Raymond
LIFESTYLE LIMITED
(Formerly known as
Raymond Consumer Care Limited)

Great Place To Work. Certified FEB 2023 – FEB 2024 INDIA

RLL/SE/25-26/14

May 19, 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 ("Listing Regulations") – Conference Call Transcript

Please find enclosed transcript of the conference call held on May 13, 2025, with respect to the financial results of Raymond Lifestyle Limited for the quarter and year ended March 31, 2025.

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 Nitin Alkari
Digitally signed by Priti Nitin Alkari
Date: 2025.05.19 18:46:14 +05'30'

Priti Alkari
Company Secretary

Encl as above

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"Raymond Lifestyle Limited Q4 & FY '2025 Earnings Conference Call"

May 13, 2025

MANAGEMENT:	**MR. S.L. POKHARNA – PRESIDENT (CORPORATE COMMERCIAL)** **MR. AMIT AGARWAL – GROUP CHIEF FINANCIAL OFFICER** **MR. SAMIR SHAH –CHIEF FINANCIAL OFFICER** **MR. JATIN KHANNA – INVESTOR RELATIONS** **MR. SUNNY DESA – HEAD, INVESTOR RELATIONS**
MODERATOR:	**MR. ABHIJEET KUNDU – ANTIQUE STOCKBROKING LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Raymond Lifestyle Limited Q4 & FY '25 Earning Conference Call, hosted by Antique Stockbroking Limited.

As a reminder, all participants' 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 "*" then "0" 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 Stockbroking. Thank you and over to you, sir.

Abhijeet Kundu: Yes. Thank you. On behalf of Antique Stockbroking, I would like to welcome all the participants in the Q4 FY '25 and FY '25 Conference Call of Raymond Lifestyle Limited.

Today we have with us from Senior Management of Raymond Lifestyle, Mr. S.L. Pokharna – President (Corporate Commercial); Mr. Amit Agarwal – Group CFO; Mr. Samir Shah – Chief Financial Officer; Mr. Jatin Khanna and Mr. Sunny Desa – Head Investor Relations.

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

Amit Agarwal: Thank you. Good evening, everyone. Thank you for joining us today for our 4th Quarter Fiscal '25 and annual results for Fiscal '25 conference call. I hope everyone has had an opportunity to go through our financial results and investor presentation which have been uploaded on the stock exchanges as well as on the Company's website.

Before we delve into our quarterly performance, we wish to express our heartfelt condolences to those affected by the tragic events in Pahalgam. Our thoughts are with the victims and their families during this difficult time. We stand in solidarity with the people of India and support efforts to restore peace in the region.

Moving ahead, it is essential to consider the broader macroeconomic landscape that has influenced our performance and strategic decisions. As we know that the global landscape continues to be challenging and unpredictable with geopolitical dynamics causing various punctuations, recent policy changes have introduced a degree of uncertainty impacting markets worldwide. However, we believe India stands in a unique position to potentially benefit from these global economic shifts.

India's GDP growth is estimated to remain at around 6.5% for Fiscal '25. However, consumer spending continues to remain weak, including in this quarter. Lower CAPEX and persistent higher inflation did impact discretionary spending as households prioritized essential goods and services over non-essential items. The Consumer Price Index has remained elevated, driven by higher food and fuel prices. However, the Union Budget for 2FY '26 has been favorable towards urban consumption and middle-class household, introducing tax cuts which would benefit to the tune of Rs. 1 lakh crores in the hands of the taxpayers. As a result, we anticipate an increase in purchasing power with the mid income housing segment.

Now, I would like to talk about the performance for the 4th Quarter of Fiscal '25:

The performance for the 4th Quarter of Fiscal '25 was subdued with revenue of Rs. 1,580 crores vis-à-vis Rs. 1,728 crores in the 4th Quarter of Fiscal '24, which is down by 9% year-on-year basis, amidst high inflation leading to weaker consumer demand. The situation was exaggerated with the ransomware attack that disrupted operations during the quarter, which led to temporary system outages and supply chain delays, impacting sales and operations. These factors led to lower sales, scaled deleverage and impacted profitability during the quarter. The IT team, with the support of cyber security experts, restored back normalcy of the operations.

