportunity while a, taking share; b, how can we develop that market, for example, in non-South part of the country. So that's one area of growth.

Secondly in the cotton market, where we see a lot of scope to grow is that there is a certain level of price points, which I would say would be the mass end of the price points, which sell much more in a shirting market than, let's say, they would sell in a suiting market. And that is a place which sell more through indirect channels of multi-brand outlets and wholesale.

And that is a place I had mentioned in one line of the strategy in my shirting, it was, that while on one hand, we do the premiumization. The second part of the shirting strategy would be getting the right price product fit for the indirect channel, which is the wholesale and MBOs in the cotton segment.

What I would loosely call as the value cotton as a segment. And that is a piece we have entered and we are going to drive hard in that. And that is one pillar of growth. Second would be premiumization, pillar of growth. So I think this will do all one. And to support that value part,

we have this Pride program where we are driving through last mile control of the retailers, that would be a good engagement program.

Jatin Khanna:

So I'll just pause the Q&A for a bit. Our Chairman is here. So I welcome our Chairman and Managing Director, Mr. Gautam Singhania. And Sunil, there was a -- so Mr. Singhania will just address us for a few minutes and then we can start -- restart the Q&A.

Gautam Singhania:

Good evening. Warm welcome to everybody. On behalf of my colleagues and myself, thank you for coming this evening. Raymond is on an interesting journey as you have seen. And the last 3 or 4 years have been challenging, yet fun as we had committed many things over the last 3 or 4 years, I'm happy to say that everything we committed we delivered on time and before time. The last being the announcement of the real estate demerger. Raymond is on a complete value creation journey as committed.

And in COVID, unfortunately, things were not very good for us. But since then, we've done a whole host of actions that have created shareholder value. We brought our cost down. We restructured the businesses. We brought our debt down to zero, which was done 1 year before the commitment. We did the acquisition of Maini. We created a strong real estate business. We did the demerger of the Lifestyle business. We got the NCLT clearance for that. And now we've announced the demerger of the Real Estate business.

So I think every CEO has run you through the business plan. And right now, I'm here if you have any questions for either the team or myself, I won't give any speech because I think everybody has spoken. But we're here to actually take questions as whatever you might have. Day after tomorrow, Raymond will list X Lifestyle.

Lifestyle should list in 40, 50 days, whatever the regulatory requirement is also the process to demerge the real estate which, as most of you know, has become a very strong business for the company, becoming one of the -- number 1 developers in the city, amidst all the competition, the only company in India that has delivered projects 2 years ahead of RERA timeline and signed a significant number of JDAs, 25% market share in the Thane market and the most preferred brand. So I won't say more than that, but we'll be happy to take questions and answers.

Jatin Khanna:

Thank you sir. I request you to settle down and we can just open the floor for questions. So whoever has a question, please raise your hand. There was a question.

Harmohan Sahni:

Yes. So if I remember correctly, your question was on what our strategy is for looking at new projects and how these four made the cut. So essentially, we have decided on certain boundary conditions that necessarily have to be met when we look at project, it has to be of a certain size. It has to be in strong and deep geographies within MMR also.

It has to have a certain criteria in terms of price point because we believe that the kind of product we want to deliver in the market -- the only place for us to play over there is beyond a certain price point. For instance, the bottom of the pyramid is something we will not touch. In any case, that market has been showing tightness for a long period of time as you're all aware. So it's a host of factors which come into play when we look at a project.

So size being the most important, the market being the second one, the price point being third one, the kind of product we can bring over there. These are primarily the conditions. And of course, it has to meet our return criteria. What our return expectation is that is paramount. There are certain things that I have committed in this presentation also, so the numbers have to be better than that. So these are essentially the boundary conditions, which determine whether the project makes the cut or not.

Jatin Khanna: I request you to raise your hand if you have a question, please.

Analyst: Yes. I have a question for the Real Estate segment. So the Real Estate segment primarily is into two parts. One is the development of our own land parcel in Thane and the second is the JDA. In Thane, we have our own legacy land parcels. So the question more relates to the unit economics kind of thing. So on INR100 link price in both these scenarios, what would be our key cost components, maybe a range of it in terms of your land cost, in terms of your construction cost, or in terms of the other ancillary costs?

