

"Raymond Lifestyle Limited Q2 FY '26 & H1 FY '26 Earnings Conference Call" October 29, 2025







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MODERATOR: MR. ABHIJEET KUNDU – ANTIQUE STOCK BROKING LIMITED



Moderator:

Ladies and gentlemen, good day and welcome to the Raymond Lifestyle Limited Q2 FY '26 and H1 FY '26 Earnings Conference Call hosted by Antique Stock Broking Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Abhijeet Kundu from Antique Stock Broking Limited. Thank you and over to you, sir.

Abhijeet Kundu:

Thank you. On behalf of Antique Stock Broking, I would like to welcome all the participants in the Q2 FY '26 and H1 FY '26 conference call of Raymond Lifestyle Limited.

Today we have with us from Senior Management of Raymond Lifestyle Limited, Mr. S. L. Pokharna, who is President, Corporate Commercial, Mr. Amit Agarwal, Group CFO, Mr. Jatin Khanna, Head, Corporate Development, Mr. Vishal Raigagla, Interim CFO and Mr. Sunny Desa, Head, Investor Relations.

Without taking further time, I would like to hand over the call to Mr. Amit Agarwal. Over to you Amit.

Amit Agarwal:

Thank you, Abhijeet. Good evening, everyone. Thank you for joining us today for our Q2 FY '26 and H1 FY '26 results conference call. On behalf of the entire management team, I would like to take a moment to wish you all a very happy Diwali and a prosperous New Year. May the festival of lights bring you and your families great health, happiness and prosperity. I hope everyone had a chance to review our financial results and investor presentations, both of which are available on the stock exchanges and our company website.

Moving ahead, it is essential to consider the broader macroeconomic landscape that has influenced the performance and strategic decisions of the company. In terms of macroeconomic conditions, Q2 FY '26 unfolded amid global volatility as geopolitical tensions and shifting trade policies continue to challenge exporters.

Despite these heavy headwinds, the Indian economy is projected to grow at 6.8% GDP for FY '26, compared to the earlier estimate of 6.5%, driven by improved domestic demand and recent policy reforms on account of GST rationalization and income tax reforms. However, uncertainty around U.S. tariff policies and global cost pressures continue to warrant a cautious stance.

The company remains focused on operational efficiency and strategic expansion, balancing optimism with prudence as it navigates a complex macroeconomic landscape. On the trade front, thanks to the India-UK Free Trade Agreement, Indian textile and garment exports are to enjoy zero-duty access for virtually all 99% of their products.



This landmark trade deal is expected to fuel substantial long-term growth in the sector. Raymond Lifestyle is well-equipped to seize the opportunity, despite the gradual nature of supply chain realignment. Its strong brand equity and proven export capabilities provide a decisive advantage.

The recent income tax reductions introduced in Budget 2025 are expected to enhance disposable income and uplift consumer sentiment, creating a favorable environment for business growth and demand recovery. We view this tax relief as a key catalyst for volume-read growth in the coming quarters. In addition to that, the GST rate reduction on select apparel with prices below INR2,500 is likely to further stimulate demand, particularly with mid-tier and value-driven segments.

Early indicators point to a positive shift in consumer behavior, with rising footfall across key retail zones. For Raymond Lifestyle, this presents a good opportunity to recalibrate its offering and accelerate volume-led growth across both urban and Tier-2 or Tier-3 markets. With global uncertainties and trade barriers still negatively impacting the exports, domestic demand is projected to stay strong.

The momentum will be further boosted by supportive government measures like GST and income tax cuts. India is at a unique inflection point, ready to strengthen its position through smart policy and resilient markets. Raymond Lifestyle is strategically aligning itself to leverage these changes, ensuring it remains agile amid global volatility.

Now let me talk to you about the performance for the second quarter. Raymond Lifestyle reported highest second-quarter revenue on the back of strong domestic performance led by volume growth in the branded textile and branded apparel segment amid international headwinds.

It also reported a total income of INR1,865 crores, a year-on-year growth of 8%, with an EBITDA of INR259 crore, with an EBITDA margin of 13.9%, in the second quarter of fiscal '26. The EBITDA growth of 7% year-on-year really underscores our efficiency. We generated more leverage from our operations thanks to an increase in volume and an improved product mix. This growth came even after we made the strategic decision to increase our advertisement spends.

Also, the growth was partially offset by a softer quarter for our export international operations, as the pressure was felt from the recent US tariff actions. As far as first-half performance is concerned, the total income stood at INR3,340 in the first half of fiscal '26, versus INR2,985 in the first half of fiscal '25, a year-on-year growth of 12%.

The EBITDA stood at INR381 in the first half of fiscal '26, versus INR331 in the first half of fiscal '25, a year-on-year growth of 15%, with a margin of 11.4% compared to 11.1% in the previous year, respectively.

As far as the segmental performance goes, in terms of our branded textile segment, the revenue grew by 10% to INR937 crores in the second quarter of fiscal '26, as compared to INR854 crores



in the second quarter of fiscal '25, mainly on account of the festive season leading to volume growth and strong bookings as compared to the previous year.

EBITDA grew by 16% to INR188 crores in the second quarter of fiscal '26, as compared to INR161 crores in the second quarter of fiscal '25, with EBITDA margin reaching up to 20% in the second quarter of fiscal '26, versus 18.9% in the second quarter of fiscal '25. In the first half of fiscal '26, this segment generated INR1,653crores in revenue, a 17% year-on-year growth from INR1,419 crores in the first half of fiscal '25.

