(Formerly known as Raymond Consumer Care Limited)

RLL/SE/24-25/34

February 06, 2025

To

The Department of Corporate Services - CRD
BSE Limited
P.J. Towers, Dalal Street
Mumbai - 400 001
Scrip Code: 544240

The National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Bandra-Kurla Complex
Bandra (East), Mumbai - 400 051
Symbol: RAYMONDLSL

Dear Sir/Madam,

Sub: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Conference Call Transcript

Please find enclosed transcript of the conference call held on January 31, 2025, with respect to the financial results of Raymond Lifestyle Limited for the third quarter and nine months ended December 31, 2024.

The transcript has also been uploaded on the Company's website (www.raymondlifestyle.com)

This is for your information and records.

Thanking you.

Yours faithfully,
For **Raymond Lifestyle Limited**

Priti Alkari
Company Secretary

Encl.: A/a

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"Raymond Lifestyle Limited

Q3 FY '25 Earnings Conference Call"

January 31, 2025

MANAGEMENT:	**MR. AMIT AGARWAL – GROUP CHIEF FINANCIAL OFFICER – RAYMOND LIFESTYLE LIMITED** **MR. SUNIL KATARIA – CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR – RAYMOND LIFESTYLE LIMITED** **MR. SAMEER SHAH – CHIEF FINANCIAL OFFICER – RAYMOND LIFESTYLE LIMITED** **MR. SUNNY DESA – HEAD IR – RAYMOND LIFESTYLE LIMITED**
MODERATOR:	**MR. ABHIJEET KUNDU – ANTIQUE STOCK BROKING LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Raymond Lifestyle Ltd Q3FY25 Earnings Conference Call hosted by Antique Stock Broking Ltd. 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 and 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. Thank you and over to you.

Abhijeet Kundu: Thank you. On behalf of Antique Stock Broking, I would like to welcome all the participants in the Q3 FY25 conference call of Raymond Lifestyle Ltd. Today we have with us from Senior Management of Raymond Lifestyle Ltd, Mr. Amit Agarwal, Group CFO, Mr. Sunil Kataria, MD, Mr. Sameer Shah, Chief Financial Officer, Mr. Jatin Khanna, Head of Corporate Development and Mr. Sunny Desa, Head, Investor Relations.

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

Sunil Kataria: Good evening everyone. Thank you, Abhijeet. And first of all, a warm welcome to all the participants in the call today and thank you for joining us for the Q3 FY25 results conference call.

At the outset, I would like to also wish all of you a very happy New Year and to your families as well. I hope all of you have got an opportunity to go through our financial results and the investor presentation which have been uploaded on the Stock Exchange as well as the company's website.

Now, before I start my discussion on our third quarter fiscal 25 performance, I would like to provide a brief update on the macroeconomic conditions as we saw it.

As we enter the third quarter of FY25, the Indian economy continues to demonstrate resilience despite economic uncertainties. As we all know, India's GDP is projected to remain at around 6.5% which is a little lower than what we thought in the beginning of the year. However, consumer spending continues to remain weak which is an important trend and this trend continued in this quarter.

Lower capex and persistent high inflation have significantly impacted discretionary spending as households prioritize essential goods and services over non-essential items. One of the factors that we have seen impacting this whole thing is the CPI which the consumer price index has remained elevated continuously and the food inflation continues to be sticky.

Now, I will talk about the performance highlights. Our revenue was slightly higher over last year by 2% in this quarter at INR1796 crores. The global economy has faced significant headwinds including fluctuating commodity prices, supply chain disruptions and varying consumer demand

patterns. In the light of these challenges, it is a testament to our business model and the strength of our brand. Our EBITDA at INR221 crores with an EBITDA margin of 12.3% was lower as compared to the same quarter last year mainly due to weak consumer demand, scale deleverage, upfront investments in retail storage expansion and advertising and an adverse segment mix.

Now, I will come to some of the segmental performance highlights. The branded textile segment revenue declined to INR856 crores which was a decline of 6% in this quarter as compared to INR909 crores in the third quarter of fiscal year 2024. This was predominantly on account of a weak customer's demand. The segment EBITDA margin was at 18% in Q3 FY25 as compared to 21.6% in Q3 FY24. And again, the impact primarily that is shown through is the scale deleverage.

The branded apparel segment revenues were higher by 5% at INR458 crores compared to INR437 crores last year in the same quarter. This performance was on account of rollout of new range of product launches and a sustained investment behind brand building and marketing in this quarter.

Our strategy remains focused on expanding our distribution network with an emphasis on premiumization, casualization and strong brand building. We also continue to expand into adjacent categories and one of which has been Ethnix by Raymond which we started around 2 years back and the newly launched SleepZ by Raymond which got rolled out a quarter back.

In order to complete the product shoot of 'The Complete Man', in this quarter towards the latter part and I would say towards the real end of December, we have also entered into the innerwear category with a launch of Park Avenue Men's Innerwear. With this, we will be entering the core Innerwear category and this will be a new range which is made with trendy design and very differentiated new age fabrics and product constructions. This is positioned in mass premium to premium segment in terms of pricing and it keeps consumer style, fashion and functionality in mind.

The branded apparel segment delivered an EBITDA margin of 9.6% versus 13.9% in the same quarter of the last year and this was led by upfront investments in retail store expansion and advertising spends.

During this quarter, we have opened 61 new stores, including 14 stores of Ethnix by Raymond in this 61. As we stand, Ethnix by Raymond now has 143 operational stores. The total retail network now stands at 1653 stores spread across 600 plus towns and cities of India on 31st December. Further, we also opened 5 new made-to-measure outlets taking the total to 51 stores to cater to the needs of the new aspirational consumer.