Harmohan Sahni: See cost is something we can get into details at a subsequent stage. I don't think this is the right forum nor do I have all the details. And I don't think as a matter of policy, we detail out the cost considerations in that sense. But a lot of this is embedded in the margin that we are going to achieve, right? Rest is all cost.

Now comes the question of breakup of cost between land cost and construction cost and approval costs and then there could be other costs as well, which is your employee cost, your admin costs and various other components which come into play. It could be different for different projects also. So it's very difficult to give for a category.

But I can tell you, I know where your question is stemming from, whether the margin is different on own land versus JDA. So that's really your question, right? So if you look at the Thane market, it is a INR20,000 a square foot market. While all the other projects that we are doing, the new ones that we've got, that's a INR30,000, INR40,000, INR50,000 or even higher. So that's how our margin profile remains the same. But if you look at Thane market, if you see the market economics in terms of what the margin profile is, of the other similar kind of development, the margin profile is not going to be more than 15%, but we are achieving higher than that. So the balance is the land value, which is coming. So I hope that answers your question.

Kunal: Thanks for the opportunity. This is Kunal from Dalal & Broacha Yes, I just wanted to ask in terms of the engineering business. So you are at around INR300-odd crores of revenue. And you did mention about having one product a day. So in terms of scale, where do you see this business in the next 3 to 4 years period of time? And is it fair to assume that such a kind of a business with -- yes, 28% or 25% RoCE would be good in terms of if you were to compare to another similar kind of business. But you are sort of a monopoly at least in these kind of businesses. So where in terms of ROE or ROCE do you intend to be going forward in this business?

Jatin Khanna: While, Gautam can address the rest of the question. I just want to clarify one thing. INR300 crores is only the aerospace business. The rest of the engineering and auto component business

it is a separate business, which is about -- say, I mean, say, Sarca, about INR1,400 crores business. And so yes.

Kunal: Yes. So my question was specifically to the aerospace business.

Gautam Maini: Understood. So yes, like I said, so the aerospace business, there's two, three profiles down. Like I said, we had the structure of businesses that when we started, you start with simpler components. And as you go up, these components become more and more complex. When we started our components were, let's say, in the range of \$5,000, you move up \$500, now we are at \$5,000. You want to go to \$50,000. So every time you're in the market, you're going up the value chain, you're getting more complex. From just pure machining, you're adding sheet metal, you're adding welding, you're adding processes. You're going to larger assemblies. So that's how the progression will be exponential in nature. As you go up the value chain and you combine machining with assembly, your ROCEs automatically get better.

Right now just with machining, we already have 28% ROCE. We expect those to go to over 30% in the next 3 to 4 years. So obviously, exponential growth I think the potential is very high. We don't like to overcome it in forums like this. But just coming from the past, we've grown by 80% in the last 2 years every year. The -- just the aerospace business.

So I think, I would say 30% to 40% growth is something we should definitely do but like Harmohan said is rather we'll commit a little less and over deliver is something that we'd love to do. Yes. So absolutely, there's no issues. The one product today, like I said, brings the value up. So every time you do it there'll be an exponential growth. I hope it answers your question.

Parikshit: This is Parikshit from HDFC. So my question is to Harmohan. So you mentioned that we will double our sales every 2.5 to 3 years. So that means in 5 years, we'll be close to about INR10,000 crores in terms of presales.

Harmohan Sahni: So whichever way you want to triangulate it whether you call it we'll double every 3, 3.5 years or I'll give a 20% growth, you will come to the same juncture.

Parikshit: So my question was Thane market, which is your own land can give you certain sales. It has its own limitations. There's a lot of competition there, large developer is going to launch soon in Diwali and as INR50,000 crores of GDV there. So my question is out of the INR10,000 crores, how much do you think and GS brand contribute outside Thane or within Thane, so do you think could be the potential of the GS brand within that?

Harmohan Sahni: So essentially, there is no limitation to how much GS brand can really deliver because each micro market will have its own dynamics and I can do two projects in a micro market as well. It doesn't have to be just one. For instance, in Bandra today Bandra East itself, we've got two projects. Of course, they are not exactly same micro markets but the area is the same. I mean, one project is going to be priced in the INR30,000 range. The other one is going to be priced in the INR50,000 range. So there is no limitation to how much the brand can deliver.