EBITDA also grew by 35% year-on-year, reaching to INR290 crores in the first half of fiscal '26, compared to INR215 crores in the first half of fiscal '25. The EBITDA margin stood at 17.6% in the first half of fiscal '26, versus 15.2% in the first half of fiscal '25. This performance was predominantly on account of improved product mix and strong volume growth.

Now, in terms of our new fabric portfolio which we have enlarged, our suiting and shirting portfolios are defined by luxury, innovation and versatility. The premium suiting segment features four different lines, Venizo, a super 130s wool-rich blend for refined elegance, Royal Soft, a heritage-inspired pure wool collection celebrating 100 years of craftsmanship with rich jacketing shades, Super Luxe, an exceptionally fine super 200s wool-rich blend for ultimate sophistication, and Drape Code featuring advanced bio-polished super 140s and 120s merino wool for enhanced durability and easy-care convenience.

Meanwhile, our shirting collection includes Woolvance, offering super comfort and breathability in pure wool and wool cotton blends for both formal and casual settings, and Denigma, a dynamic new line blending premium shirting with contemporary design aesthetics through printed and yarn dyed fabrics to deliver durability and fashion-forward style.

Now, let me talk about the branded apparel segment, where the revenue grew to INR491 crores in the second quarter of Fiscal '26 as compared to INR441 crores in the same quarter last year, reflecting a growth of 11% year-on-year basis. The growth was witnessed across all brands, key channels such as EBOs, MBOs and online.

The segment reported an EBITDA of INR25 crores in the second quarter of Fiscal '26 as compared to INR57 crores in the second quarter of Fiscal '25, with an EBITDA margin of 5.2% in the second quarter of Fiscal '26 versus 13% in the second quarter of Fiscal '25 on account of increased marketing spend and input costs and lower sales achieved and new stores which were opened in the last 12 months.

In the first half of FY '26, this segment generated INR861 crores in revenues, a 16% year-on-year growth from INR744 crores in the first half of FY '25. EBITDA stood at INR44 crores in the first half of FY '26 as compared to INR72 crores in the first half of FY '25. The EBITDA margin stood at 5.1% in the first half of FY '26.

Our ongoing drive for optimization of our retail network continues in order to ensure our retail footprint is precisely aligned with our long-term growth and profitability objectives. As of 30



September 2025, our store count was 1,663 stores vis-a-vis 1,592 stores in September 30, 2024, a net increase of 71 stores.

We opened 19 stores, and 31 low-performing stores were exited during the quarter. We have exited 66 low-performing stores during the first half of FY '26. The recently opened stores are expected to take some more time to reach full maturity.

In terms of Ethnix by Raymond, which now operates a robust network of 139 stores across India, during the quarter we also opened three new stores and closed four low-performing stores. Now let me talk about the Garmenting Export segment. During the quarter, reported revenue stood at INR269 crores in second quarter fiscal '26 as compared to INR260 crores in the same quarter previous year, reflecting a growth of 4% year-on-year despite continued uncertainty on account of US tariff announcements.

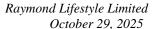
EBITDA margin for the quarter was 5.4% in second quarter fiscal '26 versus 9.6% in second quarter fiscal '25, impacting due to US tariffs and thereby reduced margins on the US business. In the first half fiscal '26, this segment generated INR466 crores in revenue from INR512 crores in the first half fiscal '25. The EBITDA was at INR7 crores in the first half of '26 compared to INR34 crores in the first half of FY '25.

The EBITDA margin stood at 1.5% in the first half of '26 versus 6.6% in the first half '25. Now let me talk about the high-value cotton shirting segment, which reported a revenue of INR212 crores in the second quarter of Fiscal '26 as compared to INR228 crores in the second quarter of Fiscal '25, a (7%) year-on-year de-growth on account of subdued demand primarily from the export markets.

The segment reported an EBITDA of INR25 crores in the second quarter of Fiscal '26 as compared to INR22 crores in the second quarter '25 with an EBITDA margin of 11.8% in the second quarter of '26 versus 9.7% in the second quarter of FY '25. This growth was predominantly on account of improved product mix. In the first half of FY '26, this segment generated INR416 crores in revenue from INR414 crores in the first half '25.

The EBITDA stood at INR44 crores in the first half of '26 compared to INR32 crores in the first half '25. The EBITDA margins stood at 10.7% in the first half of FY '26 versus 7.8% in the first half of '25. Now let me talk about the balance sheet side, where the company has a net debt of INR246 crores as of 30th September 25. The net working capital stood at 105 days in September '25 compared to 97 days in September '24.

This sequential increase was planned mainly due to the inventory build-up in the expanded retail and distribution network for meeting the festive season demand and wedding and also from the export business. We remain committed to optimizing net working capital for improved financial agility. Looking ahead, we continue to be on track to mark FY '26 as a year for a recovery phase even as global uncertainties continue to weigh on export performance.





Domestic demand is seen providing a strong foundation for growth. We remain well positioned to navigate volatility and capitalize on emerging opportunities within the Indian market. We appreciate your support and engagement as we navigate the opportunities ahead. Thank you once again for joining us today and we look forward to addressing any questions you may have.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sameer Gupta from India Infoline. Please go ahead.

Sameer Gupta:

Hi sir, good evening and thanks for taking my question. My question is particularly on the ethnic format. Now, store count is at 139. I was just looking up as to what these numbers were and I just see that you have added around 25 stores in the past 1.5 years. This is considerably lower than our initial expectations in this format. In fact, last two quarters we have seen some 20 plus store closures. Can you point out the pain points here that are being faced and what are the plans now as to where do you see scaling up this format?