During the whole year of Fiscal '25, the Company reported a total net income of Rs. 6,360 crores at an EBITDA of Rs. 651 crores with EBITDA margin of 10.2% in the Fiscal 2025. The annual performance was as well impacted by the subdued consumer demand, prolonged heat winds, general elections, fewer wedding dates in the summer, inflationary pressures and upfront investment in retail store expansion and adverse segment mix of the various products.

Now let me give you the highlights of the various segments, how did it fare:

In terms of our Branded Textile segment, revenue declined to Rs. 727 crores by 21% in the 4th Quarter of Fiscal '25 as compared to Rs. 920 crores in the 4th Quarter of Fiscal '24, predominantly on account of weaker consumer demand and also impacted by the ransomware attack leading to scaled deleverage, resulting in lower EBITDA margins at 7% in the 4th Quarter of Fiscal '25, as compared to 21.8% in the 4th Quarter of Fiscal '24. The business has been adversely affected by weaker consumer demand and continues to be sustained. During the second half of Fiscal '25, secondary sales have picked up, however, the dealers remain hesitant to boost up the inventory due to the consumer demand pressures they had seen over the past few quarters. Despite this, we are observing some decent bookings for the Branded Textile business for the autumn winter collection of 2025.

In terms of the Branded Apparel segment, revenue stood at Rs. 391 crores compared to Rs. 409 crores in the same quarter last year. The segment reported an EBITDA margin of 0.4% in the 4th Quarter of Fiscal '25 vis-à-vis 13.5% in the 4th Quarter Fiscal '24. During the quarter, we have opened 35 new stores, including 9 for Ethnix by Raymond stores as well. Ethnix by Raymond now has got more than 150 operational stores. Our ethnix products have been well received in the market, indicating acceptance. The total retail store network now stands at 1,688 stores as on 31st of March 2025.

Our strategy remains focused on brand building, strengthening distribution, as well as broader product range to meet the evolving customer needs and requirements. We had invested during our journey in store expansion, however, due to continued pressure on demand, which did not meet our expectation leading to lower sales in EBO and impacted the store profitability. Our focus continues on improving the store sales and as well as the efficiencies at the store level.

Our journey to enter new categories with sleepwear by Raymond were launched during the previous quarter. And in order to expand the product suite for the Complete Man, we had entered the innerwear category with the successful launch of Park Avenue Innerwear. With this, we have now entered the core innerwear category with a new range, trendy designs, new age fabric and product construction. We are positioned to cater to the mass premium to premium segment keeping our consumer style, fashion and functionality in mind.

Now, let me also talk about the Garmenting segment where during the quarter the Company reported revenue of Rs. 248 crores in the 4th Quarter of Fiscal '25 as compared to Rs. 250 crores in the same quarter previous year. During the quarter, EBITDA loss was 2.9% as compared to 12% reported in the previous year. However, due to global uncertainties, customers have adopted a wait and watch approach. This has primarily impacted our margins as customers have renegotiated pricing. Additionally, the cost of training personnel for new product lines have further affected profitability. Our vertically integrated supply chain, which enables seamless conversion from fabric to garment, provides us with a distinct advantage in the marketplace.

This integration supports our growth ambitions and positions us as a unique pair within the industry. In Fiscal '25, we have successfully added over 20-plus new clients across key markets including the US, UK and Europe. We continue to expand our capacity, a move that will significantly bolster our global standing. Once this expansion is complete, we would become one of the largest suit makers worldwide, paving the way for further growth in customer acquisition.

On the US tariff front, for all our Garmenting products, we would be benefiting from a substantial tariff differential of approximately 30-odd-percent vis-à-vis China. This competitive edge allows us to offer more attractive pricing and enhance our market position and improve the market share with our customers in US. Furthermore, the recent Free Trade Agreement between the UK and India presents a good opportunity for growth in that market as well. However, it is important to note that realigning the supply chain to fully leverage this agreement takes normally some more time.

