

CORPORATE OFFICE  
NEW HIND HOUSE,  
NAROTTAM MORARJEE MARG, BALLARD ESTATE,  
MUMBAI 400 001, INDIA

## Press Release For Immediate Dissemination

### NET PROFIT FOR THE YEAR AT RS 202 CRORES, UP 20% VS PREVIOUS YEAR

**Mumbai, 29<sup>th</sup> June, 2020:** Raymond Limited today announced its audited financial results for the year ended March 31, 2020

A snapshot of the financial results: (pre IND AS 116)

Consolidated Results Snapshot								
Rs in Crores	Q4FY20	Q4FY19	Y-o-Y %	Underlying Y-o-Y %	FY20	FY19	Y-o-Y %	Underlying Y-o-Y %
Net Revenue	1,288	1,837	-30%	-1%	6,571	6,708	-2%	7%
EBITDA	-40	195	-	-24%	440	702	-37%	-3%
EBITDA %	-3.1%	10.6%	-	-253 bps	6.7%	10.5%	-377 bps	-101 bps
PBT (before exceptions)	-152	94	-	-62%	-21	273	-	-20%
PBT %	-11.8%	5.1%			-0.3%	4.1%	-	
Net Profit (before exceptions)	-101	68	-	-	-38	171		-
Exceptional Item#	31	-1	-	-	241	-3	-	-
Net Profit	-69	68	-	-	202	168	20%	-

\*Underlying impact explained on subsequent page

#Exceptional item:

- Fair valuation of development rights received as non-monetary compensation towards acquisition of land by TMC, Thane for public utilities
- Raymond Share in associate company pursuant to profit from ~20 acres land sale
- DTA recognized by Company in JV company – Raymond UCO Denim towards reduction of its preference share capital

\*Post IND AS 116, Q4 EBITDA is at Rs. 5 cr. and Net loss of Rs. 69 cr. ; Full Year EBITDA is 612 cr. and Net Profit of Rs 196 cr.

### Key financial performance highlights of the year

- Reported Net Profit @ Rs. 202 Cr. up 20% vs. Rs. 168 Cr. in PY
- Revenue @ Rs. 6,571 Cr. down 2%
- EBITDA @ Rs. 440 Cr. down 37%
- EBITDA Margin @ 6.7% vs. 10.5% in PY

### Key highlights of the 4QFY20 quarter:

- Revenue @ Rs. 1,288 Cr. down 30%
- EBITDA @ Rs. -40 Cr.
- EBITDA Margin @ -3.1% vs. 10.6% in PY
- Reported Net Loss @ Rs. 69 Cr. vs. Net Profit of Rs. 68 Cr. last year
- Topline and profitability impacted due to Covid-19 and channel stock correction in Branded Apparel segment

## **Impact on performance due to:**

### **a) Covid-19 impact on 4QFY20**

- The primary sale of March was impacted especially for the wedding season of April to June 2020. The sales for the good wedding season was completely wiped off
- All retail stores in our network remained shut due to lockdown in March
- Export dispatch schedules were deferred due to retail shutdown in US & Europe markets
- Overall topline impact of Rs. 414 cr. and EBITDA impact of Rs. 134 cr.

### **b) Channel Stock Correction in Branded Apparel**

- Liquidity crunch and depressed domestic consumption in last few quarters impacted the secondary & tertiary sales resulting in increased receivables from trade channels
- Company undertook a significant stock correction at channel level in 4<sup>th</sup> quarter to liquidate excess inventories impacting the topline & profitability
- Overall impact on topline for full year FY20 is Rs. 209 cr. and on EBITDA is Rs. 106 cr. Though the majority of corrections have been done in 4QFY20, however given the prolonged impact of Covid-19, the secondary sales would continue to be sluggish given the subdued market conditions. Therefore, we will continue to assess the business situation and would take the corrective actions basis the same.

