



“Raymond Lifestyle Limited
Q3 FY26 & 9M FY26 Earnings Conference Call”
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MODERATOR: **MR. ADITYA BANSAL – MOTILAL OSWAL FINANCIAL**
 SERVICES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Raymond Lifestyle Limited Q3 FY26 and 9-Month FY26 Earnings Conference Call hosted by Motilal Oswal Financial Services. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone.

I now hand the conference over to Mr. Aditya Bansal from Motilal Oswal Financial Services. Thank you and over to you, sir.

Aditya Bansal: Thank you, Danish. Good evening, everyone. On behalf of Motilal Oswal Financial Services, I welcome all the participants to the Q3 FY26 and 9-month FY26 Earnings Call of Raymond Lifestyle Limited. Today, we have with us from the senior management, Mr. S L Pokharna, Non-Executive Director, Mr. Rakesh Tiwary, Group CFO, Mr. Satyaki Ghosh, Chief Executive Officer, Mr. Amit Agarwal, President of Chairman's office, Mr. E C Prasad, Chief Financial Officer and Mr. Sunny Desa, Head Investor Relations. Without taking further time, I would like to hand over the call to Mr. Rakesh Tiwary for his opening remarks. Over to you, Rakesh sir.

Rakesh Tiwary: Thank you. Good evening, everyone and thank you for joining us for Raymond Lifestyle Limited Quarter 3 and 9-month FY26 earnings call. I would like to begin by wishing you all a very happy Republic Day. Republic Day stands for strong institutions, long-term thinking and responsible leadership, values that are deeply embedded in the Raymond legacy.

I thank you for your continued trust and engagement within the company. I trust you have had the opportunity to review our financial results and investor presentation, both available on the stock exchanges and on our website. Let me begin by briefly setting the macro and the industry context before moving to our performance.

India's economic momentum strengthened meaningfully during Quarter 3 Financial Year 26, with GDP growth expectations revised upward to around 7.3%. Domestic demand remained resilient, manufacturing activity was robust and policy support through fiscal measures and income tax relief translated into higher discretionary spending. The festive and wedding season further accelerated consumptions, particularly in Tier 2 and Tier 3 markets, which continue to be important growth engines for the lifestyle category.

From an industry standpoint, we are seeing clear structural shifts, premiumization of the demand, continued formalization post-GST and strong price inelastic consumption around weddings and occasions. These trends are highly aligned with the Raymond Lifestyle's brand strength and portfolio positioning. Against this backdrop, Quarter 3 Financial Year 26 was a landmark quarter for the company.

We delivered the highest quarterly revenue in our history, with total income of INR 1,883 crores, EBITDA stood at INR 271 crores, reflecting a 23% year-on-year growth, with margin expanding from 12.3% to 14.4%. For the nine-month period, revenue grew 9% to INR 5,223 crores, with EBITDA increased to 18% to INR 652 crores, with margin improving from 11.6% to 12.5%.

This performance was driven by strong volume growth in our core textile and apparel business, margin expansion through premiumization and product mix improvement and operating leverage from higher capacity utilization. Average selling price increases by about INR 26 per meter, reflecting the growing contribution of premium and technical fabrics.

Importantly, this was achieved while investing meaningfully in brand building and future capability. A key pillar of our growth continues to be product innovation. During the quarter, we expanded our techno-series in fabrics, designed specifically to address modern consumer needs.

These fabrics offer features such as stretch, wrinkle-resistant and stain-resistant, catering to evolving workwear and lifestyle preferences. Demand for such functional yet premium products continue to grow and this range is gaining strong traction. Our centenary year also marks the launch of distinctive brands such as Spectra and Royal Soft, offering 100 shades in a single quality, a proposition that strengthens choice, recon and differentiation at the retail level.

In the super premium segment, we further strengthened our suiting portfolio through Regio Italia, Bello Italia, Super Luxe and Draped Coat under the exotic wool collection. These offerings reinforce our leadership in luxury fabrics, supported by innovations such as Woolrich Luxura and multi-directional stretch wool blends.

Ethnics continue to play an important strategic role in our portfolio. It is not a standalone business, but a natural extension that complements our suiting and shirting franchises. The expendable festival and wedding collections, along with a growing focus on smart ethnics and fusion apparel, allow us to participate meaningfully in occasion-led consumption while adapting to modern sell-outs and preferences.

We also recognize that casualization of dress code is a structural trend. Our response is not to retreat, but to adopt, by focusing on premium casuals and fusion wears that blend comfort and craftsmanship and also brand appeal. Apparel performance during this period reflects ongoing investment in brand-building and new stores, which we expect to mature and contribute more meaningfully over the time.