Amit Agarwal:

Thank you. I think it's a very pertinent question. We have rejigged on the store expansion strategy for ethnic. Very clearly, we are seeing that some of the stores which we had to rationalize were not yielding the results and did not have the potential to do so. So now the whole thought process very clearly is that these stores which are there, and we are careful in opening such stores which should do well. Second, we are also partnering with our TRSs as well as some of the large MBOs who can help us and support us in terms of our growth journey of the ethnix.

So that whole big strategy of expanding a lot many stores, now we are rationalizing because at the end of the day these stores were not giving the profitability or were losing a lot of money. Plus, it was a build-up of the inventory as well. So, therefore, we are going on a very slightly different approach where the cost is lesser on us and more it is a distribution which Raymond Group has been very, very successful by using the TRS as well as the MBO channel.

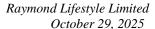
Sameer Gupta:

Okay, so one follow-up here. One, is there a common thread to those underperforming stores? Is it a very area specific thing or very market specific thing? Any common thread that you can show? And second is that would it imply now that the growth will be more via your TRS as an MBO store? So, you will actually merchandise an Ethnix portfolio in these stores. It will probably come at the expense of something else. So, a little more granular detail on this aspect if you can.

Amit Agarwal:

So, fundamentally, it will not in any manner cannibalize the other business which is being sold into the TRS. Because traditionally what happens, a wedding customer comes to a TRS and a wedding customer comes to a TRS. He buys for three, four functions. He buys maybe for two functions the suit fabrics and for the other two, he can buy very well the ethnic. So, there is no compromise either on the suit or on the ethnix front. However, as far as the format of the store EBOs are concerned, it is not that we are not going to open.

We will continue to open the stores. But we are being a little bit more cautious that how do we open. And when I see the thread where it worked, I think some of the markets which we went, I





think it was not delivering the results as anticipated and that always happens. So, in a new business, it is being felt that you have to be a little bit more cautious and careful in order to expand this network on our own rather try to work with the partners with whom we have a long-term relationship.

Sameer Gupta:

Sorry, just another follow-up here. On these specific markets where it more Tier 2, Tier 3 cities because one of the other competitors also faced this issue and has pivoted to more metro Tier 1 phenomena. Do you see a similar journey in EBOs panning out for ethnix as well?

Amit Agarwal:

Yes, I think it is a common theme because what happens is whatever we say, our ethnix is at the price point where Tier 1, Tier 2 becomes an affordable category. And then in terms of Tier 4 and 5, you have slightly lesser affordability and therefore the stores have not been able to do so well. So very clearly a similar trend across the country.

Plus, what is also happening is that in these smaller cities you are seeing a little bit of a boutique, a small designer in a particular area getting developed who also caters to the needs specifically for that. So therefore, I think it was better to be staying in Tier 1 and 2 cities and that actually has been very clearly reflective in terms of our store deliveries.

Sameer Gupta:

Great Amit, thank you so much for answering these questions so patiently. I will come back in the queue for any follow-ups. Thanks.

Moderator:

Thank you. The next question is from the line of Sucrit D Patil from Eyesight Fintrade Pvt. Ltd. Please go ahead.

Sucrit D Patil:

Good evening to the team. My question is as customer tastes are changing and more people are looking for premium lifestyle products, how is Raymond's lifestyle making sure its brand stays aspirational and still stand out amongst the crowd?

Amit Agarwal:

Yes, absolutely. I think you see that has been the core of Raymond, a brand which has been in existence for 100 years and with the turn of the fashions which in my opinion changes every 10-15 years, Raymond has been relevant and stayed especially if you talk about the worsted shootings, we have stayed at the top leader, market leader by virtue of changing trends and actually the best part for us...

Moderator:

Sorry to interrupt sir, you have put the line on mute.

Sucrit D Patil:

Yes sir, please go ahead.

Amit Agarwal:

Yes, so basically what has happened is that trend change we have been very clearly witnessing and that has actually helped us to grow the business and we are seeing it across and even if you see on the apparel side, the whole introduction of casual range, semi casual, semi formal range is clearly an evident that we are changing as per the trend.

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The likes of the corduroy which we have launched in the ColorPlus and some of the chinos which we have brought in terms of different fits in the ColorPlus and Regio Italia. So, all these and the new products which I talked about in my opening remark, I think it is all reflective, the whole stretch business which we have launched, I think that reflects clearly that we are catering to the trend and I have got Mr. Pokharna also.

S.L. Pokharna:

I would like to add, you are absolutely right, the premiumization of the fabrics and garments are taking place in a big way in India. We are seeing this trend even like smaller towns like Hajipur in Bihar and all these places. A high amount of high value fabrics or high value garments are being sold.

So we are with the trend, we are continuously doing market research and getting the consumer feel from the market as well as our TRSs are very strong touch points as far as customer feedback is concerned. So, we are working seriously on it and if you might have visited our stores, you must have seen lot of pastel sets and change in test which is required by Gen Z is being incorporated and we are getting good response.

We also are getting good response from MBOs. Now earlier our space in MBOs was little less, now the MBO space is growing by about 15% and also, we are concentrating on our polywool which is our main strength, and we are one of the few largest producers of the polywool products in India. So, we are concentrating on it and gradually growing it. So, we are on it. Thank you.

Sucrit D Patil:

Yes, and my final question is going ahead in the coming days, what cost planning or internal steps is Raymond taking to protect the margins especially as input cost and sales channels are keeping on changing? Yes, sir.

Amit Agarwal:

Yes, absolutely. I think cost rationalization, we have like a mantra at our company, and we have demonstrated very clearly in the past that our consistent cost reduction drive and actually I would not call cost reduction, I would call more cost optimization drive has helped us. So, in terms of looking, utilizing the plants and if you see my focus has been on the volume.