In our High Value Cotton Shirting segment, the revenue declined to Rs. 185 crores in the 4th Quarter of Fiscal '25 compared to Rs. 213 crores in the same quarter of the previous year. The EBITDA margin stood at 33.1% in the 4th Quarter vis-à-vis 11.3% on account of one-time subsidy received of Rs. 53 crores. We are continually expanding our range to provide a comprehensive suite of products embodying the essence of the Complete Map. Our primary objective remains to establish a long-term sustainable business.

On the balance sheet side, we continued to have a net debt free position with net cash of Rs. 90 crores as of 31st of March 2025. In terms of net working capital which stood at 87 days amounting to Rs. 1,473 crores in March '25 compared to 89 days which is Rs. 1,553 crores in December 2024. This decrease is mainly due to a reduction in trade receivables and inventory. We continue to remain focused on optimizing our net working capital.

Looking ahead on the outlook, we expect 2026 to be a year of recovery as we observe a positive start in the textile and apparel bookings for the current financial year FY '26. We will be back to the growth trajectory in FY '26 and 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 questions which you all might have. Operator, please open the call for questions.

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

Sameer Gupta: Hi, everyone. And thanks for taking my question. Sir, my question is primarily on ethnix. Can you share some data around ethnix, what is the sales currently in FY '25 and what is the kind of run rate, let's say, for the close to two-year-old stores which are clocking right now? When the year started, I remember that the expectation built was around 80 store additions, but we have added only 34 on a net level this year. So, have there been any closures that we have seen in this format? And what is the plan for FY '26 I know there's a lot of questions, but primarily around ethnix.

Amit Agarwal: No, absolutely. And I think as you said, look, the fundamentals in an ethnix business, as I talked to you earlier in the Branded Apparel segment, which is a part of the ethnix, that the stores take little longer than what we had anticipated, considering the fact that the demand scenario was weaker. And if you have a demand scenario weaker, you do not have summer weddings, naturally the sales would not happen. And this is primarily this category is largely led by wedding category.

Second thing, if I talk about the stores, I think we have reached a level of revenue which is decent, and I do not say on a month-to-month basis the revenue is relevant. I think what is relevant is that during the wedding period, am I seeing the revenue which is more likely than not we expect. I think we have achieved close to 75%, 80% of the threshold which we had anticipated. As far as the stores which are older than two years, obviously, our expectation at that point of time was much higher that the stores should do well, much better sales, but that has not been achieved considering the weaker demand scenario.

And as far as stores are concerned, you see, we had always mentioned that certain stores, because every single location would not do well, so we would be able to open the stores, and we would also close some of the stores. Overall, if I look at the health of the stores, today we are sitting almost 150-plus stores. And we always told that over a three-to-four-year period we should be able to get to 300 stores, and our journey continues to be the same. However, what we are going to change big time is that we will go more and more to a franchisee-led store than a Company-led store, because now the whole business model is fully established.

Sameer Gupta: And anything on the numbers, I mean, there was an expectation of Rs. 100 crores this year, have we reached there? How short are we from that level? And on store closures, can you give a number, how many have been closed?

Amit Agarwal: So, basically, I think only 10 stores we have closed, not more than 10 stores we have closed. And as far as the number of stores is concerned, it is not right for me to give only the next 12 months. As I said, over the next 36 months we will get to a level of 300 stores.

Sameer Gupta: And sir, the revenue number, I am still not able to get that, sorry. It's okay if you do not want to share, but that was an expectation that was built in last quarter that this will cross Rs. 100 crores threshold.

Amit Agarwal: Yes. So, we have crossed Rs. 100 crores threshold.

Sameer Gupta: Okay, got it. Thank you. Thank you so much, sir. I will come back in the queue for any follow-ups.

Moderator: Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Sir, just wanted to understand, I mean, we have mentioned somewhere that we are already witnessing some early signs of recovery across channels in the month of April. So can you just elaborate more what sort of signs we are looking at? And then, how should we look at growth for this year on an average?