Coming now to the garmenting segment. During the quarter we reported a revenue of INR309 crores in Q3 FY25 as compared to INR261 crores in the same quarter previous year. During the quarter EBITDA margin was at 7.8% as compared to 11.3% reported in the previous year.

The EBITDA performance in this quarter was impacted on account of product mix due to addition of over 15 new clients across key markets including the US, UK and Europe, some

higher freight costs on account of the Red Sea crisis and the incremental cost of blue-collar manpower training as a result of capacity expansion.

Our vertically integrated supply chain, which enables seamless conversion from fabric to garment, continues to provide us with a distinct advantage in the market. This integration supports our growth ambitions and positions us as a unique player within this industry. We are currently expanding our capacity, a move that will significantly bolster our global standing. Once this expansion is complete, we expect to become the third largest suit maker worldwide, paving the way for further growth and customer acquisition.

Coming to the high-value cotton shirting segment, the revenue declined by 6% to INR201 crores compared to INR214 crores in the previous year. The EBITDA margin for the quarter stood at 10.3%.

On the balance sheet front, we have reclaimed our net debt free position with a net cash of INR61 crores as of Q3 FY25. The net working capital stands at 89 days which is INR1,553 crores in December '24 versus 97 days INR1,692 crores in September '24. This decrease is mainly due to reduction in trade receivables and good inventory control. We remain focused on optimizing our net working capital further.

Our brand today, engages with approximately 12 million customers daily through our diverse product offerings. We are continuously expanding our range to provide a comprehensive suite of products embodying the essence of 'The Complete Man'. Our primary objective remains to establish a long-term sustainable business by continued investments in our retail store expansion, product innovation and marketing.

Looking ahead on the outlook. We expect a gradual recovery in demand, as we have observed a positive start in both our textile and apparel bookings for next year. We will be back to the growth trajectory clearly in FY26 and we continue to build on our initiatives to deliver sustainable growth and value to our stakeholders. We appreciate your continued support and engagement as we navigate the opportunities ahead.

Thank you once again for joining us today and we look forward to addressing any queries that you may have.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question and answer session. We have the first question from the line of Mohit Khanna from Purnartha Investment. Please go ahead.

Mohit Khanna: Good evening guys. I just have a question, regarding what is a sustainable range of EBITDA margins that you would look at, when all the expansion related costs are over? Secondly, if we have to think about the future growth, what are the segments where we should think about because right now it seems that high value shirting or even branded textile have come down while the garmenting continues to grow strongly?

Sunil Kataria: Thank you Mohit. First of all, I think the answer to the first question is, we clearly see a sustainable EBITDA margin of around 15% odd for us, once the whole retail expansion is

stabilized and that we are pretty confident. We have been pretty close to that even the last year and we do not see any challenge in reaching that level on a sustainable basis.

Regarding your second question, I think the growth segments very clearly for us remain to be as we had earlier mentioned also that our strategy is threefold and we do not see any deviation to our core strategy. And the strategy is there is a core segment of fabrics or branded textile as we call it which we clearly see that we will nurture that and that will be something which will be giving us good EBITDA margins, while it will be slower on the growth and we will keep on doing through premiumization there.

The second part are the two critical growth categories for us, three critical growth categories for us which is branded apparel, ethnics and garmenting and we are very confident that these categories where we are doing investments, once these little headwinds of the economy settle down which is something which we are seeing across right now urban discretionary spending, that model remains true where we are headed and that will be a strong growth category for us.

And third as we have always mentioned, that we are in a phase of investment behind new adjacencies and that is a phase which I expect will continue for our next couple of year to 3 years, 2-3 years and those are entering to new categories and new categories will take more time to build. But they will give us multiplier growth.

And these two categories which we have immediately entered are, one is sleepwear which is just 3 months old and innerwear which is just a couple of weeks old. And these are two really clearly are the ones which we believe can give us some new vectors of growth. As we go forward we may see more vectors but right now I think this itself is a handful for us and this is where we see growth model emerging for us.

Mohit Khanna: Right, just a follow up on that one. So EBITDA margins are down to 12.3%, so do you see a gradual recovery from here on or do you see we have a bottom to be made before we start increasing our margins? And what is the timeline when you would like to achieve the 15% EBITDA margins?

Sunil Kataria: Yes, so first of all, I think, we can see recovery happening from here clearly because I think this was a mix of as we talked about weak consumption demand, scale deleverages and upfront investments happening across the business. So we will start seeing a gradual recovery happening clearly on EBITDA margins and I think we will see the full recovery happening in FY26.

Mohit Khanna: Thank you, I will get back in the queue.

Moderator: Thank you. We have the next question from Vicky Punjabi from UTI Mutual Funds. Please go ahead.

Vicky Punjabi: Hi, thanks for taking my question. Just quickly, while I understand the cost of ramping up a factory but this quarter, I think, even the gross margin was well under pressure. Can you help me, help explain as to why, I mean, was there any discounting or incremental promotional expenses that impacted the GMs during this quarter?

Sunil Kataria: You are talking about the overall gross margin or you are talking about the garmenting segment?

Vicky Punjabi: Overall.

Sunil Kataria: Okay, so if you see primarily the reason for overall gross margin decline was the scale deleverage. Our business, if you see, there has been a scale deleverage which has happened and with certain costs which are fixed in our model, this leads to a gross margin depletion. That is one thing which happens.