On the retail front, our expansion strategy remains calibrated and disciplined. We expanded selectively across formats and geographies, with a clear differentiation in store formats for Tier-2 and Tier-3 markets. Shorter format stores, an asset-light franchise-led model, and capital partnering enable us to grow efficiently while protecting returns.

At the same time, we continue to rationalize the network by exiting low-performing stores, ensuring that footprint expansion is aligned with productivity and profitability. Back-end capabilities are another area of sharp focus. We are strengthening analytics and supply chain systems to stay ahead of the demand curve.

Store-level inventory planning, auto replenishment systems and real-time demand tracking are improving responsiveness and efficiency. Inventory built during the quarter reflects festive

demand and new store expansion rather than structural inefficiency. That is an investment we are doing for building modern capabilities.

Turning to sports, global headwinds, particularly the US tariff uncertainty, impacted the garmenting performance during the quarter. Our response has been proactive and strategic. Over time, we have reduced our dependency on the US market from about 50% to 35%. We are increasingly focusing on UK, Europe and Asia-Pacific regions, supported by recently signed FTAs.

We are also shifting from fabric exports to higher value-added finished and semi-finished apparel, upgrading product mix so that tariff impact can be absorbed through margins rather than volumes. Supply chain diversification, including Ethiopia and cost structure optimizations are further strengthening export resilience.

In this context, the India-EU free trade agreement is structurally positive for Raymond's Lifestyle. Reduced tariff on textiles and apparel improves competitiveness in premium European markets and aligns well with our focus on high-value fabrics and finished garments. This agreement strengthens India's position as a global sourcing hub and we believe Raymond is well-placed to benefit as the agreement moves towards full implementation.

Despite input cost volatility, including a nearly 25% increase in wool prices, our margins have remained resilient, driven by product mix, pricing discipline and cost control. Industry growth remains amid single digits, while the trade channel -- in fact the Raymond Lifestyle trade channel is growing in double digits, reinforcing the shift towards organized, branded players.

From the balance sheet perspective, the company remains on strong footing. Net debt is effectively at INR 15 crores, cash stands, I mean, operating cash I am talking about the net cash is close to INR 155 crores and working capital investment reflects the growth initiative, which is in including new stores, your inventory and deposits rather than stress. Capital allocation remains focused on debottlenecking, automation and selective expansion.

As we look forward, financial year 2026 represents a pivotal year in our journey. While global uncertainty persists, India's consumption story, particularly in Tier-2 and Tier-3 markets, continues to provide a strong runway. Our priorities are clear, drive volume growth in textiles and apparel, expand margins through premiumization in scale, leverage interest in future capabilities and compound value with discipline.

Raymond Lifestyle today is not just participating in India's consumption growth, we are shaping it and strong brands, premium products and disciplined execution, and a clear path to long-term value creation. Before I close, I would like also to briefly touch upon ESG, which remains integral to how we run the business.

From a governance standpoint, all our entities operate at 100% independent directors, ensuring strong oversight, transparency and accountability. Even though from a LODR point of view, we

are not required to have 100% independent directors, but in order to have a clear-cut governance mechanism, we have taken a step ahead in this direction.

On the people front, we continue to maintain single-digit employee attrition, reflecting a stable, engaged workforce, with women comprising approximately 40% of our employee base, underscoring our commitment to diversity and inclusion. On the environmental side, we have laid out clear measurable targets of 15% reduction in Scope 1 and Scope 2 greenhouse gas emissions, 25% renewable energy mix by 2030 and a commitment to zero waste to landfill and zero liquid discharge by 2030.

These are not aspirational statements mind it, but it's an operational commitment that are embedded into our capital planning and execution roadmap. As we look ahead, our priorities remain clear, strengthen our leadership in branded textiles, scale apparel with discipline, deepen our presence in high potential markets and continue investing in the product innovation and supply chain excellence.

With a near zero net zero net debt balance sheet, strong cash generation, a brand that resonates with evolving consumer preferences, Raymond Lifestyle is well positioned to convert India's consumption growth into consistent and long-term value creation. Thank you all for your continued support. We will now be happy to take your questions.

Moderator: Thank you so much, sir. Ladies and gentlemen, we'll begin with the question-and-answer session. The first question comes from the line of Sucrit D Patil from Eyesight Fintrade Private Limited. Please go ahead.