Amit Agarwal: Yes, sure. No, absolutely, I think that's a fantastic question. Look, at the end of the day, as I mentioned, in the second half of '24-25, we saw the secondary sales have been doing fairly well. Now, if the secondary sales do well, people have to restock their products, their shelves. And why did not happen in the last quarter? The reason is simple, people have not seen the demand coming in for the last 12 to 18 months. Now when they saw that the demand is happening consistently, they are coming back to normalcy and ordering these products. So, with that what we are seeing is that the bookings compared to last year to this year, we are seeing clearly a growth of anything between 12%, 13% vis-à-vis last year's bookings.

And I think that is a good early trend. Can I say that the whole year is given? The answer is no. But we are seeing early signs. And I think overall as the money flow is going to improve, the inflation is settling down, we just saw the inflation coming down around 3.5%. So, I think these all gives that the money can move to discretionary spending. And if the money moves into discretionary spending, we are in the rightful category where we will be able to see growth coming. And very clear that compared to last year there will be a decent growth.

Deepak Poddar: So, what is the range? I mean, 10% to 15%, would that be a fair range where would like to work for this year in growth?

Amit Agarwal: Yes. So, it's absolutely fair to consider this kind of growth, maybe slightly higher as well.

Deepak Poddar: Understood. And one point that you mentioned was, so you are seeing some restocking happening, but actual demand is also coming back, would that be a fair assumption to make on the ground?

Amit Agarwal: Yes, yes, because people would restock provided there is demand. So, one, inventory fulfillment is happening. Second, people are anticipating to have, and again this summer, I think till tomorrow, the day after we have the wedding which was practically not existent in the last year. So therefore, that wedding demand continues to be there. And there is excitement. I think the CAPEX is going to be also spent. So, overall consumption is going to improve.

Deepak Poddar: Understood. And at a steady state, I mean, this quarter was an exceptional quarter, right? I mean, in terms of the demand side also because of the cyber-attack that you faced. But on a steady state, what sort of margins one should look at, what's margin range we should be looking at?

Amit Agarwal: No. Look, in a Branded Textile we have always mentioned that it is a margin in the range of 20%, 21%, 22%, that's the kind of margin we have always been maintaining. Overall, if I look at the business, I think if I take lifestyle as a business, anything between 14% to 15% you can consider as a decent margin.

Deepak Poddar: Understood. Fair enough. And just one last thing, I mean, in terms of inventory, do we have in terms of number of days what sort of inventory would be there in the systems as against what is the normal scenario?

Amit Agarwal: Yes, I think inventory you see, at the end of the day what is more relevant is that the inventory at my supply chain internal, when I look at the downstream, be it the wholesaler or the franchisee or the dealer network or the small retailer, MBOs, I think that has come down and that is very, very clearly visible. I can give you a very simple example. Last week we had number of wholesalers, dealers who came for the booking. They had clearly announced that all the inventory levels in the market have come down and that is why there is a lot of excitement of restocking.

Deepak Poddar: Understood. Fair enough. That's very helpful, sir. And all the way best to you. Thank you so much.

Amit Agarwal: Thank you.

Moderator: Thank you. The next question is from the line of Rohan Kalle from Incred. Please go ahead.

Rohan Kalle: Yes. Hi, sir. Thank you for the opportunity. Sir I just wanted to check in terms of secondary sales, with the inventory levels also coming down, how are they trending currently? And have they picked up? And which formats are seeing better growth for us now? Yes. So, sir, I just wanted to check the --

Moderator: Mr. Rohan, we cannot hear you well. Could you move a bit closer to your phone and speak again? Looks like we have a problem from your end. Please reconnect, we will connect you. Until then, the next question is from the line of Madhvendra, an individual investor. Please go ahead.

Madhvendra: Hello. Yes. So, my question is, how long it will take the merger to recover? And if you have some estimates, then how much sales were impacted by the cyber-attacks? And the last question is, is the worst behind or there can be some more margin….