And it is -- limitation is only how many projects can I get. So each micro market is different. It has its own demand supply. And to answer your question on Thane, I think competition has been

there for the last 10 years. It's not something which has happened yesterday or day before yesterday. When we launched our first project also there was strong intense competition every big name that is there in the industry has been in Thane for the longest period of time. I mean, you name anybody. I mean, I wouldn't like to take competitors' names in our presentation. So I'll refrain from doing that. But you know what I mean.

And the large developer you mentioned about has already launched one project. And it hasn't made a dent in our numbers. It hasn't made a significant dent in anybody else's numbers also. So it's -- like I said, operational intensity has to be name of the game. Each micro market is very different. It doesn't mean if you're successful in one place, you're going to be successful in the second place unless you really study the market and work very hard. Dynamics are very different.

Your balance sheet objectives could be very different. I mean the big player you're mentioning could have a different objective on the margin profile, which is certainly not going to get here. He will not even get half of that in this market. Maybe that's why he is waiting. I don't know.

Parikshit:

Second question is on the GDV addition. So you said that reaching that number of INR10,000 crores or 20% CAGR. So you need to add annually about my sense is INR8,000 crores to INR10,000 crores annually. And the way you're choosing projects a conservative approach on choosing projects that you said INR700 crores and then you shortlisted four projects the GDV of close to about INR7,000 crores. So what steps do you think you need to take to ramp up GDV addition so that you are able to reach that kind of a number?

Harmohan Sahni:

So see, adding projects is a question of pipeline. Now we started only 3 years ago adding to the pipeline. So let's say, if a pipeline is, let's say has 5 steps or 6 steps in that, it started somewhere in '21 and it has reached a tipping point only now. So if you see in the last 12 to 15 months our track record in terms of signing is very different from what it was 2 years ago.

So the pipeline now at every stage, I have many projects which can suddenly fall in our lap and we can move forward on that. So I don't see any significant challenge. The only challenge in this market is that it's the tailwinds are very strong and they are strong for everybody not just us. We are riding the wave just like everybody else. So there is a lot of competition in the market. So that could be the only and the way we are tackling the competition is simply by being better at doing our job than the others are doing whether it is in terms of delivering projects.

For instance, the last project I got actually the landowners walked up to us and said, we only want to work with you because we've seen your track record on sales and execution, you deliver projects before time. And that is what we are looking for because we have suffered for the last 7 years with ex developer and we don't want to continue. So that actually shifted from one developer and they shifted to us. So if we do good work market will find it very hard to ignore us. So we are focused on doing good work. Projects will come and they will come plenty.

Amit Agarwal:

Can you hear me? Now the demonstrated performance is, since November, we have signed INR5,000 crores worth project, which is 6 months. So you can see very well already, we are at

a run rate of INR10,000 crores. And the best part is if you have launched a project in Bandra in February that helps us to get to more and more projects.

So actually, if you ask me, this INR10,000 crores is not a big problem because of a simple reason in Bombay nothing sells less than INR25,000, INR30,000 a square feet. What you need is not even 20 million square feet. And if I go with what Chairman has been saying that Mumbai is a \$2 trillion opportunity. So if it is a \$2 trillion opportunity, what is INR10,000 crores not even \$1 billion. So there is enough and more possibilities but we are careful in taking the projects because we want to do the right project and we have built a name of Raymond, which I told you the trust for 100 years on our lifestyle. And we don't want to get into any kind of a situation where the trust is broken of the customers of any of our partners.

Parikshit:

And just the last question on when the real estate entity gets separately listed. So what kind of annual capex commitment do you think you need to be prepared with? So either I mean, even on the INR7,000 crores of addition, how much was the capex -- total capex, which you have put in?

Harmohan Sahni:

So if you see on an average each project is roughly about INR1,800 crores to INR2,000 crores top line. So a project of that magnitude about INR2,000 crores, INR2,500 crores top line. And in the areas, micro markets that we've got and the business model that we have, which is JDA, essentially means about INR350-odd crores of peak investment for each project.

And when I launched the project that peak investment starts to come down because essentially, it is needed for approvals and all the prework that you have to do because in MMR whether you like it or not government also is a partner. So a large part of your cost really is paid to the government for approvals and areas that you have to buy from the government.