Sucrit D Patil: Good evening to the team. I have a following question for Mr. Ghosh. As consumer demand in lifestyle and apparel remains selective with a visible tilt towards more exclusive products, how is Raymond Lifestyle sharpening its brand portfolio, product innovation and channel tactics to drive sustainable growth? In this context, how do you balance investments in brand building and retail expansion, while ensuring agility in responding to the ever-changing fashion cycles and consumer demand? Thank you.

Satyaki Ghosh: Satyaki Ghosh here. Thank you for the question, a very relevant one. But just to come transparently to you, I have joined the organization last Monday on 19 January. And I may not be best placed at this point in time to answer all the questions because it's a very deep question. And I would request Mr. Pokharna, to take it on my behalf. I will come back to you next quarter in a much better prepared manner. I have just done four days of office here.

S.L. Pokharna: Thank you, Satyaki. And as you rightly said, the question is very deep and a big one, but we'll try to answer it. One is that Raymond stands for a very trustworthy brand and we have a big customer portfolio with us. Now, as you rightly said, dynamics are changing continuously and we are in the opening statement of Mr. Tiwary mentioned, we are continuously working on innovation.

Also working on our strength of promoting worsted shooting fabric, which we have successfully done it. Then, as you have said, per capita income of this country is going up and we are expanding our footprints in Tier 2, Tier 3 in a big way to regain the market share and meet the customer aspirations of the Tier 2, Tier 3 customers also.

On the branding side, we are continuously innovating the product and communicating to the consumer in a big way through social media and through our electronic media communication. Also, keeping in mind the pricing strategy that which market needs which kind of price, we are working on that and meeting the aspirations of the customers.

Further, as you know, Prime Minister has a vision of promoting Desi, so Swadeshi. So, we are working on that and we are creating products to compete with the requirement of domestic customers in a big way.

So, we are completely aligned with the Prime Minister's vision of Swadeshi, promotion of Swadeshi and that is helping us. So, in this year, when we are closing quarter 3, we had the best result. We had better growth than industry average and also expanded our market share in worsted shooting and also expanded our market share in Tier 2 and Tier 3 towns in a big way.

So, there are -- since this question is long, I think strategically these are the inputs and we are to meet the customer expectations. We also can give the authenticity to the customers that these are authentic products available from Raymond. We are expanding our retail network also in the Tier 2, Tier 3 towns and we are getting the result out of it.

So, the strategy is very clear. Expand market share, meet the customer expectations, communicate rightly to the consumer and also expand our footprints in Tier 2, Tier 3 towns in a big way which is emerging and consumer aspirations are being met. Also, we are taking note of per capita income going up in the country. So, these are so many factors which are putting us together and giving us confidence to grow at a faster rate.

Sucrit Patil:

Question. You just mentioned that you are promoting, I think, Make in India or type of apparel. So, I just want to understand, this particular set of style apparel would be targeted to your regular customers or you would be targeting them to some specific customers that you have in your mind?

S.L. Pokharna:

We have customers also in the mind who are currently not our customers where maybe because of product strategy and because of pricing. So, we are entering into -- we are studying it and being commissioned to identify the needs of the customers who are not presently coming to us. Maybe because of their perception of Raymond that it is a costly brand and we cannot afford it. So, all those communication strategies are being worked out and being communicated to the consumer.

So, we are seeing the results are flowing through and expanding our, like say, international brands are available in metro towns and second level towns and semi-metro towns. While in

Tier 3 and Tier 4, Raymond still stands a very big brand for them. And if we offer them product of their affordability range and all, they are with us. So, we are working on that.

Moderator: Our next question comes from the line of Avinash Karumanchi from Motilal Oswal.

Avinash Karumanchi: So, my question is on the working capital. So, we can see the working capital increase both on a quarter-on-quarter and YOY basis. So, the store expansion is also only 1% of the stores recorded during this quarter. So, where is this working capital? Is there any lag between the primary and secondary sales?

S.L. Pokharna: Amit, you would like to answer it?

Amit Agarwal: Yes. I will answer. So, basically, if you see the working capital primarily, what has happened is because of the change in the trend, the way U.S. sales are happening, your inventory, which used to be in the form of receivables and the cycle would be shorter, we have now to keep a larger inventory in order to ship out the goods to the U.S. So, that is one very large reason for increase in the working capital. The second is just the volume.

We have increased shares more in the apparel segment. And in the apparel segment, as well as in the domestic market, you will have a longer cycle vis-a-vis the garmenting cycle. And garmenting always has to be our lower working capital cycle, which is an export business. So, therefore, these are the two changes. And we are continuously at it. And by March, you would see the working capital further reducing.