Amit Agarwal: So okay, if I have understood your question, your question is, how much was the impact because of the ransomware attack? And the second question was, is the worst behind or are we expecting some more pain? If that is correct, then let me answer that question.

Madhvendra: Yes.

Amit Agarwal: Yes, let me answer that question one by one. As far as the ransomware is concerned, you see, approximately 25, 26 days of impact had happened. And whatever the sales, because it is an entire production, we are connected on all IT systems and the systems were not available, so it impacted all the production, sales and everything. However, almost 50% of the sales loss has been recovered during the quarter, and the balance most likely will be recovered over the next six to eight months. So that's the situation, maybe marginally we might lose some sales here, some production loss that might be lost.

As far as the work, ransomware impact, obviously, we do not expect ever to happen that again. So that clearly is going to restore back the growth. And as I mentioned in the earlier response to the earlier question that we are seeing clearly the demand and customers' ordering, as far as booking and all is concerned, we are seeing a very positive healthy sign. So therefore, I believe that other than the demand challenge, we did not have any major issue in terms of the Branded Textile business, so that gets settled.

As far as the retail Branded Apparel business was concerned, we had opened these EBOs, which were taking a little longer. Now we are putting more and more effort in order to see that the retail sales get picked higher and higher. So that would also start delivering results. And we will have a calibrated approach in terms of opening the newer stores. So to that extent, I can easily say that '25-'26 will be a year of very good recovery vis-à-vis '25.

Madhvendra: So, can we expect say 10%, 12% margin in 2026 then?

Amit Agarwal: So, margin, obviously, there will be an improvement, but we would not be able to put guidance on this call. But I can assure you that as you have seen compared to '23-'24 where the sales dipped the profitability gets impacted sharply, because the loss of gross margin impacted. And as you recover back those sales, the gross margin comes back and it will reflect into the profitability. So very clearly there will be a strong recovery in terms of profitability.

Madhvendra: Okay. Thank you so much.

Moderator: Thank you. The next question is from the line of Pratik Dedhia, an individual investor. Please go ahead.

Pratik Dedhia: Yes. So, my question was regarding the store openings. So, specifically for the previous fiscal year, since you had seen a lot of disruptions be it inflation, wedding season, and then the cyber-attack, shouldn't you have looked at a more calibrated approach in terms of store opening? And probably looked at better capital allocation as well in terms of the overall generic business?

Amit Agarwal: Yes, absolutely, clearly, we have gone through a tough, challenging year. And I would call '25 an exceptional year, which should not be considered for any kind of basis for comparison and so on and so forth. But very clearly, as I said, you see, the two places where we were opening stores, one was on the apparel side, another was on the ethnix side. Now the apparel business, we have reached to a certain level and our whole focus of going forward in the store would be more and more in terms of opening a franchise-led store.

As far as ethnix is concerned, again, the business model is set, people are seeing the value in this business, and therefore we will be getting more and more franchisees to open the store. So, our journey may be slightly less number of stores can get opened in '25-'26 as we want to stabilize the performance of the stores which have already been opened, more than 350 stores have been opened in the last three years. And I think the year after we should be opening more and more stores in order to get everything moving upward.

Pratik Dedhia: Okay, fair enough. And just in terms of my understanding, so I have seen competition posting good numbers, not good numbers but probably decent growth. I am not seeing impact of inflation. But at our end, we have seen a lot of impact of inflation demand being slowed down. Any specific reason that you could identify why we have been an outlier as compared to competition?

Amit Agarwal: Look, as I recall, industry wide if you see, consumption has been a challenge. And everywhere demand, especially in the discretionary segment has been a challenge. So therefore, maybe there is one or the other who have not said there is a discretionary spend has been a challenge. Rest everybody has clearly talked about discretionary spend has been a challenge, and so has been the same with us.