And after that, your money starts to come back. So it's a cycle and we have plotted all the projects on a cash flow on a timeline. And at least for the next 18 to 24 months, we don't see any kind of significant capital requirement that we have despite all this expansion and anything else. And on for construction, anyway the bank funding is needed.

And bank fund and that's the right thing to do in any case. It will enhance my return because we can borrow at 9%, 10%, whereas my return on each project is much higher. I mean even worse case on a JDA-based model where my cost of borrowing will not go beyond 10.5%. So that's the highest that I will pay. So I don't think capital is constrained at all in that sense. Money is also available plenty. Today, there are lots of capital partners also who want to work with us and they have actively approached us directly where they want to participate with us on projects and make the return along with us. But as of today, we don't have the need for capital. So we are not really offering anything to them. Maybe for a relationship, we may decide but I hope I have answered your question.

Jatin Khanna

Also our Thane projects throw about INR400 crores cash every year. So there is that cash plus now Bandra will start throwing cash. So it will only keep going up, which will create more and more capital availability to grow. I think also, I want to just make one very interesting observation on the term, which Harmohan used tipping point. I think the tipping point for us,

which will change the game for our real estate business is that till such time we launched Bandra and people saw the success of Bandra, we had to scout for projects. Now today, in the last project, the example which Harmohan gave, which is where the tipping point is that people are counting us. So that automatically changes the game and the ability for you to secure new projects.

Puneet:

Yes. This is Puneet. I don't really have a question but I just wanted to share a little part of the journey. So I've been invested in Raymond since August 2016. I have seen a lot of faces change on this dais alongside the Chairman. Had the pleasure of interacting with him and his team in the past. And it's been one heck of a journey. I have to admit that. It's been -- I've seen this company change from disbelief to belief amongst the investors surrounding me today to what they used to be back in 2016 and '17. Pretty much, I think everything most and more has been delivered albeit with the COVID timeline delay. So it's been a pleasure. It's been a great learning experience in terms of being a shareholder and an investor in Raymond. Thank you.

Vineet Jain:

Hi, I'm Vineet Jain.. So I have a very small doubt on real estate part. What is the average cost of acquisition per land of like per square feet average cost of acquisition?

Harmohan Sahni:

So the new projects that we are getting there on the joint development model. So land cost effectively land is 0. You have to treat the construction cost for the area that you're building for our society since these are redevelopments as land costs. And it will differ from project to project depending on how much you are delivering. It's a negotiated deal. So there is no such thing as land cost under joint development.

Vineet Jain:

Got it. And my next question is a bit lengthy, and it's on the textile part. So my first 15 years of like experiences towards textile only. I'm the third generation in textiles. So I come out from Visakhapatnam. There we have a store. I'm an MBO dealer as well. So we are close to 100 years in textile. But shirting it's close to hardly 10, 15 years kind of. So what we find as a dealer? I come from that part of side. So I'm just sharing my thoughts.

Suiting has been easily available, let's say, Pushpak as a dealer is a very large dealer. Then Pokarna is one of the largest. When it comes to textile as a shirting. It's hardly available. And the same issue is with the stores. So how do you look to address that issue?

Because if you see the volume per sale like sales volume towards the suiting part is not comparable to the shirting. In fact, MBO and small retailers are not available with the shirtings. I feel the sales channel is exactly not able to reach out or the penetration is quite low in the textile part, especially the shirting part?

Sunil Kataria:

Yes. I think that's a very valid observation. And if you see that's a piece we said in my presentation that in shirt -- while in suiting, since we are the market leader, is around 50%-odd share, our strategy is to do category premiumization and Raymond suiting is available everywhere. In Shirting, apart from building the premium segment, the big part is how do we increase share in multi-brand and wholesale outlets.

Now one challenge which happens for us till now is that a large part of shirting which goes through or throughput through this smaller multi-brand outlets has a different pricing than what we have been playing in because it's also a question of what price point at the mass and you're

available. Let's say, to quote a shirting INR125 a meter kind of a price point which will start setting a very small outlet.

So, that's why I told you that one part of our mass strategy is that we have started getting into of value end of cotton with a good quality, but getting the right price points for this multi-brand outlets, which are pretty large across the country. And that is going to be a very big focus area, whereby we'll give products at the mass end as well, which will help us enter and gain share into multi-brand outlet and start reaching out across the country to more outlets.