## **Excluding above impacts, performance would have been:**

### **FY2020**

- Revenue would have grown by 7% to Rs. 7,194 cr.
- EBITDA would have been up down by 3% at Rs. 680 cr.
- EBITDA Margin would have been @ 9.5%

### **4QFY20 quarter**

- Revenue would have been marginally lower by 1% at Rs. 1,824 cr.
- EBITDA would have been down by 24% at Rs. 148 cr.
- EBITDA Margin would have been @ 8.1%

**Commenting on the year performance, Mr. Gautam Hari Singhania, Chairman & Managing Director, Raymond Limited said,** “FY20 witnessed the achievement of big milestones including deleveraging through land sale, emergence of real estate as an independent business, announcement of de-merger of lifestyle business. The business was significantly impacted from mid-March due to nationwide lockdown which resulted in disrupting manufacturing operations and temporary closure of all our retail stores. It has been a challenging phase and Raymond has taken requisite measures to recalibrate business operations that will enable us to benefit from increased agility and effectively combat market volatility. In our efforts to contribute to the fight against Covid-19, Raymond has launched a comprehensive range of PPE offerings and sanitization products that is receiving encouraging response. As the Indian economy is gradually unlocking, it is heartening to witness the encouraging consumer response post re-opening up of our stores.”

## **Key highlights of the year**

**FY20:** A year of corporate actions in-line with stated strategy of deleveraging, value unlocking and asset monetization

- 1. De-leveraging through land sale in Oct 19:** ~20 acres of land in associate company sold and entire net proceeds of Rs. 350 cr. infused into Raymond Ltd through preferential issue and used for debt repayment. Net Debt to Equity at 0.7x vs 1.0x in PY
- 2. Value Unlocking**
  - i. De-merger of Core Lifestyle Business announced in Nov-19:** Demerged core Lifestyle Business to be listed as a separate entity - simplifying the Group structure and an important step to enhance value creation for our shareholders.
  - ii. FMCG Business Integration:** Increasing synergies through integration of the FMCG business under Raymond Consumer Care (erstwhile JK Ansell) and JK Helene Curtis. The requisite approvals from NCLT received.
- 3. Emergence of Real Estate as an independent business (Feb-19 launch):** Raymond's maiden venture into Real Estate to develop ~20 acres of land at prime location with excellent connectivity. Extremely well received by the customers – already ~950 flats sold within a year of launch.

## **Segmental Performance:**

**Branded Textile** Segment sales at Rs. 582 cr. & EBITDA at 87cr. Underlying sales lower vs PY by 2%; Suiting business lower by 1% due to subdued consumer demand and controlled sales of lower margin products. Shirting business lower by 3% due to lower secondary sales in trade channels. Underlying EBITDA margin at 20.0% as compared to 15.9% in previous year, increased mainly due to lower wool cost and better product mix

**Branded Apparel** Segment sales at Rs. 289 cr. & EBITDA loss at Rs. 116 Cr. Sales and profitability impacted on account of COVID as well as planned corrections in trade channel. Excluding these impacts sales would have been higher by 1% and EBITDA loss at Rs. 38 cr. However, during Jan & Feb there was strong growth across Retail Channels led by EBOs (21%) and supported by LFS (6%)

Retail Stores count as on March 31, 2020 stood at 1,638 across all formats covering about 2.5 million square feet of retail space. In-line with stated asset light network expansion strategy, opened 94% of stores in the quarter under the franchisee model

**Garmenting** Segment sales at Rs. 181 cr. & EBITDA at Rs. 6 cr. Underlying sales stable as compared to previous year. Underlying EBITDA margin at 6.6% as compared to 3.6% in previous year, increased mainly due to better product mix (higher MTM business)

**High Value Cotton Shirting Fabric** Segment sales at Rs. 119 cr. & EBITDA at Rs. 8 cr. Underlying sales higher vs PY by 4% led by higher domestic fabric sale. Underlying EBITDA margin at 14.9% as compared to 12.9% in previous year, increased mainly due to improved product mix and operating efficiencies