Second big impact which has happened in this quarter, is the area of garmenting and that is where which also has contributed its bit to the gross margin decline. There I would like to tell you there is a bit of a strategy which is playing out for us, that as we are expanding and going for growth in garmenting, there is one piece which is we are consciously making a choice is new customer acquisition because we are expanding to new geographies or for example US will be roughly around 50% of our market and we have started expanding to Europe. I mean we are trying to increase our shares in the UK.

As a result of that we are actually acquiring new customers of very different kind but in the premium end of the market. For example, some of them could be PVS, some of them could be Tommy etc. Now these people as we get into any new customer, the entry point into new customer happens with a segment which are for example shirts and then over a period of maybe a 12-month period, as the confidence in the relationship gets built, as your benchmarks get set, you start moving up the assortment in the product ladder moving towards jackets and then suits.

And that is one piece which is consciously started, has played out for us that we have got new customers, we started doing new customer acquisition and that is where the play of mix in garmenting got affected. But this is not sudden or this was not as if we have got taken aback by this. This is consciously a choice which we made.

This quarter also had an adverse sales mix of the sales decline which happened in textiles. And if you see between the entire segmental mix of our organization, textile has one of the high gross margins. So once scale deleverage happens in our branded textile business, a segmental mix impact also comes into place and that is also the factor which has happened.

So I think these are the two to three broad reasons which are led to this.

Vicky Punjabi: Yes, but nothing related to the increase in promotion intensity just because the growth was challenged during the quarter?

Sunil Kataria: No, nothing. We have not done any extra discounting or anything like that.

Vicky Punjabi: Okay. And just to understand the impact of growth because for this quarter the growth even relative to -- as I understand the consumption environment was difficult, the growth relative to peers also looks very subdued. Any thoughts on what were the reasons and how do we change that going forward?

Sunil Kataria: So in fact one thing which I would like to point out that our overall secondaries have shown a very positive trend. And what happens in our business also is that people, normally the way the trade behaves is that they do bookings for us, let's say in the quarter of July etc. And then since what happened was that the booking started in July and then the first half was slower, then they wait till the secondaries get over and they become a little cautious.

Our secondary numbers of this quarter were pretty healthy and that is something which has given us a lot of confidence. I think it's a matter of time and because the trade is a little cautious given the urban spending discretionary trend which is playing out, I think that is something which shows to you in a bit of a primary etc.

At the same time I want to point out one thing that we are right now seeing bookings in all the three segments which is suiting, shirting and fabrics as well as our apparel booking for the next year autumn winter season which begins. And they are currently underway or kind of finishing. And there is a pretty positive trend that we are seeing among all these three bookings which will play out for us in FY26.

And this is an early green shoot sign that we are seeing in our bookings which were very different last year. So I think this is something as a trend that is along with our good improved tertiary and secondary sales, along with these bookings that are happening, I think this tells us that FY26 will be a growth year for us.

Vicky Punjabi: Sure, thanks. And just last one, while we are kind of confident about that 15% margin, if you can help me understand the bridge because if I look at the growth categories, textiles would rank the lower in terms of growth categories. So the other growth categories have lower margins. So by the basic nature of the mix, it would be difficult, I mean it should be difficult for us to ideally reach the levels of margin that we have seen historically. So any thoughts on what would be the pathway to this mid-teens margin?

Sunil Kataria: See, we have always maintained this, that a mix of this would be that our branded textile business will drive the EBITDA margins which would be in the range of around 20% to 21% kind of margin which we had maintained till now, till a couple of quarter back. And that is a margin which we have actually, if you see, increased over the last 2 years pretty substantially and we are pretty confident of holding on to 20%-21% kind of a steady state there.

Secondly, apparel also. In fact, I want to point out in apparel, the primary shift that you see in this quarter because we have invested substantially behind advertising in branded apparel as we had called out at the beginning of the year. And that is a double-digit jump in the advertising spend that we are doing. And we also see over a period of time apparel EBITDA margin to be also settling down in the range of around 13% to 14% over a period of time.

So if you see, that business is settled down at that level. Branded textiles would be, as I said, 21% to 28% odd and then our garmenting business also because there is a strategy playing out will come back to a double-digit EBITDA margin. And I think this mix as a blended will give us a 15% which is the model where we are following and which we are pretty confident of.

Vicky Punjabi: Okay. Sure. Thank you.

Moderator: Thank you. We have the next question from the line of Anuj Jain from Globe Capital. Please go ahead.

Anuj Jain: Good evening, sir. I just want to understand, in the last conference that happened in the first week of November. So I think it was due to festive demand which was in the third quarter from October till December. All the festivals and the marriage season and everything. We were looking at pretty healthy demand. It was in the start October and first week of November.

And suddenly what happened, in the demand afterwards that we are seeing on ground demand is not that good, it's pretty tough? I just want to understand what has changed in the first month and then in November and December suddenly things have changed. What is your take?

Sunil Kataria: So if I understood your question is, that did anything change between the first part of the quarter and second quarter? Is that what you are saying?

Anuj Jain: No, no. In the month of November first week when we had our conference call of the second quarter, we were looking at a pretty healthy demand for the festive season as well as, you know, marriages. So October was we were looking at pretty healthy demand and suddenly things changed in the month of November and December. So can you just help me out? What is actually happening on the ground?

Sunil Kataria: Like I pointed out, one pretty good sign for us is that our secondaries have been very healthy. So that is across all the segments that we have seen a good secondary flow, which is clearly the theme that played out on the wedding side. So that is one piece.