Second piece, we have the right product or price will be the key point for us. Today, that is an area which is a challenge for us. Secondly, I told you that we started this program where we are going to reach out to many small retailers directly in hands. So that we can start engaging with these dealers, but that is an area which is not very strong for us. So it's a dual approach of, A, getting the right price point for mass side of the market; second, having distribution programs by which our sales team can start reaching out directly to the smaller retailers.

Vineet Jain:

And adding a bit to your point, I felt price points is not the problem. Price points, caps are everything is okay. But the problem is with the supply chain of the shirting availability. Let's say, suiting is available at 90% and shirting is available only 10%. That is what I was trying to say?

Gautam Singhania:

So, what we'll do is we'll take -- I'll take this feedback of yours. When I go to the market, one of the biggest feedback we get actually is two actually on this. One is this price point in a large end of the market. If you have to really throughput hard to multi-brand outlets to a large extent at the smaller end level, there are certain price point we'll have to create for ourselves. So I think that's a very important piece also. We'll do that as well.

In terms of supply chain, we very closely monitor what are the kind of parameters through which we supply. That is an area we have improved a lot, and I'm pretty confident that is something which you have liked. I think the big part is how do we get the value end of the market throughput it to right price point. And also one piece is the right designing. That's a journey for us in Shirting.

Vineet Jain:

Thank you.

Sanjay Parekh:

I'm Sanjay here. I've got questions for Mr. Maini. What are your -- can you talk a little bit about the defense business in terms of the relevant opportunity size and the margins that you see there over the next 3 years, 5 years? And second question is, what are the thoughts on the space business? I mean, do you see anything relevant for you there as well?

Gautam Maini:

Yes, both very valid points. Whatever we projected so far is actually without defense and space, although we have clear plans for both of them. I think the big piece on defense is that the Make-in-India program is obviously very clear and strong. There's a lot of opportunity there. There are clear lists that are going to -- that are available, which will get banned over the next 5 years.

So, I think there's a clear strategy there. I also think we are in the best position today because we're one of the technologically and on a precision level, I think we're very advanced. What we're starting to see is that there are a lot of foreign players that need to now transfer those

technologies to somebody in India. And I think we're well positioned to take that. We've had lots of discussions with several big players.

And I believe over the next couple of years, we're going to see a massive play where a lot of these foreign players are going to find Indian partners like us, and they'll have to transfer their technology because the players like HAL and the rest of them, they would prefer to have an Indian company giving the commitment. We've seen that in our case as well.

So I think as things go along, the main contractors would become people like us, and the big players would become subcontractors to us in terms of pushing their technology, moving their parts and know-how and the commitment would be to make more than 50% in India. So, I see a huge play there. I think it will take a few years.

I think it will take a couple of years to stabilize, but I think it will be very big once it does. So that's all happening in parallel. We've seen that some of these big deals do take time. As far as space is concerned, we've already made some very critical parts for the space industry. We think it's a very good industry to be in.

We believe that it's also an exponential industry again, and we will be playing in that space as well because everything that we do in aerospace, in fact, has a much closer relation to space than even defense. Because defense have 2 aspects of it. One is the land side of the defense. One is obviously the air side of the defense. And then you have arms and Ammunition, which is again a different play there. So I believe all those sectors are going to become very large.

And depending on the opportunities, depending on the ROCEs, return of capital, we will have to choose because we will have so much on our plate that we'll have to actually have to decide at what pace we want to grow and how much we want to absorb, but I think the market is going to be huge. So very big opportunity.

Sanjay Parekh:

Thank you.

Gautam Singhania:

Just going to add one more point here. You see what we are doing. We are a machine processing, machining facility, and we have the ability to process and machine some of the finest alloys like titanium Inconel. And today, the product like titanium Inconel is not just used in the defense or in the aerospace industry.

Even I'll give you a simple example. Many of you use iPhones. Today, iPhone 15 has a back of titanium. Like that, there are many such high-end products, which use titanium, because it is a great durable product. And this opens up because you are an expert in machining metal, that opens up a large Canvas and many industries can follow. So, it is the beginning of this business where we have got the ability of titanium machining.

Analyst:

Yes. I have a question on textile. Can you share something on our sleepwear market, which you are planning to enter and other market two segments? What's the positioning strategy? Premium strategy? Where you are -- and what's going to be the size? How you want to encash that? And what could be the market share?