Avinash Karumanchi: Okay. Can you throw some light on how the channels are working, primary and secondary? Is there any difference in the gap between the growth rate across these two channels?

Amit Agarwal: Actually, if you see the domestic markets, and as you all know, that the tax benefit, direct tax benefit by putting money in the hands of the consumers to the tune of INR1 lakh crore, as well as the GST benefit, which is primarily seen for the car and the white goods, people have more money to spend. And we have clearly seen this Diwali or the wedding season has done very, very well in the tertiary segment.

We get reports directly from all the -- across the society, across the markets, and we have seen a very healthy movement. And accordingly, we have managed the primary. So, there is actually, if you see, at the secondary level, the inventory levels have come off compared to going up, which was the case in the last year. So, therefore, we are seeing a clearly improvement in the consumption cycle in the third quarter. And that is reflected very well in our numbers also.

S.L. Pokharna: So, Amit Ji, I'll add a little bit here again. Also, moving forward, we are seeing very strong wedding seasons, wedding dates are very high, and trends are going up. So, that will also help us in getting a better traction of the sales in secondary markets.

Avinash Karumanchi: Okay, okay. Got it. And since you have spoken of regarding the weddings, how is the ethnic segment performing? So, in the first half, we have seen the growth rate is somewhere in the

range of 10% to 12%. How was the growth rate there? And point number two is regarding the store expansion.

If you look at it on an analyzed basis, this year, we have net close somewhere around 10 to 15 stores. So, when this would number be turning positive, and how would be the outlook for FY27 and 28?

Amit Agarwal:

Yes. So, let me go one-by-one. If you talk about the ethnix, if you see the first few months, there has been a lackluster across the industry. We have seen in the ethnix market, there has been a weaker growth compared to the other apparel segment and such things. But based on our base, I think we have seen still high single digit growth on the ethnic side.

And we continue to stabilize this business by providing the right kind of product, advertisement, communication to the market. And as we had said not today, long back, that it is a journey of, let's say, four years or so. I think we are in that journey. We have just completed one and a half, almost two years in this journey.

And it would take another two years to really see a decent growth in this ethnix business. As far as the store expansion is concerned, you know, we did expand a lot of stores. And considering the slowness, the weakness in the economic demand, we have started to see some rationalization, which was also known that we would do some rationalization of stores.

And I think over the next 18 months or so, you would see a bigger expansion on the stores, because we want to be very careful as the stores opening. Today, the mall rentals and everything is going up. We want to make sure that consciously the stores become profitable over the 36 to 42 months.

And accordingly, we would open the stores. But right now, you have used it rightly that we have shut many of the stores which were not profitable or which we had the envisage that they would not get profitable. Okay.

Avinash Karumanchi:

Is there a rationalization done yet or are we going to see it going into the FY27 as well?

Amit Agarwal:

We will have some more rationalization to go.

S.L. Pokharna:

Rationalization includes expansion of network also. So, we will be coming out with new stores for locations which are ideal for us. And also, we are working on it. Like say, wedding was our strength at Raymond. So, we will say we will be working on it that who knows better of wedding needs than Raymond. So, accordingly, we will be designing our strategies to capture the wedding customers for ethnics.

Moderator:

Our next question comes from the line of Deepali Kumari from Arihant Capital Markets.

Deepali Kumari:

I have just few questions. The company recorded a substantial expense loss of INR57 crores due to implementation of new labor code. Is this a final one-time impact or do you foresee further revising in this?

Amit Agarwal: No, this is the final impact because we got it done from the actuarial evaluation. Primarily, it is a non-cash. It is on account of the gratuity as well as on the leave because this being a 100-year-old business, you will have quite a number of employees who were structured on their basic salary differently. So, therefore, this impact has come. And I think there would not be any significant impact. Few small could be, but otherwise, it will not be significant impact going forward.

Deepali Kumari: And so, what is the current revenue for sleepwear and innerwear and what is incremental? Is it that you expect from this segment?

Amit Agarwal: As we talked about, both the innerwear and sleepwear are very small businesses and this business was started as our main motto being the Complete Man. And when you take the Complete Man journey, it is not just only with the suits, shirts, and trousers, the formal wear. You are also participating in the life of a individual, of a man, whether it is in the beginning of the day or at the end of the day when he is sleeping.

So, therefore, these products have been put into the system or into our bouquet in order to ensure that the man buys and sleeps with and does take all the Raymond products. And that was the journey. So, therefore, you would not see a very significant revenue coming out of these things, but it was to complete the portfolio of the Complete Man.