Secondly, at the same time, the wedding season, one piece we have to see is that this time in a way, in its own good way, the wedding season is a staggered season. Unlike being concentrated in 60 days, it is spread out over 100 or 120 days or 4 months. So the secondaries or the wedding season will be a prolonged one. So one is our secondary trend has been positive. B, the wedding season is staggered. Third, I would at the same time say there is definitely some counter effect which is happening in the market of this urban discretionary spend, which may have played its role in wedding not being as bullish in terms of spend as it would have otherwise. So I think one may be macro factor which is playing out. But I think the other two part is, internally, secondaries are pretty healthy. And the second is, it's a staggered wedding season.

Anuj Jain: Okay. Thanks. That was from my side. Thank you.

Moderator: Thank you. We have the next question from the line of Mithun Aswath from Kivah Advisors. Please go ahead.

Mithun Aswath: I just wanted to understand, since you already have some established brand. And you need to still establish scale in some of them. Is there actually a need to get into these adjacencies for growth or rather focus on where you're strong and continue to deepen there? That was the first question.

And the second question is, despite this ramp up in the number of stores, the revenues are not coming. So would it be better for you to calibrate the growth, looking at how demand actually pans out, so that you would still continue to be profitable? I just wanted your thoughts on that.

Sunil Kataria: Well, thank you for the question. I think the first one is a pretty interesting strategy question, which we had also tried to answer during our earlier investor calls. See, we are playing out currently what is a 3 to 5-year strategy. And I think we should not get deterred only by a few quarters of overall weak sentiment in the market playing out.

So what is our long-term strategy, And it's a fair question that you're asking. Is that, how do you overall balance between growth and core segments. So we said, we are actually looking at two major areas of growth. One is our growth segments of branded apparel and garmenting and ethnics. Or I would say branded apparel and garmenting as a real core group. Ethnics, I would put under the new adjacency.

Now, the three new adjacencies that we're talking of is really ethnics, sleepwear and innerwear. Now, very clearly, if you see, the middle two segments of branded apparel and garmenting will give us good, strong growth. And that we're pretty confident. But at the same time, you need multipliers. And that multiplier has to be obviously where you get in if you have a right to win.

Now, clearly, Ethnix by Raymond, ethnic segment in India is on a trajectory because there's a fundamental shift happening in India. The wedding's nature is changing. The weddings have become from 2 days to 5 days. In that, out of 5 days, 3 days, people are going to wear ethnic wear. And given the way we have been a wedding brand, it's a fundamental shift that we also need to go and take. And because we also have a right to win.

So there's no debate in our mind that that journey stays. Because if we have to keep up with the wedding segment and the wedding needs of the Indian men, those 5 days have to be dominated by us. So that justifies the need itself. The second is, as we mentioned last time in sleepwear, we're a brand for 'The Complete Man'. This is a completely different strategy of democratizing a completely unbranded market. Just three months into it, honestly.

It's not that we are spending huge, crazy monies also there. But we clearly see a huge right to win on the basis of price and product disruption. So we believe that's a clear right to win for us. The question can be asked, okay, why innerwear?

Now, innerwear, as we've always maintained, we don't see a disruption being done by us there. It is an adjacency where we will not do very large scale investments. But we see that we have opportunity to grow because, A, we have our own Raymond stores, which are thousand stores, which today do not have an innerwear segment. The same customer walks in there, they'll just pick up. It increases my SPSF.

I have got Park Avenue stores of roughly 150 right now, which will become, over a period of time, maybe 200. That gives me a space. We will invest a little bit in that. We'll invest definitely behind the top-end MBO outlets. So none of these are the ones where we don't see either a very clear right to win or a need to be. And these are the categories of the future which will give us multipliers.

Two middle categories, as I talked, branded, garmenting will give us steady growth. And one thing on the core category we have to acknowledge is that branded textiles will not be a double-digit growth segment. And hence, these two others will offset the growth, while branded textiles, along with our two growth categories, will give us EBITDA margins.

Mithun Aswath: I'm just trying to understand how you could get top-line growth quicker because you have several brands in your table. And some of them may have kind of become a little old or they may need to be renewed. Like, say, Color Plus was an excellent brand at one point, but I'm not sure where it is right now in the scheme of things. So I'm just trying to understand, is there any one area where you could see very fast growth? Because ethnics as well will be a seasonal affair. Something where there's actually a pull factor for people to come and purchase.

Sunil Kataria: Yes, I think it's a very good question. And I think one of the pieces, let me talk to you, since you're asking this question specifically within our four brands in branded apparel. So we clearly see there are a couple of low-hanging fruits and where we're seeing already pretty good signs of good, strong double-digit, like-to-like growth also happening in some of these vectors.

Like one brand which I think is the most low-hanging fruit of ours is Raymond Ready to Wear. This is maybe a business within the branded apparel piece. While Raymond is obviously, we are known, we are ingrained in everybody's mind in the ready-to-stitch segment. A couple of years back, we were just 35 stores of Raymond Ready to Wear. Today, we are close to 100, which we believe still is not the threshold.

Now, the moment Raymond enters into Ready to Wear, we have seen all our Raymond Ready to Wear stores are doing very well right now. And people get surprised that Raymond also has Ready to Wear. And that's something which they're discovering now.

And one of the reasons for doing this whole advertising spend is because you're right, we want to go and invest behind three brands in branded apparel. One is Raymond Ready to Wear, where the task is very clearly, get distribution reach to people, make them aware that Raymond has Ready to Wear. The moment we do that, the task is done.

We have launched ceremonial suits and jackets in that. A very exceptional response we're getting. And I said, this brand is clearly seeing very different LTL compared to any other brand right now.

The other task, which you clearly mentioned, is we are in the middle of refreshing ColorPlus, an iconic brand which defined the tone of the market. I think this is a brand which requires a little bit of a trajectory change. And one of the pieces, if you go to any ColorPlus stores, maybe over the next 3 months or so, you'll find, A, the new identity has started coming into place. That's taking an investment. We're making the whole look fresh and completely sporty.