Sunil Kataria: For the sleepwear market?

Analyst: Sleep and the other two initiatives?

Sunil Kataria: okay. Ethnix and Innerwear?

Analyst: No, Ethnix you shared, it's INR20,000 crores market. Sleepwear?

Sunil Kataria: So first of all, I think sleepwear is a market, which, as I mentioned, is the ring child and idea came from Mr. Singhania, and he's really pushed us hard, and decided somewhere actually in January once we came back from one of these trips. And I think full credit to the team that we've kind of turned it around in 5 months. And as I told you towards the middle of this month, we'll hit the market.

Unfortunately, since we have approached this project in a very entrepreneurial way, and this is a very, very unorganized market. I don't have any study of exact size or no consultant also has any study of exact size of sleepwear. Hopefully, once we enter the market, maybe 6 months, 8 months down the line, we'll have done some work to get a sense of what this market is.

But one thing is very clear if you see consumer habits, we study what's happening in the country, both Indian wear. Indian wears are traditional wear in this country, by and large, every house, in every state has some kind of a traditional form of sleepwear. It could be Dhoti, somewhere it could be Kurta Pyjama, somewhere it could be evening vestiges somewhere. So the market size is huge.

What we believe is the opportunity, which is very obvious to us is, it is also a very local market and every state, it is different and where you see local players sell the product. So, it is very largely unorganized. Now there is nobody -- and what is the reason why it's largely organized and unorganized is, because this is also a product which requires a certain level of mass pricing.

Now the big differentiator that we are coming here with us that we know Fabric. This, by and large, Cotton products. We know how to build these products. We are the best -- one of the best Cotton manufacturing facilities in the country. And we have the brand in Raymond. Can we bring this product together with the Raymond -- capabilities with Raymond quality and crack it at a democratized price?

And that is something we've been able to do, that we are able to democratize the price with the Raymond branding. And now the question last mile is, how do we build the distribution of this. So once we build this distribution, we are able to consistently give these products. I think the market is there for the taking. How much is market size will be? What will be the level will reach? We are very optimistic that this could be a disruptive play.

But I think it's a better position to tell you maybe 6 months down the line once you get a sense of market feedback. The first round of -- we have appointed a large number of distributors already. We are going to roughly make this distribution number almost double in another 6 months to 8 months' time.

The first round, when you've taken the round of products to the distributor that we appointed, we've got a very positive feedback that you got the right sweet spot on product and pricing. And that gives us the confidence, along with the Raymond brand name that we could build some kind of disruption there.

On the second one, innerwear. As I mentioned, innerwear is roughly around INR18,000-odd crores market. But we are looking to play only in the mass premium to premium, because this market, unlike the sleepwear market, which is largely unorganized, this market is fragmented. There are many players there.

So I won't deny that. They must be right from INR100, let's say, Innerwear, men's Innerwear to INR3,000 Calvin Klein. I mean the market is very fragmented. But bulk of the market lies between INR100 to INR350 to INR400 price point. We don't want to play in the bottom end of the market.

It's just too crowded. It's just -- it's not our cup of tea, and we don't see -- we can create any differentiation there. So, what we are going to play is in a mass premium to premium market, which is roughly between INR250 to INR600 player. So that's the target, address the market that we are calling for also. That market is still very huge.

But what we see in that market, what we want to do is we have a brand called Park Avenue. It's an adjacency for us. And we believe that given, as I mentioned in my strategy deck that we believe, given the equity of Park Avenue, given the kind of exciting products we are building, we can get a good share in this market of this mass premium to premium market.

Nishant Sharma:

This is Nishant Sharma from Nuvama PCG. Sir, while we talked about the three businesses, main core businesses, we possibly have discussed a little bit lower about the other engineering businesses apart from aerospace and defense. What is our view on that front? And also, what are the parameters that we can consider while we have already demerged Lifestyle and Real Estate, which have been doing well. Other where we are seeing a huge growth which is aerospace. So, how do we see or what parameters will consider to demerge that business?

Harmohan Sahni:

So, if I understood your question right, what you were saying is, other than the sectors of aerospace and where we are, based on what you talked about like titanium, what are the other areas?