Deepali Kumari: Okay. And, sir, in the garmenting segment, we have witnessed de-growth and margin decline. So, beyond UK, India, FTA, what specific strategy you are implementing to mitigate customer concentration rates and stabilize the international order book for the remainder FY26 and beyond?

Amit Agarwal: So, you look, garmenting, as you all know, that for everyone in India, the largest export in terms of textile happens to be U.S. markets. And U.S., all of us are aware that we are sitting with a 50% tariff. And there are countries who are also in the garmenting exports, which are currently at 20%, 25% also.

So, therefore, very clear distinct advantage people have in the U.S. to buy from such countries. But we don't have that advantage. We are hoping from today to tomorrow, every day, that when this punitive 25% goes away. But on the other hand, you know, this business of garmenting is for white label, for third party customers, where the businesses are being booked on a season-to-season basis.

So, it is an autumn venture or summer, spring. So, every time when you change the customer or go to a newer customer, you will take at least 12, 18, 24 months. And if we talk about the U.K. FTA, actually, so far, only the sentiment has become positive. There has not been any even a conversation completed in the U.K. Parliament to clear this proposal. So, therefore, these FTA announcements are done good for the sentiment in an immediate basis.

However, to convert into the volume, it takes a little longer. We have -- though we have diversified into many of the European countries, and unfortunately, the quantum of orders which

you get from the European customers are much smaller, vis-a-vis what you get for the U.S. orders. So, a complete substitution, say, from the U.S. to the European markets or to the Japanese markets will not be possible.

But we have started the journey and we have started not this journey now. We have been trying to do this journey for the last three to four years, and therefore, our share from the European market is to the tune of 35%-40%.

And I think our endeavor would be that hopefully the tariffs would go away. If not, it would take at least another 18 months or so when you are in a position to really say that we have successfully substituted the U.S. market demand.

S.L. Pokharna: So, Amit, would you like to add? Cost rationalization, we have done it in the garmenting industry? Amit Ji?

Amit Agarwal: I think you have said it. It is true that in spite of the challenging situations, we are working hard on the cost rationalization. But you know, the kind of gross margin which you get because we have our own top-quality wool fabrics, worsted fabrics, which gets converted into high-quality stitched fabric for the U.S. customers.

That gives a much stronger gross margin. But your ability to control the cost is quite limited. Therefore, you will not be able to earn that kind of a margin. And that is why it is reflected in the margins in this quarter vis-a-vis last year where the duty on the tariff was not existent.

Deepali Kumari: Sir, what is the U.S. contribution in revenue?

Amit Agarwal: So, as I said, U.S. is close to 45%-46% in U.S. contribution.

Deepali Kumari: Okay. And so, how do same-store-sale growth trends differ from EBO, MBO, LFS, and Conline? And which channel is seeing the fastest recovery?

Amit Agarwal: In India, I think our EBOs have done very well. We have seen a good mid-double-digit, mid-chain growth in the like-to-like stores. So, that is very, very attractive. Even the LFS are seeing good 11%-12% growth, like-to-like basis. Plus, we still have a lot of room to go with the MBOs. We have been expanding with the Multi-Brand Outlets. And that is helping the sales. And that is clearly reflected, if you see, in our apparel sales that it has grown very well.

Deepali Kumari: Okay. So, one last question. Can you please share the medium-term revenue growth and margin guidance for the segment as its capacity utilization improves in branded textiles?

Amit Agarwal: So, in branded textiles, we are utilizing our facility to the full. And that is why, which Mr. Pokharna also mentioned about the cost rationalization that has helped clearly in terms of delivering superior margin and delivering over 21% in this quarter. So, we are utilizing the facility in full.

I think the journey going forward is clearly optimizing the right product mix. And we are not going to give the guidance right now. I think what we are working on is consistent growth in the domestic market and capitalizing on it. And if you look at the domestic growth, it is more than 12% overall in the business, which is very, very healthy compared to many of the peer groups.

Deepali Kumari: Yes. Okay, sir. Thank you so much.

Amit Agarwal: Thank you.

Moderator: Thank you. Our next question comes from the line of Chetan from Systematix Group. Please go ahead.

Chetan: Yes. Hi, sir. Thank you for the opportunity and congratulations on a healthy set of numbers. My first question is on an exclusive brand outlet. So, our EBO number, if we see, has somewhat remained a bit stagnant over the year. So, how should we look at, say, brand-wise EBO expansion going ahead? Or is there any specific brand where we expect to see, say, a higher number of store additions?