Second is, we have rolled out new collections from SS25, further changing in AW26, which is next year AW26, what we call it. And that's where we'll see a different ColorPlus also emerging.

Park Avenue, the new retail identity, is already rolled out. And today, in our own stores, Park Avenue is becoming a hybrid brand of both formal and casual. And while I cannot disclose a

certain number because of competitive reasons, the casual salience of Park Avenue has already started shifting within our own stores. And obviously, I can't give a number because it's competitive.

So, all these 3 strategies are panning out. Raymond Ready to Wear, Park Avenue, and ColorPlus. And these are 3 focus brands, where we don't believe that we obviously need to invest in the scale of ethnics. And they are not seasonal in nature at all.

Mithun Aswath: Sure, sir. Thank you.

Moderator: Thank you. We have the next question from Naitik from NV Alpha Fund. Please go ahead.

Naitik: Hi, sir. Thanks for taking my question. My question is regarding branded textile. Now, we have seen almost 3 consecutive quarters where we have seen degrowth in this segment. Now, even the smaller peers in this segment have seen some sort of growth. You know, if I look at 9-month number, 9-month to 9-month. So, I sort of want to understand why is this happening? Because I still don't understand. In a quarter where wedding days are higher compared to last year's same quarter, we still seen degrowth. So, is it because there was a larger inventory in the system or what exactly is happening?

Sunil Kataria: So, I think 3 points on this. First of all, our scale is maybe 50, 30, 40 times on this. So, you understand when the scale is such large, the percentage growth is, 100% growth on a 2,000-crores brands are very different. So, that scale does play out both ways. It plays out positively. It also plays out when the market conditions get tougher. That's one.

The second piece is as I said our channel tries to pick up bookings in advance. And then they wait for the seasons to kick in and the primaries to get cleared over a period of time, the bookings to get cleared. Our secondaries in this quarter across all segments have been pretty healthy. And that is something which is the one thing which is very positively played out for us.

And what we expect is that over a period of time now, it should translate into again positive bookings, positive growth for us in the bookings. And as I mentioned somewhere earlier in the call also that we are in the middle of three bookings right now are both branded fabric segment bookings and an apparel next year AW booking. And all the three bookings have started off on a positive note. So, I think it's a matter of the play out which is happening right now in terms of secondary growth being healthy and then transitive bookings.

I think that's the only difference. Otherwise, I don't see anything else of whether we have lost out to anyone, whether there is any market share loss nothing of that sort. And we track that pretty closely. And we have seen these things also in the past it just shifts over a period of two quarters and then it plays out. And as I again said, one of the biggest positive signs for us which we are pretty happy, which will translate for us in FY26 is what we are experiencing in the currently ongoing bookings.

Naitik: So can you give the number in terms of growth, in terms of bookings that you are seeing year over year, so that we get some sort of sense?

Sunil Kataria: This is completely confidential data. Two reasons, it's completely competitive. B, we are right on the middle of it. I mean, this is a difficult data to share, but we have, I can tell you this has given us a very, very good comfort, the kind of growth that we are seeing in it which will play out for us in FY26. And there's a clear shift which has happened from if you had asked to me maybe around 6 months, 8 months back when we were talking about different kind of a booking, panning out in maybe AW24. Now I think SS25 and AW25 for apparel are playing out differently. So, it's good growth and I think that gives a hell of a lot of comfort.

Naitik: Got it, sir. So, my question is, again, on the branded textile margins, how confident are we of doing 20% plus margins? Because from what my understanding is we have done 20% plus margins in this segment for 1 year or 2 years in the past, but not more than that. So, how confident are we about doing 20% plus margins?

Sunil Kataria: Okay. If you ask me for any segment, if wxe have the confidence most, this is this one. Other segments will have their own plays. You can do some very like I can be very honest in branded apparel, I may take calls of doing some very disruptive advertising spend for a few years and we'll call it out. This is a place where we have the strength and we're pretty confident that we will retain this 20% to 21% margin. I mean, one or two quarters here and there, scale de-leverage has happened, but this is pretty much where we think we have stabilized. We have that. The moment our scale comes back this just goes through for us. Secondly, also one more piece which we have taken a conscious choice in the last 6 months because of the weak market sentiment is. We also have the ability to take and we do tend to take 1% to 2% price increases every year in a branded textile segment.

This time because of the weak market we started a year back, we have taken a conscious choice not to do that price increase because the market sentiment has been tough. We said okay we'll postpone price increases which otherwise by and large you do and 1% to 2% is nothing, especially consumer inflation in the range of 5% to 6%. So that's something which we have held back.

So that also is a conscious choice we've done. And the third is the bookings, when we always do the bookings, there is one piece which plays out in bookings is that our bookings always happen at a premium end of the segment. Most of these bookings will give us a premium mix because the trade comes, dealers come and they choose it's a kind of a trade show which happens, they actually choose all the premium designs, the product innovation is there and once bookings become healthy, it also ultimately shifts your product mix towards premium segments. So that also is if this plays out well what is going right now. So I think this premium bookings mix coming back, conscious choice to not take price increase which if economies start bouncing on next year we'll definitely play that out. And scale coming back this is a pretty confident place to be, that in FY26 we should be back to this number of 20%, 21%.

Naitik: Got it. Now my next question is on the branded apparel segment. I just wanted to get some sense on in terms of growth, how are you seeing growth in the newer categories versus the older established brands like Park Avenue, etcetera. If you could just give some color on how is the growth between these two categories separately?