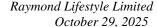
The growth in the volume, we have got five manufacturing facilities. If you run your facilities at a full capacity or near full capacity, your cost of running those operations become lesser and that is one clearly an efficiency gain which has been baked into the margins. And that we continue, our focus is to continue and based on the bookings which we have seen for our fabrics business, we are very confident that over the next few quarters, our plants are going to run at a good capacity utilization level.

Sucrit D Patil:

I think that is good guidance from your part and I wish the entire team best of luck for the Q3. Thank you.

Moderator:

Thank you. The next question is from the line of Chetan from Systematix Group. Please go ahead.





Chetan:

Yes, hi. Thank you for the opportunity. I had a few questions. So firstly, can you tell us how the sleepwear and innerwear businesses are performing currently?

Amit Agarwal:

Yes, you know very simple Chetan that the innerwear and sleepwear as we said, it is absolutely a new category, sleepwear especially is absolutely a new category which is in the process of a buildup of a range, buildup of a segment. So, I think it is going to take a little while, while the people start accepting in India that sleepwear is something which I need to buy to wear and to sleep with that. So, I think that is a category building exercise which is a little long term, mid to long term exercise.

As far as innerwear is concerned, I think we have decently placed our products across the counters, but we all know in the last three to four months, there has been a significant challenge on this particular segment, product segment and obviously we are not away from that. It is building okay.

Can I say I am very glad that it has reached to the levels which we were expecting, answer is no. But it is also to do with the market scenario but what is being liked by the people, by the dealers, franchises and such things is the product has come out very well, very comfortable.

S.L. Pokharna:

Sir and also would like to add here to what Amitji has said, we were already in innerwear, but we have restricted ourselves to TRS, we were not going beyond Raymond Shops. Now we see the potential in this category and expanding it beyond the TRS's and getting into the real innerwear market in a premium segment. So, it will take time, but we are hoping that this category should do well.

Chetan:

Great, great sir. Secondly on garmenting, can you tell us like how much is the revenue coming from say from a top three or top five clients?

Amit Agarwal:

Sir look you know it is a typically a B2B business. Though we have got a customer base of more than 50 to 55 customers, but the top three customers would contribute easily 40% to 45% here.

Chetan:

Okay, okay got it. And sir lastly how is October been for the business?

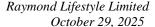
Amit Agarwal:

No, October you see simple is that you know the September all of us 22nd, till 22nd everybody was on that whole thing that I need to see the GST change because the trader. You know we sell primarily to the billing to our franchisee dealers. So, they were a bit apprehensive and from October onwards you have seen a little pickup with these guys but on the other hand till Diwali the sales have been decent.

And it is absolutely normal every year in the last 30 years we have seen that immediately after Diwali there is a lull for few days and then the wedding demand picks up. But we are very clear that the wedding bookings what we have seen especially on the fabric side is strong and therefore we envisage this year to be a stronger year compared to the last year.

Chetan:

Okay sir, okay. Thanks a lot.





Moderator:

Thank you. The next question is from the line of Avinash Karumanchi from MOSL. Please go ahead.

Avinash Karumanchi:

Hi sir, good afternoon, good evening. So again, asking on the earlier participant question, can you just throw a little bit more comment on the demand side. So is it a more like because of GST cut and income tax cuts you are seeing more recovery in the tier 2, tier 3 kind of cities better than metros. So how are you seeing that right now?

Amit Agarwal:

Okay, I think two things. One, you know fundamentally the demand is improved for three reasons. Last year was impacted big time because of the inflation, higher interest rates, people's disposable income and the salary increase, or the wage increase was not that commensurate. But they were reeling under the whole tight liquidity for a household because the EMIs had gone up or their expenditure on the day-to-day needs were higher.

We clearly fall in the discretionary category. Now with both the income tax cut of that INR1 lakh crore and the GST now there is little bit more money in the hands of the consumer and now that is something which we are getting the benefit of it.

Second, in this year people are very clearly seeing a good demand in terms of the wedding demand and I think as you see across the weddings are in a big buzz and this festival also if you see the whole what should I say shopping buzz you on the streets in all the cities be it a metro city or it is a tier four city it was as well seen. So based on these we have seen and you look at our volume growth and clearly our revenue growth in the domestic business.

Our domestic business has done exceedingly well. It is only the international business which had actually not performed as per our expectation whereas the domestic business has performed in a double-digit growth.

S.L. Pokharna:

And also, if you would have seen the sentiments across the country are very positive. I mean people are now willing to spend when you go for the wedding halls. All wedding halls are fully booked till if barring a period of 15th December to 14th January till May end, we are seeing good season. Also, you must have observed Prime Minister is continuously insisting on buy Swadeshi.

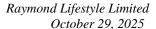
I think that mantra is gradually moving inside the country's hinterland, and we also feel that some positive sentiments will build up because of that also. So, all across we are seeing a good season ahead that's what I can say.

Avinash Karumanchi:

Okay and can you highlight something regarding the bookings also because our business is mostly into the distribution side. So how is the response from the other partners that we are dealing with?

S.L. Pokharna:

Good, very good response. Yesterday also we had a small booking of one collection, emerald collection. Then we are having booking of shirting in Jaipur in coming months. The response is phenomenal, and dealers are like earlier we were forcing the dealers to come but now voluntarily





they are coming and the deliveries which they wanted to have it in November or December, they are asking to pre-pone the deliveries and taking material from ex stocks also. So, we are seeing good booking, good season ahead and good trade response.