Amit Agarwal: Okay. If you look at all the four brands which we have in terms of the apparel and then the ethnics, I think all are broadly in that 100 numbers of each brand. And as I mentioned in response to an earlier question, that we are working clearly on an optimization strategy for the years because we have, so to speak, a captive TRS channel.

TRS is almost 1,000 stores plus, which is also available for the distribution of our product and exclusively for our product. So, therefore, we look at it. Overall comparable number is we are talking 1,500, 1,600 stores, which we have across the country to service our customers.

Now, what has happened is we did open more than 400 stores in the last 3 years, and you would never see that all the stores which you opened will do well. And that rationalization was required. We have done some bit of rationalization and further some more rationalization has to be done going forward.

I think in the next 6 months or so, we will be done with the rationalization part of the story, and then we will work out very, very carefully in terms of store expansion. But the whole philosophy is that the customers will have the product availability reach very well across the country. We have today got more than 1,700 MBOs across the country who are taking care of our products.

We have got more than 1,600 LFS doors, which are taking care. So, to that extent, and many, many small retail outlets. So, to that extent, I don't think that we have a challenge in terms of distribution reach.

And it is the methodology, whether you sell through your TRS EBO route, or you sell through the MBO route, it is one and the same, the product should be reached to the last mile customers. And online is also quite well. We have been working hard. And if I look at this year, I think we should be achieving over 10% of our revenues on the online side as well.

- S.L. Pokharna:** So, actually, if you look at that, as Amit ji rightly mentioned, there are EBOs and there are Raymond Shops, and there are MBOs. And there are smaller MBOs which are being fed through our distribution network through wholesale channels. So, while we put up new MBOs or new Raymond Shops or anything, we need to take into account that cannibalization doesn't happen and we just land up into cost escalation and no gain in the consumer. So, there is a very proper system to study the catchment area, and then put up an outlet on that side. So, we are doing that way.
- Chetan:** Right, got it. And lastly, can you put some light on where are we in terms of distribution and presence in our sleepwear and innerwear segments?
- Amit Agarwal:** Yes. So, actually, as we mentioned, both innerwear and sleepwear are clearly available in our TRSs, EBOs, clearly available. And because the product is such that we have identified some of the MBOs and we have appointed dealers and distributors all across the country, which are primarily in, let's say, top 50 to 60 cities in the country where we have put the product, because we want to ensure that the product is rightfully placed, the supply chain is getting stabilized. And therefore, we wanted to focus on the 50 to 60 cities where we have put our products right now through the dealer and distributor network.
- Chetan:** Got it, sir. Got it. Thank you and all the best.
- Amit Agarwal:** Thank you.
- Moderator:** Thank you. Our next question comes from the line of Hitaindra Pradhan from Maximal capital. Please go ahead.
- Hitaindra Pradhan:** Hi, sir. Thanks for the opportunity. So, my question is again related to the apparel segment. So, you yourself mentioned during your opening remarks that casualization is a structural trend and I guess, most of our portfolio aren't kind of positioned for that. So, what is our turnaround strategy and what is our, like organic growth expectation, long-term organic growth expectation from our apparel segment?
- Amit Agarwal:** Yes. So, very clearly and I think this is very clearly evident if I take the era pre-COVID and post-COVID and Raymond is known very well to catch the trend. I'm a 100-year-old company, so I know exactly how the trend changes and shifts and adapt to that.
- So, pre-COVID, we were sub 5% in terms of casualization. Now, we have reached close to 15% to 17% in terms of casualization. Plus, in terms of the fits and I would really encourage all of you to visit the Color Plus stores, which was a very, very different product range.
- Now, we have brought a product range, which is much more, what a trendier, thicker and for slim fit and such things, which was not available in the past, which was only for a regular or a contemporary fit.
- So, the journey of casualization is on and there is a brand ethos under which we need to work and we are going to continuously improve the percentage of casualization, but very carefully

that don't dilute the brand where people have a pride in wearing a Raymond ready-to-wear shirt to the office or a Park Avenue shirt or a suit to the office.

So, we need to keep a right balance because there are some very dedicated, loyal customers for us who keep buying for their office there as well. So, it is an added product bouquet, which we have considered in the casual line.

S.L. Pokharna: Also, we have a brand, Parks, which is much on the affordable range side and we are purely a casual brand, which is also doing well now. So, we are working on the product line, which is a requirement of current generation and current trends.

Hitendra Pradhan: In terms of your geographical presence in Tier 1, Tier 2, if you can give any color on your strategy, what is the current mix and do you want to change that?