Sunil Kataria: So when you say new categories like, for example, see the new categories are scaling up. So whether it is ethnics, whether it's innerwear in a way it's too early to talk, it's just a couple of weeks we are just still not hit the market fully sleepwear scaling up. So I think - I will talk about a period of next four to five quarters if I were to give that kind of direction. Clearly, I see in the newer categories, the scale will build up. And they will obviously in terms of percentage growth, will be multipliers. So that will happen. They will be investment mode also for the next 2 years to 3 years.

In terms of our branded apparel, very clearly we are very clearly seeing that we are going to be continuously investing in brand building. As I told you one question which was there earlier that we are clearly seeing there are some real low-hanging jewels in our system like Raymond ready-to-wear, the Park Avenue ColorPlus they all three are going to play out differently. I believe Raymond ready-to-wear matter of a scaling outlet so that we get at least a reach, the brand is so well-known we just need to tell people it's in ready-to-wear.

ColorPlus the trajectory change happening, a shift happening will take some time, but a brand which has a hell of a lot of power. And Park Avenue, I think the transition has already happened for us. It's a matter of just staying the course. So these brands will continue to give us steady growth. Our LTL seems to be pretty okay. Right now even in a tough market condition and the other brands the bases are small, they will give us multipliers.

Naitik: So, sir, the 5% growth that we have seen in this segment year over year, if you could just break it down to how much have we seen the growth coming from the older established brands versus the newer categories that would give me a better sense of this?

Sunil Kataria: Yes again see this will become a pretty much giving the information around what exactly is scale of each of the segments, but I can tell you we have seen a pretty mid-single-digit kind of LTLs across our stable brands. And the new brands are scaling up. In this I can say one thing. For example, Ethnics is a brand which has been 2 years into the making right now. We are going to be crossing 100 odd crores threshold level this year on Ethnics.

So that is something which clearly is the testimony to the proof of concept on Ethnics brand. For example, that is one of the new segments which I can talk of. Others are too early, Sleepwear as I said 3 months and 3 weeks kind of thing. So Ethnics will cross 100 crores. Clearly proof of concept established. Products very well established. Stores experience established. So clearly we see a trajectory building up there as well in Ethnics.

Naitik: Got it. Thanks. That was very helpful.

Moderator: Thank you. We have the next question from the line of Komal from K Investments. Please go ahead.

Komal: Thanks for the opportunity. Specific question related to PAT. What are we targeting in terms of PAT number next year?

Sameer Shah: Hi, this is Sameer here. I mean, we don't give any forward-looking guidance, but as Sunil mentioned that next year FY26, we are looking at strong growth. So we should see kind of a much better PAT definitely as compared to current year.

Komal: No, that we know because before demerger we were having INR475 crores of PAT and after demerger the other expenses have gotten up. And they were one off which was not expected. So can you give in a definitive terms that what are we exactly, I mean, are we going to cross INR475 crores next year or it will take some of the longer time?

And can you also briefly explain why other expenses have gotten up? I mean, it is because of brand whatever we are trying to build, it is in gestation period or these two?

Sameer Shah: Yes, I think couple of things. One is again we would shy from very specific numerical guidance in terms of PAT. In terms of other expenses, I think there are multiple reasons. One is we had increase in advertisement kind of expenses.

Komal: So this run rate is going to be there forward, I mean INR300 odd crores for a quarter. That is what I am trying to say?

Sameer Shah: There are multiple factors. What I was saying is there will be increase in advertisement expenses, which is what is the case current year. There will be NSO-led kind of expense increase, especially on employment and so on and so forth. So all those growth-led expenses will continue going ahead, but we will again I mean, see a strong FY26 as mentioned earlier.

Komal: Then what can be the EBITDA margin for FY26 consolidated some definitive number I would say?

Sunil Kataria: Okay. You are basically asking us have you done your annual operating plan. Can you share this honestly. We are obviously in the middle of working on this. But as you said, we are pretty confident over a period of couple of years, we will reach 15% EBITDA margin. That is something where we have been and that model will stay the course. And next year would be a pretty different piece playing out for us, but I think you can keep a number of 15% odd in mind that is where we are headed.

Komal: For next year, right?

Sunil Kataria: Nobody can predict whether it's 1 year, but yes, that's where we'll attempt. That will go.

Komal: Okay, sir. All the best.

Moderator: Thank you. We have the next question from the line of Sanjay Parekh from Sohum Asset Managers. Please go ahead.

Sanjay Parekh: With regards to few micro questions only, but one is this I was a little intrigue that Q2 is normally a lull quarter. Q3 is supposed to be better. But when I see Q3 turnover it's INR 1796 crores versus INR 1735 which is just INR60 crores or so. So normally when the seasonal pickup should happen, it's not reflected. So while you all have discussed it in the call about the secondaries and

primaries, but do you think somewhere we are losing out on market share or internal analysis? That's the first question.

Sunil Kataria: So the first question very clearly, I think I've been talking about this whole theme of that we have this whole thing that we tend to do bookings in towards the early part of the year, the first half of the year. And then it trends to play out as the market picks up through secondaries. So one thing there's a very sharp difference in our secondaries of this quarter versus previous quarter.

So that's clearly a trend which has played out. Because the question which you are really asking is has the consumer off-takes played out differently between the two quarters and that has definitely started playing out. At the same time, I'll tell you one background context which everybody is calling out is that while the wedding season has been pretty decent. There is definitely a little headwind which is playing out a counter effect which is nobody can deny that, is there's an urban discretionary spend pressure which is a countervailing factor, but between the two quarters, our secondaries have played out very healthy and very positively. What this is going to lead to is, how does it lead to our bookings in this coming season and that is again a trend which is now visible to us. That earlier, the trade had taken bookings. Since the first half was bad, we were sitting on certain inventories. Secondaries happened. Secondaries clearly played out differently. Now it is going to translate into bookings and the first signs of the bookings for the next year are looking positive. So I think that's how it's played out.