Avinash Karumanchi:

Okay, got it sir. And the second question is regarding the branded apparel space again. So, in the margins you can see they have taken a very big hit mainly because we are reinvesting into the A&P spends or the marketing efforts. So how long do we expect this to continue and when could this margins recover?

Amit Agarwal:

As I said you know in the last few calls; we have been consistently saying that it is a build phase typically for the four brands which we have and we have not invested or under invested in the past few years. We have taken very clear path that we would invest behind the marketing purely discretionary category. So, you need to show. What shows sells. So therefore, we need to get that going.

Second thing also the margin has also taken a beating because as we have opened more than 100 odd stores in the last or 200 stores over the last two, two and a half years which the anticipation was that it would become good break even over the quickly in 18, 24 months that is going to take longer more like 36, 42 months.

So therefore, that impact is also baked into the branded apparel segment because as it keeps on accumulating newer stores the impact or getting built in terms of manpower and so on. So that so I would expect another two, three quarters it would take. This year and the next year are a strong build phase for our branded apparel segment and then we see a good margin as we have told early double digit margins, we should be able to see.

Avinash Karumanchi:

Okay for this early double-digit margin what would be the scale that is required? So currently we are running at a INR400 odd crores on the branded apparel phase quarterly.

Amit Agarwal:

So actually, you look we are in that range of INR500 odd crores and if I look at it because first quarter is typically weak always and then the third quarter and fourth quarter is because of all the festival wedding season it picks up. So, I think what we are looking at is once you are in that range of INR2,400 crores, INR2,500 crores, INR2,300 crores, INR2,500 crores you should see the margins reaching to early double digits.

Avinash Karumanchi:

So that's it from my side. Thank you.

Moderator:

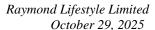
Thank you. The next question is from the line of Resha Mehta from GreenEdge Wealth Services. Please go ahead.

Resha Mehta:

Yes, thank you for the opportunity. My question again is on the Ethnix portfolio. Could you highlight that what has been the growth rate specifically in the Ethnix portfolio in H1?

Amit Agarwal:

So actually you see H1 ethnix is something which is not really a meaningful it is close to 11% but I think what is relevant is the second half because the whole festival and the wedding season





plays out in the second half and actually we are looking really forward that first few days of the Diwali thing has looked very well but I think the true testimony would be in the next two quarters how it pans out because we have a good number of wedding days.

And that is what we want to really see and tell that whole thing has worked out well in terms of our product offering stores and we have rationalized some of the stores very clearly as we saw that the pickup would not be there based on the place where they are located.

Resha Mehta: And what was the size of this portfolio in FY '25, the Ethnix portfolio?

Amit Agarwal: As I said we had 149 stores, now we are at 139 stores.

Resha Mehta: I was asking in terms of revenues.

Amit Agarwal: So last year it was close to INR100 crores.

Resha Mehta: Okay so you know this 11% growth while, you know from this time as I understand the wedding

dates have you know been pretty well spread out throughout the year. If we look at you know a women's saree wear retailer in south, you know they've done almost 35% revenue growth in H1

of this year.

So why is it that us or maybe even one of the larger men's ethnix where peers are not seeing that kind of growth in the men's portfolio? Is it because, is it some region-specific issue that south has done phenomenally well? Or is it some gender specific issue that women's portfolio women's ethnic wear or wedding wear saree-oriented portfolio is doing well but men's ethnic wear is not

doing well?

Amit Agarwal: So, you look at it we have done a detailed work on this, and we have clearly realized that the

winter weddings are such where especially the men go out and keep buying the ethnix wear. And the larger urban weddings happen in the, what should I say, in the winter side. Rather the summer weddings are more on the rural side and there people tend to have maybe one or two

functions vis-a-vis in this winter weddings people tend to have three, four, five, six functions

where the usage of more Ethnix wear comes into the place. So that has been always the case.

And it is across the menswear industry, and we have been in this business for a long period of

time. We have seen always that second half the consumer comes in for the want of your festival

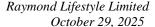
purchases or the wedding purchases. That's a very classical pattern of consumption.

Resha Mehta: So, you think this buying pattern is different for men and women?

Amit Agarwal: Yes, absolutely I think men's we can say women it is difficult for me to make a comment.

Because men's very clearly, we are seeing that trend for last so many years. If you see traditionally our first quarter numbers always has been the seasonally lowest for, I don't know

donkeys of years.





Resha Mehta: Right and so it's got nothing to do with any region-specific right? Like for you maybe the south

men's ethnic wear portfolio did better than the rest of India or something of that sort, no

divergence in terms of region as far as demand goes?

Amit Agarwal: Not really because I think in the south the menswear is a very different for the wedding. And in

the north, west and east typically are these whole sherwanis and all these things people wear

which generally tend to happen again because of the weather, it is in the second half of the year.

S.L. Pokharna: And also, if you observe it, it is the differentiation of north, south, east, west is not big one

because all metros and semi metro towns which are located all across are having now cosmopolitan look across the country. So, weddings now, the people who migrated from north

to south they do the wedding in south itself. So, they don't come. So, I don't see there is a major

variation happens during this period, during these regions.

Resha Mehta: Got it got it. And lastly what would be the average selling price of our men's ethnic wear?

Amit Agarwal: Oh, it varies. So sherwanis would start from a INR15,000-INR17,000 goes up to INR85,000. A

kurta set, a normal kurta set can start from INR1499 going up to INR15,000. So, you know this is and this is a unique art business. Let us be very clear nobody would like to see if I am wearing

a particular kurta, that the same kurta can be worn by somebody else.