Amit Agarwal: So, we are clearly present in Tier 1 to Tier 6 cities. You would find our product and I'm sure if you travel across the country, the Raymond Board, the sign of the neon Raymond Board, you would find even a small Taluka, small town district. And I think that is the beauty of this, that it is practically impossible to replicate the Raymond Distribution Strength.

And that is what we have a big advantage and we enjoy the customer relationship, the trade relationship for more than 60, 70 years. So, in terms of reach, we are already there. Obviously, as things continue to expand, India gets more economically moving forward, you will see much more towns and Kasbahs are getting much more affluent.

And there you have the possibility to keep expanding their own stores, either TRSs, EBOs, or the MBOs keep coming up, we will be there to place the products. And we have a very unique system of a wholesaler and a distributor model. So, places where we cannot reach directly, our wholesalers and distributors are there in order to provide such product to a smaller customer in a very small town. So, our suiting are practically available in more than 15, 18,000 points of sale across the country. So, you can imagine how wide is the distribution.

S.L. Pokharna: We have -- we call them tech dealers. So, we identify small dealers who are located in smaller towns or within even big cities. The location is such that the catering can be done only by smaller dealers. So, we take them to our wholesaler and we recognize them as a tech dealer and give support of distribution. So, that's the mechanism. So, almost about 20,000 distribution networks we are working on, small or big, put together.

Hitendra Pradhan: Okay, sir. So, my third question is related to the ethnix brand and the outlet in their growth. So, last quarter, you mentioned that, usually urban, winter, all these occasions and marriages and all that can add to your growth. But this quarter seems to be a little on the low side. You mentioned, I think, HST high single-digit growth this quarter.

So, what is your outlook on the ethnics, you know, growth in Q4 and beyond? Like, do you see that picking up? And also, like, there has been a slight margin uptick in your overall apparel segment. So, was it due to some seasonality mix or was it due to your full price throughput, if you can comment on that?

Amit Agarwal:

Well, look very clearly, October-December quarter is characterized by two things. One, you have the Dussehra Diwali, which is the festival which keeps buying in a good manner, healthier manner, followed by weddings. And we have seen, as Mr. Pokharna rightly pointed out, that the weddings, number of weddings were very, very high.

And over the next 6 months, 5 months we should say, is also going to be very, very strong. So, I think that clearly helps us to improve the product. And in a wedding scenario, what happens always, that people tend to upgrade themselves. And that is one reason why you will see a healthier quarter in the third quarter for Raymond and for most of the such players, which we have seen in this quarter.

Now, as far as going forward, very clearly, we have driven, and as we mentioned in the opening remark, that we have been aggressively spending on the advertisement. So, you can make a great product, but if you do not communicate to the customer, your product won't sell.

And I think that is where, which we have taken an effort in terms of investing behind the brands and putting right money on the advertisement sales promotion, and which is actually working. So, that is one of the other reasons why your margin continues to be little lower. And we are considering this as a strategic move and not for 6 months.

We are not into the business of 6 months or a quarter or 2, 3 quarters. We are on a long-term sustainable business to grow, whereby we are investing behind these brands, apparel brand, in order to make it much stronger. So, that is one on the apparel side.

Second thing, if I look at the ethnics, ethnics is into a nascent stage. It is not in a business that right now, it has become a matured business. We will take, as I said, another 4, 3 to 4 four years in order to build this business strongly, and then you will see it bearing the fruit.

Otherwise, right now to say, this is the margin or this is the growth, I think it will take its own time, because this is something which is a little decent, expensive buy for a customer. So, therefore, he wants to assure himself that it is the right thing which I should go and pick up. So, it is a brand building exercise.

The quality of the product is already established because anything which comes out of Raymond is a quality product that I don't think so there is any question mark. It is also the design and everything which people need to get more accustomed to, and over a period, you would see a growth in this product as well.

Moderator:

Thank you. Our next question comes from the line of Madhavendra, an Individual Investor. Please go ahead. Mr. Madhavendra, please proceed with the question.

Madhavendra:

Yes, I'm audible.

Moderator:

Yes, sure.