Sanjay Parekh: Okay. And the second thing is one is the cost. So, I mean, one is the gross margins which is - there is nothing to do with leverage, but generally there is scope for improvement with the other costs which even my other colleagues addressed, there given that we have a tough environment, can we have more control on costs without compromising on your investments in the future for growth? So if there is scope, that could in a tough environment, it can really help. So there when I see the other costs at 30%, it's pretty high. So compared to peers. So they're just an observation. If you can do something on that cost control and cost reduction and your comments, if there are any. And then there's one more small question and then I'm done?

Sunil Kataria: Okay. Thank you for the point and observation. So I think one thing we can assure you and this is something which we are very, very conscious about. In fact, we have a project called Project Pi running consistently in our organization which leads to a very micro every function, threadbare projects identification for improving cost efficiencies and operating efficiencies. And that has contributed in this year also significantly.

I think the three countervailing factors which have happened for us which maybe would have not fully mitigated the impact of a weak environment is that we are not budging away for investment behind A brand building. B, we have – we were very, very below threshold levels in stores, as we talked about even a year back. So we are basically trying to reach threshold levels of stores. And that is something where the investment is happening.

And the third is there has been a little bit of international factors which we didn't anticipate, which have played out as red sea crisis leading to some small one-off freight increases. And then this whole thing that we have played out in terms of increasing capacity in garmenting and hence

at the same time recruiting people and training them. So some of these are upfront future investments which seem to have – which, if you see optically have counter-offset and not made our cost projects visible as such or the benefit of the cost project visible as such. So I think maybe two, three consistent upfront investments have played out at the same time that actually if the market may not have helped us. I think that is one maybe theme which has played out.

But rest assured, we look at every cost with a pretty much tooth comb and that – and given this whole environment we are doubling down further on that. But point fairly assumed we are on the same page as you.

Sanjay Parekh: Thank you very much. Last is we have a debt-free company, why the interest costs feel so high at INR54 crores?

Management: So the interest also actually breaks in rental expenses because as per the statutory P&L, the renters' expenses part of them sit in interest as well as in depreciation, but you are right. I mean, being a net cash company the delta interest is relatively on the lower side.

Sanjay Parekh: So what would be the rental part of this INR54 crores?

Management: So we have to look at both interest as well as depreciation. I mean it is overall piece and the rental expenses…

Sanjay Parekh: Which is residing in interest would be how much?

Management: The rentals residing in interest is close to around INR20 crores.

Sanjay Parekh: Yes because still it's INR34 crores. INR34 crores is pretty high for a net cash company. So can we see this coming down?

Management: But you have to also see it along with other income because what happens is there will be some kind of investments which gives us other income. And then there will be some borrowers which we'll have. Net-net, there would be a, you know, kind of arbitrage gain.

Sanjay Parekh: Okay. Because see in the other income, I mean, while I go through the results there is no presentation or other income is always others which is INR28 crores. So we always tend to have to find out that what is the other income, what is the operational other income and…

Management: Sorry in the statutory P&L you see the other income actually is moved up by close to around INR10 odd crores on a year-over-year basis.

Sanjay Parekh: Okay. Got it. And last one we had this analyst meet in Gujarat where we had a target of INR2200 crores on FY28 of EBITDA. Given where we are and we are not talking of quarter now, the long-term plan, do you think we're still on that target of INR2200 crores by FY28?

Sunil Kataria: First of all the long-term plans have to be kept in mind given a couple of market conditions. But I think our aspiration remains a course in that ballpark. I wouldn't say that it's exactly 28, but I think we definitely remain in the aspiration of reaching there, but maybe this could happen 12 months to 18 months later, given this because nobody saw at that time that India would get into

a suddenly like all companies talking of the headwinds earlier. First half was rural, headwinds were playing out in India for a year. Now we've suddenly seen a phenomenon of urban discrepancy coming under pressure. So I think long-term plan aspiration stays the course. Timing may change by 12 months to 18 months kind of thing.

Sanjay Parekh: Sure. Best of luck and thank you very much.

Moderator: Thank you. The next question is from the line of Devansh from Equentis Wealth Advisory. Please go ahead.

Devansh: Hi, sir. So my first question was on the line of apparel segment. So if you see it is the last quarter that we had was in the Q2. It's supposed to be seasonally weak. Still we have performed, we have given a PBIT loss on the apparel segment. Is it just because of the retail store expansion or is there anything to read on apart from that?

Sunil Kataria: So again I think one key difference in our model of apparel versus other is that we have a hybrid model in apparel where part of our retail channel like EBOs, etcetera are secondary led models. And then we have wholesale and trade channel with just primaries, which behave pretty much like our fabric model.

So we have this hybrid two model. Now what is clearly as I've again been talking about and which is at the core point of the quarter 3 for us is that our secondaries have been pretty healthy across every part of our retail channel. And that is something which is very different from what we saw in the first half of the year and which we're expecting and it's translated into secondaries.

Now, obviously, there's a certain part of our branded apparel channel which does bookings just like the fabric channel in the first half. Now, as secondaries happen they start playing out in the bookings towards the second part of the year which is, let's say, starting now. As we talked about that, that has that secondary lift-off that we've seen started translating into bookings for the next year.