So, I think therefore the whole number of SKUs and pricing it is very different it's very wide,

you cannot really make an average. And the products are different. So, you will have bandi, you

will have normal, then your bandhgalas, all sorts of products.

Resha Mehta: Understood. Alright, thank you.

Moderator: Thank you. The next question is from the line of Henil Bagadia from Equicorp. Please go ahead.

Henil Bagadia: Thank you for the opportunity, sir. So, I just had two, three quick questions. So, the branded, on

the garmenting side, sorry. So how do you see the current situation? I mean, there are a lot of garmenters actually working on, I mean, hanging the cotton count and actually re-engineering

the entire fabric and also talking with the customers because I mean this is one of the best seasons

for sales in actually US and Europe.

So how are things moving for us in terms of enquiry in case there is further reduction in duties?

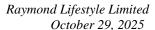
And if you could also explain what the response from your customers is and or even the order

side.

Amit Agarwal: So, two things. One, I think this change in cotton count and all is mostly what we understand. is

possible typically in the home furnishing kind of scenario. In a suits and jackets, in a shirt or a trouser, people are less sort of accepting these kinds of changes in the product mix. Because it

is not that India is the one only country which is supplying.





It is the global world which is there to supply and unfortunately because of the way it has come, it is we who are in a difficult spot. There are other countries who enjoy still a decent tariff compared to India. So, to that extent, think in our product segment, nobody would buy by compromising the product.

As far as the numbers are concerned, I think a lot of people are on a wait and watch game. I think they are not really going out and placing the orders. However, considering there is a difference between a woven fabric and a knitted fabric because in a woven fabric you take your lead times are much longer and therefore what happens is for the summer sale some of the people have already started to shift their order books to some other countries, which should have come to us.

So, I think that is something which we have seen. However, there is also very clearly these customers have been working with us for last 15 odd years. So, they are saying as soon as there is a favorable regime come, we will be able to immediately give back some of the quantities back to you.

So, I think it is a clear wait and watch game for all of us and even for the customers because it is very difficult for even a customer to go and buying let's say 50,000 jackets suddenly changed from here to any other country to get the fabric because we are one of the very unique situations. We have an integrated supply chain, right from the fabric to the stitched garments shipped to their stores.

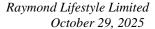
So, which creates a lot of trouble if you shift it from one place to another place. Maybe you will get garmenting in somewhere. You may not get the integrated fabrics. So therefore, they also have a challenge. But considering 50%, I don't think so anybody would be in a position to pay. And that is why you see in our business the margins have been also impacted as some sharing had to be done in the second quarter for some of the orders.

Henil Bagadia:

So also, what are the kind of markups because if I see the low value governments, usually the markups are 4x, 5x and that is why I got to understand is some customers were actually taking it because for example, if somebody is shipping a \$2, \$3 apparel from Bangladesh to US and if there's a 50% thing, it is just a dollar for them. Whereas if they're marking and the shelf sale price is about say \$10, \$11, I don't think so. \$1 is a very big thing. It's about 10%, 12%, 15%. So, is that a similar situation for us or do we have to see the situation a different way?

Amit Agarwal:

No, it is the same situation, but I think what happens is let us also understand and I am sure you guys are tracking also the US retailers. None of the US retailers are in that position though the markup looks very good, and we witness it in our because we run a domestic business and if I look at the product which we buy for our apparel business there also the markup is very attractive. However, the kind of store cost, commission to the retailer, the whole advertisement spends, all the upkeep.





Plus, also understand there is always, every business in the apparel has to send an end of season sale, discounted sale, all that put together actually does not deliver ever a 4x-5x. It comes down to 2,5x to 3x and then you have a big retailing cost. So therefore, it is not that easy to say the 4x-5x will start delivering even if you pay a dollar.

And I can tell you in one of our other businesses that for a 10-cent difference between India 10 sorry 22 cents difference the customer has said for the time being I will move this product from here to Bangladesh. So, if they have full teams you would be surprised these people are sitting with 500 people in India, 300 people in Bangladesh and all. So, their whole job day to day merchandisers is to watch out for every last cent.

Henil Bagadia:

Okay. So, lastly on the branded textile side, so last year, I think so after H2, I think so there were a couple of news in the market due to which I mean the actual consumption and the off take actually reduced and the channel inventory also actually fell down because no new orders were coming.

So, based on the actual busy wedding season that's actually coming in November, so how if not alluding to the numbers, how is your how are you seeing the response on your actual on the actual orders and off take on the branded textile side?

Amit Agarwal:

As you can see, the revenue grew by 17% in the first half. That reflects very clearly that the branded textile is doing well. We have seen a stronger booking. The customer off take is there. The inventory correction has also happened. And we clearly see. Plus, what Mr. Pokharna alluded to, that some of the space in the MBO which were being taken by some of the imported fabrics because of our unique fabric opportunity and the new collections which we have launched, we have been able to get back more into MBOs and gain back some of the market share.

Henil Bagadia:

Okay. Thanks a lot, sir.

Moderator:

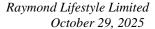
Thank you. The next question is from the line of Hitaindra Pradhan from Maximal Capital. Please go ahead

Hitaindra Pradhan:

So, are you in the governmenting segment. So, you alluded to the lead time being high for the woven fabric versus the knitted fabrics and all. So, supposing that the DOT situation changes, so when can we see a turnaround? Will it be usually the orders and the enquiries, and everything comes two weeks, two quarters prior, right? So, what is the situation here? If you can give more color on the number.

Amit Agarwal:

Yes, so you're right. Normally it is a two quarter, but some of the customers, as I said, because of our relationship and because we run a large domestic business, fabrics is something which we have the availability. So, we are in a position to expedite those orders. But broadly speaking, you're absolutely right.