The only difference with us, in the 4th Quarter we had an extra sort of impact because of the ransomware, which clearly impacted for a period of 26 days, of which as I mentioned, 50% of the sales recovery has happened and the balance would happen. Other than that, if I look at it, there has not been a major change. As far as us is concerned, what we have opened these stores over the last three years, I think they should have delivered much better in a decent demand scenario. However, did not do as good as it should have done because the demand scenario was weaker. So therefore, our results were more impacted only on this account and ransomware.

Pratik Dedhia: Okay. So, I just have two follow-ups now. One, in terms of the store addition, you mentioned that you are going more towards the franchising model. So, if you can just give me an assessment of your own store, then the franchise store, how was that performance? Do you see the franchisee store being a drag to your business in the previous fiscal? And do you expect it to get corrected during the next fiscal? And the other follow-up, you mentioned that ransomware was a major impact during the Q4, so if you were to remove the impact of ransomware, how would your numbers look like for Q4?

Amit Agarwal: Okay. So fundamentally, let me first address the ransomware. It's very simple. I think if you look at it, ballpark, the Company does almost Rs. 20 crores a day sale. Because if you see Rs. 1,700 crores, Rs. 1,800 crores for a 90-day period, so if you were down for 25, 26 days, you would have taken a knock of Rs. 500 crores. And we were able to offset 50% so we had to take a hit in this quarter of Rs. 250 odd crores sales. But can I say absolutely everything, it is very difficult to say whether it is 100% Rs. 250 crores on account of that. Some mix between demand as well, demand weakness as well as the ransomware. So, I think anything between you can say Rs. 150 crores to Rs. 175 crores, again, it's a wide probable guess, you cannot put it exact number is on account of a ransomware. So, roughly Rs. 70 crores, Rs. 80 crores you can easily quantify in terms of profitability, the EBITDA should have been better. So that is number one.

Now, number two, when you talk about a franchisee store, is it a drag? The answer is no. None of the stores, either franchisee is a drag, or the Company owned would be a drag in terms of the sales. What happens is, in a franchisee run model, the rent, which is the fixed cost liability for us, would get paid by the franchisee. And they also consider this as an investment. And over the next two, three years when the stores become profitable, they consider it as an investment and get the return thereafter. So that's a fundamental model. And franchising model is such a successful model, if you notice, our The Raymond Shop franchisee which has existed for many years, people have made a substantial amount of money through that, so they are convinced about The Raymond Franchisee model.

Pratik Dedhia: Okay, sir. I get that point that the franchise is working fine, but I think you mentioned about the store count or the store investment that you had done over the past three years, and you expected better performance, which has not gotten delivered if I remove the demand part of it. So outside of the demand part, do you see any other fundamental issue which has impacted our store performance?

Amit Agarwal: No, I think the demand is one. And you see, normally 24 months is a decent time frame by which store becomes decent breakeven. But if the demand scenario goes weaker, obviously, 24 extends to 36, 40 months. And that is that additional one year period. And as we said, 350 stores we have opened in the last three years, so you can well imagine the impact of these rentals, the manpower cost which is sitting has not been able to perform or deliver the efficiency or the profitability which it should have delivered.

Pratik Dedhia: Okay, fair enough. Thanks.

Moderator: Thank you. The next question is from the line of Nishant Bagrecha from Incred. Please go ahead.

Nishant Bagrecha: Yes. Thank you, sir. Sir, I have two questions, first on apparel. So again, how are the secondary sales trending currently? So, I mean, again, have things picked up? And if yes, which formats are performing better for us?

Amit Agarwal: Okay. Apparel sales, clearly, we have seen vis-à-vis last year the EBOs have done well, the LFS have done well. As we see speak today in the middle of the month of May, we saw clearly in the month of March, April, May the EBO sales have done well, and the LFS sales are doing well. So that is the typical secondary which goes into the market by the customers who buy. And that's the clear positive sign.

Nishant Bagrecha: Okay. And sir, last month, this Garmenting business. So again, with the new FTA with the UK coming in, do we expect more orders from the UK? And then how much does it currently contribute to our Garmenting field?