Nishant Sharma:

The INR1,400 crores business, which is left out from the engineering part. So, what is our strategy towards that front? what are the Synergy benefits that we can accrue in that business because that is low margin business compared to the aerospace and defense. And the second question was about the demerger of the aerospace and defense?

Harmohan Sahni:

So look, first of all, if I talk about the balance INR1,400 crores business of INR1,500 crores, it has INR1,100 crores to INR1,200 crores of auto components. And auto component business in India auto sector is growing. And as Gautam Maini mentioned that we have a 65% export in that business and top 15 global OEMs are our customers, between Ring Plus and Maini Precision. So we see a great opportunity in terms of that growth.

And it is also very attractive. And if you see the combined margin of two businesses are quite high teens. So that is already a very strong business. And we see that business to continue to grow at a phenomenal pace. Now we come to the engineering consumables. You see JK files has a unique positioning because it enjoys a branded file in the domestic market to the tune of 65% market share.

Plus, what is more important from the house of Raymond, what is there is a distribution strength. We have 150,000 distribution points all across the country. And even in the export market, let's say, Africa, Latin America, we sell our branded product of files. Now with the way Make in India and the way infrastructure development is coming, there is a huge demand for the engineering consumable.

And we are going up. We have started our business, for example, Drill Bits, which was a INR40 crores business pre-COVID. Today, it runs more than INR120 crores. So we are adding one after the other products into the engineering consumable. And therefore, we feel that between auto components and engineering consumable, which is INR1,400 crores, INR1,500 crores business can easily double in the next 4 years to 5 years. And with good margins.

Gautam Maini:

So just to add to that, the synergies are going to be primarily in two areas, right? One is on the marketing front and one is on the supply chain front. And the third is on the actual operational efficiencies at the technology front. So I would broadly put them into three categories. On the marketing side, we are very uniquely placed because we found out that all of our customers, many of them would absorb the other components, for instance, and yet the markets would be less risky for them.

So for instance, if today, I have a 20% market share with my customer A, tomorrow, that 20% is already 10% because our customers are different. But the same customer can absorb, let's say, a Ring Plus Aqua gear. So it makes it a very unique story where our customers are looking at us as a much larger conglomerate, but a less riskier conglomerate. So, I think that will help us massively increase our marketing potential globally.

And like I said today, we run without even an office overseas. Obviously, our plans are to put those in place. That will bring a huge amount of top line and Synergy in the automotive side of the business, right? On the Synergy side, on the supply chain, obviously, when we have a business of -- when we combine a business of about INR1,700 crores, we can definitely expect a lot of Synergy in terms of purchasing, we purchase steel and products and everything, right?

And whether it's Oil, whether it's Drills, whether it's Tools, that's what we do. So there's going to be a massive amount of Synergy in the supply chain as well. In logistics, we export 65%. So imagine our logistics is double. So our whole -- so we've identified a massive number of areas in which there's going to be Synergy. And all of that is going to help us in our bottom line, in our ROCEs in rotation of inventory. So all the three critical parameters are being taken care of in terms of Synergy.

Management:

And as far as the demerger is concerned, let us tell you very simple. We told you right in 2020, when some of you met that we have a journey plan defined for Raymond Group for a 7-year

period. And in this journey, we had very critical that what we are going to do one after the other. And there is a time when this would happen or not happen. There's a maturity. When the business is mature, as we explain the rationale, why we did the Real Estate demerger now and not last years, because we have got the project.

So, let these businesses also mature. We have just combined. And as we talked about, we are starting to get the synergies, let the synergies play out, and we are very clear destined for creating a shareholder value. And if a shareholder value creation is to be done, whatever it takes to be done, we will do that.

Nishant Sharma:

Thank you. Sir.

Jatin Khanna:

Any further questions? It seems like there are no further questions. Thank you so much for your time. Thank you for making time. I mean, we are quite excited with the journey of demerger and looking forward to the listing of Raymond Limited with Investment in engineering business and of course, Real Estate being its core business on 11th morning.

And now after this, we will have some dinner and some cocktails organized. So, please join us for that. Thank you for your time. You can also see the -- some of the products of Lifestyle displayed on the right side.

Management:

Actually, we have got some samples of sleepwear, Smart Ethnix and also Regio Italia. So just spend some time. Will get you a sense of what we're launching.