It is a two-quarter game. Before two quarters, things do not change much, but we will be able to expedite some of the shipments. Can I get back to the absolute normalcy? The answer is no. It will take some time to get back to the normal cycle.

Hitaindra Pradhan:

Got it. And I'm assuming that you are exporting more to the US markets than the European markets.

Amit Agarwal:

We are exporting to... because US has one big attractiveness that the size of the order, that means the number of pieces the US customers buy are much larger because the brands are just sheer very large. Whereas in Europe, every country has their own brands. And the population between US and let's say take Germany. Germany has got only 80 million people, vis-a-vis US has got 330 million.

So, and plus, you have so many small countries with 32 million, 34 million population compared to a 300 million plus. So therefore, some of the brands which exist in the retailers exist in the US are much larger retailers. So that gives us a larger order book. Bulk volume which helps us in terms of cost of production lower and therefore we tend to do a larger business with the US.

Hitaindra Pradhan:

Got it sir. And most of our exports are which category like on the premium side or on the discounted value side because there was some commentary that know the Walmart's and all of them are doing kind of better than you know the high street retailers in US.

Amit Agarwal:

With our product range, you know the woollen fabrics, it is not just possible to come to a category of a \$50 or \$100 suit. We are very clear in a, what should I say, mass premium, premium segment. Like we supply to top guys where they sell for \$2,000. So that category if you see the duty and everything, it becomes very, very large.

But at the end of the day...That is also an advantage that such kind of people will not mind little bit paying more. So therefore, I think once the duty becomes in the range of this punitive of 25% goes away, I think we have a much better chance to come back strongly.

Hitaindra Pradhan:

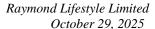
Yes, sir, understood. And the last one on the branded apparel. While I understand, sir, the margin reduction, I understand because of the new stores and all, you still grew like almost 5%, like net store basis, year over year, right? You added almost 70 stores adjusting for the closes and all.

So, sir, like, the 11% increase in revenue, so... Can you just explain, know, what is the like, your older stores or mature store revenue growth in this quarter? Like, were they in the mid-single digit range or were they higher this quarter?

Amit Agarwal:

No, so mid-single digit is absolutely right. Like to like stores is in the mid-single digit revenue growth we have seen. But I think what is important is that the whole revenue in the branded apparel segment, it is only 25 % which is contributed by the EBOs, which we are talking about.

Rest is contributed by the MBOs by our TRS channel and online channel, so that where you are not really going out and increasing the stores. So, our whole focus is specially going out on the





MBOs and the TRSs. Now look at it in the large and LFS as well as the LFS channel, so in a large LFS channel you first had maybe one brand or two brands.

Now our focus is in the same LFS, same location, how do we add all the four brands? So, I think you get optimization of cost, and the brand visibility improves, which helps us to increase the sales and catering to all segments of society.

Hitaindra Pradhan:

Got it. And the final one sir, like what percentage of a portfolio within the branded apparel segment will have positive tailwind from the GST cut.

Amit Agarwal:

I think what has happened is, look a lot for us, is in the end of season sale you will get a lot of products coming below 2,500. In a normal scenario you will not have the products significantly large number of products in the 25, what you call 5% category. So therefore, it is different, you cannot say exactly what is the category is above 25 or below 25.

There will a lot of products in 3,000, 3,400. If you take a 25%, 30% discount, you immediately come to 2,500 which becomes in the 5% category. So that testimony is to be seen now when we are going to have the end of season sale somewhere in December, January.

Hitaindra Pradhan:

Thank you so much.

Moderator:

Thank you. The next question is from the line of Maitri from Sapphire Capital. Please go ahead.

Maitri:

Yes firstly, on the marketing spend in the branded apparel, what sort of spends we had in the first half, and how are we planning on going about for the second half and also for the next year?

Amit Agarwal:

Okay, so I would not call out exact numbers, but I would tell you only this much, that in the branded apparel segment, our increase in the spend compared to last year to this year in the first half has been more like 30%-35% more and in the second half what we have spent in the first half we are going to further increase by at least 20%-25% more in the second half of the year.

Maitri:

So, second half will be 20% more than the first half that you're expecting.

Amit Agarwal:

Yes. Because you know the season and the market, everything is there. At this point of time, you need to display your product, talk to your customers, visual merchandise, online communication to the people. So, when you are about to make a decision on purchase, that time the product advertisement should be made available to you. And therefore, it tends to be in second half

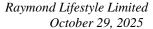
heavier on the sales promotion and advertisement.

Maitri:

Yes, it makes sense. Also, we are reaching close to INR500 crores of top line quarterly. And you also guided for about 2,300 to 2,500 crores of yearly run rate. When do you expect this run rate to be achieved? Any sort of guidance on that?

Amit Agarwal:

I don't want to get into that guidance. But I would really say it will take another two years to get there in that kind of time frame, two to two and a half years.





Maitri:

Any sort of more additional on stores that we are planning? We added a fair, quite a bit stores. So, are we planning on adding any more stores in the second half of this year?

Amit Agarwal:

So, we will be very selective. How do we add the stores? And I would not say that we will just go out and add the stores. I would be very careful in adding the stores because we have a decent number of stores. Our focus would be that the existing stores become much more profitable and start delivering the revenue what is envisaged.

And we will obviously not miss out an opportunity if there is a marquee mall which has come up or we had the desire to open a store, the store was not available, suddenly there is a vacancy and we can get that store, we will definitely open that store. So, I think we are being more, what should I say, watching out and with clearly a path to grow the stores but also looking at effectively that it should start making sense. And mostly it will be moving towards franchisee run and managed stores.