Amit Agarwal: Yes, I think very clearly this FTA, we have been waiting for this FTA for a very, very long time. Clearly, it's indeed a great move. We do roughly I think 20%, 22% of our entire garmenting business with UK. We expect clearly maybe 30%, 40% to grow that business over the next two years or so. And the reason why I say two years and even I qualified in my script that what happens is, when a customer moves, he has to get the pattern, design, the comfort on the facility and so on. And I am saying for newer customers. The expansion with the existing customers will continue to happen. So, that is why it takes almost 12 to 15 months before they get into the commercial order, so to speak, a larger quantity order.

Nishant Bagrecha: Okay. And sir lastly, so do we have any plans in the lifestyle business like in inorganic acquisitions or entry into any new segment, particularly in the apparel or you can say textile also?

Amit Agarwal: So, as of now not really on the inorganic. But if you talk about the new segment, you know we have gone into ethnix, sleepz, innerwear Park Avenue. So, I think we have got quite three categories entered, and we believe very strongly that these categories have a significant potential. And I am sure you might have seen also even the launch of our Chairman's collection on the ethnix side has also a very good potential. So, there is a lot of new things which is happening. And the whole product portfolio in the Branded Apparel, we are moving into casualization, that itself opens up a huge marketplace for us.

Nishant Bagrecha: Sure, sir. Thank you.

Amit Agarwal: Thank you.

Moderator: Thank you. The next question is from the line of Abhijeet Kundu from Antique Stockbroking. Please go ahead.

Abhijeet Kundu: Yes. Hi, sir. So essentially on the ethnix menswear category, how has been the competitive environment? Because one of the leading ethnix menswear players said that the number of stores has tripled in the last three years and there has been a significant increase in competition. It's not that the ethnix menswear category is not growing, but the competition has increased. So, the pie is there, but the number of players is higher. So, what's your view there? And what should be done going ahead? What can be expected from your side as well? Yes, that's my questions.

Amit Agarwal: Sure, sure. Look, I think fundamentally you are absolutely right. I think over the last few years there has been a clear big sort of plan to wear ethnix in the wedding. And the wedding, which used to be normally a two-day affair, has extended to three, four, five days affair. And people would like to wear, and with themes and everything. So, there's clearly a demand which is getting bigger and bigger and large.

Now, as far as the competition is concerned, very clearly, when any business becomes larger, industry becomes larger, more and more participants come in. And in this business, there are two types of participants who come in. One, national players like us. And then there are city-specific boutique shops who also see who may be a small output, five years, seven years we have back, but today they are thinking that it is a big business, can I capitalize on this? So that is again a big unorganized sector, which is going to grow.

So, in my opinion, this is the sort of business which would take three to five years to mature itself. So, you will find a place for national brands like us to play the role. And then you will have a city-specific or town-specific boutique player who will have their own play. But both will coexist, and each one will have a market. But the good part is that the demand for these products will continue to grow at a faster pace. So actually, that will enable both type of players to coexist in the marketplace.

Abhijeet Kundu: Okay. And my another question was on your Branded Apparel business. You said that branded lifestyle and branded apparels are now seeing a reduction in inventory at the secondary level and hence there is a pickup in, I mean, orderings on their side.

Amit Agarwal: Yes.

Abhijeet Kundu: One thing is that what we are seeing is that lifestyle brands in Branded Apparel have seen a bit of moderation in growth in the past few years. That double digit growth has been very difficult to come for all the leading lifestyle brand players. And at the same time, there is a strong growth in value fashion. So, with the Zudios of the world, now others are also stepping in, Reliance Retail is coming in and also Shoppers Stop has come in, they are ramping up their value fashion offerings. So, any thought internally that you ever thought of that whether you should also, Raymond Lifestyle should also try this format? Because this is a format where scalability is among us, and even if it is, I mean, good designs and with the backup of your own textile and manufacturing capability, Raymond can do very well, Raymond Lifestyle can do very well. So, what are the thoughts there? And what are your thoughts on the lifestyle brands growth going ahead? What do you think about it?