**Tools and Hardware** Segment sales at Rs. 79 cr. & EBITDA at Rs. 3 cr. Underlying sales in-line with PY while underlying EBITDA margin at 10.4% as compared to 8.2% in previous year, increased mainly due to lower steel prices

**Auto Components** Segment sales at Rs. 47 cr. & EBITDA at Rs. 8 cr. The business continued to impact due to slowdown in industry leading to lower capacity utilization. Underlying EBITDA margin at 17.4% as compared to 21.9% in previous year impacted due to lower capacity utilization

**Real Estate** business has seen a good response from customers. Within a year of launch, we have received ~950 bookings with booking value of ~Rs. 960 cr. in the 6 Aspirational District towers having a total inventory of ~ 1,530 units.

## **Current Status of Operations (Post Covid-19 Lockdown)**

### **Retail Stores**

- The gradual reopening began from Lockdown 3.0 onwards, wherein government permitted sale of certain nonessential items in specified geographies
- Currently 1,332 stores have re-opened adhering to all COVID-19 related guidelines for employees and customers

### **Status of Manufacturing facilities**

- Suiting and shirting fabric manufacturing plants continue to remain shut due to subdued demand. Production planning and reopening of plants in a phased manner is under evaluation
- Garmenting facilities have partially resumed operations and have deployed stringent health protocols and safe distancing measures in coherence with government directives
- Tools & Hardware and Auto Components Segments have partially resumed manufacturing operations in all plants

### **Liquidity Position**

- The Company is taking all requisite measures to manage liquidity that includes cost reduction, fund management and focus on collections. The Company is looking at all available options that include long term funding and alternate working capital availability to manage liquidity in the current situation
- The Company is in the process of taking steps to issue NCDs that would support to rebalance its debt mix favouring long-term debt. In 1QFY21, the Company has raised Rs. 145 cr. through NCDs at market benchmarked rates

### **Cost Restructuring**

- The organization is challenging all costs while restructuring to ensure efficiencies. In line with the prevailing market conditions and unprecedented challenges, the company has undertaken the process of cost rationalisation & various cost control measures related to manpower, sales & marketing, rentals and others to minimise the impact on business due to the pandemic

### **Easing of input costs**

- While there is a slump in demand due to the pandemic, commodity prices have softened leading to low input costs which would support in the overall profitability during the current fiscal. Easing of commodity prices such as cotton and wool are likely to benefit the company going forward along with softened oil prices. The company is expected to reap benefits of low imports from China as global supply chain will witness a shift. The company expects the exports to resume soon with opening up of global economies

### **New Business Opportunities**

- The Company is utilizing its garment manufacturing factories in Bengaluru to manufacture PPE products including coverall suits and masks, which are currently being supplied to government, corporate sectors and hospitals
- Launched a range of sanitizing products including hand cleansers, hand wash and high alcohol content cologne meeting the highest safety standards, affordability and ease of usage for consumers

### **About Raymond Limited**

Raymond is India's largest integrated worsted suiting manufacturer that offers end-to-end solutions for fabrics and garmenting. Over the years, Raymond has been synonymous with quality, innovation and market leadership. It has some of the leading brands within its portfolio – Raymond Ready to Wear, Park Avenue, ColorPlus, Parx, Raymond Made to Measure amongst others. Raymond has one of the largest exclusive retail networks in the country with over 1500 stores in more than 600 towns.

Raymond also has presence in FMCG sector through Raymond Consumer care that offers wide range of products in men's personal grooming category and personal hygiene. The group also has presence in engineering and auto components across national and international markets. In 2019, Raymond has also forayed into the realty sector through the launch of its maiden project 'aspirational district' spread across 14 acres housing ~3000 residential units.

Having enjoyed the patronage of over a billion consumers, Raymond as a brand has been consistently delivering world class quality products to its consumers over the past nine decades.

To know more, visit us today at [www.raymond.in](http://www.raymond.in)

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