- Madhavendra:** So, I have one question. This employee benefit expenses will come every quarter till next day, I mean, in FY'27 till the base pan out or it will be in one quarter, just this?
- Amit Agarwal:** It will be in this quarter only, because this is the entire catch up, which has been done for the past years, because of the change in the labor code.
- Madhavendra:** Okay, sir. And another question is, this branded apparel segment is very old, like we have reputed brands, Colorplus, Parth Avenue. So, why this is struggling to means for growth? Because this is not something new. So, I want to understand that.
- Amit Agarwal:** Yes, no, absolutely. I think you have a very fair comment. These are brands which have been in existence for a very, very long period of time. But I think what has happened is that you need to make adequate investments behind the brand. And since these brands were having not the adequate sales, and you have in this business, keep getting end of season sales.
- So, we have taken a conscious call in the last few years, that we will go ahead and put money behind the advertisement and innovation in the product. And we are taking a little bit hit on the margin right now. And as I said, this is more like an investment. When you put up a plant or a manufacturing facility, you show it as a capex.
- But in an operating business, you put it into advertisement sales, which is an opex line item. And I think that is the journey which we are on. So, therefore, you would see for some period of time, the margin to be slightly weaker. But it is an investment, which will turn out to be a very good investment with a very high return going forward, when you see a much higher growth in terms of the branded apparel, revenue growth, as well as the profitability growth.
- Madhavendra:** Okay. And sir, the other question is, let's assume that the US-India trade deal don't go through for next two, three quarters also. So, do you think more pressure in the garmenting division or you expect this to remain as it's going through right now?
- Amit Agarwal:** No, I think one, obviously, none of us want that to continue for two, three quarters, because it has a significant impact. And you know, textile is the largest employer in the country. And it is the whole supply chain, right from the cotton production, and conversion, garment, yarn, everything. So, it's a massive impact in terms of employment.
- But on the other hand, for us, at a narrow basis, what we have started to do is started to get out to more domestic customers, some of the domestic customers we have started to make, as well as we have started to go to even smaller customers who give orders to the tune of 5,000, 10,000 pieces, which we were not prepared to take earlier, where we were getting from the US more like a 40,000, 50,000 pieces order.
- So, I think that is a journey which we are on. So, it will be a little bit more, what you call, a difficult task to comply with smaller orders. But if that being the case, so be it, we have to go out and do such orders.

- S.L. Pokharna:** And we are successful in getting domestic orders, that's the point. So, capacity utilization is full and better going to be in the near future.
- Moderator:** Thank you. Ladies and gentlemen, anyone who wishes to ask a question, press star and 1 on the telephone. Our next question comes from the line of Portugal Das an Individual Investor, please go ahead.
- Portugal Das:** Thank you for the opportunity. So, Amit, can you just explain like, what kind of benefits are we seeing from currency depreciation? Because over the past year, there has been very significant currency depreciation, even euro or pound or even the dollar. And also given that we import wool from Australia. So, how is that differential playing out? Because we also have imports of wool. So, can you please explain this?
- Amit Agarwal:** Yes. So, it's a real mixed bag and it's a good one. Because what has happened is, if I take the raw material side, I'm sure you are aware that Australian wool in terms of the commodity has increased the price by almost 30% over the last four months, as well as the currency, Australian currency has vis-a-vis rupee has been consistently appreciating. So, there is a huge negative impact on account of that.
- As far as the rupee and US dollar and euro is concerned, clearly, we have got the benefit. But our exports, as I said, had it been the full normal business without the US tariff, I think it would have given a substantial gain in our garmenting business, and we would have seen the benefits going through. But it got really majorly offsetted because of the lack of volume and lack of gross margin. So, that is unfortunately the reason for this year's garmenting business, though it is an export driven business, not doing well.
- Portugal Das:** Okay. Yes, that helps. And what kind of peak revenues can we generate using the current garmenting capacity that we have both in India and Ethiopia? Like, if you can just give a ballpark number.
- Amit Agarwal:** Can you repeat the question? I couldn't follow your question.
- Portugal Das:** What kind of peak revenues can we generate in the garmenting division, given the capacity that we have both in India and Ethiopia?
- Amit Agarwal:** I think comfortably, you see, we have expanded the capacity in Indupur, which you recall, we have been speaking about. We have invested decently on that facility. We have added 10 lines there. So, I think overall, from a current context, at least 50% more revenue can be garnered from the same capacity, which is available today. Okay.
- Portugal Das:** Thank you. Thank you and all the best. Thank you.
- Moderator:** Since there are no further question from the participants? I would like to hand the conference over to the management for the closing comments. Thank you. And over to you sir.

- Satyaki Ghosh:** Thank you for all your participation and interest in our organization. The first question had come to me, but Amitji and Pokarnaji have really tried and given very good answers. Next quarter, I'll try to come back to you with my thoughts and try to answer your question. But thank you very much for participation from all of our side at Raymond Lifestyle Limited. Thank you.
- S.L. Pokharna:** Thank you, everybody. Thank you very much.
- Moderator:** Thank you so much, sir. On behalf of Motilal Oswal Financial Services, that concludes this conference. Thank you for joining us and you may now disconnect your lines.