Amit Agarwal: No, actually what you are saying that there is this value fashion which has created a decent space and at a growth pace. But I feel that, look, Raymond Lifestyle has a huge opportunity in the existing segments. And we have just scratched the surface because there exists still a very large unorganized market. And that shift from an unorganized market to an organized market is the process in which we are on a journey. So, we believe that all our four formidable brands and ethnix have a great role to play. It is just extending the basket only from a formal to getting into casualization, and that space is still a great opportunity. So as of now we are very focused on this, creating the brand, ensuring that this gets much more sustainable.

And long term play can be created by virtue of expanding the distribution with our EBOs and such things, going more doors through LFS MBOs, and I think that is a big focus for us. So as of now, our focus stays firm to build this premium lifestyle fashion brand. And again, as I said, there is huge opportunity. And the affluence keeps coming more and more into our country, economic development is happening. And when those things happen, people prefer brands than saying that I will go for a value fashion. So I think we are on that journey to capitalize on this aspect with our good quality products, which have been delivered by Raymond for last 100 years.

Abhijeet Kundu: Understood, sir. And one follow-up on the benefit of UK FTA. If there is a probable FTA with European countries, other than this, I mean, what could be the probable benefit that would come from it? Do you export to other European countries, how is it? What could be the benefit, if at all?

Amit Agarwal: Yes, absolutely. See, any FTA puts us very clearly in an advantageous position vis-à-vis competition. Like very simple, today we all are getting excited with the differential reciprocal tariffs between India, China, Vietnam and so on and so forth. Reason being simple, that you become that much more cost-competitive. And I think that is the name of the game that over the next three, four years, and I would not call upon three months because things change, things are very, very volatile, changes very, very fast. I think the game of free, the trade and all that, people will start moving more like a bilateral trade than a multilateral trade.

And I think that is a journey which we all are on. And Company like Raymond, which has an integrated supply chain right from the fabric, all the way to the garment, will clearly have a distinct advantage vis-à-vis some of the countries and some of the players who may not have a fabric, who might have to import the fabric from a country A which may not be in the most desirable tariff structure. And then the concept of value add comes in. So therefore, people or countries or companies who have got an integrated value chain will get clearly an advantage over the other.

Abhijeet Kundu: Understood. And two questions, one is in terms of discounting in Branded Apparels, how has been the trend? Have branded players focused more on full price sell-through? Or there is a competition in terms of discounting that is going on? One is that question. And second is, very challenging years actually teaches a lot. So, you had seen a very challenging period earlier which helped you to focus on supply chain and inventory management, and you have done that very well during the year. So what other things, I mean, in this year were there are any new learnings that you would like to highlight? And any initiatives taken, any cost saving initiatives that you have taken? Yes, those are the two questions.

Amit Agarwal: No, clearly if I look at the cost savings initiative, see, first of all, the learning, two or three very, very clear learnings. I think we should have read the weakness in the bookings in the last year and should have recalibrated our business, especially in the Branded Textile slightly better. Very, very clear learning that demand was not coming, and we should have started to plan that better, which I think it's a great learning which we have got. The second thing in terms of the store expansion, the other learning very clearly that when the stores have started to do or are taking longer than expected in terms of breakeven and profitability, maybe we should have calibrated a little bit more than what we calibrated in the second half of this year.

So, I think these are the two big ticket learning. But the usual stuff about cost reduction and cost control, I think you will continue to see more and more rationalization of cost and becoming much more sharper. Third thing, in terms of the product range we clearly see that we are expanding, we are having good quality products which continue to expand and improve our delivery performance. I think that also we have seen that some of the delivery performance has been weaker, which we try to improve upon.

Abhijeet Kundu: Understood. That's it from my side. Thanks a lot.

Amit Agarwal: Thank you, Abhijeet.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Amit Agarwal for closing comments.

Amit Agarwal: Thank you very much. And thank you for taking interest in Raymond Lifestyle Limited. We will talk to you in detail in the next quarter.

Moderator: On behalf of Antique Stockbroking Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.