Maitri:

Okay. On the branded fabric side, we saw 20% growth. Can we expect this similar than rate going forward for this year and next year, especially with the festive season coming in and the wedding? You said we had quite a good amount of booking happening.

Amit Agarwal:

Yes, I think I would not call out exact number. It would be inappropriate to say that there is specific guidance. But I think very clearly, we have seen good booking for the winter season as well as for the ensuing summer season. We have seen a good booking more in the range of 8%-10% bookings, different product mix and product things. So, I think we are very clearly reflective.

And what you have seen, we will continue to push the growth in these segments. It is not just, and what is important is to see it is a volume-led growth and a market penetration growth. As I mentioned earlier that some of the MBOs which were keeping some of the imported fabrics and such things, where we have gone and brought certain quality of fabrics which could replace them easily and at attractive price points, so that we help to get our products into their shelves.

And once your product is into the shelf, it stays there, and you continue to do a replenishment. And then slowly, slowly you build upon that. And I think that has been a big journey.

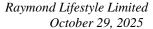
Maitri:

Thank you for the explanation. And on the government side, this is the last question. We mentioned in the last call on the UK FTA. What sort of exports are we doing in the UK currency? And how do we expect that to scale up?

Amit Agarwal:

So, we are doing close to INR150-odd crores of sales to UK. I think it has a very good potential to double itself in the next two to two and a half years. And the reason why I'm saying very carefully two to two and a half years. You know, it is still not enacted by the parliament. And till such time, it gets enacted. It is only a sort of good agreement to have.

Second, once it gets enacted, and I think the other gentleman who asked a question, that people start to take two quarters in order to put together a proper collection. So, let's say in the next





three, four months, it gets enacted, then you will take two quarters to get the collection, samples, and everything approved.

So, I think most likely you would see in the '26, '27, maybe in the second half of the year or the following year, the full benefit or the really the benefit coming for the UK FDA.

Maitri: Also, INR150 crores is yearly run rate, correct? Is that correct?

Amit Agarwal: Yes.

Maitri: That is, it from my side. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Ujjwal Lal, an individual investor. Please go

ahead.

Ujjwal Lal: Hello, sir. Thank you for the opportunity. I think we were also looking to target international

retail for growth, especially in GCC countries. So how is the plan moving on that front?

Amit Agarwal: So, we have certain stores in the format of TRS, as well as in the branded EBOs. But as I said,

these are stores catering to the Indian diaspora and we are selectively opening those stores through the franchisee route, and we are not opening our own company stores because it would

be difficult to manage the company owned stores.

So, we are opening the franchisee related stores. And wherever we think appropriate, I think if I

recall correctly 50 odd stores we have, around 50 stores internationally we have of the TRS and

EBOs put together.

Ujjwal Lal: Okay, and there has been significant increase in receivables from INR900 crores to INR1,200

crores YOY. And one thing we also guided at the time of demerger that we want to target 60

days on networking capital. So, what is leading to this, and will this improve in going forward

in H2?

Amit Agarwal: So, I'll tell you, first of all, it is 31st of March, INR917 crore goes to INR1,200 crores. And if

you look at it, it is always the built up always happens by September as our dealer, franchisee the wholesalers build up the network for meeting the demand in the festive season. So therefore,

the second and the third quarter is truly the build-up happens.

First in first quarter you build up the inventory second quarter and third quarter you build up the

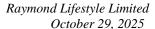
receivables and in the fourth quarter you get all the collections from the customers so that it comes always the third, what you call, 31st March of, is always one of the lowest numbers in

terms of the working capital. And you look, I think what has happened is 60 days I don't think

so we, our receivable is currently in the range of 67 days.

Ujjwal Lal: I was talking about the networking capital days, like which is at currently I think 105 something

like that.



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Amit Agarwal:

Yes, so 105. So, I'll tell you it will come down by 31st of March but two things have happened. In the past we did not have so many of our own stores and when you have so many of our own stores the inventory which is sitting on those stores is clearly on your balance sheet which is not going to sell because these are COCO stores, Company Owned and Company Operated. So, inventory is on your balance sheet. Otherwise, people would have bought and typically a retail store will carry eight, nine months. It will not have less than eight, nine months of inventory based on the turnover of the sales.

Second thing, what is also happening that in the export businesses, you are going out and changing certain terms because the customers want that way. The terms are being changed, which used to be an FOB is going to becoming what is this called LDP, duty paid delivered into those countries. So that is also making an increase in the receivable segment.

So, these are the two big reasons. And we believe that I think 60 odd days was one we did in '22, '23. And after that, I think it is more like 80, 85 days is a norm for this business because of the larger working capital requirements, especially the inventory in the business.

Ujjwal Lal:

Okay, and if we exclude the increased marketing spends in branded apparel, how much better would have been the margins? If we like, how much would have been that impact of increased advertising spends on the margins?

Amit Agarwal:

So, I will tell you that we did not say only the increased marketing spent, but we also said the impact of the increased number of stores, which is more than 100, the cost of those stores, running off that store has also impacted the margin. So, the difference between the two, I think 50% is 50%, 55% is on advertisement and spend and the other 50% is on account of the new stores which has been opened.

Ujjwal Lal:

Okay, thank you very much. All the best for the second half. Thank you.

Moderator:

Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Amit Agarwal for closing comments. Thank you and over to you, sir.

Amit Agarwal:

Thank you very much and look forward talking to you in the next quarter. Really appreciate your interest in Raymond Lifestyle.

Moderator:

Thank you, sir. On behalf of Raymond Lifestyle Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.