Clearly, in the apparel business also where the bookings are currently underway, we are seeing pretty much very positive and good bookings happening from trade which are very different from what were the trade phenomena of booking, let's say, the first half of the year. So I think that shift is happening. Just remember one thing that in our branded apparel also, there's a hybrid model which does play which is part bookings and part retail optics, pure play, like our own stores.

Devansh: Okay. And how do we see January as a month, as you said there was a consumption was weak in the quarter 3, how are we seeing it in January month?

Sunil Kataria: I would say more of the same. I don't think there's any fundamentally shifted between December and January. I think it's been a mixed bag. There have been, I would say, weekends do tend to pick up. Then we've seen weekdays go a little slower. So I think some part of that urban discretionary spend is playing out.

I expect this honestly very difficult to predict. We are hoping the finance minister does some magic tomorrow to really give some more spur to this whole urban discretionary pressure that we are seeing or rather overall inflationary pressures on the food. I think those are some critical stimulus required, but I'm hopeful on that, but more of the same. But as I said one good part, I would say rather not about quarter 4, but actually about going forward beyond quarter 4 is that for us, what we are sensing from our trade partners, what we are sensing from our channel partners and what is reflecting in our booking this thing. These are guys who are the closest to the market, they read it better than anybody else because they're sitting out there. What we could sense from them 6 months back and in their bookings and what we are sensing from them now is pretty different kind of sign and that's on the positive side.

Devansh: Okay. And this booking and the branded textile segments too?

Sunil Kataria: Yes, that is in all the three segments that we do. I mean, two parts of our branded segment, textile and branded apparel, all three are underway looks good right now. Obviously, when I say good, let's see how it pans out over a period once it closes, but yes it is healthy. And I mean, it's in line with our expectations across.

Devansh: Okay, great. Thank you.

Moderator: Thank you. We have the next question from the line of Rahul Bharadwaj, an individual investor. Please go ahead.

Rahul Bharadwaj: Hi, thank you for the opportunity. I just want to put in one request to the management team. Would it be possible for us to include market share trajectory in our quarterly performance reports like for the different categories we have? It's our aspirational market share where we are currently how we are progressing quarter-on-quarter and what are the steps we are taking to get to our destination? Would this be possible going forward?

Sunil Kataria: Hi, Rahul. I think you're putting my wish list on the table honestly. If you ask me FMCG guy, all my life, lived on bread and butter of Nielsen month on month. So one thing honestly in this industry what I've seen, whether it's the retail industry which is pretty large on the retail channel side, very difficult to get market shares.

And fabric is a complex trade piece because it's led by bookings across. It has got multiple components like my own Raymond store which are 100% market shares because that's a captive channel for me. Then there are multi-brand outlets, which I can tell you where my own estimate is that I would be holding maybe 50%, 60% market shares.

And then there could be a third a very, very small retail what do you call it micro-retailer channel which nobody reaches and they go through wholesale. I've been also trying to see if there's any way to map it. As of now, not able to crack this one to be very honest. Is there a way to get some dipsticks, some samples done?

We are still trying to put our head around it. As of now, I don't have an answer whether I can give it to you right now, but there's a question which we would like to also solve. We've been debating some kind of dipsticks, some kind of panels. We'll see as and when we are able to put

it together. We'll definitely love to share this. Because more than sharing with you, it's a very good indicator for one's own self also.

Rahul Bharadwaj: Yes, it probably could also be a good exercise for some of the newer segments that we are starting. If you can give some color on who are the market leaders. So, aspirationally where is it that we want to be, if that's possible at least in the ethnic and the new...

Sunil Kataria: So, Rahul, that point we take. So as the new categories move forward like I've told you already that one piece, I mean, one can always reduce market share within ethnic variables. I mean, because we are early. We are just 24 months into it. We are expecting ourselves to cross the milestone of INR 100 crores. Now, what is a branded ethnic market. One can always put some numbers and talk about it, but we'll be happy to share the new categories, aspirations definitely.

Rahul Bharadwaj: Thank you. And the second question would be more on by when do you think we will start benefiting from operating leverage? As I understand as of now we are kind of in the opposite side. It's more like operating the leverage right now. When do you think we will be kind of done with most of our capex expenditure and then going ahead of operating leverage should start kicking in?

Sunil Kataria: If you see, I think as I said when we started off, let's say, around 18 months back on this journey. In fact, I would say really we started pumping it up really last 14 months to 18 months on the retail side. If you see we have been really below threshold levels on stores. So, we are just in the middle of it. We'll take maybe it's another it's an overall 36-month journey for us.

I would say we are maybe 12, 13 months into it. It would take another couple of years, I think really to get the journey get completed. At the same time, we'll keep on calibrating environment. We'll keep on being cautious about it. We do not – while we set goals for ourselves in terms of reaching those threshold store levels, it's not that we are going to be running about it blindly, even if, let's say, we find certain environmental headwinds become tougher. So, we will keep it doing in a calibrated way.

We'll keep it doing in a cautious way. But I guess 36-month journey, we are in the first phase of it, maybe another 20 months to 24 months still to go, but we'll do it in a pretty much measured with our eyes open kind of a manner.

Rahul Bharadwaj: Thank you. Good luck.

Moderator: Thank you. That was the last question. I would now like to hand over the call to Mr. Sunil Kataria for closing comments.

Sunil Kataria: Okay. I think thank you to all the participants for taking out time to come over. I think it's a pretty interactive session and really appreciate your questions. And I hope we have been able to give you answers to them and give you clarity on our plans going for the future. Good luck to all of you and thank you very much.

Moderator: Thank you. On behalf of Raymond Lifestyle Limited, that concludes the conference. Thank you all for joining us and you may now disconnect your lines.